

P-6.0101b

POLICIES ON COMPENSATION PACKAGES AND REIMBURSEMENT

[Approved October 2009]

Introduction

In October of 2006, the Presbytery of Northern Plains (PNP) passed a policy on recommended guidelines for compensation packages and reimbursement. It included a formula based on the denominational median for determining, annually, the minimum compensation to be paid to ministers of the word and sacrament and commissioned lay pastors (CLPs). Subsequently, in October of 2007 and 2008, the Committee on Ministry (COM) brought the specific figures, calculated from the formula and the new median salary for that year, to the PNP for approval. But each year, while approving the new figures, there has been confusion about the use of these guidelines, particularly with regards to whether they are mandatory or recommended. This new policy clarifies that issue while affirming the practice of offering specific guidelines each year based on the original formula. This document thus replaces all policies on compensation packages and reimbursement previously passed by the PNP.

Policy

The main components of the policy are as follows:

- That minimum compensation guidelines be calculated each year based on the formula described below.
 - That these guidelines be considered mandatory for all new calls and commissions.
 - That these guidelines be sent annually to all the churches with strong encouragement from the COM that they be considered minimum standards for compensation.
 - That in the same mailing the COM will offer to counsel with sessions and/or ministers or CLPs who have concerns about compensation issues.
 - That (as explained below) the SECA allowance be mandatory in new calls or commissions but, along with cost of living adjustments, be strongly encouraged in existing calls or contracts.
- I. The minimum effective salary will be prorated upward based on the years of service a Minister of Word and Sacrament or Commissioned Lay Pastor has accrued in service to the denomination and not just a particular church. Effective salary is the combination of salary, housing, and utilities. These amounts may be designated as the Minister of Word and Sacrament or Commissioned Lay Pastor and Session choose. Using a formula of a

percentage based on the denominational median as a guideline, this prorated minimum compensation scale for Ministers of Word and Sacrament is as follows:

Newly ordained up to two years of service	80 percent of median
Two up to four years service	85 percent of median
Four years up to six years service	90 percent of median
Six years up to eight years service	95 percent of median
Over eight years service	100 percent of median

The minimum compensation will be adjusted annually based on what the denominational median salary is for the current year. Information regarding the current denominational median salary will be sent to churches by COM by October in order to budget for the coming year.

For example, in 2009 the denominational median was \$50,800; therefore, the prorated minimum compensation scale for Ministers of Word and Sacrament and for Commissioned Lay Pastors would be as follows for (for CLP description see II. below):

	Ministers of Word and Sacrament	Commissioned Lay Pastors
Newly ordained up to two years of service	\$40,640	\$36,576
Two up to four years service	43,180	38,862
Four years up to six years service	45,720	41,148
Six years up to eight years service	48,260	43,434
Over eight years service	50,800	45,720

The Self-Employment Compensation Allowance (SECA) allows a church to reimburse a Minister of Word and Sacrament or CLP up to half of self-employment taxes which are 15.3%. Therefore SECA would equal 7.65% of effective salary (combined salary, housing and utilities). The Board of Pensions does not include SECA in determining Pension and Medical dues.

Salary	_____ (a component of effective salary)
Housing	_____ (a component of effective salary)
Utilities	_____ (a component of effective salary)
SECA	_____ (7.65% of effective salary)
Auto Allowance	reimbursable at IRS rate
Continuing Education	\$500 and two weeks annually, cumulative 3 years
Pension and Medical	Full
Vacation	Four weeks

- II.** The minimum compensation for full time *Commissioned Lay Pastors* (CLPs) shall be 90 percent of that for Ministers of Word and Sacrament commensurate with years of service. For CLPs working less than full time the compensation will be prorated to an hourly figure derived from a base of a 40 hour work week.

- III.** Presbytery strongly recommends that a cost of living increase be granted annually. The most common consumer price index (CPI) is issued by the U.S. Dept. of Labor (www.bls.gov/news.release/cpi.toc.htm). The category recommended by the Synod of Lakes and Prairies is the expenditures for all items in Table 1: CPI For All Urban Consumers. It is most important that churches and governing bodies use a consistent index from year to year. For years in which the CPI is flat or actually decreases, COM recommends no change to effective salary.
- IV.** Recognizing that some churches would have difficulty reaching salary minimums using this formula, it is recommended that for every 10 percent in a given salary category below the recommended minimum compensation for that category that the Minister of Word and Sacrament or Commissioned Lay Pastor be given an additional one week paid vacation or paid continuing education leave. This period of time (six workdays) could also, based on negotiation between the clergy/CLP and the Session of the church, be taken on holiday weekends during the year, in lieu of vacation/continuing education time.
- V.** Presbytery recommends that clergy and CLPs receive a minimum three-month paid sabbatical following five years of continual service. This sabbatical would include the amount of vacation and continuing education time allowed the clergy/CLP plus an additional six weeks of sabbatical time. Upon accepting a sabbatical, the clergy/CLP would promise to return to the church of service for at least one year following the sabbatical before accepting a call to another place of service.
- VI.** The Presbytery will maintain a reserve fund for salary support to help congregations pay for pulpit/temporary supply while the clergy/CLP is being paid for sabbatical leave.
- VII.** Part-time employees are those who are employed to work less than forty (40) hours per week. If they are not temporary, and are employed at least twenty (20) hours a week, they are eligible for the following:
1. Holiday pay, if the holiday falls on one of the regularly scheduled working days for the part-time employee;
 2. Jury duty pay;
 3. Merit increases in salary;
 4. Vacation, sick pay, and parental leave in proportion to hours worked each week;
 5. Worker's compensation;
 6. Off-the-job disability benefits;
 7. Social Security participation;
 8. Severance allowance in proportion to hours worked each week.