

2022 – 2023

Northeastern Ohio Synod

Evangelical Lutheran Church in America

STANDARDS AND RESOURCES FOR COMPENSATION FOR ROSTERED MINISTERS



**Northeastern
Ohio Synod**

God's work. Our hands.

1890 Bailey Rd, Cuyahoga Falls, OH 44221
office@neos-elca.org 330-929-9022

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2022-2023 Compensation Standards for Rostered Ministers

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From Bishop Barbins . . .

There are three topics never to bring up in polite company: politics, religion, and money. And here we are laying out for you how to talk about one of those in the context of another; there are bound to be conflicts. In fact, conversations around staff salaries at budgeting time in congregational settings tend to be some of the most anxious meetings. Pastors and Deacons can feel underappreciated, and congregations get a sense of sticker shock when they see the total cost of employing people.

These Compensation Standards are meant to help corral the anxiety that can arise around salaries. There is a clear structure here, a pathway to finding equitable payment for the people who are leading your spiritual community. For Rostered Ministers, these are some standards you can use to advocate for equitable payment.

A few things to bear in mind as you prepare to renegotiate compensation or establish new compensation:

- **God has called the two of you**, congregation and rostered minister, to be in mission together. When God has called us to something, God will provide what we need.
- **The salaries of your rostered ministers are not “overhead.”** These are the people who are driving vision and mission in your context and actively doing ministry on behalf of the congregation. They are creative, educated, and experts in their fields.
- **Our budgets reflect our values and mission.** If your Deacon is responsible for Youth and Family Ministry, you are valuing Youth and Families in your budget when you pay them. If your Pastor is gifted in Preaching and Community Outreach, you are lifting the Gospel and care of neighbor as your mission.
- **Our pastors and deacons deserve to be paid a living wage.** Most of our leaders have 4-year bachelor's degrees and either a 2- or 4-year master's degree. That's 6-8 years of higher education expenses and debt. Many of them have sacrificed previous careers and stability to follow God's call to be your pastor or deacon.
- The amount that it costs your employer to employ you is different than the amount that you take home. Very few employees see how much benefits and behind the scenes costs affects the bottom line of a company. Likewise, **the amount that a pastor/deacon is actually paid is different than the amount it costs you as the employer to have that pastor/deacon.** Please do not confuse the two amounts.

There are confusing parts to compensation – especially tax considerations for pastors. When you have questions, please do not hesitate to reach out to your Synod Staff or our Compensation Consultants (see page 26). Ultimately, we hope that these new Compensation Standards help to reduce the anxiety around compensation negotiation.

I am so thankful to the Task Force that re-wrote these standards, the Synod Council who endorsed them, and to the Assembly for passing them.

Peace,

Bishop Laura L. H. Barbins

Compensation for Pastors and Deacons

At its 2021 Synod Assembly, the Northeastern Ohio Synod embraced the “Spine-Tingling Goal” of having “an equitably paid pastor, deacon, or trained lay person in settled leadership in every congregation by Synod Assembly 2023.” One of the primary motivations behind a thorough revision and update of the compensation guidelines of this synod is to provide resources to support and provide standards for the “equitably paid” aspect of this spine-tingling goal. By establishing equitable compensation standards across the synod, pastors and deacons will be empowered to serve where they sense God calling them rather than simply by where they can afford to live.

Since 2016, Rostered Ministers in the ELCA have been gathered into one of two rosters: Ministers of Word & Sacrament (Pastors) or Ministers of Word & Service (Deacons). It is beyond the scope of this document to explicate the difference between the two roles. However, the two roles have similar education and candidacy requirements. They also have the same living expenses. Therefore, the approach to calculating compensation is the same – with some differences due to the tax status of pastors. The base salary for pastors is slightly higher in recognition of the constitutional responsibilities of a pastor and their role being similar to that of a CEO or Executive Director in other organizations.

These compensation standards apply to all pastors and deacons in the Northeastern Ohio Synod. A calculations worksheet has been developed as a companion to this document. The two should be used together whenever compensation is discussed and they may be downloaded from the synod website (www.neos-elca.org). Not every situation can be covered in this document and the accompanying worksheet. If you have any questions or believe you have a unique circumstance, please consult with the synod office as you determine compensation for your pastor or deacon. The establishment of these standards demonstrates this synod’s commitment to providing equitable compensation for its rostered ministers so that pastors and deacons may indeed serve where they feel God has called them.

How this Document is to be Used

At the Time of a New Call

The compensation calculations described below – and supported by the accompanying calculations worksheet – are to be used when a congregation extends a new call to a pastor or deacon. Prior to sharing a compensation proposal with a candidate, the congregation is expected to consult with the synod office to ensure equitable compensation. All Compensation & Benefits packages must be attested to by the bishop of the Synod. Substandard compensation or benefits will rarely be accepted by the bishop and then only after due consultation with the congregation and candidate.

For Continuing Calls

For the first year of these revised compensation standards, all congregations are expected to compare their pastor or deacon’s compensation to these standards to ensure they are equitably paid. These standards will adjust each year with the federal Cost of Living Adjustment (COLA)¹. It would be appropriate to expect that the compensation of a longer-tenured pastor or deacon will exceed these

¹ Historic COLA values can be found at: <https://www.ssa.gov/oact/cola/colaseries.html>

standards if the congregation has continued to adjust compensation using the COLA and offering merit increases.

NOTE: If a rostered minister's compensation is found to be significantly below the standards outlined in this document, the rostered minister and congregation leadership are encouraged to consult with the synod staff to develop a plan to ensure the rostered minister is equitably compensated.

Calculating Compensation

In preparing this thorough revision of the compensation standards, the approaches used in other synods were reviewed. We sought a simpler approach that could apply for both pastors and deacons (hence a single document) that would provide equity in compensation and also provide guidance for accommodating the differences in living expenses across the synod. We have developed a step-by-step Compensation Standards Worksheet as a companion to this document to be used in determining a fair range for compensation within a given community and factors relevant to your pastor or deacon. You can find images of the worksheet with sample calculations in the Appendix on page 15. The spreadsheet that automatically performs the necessary worksheet calculations based upon your inputs can be downloaded from the synod website (www.neos-elca.org).

