

Adopted by the 2010 Synod Assembly

# CARE & COMPENSATION 2011

## Mutual Ministry Issues for Rostered Leaders in 2011

Northern Texas – Northern Louisiana Synod  
Evangelical Lutheran Church in America

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### **THE GOAL: A Healthy Relationship Between Pastor and People**

- *Means that there is a mutually shared vision of the congregation in its mission,*
- *Means that there is mutual respect for the gifts and responsibilities that each has,*
- *Means that good communication and collaboration is pursued, especially through a Mutual Ministry Committee,*
- *Means that there is a clearly defined set of goals for the congregation and pastor that have the solid support of the whole parish,*
- *Means that the rostered leaders are enabled to keep their energy, dedication, creativity, and spiritual vitality strong, and*
- *Means that compensation is designed to be fair, to acknowledge effort and gifts, and to show appreciation and care.*

### **HOW TO ACHIEVE THE GOAL Items for the Congregation to Consider**

We assume too much, and we talk too little about the essential issues that determine the health and vitality of both the parish and the pastor and other paid staff. If committee meetings are only about taking care of tasks and council meetings are only about handling the business affairs of the congregation, when will pastor and people talk heart-to-heart about what they are thankful for in the other? When will they share what they need from the other? When will they develop a shared vision of what they hope to become in their life together as a community?

Caring for the rostered leaders of the congregation is about their compensation ... and much more. It is about mutual affirmation, goal setting, communication, responsibility, and accountability. When done well, this sense of *mutual ministry* can make all the difference in staff morale, attitude, longevity, creativity, and productivity. Assume less; talk about it more!

### **PLANNING MINISTRY TOGETHER The Work of a Mutual Ministry Committee**

The work of the Mutual Ministry Committee includes developing a process in which goals are established by the pastor and congregation that are born in a spirit of earnest desire for faithfulness to “the great commission.” It is vitally important that goals emerge out of a sharing, caring, collaborative process. The persons responsible for achieving a goal have to participate in its development.

Considerations when setting goals include:

- Goals should reflect the deep intent of the congregation's Mission Statement.
- Goals should build on the pastor's and congregation's strengths *but* should challenge both to new levels of effectiveness, especially in identified deficient areas.
- Goals faithful to God's will and direction in mission should challenge the pastor and congregation to growth, effectiveness, change, vision and stewardship.

- Goals should not be a "to do" list or a listing of normal activities of pastor and congregation. They should identify those ministry tasks that should be central to the pastor's work in the coming year in order for the pastor and congregation to move forward toward their long-term mission goals.
- Pastor and other leaders should realistically write only four to six goals per year and then be responsible for their accomplishment.
- The pastor is accountable for his/her ministry to the Congregation Council via the Mutual Ministry Committee.
- The goals should be reviewed quarterly by the pastor and Mutual Ministry Committee. A final review of the stated goals and a re-negotiation of goals for the coming year are the central tasks of the annual pastoral review which is conducted in anticipation of the conversation about compensation for the coming year.
- The goals are recorded on page 2 of the "Definition of Compensation, Benefits, and Responsibilities of the Pastor" document.

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## INTERLOCKING GOALS

### Rostered Leaders Congregation Synod

*The NT-NL Synod has been vigorously pursuing an overarching goal of **Sowing and Growing Disciples of Jesus** in all of its planning, programming, and staffing objectives. The Synod in Assembly has repeatedly affirmed this direction: we want to be a synod that holds up DiscipleLife as our primary calling and purpose. Congregations have been asked to join in a similar redirection of energy around the tasks of mission. In writing goals for the rostered leaders and congregation in the year ahead, you might ask how the goals advance this priority of DiscipleLife. What does the congregation need to do in the coming year to truly reach beyond itself? What does the congregation need of the pastor and staff to lead and support in this effort? What are the congregation's missional goals?*

## The Purpose of a Mutual Ministry Committee

It is important to make a distinction between caring for the *professional development* of staff and caring for their *personal needs*. It is certainly true that clergy and other staff have personal needs to which they must attend. It is also true that the church community needs to be sensitive to these needs. But it may be helpful to clarify that the Mutual Ministry Committee is not the group to support the pastoral and professional staff around their *personal needs*. Emotional and spiritual support best comes from outside the congregation – such as colleagues or friends with whom the professional can relax, or a therapist or spiritual director who can assist with personal issues and spiritual development.

