

Aligning Minimum Salary Recommendations and Benefit Policies in the AWAC A Proposal

Approved by the AWAC Conference Council on Ministry – April 11, 2023

INTRODUCTION

The Scripture tells us: “Do not muzzle an ox while it is treading out the grain,” and “The worker deserves his wages.” (I Timothy 5:18) In the Old Testament, Moses, at the Lord’s direction, made provision for livelihood of priests were to be supported by the people of God. Biblical history, and common practice over centuries of faith remind us that fair and equitable compensation for clergy is the responsibility and privilege of the people of the church.

Bringing the former United Methodist East Ohio, West Ohio, and Western Pennsylvania Annual Conferences together in the Allegheny West Annual Conference of the Global Methodist Church calls us to recognize the many varied cultural, geographical, and economic realities of each area. Particularly, the economic realities and minimum salary histories of the three former UM areas must be aligned in a fair and equitable manner.

In recommending new minimum salary guidelines this proposal aims to incorporate two guiding principles:

1. No pastor transitioning to the GMC in the same or equivalent appointment (i.e., full time/part time) should experience a reduction in salary.
2. The aligning of minimum salary should be done with the recognition that some congregations will need to assume responsibility for increased salary, and the minimum salary standards should seek to minimize negative impact to congregations as much as possible.

CURRENT VARIATIONS IN MINIMUM SALARY STANDARDS

The chart below compares the 2023 minimum salary recommendations set respective by the three annual conferences.

Recommended Minimum Salaries 2023	West Ohio	Western PA	East Ohio	Mean	Gap Hi/Low
Elder/Deacon Full Time in local church	\$ 45, 600	\$ 44,723	\$ 43,701 ¹	\$44,675	\$1,899 WOC/WPA
Provisional Elder/Provisional Deacon Full-Time in local church	\$ 41,350	\$ 40,768	XXXXXX	\$41059	\$592 WPA/WOC
Associate Member Full-Time appointment ²	\$ 41,350	\$ 43,351	XXXXXX	XXXXXX	XXXXXX
Licensed Local Pastor Full-Time (COS completed or equivalent)	\$ 39,875	\$ 40,165	\$ 39,274	\$39,771	\$891 WPA/EO

¹ East Ohio --- Elder/Deacon (Associate/Full/Provisional Member)

² GMC will not have Associate Member Category

Licensed Local Pastor Full-Time (COS not complete)	\$ 37,780	\$ 40,165	\$ 37,063	\$38,336	\$3,102 WPA/EO
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The following chart shows the actual variation from the **mean salary** and percentage of variation for the three predecessor annual conferences in each Minimum Salary category. The Associate Member category has been eliminated since this category does not exist in the GMC. Notice that West Ohio and Western Pennsylvania each lag behind the mean in one category, and exceed the mean in three categories. East Ohio lags behind the mean in all four categories between 1.25% and 3.32%. The Gap identifies the dollar difference between the conference with the highest and lowest minimum salary in each ministry category. This amount represents the amount the lowest minimum salary conference will need to increase minimum salary to reach parity in each category. Of interest is the fact that the widest variations are found among Licensed Local Pastors in Full-Time Appointment who have not completed the Course of Study.

Recommended Minimum Salaries 2023	West Ohio	Western PA	East Ohio	Mean	Gap Hi/Low
Elder/Deacon Full Time in local church	+ \$925 + 2.1%	+ \$48 + .11%	- \$974 - 2.2%	\$44,675	\$1,899 WOC/WPA
Provisional Elder/Provisional Deacon Full-Time in local church	+ \$291 + .71%	- \$291 - .71%	XXXXXX	\$41059	\$592 WPA/WOC
Associate Member Full-Time appointment ³	\$ 41,350	\$ 43,351	XXXXXX	XXXXX	XXXXX
Licensed Local Pastor Full-Time (COS completed or equivalent)	+ \$104 + .26%	+ \$394 + .99%	- \$497 - 1.25%	\$39,771	\$891 WPA/EO
Licensed Local Pastor Full-Time (COS not complete)	- \$556 - .14%	+ \$1829 + 4.77%	- \$ 1273 - 3.32%	\$38,336	\$3,102 WPA/EO

MINIMUM SALARY CATEGORIES AND AMOUNTS IN THE GLOBAL METHODIST CHURCH

In determining minimum salaries for the Global Methodist Church this proposal assumes that minimum salary figures for 2023 in the Allegheny West Provisional Annual Conference will apply only to NEW APPOINTMENTS. Pastors continuing in current appointments which are impacted by Minimum Salary recommendations will remain at the current salaries throughout 2023. In order to equalize minimum salaries across the AWPAC NEW Appointments for 2023 will be set at the 2023 West Ohio Conference level.

