

THE COMMISSION ON EQUITABLE COMPENSATION

Report Number 1

A. The Mission and Changing Focus of the Conference Commission on Equitable Compensation

Historically, the Commission on Equitable Compensation has served for the support of full-time clergy and students serving as pastors in the charges of the South Carolina Annual Conference. Through the years, the Commission has been guided by The United Methodist Book of Discipline; the latest version states the following: "It is the purpose of the commission on equitable compensation to support full-time clergy serving in the charges of the annual conference by: (a) recommending conference standards for clergy support; (b) administering funds to be used in base compensation supplementation; and (c) providing counsel and advisory material on clergy support to district superintendents and Committees on Pastor-Parish Relations." (*The Book of Discipline, 2004*, Paragraph 624.2) The Commission on Equitable Compensation supports the overall ministry of the local church, especially in transitional situations.

The Commission on Equitable Compensation responds to the ministry needs adopted by the annual conference. The Commission has administered funds to be used for clergy in new church situations and with clergy in ministry with the state's growing Hispanic population. In earlier years, the pace of starting these new ministry situations and administration of those funds was slower. The Annual Conference's 10 churches by 2010 mandate and the growing need for Hispanic ministry shifts the commission's primary role to the newer, larger task of assisting other conference agencies in administering funds for these ministries.

The Commission members hope that our ongoing dialogue with other conference agencies will enable the annual conference to meet growing ministry needs in a way that is rapid, responsive, and effective. Even as our ministry tasks grow, the commission remains committed to its primary responsibility to clergy and local churches which is to interpret compensation standards and administer the Equitable Compensation Fund.

B. Total Compensation for Clergy

1. The Commission on Equitable Compensation reminds churches and charges that salary is only one portion of total compensation. Churches and charges are urged to consider dispersing compensation in ways that will assist clergy and their families to retain as great a portion of their income as is legally possible. Churches and charges are reminded to consider total compensation and not just think of salary when thinking of clergy family needs. Likewise, clergy are reminded that they are supported in a variety of ways, and total compensation most often exceeds salary.
2. Churches and pastors are urged to keep informed of their income tax responsibilities and rights. Pastors are advised to seek qualified assistance in making decisions that will affect their income tax liabilities.

Report Number 2

A.1. Budget Request for 2008

The Commission on Equitable Compensation requests that a line item apportionment of **\$500,000** be made to fund the estimated **\$575,000** Commission on Equitable Compensation operational budget for 2008. These funds will be used for base compensation supplements, salary support for clergy in new church starts and Hispanic Ministries, as well as support required and/or provided under these recommendations.

A.2. Schedule of Total Minimum Compensation for Clergy Serving in the South Carolina Annual Conference

In accord with the mandate of the Discipline, the Commission recommends that the South Carolina Annual Conference fix the following as its minimum base compensation scale, effective January 1, 2008, and continuing until changed by the Annual Conference.

FOR FULL-TIME APPOINTMENTS AS CLERGY IN THE LOCAL CHURCH:

Category	Amount
1. Clergy in full connection	\$38,100
2. Probationary, Commissioned and Associate Members	\$34,100
3. Local Pastors	\$31,900

Facts concerning individual pastoral compensation packages that may merit additional study by the local church:

- Clergy who depend on the pastoral support package for medical insurance have experienced several years of consecutive insurance premium increases. Staff- or Pastor-Parish Relations Committees are asked to adjust the clergy compensation package so that a cash salary increase is possible if it appears that the health insurance premium increase will result in a reduction of cash salary, year-to-year.
- The commission on equitable compensation strongly encourages churches to pay the pastor's business expenses through an accountable reimbursement plan which is a part of the administrative budget of the church, not part of salary. Please see sections "O." and "P." below, entitled "Reimbursement for Travel and Professional Expenses" and "Reimbursement as Administrative Cost."

B. For Student Appointments

Each person serving a local church student appointment as pastor shall receive the compensation for his or her category, proportional to the percentage of time serving in a pastoral charge. (i.e., one-half time service would receive one-half the Equitable Compensation support for that person's category.) The percentage of time serving the charge shall be determined by the cabinet.

