

## 2008 Compensation Guidelines for Rostered Persons For Adoption at the 2007 Texas-Louisiana Gulf Coast Synod Assembly

This document contains an overview of the salary and compensation guidelines for rostered persons in the Texas-Louisiana Gulf Coast Synod.

### Section One – Ordained Rostered Persons (Pastors) Only

#### A. Base Salary

Pastors are professional leaders from the standpoint of education and function and should be compensated according to their qualifications, experience, responsibility, and evaluation of performance. They should be sufficiently independent financially to provide for their own economic needs and those of their families.

Pastors are also our spiritual leaders and may be reluctant to address compensation adjustment topics. Because of this issue, it may be helpful to request that an advocate be used in the annual review of the pastor's compensation package.

The Leadership Team of the Texas-Louisiana Gulf Coast Synod recommends that salaries of pastors be reviewed annually and base salary adjustments be thoughtfully considered. The following are some factors that those groups responsible for making recommendations may want to consider when determining salary adjustments for their pastors.

- Where the pastor's salary is in relationship to the Base Salary Guidelines for 2007.
- Performance evaluation to include: type and level of duties performed during the year, scope of responsibility, leadership skills, any expanded ministries, meeting the objectives of the congregation, etc. **Evaluations should be rooted in mutually agreed upon goals, essential tasks, and expectations. Measurable performance standards should be established at the beginning of the evaluation cycle.** An end-of-the-year evaluation should begin the previous year when the pastor meets with the appropriate congregational committee and mutually agrees upon the upcoming year's goals based on long-range goals of the congregation. The recommended minimum merit increase for 2007 is 1.5 percent for a satisfactory performance evaluation.
- Standard of living increases based on the Social Security Cost of Living Adjustment (COLA). The COLA for 2007 is 3.3% (cf:<http://www.ssa.gov/OACT/COLA/colasummary.html>).
- What other like professional people are making in the current job market.
- Experience – years in the ordained ministry, or years as a layperson in secular and/or church work (which enhances ministry skills).
- Special skills, training and abilities – continuing education and training workshops may have provided your pastor with special skills which ought to be recognized, e.g. youth ministry, counseling licenses, musical abilities.
- Responsibilities – size of congregation and the ratio of staff to total membership, supervision of program staff are all factors to consider.

It is recommended that the salaries of all pastors include a minimum 2.0 percent longevity increase over the previous year's salary plus a percentage for merit (1.5 percent for 2008). This is determined by taking the percentage times the present salary.

**1. Ordained Minister:**

The following chart lists the salary of ordained clergy based on years of experience. The salary grid below represents an annual 2.0% increase for longevity, or years of experience. No pastor should be below the minimum level base salary calculated on years of service. The letter of call shall have in its statement of the call of a pastor that “We as a congregation promise to maintain the base salary based on years of service for the duration of this call.” (Please note: Many of our pastors are “second career” pastors – those whose life and previous work experience greatly increases their ability to serve as a pastor. These factors should be considered when discussing and planning salaries.)

<b>Years of Experience</b>	<b>Base Salary for 2008</b>	<b>Years of Experience</b>	<b>Base Salary for 2008</b>
0	30,690	21	46,517
1	31,304	22	47,448
2	31,930	23	48,397
3	32,568	24	49,365
4	33,220	25	50,352
5	33,884	26	51,359
6	34,562	27	52,385
7	35,253	28	53,433
8	35,959	29	54,501
9	36,678	30	55,591
10	37,412	31	56,702
11	38,160	32	57,837
12	38,923	33	58,994
13	39,702	34	60,173
14	40,497	35	61,377
15	41,307	36	62,604
16	42,132	37	63,857
17	42,975	38	65,135
18	43,834	39	66,437
19	44,711	40	67,768
20	45,606		

The congregation is to notify the Bishop in writing when salaries are set for the year or when adjustments are made during the budget year. If the proposed compensation is below the entry level salary, the congregational leadership will provide the Bishop with the reasons for the lower level and a two- year plan to bring the salary into alignment. It is recommended that the Bishop or an appointed representative meet with the leadership of the congregation to discuss the reasons for being below the suggested minimums and to share the compensation enhancement plan.

