



THE LUTHERAN CHURCH—MISSOURI SYNOD

# Minnesota South District

*...joyfully serving together in making disciples of Jesus Christ*

## Parish Professionals Compensation Guidelines

### Minnesota South District The Lutheran Church—Missouri Synod

#### *Revision Note*

**REVISED MAY 2023.** This guide will remain in effect until superseded. It is designed for use over a period of years. If you are not sure this is the most current revision, call the District Office at 952-223-2158. The Guidelines updated the base rate and economic adjustors from May 2018."

#### **Introduction**

All full-time Parish Professionals are included in the guideline. This guideline is for use by congregations and their salary committees. Copies should be made for the committee responsible for setting salaries, and originals should be filed for future years. It should not be construed as a mandatory set of rules, but rather as recommendations to assist congregations in deciding issues which are common to all Parish Professionals and congregations.

Congregations are encouraged not to reduce other benefits such as Concordia Plan Services. While these plans are a significant expense to the congregation, they do provide to your worker the utmost for health care and provide a retirement plan that is supplemental to what Social Security offers.

#### **Scriptural Rationale**

The consideration of how to regard and provide for a called Parish Professional involves the spiritual task of a congregation to answer the question, "What does the congregation owe its Parish Professional?" In the Table of Duties of the Small Catechism the answer is twofold: The congregation owes its Parish Professional a proper attitude because of the position they hold, and the congregation owes its Parish Professional proper compensation because of the work that they do.

With respect to attitude God's Word says, "Obey your leaders and submit to them, for they are keeping watch over your souls, as those who will have to give an account. Let them do this with joy and not with groaning, for that would be of no advantage to you." (Heb. 13:17) Consider also these words from 1 Thessalonians, "We ask you, brothers, to respect those who labor among you and are over you in the Lord and admonish you, and to esteem them very highly in love because of their work. Be at peace among yourselves." (5:12-13)

Respecting and esteeming highly those who labor among you includes proper compensation, as Paul puts it simply to the Christians in Corinth, “In the same way, the Lord commanded that those who proclaim the gospel should get their living by the gospel.” (1 Cor. 9:14) And also from 1 Timothy, “Let the elders who rule well be considered worthy of double honor, especially those who labor in preaching and teaching. For the Scripture says, “You shall not muzzle an ox when it treads out the grain,” and, “The laborer deserves his wages.” (5:17–18)

## How to Use This Guide

This document is linked with three other compensation guidelines, one for pastors, one for early childhood and one for teachers/administrators. All three share a Common Base Rate for determining salary. This number is used in connection with a multiplier table to arrive at the desired compensation. Usually only two numbers will change each year, the Compensation Base Rate and the mileage rate as set by the IRS. These numbers are found in the following section.

### Base Compensation Group:

- Salary
- Housing and Utilities

### Supplemental Income:

- FICA (Social Security)
- TSA (Tax Sheltered Annuities and IRAs)
- Home Equity Support

### Supplemental Benefits:

- Health, Survivor and Retirement Plans
- Vacations
- Sick Leave

### Professional Expenses:

- Car Allowance
- Books
- Continuing Education, Conference

## Base Compensation

<b>BASE RATE</b>	<b>\$48,985</b>
<b>IRS MILEAGE RATE</b>	<b>\$.67</b>

### A. Scale

This scale includes all the items in the Base Compensation list: salary and housing/utilities. FICA reimbursement, TSAs/IRAs, and home equity support are supplemental income and will be explained later. Should the Parish Professional have one of the special compensation items, for example, a home equity support, the amount contributed to that fund should be included in the sum total of the Base Compensation calculated in the scale below.

A Parish Professional with prior experience as a church worker, for example as a teacher, should be given credit for those years as well. A second career Parish Professional should be given credit for maturity and experience gained outside the church. It is recommended that credit be given for one year's experience for every two years beyond chronological age 30.

Multiply this year's Base Rate by the correct multiplier found in the table below.

