



2015 Southwestern Minnesota Synod Compensation and Benefits Guidelines for Clergy, Rostered Lay Leaders and Church Staff

Introduction

Decisions about compensation for rostered leaders¹ and other church staff workers, like other issues the church faces, are best made in light of our core biblical and theological convictions. What are some of the faith commitments that will influence our approach to this important subject?

1. Our starting point is that the grace of God in Jesus Christ can be neither bought nor sold. God insists on giving it freely. Indeed, all Christians receive in baptism a call to serve and proclaim the Good News of God's undeserved love in Jesus Christ.
2. All Christians are to declare the gospel, especially to those who have never heard it. Within the church, however, some are called to make this task a major occupational commitment. Some members of the church are asked to devote a significant amount of their time and energy to the ministry of equipping all of God's people for service in the world. When the church asks such persons to dedicate so much of their lives to public ministries that they cannot be employed elsewhere, the church takes upon itself a responsibility to pay those persons an appropriate wage.
3. The principle that "laborers deserve their food" (Matthew 10:10) is attested throughout the scriptures. In the Old Testament, priests were granted a portion of the sacrifices made by the people; tithes and other offerings were received to support God's servants. In the New Testament, Paul speaks of the duty of churches to support their leaders, even though Paul chose to waive this right for himself (I Corinthians 9).
4. Insofar as the church is institutionally embodied, it is subject to the same standards of justice to which all human institutions are accountable. The church, however, is more than a human institution. At a deeper level, the church is the community of faith – drawn together by God around the Word and Sacraments, empowered for witness in the world. Pastors, associates in ministry and other lay staff are simultaneously *employed* by congregations and *called* by the church to be fellow workers with all of God's people in the Body of Christ.

As churches and ministry agencies make decisions about compensation for staff members, they will bear in mind the identity and calling that are ours in Jesus Christ. Compensation decisions should be the fruit of mutual discernment and made in such a way that (a) God's mission flourishes, (b) staff members are cherished as servants of God, (c) there is a sense of faithful partnership between church members and staffs, and (d) all areas of the church's ministry thrive.

The following guidelines are designed to assist congregations² as they make decisions regarding the compensation of rostered leaders and church staff. For additional assistance in determining a fair salary and benefits package for rostered leaders, please contact a member of the synod pastoral staff.

¹ For the purpose of this document, the term "rostered leader" refers to a person who is on the roster of ordained pastors and rostered lay leaders of the Evangelical Lutheran Church in America. Rostered lay leaders typically serve as Christian education directors, youth directors, parish musicians, etc.

² For the purposes of this document, the term "congregation" may also refer to multi-point parishes and non-parish ministry agencies such as Bible camps, long-term care facilities, hospitals, campus ministries, etc.

I. MAKING COMPENSATION DECISIONS

It is recommended that each congregation have a Personnel Committee with a minimum of three persons, whose responsibilities would be:

- to develop, review, and revise personnel policies for the congregation;
- to provide for regular (annual or semi-annual) evaluation of all members of the staff;
- to assist with any needs, concerns, problems that may arise among the members of the staff – rostered leaders and support staff;
- to meet annually with each staff member to discuss compensation needs and concerns;
- to recommend to the budgeting body (e.g. church council, board of trustees, etc.) specific salary and benefits for each staff member; and
- to advocate with the budgeting body on behalf of the salary needs of each staff member.

In congregations, compensation packages for staff persons should be set by the congregation council or whichever elected body has the responsibility and authority to manage the fiscal affairs of the congregation. This should be done in consultation with the staff person(s) and personnel committee. *Congregational meetings are too large to be deliberative regarding specific compensation packages.* Facts necessary for responsible decisions about compensation are not always available to all members of the congregation. The council should place the recommended compensation package(s) in the budget and present it to the congregation for ratification at the annual meeting.³

II. COMPENSATION FOR ROSTERED LEADERS

These guidelines are intended to assist congregations and rostered leaders in their annual compensation review as set forth in the Letter of Call.

A. Base Salary Guidelines

The synod Leadership Support Team has attempted to arrive at a fair base salary. Annual increases are figured by utilizing both percentages and set dollar amounts in alternating years. This alternating approach intentionally affects the minimal increases on the lower end of the guidelines that would otherwise occur with a percentage-only approach.

The synod's base salary guidelines are a suggested **minimum** amount based on total years of ministry experience. Congregations are free to give their rostered leaders an increase of more than the minimum, as befits church finances or circumstances.

Congregations that find themselves falling 5% or more below minimum guidelines should understand that they are moving into what we need to consider as less than a full-time call. We understand that when this happens, congregations often are disappointed that they cannot fully compensate their pastor. This often is happening when congregations are losing members to death or for other reasons and therefore are losing financial strength. It is an unfortunate reality that this will begin to affect the congregation's options when it enters the call process the next time. All of us will need to be honest about the reality. It may limit options for pastors willing to consider interviewing. It also may provoke a conversation about doing some kind of mission redevelopment such as forming an area parish or finding another ministry partner in order to provide full-time pastoral compensation.