C. For Deacons in Full Connection

Those persons who have responded to God's call to lead in service and to equip others for ministry through teaching, proclamation, and worship and who assist elders in the administration of the sacraments and are full-time ordained deacons in accordance with Paragraph 303.2 of *The Book of Discipline 2004*, shall be compensated by the local church not less than the minimum amount for an ordained elder of the Annual Conference in accordance with Paragraph 331.14(b) of *The Book of Discipline 2004*. Deacons who are employed by the congregation, charge, or cooperative parish less than full time shall be compensated proportional to the percentage of time being served. (Half time would receive not less than half the minimum salary.) Deacons not employed by a congregation, charge, cooperative ministry, or who are appointed under Paragraph 331.14(c) are not affected.

D. Experience Merit

A clergyperson who has served for 5 or more years full time service or the equivalent thereof in the South Carolina Annual Conference, shall receive in addition to the minimum base, a supplement of \$175.00 per year of service for up to 10 years of service.

Example: Year 6:	equitable compensation base plus \$875.00;
Year 7:	equitable compensation base plus \$1050.00;
Year 8:	equitable compensation base plus \$1225.00;
Year 9:	equitable compensation base plus \$1400.00;
Year 10:	equitable compensation base plus \$1575.00;
Years 11+:	equitable compensation base plus \$1750.00.

E. Housing Allowances

The Commission recommends that all money given to the pastor for housing by the charge he/she serves be considered income if the pastor is not a resident in the charge which he/she serves.

F. Application for Equitable Compensation Support for Base Compensation Assistance

The District Superintendent shall request the base compensation assistance required by each charge twice each year (by May 15 for the June through December compensation assistance period and by December 15 for the January through May compensation assistance period); these requests must be approved by the Commission before payment can be made. This request from the District Superintendent shall be accompanied by an application form provided by the Commission and completed by the pastor, the pastor-parish relations committee, and the district superintendent, indicating income from all sources.

G. Cross Racial Appointments

If the Bishop and Cabinet, in making a cross-racial appointment, find it necessary to request an equitable compensation supplement, special consideration will be given on an individual basis. Guidelines listed under Report 3 will apply.

H. Cooperative Parish Ministries

Directors or coordinators of cooperative parish ministries which have been approved by the Board of Global Ministries, and application made by the district superintendent to the commission by January 1 preceding the appointment in June of the same year may be eligible for funds not to exceed \$7,000.00. No pastor shall be eligible to receive funds unless the charge he/she serves agrees in writing to release him/her for these added duties. Assistance will be provided over a 4-1/2 year period and will decrease by 25% each year after the first year and a half.

I. Disbursement of Supplements

All compensation supplements from the Commission shall be disbursed monthly, and shall be paid to the local church involved for disbursement to the pastor or clergyperson. In the case of new mission situations or churches, monies will be dispersed directly to the pastor until there is a church treasurer. Equitable compensation funds will not be used for moving expenses, business expenses, or church administration.

J. Utilities Allowance

The Commission requests that the South Carolina Annual Conference designate 15% (or estimate of actual expenses as requested by recipient) of base compensation support funded by this Commission as parsonage utilities allowance. This request is made to satisfy the requirements of the Internal Revenue Service.

K. Investment of Reserve Fund

The Commission on Equitable Compensation recommends that all funds held in "reserve" be invested and the interest used in the Commission's operating account.

L. Interpretation

The Commission recommends that an interpretation of its task and policy procedures be given as a part of the District Pastor/Staff Parish Relations Committee Workshops. It is further recommended that this interpretation be done by a member of the commission upon invitation by the District Superintendent.

M. Compensation Guidance

The Commission recommends that District Superintendents assist churches and charges in setting appropriate compensation and work load packages in accordance with Paragraph 423.3 of *The Book of Discipline 2004*.

N. Ineligibility

The Commission on Equitable Compensation recommends that the following not be eligible for Equitable Compensation support: **1.** Retired supply pastors **2.** Part-time local pastors **3.** Pastors on leave of absence except as provided in Standing Rule 98 **4.** Special appointment categories within the itinerancy of The United Methodist Church as defined in Paragraph 344.1. a, b, c of the *The Book of Discipline 2004*. **5.** Deacons as defined in Paragraph 303.2 of *The Book of Discipline 2004*. (except as appointed under Report 3 of this report and Paragraph 624.4 of *The Book of Discipline 2004*).

