

# 2012 Compensation Guidelines for the Texas-Louisiana Gulf Coast Synod



## 1. Foreword

“Within the Evangelical Lutheran Church in America rostered leaders may serve as pastors, associates in ministry, diaconal ministers, or deaconesses. The process of calling rostered leaders within the life of the church is therefore primarily about discerning God’s will for and God’s call upon the congregation or ministry in which they will serve. *Prayerfully, the church calls forth those they believe God can best use to help them carry out their mission together.*

*Rostered leadership is not a self-called vocation but a unique calling from God through the church to serve and equip the whole people of God. This is so that the church can live together faithfully as the body of Christ, equip the baptized for their work, and fulfill its purpose to proclaim and embody the redemptive intentions of God in the world.”*

“A Theology of Call” - ELCA Website

A “calling” implies a *mutuality* between those rostered people being called and the agency or congregation issuing the call. This mutuality means that congregations and other ministry sites are to live for the well being of the rostered leaders that they call, and rostered leaders are to live for the well being of the communities into which they are called, so that together – with the whole church – they might live in Christ for the life of the world. **“We do not live to ourselves...” (Romans 14:7)**

The Texas-Louisiana Gulf Coast Synod embraces Biblical values with regard to the relationship between rostered leadership and congregational life and mission:

- The church is the body of Christ; called to live out the implications of the gospel for the sake of the world. As members of the body of Christ, all members of a congregation provide ministry in the name of Christ.  
***Rostered leaders that equip the church for the work of mutual ministry are valued. (Ephesians 4:11ff)***
- In the Lutheran tradition, in order that the church may be equipped for ministry, high worth is placed on equipping rostered leadership.  
***The personal, ethical, and educational standards required of leaders are valued. (1<sup>st</sup> Timothy 3:1ff)***
- Congregations are to be centers of "word and sacrament" as well as caring compassionate communities that are evangelical in seeking and welcoming the "homeless" and the "stranger."  
***Rostered leaders that equip the church to be so Christ centered that it is outwardly focused are valued. (Matthew 25:31ff)***
- Congregations are to continually seek out Christ’s calling to mutual ministry in their context.  
***Rostered leaders that inspire an ongoing mutual discernment for ministry are valued. (Romans 12:1-3)***



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## Compensation for Rostered Leaders should involve...

### **Years of Rostered Experience**

There are acquired skills, wisdom, and experiences that can only come from actual rostered service.

### **Years of Non-Rostered Experience**

Second career people bring to rostered service life experiences and skills from other fields that are helpful to mutual ministry.

### **Worship Attendance**

The larger the weekly worshipping community the more complex the system rostered leaders must administer.

### **Advanced Training and Education**

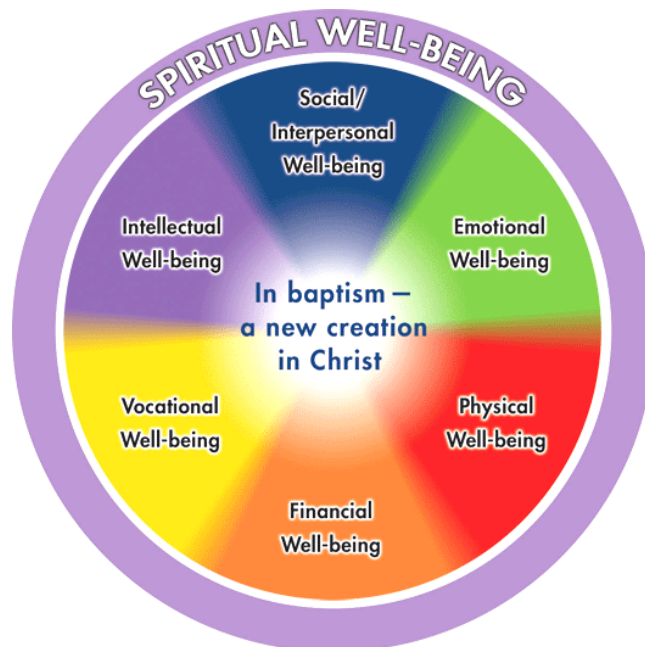
Leaders that actively equip themselves for ministry are better able and more likely to create a spirit of life long learning in a congregation.

