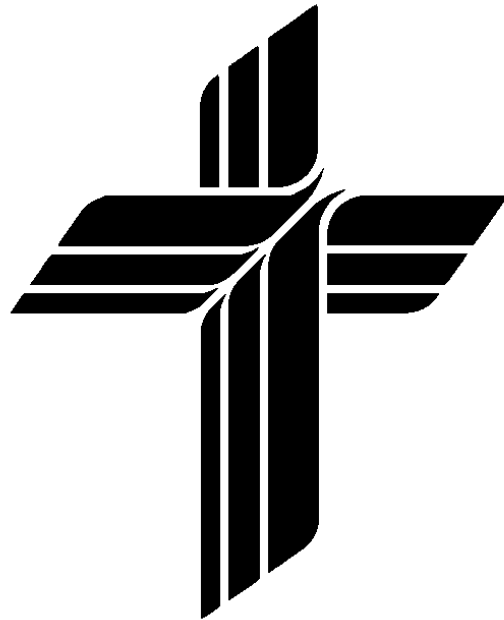


North Dakota District – LCMS



Compensation and Benefit Guidelines for
Professional Church Workers

Commissioned Minister Salary Schedule

June, 2018

Introduction

The Mission of the North Dakota District is to serve with the member congregations for the extension of the Gospel within our communities, throughout the District and into all the world. This document is intended to be a resource to assist congregations/schools as they seek to offer an objective salary and benefits package for their commissioned church workers.

Scripture

The first step in salary administration in congregations/schools must be to focus on God's Word where we read: "Do not muzzle the ox while it is treading out the grain," and "The worker deserves his wages" (1 Timothy 5:18). The Apostle Paul also describes the worker as worthy of wages in 1 Corinthians 9:7-12.

Prayer

The second step is prayer. Ask the Lord's guidance that His will be done as you begin planning salaries... "asking God to fill you with the knowledge of His will through all spiritual wisdom and understanding" (Colossians 1:9). Seek clarity of God's will to ensure optimal stewardship of the financial resources that the Lord has provided to us. (See Matthew 25:14-30).

Guideline Intent

The information and worksheets which follow are guides for congregations/schools as they seek to establish equitable pay practices based on prevailing wages paid in congregations/schools and in the secular world and in surrounding other similar districts in the LCMS. **These guidelines are minimum suggested compensation levels. You are encouraged to go above the suggested amounts when it is appropriate. Properly paying your workers must take into account special circumstances, exceptional or extra effort or skills, special ministry needs, and other unique factors in your congregation, school, and/or community.** Using the guidelines will require effort, but that effort can lead to enhanced working relationships for congregations/schools and workers in the Lord's Kingdom.

As the primary supporters of the recommendations, the responsible board or committee from your congregation/school should prepare and submit the compensation recommendations to the church council, governing board or assembly per your congregation's/school's constitution and bylaws. A proper compensation package should take into account the following items:

- a. Base Salary;
- b. Benefits – Health, Retirement, Disability & Survivor Plans;
- c. Professional memberships and resources: continuing education, books, periodicals, etc.;
- d. Travel Expenses; and,
- e. Social Security Adjustment.

These compensation guidelines are designed to encourage fair and equitable compensation within the pastoral, teaching, and related ministries of our District on the basis of: Years of experience; Professional growth and/or formal education; and, Levels of Responsibility. Care and concern for ministry leaders is a congregation and District priority.

Care Beyond Compensation

As each congregation/school calls professional church workers to serve in ministry, **there is an opportunity and a responsibility for mutual care and concern.** Each congregation/school is unique and each worker has unique needs which will determine specific ways to care and show concern. **We encourage each congregation/school to establish a Professional Church Worker Support Committee to focus on the wellness of church workers and their families.** This committee would identify, develop, promote, and encourage opportunities for wellness. Suggestions include prayer for specific needs of workers and their families, providing family time, personal days, and financial support for continuing education and retreats. Each congregation/school is encouraged to be creative in their caring.

General Compensation Guidelines

Introduction

This section includes specific guidelines for commissioned church workers as congregations/schools seek to offer an objective salary and benefits package. The first part of this guideline deals with what is considered a basic salary and benefits package (salary, benefits, vacation) followed by additional compensation considerations. For convenience, a worksheet for calculating compensation and expenses is provided at the end of this guideline.

Congregational Treasurer's Manual

The Lutheran Church—Missouri Synod releases annually a Congregational Treasurer's Manual. It is a helpful tool for understanding the complexities of salary, benefits, and other payroll issues. It also covers congregational accounting and financial reporting. This manual is available on the LCMS website at www.lcms.org/ctm It is also available from the District office - 701-293-9001.

