

FINANCIAL

P-400.01

POLICIES FOR COMPENSATION PACKAGES AND REIMBURSEMENT [October 2009, Updated December 2020]

Compensation Policy Calculations: 2021

The most recent study, as of May 1, 2020, shows the median effective salary of all Presbyterian Church (U.S.A.) minister members of the Benefits Plan serving U.S. congregations is **\$61,200**, as compared with \$60,800 one year earlier (a .7% increase). Calculations based on the \$61,200 are included in the policy copy below.

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 teaching elder and commissioned ruling elders (CREs). 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.

1. That these guidelines be considered mandatory for all new calls and commissions.
 2. That these guidelines be sent annually to all the churches with strong encouragement from the COM that they be considered minimum standards for compensation.
 3. That in the same mailing the COM will offer to counsel with sessions and/or teaching elders or CREs who have concerns about compensation issues.
- I. The minimum effective salary will be prorated upward based on the years of service a Minister of the 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 the 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 a Minister of the Word and Sacrament is as follows:

Newly ordained <i>up to two years of service</i>	80 percent of median
Two <i>up to four years service</i>	85 percent of median
Four years <i>up to six years service</i>	90 percent of median
Six years <i>up to eight years service</i>	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, as of May 2021 the denominational median for 2021 is **\$62,100**; therefore, the prorated minimum compensation scale for a Minister of the Word and Sacrament and for Commissioned Lay Pastors would be as follows for (for CLP description see II. below):

Minister and Commissioned Lay Pastors

	Minister	Lay Pastor	
Newly ordained up to two years of service	\$ 49,700	\$ 44,700	
Two up to four years of service	52,800	47,500	
Four years up to six years service		55,900	50,300
Six years up to eight years service		59,000	53,100
Over eight years service		61,200	55,900

The Self-Employment Compensation Allowance (SECA) allows a church to reimburse a a 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 a Minister of the 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 2 percent in a given salary category below the recommended minimum compensation for that category that the Minister of the 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:
- a. Holiday pay, if the holiday falls on one of the regularly scheduled working days for the part-time employee;
 - b. Jury duty pay;
 - c. Merit increases in salary;
 - d. Vacation, sick pay, and parental leave in proportion to hours worked each week;
 - e. Worker's compensation;
 - f. Off-the-job disability benefits;
 - g. Social Security participation;
 - h. Severance allowance in proportion to hours worked each week.

P-400.02

FINANCIAL ACCOUNTABILITY AND RESPONSIBILITIES POLICY (October 2017)

ACCOUNTING SYSTEM: A fund accounting system shall be used to identify and manage the variety of monies which are received by the Presbytery. Fund accounting is an accounting system for recording resources whose use has been limited by the donor, grant authority, governing agency, or other individuals. It therefore emphasizes accountability rather than profitability and is used by nonprofit organizations.

AUTHORIZATION: The Leadership Pod shall determine who shall be authorized to sign checks and vouchers. The Treasurer, or anyone authorized by the Leadership Pod to handle Presbytery funds or other assets of the Presbytery, shall be bonded at the expense of Presbytery in amounts to be determined by the Leadership Pod upon recommendation from the Financial Task Leader.

BUDGET: An annual budget will be prepared by the Treasurer with the assistance of the Financial Task Leader to be presented to the Leadership Pod prior to the Fall Presbytery Meeting. The Leadership Pod will review the budget to ensure it supports the essential ecclesiastical function and priorities of the Presbytery and will bring it to the fall Presbytery meeting for approval.

Requests for expenditures beyond the budgeted amount must be accompanied by a statement of proposed funding for the additional expenditures. The Leadership Pod shall have authority to adjust the budget as necessary during the year in consultation with groups and/or persons involved in any of the proposed adjustments.

The Leadership Pod shall be responsible for making recommendations as to priorities of the Presbytery at the Spring Stated Meeting of the Presbytery.

GRANTS: The Leadership Pod shall supervise and approve all grants on behalf of the Presbytery. All grant requests should be submitted in writing to the Leadership Pod.

INVESTMENT: The Treasurer is responsible for oversight of investments and shall make recommendations of

the presbytery's investment strategy to the Leadership Pod. The primary place of investment shall normally be the approved bank serving as the Presbytery's principal depository.

PER CAPITA: A per capita apportionment is established annually by the Presbytery upon recommendation from the Leadership Pod to support the essential function of the Presbytery. The intent is to kept per capita as low as possible.

PER DIEM AND REIMBURSEMENTS - Expenses for the following items shall be reimbursed at a rate to be recommended by the Leadership Pod and approved by the Presbytery at its Fall Meeting:

1. All expenses incurred from attending presbytery meetings including mileage, housing and meal expenses for RULING ELDER POD LEADERS AND OFFICERS OF PRESBYTERY.
2. Members of a Presbytery entity doing the work of the Presbytery may submit mileage to be reimbursed at 60% of the IRS rate.
3. A daily meal allowance of \$35 divided approximately by \$10 each for breakfast and lunch and \$15 for dinner. No reimbursement shall be granted for alcoholic beverages.
4. Hotel room rate of \$100 per night, unless prior permission has been granted by the appropriate pod leader.
5. When overnight meetings require hotel accommodations and roommate arrangement can be made, they will share a room with two beds. Those preferring not to share a room will be asked to pay the difference.

RESTRICTED FUNDS: All restricted and trust funds received by the Presbytery shall be administered strictly in accordance with the stipulations of the restrictions and the provisions of the trusts.

All funds for Presbytery Programs shall be received and expended by the Treasurer of the Presbytery. No entity or persons shall hold funds for Presbytery programs or establish bank accounts for such funds without approval from the Treasurer and the Leadership Pod.

