At Cross Purposes?
Clergy Salaries: Market and Mission

Becky R. McMillan
Associate Director
Pulpit & Pew: Research on Pastoral Leadership
Duke Divinity School
bmcmillan@div.duke.edu

and

Matthew J. Price
Director of Analytical Research
The Church Pension Group
Episcopal Church
mprice@cpg.org

Pulpit & Pew Working Paper, Duke Divinity School, October 2001.
Comments and suggestions are welcomed.

A previous draft of this paper was presented at the annual meeting of the Religious Research Association and Society for the Scientific Study of Religion, Columbus, Ohio, October 19, 2001.

Compensation for church leaders has been an issue – even a conundrum – since the beginning of the church. Jesus sends out the seventy disciples with nothing, telling them to live on the provisions of the communities they serve. However, Jesus also tells them that if a community does not provide enough for them to live on then that community lacks faith and the disciples are to curse them and move on (*Luke 10:1-16*). Saint Paul argues as well that he and other apostles deserve to be compensated for their service to the emerging churches, yet at the same time boasts that he instead provides for himself in order not to be a stumbling block to their faith (*I Corinthians 9:1-18*). These two stories and others like them in the New Testament create a slightly contradictory context for clergy compensation. Jesus' imperative implies that churches who do not provide adequately for their church leaders signal a lack of faith. Does that mean that churches that pay more are more faithful? Conversely, Paul's boast implies that by not taking much money from their church, clergy signal commitment and integrity. Does that mean that clergy who take high salaries are less committed and have less integrity?

Throughout history, clergy compensation has ranged anywhere from a communitarian model, where clergy and lay shared all resources, to an elitist model, where clergy were considered to be of the land-holding nobility.[1] One of the most predominant models of clergy compensation today may arguably be called the market-driven "professional" model where clergy are considered akin to lawyers, doctors, and educators. Each of these models of compensation rest at least implicitly on underlying theological assumptions. Thus, they should result from intentional theological reflection and consideration. In reality, however, clergy compensation is less likely to be a result of theological reflection than to simply reflect the state of the church caught between ecclesial tradition and secular norms.

Churches should compensate clergy somehow and at some level, but how compensation is derived is a complicated process. The labor market is an efficient and useful tool to allocate scarce human capital among to competing occupational needs, but without reflection, the market turns from useful servant to the god that is being served. Indeed, clergy salaries resemble an outcome of a competitive labor market rather than a witness of churches living out the biblical narrative. Compensation appears inextricably tied to the market power of each local church, and has little to do with ensuring clergy are able to maintain a particular standard of living. Salary structures appear to have even less relationship to a theology of money that pertains to clergy, laity, and denominational officials alike. One reason for this is that practical problems abound. What standard of living is reasonable for clergy, and even all Christians, to maintain? Should compensation differ based on family size or family situation? Beyond compensation, because every occupational context differs, should compensation be adjusted to balance workloads, educational requirements, or geographic locale?

With those questions in mind, we examine the current state of clergy compensation from two perspectives: first, how compensation relates to the characteristics of the local church and second, how compensation affects the clergy serving them. We discuss how strongly clergy salaries are tied to church size and the implications that has on the ability for clergy to fulfill their calls. We also compare salaries to the poverty level and to salaries in other occupations. Whether clergy salaries are too low or too high depends greatly on how one frames the question. We hope that this paper will provide necessary information to stimulate theological and practical discussion concerning the market and mission aspects of clergy salaries.

---

[1] DeLeers, Stephen V., *The Payment of Clergy: A Symbol of Changing Self-images of the Church*, Chicago:National Federation of Priests' Councils (NFPC), 1992, *pp.* 3-5.

Church Size and Market Power

One could make an argument that clergy salaries should be independent of church characteristics. That is, the work of ministry is the same whether or not the number of congregants is 100 or 1000. For example, in a large church there are more congregants, but there is also more help for the pastor. Or, even if the type of work is not the same, clergy compensation should be enough to allow clergy to provide for themselves and their families regardless of the church they serve. In order to reflect upon the current state of clergy salaries, we examine in detail the clergy salaries at the United Methodist Church. We later compare the United Methodist salary structure to three other denominations and a random sample of clergy in the United States and find that the United Methodist Church salary structure provides a good representation of the salary structure many Protestant congregations and clergy face.

We find of course, that at least for the second largest protestant denomination, the United Methodist Church, clergy salaries increase markedly as church size increases. However, this effect holds true even when examining a population of quite homogeneous clergy. We restrict our attention to only those clergy serving local churches who are fully ordained and in “full connection”. That is, we do not include any clergy who are local pastors, retired, probationary members, part-time, or student pastors. Thus, all of our clergy have either graduate seminary degrees or equivalent and have served in ministry for at least three years. This restriction also implies that we present the highest estimates of clergy salaries. All of the excluded groups have lower average salary levels than average salaries of clergy who are fully ordained.