The real focus of the Mutual Ministry Committee is *professional development*, that is, supporting the pastor/staff in becoming more competent and effective at their tasks. The committee needs to develop within itself the capacity to carry on a reflective process with the leader. One of the problems Mutual Ministry Committees often experience is that they view their role as keeping track of whether or not the pastor is "doing the job." The result of a supervisory view of mutual ministry is that pastors and congregations miss out on the benefits of good mutual reflection in a non-defensive environment.

Mutual reflection includes asking questions like: "*How are we doing together?*" "*How are we doing in terms of effectiveness in mission?*" "*How are we dealing with expectations of each other?*" "*In what ways are we satisfied?*" "*Disappointed?*" "*Are there expectations that we have of each other that are unrealistic?*" There are no recipes or "how to" solutions for developing this kind of mutuality and trust. It simply takes trust and a commitment and a willingness to learn from each other.

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A helpful resource for organizing a Mutual Ministry Committee is the book, Pastor and People: Making Mutual Ministry Work. The book is available for purchase from Augsburg Fortress Publishing House: [www.AugsburgFortress.org/store](http://www.AugsburgFortress.org/store).

## OUR COVENANT OF CARE

### Maintaining Vitality, Vigor, and Vision for Ministry

Leaders flourish in nutrient-rich environments of genuine care, mutual support, and Christian encouragement. Their sense of health, worth, and service are invigorated by intentional – not accidental – attention to their personal, professional, and spiritual lives. “Burn-out” is too often a product of sagging vision, persistent negativity, and spiritual isolation. The antidote is found in those things that stir the imagination and creativity, that offer thanks and appreciation for work earnestly done, and that create collegiality and partnership.

The *Covenant of Care* (found on page 9) is one way to encourage mutuality in ministry. It suggests concrete ways to support your rostered ministers in their work, especially in the areas of

- Spiritual reflection and renewal
- Continuing education and professional development
- Mutual conversation, encouragement, review and goal-setting

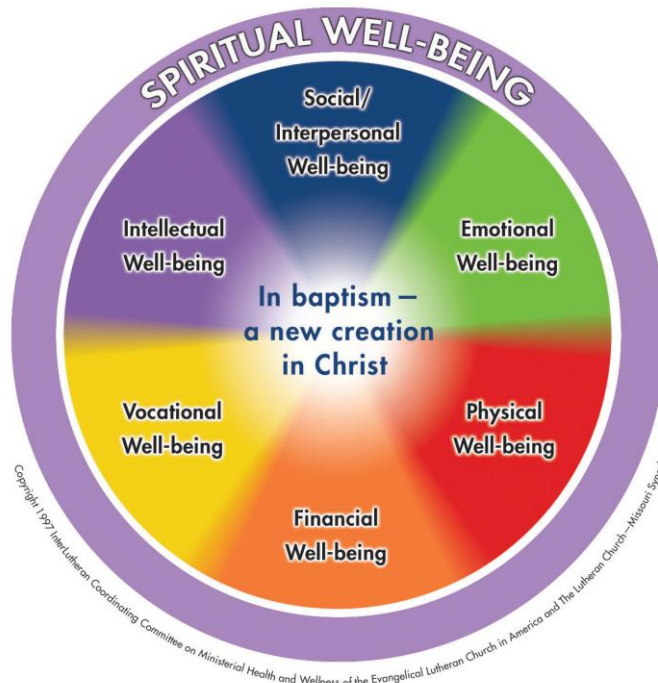
The congregation (or agency) is urged to enter into some form of a Covenant with their pastor and/or associate in ministry, *not as a matter of luxury but as a matter of urgency*. Much hinges on the work we do to maintain the vitality, vigor, and vision that our leaders have for their ministry.



The ELCA urges all rostered leaders to be attentive to the well-being of their whole selves by:

- Taking the *Health Risk Assessment* survey annually
- Using the resources of *EmbodyHealth* at [www.ELCAforWellness.org](http://www.ELCAforWellness.org)
- Developing their Personal Wellness Account and Flexible Spending Account

The diagram below illustrates the way well-being is a matter of attention to the several key areas of human experience. All of these grow out of our central experience of being a baptized child of God, and all of these are nurtured by our over-arching experience of spiritual wellness.