The ordering of pastoral ministry in the Global Methodist Church necessitates adjustment of the categories used in ordering ministry. In the GMC associate member is no longer a category. The goal is for all clergy to become full elders or full deacons. The order of deacon is a permanent status for some, and a temporary status for those intending to be ordained elder. Licensed Local Pastor status will be granted in some cases on a transitional basis. In addition, some will be appointed as supply pastors.

The following are recommended categories of ministry for purposes of minimum salary consideration:

Elder in Full Time Appointment (Education Fully Completed) – Ordained elder and has completed the post ordination educational requirements.

³ GMC will not have Associate Member Category

Elder in Full Time Appointment (Education Partial Completion) – Ordained elder but has not completed the post ordination education requirements.

Deacon in Full Time Appointment (Education Completed) – Ordained deacon and has completed the post ordination educational requirements.

Deacon in Full Time Appointment (Education Partial Completion) – Ordained deacon but has not completed post ordination education requirements.

Transitional Licensed Local Pastor – Transferring from the United Methodist Church as a Licensed Local Pastor but has not met the qualifications for deacon or elder in the GMC.

Supply Pastor – Affirmed by the Board of Ordained Ministry to be appointed under the supervision of an elder but has not met the qualifications for deacon or elder in the GMC.

Recommended Minimum Salaries Allegheny West PAC	2023	2024⁴	2023/2024 Increase
Elder Full-Time in local church Education Complete	\$ 45,600	\$ 46,968	\$ 1,368
Elder Full-Time in local church Education Incomplete	\$ 43,475	\$ 44,779	\$ 1,304
Deacon Full-Time in local church Education Complete	\$ 41,350	\$ 42,591	\$ 1,241
Deacon Full-Time in local church Education Incomplete	\$ 40,165	\$ 41,370	\$ 1,205
Transitional Licensed Local Pastor	\$ 40,165	\$ 41,370	\$ 1,205
Supply Pastor	\$38,000	\$ 39,140	\$ 1,140

The expectation is that recommended minimum salary guidelines will apply to people in full-time, three-quarter time, and one-half time appointments. Guidelines are encouraged, but not mandatory for less than one-half time appointments. The following charts include less than full-time increments.

⁴ In 2024 minimum salaries for all clergy reflect the 2023 minimums for NEW APPOINTMENTS with a 3% COLA. [As a point of comparison, the Social Security COLA for January 2023 was 8.7%. The 3% is intended to equalize minimum salaries without penalty to any pastor while allowing congregations which are facing an additional increase in minimum salary to avoid the full COLA at the same time.]

Recommended Minimum Salaries Allegheny West PAC --- 2023	Full-Time	¾ Time	½ Time	¼ Time
Elder Full-Time in local church Education Complete	\$ 45,600	\$ 34,200	\$ 22,800	\$ 11,400
Elder Full-Time in local church Education Incomplete	\$ 43,475	\$ 32,606	\$ 21,738	\$ 10,869
Deacon Full-Time in local church Education Complete	\$ 41,350	\$ 31,013	\$ 20,675	\$ 10,338
Deacon Full-Time in local church Education Incomplete	\$ 40,165	\$ 30,124	\$ 20,083	\$ 10,041
Transitional Licensed Local Pastor	\$ 40,165	\$ 30,124	\$ 20,083	\$ 10,041
Supply Pastor	\$38,000	\$ 28,500	\$ 19,000	\$ 9,500

Recommended Minimum Salaries Allegheny West PAC 2024	Full-Time	¾ Time	½ Time	¼ Time
Elder Full-Time in local church Education Complete	\$ 46,968	\$ 35,226	\$ 23,484	\$ 11,742
Elder Full-Time in local church Education Incomplete	\$ 44,779	\$ 33,584	\$ 22,390	\$ 11,195
Deacon Full-Time in local church Education Complete	\$ 42,591	\$ 31,943	\$ 21,296	\$ 10,648
Deacon Full-Time in local church Education Incomplete	\$ 41,370	\$ 31,028	\$ 20,685	\$ 10,343
Transitional Licensed Local Pastor	\$ 41,370	\$ 31,028	\$ 20,685	\$ 10,343
Supply Pastor	\$ 39,140	\$ 29,355	\$ 19,570	\$ 9,785

RECOMMENDATIONS FOR ALIGNING FULL TIME BENEFITS WITH FULL TIME SALARY

The following benefits should be considered normative as recommendations to churches who wish to provide housing and benefits to help their pastor prosper while offering leadership and into retirement. This guidance is offered to churches who wish to have a full-time appointment.