Table 1 contains a summary of compensation for all fully ordained United Methodist clergy serving local churches for 1998.[2] This table contains the median, mean, and standard deviation of compensation broken down by church size, and church type categories. Compensation is computed as salary + cash housing allowance.[3] In the table, church size categories were created from reported membership at the beginning of the year. Under the heading Multi-point Charge, "station" indicates that the pastor serves a stand-alone church and "multi-point charge" indicates that the pastor serves several churches together. At a multi-point

Table 1

1998 Salaries for United Methodist Fully Ordained Clergy

Salary + Est. Housing Allowance

Church Size	Multi-point Charge	N	% of Total N	Median	Mean	Std. Deviation
Small (< 150 Mbrs)	Station	1344	9.0%	$27,134	$25,643	$10,686
	Multi-point Charge	894	6.0%	15,845	16,748	8,753
Medium (150-350 Mbrs)	Station	4319	28.8%	33,004	33,837	7,783
	Multi-point Charge	1925	12.8%	28,094	28,106	7,456
Large (350-2500 Mbrs)	Station	5830	38.9%	44,932	46,773	12,229
	Multi-point Charge	539	3.6%	34,852	36,324	9,369
Mega (>2500 Mbrs)		147	1.0%	82,701	84,735	21,107
Total		14998	100.0%	35,139	36,965	14,612

[2] These data were compiled from the General Minutes of the Annual Conferences of the United Methodist Church. While there are close to 44,000 '*Total Clergy Members*' listed in the ***1999 Statistical Review of the UMC*** (www.gcfa.org/statrev), our data is restricted to clergy appointed to local parishes and thus does not include associate pastors or appointments beyond the local church.

[3] Housing allowances are cash allowances reported in the General Minutes for each church. However, we had to estimate housing allowances for senior pastors, because housing allowances for senior pastors (pastors with additional clergy on staff with them) were not reported separately from the total amount of housing salaries for the entire staff. Housing allowances for senior pastors were estimated by increasing their salaries by the median "percentage of salary" housing allowance of solo pastors within their Census region (Northeast, South, Central, West).

charge, the pastors' compensation is the sum over all churches in the charge. Because most multi-point charges are located in rural areas, this variable may also provide an indicator for salaries based on a rural cost of living.

There are nearly 15,000 UMC fully ordained clergy and their churches represented in this table.[4] One of the first observations we make is that the largest group (almost 40%) is made up of pastors serving large station churches (350-2500 members) who make on average $45,000, a salary figure roughly equivalent to the median salary for teachers with graduate degrees. Another large group, nearly a third (28%), are pastors serving medium-sized (150-350 members) station churches. One might consider the average compensation of $33,000 for these pastors as low, it is nearly $10,000 less than other clergy with similar experience, education and potential educational debt.[5] On the other hand, one might consider this level of compensation as at least comfortable as it is twice the poverty threshold (approximately $16,500) for a family of four.[6] About 6% of these clergy serve small rural churches earning on average right at the poverty threshold and are most likely employed part-time at these churches. About 150 pastors draw mega-sized salaries at mega-sized churches (2500+ members), but they comprise less than 1% of all fully ordained clergy serving local churches. We find that church size plays the most

[4] We restricted our analysis sample to fully ordained itinerating clergy, ie. those in "full connection" in UMC terminology. Fully ordained clergy make up 67% of all appointments to local churches in 1998. Part-time, student and retired clergy comprise 18% of local church. Full-time local pastors comprise only 4% of all local church appointments. The remaining 11% are composed of probationary members and of other types of appointments, such as clergy from other denominations.

[5] The income figures and all other income figures in subsequent tables have been inflation-adjusted to constant (1999) dollars for comparability across our tables. We present both median and mean figures to represent "average" compensation. Examining medians reduces the disproportionate effect that outliers have on the average, although this does not appear to be a severe problem in our data as the mean and median are quite similar in nearly all cases. We present the mean and standard deviation in order to provide a description of the amount of variation in compensation for each category.

[6] Poverty thresholds are taken from the Census Bureau and can be found online at the following website: www.census.gov/hhes/poverty/threshld/thresh98.

important role in determining clergy salaries. Indeed, the correlation between church membership and compensation is .70 and highly statistically significant.

A second observation from the table is that serving a “multi-point” charge has a strong downward effect on average compensation. Salaries are lower by a quarter, or even by half at the smallest churches, compared to similarly sized “station” churches. As stated earlier, multi-point charges are nearly all located in rural areas, thus this variable may well be controlling for the lower cost of living in rural areas. The cost-of-living index in less densely populated areas (15,000 to 1,500,000 persons) is roughly 1/3 less than the cost-of-living index for urban areas. Next to church size, whether or not a parish is in a rural setting is the most important variable to determine salary levels.

We also examined the differences in salaries for senior versus solo pastors. One might argue that senior pastors must have additional supervisory or other types of skills in order to work with associate pastor(s) and higher salaries are required to attract persons with those skills. While this is undoubtedly true to some degree, we find rather that because senior pastors are typically at larger churches, average senior and solo pastor salaries are virtually identical once one controls for church size.

We have seen thus far that controlling simply for church size removes 70% of the total variance in compensation.[7] Controlling also for rural area, as we do in *Table 1*, removes 74% of the total variance in clergy compensation. That leaves roughly a quarter of the differences in clergy compensation related to other kinds of differences among churches or differences in clergy skills or background, such as experience. Because controlling for rural area explained a reasonable portion of the variance, we might expect that controlling for region might also explain a large part of the remaining variance in clergy salaries due to cost-of-living differences. However, we find some, but not large differences in regional compensation and they appear to be more related to regional differences in preferences for church size than to regional cost-of-living differences.

Table 2 summarizes median salaries for the five jurisdictions in the United Methodist Church in the United States: North Central, North Eastern, Southcentral, Southeastern, and Western. At first glance, region appears to have little affect on levels of clergy salaries. Median salaries are quite similar, ranging from $34,000 to $36,000 across regions overall. However, within church size categories, the variance across regions is larger. Median salaries at small churches range between $17,000 in the two Southern regions to $29,000 in the Western region. When we restrict attention to station churches only, that is, potentially less rural churches, this gap is reduced by half for the Southeastern region and somewhat for the Southcentral region.