Pastors who are less than full-time also may need to seek additional employment beyond their parish call in forms that are not in conflict with their primary role as pastor. Congregations that are 5% or more below guidelines should consider offering their pastors additional time off or more vacation time in lieu of guidelines salary. It may be that they also could find other ways to negotiate a mutually-agreeable compensation. The 2015 guidelines include a 1.5% (CPI rate for 2013) increase for inflation. This is the

³ Two additional articles regarding larger perspectives about compensation guidelines are posted on the synod's website (www.swmnelca.org) under Call Process and alongside the synod's Compensation Guidelines.

recent history for Southwestern Minnesota Synod's salary guideline increases:

- 2008 - 2.85% inflation increase, plus step increase
- 2009 - 2.35% inflation increase, plus step increase
- 2010 - no inflation increase, just step increase
- 2011 - 2% inflation increase, plus step increase
- 2012 - \$300-\$650 inflation increase, plus step increase (\$650 for new, \$300 for 35 years)
- 2013 - no inflation increase, just step increase
- 2014 - 1.7% inflation increase, plus annual step increase

Other Considerations: The total compensation package should also take into account workload, additional education, and effectiveness of the rostered leader. Persons who have had other careers prior to entering rostered ministry should be given credit for that experience to the extent that it was pertinent in preparing them for ministry, such as counseling, teaching, lay program staff, and supervisory positions.

Examples: a person who taught school for 10 years could be given 5 years' credit on the salary guidelines; a person who had supervisory responsibilities for 7 years could be given 7 years' credit.

Pastors will be granted housing (either a parsonage or housing allowance) in addition to the base salary.

Rostered lay leaders will be granted the same base salary but will not be furnished with housing.

| <u>Years of Service</u> | <u>MINIMUM 2015</u> | <u>Years of Service</u> | <u>MINIMUM 2015</u> |
|-------------------------|---------------------|-------------------------|---------------------|
| Graduate..... | \$34,644 | 16..... | \$44,817 |
| 1..... | 35,344 | 17..... | 45,370 |
| 2..... | 36,045 | 18..... | 45,924 |
| 3..... | 36,745 | 19..... | 46,477 |
| 4..... | 37,445 | 20..... | 46,930 |
| 5..... | 38,146 | 21..... | 47,382 |
| 6..... | 38,846 | 22..... | 47,836 |
| 7..... | 39,546 | 23..... | 48,289 |
| 8..... | 40,247 | 24..... | 48,741 |
| 9..... | 40,947 | 25..... | 49,194 |
| 10..... | 41,500 | 26..... | 49,648 |
| 11..... | 42,053 | 27..... | 50,100 |
| 12..... | 42,606 | 28..... | 50,553 |
| 13..... | 43,159 | 29..... | 51,006 |
| 14..... | 43,712 | 30..... | 51,458 |
| 15..... | 44,265 | | |

Pastors and other rostered leaders with more than 30 years of ministry experience and their congregations are asked to negotiate appropriate salary increases. Those with 31 or more years of ministry experience should receive a salary of at least \$49,033 in 2015 to be considered full-time.

B. Housing

An adequate housing allowance or a parsonage should be furnished for all⁴ ordained pastors under call.⁵

Housing Allowance: If the pastor is given a cash housing allowance in lieu of a parsonage, the amount of the allowance must be designated by the congregation council prior to the beginning of the year.⁶ The housing allowance should be enough to provide housing that is adequate for the clergy family's needs.

⁴ For example, if a clergy couple serves two different congregations, each pastor is entitled to either a housing allowance or a parsonage.

⁵ Under U.S. tax codes a pastor's housing allowance or the fair rental value of a parsonage is subject to FICA tax but is not subject to income tax.

⁶ A congregation or ministry agency can amend its housing allowance designation during the course of the year, if changed circumstances render the original allowance inadequate. However, the amended allowance will only operate **prospectively** (for the remaining portion of the year), not retroactively (i.e. applying it back to the beginning of the year.) See *Church Law and Tax Report, 1996 Church and Clergy Tax Guide*, p. 134.

Factors to consider in determining the amount of a housing allowance include: representative rental costs in the community or the cost of purchasing a home, utilities, property taxes, homeowner and/or personal property insurance, maintenance, etc. The standard amount is 30% of the base salary. In some communities of the synod where housing costs are higher, a percentage greater than 30% may be more appropriate. The IRS encourages that any salary designated as housing allowance not exceed 35% of the total of the salary plus the housing allowance. The 35% figure is a maximum percentage recommendation from the IRS.⁷

Parsonage: If a congregation provides a parsonage, the congregation should assume all costs for maintenance and utilities. These costs may be paid directly or the pastor may be given a *Utilities Allowance* sufficient to cover these expenses. In addition to these costs, the congregation should provide and maintain major appliances in the parsonage.

For additional recommendations on parsonages, please see *Appendix A – Southwestern Minnesota Synod Parsonage Guidelines*.

