

DELAWARE-MARYLAND SYNOD, ELCA
2012 COMPENSATION GUIDELINES

"Let the elders who rule well be considered worthy of double honor, 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.'" (1 Timothy 5:17-18)

<p>The guidelines offered this year are identical to 2009, 2010, and 2011 in format, recommended use, and amounts.</p>

Greetings! Developing fair and equitable compensation guidelines is one of the responsibilities of the synod's Mission Through Leadership team. Prior to 2009, the guidelines simply reflected increases due to the cost of living percentage increase over the previous year's numbers. Many, many years ago, the guidelines were developed based on the public salaries of two categories of persons with similar education levels and similar levels of responsibilities – particularly, registered nurses with masters' degrees and high school principals.

In 2008, the Mission Through Leadership team wrestled with the knowledge that our compensation guidelines have been woefully outpaced by the salaries of those upon which they were originally based. To try to come close to the salaries of either of the aforementioned occupations seemed, at that time and even now, an impossibility. Additionally, rostered persons are entering their years of ministry with greater debt loads due to the enormous rises in education costs than ever before. And, for rostered leaders who have children in colleges or who are preparing for college, our salary guidelines have not been sufficient.

At the same time, members of the Mission Through Leadership team also know that congregations themselves face rising costs, particularly in fuel and health insurance. Some congregations have been greatly affected by the downturn in the economy. The question ever before us is how to be good stewards of our resources – personally and as congregations.

While rostered leaders in the ELCA do not expect to afford a lavish lifestyle, they do not take a vow of poverty – nor should they be expected to do so. Congregations should care for their rostered leaders in a manner that shows recognition of their education, their dedication to their calling, their skill, and the responsibility required for the fulfillment of that calling. Pastors and other rostered leaders do understand their work as a call from God and a mandate to serve. That work is also expected to be their livelihood.

All of this being said, the guidelines offered this year are identical in format, recommended use, and amounts to those of 2009, 2010, and 2011. Here is how they were developed. For clergy, they are based on the median salary of a high school assistant principal in the Baltimore-Towson area (BEFORE their recent considerable increase!) – and then they are adjusted according to the cost of living across the synod. Since the cost of living varies widely across the synod, there are now recommendations for three "zones." Zone A reflects the cost of living in areas like Hagerstown – NOT the lowest cost of living area in the synod. Zone B reflects the cost of living in areas like Baltimore-Towson. Zone C is for areas like Frederick and Easton, MD – NOT the highest cost of living areas in the synod. More on how to determine the 'zone' of your congregation later.

For those interested, here are more specifics of the development. Initially, the left scale – the one which included both salary and housing allowance for clergy NOT living in a parsonage was developed. First, the median salary of the assistant high school principal appeared closest to the fifteen year level of ordination – about halfway through one's pastoral years. That amount then became the fifteen year mark for Zone B. Next, the cost of living in different parts of the synod was researched which led to the development of the other zone amounts – 11% higher for Zone C and 20% lower for Zone A.

Next, the low end of the assistant high school principal's salary range was taken as a pastor's starting salary and that amount adjusted upward and downward for the higher and lower zones. The difference between the starting and the fifteen year level was determined in each case and the incremental increase needed each year to get from starting to the fifteen year level was determined and applied. The same increments were added each year from year sixteen through year twenty. Three fourths of the increment was added yearly between the twenty-first and twenty-fifth years. Then half the increment was added between the twenty-sixth and thirtieth years and one quarter of the increment between the thirty-first and thirty-fifth years was added.

You who are astute and have followed this thus far may ask a logical question – why, was not the high end of the assistant high school principal's salary used as a guideline for the thirty year level of a pastor's salary and then the years from fifteen to thirty adjusted accordingly? The answer is that the high end was higher than even the Zone C thirty year level and just seemed unattainable for all but a very small number of congregations. The step-down increment increases between the years twenty-one and thirty-five reflect the hopefully lower costs of living in those years – hopefully, children would be through or almost through college. The smaller increases would also make it more possible for a congregation to extend a call to a rostered person with more years of ministry experience.