### **Longevity in Current Call**

Long term pastorates may be associated with congregational growth, which values a history of healthy, longer-tenured pastorates.

### **Local Salaries and Cost of Living**

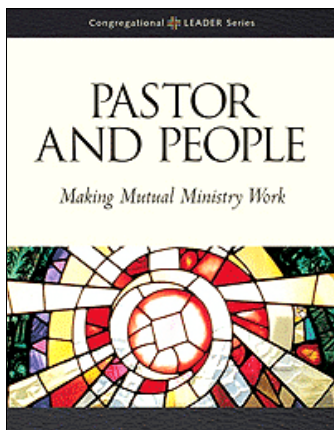
Fair compensation should reflect the realities of the congregation and community in which a leader is called to serve.



All people - Rostered Leaders included - are complex creatures. We are all, in the words of the Psalmist, “fearfully and wonderfully made.” Our well-being and our being made well include:

- ✓ Intellectual Well-being
- ✓ Social/Interpersonal Well-being
- ✓ Emotional Well-being
- ✓ Physical Well-being
- ✓ Financial Well-being
- ✓ Vocational Well-being

All of these are tied to our spiritual well-being. None of them can be separated out from the others. Compensation, goals, evaluations, work climate, continuing education, rest, and so forth are vital to caring for the well-being of our leaders - and consequently the well-being of the ministry sites they serve.



The mutual ministry inherent in a call requires both *mutual* responsibility and accountability. People often call synod offices and ask, “Do you have anything we can use to evaluate our pastor?” There are usually some questions in response to this query: “Have you set any *mutually* defined goals or objectives?” “What are your *mutual* expectations?” “Are you evaluating the ministry, or just the minister?”

Congregational councils should get the book Pastor and People and implement the suggested Mutual Ministry Committee, Personnel Committee, and planning/evaluation procedures. It is available at: <http://www.augsburgfortress.org/cls/leadership/people.jsp>. (See the “Afterword” at the end of this document.)

## 2. Ordained Rostered Leaders (Pastors)



In addition to the factors listed on the previous page, the 2011 compensation recommendations attempt to address three primary concerns:

1. To clarify language used about pastoral salaries.
2. To use school district compensation models as the best reflector of community values.
3. To reflect the difference in the cost of living between rural/smaller town and urban/suburban areas.

### Language

For the sake of clarity, “salary” refers to the sum of “base salary”, housing allowance, and social security offset.\* The total of these three are what the ELCA Board of Pensions terms “defined compensation” on which the congregation pays retirement/health benefits and the rostered person pays taxes. The “salary” does not include retirement/health benefits, continuing education, or travel/auto reimbursement, all of which are organizational administrative costs.

### School District Compensation Models

Compensation for beginning teachers was researched in 38 school districts in the synod, both Texas and Louisiana. They were averaged into two categories: rural/smaller town and urban/suburban. Beginning teachers’ salaries are used as the *minimum* compensation guidelines for this synod with two adjustments:

1. The educational requirement for a teacher is a bachelor’s degree while for a pastor it is a bachelors degree *and* a four-year masters. Of the 38 school districts researched, a teacher with a master’s degree earned an additional \$1000 - \$2000; therefore \$1000 has been added to the base teacher’s salary.
2. Teachers are paid on a nine-month or 187 day basis; therefore that has been adjusted to reflect twelve months.

Rural and Smaller Town (22 Districts Averaged)	
Teacher with BA Degree	\$38,632
Master’s Degree Adjustment	1,000
Add .33 for 12 Months	13,079
<b>TOTAL**</b>	<b>\$52,711</b>

Suburban and Urban (16 Districts Averaged)	
Teacher with BA Degree	\$43,194
Master’s Degree Adjustment	1,000
Add .33 for 12 Months	14,580
<b>TOTAL**</b>	<b>\$58,774</b>

As noted the total is the sum of the base salary, housing allowance, and social security offset. The designation of specific amounts to different categories takes place in the discussions between the pastor and congregational council.

In the case of a parsonage, the fair housing value of the parsonage is part of the salary. For its purposes, the ELCA Board of Pensions establishes it as 30% of the cash salary. Thus the minimum cash salary of a rural/smaller town pastor would be \$40,547 ( $\$52,711 / 1.3$ ), would imply a housing value of \$12,164 ( $\$40,547 \times .3$ ). Of the remaining cash salary, certain amounts can be designated as furnishings allowance and housing equity allowance for tax advantages.

