ITEM H.107
FOR ACTION

FOR PRESBYTERIAN MISSION AGENCY EXECUTIVE DIRECTOR'S OFFICE USE ONLY					
	A. Finance		E. Corporate Property, Legal, Finance		J. Board Nominating & Governance Subcommittee
	B. Justice		F. PC(USA), A Corporation		P. Plenary
	C. Leadership		G. Audit		
	D. Worshiping Communities	x	H. Executive Committee		

Subject: Comment on Overture 078 (Item 10-13) "On Achieving a 5:1 Ratio Between the Highest Paid and Lowest Paid Employees of PMA"

Recommendation:
That the Executive Committee forward the following comments on Overture 078 (Item 10-13) "On Achieving a 5:1 Ratio Between the Highest Paid and Lowest Paid Employees of PMA" to the Presbyterian Mission Agency Board with a recommendation to approve and forward to the 222nd General Assembly (2016).

Comment:
The Presbyterian Mission Agency Board has consistently expressed its conviction that artificial ratios which fail to take into account the types of work being done by each position are unwise and unduly limiting. Adopting a strict ratio between the highest and lowest salaries would result either in paying the lower end of the spectrum outside the reasonable range for the local market, or decreasing pay for the top end of the range below what is reasonable for the scope of responsibilities that is sought.

In 1987, as the reunited church set out to create uniform personnel policies that would apply to every governing body and church-related institution, a maximum ratio of salary ranges was approved: "the highest level position should be no more than four times the range of pay for the lowest level position." (Minutes of the 199th General Assembly (1987), paragraph 41.017).

In 1988 this standard was refined to also include no more than a three to one ratio within exempt pay ranges. (Minutes of the 200th General Assembly (1988), page 795.)

In 1998, the Task Force to Review the Presbyterian Church (U.S.A.) Churchwide Compensation Policy Guidelines submitted its report in which it recommended abolishing the 4:1 salary ratio in Principle 9 of the 1988 Principles of Compensation. That Assembly referred the matter back to the General Assembly Council (now the Presbyterian Mission Agency Board) and the Task Force with a recommendation to consider formula guidelines regarding salary ranges in the report of the Task Force.

A year later at the 211th General Assembly (1999), the Task Force submitted its report and recommendations and stated: "The task force concluded that formula guidelines would be too restrictive and therefore inappropriate." The Assembly approved all recommendations of the Task Force, including revised Principles of Compensation, which are still in force today. Three of these principles are particularly relevant to this discussion of compensation in the church:

> Principle Two—Mission
> The fulfillment of the church's mission calls for effective, competent staff throughout the church and appropriate compensation to attract and retain them.

> Principle Nine—Minimum Compensation
> Presbyteries, synods, and General Assembly entities should establish minimum terms of call or employment for representative positions in agencies or institutions related to those bodies and review the adequacy of such minimum terms on an annual basis. Ordinarily, no employee should be compensated at a rate below applicable minimum terms. Exceptions should be reviewed on an annual basis.
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> Principle Eleven—Salary Relationships/Stewardship
> The Church is one Body with varieties of gifts, and each person's contribution to its mission is important. The church recognizes the value of all varieties of service and seeks to temper the values and rewards of the marketplace. A reasonable relationship between the highest and the lowest salaries paid to all church employees honors the principle of shared community and call.
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> In maintaining a relationship between the highest and lowest salaries, lower levels of compensation should be comparable to or better than the average salaries paid in the marketplace, but not so far above the average that good stewardship of the church's funds is compromised. Salaries at the top levels should reflect a tempering of excessive compensation.
> In establishing compensation plans and/or individual salaries, comparable salary data may include data from other national church organizations, including pension boards and foundations, academic institutions, the publishing field, pastors' salaries, and other sources as deemed appropriate by the elected bodies of the entities or the employing organization.
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> Salaries should not fall below a just salary that permit a church employee to maintain a decent standard of living.

Since that General Assembly, almost twenty years ago, the Mission Agency has followed these guidelines by offering levels of compensation that are comparable to average salaries paid in the marketplace with a generous benefits package. In 2010 the 219th General Assembly received a report from the Advisory Committee on Social Witness Policy (ACSWP), which recommended as a goal a 5:1 compensation ratio only at the Mission Agency, starting with new positions. That Assembly approved most of the ACSWP report, but rejected the 5:1 recommendation. Item 10-13 consists of the proposal that was rejected by the 219th General Assembly (2010).

While the Mission Agency has not been mandated to limit its staff compensation within certain ratios, its compensation range has nonetheless narrowed from 7.5:1 (in 2010) to 6:1 (in 2015) – a level that is very comparable to, or less than, the actual ratios between the lowest paid and highest paid employee for each of the other General Assembly agencies, even though some of the lowest paid positions in the General Assembly offices are within the Mission Agency.

For these reasons, the Mission Agency continues to maintain that artificial ratios are not appropriate tools for building a just compensation system.