Proposed for Adoption by the NT-NL Synod Assembly on April 20, 2024

CARE & COMPENSATION 2025

Mutual Ministry Issues for Rostered Leaders in 2025

Northern Texas – Northern Louisiana Synod
Evangelical Lutheran Church in America

THE GOAL:
A Healthy Relationship Between Rostered Leader 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 are pursued, especially through a Mutual Ministry Committee,***
- ***Means that there is a clearly defined set of goals for the congregation and rostered leader that have the solid support of the whole congregation,***
- ***Means that the rostered leaders are enabled and encouraged 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***

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 congregation and the rostered leader. 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 rostered leader 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 by which goals are established by the rostered leader 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 rostered leader's and congregation's strengths *but* should challenge both to new levels of effectiveness, especially in areas of identified deficiency.
- Goals faithful to God's will and direction in mission should challenge the rostered leader and congregation to growth, effectiveness, change, vision and stewardship.
- Goals should not be a "to do" list or a listing of normal activities of rostered leader and congregation. They should identify those ministry tasks that should be central to the rostered leader's work in the coming year in order for the rostered leader and congregation to move forward toward their long-term mission goals.

- Rostered leaders should realistically write only four to six goals per year and then be responsible for their accomplishment.
- The rostered leader is accountable for his/her ministry to the Congregation Council via the Mutual Ministry Committee.
- The goals should be reviewed quarterly by the rostered leader 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.

COMPENSATION FOR ROSTERED LEADERS

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 DEACONS of WORD AND SERVICE

Chart I – Deacons
Compensation Comparison:- 2022-23

Texas School District	Average Teacher's Salary
Abilene	55,634
Amarillo	60,960
Clifton	55,085
Dallas	67,045
Denton	63,228
Fort Worth	67,083
Granbury	58,141
Longview	55,525
Lubbock	53,467
Midland	64,177
McKinney	64,448
San Angelo	53,477
Temple	57,609
Waco	56,937
Wichita Falls	54,508
STATE AVERAGE	**$55,634**

Salaries given are for school teachers on a 12-month teaching contract. Source: Texas Education Agency (TEA).

DEACONS

Deacons are persons who have been rostered by the ELCA as persons of faith, skills, and training (at minimum a college degree with course work in theology as well as an area of specialization – and in some cases course work at the seminary level). Their compensation consists of three parts: a base salary, the pension and health benefits plan, and Social Security. Deacons receive reimbursement for professional expenses (including automobile use). They do not receive a housing allowance as the IRS allows for Ministers of Word and Sacrament (Pastors).

The **Base Salary** for a Deacon 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 Deacon not be paid less than

$51,875 in 2025

(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.

COMPENSATION FOR ORDAINED MINISTERS OF WORD AND SACRAMENT

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 compensation, but a part of congregation's administrative costs. The IRS prefers that Ministers of Word and Sacrament 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.

Chart II – Ordained Ministers **Compensation Comparison: 2022-23**		
School District	**Average for Counselors**	**Average for Principals**
Abilene	65,634	92,049
Amarillo	69,737	103,965
Clifton	64,331	88,403
Dallas	78,492	119,990
Denton	72,337	110,781
Fort Worth	80,513	109,195
Granbury	72,932	99,840
Longview	71,349	104,973
Lubbock	62,475	98,694
Midland	79,262	102,599
McKinney	77,818	119,456
San Angelo	62,513	80,845
Temple	60,272	102,394
Waco	66,981	99,690
Wichita Falls	62,916	87,532
STATE	**$71,945**	**$100,685**

AVERAGE		
Salaries given are for counselors and principals of schools on a 12-month contract. Source: the Texas Education Agency (TEA).		

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 of Word and Sacrament not be paid less than

$48,620 in 2025

(the recommended *minimum salary* or *entry level* salary) with no less than $700 per year of experience be added to this minimum amount to recognize years of service.