Average median salaries at Southeastern small station (less rural) churches jump from $17,000 to $25,000, but grows only slightly, to the $30,000 at Western small churches. This suggests that the two southern regions support more small, multi-point churches located in rural areas than the Western and Northern regions.

Salary levels at medium-sized churches are more similar across regions. They range from $30,000 at the two Southern regions to $36,000 at the Western regions. Restricting attention to station (less rural) churches again reduces this gap by half for the Southeastern region and some for the other regions, although Western salaries are still higher on average for medium-sized churches.

[7] We used the R^2 statistic from a regression of compensation on the variable or variables to measure the proportion of variance in compensation reduced by controlling for a variable or variables.

Table 2

1998 Regional Differences in United Methodist Fully Ordained Clergy Salaries by Church Size

Salary + Est. Housing Allowance

Church Size	Region	N	% of Total N	Median
Small (< 150 Mbrs)	North Central	615	4.1%	26,249
	North Eastern	354	2.4%	24,530
	South Central	383	2.6%	16,916
	South Eastern	563	3.8%	17,094
	Western	323	2.2%	29,070
	Total	2238	14.9%	23,406
Medium (150-350 Mbrs)	North Central	1533	10.2%	32,148
	North Eastern	1289	8.6%	31,734
	South Central	1100	7.3%	28,910
	South Eastern	1835	12.2%	31,251
	Western	487	3.2%	36,040
	Total	6244	41.6%	31,467
Large (350-2500 Mbrs)	North Central	1235	8.2%	45,069
	North Eastern	1358	9.1%	40,206
	South Central	1334	8.9%	42,790
	South Eastern	2098	14.0%	46,412
	Western	344	2.3%	45,517
	Total	6369	42.5%	43,950
Mega (>2500 Mbrs)	North Central	12	.1%	72,557
	North Eastern	3	.0%	70,949
	South Central	64	.4%	82,604
	South Eastern	63	.4%	84,603
	Western	5	.0%	76,807
	Total	147	1.0%	82,701
Total	North Central	3395	22.6%	34,908
	North Eastern	3004	20.0%	34,563
	South Central	2881	19.2%	33,651
	South Eastern	4559	30.4%	36,388
	Western	1159	7.7%	36,385
	Total	14998	100.0%	35,139

The regional trend reverses itself at large and mega-sized churches. Southeastern large and mega-sized churches pay the highest median salaries across regions, $46,000 (large) and

$85,000 (mega), compared to Western median salaries of $45,000 (large) and $77,000 (mega). The Southcentral region shows the greatest turnaround in average salaries compared to other regions. It moves from lowest average salaries at small and medium-sized churches to close to the highest paying average salaries at mega churches. North Central salaries, on the other hand, are relatively high for small and medium-sized churches and relatively lower at large and especially mega-sized churches.

Three reasons may explain the odd pattern of regional differences. First, differences in preferences for church size seem to be moderately correlated with region. Nearly all of the mega churches and more than half of the large churches are located in the South, while a large number of small and medium-sized churches are located in the North Central region. The fact that larger churches in the two Southern regions and smaller churches in the North Central region pay relatively higher than similarly-sized churches in other regions suggests that salaries are demand driven. That is, there exists a strong preference for a particular size church in different regions and salaries grow to reflect this.

Second, while regional differences in cost-of-living are often used to explain differences in salary levels across regions, these differences may not affect clergy salaries in the same way. The cost-of-living index is 4% higher in urban areas of the West and 7% higher in urban areas of the Northeast than in urban areas of the South or Midwest. The regional levels of clergy salaries summarized above do not follow this pattern, Southeastern and Southcentral salaries are equal to or higher than Western salaries overall and for larger churches when they should be 4% lower. North Eastern salaries are equal to or lower than Southern salaries, when they should be 7% higher.

One reason why cost-of-living may affect clergy salaries differently than other occupations may have to do with where churches are located. Many occupations are located in urban areas where cost-of-living adjustments may be important determinants of salary levels. If however, most churches are located outside the urban center they would be less affected by urban prices. Because the cost-of-living index computed for less densely populated areas (50,000 to 1,500,000 persons) is nearly identical across all regions, church salaries would not need a cost-of-living adjustment.[8] A second reason why cost-of-living adjustments seem to have only small effects on clergy salaries is that one of the largest factors that determines the cost-of-living index is housing. If housing is provided for clergy, then the salaries will not reflect differences in housing prices across regions as strongly as salaries in other occupations. (We discuss other ramifications of clergy housing in further detail below.) In sum, we find that the higher demand for larger churches in the South (where clergy salaries are higher) balances out the higher cost-of-living adjustment in the West and Northeast thereby producing quite similar median salaries overall, but quite different patterns of salary levels across region within church size categories.

Thus far, we have found that church size, rural poverty and regional preferences for church size explain much of the variation in church salaries. Another factor often used to explain differences in clergy salaries is the size of the church budget. We find that church budget has little explanatory power once church size is accounted for. For one reason, church membership and size of church budget are themselves correlated at .84. In fact, the correlation between clergy salary and budget is the same as the correlation between clergy salary and membership, which we reported above to be around .70. Oddly though, we find that the average budget *per capita*, or total outlay per person, is remarkably close for all-sized churches (about $500 per member and

[8] Cost of living figures are from the Bureau of Labor Statistics, 1999 (www.bls.gov/cpi/home.htm).

about $1,000 per attendee). And the correlation between clergy salary and budget *per capita,* is low, only .20. It is even lower, .15, after controlling for the effect of rural churches. Thus, the wealth of the laity does not seem to be as important as the number of laity for clergy salaries.

