

Advisory Opinion: Note 10

Clergy Compensation

In January each year the Office of the General Assembly receives a flurry of inquiries surrounding clergy compensation. The following is the advice we give to those inquirers.

1. Does the congregation have a right to vote on changes in terms of call?

Yes! In PCUSA polity the congregation possesses few rights, but this is one of them.

In G-7.0302 the Form of Government requires that the congregation “. . . shall review the adequacy of the compensation of the pastor or pastors upon report of the prior review by the session. (G-10.0102n)”

In G-7.0304a(3) the Form of Government is similarly explicit. The congregation has the right to consider all “. . . matters related to the pastoral relationship, such as changing the call, or requesting or consenting or declining to consent to dissolution;”

The congregation may modify the session’s recommendations if it chooses to do so. The session then must reallocate the line items in the budget to reflect such a change.

2. Must a congregation be provided full information each year on the total compensation package for each minister?

Yes! The General Assembly Permanent Judicial Commission made that explicit in *Baumann v. Bellefield Church* (*Minutes*, Part I, 1990, p. 140, 11.096). There can be no confidential terms. And the congregation must have the opportunity to approve the compensation, even if there has been no change from the previous year. The presbytery annually must approve the package as well (G-11.0103n).

3. Does the session have the authority to reallocate the distribution of the compensation package if the total amount remains the same?

Yes. The session, in consultation with the minister, may allocate the terms of call approved by the congregation so long as those allocations do not exceed the total package approved by the congregation. In order to be recognized by the Internal Revenue Service, exclusions from income must be properly treated by the employer. With regard to a housing allowance, it must be designated in advance by the proper employing body. For example, if the session acts to approve an increase in housing allowance by \$100 per month in July, the minister may exclude only \$600 with regard to the increase for that particular calendar year, and the reporting from (i.e., W-2) issued by the employer should only reflect such amount. With regard to other forms of compensation that do not affect cash salary (i.e., study leave, mileage, etc.), an accountable plan as defined by the Internal Revenue Code and regulations should be adopted by the employer so that such amounts are not deemed taxable income to the minister.

Several helpful guides are available*

*Contact the Office of Legal Services or the Office of Constitutional Services for a list.