Pastors who live in an unfurnished parsonage also may receive a furnishings allowance or have a portion of their base salary designated as a *Furnishings Allowance*.⁸ If the pastor is offered such an allowance, it must be designated by the congregation council prior to the beginning of the year.

If a parsonage is provided, the congregation is encouraged to help provide for the future housing needs of the pastor at such a time when he/she decides to purchase a home by establishing a *Housing Equity Account*. To accomplish this, the congregation may simply make **additional** employer contributions to the ELCA Retirement Plan account. It is recommended that these contributions be equal, at a minimum, to the amount of the following calculation: 3% (base salary + 30% base salary + FICA allowance).

Pastors should be aware of the tax issues associated with receiving a cash housing allowance or a parsonage. Helpful information is available on the Portico Benefit Services website (www.PorticoBenefits.org), and it may also be valuable to contact a qualified tax adviser who is knowledgeable about the unique tax situations for ordained pastors.

Moving Expenses: Good beginnings are important. It is helpful that the relationship between pastor and congregation “get off on the right foot.” Congregation and pastor are urged to give thoughtful consideration to the needs of the other when undertaking a move. Because moving can be an exciting and very stressful event in a person’s life, it is important that the congregation and pastor reach a mutually satisfactory decision about the move as part of the compensation negotiations.

The congregation shall be responsible for moving all household, professional, and personal goods of the pastor and his/her family, for arriving rostered staff and for congregation-required local moves. It is recommended that professional movers be utilized. If their services are not used, the means of transporting the pastor’s belongings must be mutually agreed upon ahead of time. When the services of professional movers are not used, it is strongly recommended that a separate insurance policy covering the transported goods will be purchased by the congregation. These policies are available from most insurance agencies.

⁷ A formula that can help determine the maximum recommended IRS limit is: base salary x 50%. For example, with a \$40,000 base salary + \$20,000 housing allowance (40,000 x .50), we reach a total of \$60,000, which includes \$20,000 housing allowance, which is 33.3% of the total package — well within IRS recommended maximum percentage.

⁸ This allowance could be used to cover the costs of furniture, appliances not provided by the parish, vacuum cleaner, televisions, beds, decorator items, curtains, paintings, wallpaper, throw rugs, lawn mowers, cleaning supplies for home, brooms, light bulbs, etc. This allowance cannot be used for personal toiletries such as soaps, paper products, toothpaste, etc.

C. Workers' Compensation

All congregations are required by law to provide Workers' Compensation coverage for all employees. For purposes of Workers' Compensation, clergy are employees and therefore must be covered under Workers' Compensation.

D. FICA ("Social Security")

Congregations are required to pay FICA taxes for all lay employees. Since IRS considers clergy as self-employed for FICA purposes (but employed for income tax purposes), congregations/ministry agencies cannot legally pay FICA directly for ordained clergy.

The FICA tax for self-employed persons in 2014 is 15.3%.⁹ Clergy must pay FICA tax on their base salary and housing allowance/rental value of parsonage. Congregations are expected to reimburse pastors the employer's share of FICA, 7.65%. (The pastor's share is the remaining 7.65%, including Social Security and Medicare.) Such a *FICA Allowance*, however, is still fully taxable for both income tax and FICA purposes.¹⁰

E. Portico Benefit Services

The congregation shall budget for and participate in Portico Benefit Services for clergy and rostered lay leaders and their families.¹¹ The contribution is based on *Annual Defined Compensation*, which includes base salary, cash housing allowance (or, if a parsonage is provided, a figure representing 30% of the base salary), FICA (Social Security tax) allowance, and furnishings and utilities allowances when a parsonage is provided. The current contribution rates are available on the EmployerLink website (<https://employerlink.porticobenefits.org/Home/Resources/Calculators.aspx>) or by calling 800-352-2876.

Flexible Spending, Other Voluntary Opportunities

All employees of congregations covered under Portico Benefit Services have the option of setting up a flexible spending account (FSA), a health savings account (HSA), and other voluntary insurance opportunities. Payroll dollars may be set aside on a pretax basis to pay for eligible health care and dependent (day) care expenses for their family. This benefit is offered at no additional cost to sponsors. Life insurance, disability benefits, and long-term care coverage are also available. For more information, visit the Portico Benefit Services website at www.PorticoBenefits.org or call 800-352-2876.

F. Auto Expense Reimbursement

Automobile and other work-related travel expenses are business expenses for the congregation and should not be regarded as part of the staff person's salary. The current IRS standard mileage rate, based on actual miles driven and reported by the staff person in his/her personal vehicle, is recommended for use by congregations to calculate reimbursement.

When these guidelines were drafted, the IRS standard mileage rate was \$.56 per mile for business miles driven. The standard rate is intended to cover gasoline and gas tax, depreciation or lease payments, insurance, registration, licensing fees, oil, tires, routine maintenance, and repairs. Congregations are advised to stay abreast of current IRS regulations pertaining to the standard mileage rates.