Now, a word about the zones and how to determine which zone your congregation's area most closely resembles. Our best suggestion is to go to an on-line cost of living adjustment site that includes both Baltimore-Towson and the nearest large town/city to your location. Determine the percent increase or decrease from the Baltimore-Towson area to your location and then consider the first table (for clergy) and the second table (for other rostered leaders) and decide your zone. Please note that the cost of living for Cumberland is BELOW that of Zone A and the cost of living for Annapolis is ABOVE that of Zone C.

Next, a consideration of the size of the congregation and the responsibility level of the rostered person should be made. While each zone has only one number for any given 'yearly' level of experience, the numbers are not absolute. Congregations that have fewer than one hundred in worship on the average may need to consider part-time ministry or sharing a pastor with another congregation if resources do not allow for compensation near the level of the guidelines. Depending upon the level of responsibility of a senior or lead pastor, a higher amount would be an equitable adjustment as would a slightly lower amount, perhaps, for an associate pastor. A larger congregation (worshiping 200 or 300 or more) implies greater responsibility and thus, a higher level of compensation. What is fair and equitable should be determined in conversation.

One of the roles of a Mutual Ministry Committee in your congregation would be to have an open conversation with your pastor about compensation, the area's cost of living, and the resources of the congregation

One of the roles of a Mutual Ministry Committee in your congregation would be to have an open conversation with your pastor (and other rostered leaders) about compensation, the area's cost of living, and the resources of the congregation. Since, for many, coming in to compliance with these guidelines will not be an immediate action, the Mission Through Leadership team recommends the following:

1. That these Compensation Guidelines be used as they are whenever a congregation calls a new pastor or other rostered leader;
2. That if the current compensation is more than 6% below where these guidelines indicate, that a 6% increase be applied in the year 2012 AND a plan be formulated to bring the compensation up to the indicated level over a three year period; and,
3. That a member of the Financial Support Mission Force of the Mission Through Leadership team be asked to meet with your congregation council to help interpret and negotiate these guidelines should the need exist.

As with all matters, the consideration of compensation for pastors and other rostered leaders in the church should be entered into prayerfully and in recognition of many factors.

COMPENSATION FOR CLERGY

Compensation package includes, but is not limited to:

Salary, housing allowance, Social Security offset, medical/dental benefits, pension, disability, survivor, administration and retiree support, vacation, and sabbatical.

Church business expenses are those expenses incurred by rostered leaders while doing church work. These expenses are separate from the compensation package. Church business expenses include, but are not limited to:

Automobile reimbursement, continuing education, books and periodicals, synod assembly and official meetings of the synod, and conferences.

Since the Internal Revenue Service is classifying most pastors as employees for income tax purposes AND for Social Security purposes, under the tax code pastors are considered to be self-employed rather than employees, there are therefore three components in the initial category of compensation: salary, housing allowance (where no parsonage is provided), and Social Security allowance.

1. **Salary**

This figure is based on the number of years of experience since ordination. Only that parish can determine salary increases for the unique demands of the parish and the proficiency of the pastor. Does the pastor bring special life or work experience, training, credentials, or skills that will benefit the parish? Is he/she to assume extra duties? How complex and challenging is the particular ministry context? How effective is the pastor in meeting the challenges of ministry and in accomplishing goals jointly set by the pastor and the Mutual Ministry Committee? Is there commitment to continuing education and growth

in excellence in ministry? What cost of living "zone" is appropriate for the area of the congregation?

(As formerly rural congregations become part of an expanding metropolitan or suburban area congregation should consider this factor carefully.) Is it appropriate to consider a special merit increase for past performance? Special consideration should be given to pastors for whom the ministry is a second career. In such a situation, consideration should be given to previous experience in leadership or related areas of ministry, even though this experience may not have been as an ordained pastor.

Please note that neither the "Salary and Housing" nor the "Basic Salary Only" columns include Social Security.

2. **(a) Housing Allowance (no parsonage)**

This figure, when properly documented and justified, should reflect the fair rental value of the house or apartment furnished plus utilities in the parish area, and may be considered not taxable by the Internal Revenue Code, or

(b) Housing Allowance (parsonage provided)

In all but the most rare of cases when a parsonage is provided the congregation pays utilities on the space. If the congregation does not pay utilities, etc., compensation needs to include money for these items, as well as a furnishings allowance.