REPORTING: The Treasurer shall prepare and submit to the Presbytery at each Stated Presbytery Meeting a full statement/report of expenses and income as compared to the budget for that period and the most recently completed fiscal period.

REVIEWS: The Financial Task Leader will be responsible to ensure that a full financial review is completed annually according to the Book of Order G-3.0113. Results will be reported to the Presbytery at the spring meeting.

RESERVE: The Presbytery will maintain minimum financial reserves (cash and investments) equal to:

1. The Presbytery will maintain a minimal operating reserve of \$ 100,000; plus
2. The total of all permanently restricted funds.

P-400.03

PRESBYTERY ENDOWMENT FUND (Revised October 1997 and October 2017)

WHEREAS, Christians are called to be faithful stewards of all of the gifts of God; and

WHEREAS, the Church is called to be Christ's body therefore extending the Good News to all it touches; and

WHEREAS, the Presbytery of the Northern Plains is an agent of the mission the Church is called to do; and

WHEREAS, there are women and men of faith who have been richly blessed and look for opportunities to witness to their faith through financial gifts which will bless others; and

WHEREAS, gifts held as endowment generate income which make mission possible for generations to come:

THEREFORE, BE IT RESOLVED that the Presbytery of the Northern Plains, as of October 6, 1992 approve and establish a fund to be known as the PRESBYTERY OF THE NORTHERN PLAINS ENDOWMENT FUND.

Article I: Names and Definitions

- A. The name of this Endowment Fund is the Presbytery of the Northern Plains Endowment Fund.

Article II: Governance

- A. This Endowment Fund is administered under the Presbyterian Church (U.S.A.) Book of Order and the operating policies and procedures of the Presbytery of the Northern Plains.
- B. It is understood that gifts given with restriction will be honored once they have been received by the Presbytery.

Article III. Purpose

- A. The Endowment Fund is created exclusively for the purposes of accumulating gifts, designated and undesignated. Unless otherwise restricted the principal of all gifts will be held as permanently invested funds.
- B. Income will be disbursed to support the mission of the Presbytery, and for its congregations where gifts are designated for a particular congregation.
- C. No funds shall be disbursed from this Endowment except for the purposes described herein and reasonable administrative expenses associated herewith.

Article IV: Administration

- A. The Presbytery of the Northern Plains is the final authority.
- B. The Endowment Fund shall be administered by the Leadership Pod.
- C. The Fund will normally be invested in a fiduciary approved by the Presbytery with the Presbytery as owner of the Fund.
- D. Segregated funds may be held under this plan which have been restricted by donor or by the Presbytery.

Article V: Audit

- A. The Endowment Fund will be audited annually according to the policies and procedures of the Presbytery of the Northern Plains.

Article VI: Use of Income

- A. Supplementing Presbytery annual programming
- B. Investors designations
- C. Special congregational projects

P-400.04

WILLS EMPHASIS DEFERRED GIFTS STEWARDSHIP PROGRAM (April 1986, Revised October 2017)

The Presbytery of the Northern Plains recognizes the many benefits to individuals and families which are derived from responsible estate planning. The Presbytery also knows the unlimited potential of financial support for the mission causes of the Church available through the conscientious charitable estate planning of Presbyterians. Therefore, the Presbytery of the Northern Plains Leadership Pod adopts the following:

I. CONGREGATIONAL SUPPORT

- A. Each congregation is encouraged to implement a Wills Emphasis and Deferred Gifts Program and to adopt a plan for receiving, managing and disbursing such gifts as are received for the benefit of congregational, Presbytery, Synod and General Assembly mission.
- B. All donors and Sessions are encouraged to name the Presbytery of the Northern Plains as a secondary remainderman in their agreements, plans, or other instruments in the eventuality that the congregation (as the first beneficiary) ceases to exist or to be related to the Presbyterian Church (U.S.A.).
- C. Congregations are encouraged to use the services and program materials of the Presbyterian Church (USA) Foundation (Indiana) or its successor for assistance in the implementation of a Wills Emphasis and Deferred Gifts Program.
- D. Donors are encouraged to consult with a representative of the Foundation for assistance in the consideration of making a bequest or a deferred gift.

II. THE PRESBYTERY OF THE NORTHERN PLAINS ENCOURAGES INDIVIDUALS TO SUPPORT THE PRESBYTERY'S MISSION THROUGH A BEQUEST, A DEFERRED GIFT, OR OTHER DEVICE IN THE FOLLOWING:

- A. An endowment gift in which the corpus is held in perpetuity and the income only is expended.
- B. An unrestricted gift which will be disbursed by the presbytery where the need is greatest.
- C. A restricted gift which will be used for designated work within the Presbytery. Restricted gifts should be made carefully and, where possible, in consultation with the Presbytery, with the understanding that needs may change. It is often best when planning to make a restricted gift to use a phrase such as "preference is to be given to [state purpose]" but the assets may be used for other similar mission purposes.

III. THE PRESBYTERY IS RESPONSIBLE FOR THIS POLICY IN THE FOLLOWING WAYS:

- A. Endowment Fund monies may be invested with a fiduciary approved by the Presbytery, with the intent of insuring the future buying power of the fund. All income from investment will be administered by the Leadership Pod.
- B. Restricted and unrestricted gifts will be administered by the Leadership Pod.
- C. The Treasurer will assist congregations in developing their Wills Emphasis and Deferred Gifts programs.

P-400.05**FUND RAISING REQUESTS (April 1986, Revised October 2017)**

All requests for permission to raise funds by non-Ministry teams within the bounds of the Presbytery come to the Mission Pod for Presbytery action. All requests for permission to raise funds within the bounds of the churches require permission of the sessions of the particular congregations.