HOUSING

It is anticipated that housing will be part of any Full-Time pastoral appointment.

If a PARSONAGE is PROVIDED the church or charge will provide a description of the property including the number of bedrooms and bathrooms. A description of potential accessibility concerns should also be noted. Digital pictures of the property would be helpful. Zillow may be able to provide additional descriptive information in some cases.

It is the expectation that the church/charge is responsible for normal upkeep, taxes and utilities, air conditioning (either central or window units), internet, basic TV service, **refrigerator, stove, microwave, dishwasher, washer and dryer**. The church might consider renting a house that meets the needs of the pastor. **If the pastor will have pets in the parsonage, a covenant of responsibility will be signed as provided by the Presiding Elder.**

OR

An alternative to Parsonage is to provide the pastor a HOUSING ALLOWANCE

For a fulltime appointment the allowance should be at least 25% of the minimum salary (as per Cabinet Recommendation). Congregations are encouraged, when setting the housing allowance, to take economic conditions and market rates for housing in the local area into consideration.

When receiving housing allowance, pastors are responsible for upkeep, utilities and taxes.

Housing Allowance/Housing Exclusion explanation attached. Please note that the main difference between Housing allowance (a payment by the church) is different from the Housing Exclusion (a tax benefit with no payment by the church).*

PENSION

Churches do not contribute to a defined benefit plan but contribute to a defined contribution plan:

ELIGIBILITY

Upon appointment of at least 50% time, a clergy person is immediately eligible to participate in the Wespath pension plan.

CONTRIBUTIONS

Beginning on the first of the month following your entry into the plan, the GMC church contributes 5% of the plan compensation to Wespath. The clergy person CAN choose to contribute additional funds if they desire. The local church is expected to match up to an additional 5%. For example, if the clergy person contributes 5% of their plan compensation, the church will contribute an additional 5% to that plan as well. The church should budget 10% of salary for their maximum pension responsibility each year. All contributions are 100% vested.

Charts are available on GMC FAQ website as well.

HEALTH CARE

Churches with Full Time pastors are required to participate in Wespeth's Health Flex with four exceptions:

1. Clergy who are bi-vocational or retired from another profession and have coverage through a current employer (not the church they are serving) or a previous employer (e.g., a teacher or Federal employee.)
2. Coverage through the spouse's employer;
3. Coverage through military insurance (like TriCare);
4. Coverage through Medicare or Medicaid.

Pastors who qualify for exception and would like to opt out must apply for exception with Wespeth at <https://globalmethodist.org/wp-content/uploads/2023/01/HealthFlex-Waiver-Form.pdf>. If the exception is granted, the church pays no health insurance assessment to the GM Church.

Cost for the congregation will vary depending on the family status of their pastor. These rates are the same regardless of which plan the pastor chooses and are set for 2023: Individual coverage is \$841; Participant + 1 dependent is \$1597; Family coverage is \$2185. These are monthly rates.

Churches are encouraged to keep their options open for pastors who could bring much to their ministry even though the health benefit may be higher cost. It is well advised to include a range for providing health care coverage in the total package offered.

Coverage is optional for pastors appointed $\frac{3}{4}$ time or less and for lay employees who work at least 30 hours per week.

Direct questions to the GM Church's Transitional Benefits Officer, Rick Van Giesen, at rvangiesen@globalmethodist.org.

PHONE

Service will be paid by the church. The choice between Landline or Cell will be the pastors.

MOVING EXPENSES

Due to the expense of moving, it is recommended that churches budget moving expenses for a self-pack move for their incoming pastor. The pastor is responsible for packing and unpacking. The church/charge is responsible for a professional moving for loading the packed items and unloading them at the new location. The pastor shall provide two estimates to the receiving church and work with the local church leadership to determine which bid is selected.

Salary

Housing

Parsonage (yes/no)

Or

Housing Allowance _____

Pension (*Maximum 10%*) of Salary plus Housing Allowance or Exclusion _____

Health Care Set Amount _____

Or

Range _____

841-1597 (mo) 841 or 2185 (mo)

Phone Service _____

The church may have other benefits to offer which may be listed here:

Total Package Offered by _____ GMC _____

*EXPLANATION OF HOUSING ALLOWANCE, HOUSING EXCLUSION

A licensed, commissioned, or ordained minister who performs ministerial services as an employee may be able to exclude from gross income the fair rental value of a home provided as part of compensation (a parsonage) or a housing allowance provided as compensation if it is used to rent or otherwise provide a home.

