

American Baptist Churches of Connecticut

(Voted by the Board of Managers at its meeting on May 25, 2000 – Updated October 17, 2007 by the Department of Congregational Leadership and Renewal)

FAIR COMPENSATION FOR CLERGY

What should we pay our Pastor? How do we determine what is fair pay? What does the Bible have to say? What help can we find from ABCCONN and ABCUSA? These are the questions pulpit committees and pastoral relations committees want help with. Hopefully, this handout will provide that help.

Determining fair compensation is not easy. The reason for this is that various churches use various standards and formulas. There is no one standard formula among American Baptist Churches. Some standards used include:

- MMBB (Ministers and Missionaries Benefit Board) Guidelines
- Average salary of other pastors in the town/area
- School teachers salaries
- Salaries of comparable professionals
- Income level of small business owners and other professionals in the community

With such diversity, a church needs to pick a standard that is fair to the church and to the pastor.

The Bible has a good deal to say about clergy compensation.

- **In the Old Testament**, God's laws insured that the priests who served in the Temple were well provided for. God expected that the priests would be well taken care of. (See the book of Leviticus.)

In the New Testament, we read the following:

- **Matthew 10:10** - As Jesus sends out the disciples to the various towns, he tells them not to take any money, but that "the worker is worth his hire." Jesus expected that his workers would be supported by the people who received their ministry.
- **1 Corinthians 9:7-14** - Paul talks about ministers being supported by the congregations they serve. He ends in 9:14 with, "In the same way (as the Levitical priests) the Lord has commanded that those who preach the gospel should receive their living from the gospel."
- **1 Timothy 5:17-18** says, "The elders who direct the affairs of the church well are worthy of double honor, especially those whose work is preaching and teaching. For the Scripture says, 'Do not muzzle the ox while it is treading out grain,' and, 'The worker deserves his wages.'" The word, 'honor,' is a direct reference to compensation.
- **Galatians 6:6** – "Anyone who receives instruction in the word must share all good things with the instructor."

Persons wishing to be ordained must meet thorough regional and national standards. A seminary education or its equivalency is required. The seminary Master of Divinity degree is a 3 to 4-year professional degree. In addition to the seminary education, standards usually include mentoring or in-care programs, regular reports, field experience, interviews and ordination councils. The ordination process is designed to secure quality pastoral leadership. Even after all the "formal education" is completed, ABC ministers are expected to keep themselves sharp by attending various continuing education events throughout their career.

Years of experience must also be considered in determining fair compensation. Veteran pastors with good track records are worthy of increased support. You have to ask yourself, “How much are we willing to pay for good quality pastoral leadership?” While those just out of seminary are beginning in the ministry, the seminary and regional standard requires that they have some experience before they come to their first church. In addition, they usually come to you with the extra debt load of student loans.

A final determining factor is what resources your church has available. Many small churches struggle to meet minimum standards. In these cases, rather than underpay a full time minister, some suggested alternatives are: Bi-vocational ministry, part time student, part time retired, or yoked ministry. This is only fair if your church is not able to pay a salary that will provide the pastor with a moderate standard of living.

This may also be the place where a church should reflect on the question, “Are we, as a church, giving as much as we can so that we can afford the clergy leadership we desire.” Most studies on the financial giving of church members find ABC churches woefully at the bottom. **The average annual church giving per ABC member in 2005 was reported to be \$237.72 (National Council of Churches 2007 Yearbook of American & Canadian Churches).** If your church were to significantly improve stewardship and giving, preferably becoming a church of tithers, how much more would you be able to afford in quality pastoral leadership?

In the past many congregations have held the notion that pastors should live sacrificially, especially when it comes to salaries. Yet, a pastor’s financial needs are no different than any other person. Pastors are human. Many pastors have families. They all have living expenses. They have loans and sometimes mortgages. Like you, one fourth to one third of their salary goes to state and federal taxes. If they have children, they have hopes and dreams for their children, just as you have. In light of their education and training, and in the light of the biblical teaching, it is reasonable that clergy have the right to expect fair and generous compensation.

WHAT IS COMPENSATION?

- All ABC guidelines define compensation as **cash salary plus housing**.
- Housing may be in the form of a parsonage (house provided by and owned by the church), or a designated housing allowance. Provision of a parsonage should include utilities.
- Most churches also provide a **Social Security Offset**.
- Some churches that provide parsonages also provide a housing equity account so that the pastor will have some equity upon completion of service with that church. Such monies are usually placed in a savings or investment account and given when service is completed.
- Please note the numbers below are for base cash salary only. Housing and other additions are not reflected in these base salaries.

WHAT BENEFITS ARE NORMALLY EXPECTED?

Churches are expected to pay for the pastor’s MMBB retirement plan and medical insurance of the church’s choice. In Connecticut, medical/dental insurance benefits are available through ABCCONN Health Resources. Contact ABCCONN at 1-888-236-5421 for more information.

WHAT PROFESSIONAL EXPENSES SHOULD THE CHURCH REIMBURSE?