This new approach begins by establishing a baseline salary for pastors and deacons in Section 1 of the worksheet. For 2023, the baseline salary for pastors is \$57,000 and for deacons is \$53,000. The baseline salary for pastors is slightly higher in recognition of the constitutional responsibilities of a pastor and their role being similar to that of a CEO or Executive Director in other organizations.

The baseline salary includes what was previously calculated separately as salary and housing allowance. This baseline salary assumes the median price of a home in the area where members of the congregation live is \$100,000. A local housing cost adjustment is calculated for areas in which the median home price exceeds \$100,000. Guidance for determining the appropriate local median house price can be found in the Appendix on page 20. When a pastor or deacon takes a new call, they will be moving into that community under the current housing conditions and the baseline salary must be adjusted accordingly to enable the pastor or deacon to move into that community.

NOTE: Congregations who provide a parsonage to house a pastor are increasingly rare, so these compensation standards do not address that special circumstance. If your congregation has a parsonage, contact the synod office for guidance in determining a fair compensation range for your pastor.

An additional adjustment to the baseline salary is calculated based on the years of rostered ministry experience of the pastor or deacon. The adjustment per year of experience is \$400. Section 2 of the worksheet provides an opportunity to adjust compensation based on relevant experience prior to entering rostered ministry.

Adding the adjustments for local housing costs and years of experience to the baseline salary results in the adjusted minimum baseline salary for the pastor or deacon.

In Section 2 an appropriate salary range is determined by adding up points based on longevity in the current call, years of related prior experience, staff leadership (including serving a multi-congregation call), and furthered education. The total points are multiplied by a salary range modifier (\$400 in 2023) to determine a potential salary range adjustment.

In Section 3, the adjusted baseline salary is copied from above and to this is added the potential salary range adjustment to determine a potential high end of the salary range.

NOTE: local circumstances may warrant a salary that exceeds that calculated in the worksheet.

During the conversation between the pastor or deacon and those responsible for making salary recommendations, consider using the following questions as guides for determining an appropriate position within the salary range:

- Does our pastor/deacon bring any additional or special skills to the position that ought to be rewarded?
- Has our pastor/deacon met their mutually predetermined ministry goals during the past twelve months?
- Do we expect our pastor/deacon to take on any significant additional responsibilities as a leader of our congregation?
- Is our pastor/deacon competent in their fulfillment of the ministry position to which they have been called?
- Are there any unique financial stresses which the congregation ought to seek to accommodate to allow our pastor/deacon to better serve our community?
- Are there any unique financial stresses which the congregation faces which need to be accommodated?
- Are we in an area where housing costs are unusually high and special consideration may need to be made?

This conversation will result in a mutually negotiated salary for the pastor or deacon for the coming year. That value is to be entered in Box M in Section 3 of the worksheet so that it will carry over to other tabs in the worksheet.

Examples of calculations using the Salary Development Worksheet can be found in the Appendix on page 15.

NOTE: *A congregation proposing to reduce the compensation of a pastor or deacon currently under call shall consult with the synod office to explain the need for this reduction in compensation and a plan to return the rostered minister's compensation to a level that meets the standards.*

Special Tax Considerations for Pastors

Housing Allowance Resolution

The IRS allows pastors to designate a portion of their cash compensation as a housing allowance, which may then be excluded from federal income tax. The amount designated as housing allowance is reported separately from salary on the pastor's W-2. The housing allowance must be designated in advance, so each year the Congregation Council is encouraged to ask the pastor how much of their cash compensation they want to designate as housing, and then pass an appropriate resolution and enter it into the Council minutes (see page 22 in the Appendix for a sample resolution). It is then the pastor's responsibility when they file taxes to report how much of the housing allowance was actually used to provide housing.

Social Security Offset

Employers must withhold payroll taxes from employees (6.2% Social Security and 1.45% Medicare) and themselves pay an equal amount for a total of 15.3%. A pastor, however, is defined as being self-employed by the Social Security Administration and is responsible for paying a 15.3% self-employment tax. Congregations are expected to pay the pastor a 7.65% social security offset – equal to the employer's share of payroll tax – to help offset the pastor's tax burden. In all other aspects pastors are considered employees and are to receive a W-2 each year rather than a 1099 that is given to independent contractors.

In the accompanying calculations worksheet, the Social Security Offset is automatically calculated as 7.65% of the negotiated salary.

If a congregation continues to determine salary and housing allowance separately, the Social Security Offset is 7.65% of the sum of those two figures according to this formula:

$$\text{Social Security Offset} = (\text{Salary} + \text{Housing Allowance}) * 0.0765$$

In reporting compensation to Portico, values are submitted for Salary, Housing Allowance (if calculated separately from Salary), and Social Security Offset – with the total referred to as “Defined Compensation.”

NOTE: In congregations providing a parsonage, any parsonage allowances and the fair rental value of the parsonage are included in calculating the Social Security Offset according to this formula:

$$\text{Social Security Offset} = (\text{Salary} + \text{Parsonage Allowance} + \text{Parsonage Fair Rental Value}) * 0.0765$$

Benefits for all Rostered Ministers

Portico Health, Retirement, and Other Benefits

Rostered Ministers are to be enrolled in the Portico Benefits Program, a ministry of the ELCA serving congregations and rostered ministers. Portico provides resources which provide medical and mental health insurance, as well as basic and supplemental life insurance at a group rate. Retirement and Disability benefits are also part of the benefit package administered by Portico which is specific to church plans. They also offer a range of programs advocating for the health and wellness of rostered ministers and church professionals.

