

21 THE COMMISSION ON EQUITABLE COMPENSATION

22 Report Number 1

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

26 Historically, the Commission on Equitable Compensation has served for the support of full-time clergy in the
27 charges of the South Carolina Annual Conference. Through the years, the Commission has been guided by the
28 *United Methodist Book of Discipline*; the latest version states the following: "It is the purpose of the commission on
29 equitable compensation to support full-time clergy serving as pastors in the charges of the annual conference by:
30 (a) recommending conference standards for pastoral support; (b) administering funds to be used in base
31 compensation supplementation; and (c) providing counsel and advisory material on pastoral support to district
32 superintendents and committees on pastor-parish relations; and (d) submitting an arrearage policy to be
33 adopted by the annual conference." (*The Book of Discipline, 2016*, Paragraph 625.2 at pg. 442) The Commission
34 on Equitable Compensation supports the overall ministry of the local church, especially in transitional situations.

35 **B. Total Compensation for Clergy**

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

47 **A. Budget Request for 2021**

- 48 1. The Commission on Equitable Compensation requests that a line item apportionment of **\$565,000** be made
49 to fund the Commission on Equitable Compensation operational budget for 2020. These funds will be used
50 for base compensation supplements, salary support for clergy in new church starts, special situations, and
51 Hispanic Ministries, as well as support required and/or provided under these recommendations.

52 **B. Schedule of Total Minimum Compensation for Clergy Serving in the**
53 **South Carolina Annual Conference**

54 In accordance with the mandate of *The Book of Discipline*, the Commission recommends that the South Carolina
55 Annual Conference fix the following as its minimum base compensation scale, effective January 1, 2020, and
56 continuing until changed by the Annual Conference.
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58 **FOR FULL-TIME APPOINTMENTS AS CLERGY IN THE LOCAL CHURCH:**

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Category	Amount	
a. Full Time Clergy in full connection	\$ 45,643	\$46,556
b. Full Time Provisional, Commissioned, and Associate Members	\$ 41,492	\$42,322
c. Full Time Local Pastors	\$ 38,494	\$39,263

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64 The recommendation represents a 2% increase over what was approved for 2020. This parallels with the
65 2% COI suggested by the Social Security Office.

[Please note that the Commission on Equitable Compensation strongly encourages churches to pay the pastor's business expense through an accountable reimbursement plan which is a part of the administrative budget of the church, not part of salary. Please see sections "O," "P," and "Q" below, entitled "O. Reimbursement for Travel and Professional Expenses," "P. Continuing Education," and "Q. Reimbursement as Administrative Cost."]

Please be aware that plan compensation for full-time clergy must equal 25% of the denominational average compensation (DAC) so that full-time clergy may participate in CPP. **For 2018, the DAC is \$70,202 and 25% of that is \$17,551. For 2019, the DAC is \$71,361 and 25% of that is \$17,841.** Plan compensation is calculated as (a) 125% of base compensation when a parsonage is provided or (b) base compensation plus housing allowance in lieu of parsonage when a parsonage is not provided.

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 330 of *The Book of Discipline 2016, beginning at pg. 254*, shall be compensated by the local church not less than the minimum amount for an ordained elder of the annual conference. (See Paragraph 331.10(b) of *The Book of Discipline 2016, pg. 263*.) 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 331.6(d) are not affected.

D. Longevity Increases

A clergy person, who has completed 5 or more year's full time service in the United Methodist Church, shall receive in addition to the minimum base, a supplement of \$175.00 per year of service for up to 10 years of service. (In practical terms, this increase would not be applied until the fiscal year following the completed annual conference year. In other words, the first increase would not be applied until the January after the Annual Conference at which the clergy person complete their fifth year.)