We now look briefly at percentiles of the salary distribution and also explore the effect that a parsonage, the provision of clergy housing, has on “total compensation.” Various percentiles of clergy salaries are summarized in *Table 3* using two different estimates of clergy compensation. The first variable listed, Salary + Housing Allowance, is the same compensation measure used in *Tables 1*and *2* and we report percentiles controlling for church size. When we look at various percentiles of salaries in addition to the median, we find that the middle 50% of clergy at small churches earn $13,000-$30,000. The middle 50% of clergy at medium-sized churches earn $27,000-$36,000 and at large-size churches earn $37,000-$53,000, respectively.

Table 3

1998 Percentiles of Compensation for United Methodist Fully Ordained Clergy

		Percentiles				
	Church Size	25	50	75	95	Max
Salary + Est. Housing Allowance	Small (< 150 Mbrs)	13,083	23,406	29,582	39,256	63,627
	Medium (150-350 Mbrs)	27,329	31,463	36,386	45,974	72,290
	Large (350-2500 Mbrs)	37,204	43,950	52,578	69,212	97,693
	Mega (>2500 Mbrs)	71,137	82,701	92,514	122,498	178,604
Total Compensation[a]	Small (< 150 Mbrs)	14,839	27,530	35,262	45,206	65,652
	Medium (150-350 Mbrs)	33,060	38,072	43,878	53,718	77,733
	Large (350-2500 Mbrs)	44,844	52,678	62,603	82,725	118,899
	Mega (>2500 Mbrs)	83,157	97,643	108,454	138,314	184,773

a. Total Compensation is computed as Salary + Housing Allowance + "Parsonage Premium" (25% of salary for clergy serving churches with a parsonage).

The effect of church size on salary is stark - little overlap exists in the middle salary ranges. Ninety-five percent of all clergy serving medium-sized churches earn under $46,000, while more than half of all clergy serving large-sized churches earn above that. Although a large maximum salary exists for all church sizes, the gap between the highest salary and even the 95th percentile is large. Clergy increase their salaries by moving up a size ladder. Pastors who remain at the same church size, let alone the same church, are penalized.

The measure of clergy compensation we have been using thus far has not attempted to quantify the fact that many clergy live in a parsonage. While the salary measure we have been using includes a “housing allowance” that for many pastors is given to them instead of a parsonage, no monetary amount has been added into salary for pastors who are given actual housing rather than an allowance. Thus, clergy who live in parsonages actually receive more “compensation” than the salary measure we have used so far. Of course, clergy who do not live in parsonages, but who provide their own housing, benefit from tax advantages and growth in equity, thus there are some financial costs to having to live in a parsonage as well. However, we assume the financial benefits provided by a parsonage outweigh these opportunity costs and attempt to account for the effect of provided housing in a second measure of clergy compensation called “total compensation”. This measure is calculated as salary + housing allowance + a parsonage “premium”.

The parsonage premium is estimated to be 25% of a clergy person’s base salary for any clergy serving a church that has a parsonage. Only clergy serving churches that own a parsonage are given this “premium” in this second measure.The second section of *Table 3* presents percentiles of compensation using this second measure, again controlling for church size. Adding the parsonage premium does raise the level of compensation roughly 25% at each percentile for medium and large-sized churches. The affect on smaller churches is less because fewer of these churches provide parsonages. Although these compensation figures are less precise due to the arbitrary calculation used to estimate the parsonage premium, one might expect them to better capture a true level of compensation that a clergy family would receive. Thus, this measure of compensation might be more comparable to compensation for other types of work.

One important observation for the discussion of clergy salaries is that all but a small percentage of pastors serving churches under 350 members have total compensation, including the value of a parsonage, of $45,000 or less, while nearly all of the pastors serving larger churches have total compensation over $45,000. This stark difference creates obvious problems for clergy trying to remain faithful to their calls to serve smaller churches as well as for smaller churches to attract clergy to serve them.

An additional problem arises because of the odd fact that most churches are small, but most people attend large churches. In *Table 4* we see that most clergy (57%) serve churches with membership under 350, while 69% of all laypersons attend larger churches. Note as well that these numbers exclude a large number of clergy, namely probationary, student, retired, or local

Table 4

United Methodist Church Clergy vs. Lay Person Point of View

Attendants

Church Size	Number of Pastors	% of Pastors	Number of Laypersons	% of Total Laypersons
Small (< 150 Mbrs)	2,238	15%	139,270	5%
Medium (150-350 Mbrs)	6,244	42%	700,266	26%
Large (350-2500 Mbrs)	6,369	42%	1,703,062	62%
Mega (>2500 Mbrs)	147	1%	194,200	7%
Total	14,998	100%	2,736,798	100%

pastors, who also serve small churches. Including these clergy would increase the proportion of clergy at small churches to 69% while reducing the percentage of laypersons attending large churches only modestly, to 64%. The end result is that most laypersons attend churches with a lot of market power, their clergy make at least $45,000, and often much more. At the same time, most clergy serve churches with little market power, they feel the pinch of making $45,000 or much less. This may partly explain why conversations about clergy salaries are often at "cross purposes."