Reference: www.irs.gov/taxtopics/tc417

Housing Allowance

- A Housing Allowance is an amount paid directly by a church to a pastor in lieu of a parsonage in addition to their salary to cover housing expenses.
- Housing Allowances are not subject to Federal or State taxes as long the full amount can be proven to be spent.
- Pastors are responsible for proving how much is actually spent on housing expenses. If they do not have receipts to prove the expenses then they are required to add the amount to their taxable income.
- The full amount of a Housing Allowance is subject to Self-Employment tax.

Housing Exclusion

- A Housing Exclusion is available whether a pastor has a parsonage, a Housing Allowance, or neither.
- A Housing Exclusion is an amount that the pastor can elect out of their salary to cover housing expenses. This is not subject to taxes as long as there are clear receipts for the purchases.
- The Housing Exclusion must be approved by the church prior to the year of use and cannot be modified mid-year.
- ✓ If your housing allowance and/or housing exclusion exceeds the lesser of your
 - a) the approved Housing Allowance and/or Housing Exclusion, or
 - b) the fair Market rental value of the home, or
 - c) your actual expenses directly relating to providing the home,you must include the amount of the excess as additional taxable income.

NOTE: It is generally better to overestimate your Housing Allowance/Housing Exclusion total of your projected needs for the coming year. If you estimate too little, you can make mid-year changes but the timing is critical in looking ahead. If you overestimate you just report it as income and pay the taxes on those excess funds in your tax filing.

HOW DOES A CHURCH LEGALLY SET OUR PASTOR'S HOUSING EXCLUSION?

by [Jeff Pospisil](#) • July 8, 2022 •

The Housing Exclusion is a tax benefit that allows clergy to write off unreimbursed housing-related expenses for income tax purposes. The Housing Exclusion just saves the pastor money without costing the church.

Here's the steps:

1. Estimate High: It's up to the pastor to come up with the amount. Make a budget or estimate of what you think your unreimbursed housing expenses will be. I would then increase it by probably 25%. *While there's no penalty for setting the Housing Exclusion too high, the penalty for setting it too low is having to pay more than your fair share of taxes.* Typically the Housing Exclusion is an annual amount so, if you are starting in July, you need to double that amount.
2. Work Ahead: A Housing Exclusion needs to be approved before it's paid out (i.e., before the first paycheck that it applies to). It can never be set retroactively.
3. Get it Approved: You need some official body in the church to approve the Housing Exclusion. This could be the Board, at the annual meeting, or the Staff-Pastor Relations Committee.
4. Get it in Writing: It must be in writing as well. You need something to show to your tax preparer and, if need be, the IRS. This could be a resolution signed by the Secretary and Chair or the minutes.

Remember, you can't set a Housing Exclusion retroactively but you can adjust it midyear. So, imagine you set a Housing Exclusion of \$5,000 to start the year, but later plan on upgrading your family room with a new sectional, TV, and surround sound with estimated cost of \$4,000. If you're planning this purchase in April, have your Board approve a new Housing Exclusion of at least \$10,000.

For Jan – Mar, you have a Housing Exclusion of \$1,250 ($5,000 \times 25\%$). For Apr – Dec, you would have \$7,500 ($10,000 \times 75\%$). *If you jump the gun and make the purchase in March before the change in Housing Exclusion, you would only be able to write off \$1,250 instead of the full \$4,000. This difference in timing would cost you easily an extra \$550 in taxes.*

ALLOWED HOUSING EXPENSES

Mortgage principal and interest payments

Mortgage down payment and closing costs or home purchase price

Rent

Real estate taxes

Homeowners or renters insurance

Homeowners association dues

Condo fees

Home improvements

Structural maintenance and repairs (roof, paint, deck)

Upkeep of the home and its contents

Utilities: heating, electricity, water, sewer, garbage, gas, basic home telephone, internet

Cable TV

Furniture (purchase, repair, and replacement)

Appliances (purchase, repair, and replacement)

Dishes and cookware

Decorating items such as pictures, rugs, mirrors, curtains

Bedspreads, sheets, and towels

Yard care tools: lawnmower, shovel, fertilizer. etc.

Yard services: snow removal, tree trimming, landscaping and gardening

Pest control

Cleaning supplies, paint, and light bulbs