## COMPENSATION FOR ROSTERED LEADERS

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### ESSENTIAL FACTORS Affecting Compensation

Determining a fair base salary begins with a calculation of the *minimum* recommended salary which is then adjusted for

- Level of responsibility
- Education and Expertise
- Initiative and Merit
- Local Cost of Living
- Fairness and Equity
- Growth and Leadership

## COMPENSATION FOR LAY ROSTERED STAFF

<b>Chart I – Lay Rostered Ministers Compensation Comparison: 2009-2010</b>	
<b>Texas School District</b>	<b>Average Elem. Teacher’s Salary</b>
Abilene	\$45,425
Amarillo	\$46,839
Clifton	\$41,040
Dallas	\$53,930
Denton	\$51,051
Fort Worth	\$51,908
Greenville	\$43,752
Longview	\$46,656
Lubbock	\$44,692
Midland	\$46,323
Roscoe	\$40,332
San Angelo	\$44,010
Slaton	\$42,075
Texarkana	\$43,070
Tyler	\$45,460
Waco	\$45,407
Wichita Falls	\$45,888
<b>AVERAGE</b>	<b>\$45,756</b>
<b>MEDIAN</b>	<b>\$45,425</b>
<i>Salaries given are for elementary school teachers on a 12-month teaching contract. Source: Texas Education Agency (TEA).</i>	

### LAY ROSTERED STAFF

Associates in Ministry are persons who have been rostered by the ELCA as persons of faith, skills, and training (a college degree with course work in theology as well as an area of specialization). Their compensation consists of three parts: a base salary, the pension and health benefits plan, and Social Security. AIMs receive reimbursement for professional expenses (including automobile use). They do not receive a housing allowance as the IRS allows for clergy.

The **Base Salary** for an AIM should compare favorably to others in your community of similar responsibility, training, and activity – such as local school teachers as reflected in Chart I. It is recommended that in the NT-NL Synod a Lay Rostered Minister not be paid less than

**\$36,885 in 2011**

(the recommended *minimum salary* or *entry level* salary) and that at least \$600 per year of experience be added to this minimum amount to recognize years of service.

## I. COMPENSATION FOR ORDAINED MINISTERS

Pastors are persons – rostered by the ELCA as leaders with faith, skills, and training – who are gifted by God for Word and Sacrament ministry. They have both a four-year college and four-year seminary education. Their compensation consists of “defined compensation” (cash salary, housing, Social Security allowance) and benefits (pension, medical). Professional expenses (auto use, continuing education and assembly expenses, books and professional supplies) are not part of compensation, but a part of the congregation’s administrative costs. The IRS prefers that clergy income be reported on a W2 rather than a 1099 form. Housing Allowance is not reported in Box 1, but in Box 14 (“Other”) of the W2 form.

<b>Chart II – Ordained Ministers Compensation Comparison: 2009-2010</b>		
<b>School District</b>	<b>Average for Counselors</b>	<b>Average for Principals</b>
Abilene	\$53,686	\$76,028
Amarillo	\$55,141	\$81,107
Clifton	\$50,586	\$64,368
Dallas	\$68,225	\$89,571
Denton	\$58,170	\$87,372
Fort Worth	\$61,831	\$86,960
Greenville	\$57,782	\$76,129
Longview	\$60,038	\$81,613
Lubbock	\$57,890	\$83,360
Midland	\$56,294	\$73,456
Roscoe	\$65,002	\$65,001
San Angelo	\$53,406	\$70,794
Slaton	\$51,746	\$74,354
Texarkana	\$52,016	\$78,172
Tyler	\$55,443	\$80,766
Waco	\$52,491	\$78,831
Wichita Falls	\$51,880	\$72,126
<b>AVERAGE</b>	<b>\$56,566</b>	<b>\$77,648</b>
<b>MEDIAN</b>	<b>\$55,443</b>	<b>\$78,172</b>
<i>Salaries given are for counselors and principals of elementary schools on a 12-month contract. Source: the Texas Education Agency (TEA).</i>		

### I.a. BASE SALARY

The **Base Salary** for a pastor should compare favorably to others in your community of similar responsibility, training, and activity – such as local school counselors and principals as described in Chart II. The salaries of other masters-level professionals within the congregation might be identified as yet another valuable point of reference in determining fair compensation. It is recommended that in the NT-NL Synod an Ordained Minister not be paid less than

**\$34,570 in 2010**

(the recommended *minimum salary* or *entry level salary*) and that at least \$700 per year of experience be added to this minimum amount to recognize years of service.

