

2012
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.

<p>2012 Compensation Base Rate \$32,973 2.2% Increase From 2011</p>
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Standard IRS automobile mileage rate effective 1/1/11 is .555 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 \$32,973 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														
\$32,973														
Years	Pastor		DCE		Teacher						Principal			
	%	\$	%	\$	Non-Rostered		Rostered		Senior		Consulting		%	\$
					%	\$	%	\$	%	\$	%	\$	%	\$
0	1.400	46,162	1.100	36,270	0.900	29,676	1.000	32,973	--	--	--	--	1.220	40,227
1	1.438	47,415	1.136	37,457	0.929	30,632	1.032	34,028	--	--	--	--	1.255	41,381
2	1.476	48,668	1.172	38,644	0.958	31,588	1.064	35,083	--	--	--	--	1.290	42,535
3	1.514	49,921	1.208	39,831	0.987	32,544	1.096	36,138	--	--	--	--	1.325	43,689
4	1.552	51,174	1.244	41,018	1.016	33,501	1.128	37,194	--	--	--	--	1.359	44,810
5	1.590	52,427	1.280	42,205	1.045	34,457	1.160	38,249	1.204	39,699	--	--	1.394	45,964
6	1.623	53,515	1.315	43,359	1.074	35,413	1.192	39,304	1.239	40,854	1.373	45,272	1.429	47,118
7	1.656	54,603	1.350	44,514	1.103	36,369	1.224	40,359	1.275	42,041	1.407	46,393	1.464	48,272
8	1.689	55,691	1.385	45,668	1.132	37,325	1.256	41,414	1.311	43,228	1.441	47,514	1.499	49,427
9	1.722	56,780	1.420	46,822	1.161	38,282	1.288	42,469	1.348	44,448	1.475	48,635	1.534	50,581
10	1.755	57,868	1.455	47,976	1.190	39,238	1.320	43,524	1.385	45,668	1.509	49,756	1.569	51,735
11	1.782	58,758	1.480	48,800	1.214	40,029	1.344	44,316	1.414	46,624	1.543	50,877	1.604	52,889
12	1.809	59,648	1.505	49,624	1.238	40,821	1.368	45,107	1.441	47,514	1.572	51,834	1.635	53,911
13	1.836	60,538	1.530	50,449	1.258	41,480	1.392	45,898	1.466	48,338	1.602	52,823	1.666	54,933
14	1.863	61,429	1.555	51,273	1.278	42,139	1.416	46,690	1.490	49,130	1.631	53,779	1.696	55,922
15	1.890	62,319	1.580	52,097	1.298	42,799	1.440	47,481	1.514	49,921	1.661	54,768	1.728	56,977
16	1.910	62,978	1.590	52,427	1.305	43,030	1.448	47,745	1.528	50,383	1.688	55,658	1.756	57,901
17	1.930	63,638	1.600	52,757	1.312	43,261	1.456	48,009	1.538	50,712	1.704	56,186	1.772	58,428
18	1.950	64,297	1.610	53,087	1.319	43,491	1.464	48,272	1.547	51,009	1.716	56,582	1.784	58,824
19	1.970	64,957	1.620	53,416	1.326	43,772	1.472	48,536	1.556	51,306	1.726	56,911	1.795	59,187
20	1.990	65,616	1.630	53,746	1.333	43,746	1.480	48,800	1.564	51,570	1.735	57,208	1.804	59,483
21	2.000	65,946	1.631	53,779	1.334	43,986	1.481	48,833	1.567	51,668	1.741	57,406	1.811	59,714
22	2.010	66,276	1.632	53,812	1.335	44,019	1.482	48,866	1.570	51,768	1.746	57,571	1.816	59,879
23	2.020	66,605	1.633	53,845	1.336	44,052	1.483	48,899	1.571	51,801	1.748	57,637	1.818	59,945
24	2.030	66,935	1.634	53,878	1.337	44,085	1.484	48,932	1.572	51,834	1.749	57,670	1.819	59,978
25	2.040	67,265	1.635	53,911	1.338	44,118	1.485	48,965	1.573	51,867	1.750	57,703	1.820	60,011
26	2.050	67,595	1.636	53,944	1.339	44,151	1.486	48,998	1.574	51,900	1.751	57,736	1.821	60,044
27	2.060	67,924	1.637	53,977	1.340	44,184	1.487	49,031	1.575	51,932	1.752	57,769	1.822	60,077
28	2.070	68,254	1.638	54,010	1.341	44,217	1.341	49,064	1.576	51,965	1.753	57,802	1.823	60,110
29	2.080	68,584	1.639	54,043	1.342	44,250	1.489	49,097	1.577	51,998	1.754	57,835	1.824	60,143
30	2.090	68,914	1.640	54,076	1.343	44,283	1.490	49,130	1.578	52,031	1.755	57,868	1.825	60,176
31	2.100	69,243	1.641	54,109	1.344	44,316	1.491	49,163	1.579	52,064	1.756	57,901	1.826	60,209
32	2.110	69,573	1.642	54,142	1.345	44,349	1.492	49,196	1.580	52,097	1.757	57,934	1.827	60,242
33	2.120	69,903	1.643	54,175	1.346	44,382	1.493	49,229	1.581	52,130	1.758	57,967	1.828	60,275
34	2.130	70,232	1.644	54,208	1.347	44,415	1.494	49,262	1.582	52,163	1.759	58,000	1.829	60,308
35	2.140	70,562	1.645	54,241	1.348	44,448	1.495	49,295	1.583	52,196	1.760	58,032	1.830	60,341
36	2.150	70,892	1.646	54,274	1.349	44,481	1.496	49,328	1.584	52,229	1.761	58,065	1.831	60,374
37	2.160	71,222	1.647	54,307	1.350	44,514	1.497	49,361	1.585	52,262	1.762	58,098	1.832	60,407
38	2.170	71,551	1.648	54,340	1.351	44,547	1.498	49,394	1.586	52,295	1.763	58,131	1.833	60,440
39	2.180	71,881	1.649	54,372	1.352	44,579	1.499	49,427	1.587	52,328	1.764	58,164	1.834	60,472
40	2.190	72,211	1.650	54,405	1.353	44,612	1.500	49,459	1.588	52,361	1.765	58,197	1.835	60,505

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: $1.4 + .10 = 1.5$; $1.5 \times \$32,973 = \$49,460$. 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

A. BASE SALARY (Step 1)

Basic Cash Salary	\$ _____
Housing/Parsonage Allowance	\$ _____
Fair Market Rental Value of Parsonage	\$ _____

B. ADJUSTMENTS (Step 2)

Senior Pastor	\$ _____
Dual Parish	\$ _____
Advanced Degree	\$ _____
10-Month Contract (Teacher Only)	\$ _____
FICA-Social Security	\$ _____
Related Life Experience	\$ _____

TOTAL \$ _____

C. NON-SALARY BENEFITS (Step 4)

Concordia Plan Services	\$ _____
Tax Sheltered Annuity or IRA	\$ _____
Home Equity Support	\$ _____

TOTAL \$ _____

D. CHURCH BUSINESS EXPENSES (Step 5)

Automobile	\$ _____
Books, Periodicals, Continuing Education	\$ _____
Conventions & Conferences	\$ _____

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