Experience	Multiplier	Experience	Multiplier
0	1.100	21	1.628
1	1.135	22	1.629
2	1.171	23	1.631
3	1.207	24	1.632
4	1.242	25	1.633
5	1.278	26	1.634
6	1.313	27	1.635
7	1.348	28	1.636
8	1.385	29	1.637
9	1.420	30	1.638
10	1.455	31	1.639
11	1.484	32	1.640
12	1.512	33	1.641
13	1.538	34	1.642
14	1.561	35	1.643
15	1.584	36	1.644
16	1.593	37	1.645
17	1.600	38	1.646
18	1.609	39	1.647
19	1.618	40	1.648
20	1.627		

## B. Adjustments

After arriving at a base salary from the table at above, add or subtract the following:

1. *Housing and Utilities:* The base salary includes a housing allowance. If a house and utilities are provided, subtract 28.5% (or multiply the number by 0.715).
2. *Regional Economic Adjuster:* To allow for cost of living variances around the state, multiply the base salary by a number between 0.9 and 1.1 depending on the per capita income in your county. Look up your county in the table below and use the index number given as your multiplier.
3. *Example:* Parish Professional Jones has 10 years-experience, is not furnished housing, serves a congregation located in Scott county.

Step 1: (Base salary): <sup>1</sup> \$48,985 × 1.455 (10 yrs) = \$71,273

Step 2: (Regional Economic Adj): \$71,273 × 1.10 = \$78,400

The numerical salary recommendation is \$78,400. Proceed now to sections C & D for further review before finalizing the recommendation.

4. *Master's Degree:* A 5-10% increase in the base is recommended for each earned degree beyond a BA.

<sup>1</sup> The base salary changes each year with inflation—this particular number is used for illustration purposes only.

Merit Consideration: Determining the Parish Professional's compensation should not be done solely by table "lookup." That should be the starting point. It should be expected that the incumbent's final compensation may vary as much as 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 Parish Professional in this particular parish. Often the Parish Professional's 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 incumbent.

County	Multiplier	County	Multiplier
Anoka	1.03	Murray	0.97
Blue Earth	0.94	Nicollet	1.00
Brown	0.95	Nobles	0.90
Carver	1.10	Olmsted	1.05
Cottonwood	0.92	Pipestone	0.94
Dakota	1.05	Ramsey	1.08
Dodge	0.99	Redwood	0.92
Faribault	0.94	Renville	0.94
Fillmore	0.99	Rice	0.95
Freeborn	0.95	Rock	0.96
Goodhue	0.98	Scott	1.07
Hennepin	1.10	Sherburn	1.03
Houston	0.99	Sibley	0.96

Jackson	0.97	Steele	0.98
LeSueur	0.99	Wabasha	0.99
Lincoln	0.95	Waseca	0.95
Lyon	0.95	Washington	1.10
Martin	0.95	Watonwan	0.93
McLeod	0.98	Winona	0.95
Meeker	0.95	Wright	1.03
Mower	0.94		

### C. Recommended Procedure

The following step by step procedure is recommended:

**Step One:** Make sure a job description exists, is understood and agreed to. An annual performance appraisal should be conducted and the results discussed with the Parish Professional. This should normally take place 6 months before the salary review.

**Step Two:** Interview the incumbent and determine if housing needs are being met, repairs are being made when needed, 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.

**Step Three:** At the time when the salary decision is made, determine where the parish professional is in relation to the table. Determine what increase would be indicated.

**Step Four:** Make the required adjustments per section B.

**Step Five:** With the foregoing steps completed take into consideration the incumbent's overall effectiveness and impact on the parish ministry and let that assessment influence the final decision. Use the *Salary Increase Weighting Chart* as a guide.

**Step Six:** Finalize with committee discussions.

**Step Seven:** The committee should now make its recommendation to the congregation, advising how it compares with the guideline and the reason(s) for any variance, be it above or below the guideline.

#### Salary Increase Weighting Chart

(Apply the % to the parish professional's present base compensation)

When the final number is decided, it will be the number that corresponds to the Base Compensation Group referred to on the front page. Decisions must now be made on how this number is apportioned.