Example:

Year 6	Minimum base compensation plus	\$ 875.00
Year 7	Minimum base compensation plus	\$1050.00
Year 8	Minimum base compensation plus	\$1225.00
Year 9	Minimum base compensation plus	\$1400.00
Year 10	Minimum base compensation plus	\$1575.00
Year 11+	Minimum base compensation 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 July through December compensation assistance period and by December 15 for the January through June 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. Grants shall be made based on fiscal years (January to December), and unless otherwise designated, shall decrease 25% annually. For grants beginning in July, 100% of the approved amount will be provided for the first eighteen (18) months and will decrease 25% annually thereafter.

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.

H. Cooperative Parish Ministries

The initial directors or coordinators of a cooperative parish ministry which has 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 paid to the local church involved for disbursement to the pastor or clergyperson, and shall be disbursed monthly. 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, businesses expenses, or church administration.

For charges receiving CEC supplements, changes to the total compensation may be made for longevity (see D. Longevity Increases above), changes in clergy status, and to reflect changes in minimum base compensation as approved by the Annual Conference. Charges are encouraged to increase their portion of total compensation as they are able and thereby reduce the amount of supplement paid by CEC. Such

1 increases in the portion paid by the local charge above the scheduled amounts will result in a reduction of the
2 CEC supplement by the amount of increase.

3 **J. Utilities Allowance**

4 The Commission requests that the South Carolina Annual Conference designate 15% (or estimate of actual
5 expenses as requested by recipient) of base compensation support funded by this Commission as parsonage
6 utilities allowance. This request is made to satisfy the requirements of the Internal Revenue Service. Under
7 IRS Guidelines, this money may be used for household expenses including mortgage or rent payments.

8 **K. Investment of Reserve Fund**

9 The Commission on Equitable Compensation recommends that all funds held in "reserve" be invested and the
10 interest used in the Commission's operating account. In accordance with guidelines established with CF&A in
11 2013 and presented to the 2013 Annual Conference, the "floor" of the reserve is to be set at \$300,000 in order
12 to meet general projection shortfalls, to allow for the unanticipated start of a new church or missional situation,
13 or to deal with an unexpected disaster.

14 **L. Interpretation**

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

18 **M. Compensation Guidance**

19 The **Commission** recommends that District Superintendents assist churches and charges in setting appropriate
20 compensation and work load packages in accordance with Paragraph 419.4 419.6 of *The Book of Discipline*
21 *2016* (pg. 343-344)

22 **N. Ineligibility**

23 The Commission on Equitable Compensation recommends that the following not be eligible for Equitable
24 Compensation support:

25 Retired supply pastors

26 Part-time local pastors

27 Pastors on leave of absence except as provided in Standing Rule 99

28 Special appointment categories within the itinerancy of the United Methodist Church as defined in
29 Paragraph 344.1 a, b, c of *The Book of Discipline 2016* (pg. 281-282).

30 Deacons as defined in Paragraphs 329 and 330 of *The Book of Discipline 2016* (pg. 254-255)(except
31 as appointed with regard to Report 3, 4, and 5 of this report and Paragraph 625.4 of *The Book*
32 *of Discipline 2016*, pg. 443).

33 **O. Reimbursement for Travel and Professional Expenses**

34 The Commission recommends that each church set up a reimbursement account for travel and professional
35 expenses incurred by the pastor in performing pastoral duties. Reimbursement for non-commuting church-
36 related travel shall be at the IRS rate (currently 53.5 cents per mile.) The pastor(s) shall submit a voucher and
37 a log each month for reimbursement. For reimbursement for actual professional expenses (books, subscriptions,
38 periodicals, etc.) the pastor(s) shall submit a voucher with supporting documentation for reimbursement. The
39 amount set by the charge as reimbursement for travel and professional expenses should be determined after
40 consultation with pastor(s) (and the District Superintendent, if desired or needed) by the Pastor/Staff-Parish
41 Relations Committee. Each charge should annually evaluate the local needs and expectations of its pastors
42 and set an amount for reimbursement accordingly. Also, the procedures for reimbursement should be clearly
43 stated.

