

**COMMITTEE ON MINISTRY
2021 PASTORS' COMPENSATION RECOMMENDATION**

For Action: The Committee on Ministry moves that the presbytery adopt the following two recommendations:

- 1. Related to Minimum Effective Salary for 2021, and**
- 2. Related to Continuing Education Reimbursement, Vacation and Study Leave for 2021**

Recommendation 1:

The 2021 minimum Effective Salary for pastors in the Presbytery of the Miami Valley shall be as follows:

| | |
|---------------------------------|--------------------|
| <i>Plan A (no manse)</i> | |
| Effective Salary | \$53,337.00 |
| <i>Plan B (manse)</i> | |
| Effective Salary | \$41,028.00 |
| Manse Value | <u>\$12,309.00</u> |
| Total Plan B | \$53,337.00 |

This recommendation reflects a 0% increase over 2020.

Rationale for 2021 salary recommendation:

- a. The COM normally uses data for the 3rd and 4th quarters of the preceding year and the 1st and 2nd quarters of the current year from the Bureau of Labor Statistics and the Social Security Administration to calculate the minimum salary recommendation for the Presbytery of the Miami Valley. However, because of the unique and uncertain challenges generated by Covid-19, we are recommending no increase in the minimum Effective Salary for 2021.
- b. The median effective salary of PC(USA) pastors enrolled in the Board of Pensions Benefits Plan as of May 2020 was \$61,200 reflecting a 0.7% increase over 2019. For Installed Pastors in the Presbytery of the Miami Valley, the median salary for 2020 is \$65,887, with the average salary of \$71,978, increases over 2019 of 1.6% and 4.2% respectively.

Note: The Board of Pensions of the Presbyterian Church (U.S.A.) annually tabulates the median and average Effective Salary information reported to it for minister members of the Benefits Plan who are serving U.S. congregations. The median salary is generally considered more representative than the average salary since it is less influenced by the very-high or very-low salaries.

Minimum Effective Salary comparison with earlier years, for information:

| Minimum Effective Salary package comparison for pastors in the Presbytery of the Miami Valley from 2017 to 2021 | | | | |
|--|-------------|---------------|--------------|------------------|
| | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020/21</u> |
| <i>Plan A (no manse)</i> | | | | |
| Effective Salary | \$50,262 | \$51,267 | \$52,549 | \$53,337 |
| <i>Plan B (manse)</i> | | | | |
| Cash salary* | \$38,663 | \$39,436 | \$40,442 | \$41,028 |
| Manse Value* | \$11,589 | \$11,831 | \$12,127 | \$12,309 |
| Total Plan B | \$50,252 | \$51,267 | \$52,549 | \$53,337 |
| % Change | +2.0 | + 2.0% | +2.5% | + 1.5%/0% |
| *Reflects a change in calculation established in 2012 by the Board of Pensions of the Presbyterian Church (U.S.A.), requiring a minimum of valuation of the manse at 30 percent “of all other compensation included in Effective Salary,” not of total Effective Salary. | | | | |

Recommendation 2:

The following 2021 standard minimum requirements shall remain the same as 2020 and will apply for Pastors, Commissioned Ruling Elders (CREs), and Certified Christian Educators (CCEs), and shall not be prorated for part-time calls or contracts:

Continuing Education Reimbursement: **\$1,220.00**

Note: This item must be recorded as a separate item in all contracts or terms of call, and may not be aggregated with other reimbursements.
This is also indexed annually indexed to inflation.

Vacation: **Four Weeks (including 4 Sundays)**
Study Leave: **Two Weeks (including 2 Sundays)**

For information: The committee also reports additional information useful in preparing terms of salary packages for pastors and other church professionals:

1. **Travel Reimbursement.** Member churches should reimburse pastors, Certified Christian Educators, and Commissioned Ruling Elders for church-related travel at the current IRS rate.
2. **Calculating Effective Salary:** This is one of the most misunderstood elements of preparing terms for pastors. Guidance on calculating Effective Salary, plus other helpful information, is at the Board of Pensions web site at www.pensions.org. A publication with helpful information is now available <http://www.pensions.org/file/what-we-offer/benefits-guidance/forms-documents/Documents/pln-103.pdf/>. Remember that calculating Effective Salary is not the same as calculating Federal tax implications.
3. **Board of Pensions information:** For 2021, two benefits packages are available to support the well-being of ministers and their families:

Pastor's Participation. This comprehensive benefits package is designed to meet the healthcare and retirement needs of ministers and their families. Coverage includes PPO family medical, the Defined Benefit Pension Plan, the Retirement Savings Plan of the Presbyterian Church (U.S.A.), the Death and Disability Plan, and — new for 2021 — the Temporary Disability Plan. Employer cost is 37% of effective salary.