Portico offers both traditional PPO (Platinum+ and Gold+) and high deductible (Silver+ and Bronze+) health plans. The Gold+ and Silver+ plans are designed to be comparable in cost to the congregation and cost-sharing for the rostered minister. The ELCA Church Council and Northeastern Ohio Synod recommend providing coverage for the rostered minister and their family under the Gold+ or Silver+ Plan A (which includes an HSA contribution from the congregation). A Letter of Call will be signed by the Bishop only when this standard is met to the satisfaction of the Bishop. The congregation is encouraged to discuss with their rostered minister the type of insurance coverage preferred to meet their unique needs.

Rostered ministers are to receive a minimum pension contribution of 10%. Congregations are encouraged to consider a pension contribution of 12%. Rostered ministers have the option during annual enrollment to contribute a portion of their compensation to augment their retirement savings.

The standard expectation of this synod is that any congregation or eligible ministry setting will provide health coverage for the rostered minister and their family unless the rostered minister's family has Other Valid Health Coverage and may waive their health coverage. When health coverage is waived, the congregation is encouraged to consider utilizing the cost savings on health insurance to explore other benefits such as additional retirement contributions, reducing educational debt, offsetting the cost of the health coverage that enabled the waiver, additional life insurance, etc.

Types of Leave

Sick Leave

Sick Leave of up to six weeks per year with full salary and benefits are to be provided by the congregation when needed. This is not accumulated and is not to be abused. This is not an entitlement. If a rostered minister's health concerns last longer than the normal six-week sick leave, or they are considering applying for disability coverage, the Congregation Council shall consult the synod office for guidance on continuing compensation and benefits, as well as available interim pastoral leadership for the congregation.

Family Leave

Paid Family Leave with full benefits of eight (8) weeks is standard practice in the ELCA when a child is born or adopted. Congregations are encouraged to offer up to twelve (12) weeks of leave with full benefits to align with the federal standard. The number of weeks of leave before and after the birth are to be specified in advance and with mutual discussion with the rostered minister. If additional family leave beyond the defined number of weeks is desired, it shall be negotiated with the Congregation Council and is typically either paid vacation time or unpaid leave. Similarly, paid Family Leave with benefits of eight to twelve weeks are also to be available to care for a sick family member such as a spouse, child, parent, or sibling. Family leave also includes time for bereavement leave to grieve and heal from the loss of an immediate family member. It is recommended that Rostered Ministers take one to two weeks for bereavement leave. *When calling a new rostered minister, the congregation must include a comment about sick leave and paid family leave on the ELCA Compensation and Benefits Form, under F. Other Matters.*

Disability

In the event a pastor or deacon who is sponsored in the ELCA benefits program is unable to perform their normal occupation, as a direct result of injury or physical or mental disorder that is verified by objective medical information from a Qualified Health Care Provider, they can apply for disability. If granted, they may be eligible to receive these benefits:

1. During the first two months of disability (waiting period), the employer is expected to pay the rostered minister's full salary and to continue contributions for their ELCA health, retirement, disability, and basic life insurance benefits.
2. Once the disability is approved, the program includes the following benefits which are paid by Portico:
 - a) A monthly disability income benefit, and
 - b) Contributions for health benefits coverage under the ELCA Medical and Dental Benefits Plan for the pastor/deacon and their eligible family members, and
 - c) Contributions to the pastor/deacon's retirement account under the ELCA Retirement Plan and contributions for basic group life insurance.

Weekly Hours / Time Off

Rostered ministers, like anyone else, need some time off from work in order to rest and re-energize themselves. Congregations shall endeavor to provide each rostered minister with two full days off per week. The rostered minister's weekly schedule (days/hours) may be negotiated as necessary. For the well-being of the rostered minister and health of the congregation, such a schedule should not exceed 50 hours in a work week.

Vacation

Everyone needs a period of time away from the job in order to refresh and recharge. The congregation shall provide a minimum of four weeks of paid vacation per year, including four Sundays for all rostered ministers. Congregations with a long-tenured pastor or deacon are encouraged to consider additional

vacation time in recognition of their length of service. If a rostered minister is serving in a part-time call, they shall still receive 4 weeks of paid vacation for whatever their typical ministry days are, which includes 4 Sundays. Continuing education time is not to be regarded as vacation, nor is it to be used by the rostered minister for vacation under any circumstances.

All costs and procurement of ministry coverage during vacation times, including worship leadership supply, are the responsibility of the congregation. A list of available pulpit supply may be secured from the synod website (www.neos-elca.org) or synod office.

Holidays

Because of the nature of their professional responsibilities, rostered ministers are seldom able to take advantage of three-day weekends and other holidays such as Christmas, Easter, etc. The congregation is encouraged to identify the paid holidays for their staff after consulting the list of official state and federal holidays. Consideration shall be given, and the rostered minister encouraged to take these days off at another time during the week to compensate for the times when the duties of the rostered minister preclude taking the actual holiday off. This shall not be counted as vacation time.

Continuing Education

The purpose of continuing education for rostered ministers is to strengthen the professional for more effective service. The 1997 Churchwide Assembly (see page 24 in the Appendix) established the expectation of 50 contact hours annually in organized continuing education. These experiences are to be with colleagues and under responsible sponsorship, capable directors, and qualified instructors.

Continuing education may range from a single day seminar to enrollment in a formal program at an educational institution. The ELCA Letter of Call presently recommends a minimum of two weeks of continuing education annually with the congregation contributing a minimum of \$700 toward the cost of continuing education. The continuing education time and funds may be accumulated during a three-year period for a total of six weeks. In the Northeastern Ohio Synod, this time may be taken each year or after two or three years.

A post-pandemic goal of the synod staff is to re-establish the Ministry Committee with one of their responsibilities being establishing standards and offering opportunities for continuing education in the synod. If you are interested in serving on this committee, please contact a member of the synod staff.