## 2. Pulpit Supply:

One worship service: \$180, plus mileage  
Two worship services: \$230, plus mileage  
Three worship services: \$280, plus mileage

## B. Housing Allowance

### 1. Housing and Utilities Allowance for Clergy Who Own Their Own Homes

A housing allowance should be equal to the “**fair rental value plus utilities**” of a house equivalent to the average housing arrangements in a congregation. To calculate the “fair rental value,” determine the average cost of a 3-bedroom home in the community by contacting a realtor or using the Internet\* (example 150,000); multiply this figure by 1% (1,500); add the average monthly utility costs in the community (example: \$200 + \$1,500 = \$1,700); and annualize the sum by multiplying by 12 (\$1,700 x 12 = \$20,400). The allowance enables the pastor to secure housing of his/her choice. The housing allowances in the Gulf Coast Synod vary significantly, depending on the locality.

According to IRS rules, an ordained minister does not have to pay income tax on housing costs but does have to pay social security tax on them. In order to permit the pastor to benefit from these tax provisions, the Congregational Council **must formally pass a resolution prior to the beginning of each year** designating an appropriate housing allowance. The total expense in the congregational budget is not affected but the financial situation of the pastor is enhanced.

\*To use the Internet to determine this figure:

1. Log onto *www.realtor.com*
2. Click “Real Estate 101”
3. Cities & Neighborhoods
4. Enter zip code of community

### 2. Household Furnishings Allowance and Housing Equity Allowance for Clergy Living in a Parsonage

- a. Household Furnishings Allowance. For pastors in parsonages, it is appropriate for the congregation to provide a household furnishings allowance. This allowance will cover the furnishings and optional updates to the parsonage. The congregation should budget to pay any maintenance and basic utilities (gas, electric, sewage, water, telephone, trash collection) directly. The pastor is responsible for all personal long-distance calls and needs to reimburse the congregation.
- b. Housing Equity Allowance. When congregations provide a parsonage, an equity allowance may be provided to assist the pastor in accruing an equity that is not otherwise available to her or him. This gives the pastor the financial resources to provide housing upon retirement or to have a down payment to purchase a house should the desire or need arise. One way to establish a housing equity allowance is through the ELCA Optional Pension Plan. Information on this plan may be obtained through the ELCA Board of Pensions. A fair starting point in establishing an equity allowance is 5% of the total salary.

Housing for Clergy Couples, when both are rostered under call, are to be based upon the assumption that the congregations, employing agencies or institutions, will be providing either parsonage or a housing allowance in lieu of the parsonage. In situations where neither of these is provided for one or the other clergypersons, the calculation for “defined compensation” (ELCA Board of Pensions criteria) should be increased by 30% to reflect the church-wide standard for clergy compensation.

### **C. Social Security Tax Allowance for the Self-Employment Social Security Tax**

Pastors are categorized as self-employed for social security purposes (but are considered employees for income tax purposes). Therefore, pastors are obligated by the IRS to pay the full social security tax. Congregations shall provide a *Self Employment Contributions Act* (SECA) allowance of at least one-half of the amount. SECA rate for 2007 is 15.3% (7.65% equals one-half) of the pastor’s taxable income. To calculate the SECA allowance, choose the appropriate category:

#### **1. SECA Allowance with Housing Allowance**

The SECA Allowance for pastors who own their own house is calculated by adding the total base salary and housing allowance and multiplying by .08284. (8.284% of salary and housing is used rather than 7.65% because, according to the federal government, social security is based on salary, housing, **and** social security allowance. The easiest way to determine the correct amount is therefore to multiply the salary and housing allowance by 8.284%.) See the example:

Base Salary	\$35,000
Housing Allowance	10,500
Sub-total	\$45,500
Multiplied by	.08284
SECA Allowance	\$ 3,769

#### **2. SECA Allowance When Parsonage is Provided**

The housing equivalency for determining social security allowance is calculated by multiplying the base salary times .33313. The SECA allowance is 8.284% of the base salary and housing equivalency. Determine this by multiplying the total times .08284. See the example:

Base Salary	\$35,000
Multiplied by	.33313
Housing equivalency	\$11,659
Sub-total	\$46,659
Multiplied by	.08284
SECA Allowance	\$ 3,845

## Section Two – Lay Rostered Persons (Associates in Ministry, Deaconess, and Diaconal Ministers Only)

The following chart lists the beginning (base) salary based on years of experience. This is total salary since Lay Rostered Persons are not eligible for a housing allowance. **This is a minimum level. No lay rostered person should be below the minimum level.** *(Please note: Many of our lay rostered persons are “second career– those whose life and previous work experience greatly increases their ability to serve as a rostered lay person. These factors should be considered when discussing and planning salaries.)*

Years of Experience	Salary with Bachelor’s Degree	Salary with Master’s Degree
0	29,558	32,513
1	30,149	33,163
2	30,752	33,827
3	31,367	34,503
4	31,994	35,193
5	32,635	35,897
6	33,287	36,615
7	33,953	37,347
8	34,631	38,095
9	35,325	38,858
10	36,031	39,636
11	36,752	40,429
12	37,487	41,237
13	38,237	42,062
14	39,001	42,903
15	39,781	43,761
16	40,575	44,634
17	41,387	45,530
18	42,215	46,440
19	43,060	47,368
20	43,921	48,317

**Section Three – All Rostered Persons  
(Pastors, Associates in Ministry, Deaconess, and Diaconal Ministers)**

**A. ELCA Pension and Other Benefits Program Contribution Rates for  
Congregations**

The following information is for the **year 2007**. This information should therefore be used only for the year 2007. The Pension and Medical figures for 2008 will be available the third quarter of 2007. (For up-to-date information, call the Board of Pensions at 1-800-352-2876 or go to their web site at *www.elcabop.org*.)

**1. Medical and Dental Plan**

	Contribution Rate (as a % of defined Compensation)	Minimum Monthly Contribution	Maximum Monthly Contribution
Member only	12.4%	\$ 452	\$ 627
Member and Spouse	21.6%	791	1,098
Member and Children	21.6%	791	1,098
Member, Spouse and Children	30.9%	1,129	1,568

**2. Disability and Survivor Plans**                      2.0%

**3. Administration and Retiree Support**            0.7%

**4. Pension Plan**

Age on December 31, 1987	55 or older	12%
	45 – 55	11%
	All other members	10%

It will be helpful if the congregation budgets the maximum amount for benefits to be prepared for any changes in the benefits requirements. Should the rate be less than the maximum amount, the difference should be used for the benefit of the rostered person.

If a married couple is both rostered and is sponsored in the ELCA Pension and Other Benefits Program, only the higher salaried spouse's sponsoring organization is required to contribute to the medical and dental benefits plan for that individual. Often the sponsoring organizations agree on a way to share this expense. Both organizations make the contributions for retirement, disability, and survivor benefits coverage for the individual they are sponsoring.

**MEDICAL REIMBURSEMENT/FLEXIBLE SPENDING ACCOUNT**

Beginning January 1, 2008 the ELCA Board of Pensions will offer members the opportunity to enroll in a plan-wide Flexible Spending Account for medical expenses and dependent care. This will enable them to pay for out-of-pocket medical expenses on a pretax basis. This account must

be set up by December 31, 2007. A toolkit will be distributed in September however, for questions or more information, call the Board of Pensions or see [www.elcabop.org](http://www.elcabop.org) . For rostered persons who are not a part of the ELCA plan, ELCA congregations and organizations can enable their employees to set aside payroll dollars on a pretax basis to pay for certain out of pocket expenses such as health care and/or dependent care. Because these programs, known as Flexible Spending Accounts (FSAs) have tax implications, congregations need to set up these accounts carefully. Many employees use the administrative services of specialized companies such as Administration Resources Corporation. See [www.elcabop.org](http://www.elcabop.org) for more information on Flexible Spending Accounts.