⁹ Congregations should stay abreast of any changes in the FICA tax rate.

¹⁰ Some congregations find it helpful to phase in the FICA allowance over a period of years, e.g. offer 1/3 of the 7.65% amount over three years.

¹¹ If the spouse of a Portico Benefit Services member, through his/her employer, has medical insurance coverage for the entire family, the plan member may opt out of the Portico Benefit Services plan. ELCA health benefits costs range \$6,000-20,000 per year for pastors and their families in our synod. Congregations are encouraged to maintain a line item for such an amount in their annual budgets for future pastoral calls.

Instead of reimbursing the staff person for use of his/her personal vehicle, the congregation may choose to lease or purchase a car for the staff person and assume all operating costs for the vehicle. For additional guidelines on auto reimbursement options, see *Appendix B – Southwestern Minnesota Synod Automobile Business Expense Reimbursement*.

G. Professional Expense Reimbursement

It is recommended that professional expenses such as books, vestments, periodicals, professional dues, entertaining and hospitality costs incurred in the performance of the duties of the pastoral office be shared by the congregation. ***Attendance at the Synod Assembly and Synod Theological Conference is required of all rostered leaders, and all costs for these events are to be paid by the congregation.***

H. Technology Tools

In many places, the use of technology enhances effective ministry by providing for better use of time and by helping pastors and rostered leaders be more accessible. Legitimate technology expenses incurred for church-related work should be reimbursed. Examples include cell phones, email/internet prayer groups, and computers. For cell phones that are used both for church business and personal calls, it is suggested that the congregation and rostered leader each pay 50% of the base plan. Unless otherwise agreed to, equipment will remain with the congregation or be purchased at current market value by the rostered leader.

I. Continuing Education

All full- and part-time rostered leaders of the ELCA are expected to complete at least 50 contact hours of continuing education annually.¹² Therefore, continuing education time and funding should be provided for them for updating skills and for professional growth in order to strengthen their ministries.

It is recommended that a minimum of two weeks (including up to two Sundays) and \$750 be granted annually for continuing education. The unused portion of a rostered person's annual continuing education leave or continuing education allowance may be accumulated over a period of no more than three years for more major continuing education opportunities. Continuing education may include courses, seminary classes, workshops, or independent study when directed toward a specific goal.

Use of continuing education funds is granted by the congregation council or other appropriate authority. Termination of employment may cancel all time and money contributed by the employer for that employee.

Congregations are encouraged to consider a sabbatical policy for their rostered leaders. The 1997 ELCA Churchwide Assembly recommended that rostered leaders be granted a period of extended study and renewal, a minimum of 1-3 months every 5-7 years in the current call.¹³

J. Sabbath Rest and Time Off

Adequate time off for rostered leaders is essential. It is recommended that vacation time be 4 weeks (including 4 Sundays) for all rostered leaders regardless of years' experience. At least 1 full day of sabbath rest,¹⁴ free of church leadership responsibilities, should be granted each week. In addition,

¹² Newly-rostered pastors and lay leaders are required to participate in First-Call Theological Education during the first three years of rostered service.

¹³ For rostered persons involved in the First-Call Theological Education program, this 3- to 5-year period begins upon completion of that program.

¹⁴ Author and pastor, Eugene Peterson, describes "Sabbath rest" as follows: "At regular intervals we all need to quit *our* work and contemplate [*God's* work], quit talking to each other and listen to *him*. God knows we need this and has given us a means in Sabbath – a day for praying and playing, simply enjoying what he is. One of my tasks [as a pastor] is to lead you in the

congregations are encouraged to grant at least 1 additional ½-day per week to allow staff persons to attend to family and household chores and other personal matters. “Sabbath” rather than “day off” is recommended terminology for use in church bulletins and newsletters.

Vacation: Vacation time is offered purely for the rest, relaxation, and renewal of rostered leaders. The following should not be considered part of a rostered person's vacation time: official synod events at which attendance by rostered leaders is required; continuing education; time spent in outdoor ministries and retreats with congregational youth and family groups; work on synod or churchwide boards or committees.

Holidays: Holidays should be granted as days off in addition to vacation days. When the services of the rostered leader are required on recognized holidays, time off with pay should be granted at another time which causes minimal disruption to the congregation. The following days are traditionally considered paid holidays: New Year's Day, Martin Luther King Day, Good Friday or Easter Monday, Memorial Day, Fourth of July, Labor Day, Thanksgiving Day, and Christmas Day.

Other Circumstances:

- On rare occasions the rostered leader and congregation may need to negotiate the carrying over of unused vacation time into the following year.
- An additional 2 Sundays a year may be granted a pastor serving in a solo ministry setting, with the parish providing worship supply.
- Employers may find it useful to negotiate with the staff person for additional vacation time in lieu of appropriate full salary increases, if acceptable to all parties.