Experience adjustments should be no less than the equivalent in local teachers’ salaries. (Brenham ISD, \$300-

\$600; Houston ISD, \$500-\$1000; New Orleans ISD, \$600) It is appropriate in larger congregations, especially those with staff, that the (lead) pastor's salary be modeled after that of a junior high or middle school principal in the local school district. (Houston ISD, \$73,000; Cy-Fair ISD, \$81,000; Baton Rouge ISD, \$66,977)

### **SOCIAL SECURITY ALLOWANCE\***

(\* For 2011, the Social Security Allowance is considered *already included* in the totals of \$52,711 and \$58,744.)

For Social Security purposes the Internal Revenue Service always considers an ordained minister "*self-employed*." That means the congregation does not and **cannot pay FICA** [7.65%]. It also means that the minister **must pay self-employment SECA** [15.3%]. It is recommended that the congregation provide the minister with an 8.284% allowance in lieu of paying Social Security. 8.284% is used rather than 7.65% because the allowance is considered *taxable* income. The minister uses this money to pay a portion of the 15.3% self-employment tax. Salary, housing (allowance or parsonage value) and this SS allowance are used in determining SECA tax.

### **HOUSING ALLOWANCE\*\***

The housing component of compensation is a complicated matter because of variations in the cost of housing, IRS rules, and some congregations owning a parsonage while most do not. For an ordained minister the cost of housing is *compensation exempt of income tax* according to IRS rules. Associates in ministry and other lay employees do not qualify for this tax benefit.

For the minister *in a parsonage*, utilities, repairs, insurance, lawn, maintenance and remodeling are paid by the congregation, done in a timely manner and, of course, not taxed. The congregation can designate additional "furnishings allowance" for non-taxable income to be used for housing expenses by the minister. Some congregations with a parsonage also give an "equity allowance" so the pastor can build a modest housing equity for a future down payment on a house for retirement. 5% of cash salary per year is suggested.

For the ordained minister who *owns a house*, the limit of tax exemption is based on actual *housing expenses* recorded for the year by the minister – up to a maximum of the amount that was designated as "housing allowance" by the Congregation Council. The minister tracks and claims all justifiable expenses and then pays tax on the remaining "allowance" that is not actually used for housing.

Every December the pastor should notify the Congregation Council that a specific amount of his/her compensation for the coming year be designated as housing allowance. The Council acknowledges this request by a motion and vote that is entered into the meeting minutes. It needs to be understood that dividing housing allowance and salary is for income tax purposes, and the division can appear unusual. The Council may choose to use this format within the minutes of its meeting:

*A motion was duly made, seconded, and approved that the ministry compensation paid to Rev. \_\_\_\_\_ during the year 20\_\_ include a designated housing allowance in the amount of \$\_\_\_\_\_. This amount shall remain in effect annually until amended or rescinded. (Source: Clergy Financial Services, Inc.)*

(\*\*For 2011 the starting salaries of \$52,711 and \$58,744 are generally reckoned to include housing allowance. However, since it is important for a pastor to live in the community that a congregation serves, for congregations in areas of high housing costs the "housing allowance" portion of the salary may be adjusted upward accordingly. )

### 3. Lay Rostered Leaders (Associates in Ministry, Diaconal Ministers, Deaconesses)

The rural/smaller town and suburban/urban local school district averages used in formulating minimum salaries for pastors are also used in formulating *minimum* salaries for lay rostered leaders.

Rural and Smaller Town (22 Districts Averaged)	
Teacher with BA Degree	\$38,632
TOTAL	\$38,632

Suburban and Urban (16 Districts Averaged)	
Teacher with BA Degree	\$43,194
TOTAL	\$43,194

### 3. Benefits for Rostered Leaders and Related Items

#### Pension and Medical Program

Full participation in the ELCA pension and benefit plans is expected for rostered leaders and their families. The cost is determined as a percentage of “Total Salary” (or “Defined Compensation” as defined by the ELCA Board of Pensions). The pension contribution is a minimum of 10% of Defined Compensation. The premium for the medical plan (medical and dental insurance, disability insurance, and death benefits) varies according to a schedule. The ELCA Board of Pensions offers a rate calculator at: <https://www.elcabop.org/calculators.aspx>.