44 **P. Continuing Education**

45 Each charge shall place in its budget an amount of \$750 or more per year to be used by the pastor as a
46 continuing education fund. If the full amount is not used in a given year, the unused portion may be carried
47 forward from year to year during the tenure of a pastor, not to exceed a total amounting to three year's
48 continuing education allowance inclusive of the current year's amount.

49 **Q. Reimbursement as Administrative Cost**

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

52 **R. Vacation Policy**

53 The Commission reminds churches and ministers that vacation time plus time for renewal and reflection are
54 an expected part of compensation. Time away is necessary for personal, spiritual, and family health. It is
55 recommended that all full-time clergy and diaconal ministers be granted, as a minimum, annual vacation and
56 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)

61 In addition to the above, it is recommended that the minister, regardless of years of service, be granted one
62 day of retreat a month for prayer and reflection. Also, it is expected that the minister will have at least one day
63 off a week. "Years of Service" reflect number of years under appointment in the ministry of the United Methodist
64 Church, and not the number of years of service on a given charge. "Vacation" is meant as freedom from any
65 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 Parish Relations Committee and to the local church.

S. Application Procedure

CEC requests the following for initial grant consideration:

1. A Ministerial Support Form duly adopted by a charge conference that includes information about the nature of the grant, the reason for the grant request, percentages to be paid to the various churches involved, the email of the pastor, contact information of the church/charge treasurer (name, address, phone number, email) and other information as designated by the CEC Chairperson.
2. The above Ministerial Support Form is to be presented and approved in accordance with Cabinet policy and then forwarded to the CEC Chairperson by the appropriate District Superintendent.
3. At the discretion of the CEC Chairperson or request by a member of the CEC Executive Committee, further financial information may be required including, but not limited to: church budgets, ban statements, audit forms, treasurer's reports, etc. Failure to produce the required documents would be cause for non-approval of the grant.

T. Arrearages

An arrearage occurs when full payment of a regularly scheduled payroll, accountable reimbursement, or housing allowance installment is not made to the appropriate pastor. The current procedure for handling an arrearage is outlined in detail at the conclusion of the Commission on Equitable Compensation's report in the *2013 Journal*. The Arrearage Policy is also available on the conference website, www.umcsc.org.

Report Number 3 – New Church Starts

Schedule for New Church Starts

Equitable Compensation for new church starts shall be as follows:

- Year 1 and 2: The Commission on Equitable Compensation will pay the minimum compensation base according to the minister's category and half of the payment of the direct billing for pensions and health benefits. (New church starts that begin in July will receive 100% funding for the first two and a half years.)
- Year 3: Support from Equitable Compensation will not exceed 67% of the minimum base compensation amount. The Commission will pay half of the payment of the direct billing for pensions and health benefits.
- Year 4: Support from Equitable Compensation will not exceed 33% of the minimum base compensation amount. The Commission will pay half of the payment of the direct billing for pensions and health benefits.
- Year 5: Support from Equitable Compensation will cease for both the base 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

Report Number 4 – Renewed Vitality Situations (RVS)

Renewed Vitality Situations are those places that the Conference Committee on Congregational Development has evaluated and determined that short term assistance would possibly greatly enhance the effective ministry taking place. RV grants would be for a maximum of 2 years and subject to the criteria proposed and adopted by the Conference Committee on Congregational Development. Failure to meet said criteria will result in termination of the grant.

Grants will consist of:

- a) Up to minimum compensation as described in Report 2. B. above.
- b) Up to one-half the appropriate Direct Billing.

Report Number 5 – 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 clergy person 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 December 15th 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 July.

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

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.

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

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 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 another 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 another 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 Districts or Districts in which the ministry is located.