All installed pastors **MUST** be enrolled in the *Pastor's Participation Plan* for BOP members which includes dependent coverage. For 2021, the rate will remain at **37.0%** (27.0% for medical; 8.5% for retirement; 1.0% for death and disability; 0.5% for temporary disability) of Effective Salary. While some part-time, and temporary pastoral relationships may participate in the *Pastor's Participation Plan*, other options for pension, disability and medical coverage are available through the BOP. **More detailed information is available on the BOP website, www.pensions.org.**

Minister's Choice. This benefits package, new for 2021, provides important financial protection during active service and into retirement at only 10 percent of effective salary. Plus, it expands access to assistance and education programs now available only through Pastor's Participation, such as CREDO and Board University. Benefits include the Defined Benefit Pension Plan, the Death and Disability Plan, the Temporary Disability Plan (a new benefit for 2021), and the Employee Assistance Plan.

4. **Certified Christian Educators** (as approved by the Presbytery, November 2000)
 - a. Salary equal to the minimum Effective Salary (Plan A) above, *pro-rated* as appropriate for part-time contracts.
 - b. Reimbursements, vacation, and study leave as above. Remember that Continuing Education Reimbursement, vacation and study leave are not prorated for part-time positions.
 - c. Additional guidelines:

- 1) Base salary plus one percent per year for each year of experience beyond five years.
 - 2) Provision for medical coverage either by participation in a PC(USA) Board of Pensions Medical Plan or other vehicle.
5. **Commissioned Ruling Elders** (as approved by the Presbytery, January 2002)
- a. Salary equal to 75 percent of the minimum Effective Salary (Plan A) above, *prorated* as appropriate for part-time contracts.
 - b. Reimbursements, vacation, and study leave as above. Remember that Continuing Education Reimbursement, vacation and study leave are not prorated for part-time positions.
 - c. Medical coverage is normally obtained by the individual through his/her secular employment.
6. **Pulpit Supply Honoraria.** When a pastor leads worship for a congregation as a visiting guest, the church shall pay mileage at the current IRS authorized rate plus the following:
- a. For churches up to 250 members: \$100
 - b. For churches over 250 members: \$125
 - c. Additional compensation of \$50 for each additional service.
7. **Session Moderator Honoraria.** The Moderator for churches without installed pastors shall be reimbursed mileage at the current IRS authorized rate plus \$50.

Authority for Presbytery action on terms of call and other compensation matters: The *Book of Order* (2019-2021) specifically addresses minister compensation and the responsibility for its maintenance in the following two sections:

G-2.0804 Terms of Call

The terms of call shall always meet or exceed any minimum requirement of the presbytery in effect when the call is made. The session shall review annually the minister's terms of call and shall propose for congregational action (G- 1.0501) such changes as the session deems appropriate, provided that they meet the presbytery's minimum requirements. The call shall include participation in the benefits plan of the Presbyterian Church (U.S.A.), including both pension and medical coverage, or any successor plan approved by the General Assembly.

G-3.0307 Pastor, Counselor, and Advisor to Its Ministers of the Word and Sacrament and Congregations

Presbyteries shall be open at all times to communication regarding the life and ministry of their congregations. Each presbytery shall develop and maintain mechanisms and processes to serve as pastor and counselor to its ministers of the Word and Sacrament, commissioned pastors [also known as commissioned ruling elders], and certified Christian educators of the presbytery; to facilitate the relations between the presbytery and its congregations, ministers of the Word and Sacrament, commissioned pastors, and certified Christian educators; and to settle difficulties on behalf of the presbytery where possible and expedient.