Other denominations have similar salary structures. We examined the salaries of a sample of Presbyterian clergy and the salaries for all Church of the Nazarene clergy with graduate degrees and found similar salary levels overall and by church size. In 1995, a sample of Presbyterian local church pastors reported that 64% of men and 86% of women clergy received total compensation of $44,000 or less (in 1999 dollars).[9] In 1999, median Nazarene total compensation (salary + housing allowance + fair market rental value of parsonage) for clergy with graduate degrees was $22,200 at small churches (68% of these clergy), $42,000 at medium churches (23%), and $77,400 at large churches (8%). Median salaries for United Church of Christ clergy were reported to be $38,500 in 2000. Additionally, in a national cross sample of all occupations conducted by the Bureau of Labor Statistics the median salary of all full-time clergy with graduate degrees in 1999 was $38,000.[10]

---

[9] Presbyterian Research Services, "Pastors' Compensation Study: Summary of Results", Louisville, KY: Presbyterian Church (U.S.A), December 1995.

[10] Note that salaries for Catholic Priests are included in this figure. Priests make on average less than typical Protestant clergy, thus this median may be a conservative estimate. This figure and all subsequent figures reported from this national cross sample are derived from the *March Current Population Survey*, which is an annual survey of a sample of all employed in the United States undertaken by the Bureau of Labor Statistics.

Clergy Salaries from the Clergy Point-of-View

Should clergy and others be concerned about clergy salary levels? While few seminarians would claim that they are entering the ministry for its financial rewards, there is a sense in which in choosing the ministry over other alternatives, a prospective minister is trading off a sense of calling and purpose against lower financial rewards. Thus, as the relative compensation of ministers declines, the costs of choosing the ministry increase, and the pool of potential recruits will decrease. Some argue that those who exclude themselves from the recruiting pool because they feel the sacrifice is too great are not those who would make the best ministers. In fact, proponents of the "new paradigm" churches see a well paid professionalized ministry as lacking in leadership and drive.[11] Further, one study suggests that employing higher educated clergy does not necessarily lead to better ministry. The Hartford Seminary "Faith Communities Today" study reported that churches served by clergy with theological education at the master's level or above were less able to openly deal with conflict and had a less clear sense of purpose.[12]

Conversely, others argue that the ministry is losing too many talented graduates to other professions. Barbara Wheeler's recent examination of seminarians shows that seminaries are almost completely unselective in terms of admission.[13] Moreover, there is little sense of the ministry being a sought after profession in the manner of law or medicine. Wheeler suggests that the rabbinate may provide a better model for ministry. Overall, rabbis appear to be better trained

---

[11] Miller, Donald, *Reinventing American Protestantism*, London, Berkeley, and Los Angeles: University of California Press, 1997, pp. 144ff.

[12] Dudley, Carl S. and David A. Roozen, "Faith Communities Today: A Report on Religion in the United States Today," Hartford Institute for Religion Research, Hartford Seminary, March 2001.

[13] Wheeler, Barbara, *Is There a Problem? Theological Students and Religious Leadership for the Future*, New York: Center for the Study of Theological Education at Auburn Theological Seminary, July, 2001.

and a more selective body than those in the Christian ministry and one reason she believes this to be the case is higher levels of compensation.

Both of these views most certainly contain truth. Treating ministry simply as another market-driven profession rather than a sacred calling is problematic. To ignore the financial burden of ministry that makes it difficult, if not impossible, for some ministers to be true to their call is also problematic. But these two perspectives should always be held in creative tension with one another. As one widely read clergyperson puts it, “Give me neither poverty nor riches. Feed me the food that I need, or I shall be poor, and steal, and profane your name. But feed me with only the food that I need, otherwise I shall be full, and deny you, and say ‘Who is the Lord?’” (Proverbs 30:8-9).

One may find little argument for a definition of a reasonable standard of living for clergy families that allows for modest food, housing, and clothing expenditures. However, one could argue that a reasonable standard of living should also include the ability to finance children’s college education, to save for a retirement income that maintains working-life standards, and to pay off one’s own educational debt. This expanded definition might be called a middle-class lifestyle. One of us has argued elsewhere that the main source of stress for clergy around salary is not so much from a lack of material possessions, but rather it stems from their inability to maintain a lifestyle consistent with middle-class expectations and expenditures.[14]

As we saw above, the salary levels at most small and even medium-sized churches in one large protestant denomination make the chances of their clergy being able to maintain a middle-class lifestyle slight. We also saw that vast the majority of clergy in that denomination are located in those churches. While pastors may feel called to serve small or poor congregations, the costs of doing so might be considerable. In order to accumulate savings and pay off educational debt, they need to progress to larger congregations with correspondingly larger salaries. The salary structure is such that clergy wishing to maintain a middle-class lifestyle must take on a “career” as opposed to a “calling” mentality. What must drive the clergy appointment or response to a call is the size category of the church, only after that are a church’s needs matched to pastoral gifts. For local congregations, rather than focusing on their mission to the world around them, they must focus inordinately on “church growth” strategies in order to increase their market power and attract good clergy to them.

Clergy who do not climb the salary ladder may still be able to maintain their family within a middle-class lifestyle if the pastor takes on a second career, or if another income earner within the household makes this possible. Both of these options allow for greater financial flexibility, but limit the churches and types of ministries that can be served. We find that in one sample of protestant clergy, these concerns rank high.

Presbyterian Research Services kindly shared the data from their 1995 salary survey with us so that we could re-analyze with our particular questions in mind.[15] One of the first observations to make is that the family and financial contexts for the men and women clergy who participated in this survey differ markedly. After controlling for age and length of time in ministry, women make on average at least $6,500 less than men do. However, the picture is reversed if one considers total family income. Almost every major study has shown that salaries for clergy women are lower than those of their male counterparts, yet one study also suggests

---

[14] Price, Matthew, “Fear of Falling: Male Clergy in Financial Crisis” in *The Christian Century*, Aug. 15-22, 2001, pp. 18-21.

