

## **SOUTHWESTERN TEXAS SYNOD 2012-2013 Clergy Compensation Guidelines**

*For Pastors and Congregations  
Adopted by Synod Assembly May 1, 2010*

### **1.0 INTRODUCTION**

This document is intended to guide and assist in the pastor-congregation dialogue which leads to fair and just compensation for professional pastoral services in congregational settings. These guidelines represent a distinct shift in focus from giving specific numbers (dollar figures) to giving specific step-by-step guidance on how to create a climate of dialogue between pastor and congregation. The guidelines describe an ongoing process of review, accountability, and constructive conversation about what is fair and just compensation for effective ministry within a congregation. In comparison with previous guidelines the major changes include:

1. Salary (Total Annual Defined Compensation) is the sum of "base salary," housing (or housing equity in the case of a parsonage), and Social Security Tax Allowance. This definition is used to clarify the conversation on clergy salaries as compared to other professions. Definitions for tax purposes should be considered separately.
2. It is now expected that a part of the dialogue between pastor and congregation will include research of salaries of comparable professionals within the geographical area of the congregation. Pastoral salaries should be within the range of salaries for positions requiring a master's degree and a similar level of responsibilities. Salaries should also be adjusted for acquired skills and performance, rather than being tied primarily to years of service.
3. Salaries and reimbursable expenses are to be determined by agreed upon duties and responsibilities, accountability, performance, and annual review.
4. Annual ministry review, based on mutual expectations and goals, incorporates evaluation of pastoral ministry plus ministry provided by leaders and members of the congregation.

#### **1.1 A New Way of Thinking**

These guidelines ask both pastor and congregation to venture together toward fair and just compensation for the professional pastoral ministry. This document does not give hard and fixed numbers. It does represent "outside the box" thinking and is a document that begins and guides in the pastor-congregation dialogue. Simply put, inflexible and rigid numbers cannot compensate for the wide variety of economic and situational differences that span this geographically large synod. That fact coupled with many others, has led to the development of a series of issues a congregation and its pastor need to discuss in open and faithful dialogue. Our Synod Compensation Guidelines are a roadmap to guide discussion in the formation of a compensation package that is both open and reasoned. They are all about ongoing dialogue!

#### **1.2 A Little History**

The Southwestern Texas Synod Leadership Support Committee developed this document as a way to apply both sound business and current management principles to the task of clergy

compensation. The committee examined many compensation guidelines from across the ELCA as well as other Christian denominations and industry and government standards. Rostered and lay leaders, Synod Council and Synod Assembly provided input used in the development of these guidelines. A wide variety of issues and approaches were reviewed, analyzed and researched. The committee studied and established values it thought represented the skills necessary to be faithful and effective in ministry today.

### **1.3 Implementation**

The call of a congregation, with acceptance of that call by a pastor, constitutes a mutual relationship and commitment. Service in a call to ministry in a congregation is different in some ways from an employer/employee relationship. This document is a model and tool from the Southwestern Texas Synod to assist congregations during the process of an annual review of pastoral compensation leading to the formation of a congregational budget. Congregations of this synod are expected to use this document and its supporting appendices to address concerns related to professional pastoral compensation.

The guidance is simple. Congregation and pastor establish what is fair and just compensation for ordained ministry in their setting, regardless of the congregation's ability to meet that obligation. If only a percentage of what is fair and just compensation is currently attainable by a congregation, these steps should be followed: the congregation and pastor develop written strategies (copied to the synod office) that work toward their ability to appropriately compensate their clergy. Compensation should be adjusted annually to meet the agreed upon level. In lieu of that ability, work load or hours should be adjusted to match the percentage of compensation made available to the ordained person. Sharing a pastor between two or more congregations may be a viable strategy to attain fair and just compensation. Resources and assistance are available from the synod to help congregations engage in this conversation.