K. Emergency Leave

Absence of three days (up to five days, depending on distance) due to a death in the immediate family is normally permitted. (“Immediate family” is defined to include spouse, parents, siblings, children, in-laws, grandparents, and grandchildren.) Congregations are encouraged to provide additional paid leave after the death of a spouse or child, especially in cases where the rostered leader has no remaining vacation time for that year. Compassion and grace should be the guiding values.

L. Disability - Sick Leave

In the event that a rostered leader becomes medically disabled, it is expected that the congregation provide up to 2 months of continued salary, housing, and contributions to the ELCA Retirement and Other Benefits plans in a 12-month period. It is recommended that each congregation develop explicit written policy relating to disability and sick leave before such need arises. Such a policy might include allowing rostered persons to use some sick leave days to care for immediate family members who are ill. Consideration for sick leave during interim ministries might also be included.

M. Parental Leave

Parental leave with full salary, housing, and benefits for up to 6 weeks is appropriate when a child is born or adopted. It is recommended that each congregation develop an explicit written policy relating to parental leave.¹⁵

celebrative keeping of Sabbath each Sunday. But that is not a Sabbath for me. I wake up on Sunday morning with the adrenalin flowing. It is a workday for me. Monday is my Sabbath, and I need your help to observe it. From *Working the Angles – The Shape of Pastoral Integrity* (Grand Rapids: Eerdmans, 1987) p. 82

¹⁵ Congregations that have called a rostered couple (two rostered persons married to each other) should give particular attention to the question of whether both rostered persons will receive a full parental leave.

N. Military Leave

A congregation whose pastor serves simultaneously as a chaplain in a military reserve unit must by law grant leave time for the pastor to fulfill his/her military obligations. Such military leave time is to be granted exclusive of vacation and continuing education time.¹⁶

It is recommended that each congregation develop explicit written policies relating to *compensation issues* for rostered leaders while on military leave. Policy guidelines are available from the ELCA Federal Chaplaincy website (<http://www.elca.org/Our-Work/Leadership/Federal-Chaplaincy-Ministries>).

O. Part-Time Staff

Part-time rostered staff persons should have consideration for salary and benefits corresponding to a percentage of a full-time salary and benefits package. The required minimum continuing education should not be reduced by a percentage, however.

P. Severance Policy

It is recommended that each congregation develop explicit written policies relating to severance compensation for rostered leaders.

Q. Unemployment Compensation

Federal and state laws generally exempt churches from this requirement as service performed in the employ of a religious organization.

III. SYNOD POLICY FOR INTERIM MINISTRIES

The interim pastor plays a very significant role in the life of a congregation. When a pastor leaves a congregation, there are a number of termination emotions that must be dealt with if the congregation is to be healthy and prepared for the arrival of the new permanent pastor. The interim pastor is one who facilitates the expression of these emotions and brings leadership and stability to that situation. There are some ministry settings that require normal ministry between pastorates; other settings may need an interim specialist to help address specific needs.

When there has been a very long pastorate (more than 15 years) or when a congregation has experienced unusual challenges, an interim ministry of 6-12 months may be warranted. It is helpful for an interim pastor to know that he/she has a specific period of time to accomplish the goals negotiated in the contract.

The following guidelines are offered to congregations needing interim ministry:

- The interim pastor is selected by the congregation after consultation with the synod staff.
- The interim pastor serves under a Letter of Agreement from the congregation. At the pastor's request, a Letter of Call may be extended by the synod council. (The synod staff will provide sample Letter of Agreement forms for this purpose.)
- The interim pastor is employed by and accountable to the congregation. The interim pastor is accountable to the synod in the same way as any other pastor.
- The synod staff shall share pertinent information about the congregation with the interim pastor.
- The interim pastor shall keep the synod staff informed of particular concerns or needs of the ministry setting, especially those that may affect the calling of a pastor. Upon completion of an interim pastorate, the interim pastor shall submit a written report to the synod staff.
- The interim pastor shall normally not be a candidate for call to the congregation in which he/she is doing interim ministry.

¹⁶ The same law applies to rostered and non-rostered lay persons who belong to military reserve units and who work in congregations or ministry agencies.

- While serving as an interim pastor, he/she shall not participate in the call process in that congregation.
- New programs or organizations may be initiated by the congregation council during the interim, after consultation with the interim pastor.

In addition to specific ministry concerns, various items pertaining to compensation shall be included in the Letter of Agreement between the interim pastor and the congregation.

A. Compensation and Benefits for Interim Pastors

The total compensation package for an interim pastor is normally no greater than the compensation package of the pastor who departed. This means that in most cases the interim pastor's total compensation package will be negotiated on the basis of (a) a base salary appropriate for his/her years of ordained experience according to the synodical compensation guidelines, (b) the base salary of the departed pastor, and (c) other pertinent factors unique to the congregation's situation.

If the situation requires concentrated effort above the normal routine, serious consideration should be given to an interim pastor with specialized training expertise even if this requires a higher salary. It must be remembered that restorative and creative ministry on the part of the interim pastor may be much more difficult and exhausting than regular parish ministry.