The IRS allows for clergy to be provided a parsonage (with all bills paid, including utilities, repairs, improvements, insurance) or to be paid a housing allowance in addition to salary. Housing Allowance is described in greater detail below. It is recommended that in the NT-NL Synod an Ordained Minister receive between

**\$15,000 - \$24,000 Housing Allowance**

depending on local costs for a typical three bedroom home with utilities and furnishings. The sum of the pastor’s base salary, housing allowance, and Social Security Allowance should compare favorably with the salaries shown in Chart II. More specifically, the salary of a newly ordained pastor should compare favorably to the average salary of a local school counselor. The salary of a pastor with 25 years experience should compare favorably to the average salary of a local school principal. Pastors with more than 25 years experience should have increases proportionately greater than the average school principal.

Some congregations, because of their smaller membership and/or financial constraints, may be unable to provide an adequate compensation package for full-time service. A congregation should not expect a pastor

to work full-time for part-time compensation. Ask the synod office for help in identifying creative options, such as calling a part-time, bi-vocational pastor or sharing a pastor with another congregation.

### **I.b. SOCIAL SECURITY ALLOWANCE**

Regardless of whether the congregation pays the minister as an “employee” in **IRS** terms, **Social Security** always *considers an ordained minister “self-employed.”* That means the congregation does not and *cannot pay FICA* [7.65%]. It also means that the minister *must pay self-employment SECA* [15.3%]. It is recommended that the congregation provide the minister with a 7.65% allowance in lieu of paying Social Security. The allowance is considered taxable income. The minister uses this money in paying this 15.3% self-employment tax. Salary, housing (allowance *or* parsonage) and this SS allowance are used in determining SECA tax.

### **I.c. HOUSING ALLOWANCE**

The housing component of compensation is a complicated matter because of variations in the cost of housing, IRS rules and because some congregations own a parsonage while most do not. For an ordained minister the cost of housing is *compensation exempt of income tax* according to IRS rules. Associates in ministry and other lay employees do not qualify for this tax benefit.

For the ordained minister who *owns a house*, the limit of tax exemption is based on actual *housing expenses* recorded for the year by the minister – up to a maximum of the amount that was designated as “housing allowance” by the Congregation Council. The minister tracks and claims all justifiable expenses and then pays tax on the remaining “allowance” that is not actually used for housing.

For the minister *in a parsonage*, utilities, repairs, insurance, lawn, maintenance and remodeling are paid by the church, done in a timely manner and, of course, not taxed. The congregation can designate additional “furnishings allowance” for deductible household expenses that are paid by the minister. Some congregations with a parsonage also give an “equity allowance” so the pastor can build a modest housing equity for a future down payment on a house for retirement.

Every December the pastor should notify the Congregation Council that a specific amount of his/her compensation for the coming year be designated as housing allowance. The Council acknowledges this request by a motion and vote that is entered into the meeting minutes. It needs to be understood that dividing housing allowance and salary is for income tax purposes, and the division can appear unusual. The Council may choose to use this format within the minutes of its meeting (source: *Clergy Financial Services, Inc.*):

*A motion was duly made, seconded, and approved that the ministry compensation paid to Rev. \_\_\_\_\_ during the year 20\_\_ include a designated housing allowance in the amount of \$\_\_\_\_\_. This amount shall remain in effect annually until amended or rescinded.*

## **II. BENEFITS**

### **II.a. PENSION AND MEDICAL PROGRAM**

Full participation in the ELCA pension and benefit plans is expected for rostered leaders. The cost is determined as a percentage of “Defined Compensation” (base salary, plus housing or furnishings allowance, plus Social Security allowance). The pension contribution is a minimum of 10% of Defined Compensation. The premium for the medical plan (medical and dental insurance, disability insurance, and death benefits) varies according to a schedule. The ELCA Board of Pensions offers a rate calculator at [www.elcabop.org/calculators.aspx](http://www.elcabop.org/calculators.aspx).

Sick leave is assumed, with the congregation paying pulpit supply as necessary. It is becoming standard that a new parent be granted up to six weeks family leave to care for a newborn. Reasonable leave is usually granted by the Congregation Council to take care of family emergencies. In the case of disability, the minister continues to receive up to two months of salary with full benefits from the congregation.

## **II.b. VACATION AND DAYS OFF**

Because of the intense and emotional nature of the work done by a minister, it is important and recommended that the leader be granted four full weeks vacation time per year in order to tend to family responsibilities and emotional and spiritual refreshment. Vacation is not a reward, but recognition that a person needs time for renewal to be most effective in ministry. It is not necessary that vacation time be taken all at one time. The congregation needs to understand that the equivalent of two days off each week for family time and renewal is important. Of necessity, it is recognized that the minister is still “on call” during these days. The congregation needs to be trained not to encroach on days off except in emergency.