### **1.4 Areas of Consideration**

- Mutual Accountability and Performance
- Fair and Just Compensation
- Pension and Health Care Benefits
- Expense Reimbursement
- Renewal and Self Care
- Mutual Benefit

## **2.0 MUTUAL ACCOUNTABILITY**

Both the pastor and the congregation are expected to hold each other mutually accountable for the ministry that is done in their community.

### **2.1 Responsibilities and Annual Review**

At the time of call, and annually thereafter, the appropriate committee and the pastor will establish the pastor's job responsibilities and priorities, will establish the congregation's duties, and will agree upon a method to measure each other's ministry performance. This will include an annual review of the pastor's position description, a process for the pastor regularly to report

his/her activities, and a process for regularly assessing the congregational support of the pastor's ministry. See **Appendix**.

## **2.2 Mutual Ministry Committee**

The ELCA Model Constitution for congregations recommends the appointment of a Mutual Ministry Committee. Composed of mature, healthy and faith-centered people, this group focuses on the healthy practice of mutuality in ministry among all people, including the pastor. As one part of its ministry, this group provides care for the pastor in his or her unique role among all the people. Normally the committee is appointed in consultation between the council president and pastor. Resources are available on the synod website.

## **2.3 Personnel Committee**

This committee carries out the obligations of the congregation as the *employer*, including annual compensation review, using these guidelines as the basis for the review. Recommended compensation is determined in conversation with the pastor. Compensation recommendations go to the Congregation Council for action. The Executive Committee may function as the Personnel Committee. Resources are available on the synod website.

## **3.0 FAIR AND JUST COMPENSATION**

### **3.1 Comparable Professional Compensation**

It is important for congregations to compensate their pastors fairly and justly. Compensation for pastors should be comparable to other professionals in the local community of similar education (master's degree) and responsibilities in organizations that are not-for-profit, rendering a service to society, and mission driven. Salaries should also be adjusted for acquired skills, performance, and additional responsibilities, rather than being tied primarily to years of service.

Salary (Total Annual Defined Compensation) is the sum of "base salary," housing (or housing equity in the case of a parsonage), and Social Security Tax Allowance. This definition is used to clarify the conversation on clergy salaries as compared to other professions. Definitions for tax purposes should be considered separately.

One useful community standard is the compensation level of middle school principals. Information regarding salary ranges for these professionals may be found online on your local school district's web site, or by calling the local school district. Variations in cost of living will be reflected in these salary ranges. It is highly encouraged that more than one nearby school district and other master's degree professionals' compensation levels be used for comparison.

See **Appendix** for salary range information for middle school principals.

### **3.2 Advocacy for Your Pastor**

Recognizing that the whole people of God seek fairness and justice in compensation, there are times when having an advocate for the pastor is mutually beneficial. This may be the role of the

Personnel Committee, or at times the Mutual Ministry Committee, or others, who then advocate with those who recommend salaries.

### **3.3 Housing and Clergy Taxes**

There are important tax implications regarding clergy housing allowance that must be addressed annually by official Congregation Council action. See **Appendix** for detailed information.

### **3.4 Social Security**

Tax laws regarding clergy are unique and complex. Pastors are considered *employees* for income tax purposes. They are considered *self-employed* for Social Security taxes; therefore, they must pay self-employment social security tax of 15.3% on all of their salary (including the portion considered housing allowance, or in the case of a parsonage, the value of the housing provided as determined by IRS rules).

Congregations should take this additional tax burden into consideration when determining salary. Most employees have half of their Social Security tax (7.65%) paid by employers. Any amount the congregation wishes to add to the salary to compensate for the Social Security self-employment tax burden must be added as an increase to salary for tax purposes. **See the IRS web site for more information: <http://www.irs.gov/publications/p517>. See also <http://www.elcabop.org>.**

## **4.0 PENSION AND HEALTHCARE BENEFITS**

Congregations are to provide for participation in the ELCA Pension and Other Benefits Plan at least at the levels prescribed by the ELCA Board of Pensions. Participation in the health plan provides for mobility of pastors across the church without the difficulty of obtaining new health insurance with each new call. In order to ensure adequate retirement income for all pastors, any congregation paying salary **below** guidelines is advised to make pension payments based on **recommended** salary guidelines in this document.