The IRS allows for Ministers of Word and Sacrament 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 Minsters of Word and Sacrament receive between

$20,500 - $31,500 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 toward the paying of 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 at the start of the year. 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 FOR ALL ROSTERED LEADERS

II.a. MEDICAL AND RETIREMENT PROGRAM

Portico Benefit Services, the nonprofit benefit ministry of the ELCA, provides the benefit program for rostered ministers, lay employees, and their families. Portico provides health, dental, prescription drug, retirement, disability, and group life insurance benefits in one bundled program.* This program is designed to address the needs of rostered ministers and provide seamless benefits during change of call, leave from call, and other events unique to ministry. A bundled approach helps ensure rostered ministers and lay employees are protected against significant financial loss from a variety of risks. Through Portico, congregations** in this synod and across the country pool their collective purchasing power to provide benefits in a cost-effective manner. For more information, see the ELCA Philosophy of Benefits at PorticoBenefits.org/philosophy.

Congregations and plan members share the cost of benefits. Congregations are expected to support the well-being of their covered plan members by paying all or a significant portion of the contributions for benefits. Plan members are expected to participate in the cost of utilizing the benefits (e.g., deductibles, coinsurance, and copays).

The ELCA Church Council has approved a balance of cost-sharing between congregations and plan members. Portico offers a choice of ELCA-Primary health benefit options that fit this approved balance: Gold+, and Silver+ with either Level A or B employer HSA contribution. Each fall, congregations should engage in conversation with their sponsored plan members to determine the option that best fits their needs, and then make their selection during annual enrollment. Current contribution rates are available on at EmployerLink.PorticoBenefits.org or by calling Portico at 800.352.2876.

*A plan member may waive health coverage if they have access to valid medical insurance coverage through their spouse or another employer.

**"Congregations" may also refer to multi-point parishes or other non-parish ministry agencies such as Bible camps, long-term care facilities, hospitals, campus ministries, etc.

Full participation in the ELCA retirement plan is expected for the rostered leader and family. 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.

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 of vacation (including a minimum of 4 Sundays) 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

Rostered Ministers 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 rostered leaders 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 rostered leader'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 rostered leader on a per-mile basis using an Expense Reimbursement plan is recommended. The IRS rate for business use of an automobile in 2024 is 67 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 $1000 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.

III.c. BOOKS, FEES, AND OTHER EXPENSES

Reimbursing the rostered leader 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 his/her current ministry.
- Program costs, hospitality costs, charity costs and other out-of-pocket expenses.
- Annual Synod Assembly, Leadership Convocation and theological conferences fees. All 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:
Proposed for adoption by the NT-NL Synod Assembly: April, 2024

2025 Worksheet for Minister of Word and Sacrament Compensation

NAME ________________________________	2024 AMOUNT	SALARY COMPARISONS	2025 PROPOSED
I. SALARY		*ISD __________	
a. Base salary excluding housing Adjusted for experience, merit, size of congregation, responsibility and education.	_____________	*NTNL minimum $ 48,620 + $700 x yrs. ___________	___________
b. Social Security allowance	_____________	7.65% of base plus housing	___________
c. Housing Allowance or Furnishings & Equity Allowances	_____________	$20,500 - $31,500 depending on local costs	___________
TOTAL "DEFINED COMPENSATION"	$____________		$__________
II. BENEFITS			
a. Pension, medical, disability, death benefits (percentage of "Defined Compensation")	_____________	10% Pension, % for Medical varies	___________
b. Vacation	________weeks	four weeks	______weeks
c. Other benefits:	_____________	_____________	___________
TOTAL BENEFITS	$____________		$__________
III. PROFESSIONAL EXPENSES			
a. Automobile expense reimbursement	_____________	$ 0.67 per mile in 2024	___________
b. Time for continuing education	________weeks	two weeks	______weeks
c. Continuing education allowance	_____________	$1000.00	___________
d. Books, magazines, and registration fees	_____________	_____________	___________
e. Other reimbursable expenses	_____________	_____________	___________
TOTAL PROFESSIONAL EXPENSES	$____________		$__________
TOTAL FOR PASTOR'S MINISTRY ***Salary, benefits, and reimbursed professional expenses as minister of this church.***	$____________		$__________