[15] The Presbyterian Research Services report produced from this data is found in *Pastor’s Compensation Study: Summary of Results*, Louisville, KY: Presbyterian Research Services, 1995.

that total household income of clergy women is 20% greater than that for male clergy.[16] One explanation for this fact may be that because clergy salaries for women are disproportionately lower than men's salaries, women are more at risk in having non-livable clergy salaries throughout their careers. Those women who do enter the ministry do so because they have on average higher paid working spouses then clergy men. The Presbyterian survey data support these findings as well. We find that 72% of married clergy women in their thirties and forties are in the $50,000+ family income bracket compared to only 43% of married clergy men in their thirties and forties. Thus, in a broad sense, one may expect that men and women face different pressures and constraints.

For men with children, 38% believe their salary is too low to allow them to finance their children's education. For men who entered the ministry in their twenties and who are now aged 35-44 with children, 73% believe their salary is too low to allow them to finance their children's education. For this same group of men, 70% believe their salary is too low to allow them to put money aside for savings and retirement. The proportion of this group that is anxious about putting money aside for education rises to over 90% when a pastor's income is under $55,000. Moreover, many male pastors seem to assume that they should be the sole support of their family. Fifty percent of male pastors with children believe their salary is so low that their spouses are "forced to work," a figure that rises to over 70% when the pastor's income is below $55,000.

While the above concerns may affect clergy men disproportionately more than clergy women, the women in this survey express similar levels of concern over their compensation as

[16] See for example Zikmund, B. , A. Lummis, and P. M. Y. Chang, *Clergy Women: An Uphill Calling*, Louisville, KY: Westminister John Knox Press, 1998 and Nesbitt, Paula D., *Feminization of the Clergy in America: Occupational and Organizational Perspectives*, New York: Oxford University Press, 1997 for a discussion of salary

their male counterparts, except in the area of funding children's education, where the average level of concern for women is much less. This may be due in part to the overall younger age of the women in the survey and the fewer of them with children. However, another factor that may create this phenomenon is that the women clergy in this survey have higher family incomes than their male counterparts and thus are able to provide for their children's college education out of their spouses' incomes. This poses a contrasting set of issues, particularly acute for clergy women.

In certain socio-economic comparisons, such as the houses they live in and the type of opportunities afforded to their children, clergy women may be in a more privileged position overall. However, this higher standard of living comes at the cost of the clergy having to place their career in second place to that of their spouses. While having the ministry as the "second career" in some ways solves the financial difficulties created by low clergy salaries, it creates an array of other difficulties for clergy to fulfill their calls to ministry. First, higher spousal salary levels affects how the ministers' work ranks within their own household economies. The ministry can literally become the second career, taking second place in terms of career moves, while being first in terms of showing flexibility for family commitments. Congregations that pay lower salaries have to have lower expectations of the pastor's availability.

Second, the spouse's job often becomes the determining factor of where clergy will accept a call. Clergy are restricted to accepting calls near large urban areas or remaining in the same geographic locale throughout their careers. These dual-career issues are by no means is a phenomenon restricted to clergy women. Given the relative level of clergy salaries as compared

---

differences by gender. See Larson, Ellis, "A Profile of Contemporary Seminarians Revisited," *Theological Education*, v. 31 (supplement), 1995, p. 1-118, for a discussion of gender differences in household earnings.

to nearly all other professions, many clergy men as well as women face this situation. And this phenomenon not only affects the clergy, it also poses serious problems for small or rural churches. One Lutheran report pointed to a growing number of small churches that had no pastor, rising from 18.1% of small churches in 1987, to 38.4% by 1998. Many new clergy are reluctant to be appointed to small rural churches because of spousal employment issues. Rural United Methodist churches have responded to this phenomenon by shifting away from calling full-time or fully ordained clergy. From 1992 to 1998, the percentage of full-time, fully ordained United Methodist clergy serving churches has dropped from 72% to 67%, while the percentage of United Methodist clergy serving churches who are retired, part-time, or local pastors has grown from 17 to 22%.[17]

Another major factor affecting the financial well-being of clergy families is educational debt. One 1991 study of educational debt for clergy found that close to 40% of clergy who secured loans to pay for their seminary education were paying more than 8% of their gross income after seminary to repay their debt. This study also noted that lending institutions often cite that having to pay more than 8% of income towards educational loans labels a family a credit risk and limits their access to mortgage loans and other typical forms of credit. The study went on to note that even though highly indebted graduates ($15,000 or more in educational debt) are a minority, they face considerable financial pressure. They were less likely to own a

---

[17] A "local pastor" in the United Methodist Church is considered to be only ordained in a limited way. That pastor is consecrated to serve one particular church and has limited authority outside that church. Only 4% of all United Methodist clergy are full-time local pastors, however, 15% are part-time local pastors. This latter group would most likely have a second career that would provide income to allow them to serve a church that cannot afford to be a livable wage.

home and nearly half of them (forty-six percent) admitted that they had been unable to make scheduled payments on their loans.[18]

Note that these figures are from 1991. In 1993-1994 in the amount that students can borrow for graduate education rose from $11,500 to $18,500 per year, thus the proportion of clergy who fall into the severely indebted category has almost certainly risen, possibly to alarming levels. Recent reports on educational debt for clergy confirms that repayment of debt required to pay for seminary education significantly impacts the financial well-being for many clergy. In an Evangelical Lutheran Church of America report, it was reported that the average debt load for 1999 MDiv. graduates was $24,592, up from a reported $10,378 in 1991.[19] Further, figures generated from the Association of Theological School's *Graduating Student Questionnaire* showed that in 1998-1999 just under 20% of students were entering seminary with *prior* educational debts of over $25,000, while over 40% had prior debts of over $10,000.[20]

Our final attempt to place clergy salaries in perspective is to look at how they have changed over the last ten to twenty-five years and to examine how they compare to salaries in other professions. When we examine the United Methodist clergy salaries for the period of 1990 to 1998, we find that median total compensation grew from $40,000 to $42,000 (all figures in 1999 dollars), or 5% over and above inflation. The growth rate in median total compensation was the greatest in the Southeastern region, where salaries outpaced inflation by 10%.