## **B. Professional Expenses**

The following items are professional expenses and not part of the rostered person's compensation. Rather, these items represent payment of costs related to the carrying out of this ministry.

### **1. Auto Expenses**

Auto expenses can be covered by:

- a. Providing an automobile (purchase or lease) and all expenses; or
- b. Providing a "cents-per-mile" allowance (IRS rate allowable is 48.5 cents per mile for 2007). For updated IRS information, call your local IRS office or go to [www.irs.gov](http://www.irs.gov).

### **2. Continuing Education**

- a. The Evangelical Lutheran Church in America expects its professional leaders to have a minimum of fifty (50) contact hours annually in continuing education. Congregations are asked to make available to their rostered persons at least two weeks per year for continuing education. The rostered person, in consultation with the Mutual Ministry Committee and the Congregation Council, should determine the scheduling of continuing education. The minimum recommended level for continuing education allowance is \$1,000 per year from the congregation and \$400 per year by the rostered person.
- b. Other professional expenses such as books, subscriptions to magazines and journals, vestments, and media resources may be handled by establishing a set amount in the budget and paying the expenses as they occur. The annual professional leaders' conference is an official meeting of the synod and should be paid by the congregation but not from the continuing education allowance.

### **3. Sabbatical Leave**

A sabbatical leave is recommended for rostered persons after the first seven years of service in a congregation/agency, and every five years thereafter in conjunction with congregational/agency mission planning. The recommended time for sabbatical leave is three months. For further information, contact the synod office for the document *Policy and Guidelines for Sabbatical Leave for Rostered Persons*, adopted by the Synod Assembly in June 1998.

## **C. Other Provisions**

### **1. Vacation**

Four weeks of vacation is the standard in the church and it should include four Sundays.

### **2. Sick Leave**

Disability leave provisions are coordinated with the ELCA Pension and Other Benefits Program and with Social Security.

- a. Up to two months of continued salary, housing, and contributions to the pension program in a 12- month period are to be provided by the congregation.
- b. Provision may be made for further unpaid time for disability recovery as agreed by the congregation, but with the stipulation that unused accumulated sick leave will not be compensated at the end of the call.

### **3. Maternity Leave**

Maternity leave is recommended with at least six weeks at full salary, housing, and benefits. Additional time may be negotiated by the pastor and the congregation because of special concerns or needs.

### **4. Paternity Leave**

Paternity leave is recommended to new fathers up to two consecutive weeks with full salary, housing, and benefits. Additional time may be negotiated by the pastor and the congregation because of special concerns or needs.

### **5. Adoptive Parental Leave**

Adoptive parental leave should be provided immediately following the adoption. Two weeks, taken consecutively, is appropriate with full salary, housing and benefits. Additional time may be negotiated by the pastor and the congregation because of special concerns or needs.

### **6. Work Week**

Because of the nature of ministry, it is recognized that pastors are expected to fulfill many evening and weekend responsibilities beyond Sunday morning worship. Therefore, adequate time off (at least one full day per week) should be granted and encouraged that would be free from ministry-related responsibilities.

## **7. Mutual Ministry Committee**

A Mutual Ministry Committee is called for in the ELCA Model Constitution for Congregations. Often called a Staff Support Committee, the Mutual Ministry Committee provides for the care of pastors who are called to be our servant leaders. *Mutual Ministry Committee: A Vision for Building Up the Body of Christ* can be ordered through the ELCA distribution service (code 69-6735).

## **8. Annual Review**

The Mutual Ministry Committee and/or the Congregation Council should review the ministry and compensation package of the pastor on an annual basis. The review should be based on conditions of the call, position description, constitution, performance, and personal growth. Evaluations should be rooted in mutually agreed upon goals, essential tasks, and expectations. Measurable performance standards should be established at the beginning of the evaluation cycle. The review may include other pastors and other rostered leaders on the staff if desired. The areas of special attention for the leader should be used as a resource for the annual review.