F. Ministry with Hispanic/Latino People

The Commission on Equitable Compensation will operate in light of the Annual Conference's decision to make ministry with the Hispanic/Latino population a priority. Support for clergy working in ministry with

Hispanic/Latino people shall be made in accordance with the Schedule for Ministry with Persons of Low Income (Report Number 3e, Part 2). The Commission recognizes that adjustments may be necessary on a case by case basis. The District Superintendent, after consultation with the Cabinet and the Conference Hispanic Committee may request adjustments in the following areas:

1. An extension of the initial time period from 1-1/2 years up to 2-1/2 years in which Equitable Compensation shall pay 100% of the clergyperson's salary and direct bill for pensions and health benefits. In no case shall this period extend beyond 2-1/2 years. After the extension expires, support will decrease as follows:
 - After Two 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 Three and 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 another 5% 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 another 10% 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 decrease by another 15% for both the base compensation supplement and for payment of the direct billing for pensions and health benefits.
 - After Eleven 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.
2. A salary supplement for clergy living in areas where the cost of living is high. The maximum yearly supplement shall be \$2,400.
3. Assistance with travel expenses. In limited circumstances, Equitable Compensation shall provide up to a yearly maximum of \$4,000 to supplement the support provided by the district. When assistance with travel expenses is requested, the District Superintendent shall certify that the district will spend at least \$15,000 in the current year to provide housing and travel for the clergyperson.
4. A salary supplement for experience in ministry with Hispanic/Latino people. This supplement will be in addition to any experience merit that a clergyperson receives on the basis of the policy set forth in Report 2, Section D. A clergyperson who has served 5 or more years fulltime service in United Methodist ministry with Hispanic/Latino people shall receive a supplement of \$175.00 per year of service for up to fourteen years of service.

Example:

Year 6:	\$875 in addition to Equitable Compensation base and experience merit
Year 7:	\$1,050 in addition to Equitable Compensation base and experience merit
Year 8:	\$1,225 in addition to Equitable Compensation base and experience merit
Year 9:	\$1,400 in addition to Equitable Compensation base and experience merit
Year 10:	\$1,575 in addition to Equitable Compensation base and experience merit
Year 11:	\$1,750 in addition to Equitable Compensation base and experience merit
Year 12:	\$1,925 in addition to Equitable Compensation base and experience merit
Year 13:	\$2,100 in addition to Equitable Compensation base and experience merit
Year 14:	\$2,275 in addition to Equitable Compensation base and experience merit
Year 15+:	\$2,450 in addition to Equitable Compensation base and +experience merit

All requests for adjustments shall be made in writing. Requests must be approved by the Commission before payment can be made.

Report Number 6

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Categories of Churches receiving support as of:

	Dec. 2016		Dec. 2017		Dec. 2018		Dec. 2019	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
New church	2	\$57,324	3	\$132,121	4	\$147,769	5	\$194,983
Minimum	10	\$65,064	12	\$99,342	14	\$196,393	10	\$166,040
Special	9	\$97,619	16	\$244,899	6	\$93,457	5	\$59,401
Low Income	1	\$9,720	0	\$0	1	\$8,100	0	
Hispanic/Latino	1	\$13,000	0	\$0	0	\$0	0	
Cooperative Parish	0	\$0	0	\$0	0	\$0	0	
Mission	2	\$49,178	2	\$44,314	1	\$32,449	2	\$36,864
RVS	5	\$68,973	3	\$44,405				
Direct billing costs		\$87,669		\$81,497		\$90,809		\$61,811
TOTALS	30	\$448,547	36	\$646,578	26	\$568,977	22	\$519,099

Categories of Pastors receiving support:

	Dec 2015	Dec 2016	Dec 2017	Dec 2018	Dec 2019
Full Members	13	13	22	11	13
Provisional Members	8	8	4	6	4
Associate Members	0	0	0	0	0
Local Pastors (Full Time)	6	6	7	6	2
Other	1	3	3	3	3
TOTALS	28	30	36	26	22

Sincerely,

The Commission on Equitable Compensation
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