

2016
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.

2016 Compensation Base Rate \$35,268 1% Increase From 2015

Standard IRS automobile mileage rate effective 1/1/16 is 54¢ 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 \$35,268 for 2016.

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														
\$35,268														
Years	Pastor		DCE		Teacher								Principal	
					Non-Rostered		Level 1 BA		Level 2 BA + 18 hours		Level 3 MA			
	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$
0	1.400	49,375	1.100	38,795	0.900	31,741	1.000	35,268	1.059	37,349	1.089	38,407	1.220	43,027
1	1.438	50,715	1.136	40,064	0.929	32,764	1.032	36,397	1.093	38,548	1.123	39,606	1.255	44,261
2	1.476	52,056	1.172	41,334	0.958	33,787	1.064	37,525	1.127	39,747	1.158	40,840	1.290	45,496
3	1.514	53,396	1.208	42,604	0.987	34,810	1.096	38,654	1.161	40,946	1.193	42,075	1.325	46,730
4	1.552	54,736	1.244	43,873	1.016	35,832	1.128	39,782	1.195	42,145	1.228	43,309	1.359	47,929
5	1.590	56,076	1.280	45,143	1.045	36,855	1.160	40,911	1.229	43,344	1.263	44,543	1.394	49,164
6	1.623	57,240	1.315	46,377	1.074	37,878	1.192	42,039	1.262	44,508	1.298	45,778	1.429	50,398
7	1.656	58,404	1.350	47,612	1.103	38,901	1.224	43,168	1.296	45,707	1.332	46,977	1.464	51,632
8	1.689	59,568	1.385	48,846	1.132	39,923	1.256	44,297	1.330	46,906	1.367	48,211	1.499	52,867
9	1.722	60,731	1.420	50,081	1.161	40,946	1.288	45,425	1.364	48,106	1.402	49,446	1.534	54,101
10	1.755	61,895	1.455	51,315	1.190	41,969	1.320	46,554	1.398	49,305	1.437	50,680	1.569	55,335
11	1.782	62,848	1.480	52,197	1.214	42,815	1.344	47,400	1.423	50,186	1.463	51,597	1.604	56,570
12	1.809	63,800	1.505	53,078	1.238	43,662	1.368	48,247	1.449	51,103	1.489	52,514	1.635	57,663
13	1.836	64,752	1.530	53,960	1.258	44,367	1.392	49,093	1.474	51,985	1.515	53,431	1.666	58,756
14	1.863	65,704	1.555	54,842	1.278	45,073	1.416	49,939	1.500	52,902	1.541	54,348	1.696	59,815
15	1.890	66,657	1.580	55,723	1.298	45,778	1.440	50,786	1.525	53,784	1.568	55,300	1.728	60,943
16	1.910	67,362	1.590	56,076	1.305	46,025	1.448	51,068	1.534	54,101	1.576	55,582	1.756	61,931
17	1.930	68,067	1.600	56,429	1.312	46,272	1.456	51,350	1.542	54,383	1.585	55,900	1.772	62,495
18	1.950	68,773	1.610	56,781	1.319	46,518	1.464	51,632	1.550	54,665	1.594	56,217	1.784	62,918
19	1.970	69,478	1.620	57,134	1.326	46,765	1.472	51,914	1.559	54,983	1.602	56,499	1.795	63,306
20	1.990	70,183	1.630	57,487	1.333	47,012	1.480	52,197	1.567	55,265	1.611	56,817	1.804	63,623
21	2.000	70,536	1.634	57,628	1.337	47,153	1.486	52,408	1.574	55,512	1.618	57,064	1.812	63,906
22	2.010	70,889	1.640	57,840	1.343	47,365	1.492	52,620	1.580	55,723	1.624	57,275	1.819	64,152
23	2.020	71,241	1.647	58,086	1.348	47,541	1.498	52,831	1.586	55,935	1.631	57,522	1.827	64,435
24	2.030	71,594	1.653	58,298	1.354	47,753	1.504	53,043	1.593	56,182	1.637	57,734	1.833	64,646
25	2.040	71,947	1.660	58,545	1.359	47,929	1.510	53,255	1.599	56,394	1.644	57,981	1.841	64,928
26	2.050	72,299	1.667	58,792	1.364	48,106	1.516	53,466	1.606	56,640	1.650	58,192	1.848	65,175
27	2.060	72,652	1.674	59,039	1.370	48,317	1.522	53,678	1.612	56,852	1.657	58,439	1.856	65,457
28	2.070	73,005	1.680	59,250	1.375	48,494	1.528	53,890	1.618	57,064	1.663	58,651	1.863	65,704
29	2.080	73,357	1.687	59,497	1.381	48,705	1.534	54,101	1.625	57,311	1.670	58,898	1.870	65,951
30	2.090	73,710	1.693	59,709	1.386	48,881	1.540	54,313	1.631	57,522	1.676	59,109	1.877	66,198
31	2.100	74,063	1.700	59,956	1.391	49,058	1.546	54,524	1.637	57,734	1.683	59,356	1.885	66,480
32	2.110	74,415	1.706	60,167	1.397	49,269	1.552	54,736	1.644	57,981	1.689	59,568	1.892	66,727
33	2.120	74,768	1.713	60,414	1.402	49,446	1.558	54,948	1.650	58,192	1.696	59,815	1.900	67,009
34	2.130	75,121	1.720	60,661	1.408	49,657	1.564	55,159	1.656	58,404	1.703	60,061	1.907	67,256
35	2.140	75,474	1.726	60,873	1.413	49,834	1.570	55,371	1.663	58,651	1.709	60,273	1.914	67,503
36	2.150	75,826	1.733	61,119	1.418	50,010	1.576	55,582	1.669	58,862	1.716	60,520	1.922	67,785
37	2.160	76,179	1.739	61,331	1.424	50,222	1.582	55,794	1.675	59,074	1.722	60,731	1.929	68,032
38	2.170	76,532	1.746	61,578	1.429	50,398	1.588	56,006	1.682	59,321	1.729	60,978	1.936	68,279
39	2.180	76,884	1.752	61,790	1.435	50,610	1.594	56,217	1.688	59,532	1.735	61,190	1.943	68,526
40	2.190	77,237	1.759	62,036	1.440	50,786	1.600	56,429	1.694	59,744	1.742	61,437	1.951	68,808

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: $1.4 + .10 = 1.5$; $1.5 \times \$35,268 = \$52,902$. 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 = \$137 plus IRS mileage
- Two services and a Bible class = \$219 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.