Congregations will also provide for medical and dental benefit plan coverage for spouse and/or children unless the spouse and/or children are not already enrolled through the spouse's employer. Pastors and congregations who agree to secure health insurance for the pastor through a spouse's employer may waive Board of Pension health care coverage. Congregations should pay 100% of the cost to the pastor of participation in the spouse's plan. Medical / dental insurance cost information may be obtained on the Board of Pensions Web site: **[www.elcabop.org](http://www.elcabop.org)**. (Click on "Calculators").

Rostered leaders are encouraged to participate in the ELCA Board of Pensions' **Flexible Spending Accounts** and **Personal Wellness Accounts**. See **Appendix**.

## **5.0 EXPENSE REIMBURSEMENT**

It is expected that reasonable and customary expenses that are incurred in the course of pastoral ministry will be reimbursed or provided for directly by the congregation.

### **5.1 Travel Expenses**

It is expected that the congregation will provide for the cost of all travel done by the pastor in connection with his or her service to the congregation, including travel expenses for continuing education and synod and other meetings associated with his or her service as a rostered leader of the ELCA. Such expenses would normally include reimbursement for the operation of a vehicle, tolls, meals, lodging and gratuities while involved in travel.

- Reimbursement for automobile expenses should be made according to current IRS limits.
- In some cases, pastors and congregations have found it advantageous to supply a leased automobile (with fuel, insurance and maintenance) for the pastor's business use instead of expense reimbursement.
- In many cases travel by air is the better stewardship of the pastor's time and the congregation's funds when a long trip is required.

### **5.2 Professional Expenses**

A congregation should provide for items that the pastor and the congregation agree are to the benefit of the professional ministry. Pastors have routine expenses such as the purchase and care of robes and stoles, books, and other professional expenses. A set annual limit on professional expense reimbursement may be agreed to each year.

## **6.0 RENEWAL AND SELF-CARE**

### **6.1 Vacation**

Vacation time of a minimum of 4 weeks per year, including 4 Sundays should be provided. See **Appendix**.

### **6.2 Sick Leave and Disability**

Sick leave that is reasonable and necessary for personal illness is assumed, with the congregation paying pulpit supply as needed. In this event, conversation with congregational leaders is also assumed.

Disability compensation of up to two months in a 12-month period and contributions to the ELCA Pension and Other Benefits Program should be provided in the event that the pastor is physically or mentally disabled. See **Appendix**.

No sick leave or disability time should be considered cumulative or compensated for at the end of a call.

### **6.3 Family Leave**

Where applicable, parental leave of up to 6 weeks with full salary and benefits should be provided at the time of the birth or adoption of a child.

Caring for children and parents is part of faithful living. Like others, pastors are to act responsibly in living out such care. Family leave of up to 2 weeks for care of a spouse, son, daughter, or parent for a medical emergency, serious health condition, or bereavement should be provided with full salary and benefits.

No family leave is cumulative. It should be used sparingly and always in consultation with congregational leadership.

## **7.0 MUTUAL BENEFIT**

### **7.1 Continuing Education**

Continuing education time of 2 weeks per year, including 2 Sundays, should be provided. Continuing education allowance of \$1,000 per year is recommended. At a minimum, \$700 should be provided. In addition to the amount the congregation provides, the pastor is expected to contribute funds toward his or her continuing education. Continuing education time and funds may be accumulated up to three years, as reflected in an agreement developed by the pastor and Congregation Council. See **Appendix**.