First Call Theological Education

First Call Theological Education (FCTE) is the required ELCA three-year structured program of theological education designed to support and strengthen the new rostered minister in terms of: (1) ministry skills; (2) pastoral identity; and (3) discernment of context. FCTE is experiential learning designed to meet participants at their point of need as they encounter the demands and expectations of ministry. Documents outlining the FCTE program are available through the Synod office.

Sabbatical Leave

Sabbatical leave offers an extended block of time for study, personal growth, and reflection apart from usual congregational responsibilities. The 1997 Churchwide Assembly (see page 24 in the Appendix) established the expectation that an extended study and renewal period of one to three months every three to five years in the present call be provided with full salary and benefits. Normal vacation time may be used to extend the sabbatical leave. The leave plan is to be developed in cooperation with the Congregation Council. The parties shall seek the counsel of the bishop before finalizing an agreement. The congregation shall be responsible for arranging for pastoral coverage, including pulpit supply, during the leave. Within six weeks of the completion of the sabbatical leave the pastor shall present the congregation a written reflection on the experience and the implications for the ministry of the congregation and ministry in the parish. This written reflection shall be added to the pastor's file in the bishop's office.

Continuing education and sabbatical leave time accrue to an individual during the service in a single congregation. All accumulated continuing education time is forfeited with the acceptance of another position or call to a different setting. Such continuing education time may not be used for vacation purposes, may not be transferred to another rostered minister or staff person, and may not be exchanged for monetary reimbursement.

Resources for sabbatical leave can be found in the Appendix on page 25.

Post-Employment Agreements

The Northeastern Ohio Synod bishop (or designee) should be consulted whenever the termination of a call is being considered. When a call is terminated, it is important to contact Portico Benefit Services for information on benefits and payment options prior to creating post-employment agreements. When appropriate, the congregation is encouraged to consider a post-employment (severance) package of three to six months. The congregation's Employer Link user should notify Portico Benefit Services of the individual's termination of employment date up to 60 days in advance via EmployerLink. If the sponsoring organization has agreed to pay severance to the formerly sponsored member, the termination of employment date provided to Portico Benefit Services should be the last date worked (plus any accrued vacation); not the last date for which severance is paid. Upon termination of the Rostered Minister's call, the benefit bundle will change as will the cost of the benefits which may be different than the amount the sponsoring employer has been paying.

Ministry Expenses

Continuing Education

To financially support continuing education, the congregation is encouraged to establish a fund to which it annually contributes a minimum of \$700, with the rostered minister contributing a minimum of \$300 for a minimum total of \$1,000. Any money which the rostered minister contributes to the fund belongs to the rostered minister and may accumulate over a period of up to three years. If the rostered minister resigns the call, any money contributed by the rostered minister but not used for continuing education is returned to the rostered minister. This money would be used for registration, course materials, travel, and housing while the person pursues approved continuing education.

Automobile Reimbursement

A rostered minister is to receive an automobile reimbursement equal to IRS guidelines per mile for business travel. Rostered ministers reimbursed for auto expense on a per mile basis do not have to report this reimbursement as income if they submit written mileage reports to the calling institution.

Synod Assembly

Rostered ministers are constitutionally required to attend the Synod Assembly. Congregations shall cover the cost or reimburse the rostered minister for costs related to attending the synod assembly. This is in addition to continuing education funds and leave.

Professional Expenses

Congregations may also reimburse the rostered minister for professional expenses such as dues, meeting expenses, professional attire, and supplies. The Congregation Council and rostered minister shall create realistic expectations and procedures around reimbursable expenses.

Computer and Cellphone

It is recommended that the congregation provide the rostered minister with a computer and cellphone to facilitate ministry. If the congregation does not directly pay the cost of the cellphone, the congregation may reimburse the rostered minister for their portion of the cellphone plan. This requires a resolution of the Congregation Council – a sample of which can be found in the Appendix on page 22.

Special Circumstances

Part Time Calls

A rostered minister in a part time setting shall be compensated according to current guidelines at a percentage based upon the time negotiated by the Congregation Council. Such calculations are accommodated in the compensation worksheet that accompanies this document. Part of the challenge with part time calls is that fractional compensation may not be sufficient for a rostered minister to cover the cost of housing. Compensation for retired rostered ministers serving part time shall be negotiated with the Congregation Council in consultation with the synod staff.

Interim Rostered Ministers

Interim rostered ministers are to be compensated the same as rostered ministers serving in a called position.

Pulpit Supply

During a pastoral absence, it may be necessary for a congregation to secure a supply pastor. A current list of individuals approved to provide pulpit supply is available and may be obtained from the synod office. Those asked to serve as pulpit supply are to be contacted well in advance of the date needed and, upon acceptance, be provided with a copy of the worship bulletin and pertinent information about the service. A member familiar with congregation worship practices should be on hand to welcome the pastor prior to the service. The recommended honorarium for one worship service is \$150 plus mileage at the current [IRS mileage reimbursement rate](#) (set at 58.5 cents per mile for 2022). For additional services, scheduled within three hours of the conclusion of the initial worship service, whether at the same congregation or at another, as in two-point parishes, an additional \$50 per service shall be paid plus any additional mileage. If additional services are scheduled during the week that are similar in nature e.g., Sunday evening, Wednesday, Saturday, etc., an additional honorarium of \$85 for each additional service plus mileage at the current IRS mileage reimbursement rate shall be paid. For additional responsibilities, appropriate compensation shall be provided. Expenses for lodging and meals, if necessary, are to be paid by the congregation.

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Compensation Standards Worksheet Example

The pages following pages contain screenshots of the Compensation Standards Worksheet that was developed to accompany this document. This worksheet has been designed so that you only have to enter values in the blue shaded boxes and all of the remaining calculations will be performed automatically.

Section 1 establishes the baseline salary for the pastor. For this example, the pastor is being called to a new congregation and has ten years of experience (Box C). This congregation serves multiple zip codes. Using Zillow.com to research the median home cost in each zip code, the pastor and congregation agree to use the average of \$195,000 (Box B) for the median home cost. This results in an adjusted baseline salary of \$68,600.