The Annual Common Base Rate

The District Board of Directors will establish an annual Common Base Rate to assist congregations and schools in determining salary for their church workers. This number is used in connection with the appropriate multiplier table (*see pages 6-7*) to arrive at the desired compensation for commissioned church workers. It is anticipated that only two numbers will change each year – the Common Base Rate and the mileage rate as set by the IRS. These numbers for 2018 are:

Common Base Rate:	\$29,520
IRS Rate per Mile:	\$.545 (<i>Effective 1/1/18</i>)

Salary

This section includes specific salary guidelines for commissioned church workers. The base salary can be determined by consulting the Common Base Rate (above) and using the appropriate multiplier which provides for recognition of years of experience and personal educational achievement. **Two separate scales are provided – for the DCE, DCO, Deaconess and for the teacher.** Entry level salary (year 0) assumes a commissioned church worker with a Baccalaureate Degree and no related work experience. **It is recommended that ½ of prior years' life experience in another career be added to the salary scale.**

Day care and preschools – those congregations with daycare and preschools are encouraged to use this salary guideline for all certified teachers. Salary adjustments may be made to accommodate part-time classroom hours.

Housing Allowance

A housing and utilities allowance may be offered in addition to the base salary for the full year of service, as this provides a tax break for the worker. If congregation owned or leased housing and/or utilities are provided, appropriate adjustments to the applicable guideline salary should be made.

Teachers may be requested to serve in other areas of responsibility in addition to their normal duties. Each congregation is encouraged to recognize this factor when applicable and adjust the worker's compensation as the situation warrants. Such adjustment consideration examples may include the following:

- Music Director – base salary plus 7%;
- Athletic Director – base salary plus 5%.

Benefits

Concordia Plan Services is the LCMS benefits provider of choice for all LCMS entities. Concordia Plan Services offers an employer the opportunity to join The Church's Plan, a comprehensive package of benefits. The Church's Plan includes:

- 1) the Concordia Health Plan-CHP;
- 2) the Concordia Retirement Plan-CRP;
- 3) the Concordia Disability and Survivor Plan-CDSP;
- 4) the Concordia Retirement Savings Plan-CRSP.

Information can be obtained on their website: www.concordiaplans.org. Concordia Plan Services offers flexibility of many employer choices in The Church's Plan. Employers who do not elect to offer The Church's Plan will have greatly reduced benefits for their workers. Concordia Plans Services offers a Benefit Consultant for every LCMS district to assist employers with these decisions. Whatever benefit package is offered it must be applied consistently to all workers within the Concordia Plans guidelines.

Personal Spending Accounts: If a plan option with a deductible or significant out-of-pocket expenses to workers is offered, the congregation is encouraged to set up appropriate Personal Spending Accounts so those expenses can be paid using pre-tax dollars. Personal Spending Accounts could include a Flexible Spending Account (FSA), a Health Reimbursement Arrangement (HRA), or, if offering a qualified high deductible plan, a Health Savings Account (HSA). Depending on the type of account, it may be funded by the worker, the employer, or both.

Plan Contributions: The employer is responsible for the full cost of the CDSP and the CRP. If the employer participates in The Church's Plan, the cost for the CRSP (to fund the employer matching contribution) is included in the retirement program rate.

The employer must pay at least 50% of the cost for the worker-only coverage in the CHP. If the employer makes the decision to pay for all of the worker's cost or all or a part of the cost for dependent coverage in the CHP, the procedure used should be uniform and nondiscriminatory for all workers. It is recommended that the entire cost of Concordia Plans (health, retirement, disability, and survivor plan) be paid by the employer.

Rates: Rates may change annually so it is best to check with CPS on specific rates. As an estimate, the current retirement program contribution rate in the Church's Plan Regular Basis is 8.7% of total compensation. The current Disability & Survivor Plan rate is 2.25% of compensation for worker with dependents and 1.2% of compensation for worker without dependents. The CHP rates vary according to location of the employer and plan option selected. Current rates are on the Concordia Plans website.

403(b) Retirement Plans

A tax-deferred savings plan should be an option available to the worker. If an employer is not in the Church's Plan and not offering any 403(b) plan, employers could provide this option for an additional fee. For additional information about the Plans, contact the Benefit Consultant, visit the website (www.ConcordiaPlans.org), or call 888.927.7526.

Vacation & Days Off

Congregations are encouraged to grant full-time workers annual vacations. It is recommended that vacation time not be carried over from one year to the next, except by mutual consent and in writing, between the worker and the responsible authority of the congregation. Teacher vacation times are determined by the school calendar and no recommendation is suggested. The following is the suggested vacation for all other commissioned workers.

<i>Years of Service</i>	<i>Vacation Weeks (minimum)</i>
0 to 5	3 weeks
6 to 14	4 weeks
15 +	5 weeks

Please note that "years of service" is to be determined by the fiscal year of the congregation/school and not by anniversary date of when the church worker began ministry.