For interim pastors, the congregation shall also provide:

1. One week of paid vacation and benefits for every 13 weeks of full-time service.
2. Contributions toward Portico Benefit Services for all clergy who are not already retired.
3. Premium payments for retired clergy who are still contributing to their coverage for medical insurance.
4. Consideration for disability/sick leave for interim ministries is recommended.
5. Four days of paid continuing education leave and a continuing education allowance of \$187.50 for every 3 months of full-time service.
6. Payment of registration costs for attending the Synod Assembly and Synod Theological Conference when these events occur during the interim.
7. Reimbursement for auto expenses and professional expenses incurred in doing ministry in the parish. An interim pastor who commutes may be reimbursed for all or a portion of his/her commuting costs, as agreed upon by the congregation council. It is often the case that congregations cover mileage for one round trip per week between the pastor's home and the place where he/she serves.
8. Housing allowance may be granted to an interim pastor, even when a parsonage is available, in recognition of the need for intentional interim pastors to maintain permanent housing.
9. If the interim call contract is ended early by a congregation and the interim pastor does not have another call, it is recommended that the congregation consider providing ongoing support for another 30 days.

For part-time interim ministry, the congregation shall compensate the interim pastor based on a percentage of the compensation package of the previous pastor. This percentage is based on the time worked by the interim minister in comparison with the time worked by the previous pastor.

B. Worship Supply

1. For Sunday mornings and midweek services, the congregation shall compensate the supply pastor or worship leader \$150 for the first worship service, plus \$50 for each additional worship service on the same day.
2. For weddings and funerals, if the congregation makes the arrangements, the congregation shall compensate the supply pastor or worship leader \$150.

For both of the above, auto reimbursement shall be at the current IRS standard mileage rate (\$.56 per mile when these guidelines were drafted).

IV. NON-ROSTERED LAY STAFF

A. Programmatic Staff

Church staff persons in programmatic ministries who are not rostered should receive fair and adequate remuneration for their labors. Their salaries should take into account the level of responsibility, effectiveness in ministry, educational background, length of service, and the number of hours worked per week. *For example: in setting the salary of music staff persons, consideration should be given for specialized training in church music and time spent preparing for rehearsals or worship services.* Salaries for comparable positions in the community can provide guidance.

Many program staff members, such as those in Youth and Family Ministry, find it essential to have 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. For cell phones that are used both for church business and personal calls, it is suggested that the congregation and staff member each pay 50% of the base plan.

B. Support Staff

Positions of support in a congregation, such as secretary or custodian, also need to be compensated fairly. *It is important to develop a position description which effectively describes the responsibilities involved.* A comparison of the requirements for the position with comparable positions in the community can be helpful in setting salary and benefits.

For persons working 20 or more hours per week, benefits in addition to salary should be offered. Benefits should include medical coverage and retirement contributions.¹⁷ Provision for continuing education should also be included as a benefit for non-rostered program and support staff.

C. Seminary Interns

Financial guidelines for “traditional” ELCA interns are set by the Vocation and Education Unit of the ELCA. Current guidelines can be found on the Luther Seminary website at:

https://www.luthersem.edu/contextual_learning/internship/resources/default.aspx.

It is recommended that TEEM (Theological Education for Emerging Ministries) interns receive no less compensation than traditional full-time interns with similar responsibilities. Part-time interns would receive a proportionately lower stipend. Higher stipends may be negotiated based on the intern’s responsibilities.

V. COMPENSATION WORKSHEETS

The following worksheets are provided in order to aid the congregation in establishing a total compensation package. Each item on the worksheets is described within this synod guidelines document. The worksheets lend themselves to building a compensation package using synod guidelines.

These compensation guidelines were drafted by the synod Leadership Support Team for presentation to the 2014 Synod Assembly. The members of the team include: Marv Isder, Avoca; Rev. Don McKee, Montevideo; Donna Ihrke, Redwood Falls; and Rev. Jonathan Dahl, Willmar.

¹⁷ Pastors and rostered laypersons are eligible for membership in Portico Benefit Services if they are scheduled to work at least 15 hours per week, 6 or more months a year. Lay (non-rostered) employees must be scheduled to work at least 20 hours per week, 6 or more months a year, in order to qualify for membership in Portico Benefit Services. State law also requires that all employees be provided with workers’ compensation coverage.

Appendix A

SOUTHWESTERN MINNESOTA SYNOD PARSONAGE GUIDELINES

A parsonage is the home provided by the congregation for its pastor(s). It is to be an aid in the carrying out of ministry. In its care of the church, the congregation will want to provide a good home. The guidelines on the following pages are a way to help both pastor and congregation. Following them will help the congregation (1) become aware of needed improvements, (2) achieve synod-wide standards for church-owned homes, and (3) become aware of abuses of the parsonage property.

Since the parsonage is the pastor's home, privacy should be respected. Congregation members are expected to follow the same standards of privacy consideration for such things as entering the parsonage as they would for any other home in the community. In the interest of enhancing effectiveness and healthy pastoral availability, congregations are encouraged to consider the advantages in having church offices in locations other than the pastoral residence/parsonage.