### **7.2 Sabbatical**

The ELCA recommends sabbatical leave, at regular intervals, for extended study and a time of renewal. Sabbatical time of 3 months for every 7 years of ordained ministry, and after at least 4 years of service in the current call, is highly encouraged. See **Appendix**

## **8.0 INTERIM AND SUPPLY PREACHING**

The Synod Council of the Southwestern Texas Synod recommends the following baseline levels for those providing supply preaching and interim ministry:

- **Supply** preaching: \$150 for one service, \$200 for two services; plus mileage at the current annual IRS rate.
- **Interim** Ministry: Preaching at the rate cited above; plus \$30 per hour for ministerial services provided at other times.

It is the responsibility of the congregation to compensate the person who supplies.

## APPENDIX

### 2.0 MUTUAL ACCOUNTABILITY

#### 2.1 Annual Ministry Review

An annual ministry review is normally conducted with the pastor and appropriate committee. The ministry review is held in a time of the year separated from the congregation's budget process. This review with the pastor is conducted in the context of an assessment of the ministry of the entire congregation. The ministry review also includes review of the congregation's goals and priorities for the previous year and setting of goals and priorities for the coming year. As part of the process, goals and priorities of the pastor from the previous year are evaluated and those for the coming year are established. Sample questions for consideration in the review process can be found in *Pastor and People*, pp. 122-125. A tool for developing ministry goals can be found in *Pastor and People*, p. 126.

### 3.0 FAIR AND JUST COMPENSATION

#### 3.1 Comparable Professional Compensation

The place to begin in determining fair and just compensation is **NOT** with last years numbers. The Leadership Support Committee has done some initial "leg-work" by providing an example of one vocation you can compare, generally, to that of a pastor's level of responsibility. It is the example of the Middle School Principal. This is just one example of several that a congregation must explore to derive factual and complete understanding of area comparable salary ranges. The table below represents the kind of research a congregation should be doing.

This table shows the salary ranges for middle school principals in representative areas of the Southwestern Texas Synod, listed by conferences. These ranges may be helpful, in conjunction with similar research in other disciplines, in determining fair and just compensation for pastors in each community.

#### MIDDLE SCHOOL PRINCIPAL SALARY RANGES 2007-2008 (IN THOUSANDS)

|                               | Low | Mid | High |
|-------------------------------|-----|-----|------|
| <b>Austin Conference</b>      |     |     |      |
| Taylor                        | 54  | 66  | 77   |
| Lockhart                      | 49  | 59  | 69   |
| Austin                        | 80  | 90  | 100  |
| Eanes                         | 75  | 90  | 104  |
| Round Rock                    | 71  | 89  | 107  |
| <b>Costal Bend Conference</b> |     |     |      |
| Corpus Christi                | 66  | 83  | 99   |
| Three Rivers                  | 65  |     |      |
| Mathis                        | 54  | 65  | 77   |
| Alice                         | 40  | 50  | 60   |

|                                     | <b>Low</b> | <b>Mid</b> | <b>High</b> |
|-------------------------------------|------------|------------|-------------|
| <b>Hill Country Conference</b>      |            |            |             |
| Boerne                              | 80         | 85         | 90          |
| Fredericksburg                      | 56         | 66         | 73          |
| Burnet                              | 52         | 69         | 85          |
| <b>Victoria Conference</b>          |            |            |             |
| Victoria                            | 66         | 81         | 97          |
| Hallettsville                       | 58         |            |             |
| Westhoff PK - 8 only                |            | 70         |             |
| Yorktown                            |            | 64         |             |
| <b>Rio Grande Valley Conference</b> |            |            |             |
| McAllen                             | 66         | 78         | 90          |
| Harlingen                           | 57         | 69         | 81          |
| Pharr-San Juan-Alamo                | 66         | 81         | 95          |
| <b>San Antonio Conference</b>       |            |            |             |
| Jourdanton                          | 52         | 65         | 78          |
| NEISD                               | 58         | 71         | 83          |
| New Braunfels                       | 72         | 84         | 97          |

### 3.3 Housing and Clergy Taxes

Most congregations provide salary that includes cost of housing, instead of a parsonage. When considering the salary for a pastor by comparing to local professionals, this will already include the cost of housing. This single number, called “salary” is the most helpful way of determining compensation within a given community, since variations in the cost of housing are already taken into consideration.

