

## 2024 Recommended Compensation Guidelines Narrative—Proposed

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### Summary of 2024 Guidelines

The 2024 Recommended Compensation Guidelines has taken on some changes from past years. The salary charts did change in these guidelines—keep in mind that the rostered minister should receive an increase for years of service and the cost of insurance goes up annually and those costs are covered by the organization. The compensation task force looked at previous guidelines and other synods' guidelines in the preparation of these guidelines. It was decided that our guidelines should set a standard for what is expected. When considering increases, the determination was made that the guidelines should be increased based on current inflation statistics and trends. We are moving back to a percentage increase since all the other Region 9 synods use a percentage. Our percentage increase is 1.75% per year.

## Preface

The development of the compensation guidelines continues to be a challenge as we are working to set guidelines for the entire synod. These guidelines are recommended and should be followed to the best of your ability. These guidelines will help support your rostered minister and help them to be cared for while in ministry in your context. Always keep in mind that compensation guidelines are designed to be a minimum compensation for the rostered minister.

## Rostered Minister Roles and Considerations

### Rostered Ministers

This document refers to *rostered ministers*. The term refers to the ministers of the ELCA serving in the public ministries of this church. The two categories are Ministers of Word and Sacrament and Ministers of Word and Service. Ministers of Word and Sacrament are also referred to as pastors or chaplains. The Ministers of Word and Service roster are referred to as deacons.

### Senior Pastor

A senior pastor leads and supervises a staff with multiple rostered ministers and/or pastors. This person is generally supervising other rostered ministers. With that in mind, consideration should be given to giving the pastor more compensation for increased duties not seen in other calls. Most senior pastors have larger congregations and additional challenges with supervising multiple full-time positions.

### Solo Pastor

A solo pastor is a pastor who does not have another pastor with them on staff. They may or may not be the only full time staff member of the congregation. This can be a challenging and lonely experience as they are responsible for nearly everything that happens within the congregation. Special consideration should be given to these pastors.

### Associate Pastor

Associate Pastors are generally under the supervision of the senior pastor of the congregation. This person should be afforded all the compensation outlined in the compensation guidelines. Just because someone is an associate pastor does not mean they should not be paid at the guideline or have the same vacation and benefits as other pastors on staff.

### Shared Call Pastor

Pastors in a shared call are pastors who are serving more than one congregation at one time. This presents unique challenges and opportunities. Pastors in these situations will have to balance time at and with more than one congregation and hold multiple services weekly due to being at multiple congregations. A shared call pastor still receives all benefits as outlined in the compensation guidelines.

### Part Time Pastor

Part time pastors are pastors serving a congregation who cannot afford a full time pastor. These pastors are generally working some approximate amount of time with that congregation. It could be as little as 25% time or up to 75% time generally. With that in mind, the congregation must understand that the part time pastor may have other job(s) to supplement their income. It is recommended that the congregation and rostered minister work together to figure out how the hours and time will be split. It is

important for the congregation to understand and live into the fact that their pastor is only part time. One way to do that, is to consider having a supply pastor from time to time to give your part time pastor a break.

## Specialized Call Pastor

There are several specialized calls pastors. Those calls include campus ministry, military chaplaincy, hospital/nursing home chaplaincy and the like. Keep in mind those rostered ministers should still be afforded all the same compensation and benefits as outlined in these guidelines. Just because someone is working with a particular set of people does not change the fact that ministry will continue to have challenges moving forward and the rostered minister should be compensated as such.

## Rostered Couple

Rostered couples are a unique and important gift to the church. As a general rule, each should be treated by the congregation as separate individuals for all compensation related issues. However, every effort should be made to allow and encourage rostered couples to coordinate their schedules so that they are able, if they desire, to take days off and vacations together.

## Deacon

Deacons are those who are serving on the word and service roster of the church. Deacons work in a varied capacity based on the congregation or agency & institution. Many times, you will see a deacon working in youth ministry, music, or another part of the congregation. Keep in mind, all the above outlined information holds true for them as well. Deacons are to be compensated based on the guidelines and have the same benefits as other rostered staff members. Deacons are eligible for housing allowance based on North Carolina state law. All provisions outlined above would apply.

## First Call Pastor

First Call pastors are those pastors directly out of seminary. They have completed all the coursework and internship requirements to be a pastor. These pastors are new to being a pastor. Keep in mind there are certain education requirements for first call pastors that are outlined below. If your congregation cannot afford a first call pastor, considering other options is a must. To find out more about your options please contact Pastor CeCee Mills, Assistant to the Bishop, at the synod office.

## First Call Theological Education (FCTE)

First Call Theological Education is a program which requires that each seminary graduate participate in structured theological education throughout the first three years of rostered ministry. This structured education is intended to enhance the quality of the transition from seminary to parish and to ensure that the newly rostered minister makes this transition firmly grounded in Word and Sacrament.