Because it is the home of the pastor, the desires of the pastor should be consulted when changes become necessary. Further details about this are in the following guidelines.

The quality of the parsonage should meet a standard set by the homes of the majority of the congregation's members. The size should be adequate to accommodate families.

The tenant/landlord model may apply on occasion, but its application is quite limited. Unlike a renter, the pastor normally has little choice of residence. The relationship between the pastor and congregation is not based on a lease or rental agreement, but upon a common bond in the service of Christ Jesus.

SPECIFIC GUIDELINES

These are suggested specific guidelines for congregations with parsonages. These are guidelines that congregations and pastors may use to discuss the maintenance, repair and responsibilities relative to a church-owned home:

1. It is recommended that the congregation either appoint a Parsonage Committee or designate another congregational leadership group (e.g. the property committee or the board of trustees) to administer these parsonage guidelines.
2. It is recommended that the following appliances be provided in the parsonage: stove, dishwasher, soft water system (if needed), humidifier/dehumidifier (if needed), refrigerator, washer and dryer, garbage disposal, air conditioning, TV antenna unless cable is provided.
3. It is recommended that the following utilities be paid directly by the congregation or by utility allowance: electricity, gas, fuel oil, telephone (except personal long distance calls), Internet, soft water service (if needed), trash removal (metered bags or monthly pickup charges).
4. Items that would normally be supplied by the congregation include: paint, wallpaper, window coverings, floor coverings, light fixtures, ceiling fans.
5. When a pastor first moves into a parsonage, the congregation should see that it is thoroughly clean and should usually plan to redecorate.
6. The colors, fabric, design, etc., selected in the redecoration would normally be selected by those who will be living in the house in consultation with the appropriate committee. The congregation, of course, would determine the price ranges for these items.

7. Parsonage maintenance and repair should be listed as a separate line item in the annual budget with a clear understanding of who has the authority to spend these budgeted funds.
8. There should be an annual inspection of the parsonage that is conducted with the pastor.
9. The pastor and congregation should develop and annually update a list of necessary and desired repairs, maintenance, modernization, redecorating, and remodeling projects and together prioritize these projects.
10. There should be clear understanding about how regular maintenance and emergency repairs are to be handled. It is suggested that the pastor be authorized to spend a specified dollar amount at his/her own discretion. Any repairs in excess of this amount would require approval of the property committee or the congregation council.

The pastor should be held responsible for any excess wear or damage caused to the parsonage while he/she was living there. This would include damage caused by all inhabitants including pets. When a pastor moves out of a parsonage and before all financial obligations are completed, there should be an inspection of the property to see that it is left clean and in good repair. Congregations may require a damage deposit of \$500 in advance. This amount could be paid at the beginning of a call or withheld from paychecks during the first 10 months (\$50 x 10 monthly paychecks, or \$25 x 20 semi-monthly paychecks). Funds are to be held in a separate interest-bearing account, to be returned when the parsonage is vacated in good condition. This does not limit the damage liability to the balance of that account. This concerns both interim and permanent call situations involving parsonages. It is especially important that pastor and congregation mutually assess and verify the age and condition of carpets before residency begins in the parsonage.

The grounds around the parsonage are primarily the responsibility of the congregation. The congregation should see that the lawn, shrubbery, and flower beds are in good condition when a pastor moves into the parsonage. The pastor may be expected to care for these grounds (mow; rake; remove snow; apply fertilizer, insecticides, herbicides) or these responsibilities may be shared by the congregation. (The division of labor should be negotiated by the pastor and the council immediately after the pastor's arrival.)

Congregations should consider taking care of the grounds around the parsonage while the pastor is on vacation or study leave.

The congregation should provide suitable garage space for the pastor's automobile(s). Normally this would be space for two vehicles.

Appendix B
SOUTHWESTERN MINNESOTA SYNOD
AUTOMOBILE BUSINESS EXPENSE REIMBURSEMENT

In the total planning of the compensation/reimbursement package for the rostered leader, it is important to disconnect compensation from reimbursement. One is salary; the other is repayment to the rostered leader for out-of-pocket expenses incurred during his/her ministry on behalf of the congregation/ministry agency (hereafter abbreviated congregation).

The automobile reimbursement¹⁸ may be the single largest item of reimbursement for the rostered leader, so it is important to plan wisely. Although the ministry of the congregation must be of primary importance, pertinent tax issues must also be considered. The congregation must fully reimburse the rostered leader for official use of his/her vehicle for church business. Automobile expense reimbursement should be considered a congregational ministry expense, not a part of the salary.

The following are options that rostered leaders and congregations may consider:

1. The congregation leases the automobile and provides insurance, tolls, parking fees, maintenance, and repair coverage including a credit card for fuel.
2. The rostered leader owns his/her car and is reimbursed from a draw account by the church treasurer.
3. The rostered leader owns his/her car and the congregation pays a flat car allowance as detailed in the church budget. If this option is chosen, the rostered leader must file a Form 2106 detailing his/her costs and reimbursements. If the rostered leader cannot verify that all dollars received were for professional miles driven, the residue must be claimed as taxable income.
4. The rostered leader leases a vehicle and is reimbursed from a draw account by the church treasurer.

