

# American Baptist Churches of Connecticut

(Voted by the Board of Managers at its meeting on May 25, 2000 – Updated March 11, 2016 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 church members in 2015 was reported to be \$1,500.00 (2015 U.S. Congregational Life Survey** cited in the article, “Church giving tied to gratitude and a sense of mission,” in **Insights into Religion**, <http://www.religioninsights.org/articles/church-giving-tied-gratitude-and-sense-mission>). 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. Please contact the ABCCONN Health Resource Manager at (860) 521-5421 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 54 cents per mile for business miles driven, see the following link for further information: [https://www.irs.gov/irb/2016-02\\_IRB/ar08.html#d0e1321](https://www.irs.gov/irb/2016-02_IRB/ar08.html#d0e1321) ). 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 \$1,500 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 \$500 – \$750 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**

The data below is taken from *The 2016-2017 Compensation Handbook for Church Staff* by Richard Hammar which is based upon a national survey of more than 2,500 churches and 8,500 staff members.

USA Average Annual Compensation for Pastors possessing a Seminary Master Degree, 2016

Solo Pastors - \$65,622

Senior Pastors - \$70,057

USA Average Annual Compensation for Pastors possessing a Seminary Doctorate Degree, 2016

Solo Pastors - \$77,717

Senior Pastors - \$77,339

USA Average Annual Compensation for Pastors based on Gender

Solo Pastors (male) - \$65,731; (female) - \$60,083

Senior Pastors (male) - \$70,501; (female) - \$55,493

(Source: Richard Hammar, *The 2016-2017 Compensation Handbook for Church Staff*.)

Average clergy compensation for ABCCONN in 2015 ..... \$62,528

Average clergy compensation for ABCUSA in 2015 ..... \$55,906

[Source: 2014-2015 M & M Benefit Board Compensation Comparison (the above figures include cash salary and housing)]

Average Senior Pastor compensation in New England in 2016 ..... \$63,976

Average Solo Pastor compensation in New England in 2016 ..... \$66,256

(Source: Richard Hammar, *The 2016-2017 Compensation Handbook for Church Staff*.)

The most significant data from the Hammar study on “Compensation for Senior and Solo Pastors,” is cited above. Additional significant findings from this study were:

- Most denominations consider school teachers and other educational professionals as an acceptable comparison to clergy in professional expertise, education, duties and compensation.
- Over the past two years there has been a significant drop in the salaries of all professional clergy in every major denomination in the USA.
- Methodist Senior Pastors earned the most. Their average base salary plus housing/parsonage was \$81,734.00.
- Lutheran Solo Pastors earned the most. Their average base salary plus housing/parsonage was \$84,872.00.
- The salaries of Baptist Solo and Senior Pastors were omitted from this study because there were not enough responses to the survey to provide meaningful data.

### **2016-2017 SUGGESTED SALARY GUIDELINES FOR PASTORS**

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, and Merit increase

The ABCCONN Department of Congregational Leadership and Renewal recommends as a good starting point the following salary figures for congregations to negotiate the pastor’s salary for 2016-2017.

Average Worship	Base Cash Salary Bachelor	Base Cash Salary Seminary Master	Base Cash Salary Ph. D. or D. Min.
100 or less	\$ 48,217.00	\$ 49,871.00	\$ 56,976.00
101-300	\$ 62,619.00	\$ 64,273.00	\$ 71,378.00
301-500	\$ 77,021.00	\$ 78,675.00	\$ 85,780.00
501-750	\$ 91,423.00	\$ 93,077.00	\$100,182.00

Housing benefits should be added to above figures in the form of a church owned parsonage or a home that is owned by the pastor. The community where the church is located should determine the range of the Parsonage Value. The Parsonage Allowance should be in the range of \$10,829 - \$19,324. The Housing Allowance should be in keeping with the community where the church is located and it should be determined by the actual expenses for providing the cost of maintaining a home that is adequate to meet the needs of the minister and her or his family. A Housing Allowance should include utilities, taxes and maintenance costs. The amount allotted for a Housing Allowance is dependent on the community where the church is located. The range of a Housing Allowance in the state of Connecticut should be in the range of \$14,520 - \$40,000.

In addition, \$975.00 per year of experience should be added to the base starting salary. Experience is defined as total years in professional ministry.

For comparison purposes below is the most recent (2015-2016) Teachers & Salary Benefits for Meriden, Connecticut. The following teachers' salary schedule is based upon the current contractual agreement between the Meriden Board of Education and the Meriden Federation of Teachers (source: [http://www.meridenk12.org/Employment/Teacher\\_and\\_Salary\\_Benefits/](http://www.meridenk12.org/Employment/Teacher_and_Salary_Benefits/)).

TEACHERS SALARY SCHEDULE 2015-2016			
Step	Bachelor's Degree	Master's Degree	Sixth Year
1	\$47,379	\$50,076	\$53,818
2	\$48,210	\$50,908	\$54,856
3	\$49,035	\$51,742	\$55,895
4	\$51,900	\$54,604	\$59,173
5	\$53,193	\$55,963	\$60,651
6	\$54,519	\$57,360	\$62,162
7	\$55,895	\$59,747	\$64,533
8	\$59,548	\$64,109	\$68,901
9	\$63,913	\$68,679	\$73,474
10	\$67,789	\$73,392	\$78,183
11	\$74,066	\$80,002	\$85,104

Teachers with a Ph.D. or Ed.D shall receive an additional two thousand dollars (\$2,000) above the appropriate salary step of the Sixth Year column.

- Teachers who have completed the 11<sup>th</sup> step shall receive two thousand three hundred forty-two dollars (\$2,342) above the appropriate salary base.
- Teachers who reach the 18<sup>th</sup> year shall receive an additional one thousand two hundred forty-two (\$1,242) above the appropriate salary base.
- Teachers who reach the 25<sup>th</sup> year shall receive an additional six hundred forty-two dollars (\$642) above the appropriate salary base.

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