O. Reimbursement for Travel and Professional Expenses

The Commission recommends that each church set up a reimbursement account for travel and professional expenses incurred by the pastor in performing pastoral duties. Reimbursement for non-commuting church-related travel shall be at the IRS rate (currently 48.5 cents per mile). The pastor(s) shall submit a voucher and a log each month for reimbursement. For reimbursement for actual professional expenses (books, subscriptions, periodicals, etc.) the pastor(s) shall submit a voucher with supporting documentation for reimbursement. The amount set by the charge as reimbursement for travel and professional expenses should be determined after consultation with the pastor(s) (and the district superintendent, if desired or needed) by the Pastor/Staff-Parish Relations Committee. Each charge should annually evaluate the local needs and expectations of its pastor(s) and set an amount for reimbursement accordingly. Also, the procedures for reimbursement should be clearly stated.

P. Reimbursement as Administrative Cost

The Commission recommends that the reimbursement for travel and professional expenses be a part of the administrative cost of each local church and not considered or reported as part of the pastor's compensation.

Q. Vacation Policy

The Commission reminds churches and ministers that vacation time plus time for renewal and reflection are an expected part of compensation. Time away is necessary for personal, spiritual, and family health. It is recommended that all clergy and diaconal ministers be granted, as a minimum, annual vacation and days of renewal according to the following schedule:

Total Years of Service/Number of Weeks

- Less than 5 years a minimum of 2 (including Sundays)
- 5 years - 10 years a minimum of 3 (including Sundays)
- More than 10 years a minimum of 4 (including Sundays)

In addition to the above it is recommended that the minister, regardless of years of service, be granted one day of retreat a month for prayer and reflection. Also, it is expected that the minister will have at least one day off a week.

"Years of Service" reflect number of years under appointment in the ministry of the United Methodist Church, and not the number of years of service on a given charge.

"Vacation" is meant as freedom from any responsibility in the local church or charge, district, conference area, jurisdiction, or general conference. Vacation should be a time of rest, recreation, and renewal. It should not be interpreted to mean time the pastor works at a church camp, is on a mission trip, a meeting of a general board, an agency of the conference, or a district retreat. Time away from the charge for annual conference and continuing education events shall not be considered vacation time. The charge shall make available as necessary the funds for pulpit supply while the pastor is on vacation.

It is asked that the Lay Member of the Annual Conference communicate this information to the Pastor/Staff Relations Committee and to the local church.

Report Number 3 Mission Situations

A. Definition

Mission situations are new churches and existing churches in transitional circumstances that are in areas that demand an effective ministry but are incapable of providing such ministry without equitable compensation assistance. Mission situations may also include intentional ministry to persons of low income.

B. Eligibility

To be eligible for equitable compensation assistance in mission situations the following procedures must be followed:

1. The district board for congregational development shall be the authorizing body to project a transitional situation and the Conference Committee on Congregational Development will project all new church starts.
2. The district board for congregational development will refer this to the Conference Committee on Congregational Development for verification as a transitional situation, and its priority rank among conference needs.
3. The potential new mission situation will then be referred to the Cabinet for approval. The cabinet will strive to inform the commission of potential new mission situations two years ahead of the time the appointment is to start. The commission will budget for new mission situations after cabinet approval.

4. At the time of appointment, the Cabinet will then designate a pastor or clergyperson with at least 4 years experience and request an appropriate base compensation for that particular mission situation.
5. In all cases where a new mission situation is to be launched, the District Superintendent shall notify the Commission on Equitable Compensation by January 1st preceding the Annual Conference at which an appointment is to be made providing, at that time, the projected base compensation cost to be incurred in June.

Note 1. The local church's share of this base compensation schedule is interpreted to mean all sources of income from the local church or from any other source.

Note 2. In all cases where a mission situation is attached to an existing charge, these become charge figures.

Note 3. The District Superintendent may apply to the Commission for a compensation that is more in keeping with the amount received by this pastor in his or her previous appointment.

C. Continuation of Supplements and Annual Evaluation

1. If the ministry being served is unable to meet the schedule below for two years in a row, support from Equitable Compensation will cease after the next year following.
2. An evaluation shall be done annually on each mission situation. The Conference Director of Congregational Development shall provide a report of this evaluation to the Commission on Equitable Compensation by January 1st.

D. Payment of Direct Billing Costs for Pensions and Health Benefits in Mission Situations Only

The Commission on Equitable Compensation will pay only the direct billing costs of persons in mission situations according to the compensation schedules listed below. The Commission will send its proportional share directly to the conference office of Pensions and Health Benefits.

E. Compensation Schedules for Mission Situations

Part 1.

Schedule for New or Existing Churches

Decreasing Support: Equitable Compensation assistance for compensation and payment on the direct billing plan will be provided over a 4-1/2 year period decreasing 25% each year after the first year and a half as follows:

First Year and a Half: As the sole salary paying unit, the Commission of Equitable Compensation will pay 100% of the clergyperson's compensation and the direct bill for pensions and health benefits.

