

2011
Compensation Guidelines
For Professional Church Workers
North Wisconsin District
The Lutheran Church - Missouri Synod

Introduction

Use this guide to help determine compensation and benefits for your congregation's workers. The new base rate reflects the recommendation by the North Wisconsin District Board of Directors.

Scripture has clear words of instruction for us in matters pertaining to the compensation of church workers (I Thessalonians 5:12-13; I Timothy 5:17; Galatians 6:6). The review committee and the congregation should know and understand this counsel. From these passages it is evident that we must treat those who labor in our midst with loving care and respect. Also it is evident that good work deserves good pay. Therefore the matter of merit should receive serious attention.

2011 Compensation Base Rate \$32,263 2.5% Increase From 2010

Standard IRS automobile mileage rate effective 1/1/11 is .51 cents per mile.

Suggestions for Implementation & General Information

I. ORGANIZATION

- Pray often for God's blessing on your task.
- Appoint a special committee to study salaries and benefits for all workers in your midst. You will want to include members of your boards of: education, elders, stewardship and other appropriate boards and committees. Your pastor(s) and principal might also be advisory members of this committee.
- Collect materials, resources and statistics that include the following information (but does not exclude additional information):
 - North Wisconsin District Compensation Guidelines for Professional Church Workers.
 - Your present salary and benefit schedules and policies.
 - Local public school salary and benefit information.
 - Other statistical information about your community (available at such locations as your local public or college libraries, city hall, county courthouse, chamber of commerce, public utilities). You may want to look for information, for example, on how your community or county compares to others in the area.

II. STUDY

Consider the following:

- The purpose and mission of your congregation (association) and its ministries including the Christian day school where one exists.
- A careful and honest evaluation of present salaries and benefits offered to your workers. (The guidelines provide a tool for comparison.)
- A comprehensive study of job descriptions, responsibilities, expectations and division of tasks among staff persons.
- A thorough comparison of community statistical information including salaries and benefits paid in your local public schools and other professional personnel. (Check your local library for sources.)
- A review of your congregation's (association's) financial resources, funding patterns and capabilities.
- A study of alternative funding sources including tuition, third source funding, establishing a foundation to benefit the educational program, fraternal agencies and other opportunities which may be unique to your congregation and community.
- A study of the salary and benefit suggestions of the North Wisconsin District.

III. ACTION

- Establish a plan for coordinating your findings with the salary and benefit suggestions of the North Wisconsin District.
- Consider a plan for implementation which will effectively install your guidelines over a period of time (for example 85% of goal in the first year, 92% in the second year and 100% in the third year).
- Share the specifics of their personal salary and benefit packages with each of your workers (salary, Concordia Plans, other benefits). A sample form is included at the end of this booklet.
- Continue to pray for God's blessings on the pastoral, educational and outreach ministries to congregation (association) and community.

Step 1: Determine your congregation's base rate or use the North Wisconsin District recommended base compensation of \$32,263 for 2011.

Position Columns: All positions are rostered unless specified. The following are recommendations for calculating compensation rates. The congregation needs to use the teacher designations to fits its local situation. Teacher non-rostered may be synod-trained but has chosen not to be on the roster of the Synod; beginning teacher, no extra duties; senior teacher, four years teaching experience with state teaching license; consulting teacher, five years teaching experience, state teaching license, and Masters in Education degree.

Multiply the base rate times the correct multiplier in the table below for position and years of service.

