

Clergy Compensation
June 2018 Barbara Northan

When I moved into the diocese in the early '80s, there was a salary system based on 13 levels of Net Disposable Budget Income (NDBI - Line A on the Parochial Report). Each level had a minimum, median and maximum guideline, but the medians and maximums, supposed to compensate for years of service, were generally ignored. Every few years, Convention had long, spirited debates about increasing only the minimum minimum salary. This resulted in compression, leaving most existing clergy tied to outdated guidelines.

In 1989, when the WNY median compensation ranked in the bottom five of 100 dioceses, a special Diocesan Convention recognized the need for a fair, equitable and competitive compensation system. It requested the Clergy Compensation Commission to increase compensation to within the top 1/3 of dioceses and adopt a policy of minimum cost-of-living adjustments

Clergy Compensation
June 2018 Barbara Northan
for parochial clergy.

The Commission conducted a series of listening sessions with clergy and lay leaders. Some clergy felt unappreciated because they rarely received raises and were uncomfortable about asking for one or intimidated when they were refused. Other clergy felt they couldn't ask because the congregation was 'too poor' to give a raise. There were many more rectories then, and a common complaint was that they were not maintained properly – similar to church buildings having needed maintenance deferred. Some lay leaders felt that since clergy were called to vocations, they didn't really need to be compensated. Some single clergy were paid less because they 'didn't need to support a family'.

In 1994, Convention adopted the cost-of-living policy that eliminated the need to bring the subject of compensation increases to the convention floor in the

Clergy Compensation
June 2018 Barbara Northan

future.

With the help of members involved in compensation matters where they worked, the Commission developed the current 4 group compensation system to replace the 13 tier salary system. The change from a guideline based on salary to one on compensation (salary, housing, 1/2 SECA) made it easier to compensate clergy with different housing status equitably and to compare directly with national statistics.

The 4 group system was based on attendance as well as financial factors calculated from parochial report information. There were natural breaks between groups of similar churches. The guideline for Group 3 was set at the national median because we felt it would be too big a jump to get into the top 1/3 all at once. Group 2 is 20% above Group 3 and Group 1 is 20% above Group 2. Churches that could not meet

Clergy Compensation

June 2018 Barbara Northan

the guidelines initially were asked to develop action plans to come into compliance. There was very little resistance to the change and I think clergy morale increased throughout the process.

We had expected to make a step increase to move higher in the national ranking after congregations had come into compliance with guidelines, but the financial crises beginning in 2002 and societal changes that reduced attendance made that impossible.

Over the years, the national median has increased faster than our Group 3 guideline and was about \$9,500 higher in 2016. The Church Pension Fund (CPF) no longer ranks all the dioceses together. We rank at the bottom of Province II, but in the past our clergy, and those in Rochester and CNY, fared better than those in the other dioceses in the Province with positive numbers in what the CPF called Advisable Total Homeowner Income – a measure of cost-of-living.

Clergy Compensation

June 2018 Barbara Northan

Unfortunately, it no longer provides such a comparison. National statistics are based on December values for the year, so comparisons can vary widely from year to year. For most years, our median has been significantly lower (-\$5,000 to -\$9,000) but in 2016, ours was \$1,252 higher (probably because so many of our clergy are now paid below the national value for 'full-time' - \$33,225 for 2016 – and were not counted.)

The formulas used to develop the system no longer show the differences between churches that showed in 1994 because of changes in data requested from congregations and significant changes in congregational financial health. Changes in group now usually occur for financial reasons and when clergy transitions occur.

The current definitions are:

Group 1 ~~ASA~~>125, OE>350,000

Group 2 ~~ASA~~>100, OE>200,000

Clergy Compensation
June 2018 Barbara Northan
Group 3 Other full-time positions
Group 4 % of Group 3 based on time worked

The Clergy Compensation Commission calculates the guidelines based on cost of living data from 2 years previously. The delay is caused by the long lead time needed for budget development. Thus guidelines for 2019 were calculated in 2018 using the December 2017 cost-of-living data.

I think most of you would agree that it is important in the secular world to compensate employees fairly and equitably. In the church it is both important and a matter of justice that we do so.

Compensation is a huge factor for clergy contemplating responding to a call. Not only will they need an amount sufficient to live on with their families, they will judge prospective calling congregations on their ability and willingness to treat

Clergy Compensation
June 2018 Barbara Northan

them fairly. The clergy guidelines set minimum standards, but market realities may call for higher compensation than the guidelines prescribe at the time of call.

Candidates are in a national market. Though individuals are ordained in their own dioceses, they are ordained on behalf of, and for service throughout the entire church. General Ordination Exams standardize the process of examination for ordination supplanting the previous system under which each diocese gave its own exam. Thus, all priests of the church are eligible to serve anywhere in the Episcopal Church.

Candidates will compare dioceses as well as congregations re their attractiveness. Dioceses that don't have clear and reasonable guidelines and policies with respect to both clergy and congregations will not be attractive places to live and work.

It is diocesan policy that calls to clergy will be approved only if the congregation agrees to comply

Clergy Compensation

June 2018 Barbara Northan

with the guidelines. There may be some legitimate circumstances when raises aren't possible, but not complying with guidelines will cause real problems when it is necessary to call a new clergy person or even replace lay employees.

Most lay people don't think about clergy compensation and the constant turnover of lay leaders and the reluctance of many clergy to raise the subject of compensation make it difficult to maintain our goals of fair and equitable compensation.

I suggest that clergy compensation be an automatic topic of finance committee and/or vestry deliberations every year – make sure it is on the agenda.

I believe that every congregation has the resources to pay the guideline for whatever level of service it has, even if that level may not be as much as you'd like. I would bet that every congregation has people who

Clergy Compensation

June 2018 Barbara Northan

attend reasonably regularly but who do not contribute toward the operating costs, and others who rarely increase the amount they contribute. A few may tithe. I once counted the 'regular' attendees/families in our parish directory in each ZIP code and multiplied that number by the median income for the ZIP. If everyone had given 5% to St. Andrew's, it would have been over \$ $\frac{1}{2}$ million dollars. We wouldn't have known how to use it all. So an effective stewardship program is essential for church health.