A	B	C	D	E
1	2023 Compensation Calculations	<i>NOTE: Enter appropriate values in the blue boxes. All other calculations are automatic.</i>		
2				
3	Select Version	This worksheet will adjust based on whether it is being used for a Pastor or Deacon. Please place an X in the green box for a Pastor and in the orange box for a Deacon.	This worksheet is for a Pastor: <input checked="" type="checkbox"/>	Place an X in the appropriate box.
4			This worksheet is for a Deacon: <input type="checkbox"/>	
5				
6	Section 1	Determining <u>MINIMUM</u> Salary	Formula	Your Baseline
7	Baseline Salary	<p>The Northeastern Ohio Synod Council and Assembly annually set a "Baseline Salary" for rostered ministers guided by the admonition from Scripture: <i>"Let the elders who rule well be considered worthy of compensation, especially those who labor in preaching and teaching; for the scripture says, You shall not muzzle an ox while it is treading out the grain,' and, 'The laborer deserves to be paid'."</i> (1 Timothy 5:17ff.)</p> <p>The phrase, "who rule well", points to the need for a <u>process of appraising performance</u> in addition to this <u>process of determining appropriate salary ranges</u> as steps toward negotiating actual salary amounts.</p>	<p>Baseline Salary includes what has historically been calculated separately for salary and housing - and assumes up to \$100,000 as the median price of a home in the service area of the congregation. (It is important to note that the amount of salary actually designated as "Housing Allowance" for pastors must be recorded as a vote of the congregation's Council/Board prior to the beginning of the year.)</p> <p>For the year 2023 the baseline for pastors is \$57,000 and for deacons is \$53,000.</p> <p>(If the terms of call are less than full time, or if use of a parsonage is included as a portion of compensation, this figure should be adjusted accordingly in consultation with synod staff.)</p>	57,000
8	Local Housing Cost Adjustment		<p>Determine the median single-family home price within your community (the primary zip code(s) served by your congregation) by contacting a local realtor or using the Internet (see the Compensation Standards document for guidance).</p> <p>Enter this median home price in Box B.</p> <p>If this number exceeds \$100,000 (cost of housing considered within Base Salary), the amount that exceeds \$100,000 will be multiplied by 8% and then added to the baseline salary to adjust for the higher costs of purchasing a home in that area.</p>	195,000
9				7,600
10	Years of Experience	<p>As per most professional salary systems, we seek to reflect the value of acquired skills, wisdom, and experiences which can only come from actual ministry experience.</p>	<p>Enter the number of years of service as a pastor or deacon (up to a maximum of 40) in Box C.</p> <p>The number of years of experience is multiplied by \$400 to determine the Experience Adjustment to Baseline Salary.</p>	10
11				4,000
12	Adjusted Baseline Salary	<p>In this step, the Local Housing Cost and Experience Adjustments are added to the Baseline Salary to determine the Adjusted Baseline Salary for a pastor or deacon serving in your congregation. Such factors as position, longevity, and additional degree work will be considered in Section 2 below.</p>	<p>Box D is the "Adjusted Baseline Salary" for your congregation. (Note: for some congregations, current salaries may be below this number. If such is the case, the Synod recommends developing a specific and mutually-agreeable written plan to bring salary up to this minimum baseline. If Council, Congregation, or Pastor/Deacon need assistance in this matter, both synodical staff and the synod's "Compensation Consultants" are able to assist.)</p>	68,600
	Instructions	Compensation Calculations	Benefits & Expenses	Printable Summary
				Printable Summary - Shared Call
				+

Section 2 takes into consideration this particular context and the value the pastor brings to the congregation. Because this is a new call, Box E does not have a value in it. The pastor taught high school for five years before entering seminary and is given credit for that experience in Box F. In addition to the music and office support staff, the congregation has a part-time youth minister and a part-time communication director, so Box G is 2 to represent the additional people the pastor will supervise. The pastor does not have a degree beyond the Master of Divinity (M.Div.) so Box H is blank.

A	B	C	D	E	F
14	Section 2 Determining Salary Range Adjustments	Formula	Your Points		
15	Longevity in Current Call Research has established that vibrant long-term tenures are often associated with congregational growth. We seek to reflect our shared valuing of healthy, longer-tenured ministries with this adjustment.	Credit one point for each year of service in one's current call in Box E. NOTE: in calculating total points in Box I, the value in Box E will be capped at a value of 10. (Enter 0 when establishing compensation for a new call)	0	<<< Box E	
16	Years of Related Non-Pastoral Experience Increasingly, persons with prior experience in related fields are entering rostered ministry in our church. We seek to acknowledge the value of prior experience <i>in related fields</i> (i.e. teaching, administration, financial, counseling, social work, etc.) with this adjustment.	Enter in Box F the years of prior experience in a related field for which credit is being given. NOTE: the congregation and pastor/deacon are to discuss the relevance of prior experience and agree to a full or fractional value for that experience.	5	<<< Box F	
17	Staff and/or Multiple Congregation Leadership Pastoral leaders of large churches often bear increased responsibilities and expectations. Similarly, leaders in a multi-congregation call also oversee or supervise additional staff. We seek to acknowledge such with this adjustment.	Credit is given for primary leadership in congregations where the staff exceeds the minimum needs of a congregation (worship musician and office support). Credit at least one point for each staff member beyond the pastor, worship musician, and secretarial support. In multi-congregation calls, credit one point for <i>every</i> staff member in each additional congregation.	2	<<< Box G	
18	Furthered Education Lutherans have long expected that their pastoral leaders be well-educated. This credit seeks to account for and encourage life-long learning for leadership.	Credit is given (5 points) to those who have taken the time and made the commitment to earn a degree beyond the minimum Masters level required of a pastor or deacon. (such as M.Th., D.Min., P.H.D., S.T.M., etc.) If such is the case, enter 5 points for furthered education in Box H.		<<< Box H	
19	Possible Salary Adjustment Boxes D-H seek to quantify the value of experience, responsibilities, and education a rostered minister may possess. These factors will become a basis for possible adjustment to salary.	The credits in Boxes E, F (at 50%), G and H are added together to create a "point total" for Box I.	7	<<< Box I	

Section 3 utilizes the adjusted baseline salary (carried to Box J) and the results of Section 2 to establish a potential range for the pastor's salary. The points from Box I are multiplied by the range modifier (result in Box K) and added to the adjusted baseline salary with the result in Box L. During discussion between the pastor and representatives of the congregation, it was agreed that the initial salary for this new call would be in the middle of the range – with the negotiated salary entered in Box M.