Base Compensation Rate - \$32,263														
Years	Pastor		DCE		Teacher								Principal	
					Non-Rostered		Rostered		Senior		Consulting			
	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$
0	1.400	45,168	1.100	35,489	0.900	29,037	1.000	32,263	-	-	-	-	1.220	39,361
1	1.438	46,394	1.136	36,651	0.929	29,972	1.032	33,295	-	-	-	-	1.255	40,490
2	1.476	47,620	1.172	37,812	0.958	30,908	1.064	34,328	-	-	-	-	1.290	41,619
3	1.514	48,846	1.208	38,974	0.987	31,844	1.096	35,360	-	-	-	-	1.325	42,748
4	1.552	50,072	1.244	40,135	1.016	32,779	1.128	36,393	-	-	-	-	1.359	43,845
5	1.590	51,298	1.280	41,297	1.045	33,715	1.160	37,425	1.204	38,845	-	-	1.394	44,975
6	1.623	52,363	1.315	42,426	1.074	34,650	1.192	38,457	1.239	39,974	1.373	44,297	1.429	46,104
7	1.656	53,428	1.350	43,555	1.103	35,586	1.224	39,490	1.275	41,135	1.407	45,394	1.464	47,233
8	1.689	54,492	1.385	44,684	1.132	36,522	1.256	40,522	1.311	42,297	1.441	46,491	1.499	48,362
9	1.722	55,557	1.420	45,813	1.161	37,457	1.288	41,555	1.348	43,491	1.475	47,588	1.534	49,491
10	1.755	56,622	1.455	46,943	1.190	38,393	1.320	42,587	1.385	44,684	1.509	48,685	1.569	50,621
11	1.782	57,493	1.480	47,749	1.214	39,167	1.344	43,361	1.414	45,620	1.543	49,782	1.604	51,750
12	1.809	58,364	1.505	48,556	1.238	39,942	1.368	44,136	1.441	46,491	1.572	50,717	1.635	52,750
13	1.836	59,235	1.530	49,362	1.258	40,587	1.392	44,910	1.466	47,298	1.602	51,685	1.666	53,750
14	1.863	60,106	1.555	50,169	1.278	41,232	1.416	45,684	1.490	48,072	1.631	52,621	1.696	54,718
15	1.890	60,977	1.580	50,976	1.298	41,877	1.440	46,459	1.514	48,846	1.661	53,589	1.728	55,750
16	1.910	61,622	1.590	51,298	1.305	42,103	1.448	46,717	1.528	49,298	1.688	54,460	1.756	56,654
17	1.930	62,268	1.600	51,621	1.312	42,329	1.456	46,975	1.538	49,620	1.704	54,976	1.772	57,170
18	1.950	62,913	1.610	51,943	1.319	42,555	1.464	47,233	1.547	49,911	1.716	55,363	1.784	57,557
19	1.970	63,558	1.620	52,266	1.326	42,781	1.472	47,491	1.556	50,201	1.726	55,686	1.795	57,912
20	1.990	64,203	1.630	52,589	1.333	43,007	1.480	47,749	1.564	50,459	1.735	55,976	1.804	58,202
21	2.000	64,526	1.631	52,621	1.334	43,039	1.481	47,782	1.567	50,556	1.741	56,170	1.811	58,428
22	2.010	64,849	1.632	52,653	1.335	43,071	1.482	47,814	1.570	50,653	1.746	56,331	1.816	58,590
23	2.020	65,171	1.633	52,685	1.336	43,103	1.483	47,846	1.571	50,685	1.748	56,396	1.818	58,654
24	2.030	65,494	1.634	52,718	1.337	43,136	1.484	47,878	1.572	50,717	1.749	56,428	1.819	58,686
25	2.040	65,817	1.635	52,750	1.338	43,168	1.485	47,911	1.573	50,750	1.750	56,460	1.820	58,719
26	2.050	66,139	1.636	52,782	1.339	43,200	1.486	47,943	1.574	50,782	1.751	56,493	1.821	58,751
27	2.060	66,462	1.637	52,815	1.340	43,232	1.487	47,975	1.575	50,814	1.752	56,525	1.822	58,783
28	2.070	66,784	1.638	52,847	1.341	43,265	1.488	48,007	1.576	50,846	1.753	56,557	1.823	58,815
29	2.080	67,107	1.639	52,879	1.342	43,297	1.489	48,040	1.577	50,879	1.754	56,589	1.824	58,848
30	2.090	67,430	1.640	52,911	1.343	43,329	1.490	48,072	1.578	50,911	1.755	56,622	1.825	58,880
31	2.100	67,752	1.641	52,944	1.344	43,361	1.491	48,104	1.579	50,943	1.756	56,654	1.826	58,912
32	2.110	68,075	1.642	52,976	1.345	43,394	1.492	48,136	1.580	50,976	1.757	56,686	1.827	58,945
33	2.120	68,398	1.643	53,008	1.346	43,426	1.493	48,169	1.581	51,008	1.758	56,718	1.828	58,977
34	2.130	68,720	1.644	53,040	1.347	43,458	1.494	48,201	1.582	51,040	1.759	56,751	1.829	59,009
35	2.140	69,043	1.645	53,073	1.348	43,491	1.495	48,233	1.583	51,072	1.760	56,783	1.830	59,041
36	2.150	69,365	1.646	53,105	1.349	43,523	1.496	48,265	1.584	51,105	1.761	56,815	1.831	59,074
37	2.160	69,688	1.647	53,137	1.350	43,555	1.497	48,298	1.585	51,137	1.762	56,847	1.832	59,106
38	2.170	70,011	1.648	53,169	1.351	43,587	1.498	48,330	1.586	51,169	1.763	56,880	1.833	59,138
39	2.180	70,333	1.649	53,202	1.352	43,620	1.499	48,362	1.587	51,201	1.764	56,912	1.834	59,170
40	2.190	70,656	1.650	53,234	1.353	43,652	1.500	48,394	1.588	51,234	1.765	56,944	1.835	59,203

The salary should not be relegated to a table “look-up” procedure. Factors that should be taken into account during this process: level of responsibility, demonstrated effectiveness in preaching, teaching, leadership and special local situations.