3. **Social Security Allowance**

The congregation is expected to assume 50 percent of the Social Security and Medicare tax (50% would currently be 7.65%), the same amount they are required to pay for an ordinary employee. Note that this allowance is taxable income to the pastor. The Social Security Allowance should be calculated on the total compensation (salary and housing). The Social Security Allowance is not included in the compensation guidelines but should be calculated separately.

If the congregation calls a pastor and the guidelines cannot be met, there may be some innovative financing developed to make the position attractive to the candidate of choice. This could be the congregation's structuring a tax-free medical reimbursement or child care account.

BENEFITS FOR CLERGY

1. ***Pension***

Congregation agreeing to participate in the ELCA Pension Plan contribute 10 to 12 percent to the pension account. Additional contributions are possible up to the limit of the tax laws.

2. ***Medical and dental benefits***

Percentages are as required in the ELCA Medical and Dental plan.

3. ***Vacation*** The standard is a minimum of four weeks vacation, including four Sundays, per year. One day off each week is standard, although congregations are encouraged to consider two days per week.

4. ***Sabbatical*** The 1997 Churchwide Assembly urged that after three years in a call rostered leaders receive a minimum of one to three months of extended study for every three to five years of service. The ELCA statement Life-Long Learning and Development for Faithful Leaders recommends discussing sabbatical plans with the synod bishop and other called leaders.

CHURCH BUSINESS EXPENSES INCURRED BY PASTORS

The most frequent professional expenses for which pastors are reimbursed and are not part of clergy compensation are:

1. ***Automobile*** Reimbursement for actual miles driven, tolls, parking fees, etc. is the most attractive arrangement. It is also possible to reimburse pastors on an actual expense basis. However, this can get quite complicated. Both methods require record keeping of miles driven. Actual cost methods requires record keeping of miles driven for business, as well as total mileage, receipts for all expenses, and computation of costs on a pro rata basis. If reimbursement is on the basis of actual miles driven, it is suggested that the church reimburse the pastor at the prevailing IRS business mileage rate. The use of a flat allowance for the pastor's use of his/her car is not recommended since this would have to be included in taxable income.
2. ***Continuing education, as agreed in the call document.*** The Division for Ministry, ELCA standard is two weeks time (including Sundays) and an annual allowance of \$750 from the congregation with an additional \$250 from the pastor for a total of \$1000.
3. ***Books/periodicals*** To keep up to date with written materials.
4. ***Synod Assembly/conferences*** All pastors are expected to attend the Synod Assembly and are automatically voting members. The congregation is expected to pay all expenses including registration, lodging, meals and transportation for the pastor. Usually held in the fall of the year, the Bishop's Leadership Day(s) is (are) an event where pastors are expected to be present with associated expenses paid by the congregation.

2012 COMPENSATION GUIDELINES FOR CLERGY

2012 COMPENSATION GUIDELINES FOR CLERGY							
Salary and Housing				Basic Salary Only			
Service Years	(No parsonage)			Service Years	(Parsonage & Utilities provided)		
	Zone A	Zone B	Zone C		Zone A	Zone B	Zone C
Start	46380	57975	64352	Start	32466	40583	45046
1	47432	59290	65760	1	33202	41503	46032
2	48485	60606	67169	2	33940	42424	47018
3	49567	61921	68577	3	34697	43345	48004
4	50589	63237	69985	4	35412	44266	48990
5	51642	64552	71394	5	36149	45186	49938
6	52694	65867	72802	6	36886	46107	50961
7	53746	67193	74210	7	37622	47035	51947
8	54798	68498	75618	8	38359	47949	52933
9	55851	69814	77027	9	39096	48870	53919
10	56903	71129	78435	10	39832	49790	54905
11	57955	72444	79843	11	40569	50711	55890
12	59008	73760	81252	12	41306	51632	56876
13	60060	75075	82660	13	42042	52553	57862
14	61112	76391	84068	14	42778	53474	58848
15	62165	77706	85477	15	43516	54394	59834
16	63217	79201	86885	16	44252	55315	60820
17	64269	80337	88293	17	44988	56236	61805
18	65321	81652	89701	18	45725	57156	62791
19	66374	82968	91110	19	46462	58078	63777
20	67426	84283	92518	20	47198	58998	64763
21	68215	85269	93574	21	47751	59688	65502
22	69004	86255	94630	22	48303	60379	66241
23	69793	87241	95686	23	48855	61069	66980
24	70582	88227	96742	24	49407	61759	67719
25	71371	89213	97798	25	49960	62449	68459
26	71897	89870	98502	26	50328	62909	68951
27	72423	90527	99206	27	50696	63369	69444
28	72949	91184	99910	28	51064	63829	69937
29	73475	91841	100614	29	51433	64289	70098
30	74001	92498	101318	30	51801	64749	70923
31	74264	92827	101670	31	51985	64979	71169
32	74527	93156	102022	32	52169	65209	71415
33	74790	93485	102374	33	52353	65440	71662
34	75053	93814	102726	34	52537	65670	71906
35	75316	94143	103078	35	52721	65900	72155