Social Security Tax

Each congregation/school is encouraged to provide for 50% of payment of the Federal Social Security Tax applicable to the self-employment program.

Additional Compensation Considerations

Annual Review

Congregations of the District are urged to appoint or otherwise select a salary review committee to discuss, at least annually, compensation issues with all workers. Members of the salary review committee should include some of the elected leaders of the congregation. Open and honest lines of communication are vital in the area of worker compensation.

Professional Expenses

Expenses for business use of a personal car, travel for the school, meetings, conferences, conventions, retreats, classroom allowance, professional books and periodicals, etc., are all costs of doing business for the congregation/school. These expenses are not a part of salary administration and may not be considered as a salary or a benefit. They should be budgeted separately as a business expense of the congregation. The congregation/school should adopt an accountable plan for expense reimbursement to meet the requirements of the Internal Revenue Code. For more information, consult the Congregational Treasurer's Manual, chapter 6, section 6.110.

Continuing Education

Each congregation is encouraged to support the Continuing Education of all full-time church workers by granting financial support and appropriate time (*not vacation days*) to attend workshops, conferences and other educational opportunities. Contracted teachers are encouraged to seek their Lutheran colloquy education whereby the congregation, individual, and District are all encouraged to contribute to the education cost. Workers should be encouraged to have an annual plan for continuing education and professional development.

Church Worker Gifts

The congregation/school may provide gifts to its workers such as a Christmas bonus. Such gifts are taxable to the worker if paid from the church treasury, even if paid only from designated receipts. Direct gifts from the parishioner to the worker are not taxable to the worker, but are not deductible for the donor.

Merit Consideration

Performance and effectiveness should play a significant role in the compensation decision process. A performance appraisal should form the basis for compensation decisions and should be completed prior to making compensation decisions. Keep in mind that no single individual possesses gifts in all areas of ministry. Overall effectiveness can be good even if certain weaknesses exist; especially if the worker recognizes these weaknesses and develops a way to compensate for them.

Sick Leave and Personal Days

Congregations are encouraged to develop a policy for worker time-off (e.g. personal days, professional days, funeral leave, and especially sick leave.). With no provision for time-off due to illness, there is a risk of having your worker attempting to carry out responsibilities while seriously ill. The policy for sick leave should be consistent with the applicable Concordia Plans.

Miscellaneous Compensation Items

Military Duty or Jury Duty – Reservists or duly appointed jurists need to be granted a leave of absence. Deployed or weekend duty reservists should receive 100% of normal salary less any military pay.

Moving Expenses – When a congregation calls a professional church worker it should pay all necessary and reasonable moving expenses for the worker and family.

A Final Word

As you begin work on salary planning, we encourage you to reflect on 1 Timothy 5 and 1 Corinthians 9 for instruction regarding caring for those who serve us in the Lord. You will note that in Timothy, the elders of the church are “worthy of double honor” and in Corinthians “the Lord commands that those who preach the Gospel should receive their living from the Gospel.” May our Lord guide you as you plan!