Using a repeated national cross sample of clergy in the United States, we find that over the past 25 years, clergy salaries in general have greatly outpaced inflation. In 1976, the median

---

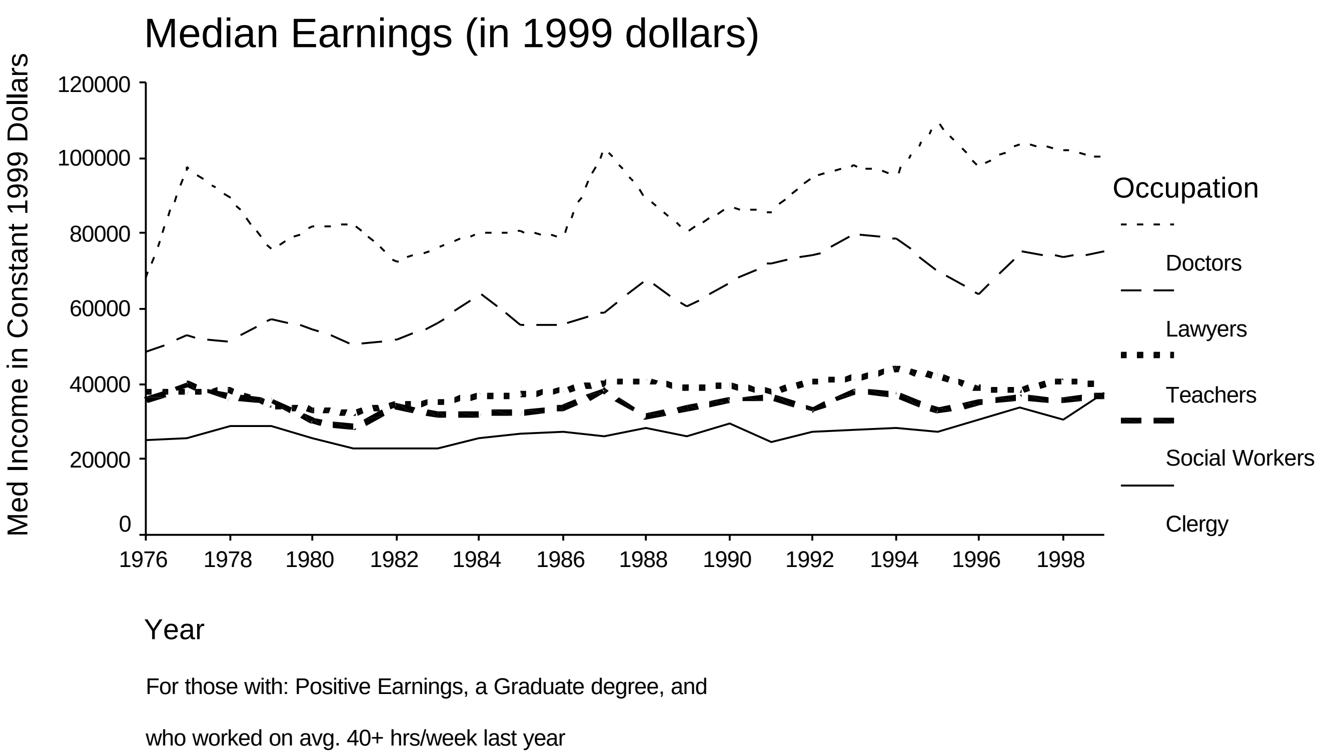
[18] Ruger, Anthony and Barbara G. Wheeler, *Manna from Heaven: Theological and Rabbinical Student Debt*, New York: Auburn Theological Seminary, Auburn Center for the Study of Theological Education, April, 1995.

[19] Strandjord, Jonathon, *Ordanied Ministers in the Evangelical Lutheran Church in America: Needs and Resources in the 21st Century*, Chicago: Division for Ministry, Evangelical Lutheran Church in America, 2000, p. 12.

[20] Larson, 1995, p. 75.

salary for full-time clergy with graduate degrees was $25,000 (in 1999 dollars) and in 1999, the median salary was $40,000. How clergy salaries have fared relative to other professions depends on how one frames the question. *Figure 1* shows how median earnings for full time, graduate level educated doctors, lawyers, teachers, social workers, and clergy have changed over the last

Figure 1



25 years. The lowest line on the graph represents median clergy salaries. Median salaries for clergy have grown steadily over time to become comparable to those of teachers and social workers. Median salaries for doctors and lawyers have always been much greater than for the other three professions and the gap has widened over time. From 1976 to 1999, median salaries for doctors grew from $68,000 to $100,000 and for lawyers grew from $48,000 to $75,000.

However, while the gap between the median salary of clergy and those of doctors and lawyers has grown in absolute terms, clergy salaries not changed much in relative terms. In 1976, the median clergy salary was 36% of the median doctor salary, in 1999 it was 38%. The median clergy salary was 52% and 50% of the median lawyer salary in 1976 and 1999, respectively.