The Congregation Council in consultation with the pastor, by official action, must designate a portion of the annual salary as housing allowance in advance of salary payment. This portion of salary is non-taxable for income tax purposes according to IRS regulations but is taxable for Social Security self-employment tax. See [www.elcabop.org](http://www.elcabop.org).

When a parsonage is provided, the median cost of housing for the community should be accounted for in the salary. Pastors with a parsonage must pay additional Social Security self-employment tax on the value of housing provided. See IRS web site for specific information.

## 4.0 PENSION AND HEALTHCARE BENEFITS

**Flexible Spending Account (FSA)** A flexible Spending Account is a type of cafeteria plan that enables a pastor to set aside payroll dollars on a pre-tax basis to pay for certain out-of-pocket expenses, including:

- Certain health care expenses that are not paid for or reimbursed under the ELCA Health Benefits Plan or other health coverage, and
- Eligible dependent day care expenses.

**Note:** Members must enroll prior to the year the plan is used. Employers send member's contributions to the Board of Pensions and the Health Plan Administrator administers account balances and reimbursements. Any unused balance at the end of the year remains with the health plan.

## **6.0 RENEWAL AND SELF-CARE**

### **6.1 Vacation**

- Vacation time is to be used within the calendar year, except by agreement with the Congregation Council in advance.
- 4 weeks minimum is also recommended for part-time pastors.
- Cost of pulpit supply during vacation is paid by the congregation.
- Time spent in outdoor ministry or retreats with congregational groups should not be considered as vacation time when it is part of the church's program.
- Some congregations grant additional vacation time based on length of service in the congregation.
- In addition to vacation time, **at least** one full day off per week should be taken.
- Congregations and pastors may mutually agree to provide additional vacation time instead of financial salary adjustments or when financial compensation is not equal to full time.

### **6.2 Sick Leave and Disability**

The ELCA Board of Pensions guidelines concerning disability require the employer to provide two months compensation before the pastor is eligible for disability coverage from the ELCA Board of Pensions. [www.elcabop.org](http://www.elcabop.org) has further information about disability matters.

## **7.0 MUTUAL BENEFIT**

### **7.1 Continuing Education**

- With its history of educated and well-trained clergy, the ELCA expects its pastors to participate in continuing education for personal development, spiritual enrichment, and sharpening of professional skills. Continuing education time is not considered part of vacation time.
- Each year the pastor's continuing education plan should be developed in conversation with the Congregation Council and/or appropriate committee.
- The ELCA expects pastors to engage in 50 contact hours of continuing education per year. A contact hour is a typical 50 minute classroom session or the equivalent.
- Continuing education can range from a single day seminar to enrollment in a formal program, such as a Doctor of Ministry degree program, at an educational institution.

- First Call Theological Education, a three year program of the ELCA required for newly rostered leaders, is approximately 25 contact hours per year in this Synod. It is part of continuing education for purposes of time away and expenses incurred.
- Because these funds are specifically for continuing education, any unused funds are not given to the pastor. Unused continuing education time is not to be compensated.
- Cost of pulpit supply during a pastor's absence for continuing education is paid by the congregation.

## **7.2 Sabbatical**

The pastor is provided full salary, pension and other benefits during sabbatical. The sabbatical is in lieu of the year's annual two weeks of continuing education time. The congregation is responsible to provide for pastoral coverage during the pastor's absence.

- Experience has shown that the congregation benefits from the pastor's sabbatical study, growth and renewal.
- Other optional rhythms for consideration of sabbatical time range from one to three months every three to seven years.
- Planning and budgeting for sabbatical should begin at least one year in advance. A detailed sabbatical plan should be presented to Congregation Council for approval at least three months in advance.
- The pastor should agree to remain in the congregation for a minimum of six months following the sabbatical.
- Continuing education funds can be used for sabbatical. Additional expenses are normally the responsibility of the pastor.
- Resources are available at the synod website.