Compensation Worksheet

Worker's Name _____

Years of Experience _____

Highest Degree _____

Step 1. Base Salary

Common Base Rate \$ _____

Step 2. Adjustments

Multiplier % (*see table*) \$ _____

FICA-Social Security \$ _____

Merit \$ _____

Step 3. Housing

Housing/Utilities Allowance \$ _____

Home Equity Support \$ _____

Total Salary Package \$ _____

Step 4. Non-Salary Benefits

Concordia Plan Services \$ _____

Tax Sheltered Annuity or IRA \$ _____

Step 5. Expenses included in Church Budget

Mileage Reimbursement \$ _____

Books/Periodicals/Conferences \$ _____

DCE, Deaconess, DCO, and Other Full-Time Ministry Professionals

<u>Years of Service</u>	<u>Multiplier</u>	<i>Recommended Procedure</i>
0	1.100	<p>Determining compensation should NOT be done solely by table "lookup". That should be the starting point. It should be expected that the commissioned worker's final compensation may vary as much as $\pm 15\%$ from the table "lookup" depending on a number of circumstances. Performance and effectiveness should be considered. Also, consider the role being served by the church worker in this particular parish. Often his/her role is influenced by the special gifts of the individual. Such consideration can have a significant bearing on the scope of responsibilities placed on the commissioned worker. Therefore, the following procedure is recommended:</p>
1	1.135	
2	1.171	
3	1.207	
4	1.242	
5	1.278	
6	1.313	
7	1.348	
8	1.385	
9	1.420	
10	1.455	
11	1.484	
12	1.512	<p>Step One: Make sure a job description exists, is understood and mutually agreed upon. An annual performance appraisal should be conducted and the results discussed with the church worker. This should normally take place 6 months before the salary review.</p>
13	1.538	
14	1.561	
15	1.584	
16	1.593	
17	1.600	
18	1.609	<p>Step Two: Interview the commissioned worker and determine if housing needs are being met and any special financial concerns are aired. This would be the time when matters such as housing equity support, auto allowance and other special considerations are discussed.</p>
19	1.618	
20	1.627	
21	1.628	
22	1.629	
23	1.631	
24	1.632	<p>Step Three: At the time when the salary decision is made, determine where the church worker is in relation to the multiplier table. Determine what increase would be indicated.</p>
25	1.633	
26	1.634	
27	1.635	
28	1.636	
29	1.637	
30	1.638	<p>Step Four: Make the required adjustments and annotate them on the worksheet on Page 5.</p>
31	1.639	
32	1.640	
33	1.641	
34	1.642	
35	1.643	
36	1.644	<p>Step Five: With the foregoing steps completed, take into consideration the commissioned worker's overall effectiveness and impact on the parish ministry and let that assessment influence the final decision. (<i>"Merit" on the worksheet on Page 5</i>).</p>
37	1.645	
38	1.646	
39	1.647	
40	1.648	

Teacher

The following multiplier table recognizes two factors: years of experience and personal educational achievement. Multiply the appropriate number by the Common Base Rate that is established by the ND District each year. The base rate reflects a full-time salary for a teacher (male/female) providing service to the school for a full school year. Three scales cover the synodically-rostered teacher. The rostered teacher begins at Level 1 and may progress to Levels 2 and 3.

Level 1: Teacher Requirements

On the teacher roster of Synod and having a Bachelor's Degree.

Level 2: Teacher Requirements

Has a Bachelor's Degree plus 18 or more credits toward a Master's Degree in Education.

Level 3: Teacher Requirements

Has a Master's Degree in Education.

Non-synodically trained teachers who have received their training at a public or private university are not eligible for the roster of Synod as a "Minister of Religion, Commissioned." These teachers should be encouraged to enter the Lutheran school teacher colloquy program.

When calculating the salary for a Lutheran teacher who is eligible for the roster of Synod, but has chosen not to be on the roster of Synod, it is recommended that the Level 1, 2, or 3 multiplier be used rather than the non-synodically BA level.

Most principals serve also as classroom teachers. However, the scale to use is the Principal Scale. When calculating the principal's experience years, his or her teaching experience should be included.

Years of Service	Non-synodically trained BA	Level 1 BA	Level 2 BA + 18	Level 3 MA	Principal
0	0.900	1.000	1.042	1.134	1.220
1	0.929	1.032	1.074	1.168	1.255
2	0.958	1.065	1.106	1.202	1.290
3	0.987	1.097	1.138	1.236	1.325
4	1.016	1.129	1.170	1.270	1.359
5	1.046	1.162	1.204	1.340	1.394
6	1.075	1.194	1.239	1.373	1.429
7	1.104	1.226	1.275	1.407	1.464
8	1.133	1.259	1.311	1.441	1.499
9	1.162	1.291	1.348	1.475	1.534
10	1.191	1.323	1.385	1.509	1.569
11	1.214	1.349	1.414	1.543	1.604
12	1.238	1.375	1.441	1.572	1.635
13	1.258	1.398	1.466	1.602	1.666
14	1.277	1.419	1.490	1.631	1.696
15	1.296	1.440	1.514	1.661	1.728
16	1.303	1.448	1.528	1.688	1.756
17	1.310	1.455	1.538	1.704	1.772
18	1.317	1.463	1.547	1.716	1.784
19	1.324	1.471	1.556	1.726	1.795
20	1.331	1.479	1.564	1.735	1.804

21	1.332	1.480	1.567	1.741	1.811
22	1.333	1.481	1.570	1.746	1.816
23	1.334	1.482	1.571	1.748	1.818
24	1.335	1.483	1.572	1.749	1.819
25	1.336	1.484	1.573	1.750	1.820
26	1.337	1.485	1.574	1.751	1.821
27	1.338	1.486	1.575	1.752	1.822
28	1.339	1.487	1.576	1.753	1.823
29	1.340	1.488	1.577	1.754	1.824
30	1.341	1.489	1.578	1.755	1.825
31	1.342	1.490	1.579	1.756	1.826
32	1.343	1.491	1.580	1.757	1.827
33	1.344	1.492	1.581	1.758	1.828
34	1.345	1.493	1.582	1.759	1.829
35	1.346	1.494	1.583	1.760	1.830
36	1.347	1.495	1.584	1.761	1.831
37	1.348	1.496	1.585	1.762	1.832
38	1.349	1.497	1.586	1.763	1.833
39	1.350	1.498	1.587	1.764	1.834
40	1.351	1.499	1.588	1.765	1.835