#### Sick Leave

The congregation should have a sick leave policy for all its rostered leaders and other personnel. The policy should include:

- The number of paid sick leave days available each year.
- Policies laying out procedures if more sick days are needed by an individual.

(Note: Sick leave days are important for modeling physical stewardship. For the sake of individuals and the community, people should be able to take the necessary time to heal. Conversely, “sick days” are for illness, healing, and recuperation. They are not “personal leave days;” neither should they be accrued. Congregations and personnel should model gracious and compassionate mutual trust and respect in creating, implementing, and using such policies.)

#### Disability Leave

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

- Congregations are to provide up to two months of continued salary, housing, and contributions to the pension program in a 12- month period. (ELCA disability benefits begin with the third month of disability.)
- 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.

#### 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.

### **Paternity Leave**

Paternity leave is recommended for 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.

### **Adoptive Parent 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.

### **Vacation and Days Off**

Because of the intense and emotional nature of the work done by a minister, it is important and recommended that the leader be granted four full weeks vacation time per year in order to tend to family responsibilities and emotional and spiritual refreshment. Vacation is not a reward, but recognition that a person needs time for renewal to be most effective in ministry. It is not necessary that vacation time be taken all at one time.

The congregation should also understand that the equivalent of two days off each week for family time and renewal is important. Of necessity, it is recognized that the minister is still “on call” during these days. The congregation needs to be trained not to encroach on days off except in emergency.

### **Continuing Education**

Continuing education is essential for rostered leaders and other staff to bring fresh insights and resources to the congregation and for professional growth. Continuing education is a means by which the rostered leaders build upon and extend knowledge, acquire new skills and grow into more effective ministry. Indeed, failure to maintain a regular discipline of continuing education should be regarded negatively in the annual performance and compensation review.

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.**

If there is some special focus in mind, it is suggested rostered leaders may accrue unused continuing education time and monies, but only for a period of three years. This should be done only in consultation with the congregational council.

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.*

All pastors and other rostered leaders are required, by constitution, to attend the synod assembly and are expected by the bishop to attend leadership convocations and annual theological conference. *Neither rostered leaders nor congregations are to consider these times as “continuing education.”*

leadership. The work of our non-rostered leaders may include youth and family ministry, music, parish education, administration, maintenance, etc. These staff persons are employed either full or part time. The following compensation guidelines may be helpful for congregations to use when determining annual benefits. Please make appropriate and fair adjustments for part time staff.

For ALL non-rostered persons the following guidelines are recommended:

- FICA paid by the congregation
- Vacation
  - ⇒ 1-4 years of service: 2 weeks
  - ⇒ 5-10 years of service: 3 weeks
  - ⇒ More than 15 years: 4 weeks
- Two days off each week
- Minimum annual continuing education allowance: \$1,000
- Theological Conference and Synod Assembly paid by the congregation
- Minimum annual professional expenses: \$500
- Workers' Compensation

### Other Considerations

- **Cell Phone:** Many church staff persons, such as those in Youth and Family Ministry, find that it is essential to have the use of a cell phone to do their work. Congregations and non-rostered staff should negotiate a monthly stipend for a cell phone for church related work.
- **Travel reimbursement:** Many church staff persons use their personal vehicle for church-related work. They should be reimbursed according to IRS current standards. An estimation of this annual expense should be in the congregation's annual budget.
- **Benefits:** It is fair and reasonable that congregations provide for non-rostered staff persons, who work more than 30 hours a week, with ELCA Pension and Health Benefits. See the Board of Pensions website (<https://www.elcabop.org/Home/Calculators/ContributionAmounts.aspx>) for special non-rostered rates.
- **Work Week:** Schedules and time commitments for persons who work with the church vary from week to week and season to season. Congregations should be sensitive to this rhythm. Congregations should encourage non-rostered persons work an average of 40 hours a week; if more time is needed, comp time is appropriate when the schedule allows.

### Salary

- **Professional Musicians:** Congregations should follow the standard of the American Guild of Organists (AGO) to set salaries for paid musicians. The AGO website is: <http://www.agohq.org/home.html>
- **Other 2010 Full time non-rostered staff (i.e. youth and family) with at least a high school degree:**
  - Base \$26,000
  - 1 Year 27,000
  - 5 years 30,200
  - 10 years 33,200
  - 15 years 36,600
  - 20 years 40,200
- Congregations should consider advanced degrees, continuing education, skills, and recognitions when setting lay staff salaries.