Conclusion

While on the surface the major findings of our paper may not appear new or earth shattering, the implications for the future of congregations, denominations, and clergy give us pause. First, the clergy salary structure creates vast inequity in salaries among clergy, even among those with similar education and experience. Second, while most laity attend churches where clergy are well-paid, most clergy serve churches that are small and accept salaries that may not allow them to repay educational debt, or save for their children's college or their own retirement. Third, partly in response to these financial constraints, a large number of clergy spouses have careers that earn moderate to high salaries. Thus, the clergy may come second in terms of determining the geographic location of their families, and first in participating in the home economy.

We began this paper with an eye toward stimulating creative discussion of clergy salaries. We see that the market forces that drive secular salaries are very much at work within the salary structure of the church and market solutions have arisen to address the issues that churches and clergy face because of the salary structure. In order to attract entrepreneurial clergy, some large churches are paying entrepreneurial salaries. In order to earn enough money to pay back educational debt and save for college and retirement, some clergy must either seek to serve large churches rather than serve poorer churches where they may feel called, or place their calls second to the practicalities of financial constraints.

Smaller churches who cannot afford to pay a livable wage are substituting toward part-time or retired clergy. In crass economic terms, the availability of these less expensive substitutes puts additional downward pressure on clergy salaries at small churches overall. This has added to the problem for smaller churches and caused the salary structure to split into smaller churches that struggle to pay clergy even a modest salary and larger churches that pay high salaries in order to attract those they think of as better clergy. Church size translates directly into market power.

In this context, clergy are forced to play the “signaling game.” That is, they spend an inordinate amount to signal they are of higher quality and thus deserve to be in the higher salary structure. This results in clamoring for positions with higher status to signal that qualified and worthy of a high salary. Even though we found that clergy are not always seeking to feed their egos through appointments with higher salaries and higher status, but that they are simply trying to feed their families and send their children to college, the system results in a ladder-climbing race. Clergy must weigh the benefits of answering a call to a smaller church or in a less “status” context with the cost of possibly signaling that they are not worthy of high salaries.

Another problem that occurs with “signaling” is over-investment in education in order to signal that one is qualified and worthy of higher pay. While the natural reaction for many is to say that there is no such thing as over-investment in education – more education is always better – the benefit to education must be weighed against the opportunity costs. In a strict sense, time in school is time not focused on ministry. But also, the increased financial investment is often not met with a proportional increase in salary and clergy are often crushed under debilitating debt. The tantalizing mega-salaries exacerbate the signaling game. They create a lottery context where clergy seek the mega-salary payoff by vying for increasingly high salary appointments and more educational degrees to signal their quality. Those who do not play the game suffer.

The fact that many clergy view ministry as a call that one cannot avoid simply because of financial complications means that clergy with a true call on their lives will enter the field of ministry anyway. Some will fare well by serendipitously serving large churches or by remaining single or by taking on a second job. Others will simply not live a middle-class lifestyle, or will enter ministry as a second career after their children are grown and they have sufficient savings, or they will struggle with the problems of dual career marriages that many other professionals face. Churches, denominations, and clergy should discuss practical ways in which the financial burden on clergy and churches can be mitigated and consider the effects these various solutions might have on churches and clergy.

However, practical solutions are only the tip of the iceberg. Churches reside in a sacred world. They have a different mission than the secular world. In fact, they have a different understanding of the world altogether. In the secular world, people have a right of ownership over their possessions. In the church, it is a right of stewardship – a trusteeship – because the Christian community sees everything as belonging to God. Money, land, buildings, even intelligence, education, and skills do not belong to individuals, but are given freely by God to God's people for the purpose of worshipping God and serving the world.

Without reflection, the structure of clergy salaries will follow secular norms. Typical labor market pressures will create solutions to these problems, and in the long run will give rise to an efficient allocation of scarce resources. This is not necessarily bad in and of itself. We may already be seeing small or poor churches being served by less-educated and thus less-debt encumbered, part-time pastors while more highly educated pastors serve large urban churches with higher salaries. We may also expect to see a move toward single clergy with more geographic flexibility serving rural churches while married pastors serve suburban churches to allow spouses access to higher paying career opportunities.

However, the market solution is not always the best solution, because even under secular scrutiny these solutions may seem unbalanced or unfair. When viewing them through a theological lens they may be even more problematic. Members of poorer, smaller churches have less market power than members of larger, richer churches, yet all have sacred worth in the eyes of God. But what are the alternatives? Could clergy pool their salaries and give each clergy family what they need to live on? In the United Methodist Church, that would give each clergy family $35,000. What if salaries of all members of the church, clergy, lay, and denominational officials were pooled? How would large differences in the financial constraints of different families be dealt with? Could imbalances in family resources for education and retirement be smoothed out by some form of pooling and redistribution? Of course, that model was first tried two thousand years ago and unraveled due to the powerful forces in human nature. Since then, history has continued to prove that the church is in constant need of reflection and repentance. Without constant vigilance, it has given in to the forces of political power, pressures of the market, and cultural norms. The mission of the church is to bear witness to God's sovereignty and the mystery of the cross. It is to be an instrument of transformation to the world around itself, but the structure of clergy salaries reveals how deeply the church itself has been transformed by the market forces of individualism, efficiency, and competitiveness. The church cannot excuse itself because of the prickly issues surrounding the structure of clergy salaries. Intentional reflection and direct confrontation of the problems inherent in them must be the first of many steps to help it reclaim its mission of covenantal community, justice, and grace.