## **II.c. OTHER**

Congregations often adopt policies or procedures that are intended to benefit the rostered leader as they grow and “stay fresh” amid their duties and tasks. Such items might include:

- A policy governing compensation during times of illness and hospitalization.
- A policy about unused vacation time.
- A parental-leave policy to allow time away upon the birth or adoption of a child.
- A sabbatical-leave policy for a period of extended study.
- A policy to reimburse certain dues and memberships deemed essential to that ministry context.
- A membership in a health or fitness club.
- Participation in the ELCA’s Flexible Spending Account
- Life insurance coverage.
- Supplemental pension or tax sheltered annuity contributions.

## **III. PROFESSIONAL EXPENSES**

Clergy receive reimbursement for professional expenses (including automobile use) but this is a matter of reimbursement, not compensation. Professional expenses therefore belong under “administrative” or “operating” expenses in the budget and not under “staff salaries.”

The IRS recommends that ministers be placed on an Expense Reimbursement plan in which business related expenses are paid to the minister upon submission of an invoice or signed and itemized business expense form. This is in contrast to a system in which the minister is given a flat monthly allowance for expenses (which is reported as income) and then deducts business related expenses.

### **III.a. AUTOMOBILE EXPENSES**

Use of the minister’s automobile for business activity is a congregational expense and should properly be listed under congregational administrative expenses in the budget rather than under compensation. Reimbursement to the minister on a per-mile basis using an Expense Reimbursement plan is recommended. The IRS rate for business use of an automobile in 2010 is 50 cents per mile. Alternately, the congregation could consider providing the minister with a church-owned or leased vehicle.

### **III.b. CONTINUING EDUCATION**

Continuing education is essential for rostered leaders and other staff to bring fresh insights and resources to the congregation and for professional growth. Continuing education is a means by which the congregation's leader(s) builds upon and extends knowledge, acquires new skills and grows into more effective ministry. Indeed, failure to maintain a regular discipline of continuing education should be regarded negatively in the annual performance and compensation review.

- The congregation and rostered leader should complete an annual learning covenant for the year ahead. The Mutual Ministry Committee is the group that represents the congregation in making this covenant.
- Two weeks (50 contact hours) are allowed and taken for continuing education each year.
- A minimum of \$700 should be designated in the congregation's annual budget for continuing education. The rostered leader participates by contributing a minimum of \$300 annually.

The minister reports to the Council on the use of money, time and, of course, the learning that has occurred. By mutual agreement, continuing education time can accumulate up to three years for a major project. Funds contributed by the congregation and the rostered leader each year are held in a separate account and forwarded to the leader's next congregation should he/she receive and accept a new call.

Extended leave (sabbatical) of one to three months every five years in the present call is recommended for a rostered leader. Planning extended leave needs to begin early, with the Congregation Council approving the idea at least six months in advance.

Extended leave is understood to be a time of release from normal duties in order that a person may devote extended time to study and renewal. Ministers and congregations have found without exception that an occasional planned extended leave pays rich dividends in the quality and effectiveness of ministry the minister and the congregation share together. Information about such planning is available from the synod office or at <http://www.elca.org/Growing-In-Faith/Vocation/Rostered-Leadership/Leadership-Support/Sabbatical.aspx>.

### **III.c. BOOKS, FEES, AND OTHER EXPENSES**

Reimbursing the minister for expenses incurred in the course of doing the ministry of the congregation *is not compensation*. But the cost of reimbursement has to be planned. The congregation should adopt a policy to reimburse the minister for costs such as:

- Books, periodicals and professional dues directly related to current ministry.
- Program costs, hospitality costs, charity costs and other out-of-pocket expenses.
- Annual Synod Assembly, Bishop's Convocation and theological conferences fees. All pastors and other rostered leaders are required, by constitution, to attend the assembly and are expected by the bishop to attend the convocation and annual theological conference.

Other staff-related expenses should be budgeted, such as pulpit supply during vacation, worker's compensation, discretionary fund, long distance telephone charges, etc.