The **Summary** section lists the adjusted baseline, negotiated, and high end salaries with the corresponding Social Security Offset for each salary. The sum of salary and Social Security Offset is the Total Defined Compensation to be used in calculating Portico benefits (see the next page).

A	B	C	D	E
21	Section 3 Negotiating Actual Salary	Formula	Your Figure	
22	Adjusted Baseline Salary Section 1 (Boxes A, B, C and D) allowed you to determine the appropriate minimum level of salary for your pastor or deacon.	This is the amount from Box D in Section 1 of this form.	68,600	<<< Box J
23	Salary Adjustment Range Section 2 (Boxes E, F, G, H and I) allowed you to compile a point total which will assist you in quantifying a range for appropriate salary. For the year 2022, the range modifier is set at \$400 per point.	The number recorded in Box I, multiplied by the range modifier described to the left, generates the spread of your appropriate salary range.	2,800	<<< Box K
24	Adjust Baseline + Adjustment Range By adding the "Adjusted Baseline Salary" and the "Salary Adjustment Range" figures together, you will be able to determine the upper reaches of an appropriate range of salary for your rostered minister.	The sum of Box J and Box K represents a potential high end of the salary range.	71,400	<<< Box L
25	Negotiated Salary for 2023 Although the Synod may produce helpful guidelines and minimum baselines for appropriate salary, congregations need to annually review and revise salary for their rostered ministers. Using the figure in Box J as a "low" and Box L as a "high", it is the responsibility of the congregation to determine actual annual salary. During the course of the conversation between the pastor/deacon and those responsible for the annual review & salary recommendations, consider using the following questions as guides for allowing one to move up or down in the range presented: <ul style="list-style-type: none">• Does our pastor/deacon bring any additional or special skills to the position that ought to be rewarded?• Has our pastor/deacon met their mutually-predetermined ministry goals during the past twelve months?• Do we expect our pastor/deacon to take on any significant additional responsibilities as a leader of our congregation?• Is our pastor/deacon competent in their fulfillment of the ministry position to which they have been called?• Are there any unique financial stresses which the congregation ought to seek to accommodate so as to allow our pastor to better serve our community?• Are there any unique financial stresses which the congregation faces which need to be accommodated?• Are we in an area where housing costs are unusually high and special consideration may need to be made? The figure entered in Box M represents our mutually-negotiated salary for the year 2023. (Adjusted accordingly if the terms of call are less than full time, or if use of a parsonage is included as a portion of compensation.)		70,000	<<< Box M
26	SS Offset As described in the Compensation Standards document, a pastor's compensation is to include a Social Security Offset.	The appropriate Social Security Offset to accompany the Negotiated Salary would be:	5,355	
27				
28	Summary	Salary	Social Security Offset (only applicable to pastors)	Total Defined Compensation to report for Portico Benefits
29	Salary Range Low (Box J)	68,600	5,248	73,848
30	Negotiated Salary (Box M)	70,000	5,355	75,355
31	Salary Range High (Box L)	71,400	5,462	76,862
32				
Instructions Compensation Calculations Benefits & Expenses Printable Summary Printable Summary - Shared Call +				

The **Benefits & Expenses** tab includes a link to the Portico Benefit Calculator (line 26). For this example, the congregation contributes 12% for retirement and selects the Gold+ health plan, the pastor is 42 years old and has a spouse and children. **NOTE: the Portico benefit costs entered are for illustrative purposes only!**

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q
1	Benefits & Expenses Summary																
2	With the exception of the red-bordered Compensation Modifier found below in the pink cell - and the orange congregation names and percentages in the Shared																
3	Calls section - you should only enter numbers in the blue shaded cells. Amounts for																
4	the Portico benefits are found by visiting the Portico calculator using the link below.																
5																	
6																	
7	Compensation Modifier																
8	If this is not a full-time call, enter the percentage modifier in																
9	the pink box and the modified numbers will be transferred to																
10	the report on the next tab.																
11					Compensation Modifier: 100%												
12																	
13																	
14																	
15	Cash Compensation (transferred from a previous tab)																
16																	
17	Negotiated/Adjusted Salary	70,000															
18																	
19	Social Security Offset	5,355															
20																	
21	Total Cash Compensation	75,355															
22																	
23																	
24	Pension, Health, and Other Benefits																
25	The Portico cost calculator can be found at:																
26	https://employerlink.porticobenefits.org/resources/calculators/benefit-costs-calculator#/																
27	You will need to know the rostered minister's birthdate.																
28																	
29																	
30	Synod: Northeastern Ohio Synod - 6E																
31	Defined Compensation:	75,355															
32	Retirement Percentage:	12 (recommended 12% - minimum 10%)															
33																	
34	Health Insurance	30,100															
35	Retirement	9,043															
36	Disability	980															
37	Basic Group Life	678															
38	Portico Benefits Total:	40,801															
39	Additional Benefits (if applicable, please list and indicate cost)																
40	Item 1																
41	Item 2																
42	Item 3																
43	Cost of additional benefits:	0															
44																	
45	Total Cost of Benefits	40,801															
46																	
47																	
48	Other Expenses																
49	Mileage Reimbursement	3,000 (at IRS approved rate per mile)															
50	Other Professional Expenses	500															
51	Continuing Education	700 (minimum of \$700 recommended)															
52	Cell Phone Reimbursement	600															
53	Other Expenses																
54																	
55	Total Cost of Other Expenses	4,800															
56																	
57																	
58	Total Compensation, Benefits, and Other Expenses	120,956															
59																	
60																	

The **Benefits & Expenses** tab is also used in special circumstances for a part-time or shared call. If the call is not full-time, cell E11 is used to indicate the appropriate percentage and then the salary and Social Security Offset (if applicable) are modified in the pink cells. If this is a shared call, the orange shaded cells with the red outlines can be used to identify the congregations and the appropriate percentage each will contribute. In addition to the Portico benefits, lines 40-42 are used if there are additional benefits included. Lines 49-53 list the various ministry-related expenses.