After One and A Half Years: Support from Equitable Compensation will decrease by one-fourth for both the compensation supplement and for payment of the direct billing for pensions and health benefits.

After Two and A Half Years: Support from Equitable Compensation will decrease by another fourth for both the compensation supplement and for payment of the direct billing for pensions and health benefits.

After Three and A Half Years: Support from Equitable Compensation will decrease by another fourth for both the compensation supplement and for payment of the direct billing for pensions and health benefits.

After Four and A Half Years: Support from Equitable Compensation will cease for both the compensation supplement and for payment of the direct billing for pensions and health benefits.

New Church Travel: Upon request and appropriate documentation, the Commission on Equitable Compensation will provide travel allowance for new church pastors at the following rates:

First year and a half: up to \$4,000.00 annually

Second full year: up to \$3,000.00 annually

Third full year: up to \$2,000.00 annually

Fourth full year: up to \$1,000.00 annually

Part 2.

Schedule for Ministry with Persons of Low Income

Equitable Compensation assistance in ministries with persons of low income will be provided for a pastor or clergy person, when requested by the cabinet, over a ten and a half year period decreasing as follows:

First Year and a Half: The amount of Equitable Compensation support will be according to the pastor's category. As the sole salary paying unit in this mission situation, the Commission of Equitable Compensation will pay 100% of the clergyperson's direct bill for pensions and health benefits.

After One and a Half Years: Support from Equitable Compensation will decrease by 5% for both the base compensation supplement and for payment of the direct billing for pensions and health benefits.

After Two and a Half Years: Support from Equitable Compensation will decrease by another 5% for both the base compensation supplement and for payment of the direct billing for pensions and health benefits.

After Three and a Half Years: Support from Equitable Compensation will decrease by another 5% for both the base compensation supplement and for payment of the direct billing for pensions and health benefits.

After Four and a Half Years: Support from Equitable Compensation will decrease by 10% for both the base compensation supplement and for payment of the direct billing for pensions and health benefits.

After Five and a Half Years: Support from Equitable Compensation will decrease by another 10% for both the base compensation supplement and for payment of the direct billing for pensions and health benefits.

After Six and a Half Years: Support from Equitable Compensation will decrease by another 10% for both the base compensation supplement and for payment of the direct billing for pensions and health benefits.

After Seven and a Half Years: Support from Equitable Compensation will decrease by another 10% for both the base compensation supplement and for payment of the direct billing for pensions and health benefits.

After Eight and a Half Years: Support from Equitable Compensation will decrease by 15% for both the base compensation supplement and for payment of the direct billing for pensions and health benefits.

After Nine and a Half Years: Support from Equitable Compensation will decrease by another 15% for both the base compensation supplement and for payment of the direct billing for pensions and health benefits.

After Ten and a Half Years: Support from Equitable Compensation will cease for both the base compensation supplement and for payment of the direct billing for pensions and health benefits.

Travel for persons in ministry with persons of low income will be provided by the District or Districts in which the ministry is located.

Report Number 4
Category Summaries of Recent Disbursements

The following is a summary of the number of churches receiving base compensation support in each of these categories and the totals granted for each as of:

	Dec. 2003		Dec. 2004		Dec. 2005		Dec. 2006	
	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.
1. New church	2	57,906	2	31,630	2	18,315	4	97,908
2. Minimum	14	91,801	16	132,892	9	64,408	14	61,364
3. "Special"	3	48,050	1	4,950	1	3,000	1	3,000
4. Cross Racial Appointments	0		0		0		0	
5. Low Income	2	57,200	2	57,525	1	27,090	2	42,140
direct billing costs:				\$54,310		\$18,917		39,000
TOTALS	21	254,957	21	281,307	13	131,730	20	243,412

Clergy holding every conference relationship (except retired) are eligible for Equitable Compensation support. Receiving funds as of:

	Jan. 2004	Jan. 2005	Jan. 2006	Jan. 2007
1. Effective Members	11	9	8	10
2. Probationary Members (Full Time)	4	6	3	1
3. Probationary Members (Not Full Time)	0	0	0	0
4. Associate Members	0	0	0	0
5. Local Pastors (Full Time) 5		5	2	4
6. Student Local Pastors	0	0	0	0
7. Other	1	1	0	1
TOTALS:	18	21	13	16

Joseph R. James, Chairperson