COMPENSATION FOR ASSOCIATES IN MINISTRY AND DIACONAL MINISTERS

Salary The guidelines for AIMs and Diaconal Ministers include only a basic salary figure varied just on the basis of cost of living zones A, B, and C explained in the introductory section of this guide. The basic figures do not take into account whether one has a master's degree in addition to a bachelor's degree – those with a degree beyond a bachelor's would rightly receive a higher compensation level. The basic figures do not take into account the consideration of varying responsibilities, merit increases, and special areas of expertise brought to the position. Salary, as well as benefits and coverage of professional expenses, should be documents at the time of call and each year at the time of annual review.

For both AIMs and Diaconal Ministers, salary is the ONLY item covered in compensation. Unlike clergy, AIMs and Diaconal Ministers are not generally regarded as self-employed for Social Security tax purposes. Therefore, the congregation is responsible for the employee's share of Social Security and Medicare tax.

BENEFITS FOR ASSOCIATES IN MINISTRY AND DIACONAL MINISTERS

1. ELCA Pension Plan for those who work more than 20 hours weekly.
2. Medical and dental benefits.
3. The standard is four weeks of vacation, based on full time status. One day off each week is also standard.

CHURCH BUSINESS EXPENSES FOR ASSOCIATES IN MINISTRY AND DIACONAL MINISTERS FOR WHICH THE CONGREGATION IS RESPONSIBLE

The most frequent professional expenses for which AIM/Diaconal Ministers are reimbursed and are not part of their compensation are:

1. ***Automobile*** Reimbursement for actual miles driven, tolls, parking fees, etc. is the most attractive arrangement. It is also possible to reimburse AIM/Diaconal Ministers on an actual expense basis. However, this can get quite complicated. Both methods require record keeping of miles driven. Actual cost methods requires record keeping of miles driven for business, as well as total mileage, receipts for all expenses, and computation of costs on a pro rata basis. If reimbursement is on the basis of actual miles driven, it is suggested that the church reimburse the AIM/Diaconal Minister at the prevailing IRS business mileage rate. The use of a flat allowance for the AIM/Diaconal Minister's use of his/her car is not recommended since this would have to be included in taxable income.
2. ***Continuing education, as agreed in the call document.*** The Division for Ministry, ELCA standard is two weeks time (including Sundays) and an annual allowance of \$750 from the congregation with an additional \$250 from the AIM/Diaconal Minister for a total of \$1000.
3. ***Books/periodicals*** To keep up to date with written materials.

4. *Synod Assembly/conferences* All AIM/Diaconal Ministers are expected to attend the Synod Assembly. The congregation is expected to pay all expenses including registration, lodging, meals and transportation. Usually held in the fall of the year, the Bishop's Leadership Day(s) is (are) an event where lay rostered ministers are expected to be present with associated expenses paid by the congregation.

2012 COMPENSATION GUIDELINES FOR AIMS AND DIACONAL MINISTERS			
Years of Service	Zone A	Zone B	Zone C
Start	30857	38571	42814
1	31857	39821	44201
2	32857	41071	45589
3	33857	42321	46976
4	34857	43571	48364
5	35857	44821	49751
6	36857	46071	51139
7	37857	47321	52526
8	38857	48571	53914
9	39857	49821	55301
10	40857	51071	56689
11	41857	52321	58076
12	42857	53571	59464
13	43857	54821	60851
14	44857	56071	62239
15	45857	57321	63626
16	46607	58259	64667
17	47358	59197	65709
18	48108	60135	66750
19	48858	61073	67791
20	49609	62011	68832