

Appendix 3-7
Factoring - FAQ



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Presbytery of Baltimore
2014

Why do we have a factoring system for clergy salaries?

The Book of Order requires that Presbyteries establish minimum compensation standards for parish clergy [G-3.0303c]. The Presbytery of Baltimore has chosen to implement that requirement with a minimum established for each pastoral position based on the factoring for that position, rather than a single minimum salary. The Presbytery Manual establishes the formula for minimum compensation for each position in the section entitled “Terms of Call” and the document *Factoring Guide for Professional Positions*.

The purpose of Baltimore Presbytery’s factoring system is to ensure that pastor compensation is in line with the expectations of the call. It is not intended to be a means of rewarding a pastor either for exceptional skills or for an exceptional performance. It is important to separate the factor for a called position from the individual filling that called position.

How do we use the Factoring Guide?

The *Factoring Guide for Pastoral Positions* provided by the Presbytery of Baltimore has three parts.

- The first part identifies the level of professional expertise required, ranging from recent seminary graduate to more than ten years experience and a post-graduate degree.
- The second part deals with the complexity of the called position, ranging from normal to extremely complex. All churches are complex, although most churches have “normal” complexity. Judging complexity is subjective. Consider asking your COM liaison or your COM regional representatives for help.
- The third part of the guide is a chart that does the arithmetic needed to combine the professional skill level and the complexity of the called position into a single factor.

Would you give us more definition on the meaning of the different complexity levels? What, exactly, is a “normal” church?

The factoring guide suggests taking into account such factors as multi-racial, multi-lingual, locality, dispersed membership, high membership turnover, yoked churches, new church development, size of congregation, specialized degree required, etc., and it lists four levels of complexity:

- A. NORMAL (involves 70-75% of all congregations)

B. ABOVE AVERAGE

C. VERY COMPLEX

D. EXTREMELY COMPLEX (involves about 4% of all congregations)

A church of normal complexity has average worship attendance of 200 or fewer and an active membership of 350 or fewer, is largely of one ethnic group (more than 80%), and is in a small city or a small town. Add in one or more of the following – inner city, multi-racial, yoked churches, larger worship attendance, large professional staff or additional ministries such as a day care center or preschool, a recent history that includes a pastorate that ended unhappily or a serious conflict – to bring it to above average. A very complex church has several of those factors. An extremely complex congregation could be a very large one, i.e., with 2000 members or more, a staff of several ordained clergy, and with several on-going complex programs to administer.

When you consider the factors that add to complexity, consider 60% of the decision based on size, 20% dependent upon cultural or demographic issues, and 20% on the subjective sense of complexity.

If a congregation has more than one pastor, do all called positions have to use the same complexity level?

No. Depending on the job description of an associate pastor, the complexity level may be the same as that for the pastor/head of staff or it may be one level lower.

When do we need to determine the factor for an ordained called position?

The factor is expected to be reviewed when a congregation is seeking to fill a vacant called position. This is the traditional time for a session to request that a factor be changed, either raised to reflect greater requirements or lowered to reflect a smaller congregation or lower complexity. This ordinarily means that an interim pastor is paid the same compensation required for the factor used for the previous pastor.

May we refactor a called position that is currently occupied?

Yes. You should plan to review the factor for each called position every five years or so, as part of a mission study or a ReVisioning process. Refactoring is not an excuse to cut or raise compensation, but should reflect significant changes in the life of your congregation. Some points to consider:

- If you are paying your current pastor at the minimum rate for the factor, consider refactoring the called position to a lower factor. Reward long service or exemplary service with higher compensation, not a higher factor.
- If you expect your pastor to retire within the next year or two, review the factor before the retirement takes place, especially if your factor is high or your pastor has been at your church for more than five years or your congregation has changed significantly since the factor was last reviewed.
- If you have experienced a significant change in membership (> 200) or attendance (> 100), either as an increase or as a decrease, you should consider refactoring the called position.

- If your church has moved from one size category (family / pastor / program / corporate) to another, you should refactor the called position.
- If your congregation has changed in other significant ways, such as intentionally becoming more diverse or due to a changing neighborhood, or adding an associate pastor, you should refactor the called position.

COM policy is that salaries may not be cut when the refactoring is applied to a called position that is currently occupied.

Our pastor has earned a post-graduate degree since being called to our congregation. Should we change the factor to reflect that?

No. Unless the requirements of the called position have changed, the factor should stay the same. Consider rewarding your pastor with a merit salary increase or a bonus, not with a change of the factor for the called position. Changing the factor to fit an individual rather than to fit the called position's requirements can come back to haunt you when that person leaves the called position.

May we refactor a vacant called position before we hire an interim pastor?

Ordinarily the answer is no. However, if your congregation has experienced significant changes since the position was last factored (see the list above), then you may discuss changing the factor with the COM liaison and the Transitions Team.

Must we pay the interim the same compensation as we paid our last pastor?

Ordinarily, the answer is yes. If your congregation is emerging from a crisis, such as a serious conflict, or if your congregation is suffering from demographic changes that have resulted in a smaller congregation with less ability to pay, then you may apply to the Committee on Ministry, through the Transitions Team, for an exception that will allow you to pay an interim at least 80% of the prior pastor's compensation, as long as that is still within the allowable range for the factor. In the case of changing demographics, we recommend that you refactor the called position before it becomes vacant, to avoid having to ask for an exception.

What is the role of the Committee on Ministry?

The Committee on Ministry must approve the terms of call and the factor when approving a call for a pastor.

The Transitions Team provides guidance to churches in factoring pastoral called positions. Factoring is the responsibility of the session in consultation with COM. The factor for each new called position, and any changed factoring of a called position must be reported to and approved by COM. No action to call a pastor can go forward unless the factor for the position is on record with the COM. If a job description is changed the position must be refactored.

How should a church use the Factoring Guide in setting salaries?

The factor provides a means of computing a median salary for a called position. The

minimum salary is 80% of the median salary and the maximum salary is 120% of the median salary. Each year the Presbytery will recompute the median salary for each factored position, based on changes in the cost of living, and will communicate that information to each Session and Pastor.

Ministers with little experience should normally begin at the minimum level. Ministers with significant levels of experience may be started at a higher level within the salary range. Churches are encouraged to increase salaries as the minister becomes more productive and achieves a greater grasp of the position. Therefore, churches are encouraged to reach the median salary after five years, assuming that the minister has done well. Churches are encouraged to continue to increase the minister's salary during the second five years. A Church should not increase the salary beyond the maximum, no matter how long a minister has served the congregation.