The **Printable Summary** tab provides a ready-to-print summary of the full cost of compensation, benefits, and professional expenses. A different **Printable Summary – Shared Calls** tab is provided for those situations.

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	Proposed Compensation, Benefits, and Expenses														
2															
3	Cash Compensation to Pastor/Deacon														
4															
5		70,000	Salary												
6															
7		5,355	Social Security Offset (pastors only)												
8															
9		75,355	Cash Compensation												
10															
11															
12	Health Insurance, Retirement, and Other Benefits														
13		30,100	Health Insurance												
14		9,043	Retirement												
15		980	Disability												
16		678	Basic Group Life												
17		40,801	Total Portico Benefits												
18															
19		0	Other Benefits												
20															
21		40,801	Benefits												
22															
23															
24	Professional Expenses														
25		3,000	Mileage Reimbursement												
26		500	Other Professional Expenses												
27		700	Continuing Education												
28		600	Cell Phone Reimbursement												
29		0	Other												
30															
31		4,800	Professional Expenses												
32															
33															
34		120,956	Total Compensation, Benefits, and Expenses												
35															

References for Local Housing Costs

When a pastor or deacon takes a new call, they will be moving into that community under the current housing conditions and the baseline salary must be adjusted accordingly to enable the pastor or deacon to move into that community. It is important to note that housing values can fluctuate quickly.

The local housing adjustment gets more difficult to apply the longer a pastor or deacon lives in the area. If housing values increase dramatically, a rostered minister who locked in a mortgage when housing values were lower would not need the full local housing adjustment in order to be equitably paid. On the other hand, if housing values decrease significantly, a rostered minister who bought into the community when the housing values were higher will have a higher mortgage payment and should not be penalized for a declining housing market.

Another consideration is the question of which area should be used to determine the local housing adjustment. If the congregation is located in an urban area, the local housing costs may be depressed and/or there is no suitable housing in the immediate vicinity of the congregation. In other situations, the congregation is located in an area that has seen dramatic increases in housing values and it would be unrealistic for the congregation to use the local housing cost in the immediate area. In general, it is appropriate to use the local housing cost in the area where most of the congregation members reside. If the members are spread over a wide area, it is appropriate to use an average value of those areas.

A local realtor will be able to help congregations determine the median home value at the present time. A congregation can also use the internet to research current housing costs in the local area. The National Association of Realtors website provides extensive research about local housing costs. This page reports the median home prices by county: [NAR Median Home Prices](#)

The websites Zillow.com and Realtor.com also provide helpful data regarding median home prices in a zip code or specific community. Website functionality frequently changes, but at the time this document was drafted, the following methods provided helpful results:

- Go to [www.realtor.com](#) and in the search field at the top of the page enter the zip code or community name and click the magnifying glass to execute the search. Scroll down below the listings, and look for a box with the heading, “Facts about Zip Code/Community.” In that box will be the median home price in that area.
- Go to [www.google.com](#) and in the search bar, enter the phrase:
“median home price (zip code) realtor.com”

In the search results (often the first one) look for a link described as:

<https://www.realtor.com/zip-code-overview>
(zip code) Real Estate Market – Realtor.com

Following this link will bring up a page with summary information for that zip code.

- Go to www.zillow.com and in the search field at the top of the page, enter the zip code or community name and click the magnifying glass to execute the search. Scroll down through the sidebar with the property listings and look for the box titled “Related Searches.” One of the links should read “Zillow Home Value Price Index For (zip code).” Click that link and you will find summary information for that zip code.
- Go to www.google.com and in the search bar, enter the phrase:
“median home price (zip code) zillow”
In the search results (often the first one) look for a link described as:
(zip code) Home Prices & Home Values | Zillow
Following this link will bring up a page with summary information for that zip code.

Sample Congregation Council Resolutions

Designation of Housing Allowance (applicable only to pastors)

In IRS Publication 517, the IRS states the following regarding a housing allowance: "The church or organization that employs you must officially designate the payment as a housing allowance before it makes the payment. It must designate a definite amount. It can't determine the amount of the housing allowance at a later date. If the church or organization doesn't officially designate a definite amount as a housing allowance, you must include your total salary in your income."

Shown below is a sample resolution designating a housing allowance, which is to be done each year:

The president informed the Council that under the tax law, pastors may be able to exclude from federal income tax the amount of their compensation designated as a housing allowance.

After considering the estimate of Rev. _____ of their home expenses and the amount requested to be designated as a housing allowance, a motion was made by _____, seconded and passed to adopt the following resolution:

Resolved that of the total cash salary for the year 20_____, \$_____ is hereby designated as housing allowance.

Automobile Reimbursement Policy

The congregation will reimburse [the pastor/rostered ministers/employees] for automobile expenses incurred when traveling on church business, in accordance with Internal Revenue Service (IRS) rules. Current regulations require that for reimbursement to be non-taxable, individuals must keep records of amounts spent, the date of the travel, destination(s), and an adequate record of the purpose/reason for the trip (with consideration for pastoral confidentiality).