Step 2: Adjustments to the Base Compensation Determine if any of the following apply. Add the applicable percentages to the multiplier as indicated by position column and years of service. Multiply the base compensation by this multiplier. Example: a pastor with 0 years experience with a dual parish: $1.4 + .10 = 1.5$; $1.5 \times \$32,263 = \$48,395$. This is the total compensation prior to deductions for a parsonage or teacherage.

Senior Pastor: Add a percent based on the degree of added responsibility (5%-20%). The congregation may choose a percent based on the membership size, worship size, or number of services.

Dual Parish: Add a percent based on the degree of added work (5%-20%).

Advanced Degrees: Apply a percent for each earned degree above the level required to hold the position (5%-20%). Pastor: M.Div; DCE and teacher BA or BS.

10-Month Contract: Determine annual salary by multiplying a 12-month salary by the factor shown (10/12).

FICA – Social Security: Ordained and commissioned ministers are considered self-employed and pay self-employment tax. Reimbursing the worker for all or part of the cost is considered a taxable benefit. Congregations are encouraged to pay $\frac{1}{2}$ of the amount of Social Security tax, either directly to the worker or to the IRS. This becomes taxable income to the worker.

Merit Consideration: A performance appraisal should form the basis for compensation decisions. The appraisal should preferably be accomplished six (6) months prior to making compensation decisions. Keep in mind that no single individual possesses gifts in all areas of concern to the ministry. A pastor's overall effectiveness can be good even if certain weaknesses exist; especially if the pastor recognizes these weaknesses and works out some way to compensate for them.

Related Life Experience: Prior service within the LCMS should be considered when granting seniority for pay, vacation, and personal time off. It is recommended that credit be given for one year of life experience for each year beyond the chronological age of 30.

Step 3: Housing Housing is part of the total compensation. The table *Salary Guidelines* includes the housing allowance. The congregation must designate the housing allowance for each called worker, to be declared before the next fiscal year begins. A percentage of the salary may be designated as housing allowance. For more information see *The LCMS Congregational Treasurer's Manual*, Chapter 2, pages 100-370. The manual is available online at www.nwdlcms.org. Click on *Resources*.

If a parsonage is provided by the congregation, the housing figure should be determined by the fair market rental value of the property.

Step 4: Non-Salary Benefits Consider making policies for the following items:

Vacation: The congregation should have a policy to determine vacation for full-time workers.

Years of Service	Days of Vacation
1-3	14
4-10	21
11-25	28
25 +	35

Personal Days: The congregation should have a policy to determine personal days for full-time workers. A suggested benefit is: one year of LCMS service, one per year; two years service, two days; three years, three days up to five days per calendar or school year.

Concordia Plan Services: There are specific guidelines Concordia Plan Services has for the enrollment of a congregation's employees. Contact Concordia Plan Services to make sure your congregation is in compliance. It is suggested that one individual in each congregation become familiar with all aspects of Concordia Plan Services, and is able to answer questions workers and leaders may have concerning Concordia Plan Services. Go to www.concordiaplans.org for additional information. Congregations pay the cost of participating in the Concordia Plan Services or other plans and are encouraged to pay the workers' and their families' share of health coverage.

Military Duty: Reservists need to be granted a leave of absence during active duty or weekend duty at 100% of normal salary less any military compensation.

Tax Sheltered Annuity or IRA: If a congregation provides a TSA for a worker separate from any amount withheld from income, it is a church expense and not direct compensation.

Home Equity Support: In prior years, the NWD encouraged congregations to provide a Home Equity Plan (HEP) when a home was provided for the worker. However, significant changes in the federal law now make this illegal and all congregations had to stop this practice as of December 31, 2004. Previously deferred HEP funds (on or before December 31, 2004) and earnings on these funds are unaffected. The congregation can still provide to the worker additional annual compensation which the worker can deposit in a tax-sheltered annuity, a traditional IRA, or a Roth IRA. Another option would be for the congregation to increase the salary of the worker by an amount equal to the former home equity contribution.

Step 5: Church Business Expenses Tax laws require a close accounting of expenses. Congregations should have a reimbursement system and policies for professional expenses.

Automobile: The congregation should operate on a reimbursement plan where the worker records mileage and submits a request for reimbursement at the current IRS cents per mile rate. (For the current rate contact the IRS at 800-829-1040 or the district website at www.nwdlcms.org.)