Professional expenses are expenses that the pastor incurs while serving the church and doing its ministry. Normally, a mileage allowance is given for miles driven while on church business. This allowance can be any amount agreed upon by the church and pastor. The usual rate is the current level allowed by the IRS (**currently 48.5 cents per mile**). Money is made available for the pastor to attend national and regional conferences and meetings. Money should be made available for the pastor to attend continuing education events (**we suggest that this amount be a minimum of \$1,000 annually for continuing education**). Many churches provide a book allowance so that the pastor may keep current in Christian and scholarly reading (**we suggest that this amount be \$250 – \$500 annually**).

One other helpful expense reimbursement is the Flexible Spending Account (FSA). This is set from salary at the discretion of the pastor. These expenses are reimbursed through submitted receipts. The money reimbursed is non-taxable to the minister. The most common FSA accounts are for unreimbursed medical expenses (co-pays, deductibles, eyeglasses), and childcare. MMBB has FSA kits available should you wish to set one up.

DETERMINING MERIT INCREASES

MMBB has consistently advocated for clergy salaries to be increased annually by the inflation rate without question or hesitation. MMBB provides such information annually to all pastors, pastoral relations committees and treasurers. If you are not receiving these mailings, check with MMBB to make sure your name is on their list.

MMBB also makes recommendations on merit increases. Such decisions should be reached by the pastoral relations committee through a fair evaluation of the pastor's service during the previous year. Standards for that evaluation should be agreed upon by the pastor and the church at the time of the call.

A merit increase is as much a boost to your pastor as a raise would be to you in your job. It is a very effective way to say, "Good job. We appreciate your work here. We love you. We care about your needs and dreams." If at all possible, such decisions should be made on merit alone, with no eye looking on the budget or income.

Having said all this, we now provide you with some guidelines to determine actual numbers. These figures should be considered minimal. Put yourself in your pastor's shoes. If you had that education, that experience, the duties and time commitments your pastor has, how much would you expect to be paid?

SOME DATA ON CLERGY COMPENSATION

USA Average compensation for Seminary Masters degree 2007

Solo Pastor (male) \$56,558 – Solo Pastor (female) \$62,472
 Senior Pastor (male) \$81,432 – Senior Pastor (female) \$66,218

USA Average compensation for Seminary Doctorate degree 2007

Solo Pastor (male) \$63,558 – Solo Pastor (female) \$69,472
 Senior Pastor (male) \$88,432 – Senior Pastor (female) \$73,218

(Source: Richard Hammar, The 2008 Compensation Handbook for Church Staff.)

Average clergy compensation for ABCCONN in 2007 \$56,614

Average clergy compensation for ABCUSA in 2007 \$46,286

[Source: 2006-2007 M & M Benefit Board Compensation Comparison (the above figures include cash salary and housing)]

Starting Teachers salary (BA)..Meriden, 2007 - \$40,976 ..Maximum w/ 11+ years experience - \$61,105

Starting Teacher with Masters. Meriden, 2007 - \$43,307.....Maximum w/ experience - \$66,003

Starting PrincipalConnecticut, 2007 - \$110,000.....Maximum w/ experience - \$117,000

Principal with DoctorateConnecticut, 2007 - \$110,000 – 117,000

*These figures are for comparison purposes. Contact your local school board for teacher's salaries in your area.

The most significant data comes from the Hammer study on “What Pastors Get Paid.” This was a 2007 study of more than 2,000 churches and 11 denominations including ABCUSA. Among the most significant findings were:

- **Most denominations consider school teachers and other educational professionals as an acceptable comparison to clergy in professional expertise, education, duties and compensation.**
- **Presbyterian senior pastors earned the most. Their average salary plus housing/parsonage was \$78,000.00**
- **Baptist senior pastors earned next to last. Their average salary plus housing/parsonage was \$67,000.00**

SUGGESTED SALARY GUIDELINES

The cash salary for the pastor may be arrived at by a combination of the following factors:

Base cash salary Level of education Level of experience Merit increase

The following figures have been recommended by the ABCCONN Department of Congregational Leadership and Renewal as good starting numbers for 2007-2008. **(The starting base cash salary was arrived at by using the average ABCUSA salary minus the average housing allowance for the state of Connecticut then adding \$7,000.00 per earned advanced degree)**

Average Worship	Base Cash Salary (College only)	Base Cash Salary Seminary Masters	Base Cash Salary Ph. D. or D. Min.
Up to 100	\$ 31,286.00	\$ 38,286.00	\$ 45,286.00
101-200	\$ 34,414.60	\$ 42,114.60	\$ 49,814.60
201-300	\$ 37,543.20	\$ 45,943.20	\$ 54,343.20
over 300	\$ 40,671.80	\$ 49,771.80	\$ 58,871.80

Add Housing to above figures: Parsonage Value = \$15,000. Housing Allowance should be in keeping with community and allow for adequate living space. Housing should include utilities, taxes and maintenance costs. The minimum amount for housing should be \$15,000 - \$25,000.

In addition, \$600.00 per year of experience should be added to the base starting salary. Experience is defined as total years in professional ministry.