Endorsed by the NT-NL Synod Council: January, 2010  
Adopted by the NT-NL Synod Assembly: April, 2010

# Our Covenant of Care

*Respect those who labor among you...and esteem them very highly in love because of their work. (1 Thess. 5:12-13)*

*Leaders flourish in nutrient-rich environments of genuine care, mutual support, and Christian encouragement. Their real sense of health, worth, and service are invigorated by intentional – not accidental – attention to their personal, professional and spiritual lives. In order to help our pastor (and other rostered leaders) fulfill the vows he/she has taken in a manner imagined by the ELCA's **Vision and Expectations**, we therefore covenant to appropriately nurture and support servant-leadership in this place.*

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## Pledge of the Pastor or Lay Rostered Minister

- ❖ To participate in at least one peer group gathering each month for growth and support.
- ❖ To work at the integration of faith and life through a regular pattern of personal study, prayer, and reflection as well as a day each spring and fall in spiritual retreat.
- ❖ To focus my spiritual energy on the ministry of this place, while also offering a tithe of my time and energy to the larger work of community, conference, synodical, and/or churchwide ministries.
- ❖ To consult with the leadership here, my peers, and my bishop as I plan for my life-long learning and growth.
- ❖ To write an annual continuing education plan in consultation with the leadership here as I seek to fulfill the recommended annual goal of 50 contact hours.
- ❖ To give special energy and effort this year in the ministry here to: \_\_\_\_\_

\_\_\_\_\_, Pastor / Lay Rostered Minister

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## Pledge of the Congregation or Agency

- ❖ To celebrate with you each five-year anniversary of public ministry.
- ❖ To provide for a Mutual Ministry Committee that will support you in your life as a professional and servant-leader.
- ❖ To assist your growth, development, and insight through an annual review of your service in ministry.
- ❖ To insist that you take at least one day off each week and a regular vacation time each year.
- ❖ To publicly and financially support your annual continuing education plan as an issue of your – and the congregation's – health and welfare.
- ❖ To adopt a plan for Extended Study (sabbatical) that will be available to you after each five years in ministry here.
- ❖ To annually review your compensation and, if low, to adopt a plan to bring it to an appropriate level within 3 years.
- ❖ To encourage your study objectives this year in the area of: \_\_\_\_\_

\_\_\_\_\_, Chief Lay Officer

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## Pledge of the Synodical Bishop

- ❖ To be available to you as your pastor, offering counsel and encouragement to you as you fulfill your vows.
- ❖ To provide regular opportunities for learning, growth, reflection, and collegial support.
- ❖ To offer, whenever possible, scholarships to help our under-funded leaders join in on these opportunities.
- ❖ To provide confidential intervention and consultation services.
- ❖ To encourage your talents and service within the ministries offered by the community, conference, synod, and churchwide organization.
- ❖ To hold you in prayer, in collegial regard, and in love for your ministry's sake.
- ❖ To encourage you to grow this year in the area of: \_\_\_\_\_

\_\_\_\_\_, Kevin S. Kanouse, Bishop  
Northern Texas – Northern Louisiana Synod, ELCA

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## 2011 Worksheet for Pastor's Compensation

NAME _____	2010 AMOUNT	CLERGY COMPARISONS	2011 PROPOSED
<b>I. SALARY</b>  a. Base salary excluding housing Adjusted for experience, merit, size of congregation, responsibility and education. _____  b. Social Security allowance _____  c. Housing Allowance or Furnishings & Equity Allowances _____  <b>TOTAL "DEFINED COMPENSATION"</b>	_____  _____  _____  <b>\$ _____</b>	*ISD _____  *NTNL minimum \$ 34,570 + \$700 x yrs. _____  7.65% of base plus housing  \$15,000 - \$24,000 depending on local costs	_____  _____  _____  <b>\$ _____</b>
<b>II. BENEFITS</b>  a. Pension, medical, disability, death benefits (percentage of "Defined Compensation") _____  b. Vacation _____ weeks  c. Other benefits: _____  <b>TOTAL BENEFITS</b>	_____  _____ weeks  _____  <b>\$ _____</b>	10% Pension, % for Medical varies  four weeks  _____	_____  _____ weeks  _____  <b>\$ _____</b>
<b>III. PROFESSIONAL EXPENSES</b>  a. Automobile expense reimbursement _____  b. Time for continuing education _____ weeks  c. Continuing education allowance _____  d. Books, magazines, and registration fees _____  e. Other reimbursable expenses _____  <b>TOTAL PROFESSIONAL EXPENSES</b>	_____  _____ weeks  _____  _____  <b>\$ _____</b>	\$ 0.50 per mile in 2010  two weeks  \$ 700.00  _____  _____	_____  _____ weeks  _____  _____  <b>\$ _____</b>
<b>TOTAL FOR PASTOR'S MINISTRY</b> <i>Salary, benefits, and reimbursed professional            expenses as minister of this church.</i>	<b>\$ _____</b>		<b>\$ _____</b>