Books, Periodicals, Continuing Education: These are normally church budget items. Congregational policies should reflect how the worker submits a request for a check, an invoice for payment, or paid invoices for reimbursement for out-of-pocket expenses. Continuing education benefits are an important part of your workers' professional development. Congregations are strongly encouraged to make continuing education a high priority for church workers, and should support professional development opportunities. These policies need to be shared with new workers and written in an employee handbook.

Conventions and Conferences: These are part of church business and the congregation should cover all costs. This should include travel, lodging, meals, and registration. The amount should be determined in consultation with the worker as a church budget item. Attendance requirements: *Bylaws of The Lutheran Church—Missouri Synod, 4.8.2. (d)*, page 194 reads as follows:

“(d) All ordained and commissioned ministers on the district rosters are expected to attend meetings of their official conference or present a valid excuse.

- (1) Attendance at the official conferences shall be obligatory for ordained and commissioned ministers serving in congregations and parishes.*
- (2) Those whose offices in the Synod, district, or other agency impose professional or service requirements on which full and regular conference attendance makes undue demands shall, nevertheless, in consultation with their supervisory boards, arrange for their own official conferences in accordance with policies established by their supervisory boards.”*

Retreats and Sabbaticals: The 2007 Convention of the Lutheran Church—Missouri Synod resolved that the concept and use of sabbaticals be encouraged among the congregations and agencies of the Synod. In keeping with that resolve the North Wisconsin District has developed Sabbatical Guidelines,

approved by the Board of Directors, to help congregations as they seek to care for the well-being of their church workers. You may access the Sabbatical Guidelines at the district website at www.nwdlcms.org.

Preschool Directors, Teachers, Aides, and Childcare Workers: The work of these individuals is significant in the congregations they serve. The following are suggestions for determining their equitable salary. Clear policies need to be in place for determining those salaries and benefits. Salary determination should not be perceived as subjective or arbitrary.

Steps:

1. Determine Base Salary
2. Determine multiplier from guidelines that reflects position and years of experience.
3. Determine percentage of the full-time week a worker is expected to provide.
Example: five half days would result in a .5 factor.
4. Find the workers salary by multiplying that factor times the salary determined in Step 2.
5. Teacher aides' salary can be determined in the same manner as in steps 2-4 and multiplying that by a factor that would reflect less responsibility. For example: .5 or .75 for an aide with teaching or additional duties.
6. For directors consider using the principal column to determine salary. If the director teaches half-time with administrative duties half-time, consider determining half of appropriate teacher salary and half appropriate administrator salary and combining them.

Any questions in determining salary of preschool directors, teachers, or aides, contact Bob Whipkey at 715-845-8241 ext. 21 or bobw@nwdlcms.org.

Step 6: Special Circumstances Budget Items

Vacancy Coverage: A position becomes vacant when the worker leaves, resigns, or becomes incapacitated. Please check with Concordia Plan Services as to when and under what circumstances an enrolled worker becomes eligible for disability payments and unable to assume their duties.

It is recommended that the salary of the person filling the vacancy be determined according to your current policies and guidelines. Simply, what would that individual's salary be if he or she would be called or contracted to the vacated position?

The vacancy workers assume agreed upon duties of the vacated position. When will the vacancy begin and when will it end? Having something in writing concerning duties, beginning and ending dates, and compensation is highly recommended. If the vacancy worker is assuming 100% of the vacant position's duties, he or she should be compensated 100%; if 50% then compensated 50%. Mileage should be paid according to your policies for the vacant position. Vacancy compensation excludes Concordia Plan Services benefits.

Guest Preacher Fee: Provide prompt payment for this service. Minimum fee for one service = \$125 plus IRS mileage. Typically, two services and a Bible class = \$200 plus IRS mileage.

**WORKSHEET FOR COMPUTING COMPENSATION AND EXPENSES
FOR PROFESSIONAL CHURCH WORKERS**

WORKERS NAME

YEARS OF EXPERIENCE

HIGHEST DEGREE

BASE SALARY (Step 1)

A. Base Salary (includes housing) \$ _____

ADJUSTMENTS (Step 2)

B. Senior Pastor \$ _____

C. Dual Parish \$ _____

D. Advanced Degree \$ _____

E. 10-Month Contract (Teacher Only) \$ _____

F. FICA-Social Security \$ _____

G. Related Life Experience \$ _____

TOTAL \$ _____

NON-SALARY BENEFITS (Step 4)

H. Concordia Plan Services \$ _____

I. Tax Sheltered Annuity or IRA \$ _____

J. Home Equity Support \$ _____

TOTAL \$ _____

CHURCH BUSINESS EXPENSES (Step 5)

K. Automobile \$ _____

L. Books, Periodicals, Continuing Education \$ _____

M. Conventions & Conferences \$ _____

IRS Housing Declaration @ % of _____ as determined by congregation.