Regardless of the option used, the rostered leader must keep complete records of automobile expenses, professional miles driven, and personal miles driven.

As leaders of congregations consider what is fair reimbursement for expenses incurred, they need to remember that the pastor is assisting them in their ministry. The automobile is as important a ministry tool as is the telephone. Without full access to such tools, the entire ministry of a congregation may be inhibited.

Adapted from a document used in the St. Paul Area Synod, Revised 1996

¹⁸ Congregations should stay abreast of changes in IRS regulations pertaining to automobile reimbursement.

COMPENSATION WORKSHEET **FOR ROSTERED LAY LEADERS AND OTHER LAY STAFF**

This worksheet is designed to help congregations and ministry agencies build a compensation package for *lay church staff persons*. Each item listed below is described in this document.

| Compensation | 2014 Actual | 2015 Guidelines | 2015 Proposed |
|--|-------------|-----------------|---------------|
| Annual Base Salary | _____ | _____ | _____ |
| Other (see Guidelines for Other Considerations): | _____ | _____ | _____ |

| | | | |
|---------------------------|-------|-------|-------|
| Total Compensation | _____ | _____ | _____ |
|---------------------------|-------|-------|-------|

| | | | |
|------------------------------------|-------|-------|-------|
| Taxes Paid | | | |
| FICA Tax - Employer's Share | _____ | _____ | _____ |

Pension and Other Benefits

| | | | |
|--------------------------|-------|-------|-------|
| Portico Benefit Services | _____ | _____ | _____ |
| Other: _____ | _____ | _____ | _____ |

| | | | |
|---|-------|-------|-------|
| Total Pension and Other Benefits | _____ | _____ | _____ |
|---|-------|-------|-------|

Expenses

| | | | |
|---|-------|-------|-------|
| Automobile/Travel | _____ | _____ | _____ |
| Professional | _____ | _____ | _____ |
| Official Synod Meetings (Assembly, Fall Theol.) | _____ | _____ | _____ |
| Continuing Education | _____ | _____ | _____ |
| Other: _____ | _____ | _____ | _____ |

| | | | |
|----------------------------------|-------|-------|-------|
| Total Reimbursed Expenses | _____ | _____ | _____ |
|----------------------------------|-------|-------|-------|

Nonfinancial Compensation

| | | | |
|--|-----------|-----------|-----------|
| Vacation | _____ wks | _____ wks | _____ wks |
| Continuing Education | _____ wks | _____ wks | _____ wks |
| Other (see Guidelines for Parental Leave, etc.): | _____ | _____ | _____ |

COMPENSATION WORKSHEET FOR ORDAINED PASTORS

This worksheet is designed to help congregations and ministry agencies build a compensation package for *ordained pastors* using the synodical guidelines. Each item listed below is described in this document.

| Compensation | 2014 Actual | 2015 Guidelines | 2015 Proposed |
|--|-------------|-----------------|---------------|
| Annual Base Salary | _____ | _____ | _____ |
| Housing Allowance <u>OR</u> 30% of Annual Base Salary | _____ | _____ | _____ |
| FICA (Social Security Tax) Allowance | _____ | _____ | _____ |
| Utilities Allowance (when congregation does not pay utilities directly) | _____ | _____ | _____ |
| Furnishing Allowance (if parsonage is provided) | _____ | _____ | _____ |
| Other (see Guidelines for Other Considerations): _____ | _____ | _____ | _____ |

| | | | |
|--|-------|-------|-------|
| Total Annual Defined Compensation | _____ | _____ | _____ |
|--|-------|-------|-------|

Pension and Other Benefits

| | | | |
|--------------------------|-------|-------|-------|
| Portico Benefit Services | _____ | _____ | _____ |
| Other: _____ | _____ | _____ | _____ |

| | | | |
|---|-------|-------|-------|
| Total Pension and Other Benefits | _____ | _____ | _____ |
|---|-------|-------|-------|

Expenses

| | | | |
|---|-------|-------|-------|
| Automobile/Travel | _____ | _____ | _____ |
| Professional | _____ | _____ | _____ |
| Official Synod Meetings (Assembly, Fall Theol.) | _____ | _____ | _____ |
| Continuing Education | _____ | _____ | _____ |
| Other: _____ | _____ | _____ | _____ |

| | | | |
|----------------------------------|-------|-------|-------|
| Total Reimbursed Expenses | _____ | _____ | _____ |
|----------------------------------|-------|-------|-------|

Nonfinancial Compensation

| | | | |
|---|-----------|-----------|-----------|
| Vacation | _____ wks | _____ wks | _____ wks |
| Continuing Education | _____ wks | _____ wks | _____ wks |
| Other (see Guidelines for Parental Leave, etc.): _____ | _____ | _____ | _____ |