Upon receipt of sufficient documentation, a reimbursement for travel expense will be issued. Under current IRS rules, reimbursement can include mileage at the IRS approved rate plus parking fees, tolls, and similar expenses.

Professional Expense Reimbursement Policy

Since rostered ministers are expected to participate in church activities beyond the congregation and to continue to grow professionally, the congregation will reimburse [the rostered minister/each rostered minister] up to \$_____ for professional expenses each year. Such professional expenses may include dues and subscriptions; meeting expenses; books and miscellaneous educational and reference material; and personal supplies. Tangible materials purchased under this policy are the personal property of the rostered minister, unless otherwise agreed.

Cell Phone Reimbursement Policy

A cell phone provided to the pastor is a nontaxable business expense if the Congregation Council minutes state it is primarily provided for noncompensatory business reasons (such as the need to be accessible at all times for work-related emergencies or the expectation to be available to talk with members outside of regular office hours).

As an alternative, the pastor may be provided with a nontaxable cell phone reimbursement if Congregation Council minutes state that the pastor is required to maintain a personal cell phone for noncompensatory business reasons and the reimbursement amount does not exceed reasonable business needs (i.e. reimburse the basic monthly plan, not family plan for extra minutes).

The reimbursement may either be at a fixed amount or for the identifiable costs for the individual portion of a shared plan, including the purchase of a phone.

Life-Long Learning Expectations of the ELCA

Resolution CA97.2.7 adopted by the 1997 Churchwide Assembly states:

To encourage all persons in the Evangelical Lutheran Church to engage in a holistic and systematic approach to life-long learning and development.

a. For rostered persons, this includes;

(1) Specifications:

- (a) a minimum of 50 contact hours per year of intentional continuing education, or 150 contact hours each three-year period;
- (b) spiritual disciplines;
- (c) habits of personal study;
- (d) regular worship;
- (e) self-care;
- (f) involvement in the wider community;
- (g) participation in intentional colleague groups; and
- (h) peer review as appropriate for personal and vocational development (see “Life-Long Learning and Development for Faithful Leaders,” Appendix D [*Pre-Assembly Report*, Section IV]).

(2) Extended study and renewal of a minimum of one to three months every three to five years in present call. For rostered persons involved in the First-Call Theological Education program, this three- to five-year period begins upon completion of that program (see “Life-Long Learning and Development for Faithful Leaders,” Appendix C [*Pre-Assembly Report*, Section IV]).

(3) An annual review of continuing education needs and plans with an appropriate group within the congregation or agency and the synod.

b. For congregations and agencies, this means:

- (1) Being in partnership with rostered persons in continuing learning and development;
- (2) Utilizing a mutual ministry committee or an appropriate group to review continuing education needs and plans;
- (3) Providing an appropriate share of the funding for continuing education and programs of extended study and renewal (growing to a minimum of \$1,000—\$700 from the congregation or agency and \$300 from the rostered person—by the year A.D. 2000); and
- (4) Respecting the rostered person’s needs for appropriate self-care.

c. For synods, this means:

- (1) Communicating expectations regarding intentional learning and development by rostered persons;
- (2) Promoting health and wellness among rostered persons and their families;
- (3) Fostering a supportive climate for life-long learning and development; and
- (4) Reviewing and recording continuing education plans of rostered persons.

Sabbatical Resources

The Lilly Endowment provides grants for full-time pastors in congregational settings up to \$50,000, including up to \$15,000 for congregational expenses and events. Pastors may apply online at <https://www.cts.edu/clergy-renewal/applying/national-program/> or write to The Lilly Endowment, 2801 North Meridian St. Indianapolis, IN 46208.

The Louisville Institute has grant programs that support religious and theological scholarship through the Pastoral Study Project, with funds up to \$15,000. Information can be found at www.Louisville-Institute.org, or in writing to The Louisville Institute, 1044 Alta Vista Road, Louisville, KY, 40205.

Recommended planning resource books:

Planning Sabbaticals: A Guide for Congregations and their Pastors by Robert Saler

Sabbaticals are becoming increasingly common practice in congregations, and while there are many books on helping pastors prepare for their time away, there are no texts that approach the experience with the congregation in mind, from start to finish. This guide for congregations and their pastors draws on nearly two decades of wisdom from the Lily Endowment Clergy Renewal Program and helps draw the conversation away from a pastor-centric model and towards a holistic congregational framework for thinking about how the entire community can benefit from a pastor's sabbatical.

<https://www.amazon.com/dp/0827231792>

Clergy Renewal: The Alban Guide to Sabbatical Planning by A. Richard Bullock and Richard Bruesehoff (both authors are ELCA pastors)

Planned time away from the parish for study, rest, and spiritual renewal can be beneficial - and often necessary - for any pastor, as well as for the congregation. In this thoroughly revised and expanded edition of Alban's popular Sabbatical Planning for Clergy and Congregations, Bullock and Bruesehoff provide the definitive guide to putting together refreshing pastoral sabbaticals that can help keep ministry vital and growing for the long term. <https://www.amazon.com/dp/1566992230>

Members of the Compensation Task Force & Compensation Consultants

The team who worked on this revision of the Compensation Standards included:

Deacon Lindsay Bailey, St. Matthew Lutheran Church, Medina

Pastor Dan Cammarn, intentional interim pastor

Mr. Bob Emmerich, retired after 35 years in the banking industry

Pastor Angela Freeman-Riley, Bethesda on the Bay Lutheran Church, Bay Village

Mr. Matthew Rowlands, pastoral spouse with an accounting background

Pastor Mitch Phillips, Assistant to the Bishop for Leadership

Compensation Consultants

The following people have agreed to be available to help congregations in understanding these compensation standards and the calculation of compensation, benefits, and expenses.

Pastor Dan Cammarn – djcammarn@gmail.com

Pastor Angela Freeman-Riley – pastor.angela@bethesdaonthebay.org

Pastor Mitch Phillips – mphillips@neos-elca.org