In order to accomplish this task, programs shall give special attention to three areas:

- i. Ministerial Identity: the personal development of spiritual discipline, rostered minister identity, and leadership style.
- ii. Discernment of the Context: the life of the particular congregation in its local and regional settings.
- iii. Ministerial Skills and Practice: the overall enhancement of ministerial skills and integration of various facets of ministry.

Time spent in FCTE shall count as time devoted to continuing education, and the funds in the continuing education fund may be used for FCTE.

## Defined Compensation

Defined Compensation is made up of only a few items: the salary, housing, and social security allowance. That is what the salary guidelines are based on. It does not include other benefits such as health insurance through Portico Benefit Services, retirement, disability, group life, professional expenses, continuing education, etc. It is important to note all those things should be provided for the minister on top of the salary. Keep in mind that all benefits through Portico are derived from using the Defined Compensation.

### Salary

This is the amount each minister receives not counting the housing allowance or social security allowance. These funds are taxable and should be noted as such on year end W-2.

### Housing

Each minister is to be paid a housing allowance or provided with a parsonage. The housing allowance shall be an amount agreed upon by the minister and the congregation. It may be up to 100% of the salary but keep in mind that the recommended amount for a full-time call would not exceed 50%. The allowance should reflect the cost of taxes, rent or mortgage payments, repairs, utilities, furniture, fixtures, appliances, and maintenance. The cost of housing should be calculated based on typical housing costs in the church community where the minister serves. Fair rental value including utilities and taxes is a guide toward determining this. In order for a housing allowance to be excluded for income tax purposes the minister must justify that the allowance is being spent for specific housing related items and does not exceed fair rental value. The minister is encouraged to consult with a tax professional to ensure compliance with the Internal Revenue Code. The council must annually approve and note in their official minutes housing allowances for each rostered minister in order that they be legally excluded from income for IRS reporting purposes.

### Social Security

Ministers of Word and Sacrament and Ministers of Word and Service are considered self-employed for self-employment SECA tax. An amount that approximates the congregation's (employer's) share of the FICA tax paid for other staff is included in the charts for minister compensation. To calculate the SECA tax multiply the Defined Compensation by 0.9235 and then multiply by 0.765.

### Housing Equity Allowance Fund (For pastors in a parsonage only)

When a congregation provides a parsonage, the minister having to live in a church-owned home has no opportunity to own a home and therefore, to build equity for retirement housing or when a new call is accepted, and it becomes necessary to purchase a home. The synod strongly encourages congregations to provide an equity allowance of at least 5% of the guideline salary for the applicable years of service. Portico of the ELCA provides a housing equity account that can be included in your benefits plan.

## Minimum Cash Compensation

The compensation guidelines task force recommends a *Minimum Cash Compensation* instead of a minimum *salary* for ministers in order to overcome the wide disparities in the synod in total compensation. These guidelines for Ministers of Word and Sacrament rostered ministers include salary, housing allowance, and social security compensation.

We are aware that these guidelines may seem beyond the means of some congregations. If that is the case for your congregation, you will need to consider options such as not having a full time pastor, sharing a pastor, or other creative solutions. Congregations who cannot afford at least a first call pastor should reach out to Pastor CeCee Mills, Assistant to the Bishop, to discuss potential options as they enter into the call process.

The cash compensation figure should be seen as a “pie” which may be divided in whatever way seems fair and beneficial to the minister. Ministers may wish to maximize the housing allowance portion for tax purposes within the limits set by the Internal Revenue Service.

## Tax Considerations

The tax laws regarding compensation, benefits, allowances, and expenses are increasingly complex, especially those regarding the Ministers of Word and Sacrament. These guidelines are not intended to provide tax or financial planning advice. Each congregation is encouraged to obtain expert and up-to-date guidance on specific issues they face on tax reporting issues, since the tax laws are constantly being revised. You are urged to seek advice from qualified tax professionals with clergy tax experience, since the guidelines are more unique for clergy related matters.

## Benefit Recommendations

The North Carolina Synod guidelines for health coverage continues to be Gold+. Each congregation may work with their rostered minister in order to choose the health plan that helps both the ministers and the congregation/agency the most. The minimum guideline for retirement contributions is 12% of defined compensation. The guideline is to provide coverage for the minister and for spouse and children if other coverage is not available for them. Disability coverage is automatically a part of Portico’s plan. The coverage provides for 2/3 of the minister’s regular salary in the event of disability and becomes effective two months after the disability occurs. Life insurance coverage is automatically a part of Portico’s plan.

## Retirement, Health & Disability Benefits

It is the expectation of the North Carolina Synod that all congregations and agencies provide retirement, health and disability benefits to its eligible rostered ministers. The current definition of an eligible rostered minister is one serving under call and working at least 15 hours per week for six or more months per year. If this definition is changed by Portico, then the definition specified by them will govern. It is encouraged, but not mandatory, that congregations and agencies and institutions fulfill this expectation by enrolling rostered ministers in the ELCA Benefits Program which includes retirement, medical, dental, disability and life insurance. Currently 95% of ELCA Ministers of Word and Sacrament are enrolled. If you choose to use other plans be sure that the coverage including retirement, disability, and group life are included and tax aspects of them are appropriate. Portico also offers flexible savings accounts (FSA), health reimbursement arrangements (HSA), dependent care flexible savings accounts, and optional life insurance, depending on the health plan chosen.