A systematic review of the pastor's salary needs to reflect five major elements:

- a. the individual's performance on the job
- b. the congregation's ability to pay a given amount in the context of income and other demands on resources, e.g. program expenses, benevolence, capital debts;
- c. the pastor's proposed salary in relation to that paid to other professionals in the community, e.g. school principals;
- d. the value of the individual's total compensation package;
- e. the pastor's proposed salary in relation to that paid to parish pastors in the synod and the ELCA (these statistics available from the synod or ELCA office)

## **9. Synod/Churchwide Involvement**

Part of the pastor's work is beyond the congregation in the synod and churchwide organization. The Mutual Ministry Committee, the Congregation Council, and the pastor should agree upon the scope of this work.

## **10. Workers' Compensation**

Clergy are covered by Workers' Compensation. Workers' Compensation can provide a satisfactory means of handling occupational disabilities. Workers' Compensation provides sure, prompt, and reasonable income and medical benefits to work-accident victims, or income benefits to their dependents. Contact your insurance provider to make sure that your Workers' Compensation coverage is current and adequate.

## Questions and Answers

1. *Who decides the compensation for the pastor?* The decision will vary from congregation to congregation. In some congregations, a Finance Committee or the Mutual Ministry Committee often initially makes the recommendation. In most congregations, the Congregation Council finally determines the compensation. It is appropriate for each member of the Finance Committee, Mutual Ministry Committee and the Congregation Council to have a copy of these salary guidelines so that all may make an informed decision.

2. *Who will be the pastor's advocate?* The Mutual Ministry Committee can be an advocate for the pastor. Members of the synod's Leadership Team can be consulted as well as synod staff.

3. *What will happen if we don't pay our pastor at guidelines?* Congregations that pay below the synod guidelines are often faced with "sticker shock" when they enter the call process for a new pastor. There is a relationship between clergy morale and compensation. Some clergy find they can only receive appropriate compensation by seeking another call. Also, when a congregation is calling a pastor, the pay package that is offered may influence the number of candidates that would consider a call to the congregation (and possible the length of the vacancy until a pastor is called).

4. *What can we do if we are not at guidelines and want to move in that direction?* Some congregations develop a plan to be at guidelines over the next two or three years. What plan would work for your congregation? In some situations the finances have been limited. The stewardship committee of the synod can offer resources to assist the congregation and members to become better stewards.

5. *May we pay our pastor more than the minimum?* Yes!

6. *When I add the entire package together, it seems like a lot of money. Does the pastor really make that much?* No. In most jobs we do not consider pension, benefits, and expenses when we think about how much we make. All of these are not reported on our W-2 forms.

It is helpful to breakdown the package into three categories:

- a. *Compensation (base, housing, SECA allowance).* This is the pastor's pay. This is what the pastor makes.
- b. *Pension and Benefits.* These are benefits that most of us receive but in most jobs it is not considered compensation.
- c. *Professional Expenses.* Professional expenses are costs to the congregation for the pastor to do ministry, much like the expenses that a corporation has for the work of an employee.

7. *How often and when must the congregation act to establish the pastor's housing allowance?* The Congregation Council must officially act annually on a motion to establish a housing allowance, and this figure must be designated at the council's first regularly scheduled meeting of each year. Simply providing the figure in the budget of the congregation is not enough. This provision applies only to pastors who do not live in a congregational parsonage.

8. *What is the purpose of a sabbatical and what resources are available to assist us in planning?*

The word sabbatical comes from the same root as the word Sabbath, which means to cease or to rest. Pastoral ministry is intense work. A sabbatical can be part of the plan to keep pastors fresh and vital over the long haul. Sabbaticals should be mutually planned by pastors, the Mutual Ministry Committee and the Congregation Council. Helpful planning resources are “Life-Long Learning and Development for Faithful Leaders...” (available from Augsburg Fortress; order resource number 68-0114), *Clergy Renewal, the Alban Guide to Sabbatical Planning* (available from the Alban Institute; order resource number AL214; at 1-800-486-1318, extension 244), and the synod’s *Policy and Guidelines for Sabbatical Leave for Rostered Persons* (available from the synod office).

9. *What resources are available for compensation planning for lay employees of the congregation?* The Compensation Handbook for Church Staff is available from Christian Ministry Resources (1-800-222-1840).