### **Sabbatical Study 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. (Reference: Clergy Renewal: The Alban Guide to Sabbatical Planning; <http://www.alban.org/bookdetails.aspx?id=516>)

### **Professional Expenses**

Rostered leaders receive reimbursement for professional expenses (including automobile use) but this is a matter of reimbursement, not compensation. Professional expenses therefore belong under “administrative” or “operating” expenses in the budget and not under “staff salaries.”

The IRS recommends that ministers be placed on an Expense Reimbursement plan in which business related expenses are paid to the rostered leader upon submission of an invoice or signed and itemized business expense form. This is in contrast to a system in which the minister is given a flat monthly allowance for expenses (which is reported as income) and then deducts business related expenses.

### **Automobile Expenses**

As already indicated, use of the rostered leader’s automobile for business activity is a congregational expense and should properly be listed under congregational administrative expenses in the budget rather than under compensation. Reimbursement to the rostered leader on a per-mile basis using an Expense Reimbursement plan is recommended. The IRS rate for business use of an automobile in 2011 is 51 cents per mile. Alternately, the congregation could consider providing the rostered leader with a church-owned or leased vehicle.

### **First Call Debt Retirement**

Pastors are increasingly graduating from seminary with significant under-graduate and graduate educational debts. First call congregations would do well to help with debt reduction. The amount should be 5% to 10% of the total educational debt.

### **Synod and Churchwide Ministry**

Part of a rostered person’s work is beyond the congregation in the synod and Churchwide organization. The Congregation Council and the rostered leader should agree upon the scope of this work.

### **Other**

Congregations often adopt policies or procedures that are intended to benefit the rostered leader as they grow and “stay fresh” amid their duties and tasks. Such items might include:

- A policy about unused vacation time.
- A policy to reimburse certain dues and memberships deemed essential to that ministry context.
- A membership in a health or fitness club.
- Participation in the ELCA’s Flexible Spending Account
- Life insurance coverage.
- Supplemental pension or tax sheltered annuity contributions.

## **4. Non-Rostered Employees**

There are often people who are not rostered in the ELCA that are employed by congregations for ministry

## 5. Severance

There are times when, for a variety of reasons, personnel are released from an organization; unfortunately, the same happens sometimes in congregations and other ministry sites. (An active Mutual Ministry Committee and the procedures outlined in [Pastor and People](#) can greatly lessen the chance of such severance resulting from conflict.)

1. In the case of Rostered Leaders, since they are under call from the congregation, the congregation's constitution must be followed. With regard to Ordained Rostered Leaders, congregations should adhere closely to C9.05 of the Model Constitution for Congregations .
2. In the case of non-rostered leaders, the Personnel Committee and Congregational Council should exercise due diligence is trying to mediate any conflict, misunderstanding, or unmet expectations. The goal must always be to steward the ministry of the congregation while also being caring and compassionate.

In either case, if people are released from service to a congregation there should be as graceful and generous a severance as is possible and warranted; three to six months. Ministry leaders often function in highly specialized ways and it may take them some time to find another ministry site in which to serve.

The Office of the Bishop can be helpful to congregations, Rostered Leaders, and other employees in these instances.

## 6. Afterword

- A "Mutual Ministry Committee" is encouraged several times in this document; along with many references to "mutuality." As described in [Pastor and People](#), a Mutual Ministry Committee is NOT a support group or sounding board for the pastor. It is NOT a pastoral care committee. It IS a committee that, along with the pastor, continually discerns the ongoing mission of the congregation in its context and imagines how pastor and people might *together* best carry out that mission. Support/care groups for rostered leaders should be found outside of the congregation among colleagues and ministeriums.
- As indicated by the title of this document "2011 Compensation [Guidelines](#)," these are guidelines; guiding principles. It is the *annual* responsibility of the congregational/ministry site leadership and rostered leader to mutually discuss and discern just and fair compensation in their specific context. The Bishop will be reluctant to sign any Call under the minimums of \$52,711 and \$58,774. If a congregation/ministry site cannot provide these amounts they should meet with the Bishop to arrive at a plan for reaching these basic compensation benchmarks.



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