

2017
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.

2017 Compensation Base Rate \$35,621 1% Increase From 2016

Standard IRS automobile mileage rate effective 1/1/17 is 53.5¢ per mile. Please note these rates change yearly; please check the District website at www.nwdlcms.org for updates.

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 \$35,621 for 2017.

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 fit its local situation. Teacher non-rostered may be Synod-trained but has chosen not to be on the roster; Level I is a beginning teacher; Level II is 18 hours beyond the BA with state teaching license; and Level III is a Master's degree with state teaching license.

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

Base Compensation Rate														
\$35,621														
Years	Pastor		DCE		Teacher								Principal	
					Non-Rostered		Level 1 BA		Level 2 BA + 18 hours		Level 3 MA			
	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$
0	1.400	49,869	1.100	39,183	0.900	32,059	1.000	35,621	1.059	37,723	1.089	38,791	1.220	43,458
1	1.438	51,223	1.136	40,465	0.929	33,092	1.032	36,761	1.093	38,934	1.123	40,002	1.255	44,704
2	1.476	52,577	1.172	41,748	0.958	34,125	1.064	37,901	1.127	40,145	1.158	41,249	1.290	45,951
3	1.514	53,930	1.208	43,030	0.987	35,158	1.096	39,041	1.161	41,356	1.193	42,496	1.325	47,198
4	1.552	55,284	1.244	44,313	1.016	36,191	1.128	40,180	1.195	42,567	1.228	43,743	1.359	48,409
5	1.590	56,637	1.280	45,595	1.045	37,224	1.160	41,320	1.229	43,778	1.263	44,989	1.394	49,656
6	1.623	57,813	1.315	46,842	1.074	38,257	1.192	42,460	1.262	44,954	1.298	46,236	1.429	50,902
7	1.656	58,988	1.350	48,088	1.103	39,290	1.224	43,600	1.296	46,165	1.332	47,447	1.464	52,149
8	1.689	60,164	1.385	49,335	1.132	40,323	1.256	44,740	1.330	47,376	1.367	48,694	1.499	53,396
9	1.722	61,339	1.420	50,582	1.161	41,356	1.288	45,880	1.364	48,587	1.402	49,941	1.534	54,643
10	1.755	62,515	1.455	51,829	1.190	42,389	1.320	47,020	1.398	49,798	1.437	51,187	1.569	55,889
11	1.782	63,477	1.480	52,719	1.214	43,244	1.344	47,875	1.423	50,689	1.463	52,114	1.604	57,136
12	1.809	64,438	1.505	53,610	1.238	44,099	1.368	48,730	1.449	51,615	1.489	53,040	1.635	58,240
13	1.836	65,400	1.530	54,500	1.258	44,811	1.392	49,584	1.474	52,505	1.515	53,966	1.666	59,345
14	1.863	66,362	1.555	55,391	1.278	45,524	1.416	50,439	1.500	53,432	1.541	54,892	1.696	60,413
15	1.890	67,324	1.580	56,281	1.298	46,236	1.440	51,294	1.525	54,322	1.568	55,854	1.728	61,553
16	1.910	68,036	1.590	56,637	1.305	46,485	1.448	51,579	1.534	54,643	1.576	56,139	1.756	62,550
17	1.930	68,749	1.600	56,994	1.312	46,735	1.456	51,864	1.542	54,928	1.585	56,459	1.772	63,120
18	1.950	69,461	1.610	57,350	1.319	46,984	1.464	52,149	1.550	55,213	1.594	56,780	1.784	63,548
19	1.970	70,173	1.620	57,706	1.326	47,233	1.472	52,434	1.559	55,533	1.602	57,065	1.795	63,940
20	1.990	70,886	1.630	58,062	1.333	47,483	1.480	52,719	1.567	55,818	1.611	57,385	1.804	64,260
21	2.000	71,242	1.634	58,205	1.337	47,625	1.486	52,933	1.574	56,067	1.618	57,635	1.812	64,545
22	2.010	71,598	1.640	58,418	1.343	47,839	1.492	53,147	1.580	56,281	1.624	57,849	1.819	64,795
23	2.020	71,954	1.647	58,668	1.348	48,017	1.498	53,360	1.586	56,495	1.631	58,098	1.827	65,080
24	2.030	72,311	1.653	58,882	1.354	48,231	1.504	53,574	1.593	56,744	1.637	58,312	1.833	65,293
25	2.040	72,667	1.660	59,131	1.359	48,409	1.510	53,788	1.599	56,958	1.644	58,561	1.841	65,578
26	2.050	73,023	1.667	59,380	1.364	48,587	1.516	54,001	1.606	57,207	1.650	58,775	1.848	65,828
27	2.060	73,379	1.674	59,630	1.370	48,801	1.522	54,215	1.612	57,421	1.657	59,024	1.856	66,113
28	2.070	73,735	1.680	59,843	1.375	48,979	1.528	54,429	1.618	57,635	1.663	59,238	1.863	66,362
29	2.080	74,092	1.687	60,093	1.381	49,193	1.534	54,643	1.625	57,884	1.670	59,487	1.870	66,611
30	2.090	74,448	1.693	60,306	1.386	49,371	1.540	54,856	1.631	58,098	1.676	59,701	1.877	66,861
31	2.100	74,804	1.700	60,556	1.391	49,549	1.546	55,070	1.637	58,312	1.683	59,950	1.885	67,146
32	2.110	75,160	1.706	60,769	1.397	49,763	1.552	55,284	1.644	58,561	1.689	60,164	1.892	67,395
33	2.120	75,517	1.713	61,019	1.402	49,941	1.558	55,498	1.650	58,775	1.696	60,413	1.900	67,680
34	2.130	75,873	1.720	61,268	1.408	50,154	1.564	55,711	1.656	58,988	1.703	60,663	1.907	67,929
35	2.140	76,229	1.726	61,482	1.413	50,332	1.570	55,925	1.663	59,238	1.709	60,876	1.914	68,179
36	2.150	76,585	1.733	61,731	1.418	50,511	1.576	56,139	1.669	59,451	1.716	61,126	1.922	68,464
37	2.160	76,941	1.739	61,945	1.424	50,724	1.582	56,352	1.675	59,665	1.722	61,339	1.929	68,713
38	2.170	77,298	1.746	62,194	1.429	50,902	1.588	56,566	1.682	59,915	1.729	61,589	1.936	68,962
39	2.180	77,654	1.752	62,408	1.435	51,116	1.594	56,780	1.688	60,128	1.735	61,802	1.943	69,212
40	2.190	78,010	1.759	62,657	1.440	51,294	1.600	56,994	1.694	60,342	1.742	62,052	1.951	69,497

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: $1.4 + .10 = 1.5$; $1.5 \times \$35,621 = \$53,432$. 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 ½ 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. The manual is available online at www.nwdlcms.org. Click on *Financial 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.) Click on *Resources & Financial Resources*.

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 worker's 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.

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.

- One service = \$138 plus IRS mileage
- Two services and a Bible class = \$221 plus IRS mileage

Questions concerning these guidelines can be submitted to Rev. William Plautz, Chair, Administrative Services Committee at 715-723-7754 or email at wplautz@faithlutheranconf.org.

**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	\$ _____
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C. NON-SALARY BENEFITS (Step 4)

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

TOTAL	\$ _____
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D. CHURCH BUSINESS EXPENSES (Step 5)

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

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