## Other Benefit Expectations

1. **WORKWEEK** Church work requires a great deal of evening and weekend involvement. In order to set reasonable expectations for the rostered minister, it may be useful to think in terms of blocks of time. Each day may be divided into three blocks: morning, afternoon, and evening. A seven-day week consists of 21 time blocks. Working 14 or 15 of those segments, equaling approximately 45 hours, is suggested as the norm with the understanding that occasionally there may need to be additional time spent working, depending on the season of the church. Clearly defined expectations of time off are important for both the rostered minister and the congregation.
2. **VACATION** The need for annual vacation is self-evident. The congregation should provide a minimum of four weeks per year (encompassing four Sundays) of vacation with full pay. This does not include continuing education.
3. **SICK LEAVE** The NC Synod Sick Leave Policy calls for providing up to two (2) months of sick leave at full salary and social security/Medicare for rostered ministers. For ministers receiving a housing allowance, it should be continued. Those ministers living in a parsonage should continue at full salary, social security allowance, be allowed to remain in the parsonage, and if there is an equity allowance plan in effect all payments due to it during this period should be made.
  - a. The sick leave policy would cover only the first two months since the Portico disability plan begins coverage on the first day of the third month.
4. **PARENTAL/FAMILY LEAVE**
  - a. Parental leave following the birth of a child - 12 weeks of paid parental leave should be available to the parent primarily responsible for childcare. 8 weeks of paid parental leave is recommended for the second parent. The needs of each rostered minister and congregation may vary. It is recommended that the congregation pay full salary and benefits during this time.
  - b. Parental leave following adoption - The above guidelines apply to parents who are adopting children, with parental leave being available to a rostered minister who will be the primary or secondary caretaker.
  - c. Family leave at other times - Family leave may be granted by the congregation at other times, for example, during times of severe illness, trauma, or death of a child, spouse, or parent. The length of the leave and the salary and benefits which the congregation will provide the rostered minister should be negotiated by the rostered minister and the congregation.
5. **CONTINUING EDUCATION** It is expected that all rostered ministers complete at least 40 hours of continuing education programs that will enhance their skills and their ministry, which will then enrich the lives of those in their congregations annually. Each congregation or agency should provide at least 2 weeks (including Sundays) of paid educational leave each year. This leave is NOT to be counted as vacation time. In addition, each congregation or agency is expected to set aside in an educational fund a minimum of \$ 700 per year, which will be accumulated for a maximum of three (3) years to be used by the rostered minister for continuing education purposes. The rostered minister will contribute \$ 300 each year to this fund. Continuing Education days should not be paid out upon leaving a call. Unspent monies should be carried over until a maximum of \$2,100 is accumulated through the congregation.

6. SPIRITUAL GUIDANCE It is recommended that all rostered ministers be encouraged to have a spiritual guide during their time of call, with the cost of such a spiritual guide to be divided 2/3-1/3 between the congregation and the rostered minister.
7. SABBATICAL LEAVE From time to time a rostered minister may desire, and the congregation/agency may realize the need for, an extended period of time away from the parish or job for study, personal growth and reflection. Recognizing the importance of this extended time period, the NC Synod recommends that congregations and agencies consider sabbatical leaves as a privilege to be granted. Sabbaticals should only occur once someone has been in the same call for a minimum of 5 years and have at least 7 years of ministry.

## Reimbursed Professional Expenses

1. AUTOMOBILE EXPENSES The costs associated with the rostered minister operating his/her personal vehicle while performing the functions of his/her office is a direct operating expense of the congregation or agency and is NOT salary. It must be a budgeted congregational operating expense. The rostered minister bears the burden of record keeping in each method.
  - a. Reimbursement of miles driven Reimbursement for actual business miles driven at the IRS established rate. The IRS rate changes periodically and at least annually. Please check the [www.IRS.gov](http://www.IRS.gov) website to find the current rate.
  - b. Payment of a lump sum The congregation may choose to pay the rostered minister a lump sum per year, prorated to a monthly basis. The rostered minister must maintain accurate records of actual business mileage and provide that documentation to the IRS. Under this method, the entire lump sum is taxable. The rostered minister gets a deduction for actual expenses incurred. This method might be least preferred due to tax requirements.
2. BOOKS/PERIODICALS/RESOURCE MATERIALS The congregation or agency is encouraged to provide in its budget for the purchase of books and periodicals for the use of the minister and others. To eliminate the possibility of any or all of this expense item being taxed as income to the minister or others it is suggested that all purchases and subscriptions be entered in the name of the church or agency, The recommendation is for a minimum of \$300 annually.
3. CONFERENCE EXPENSES All rostered ministers are required to attend the Synod Assembly. Therefore, all expenses (travel, lodging, registration) should be paid by the congregation. Other meetings that should be covered might include the Fall Convocation, retreats and meetings for church business.