Let's say, for example, that last year's compensation was \$38,645 and an increase of 5% is recommended. The new number would be increased by  $\$38,645 \times 0.05 = \$1,932.00$ . This \$1,932 must now be divided between salary and housing allowance (or IRA or other cash equivalent compensation).

10	Effectiveness is high, or Present salary is low vs. guidelines, or Combination of both
9	
8	
7	Effectiveness is normal, and Present salary is near the guidelines
6	
5	
4	
3	Effectiveness is low, or Present salary is high vs. guidelines, or Combination of both
2	
1	
0	

#### D. Tax Sheltered Annuity or IRA

A TSA or IRA should be an option available to the Parish Professional. It should be his/her election to determine what portion, if any, of his/her before-tax compensation should so be utilized.

#### E. FICA (Social Security)

Ministers of Religion (ordained and commissioned) are classified by Social Security as “self-employed” and are accountable for the entire cost. Employers normally do not contribute to Social Security for them.

All such workers enrolled in the retirement program as a “new worker” on January 1, 1982, or after participate on the Regular Basis. Workers who are eligible to participate on the Full Basis, may choose to participate on either the Regular or Full Basis.

Employers are encouraged to consider amounts they are providing for Social Security for each person and discern what they believe to be an equitable approach to providing compensation and retirement benefits between called workers and lay workers.

### Supplemental Benefits

#### A. Concordia Plans Services

The LCMS Concordia Plans consist of the:

1. Concordia Health Plan (Medical/Dental/Vision), CHP
2. Concordia Disability and Survivor Plan (CDSP)
3. Concordia Retirement Plan (CRP)
4. Concordia Retirement Savings Plan (CRSP)

The congregation is responsible for all payments to the Retirement and Disability Survivor Plans.

Ministers of Religion (ordained pastors and commissioned workers – teachers and parish professionals) are classified by Social Security as “self-employed.” Therefore, employers normally do not contribute to Social Security for them. All such workers enrolled in the retirement program as a “new worker” on or after January 1, 1982, participate on the Regular Basis. Workers who are eligible for the Full Basis may

choose to participate on either the Regular or Full Basis. Employers are encouraged to consider amounts they are providing for Social Security for each person and discern what they believe to be an equitable approach to providing compensation and retirement benefits between called workers and lay workers.

It is recommended that the congregation pay for health care coverage for the entire family. Detailed information on the Concordia Plans can be obtained by calling the Concordia Plans office in St. Louis: 1-888-927-7526.

## B. Days Off and Vacation

The congregation should have a documented policy covering all workers. The district recommends the following regarding vacation time coupled with years of experience:

Total Years of Church Service	Weeks of Vacation
1-10	3
11-25	4
Over 25	5

## C. Sick Leave (Short Term)

While it is not the purpose of the Salary Compensation Guidelines to set the congregation's Personnel Policies, it should be acknowledged that providing for time-off due to illness is in the best interest of the congregation by protecting the health of your workers. Without such days, there is a risk of having your worker attempting to carry out duties while seriously ill. It is suggested that sick leave be granted in accordance with the Concordia Disability and Survivor Plan, that is, fourteen calendar days per year. After fourteen days of illness, the Concordia Disability Plan provides wage replacement.

# Professional Expenses

## A. Tax Laws

Recent tax laws require a closer accounting of expenses. Congregations should consider changing to a reimbursement system for professional expenses rather than provide an allowance.

## B. Automobile

The parish professional is required to account to the IRS for auto allowance income. Increasing auto allowance in lieu of increasing his base salary does not improve his tax liability. **A preferred method is to operate on a reimbursement plan** whereby the Parish Professional records his/her mileage and submits a periodic request for reimbursement at the current mileage rate established by the IRS. This IRS rate is provided earlier in this document. Should you not have the current number, you may obtain it by calling the IRS at 1-800-829-1040 or the District office at 952-223-2162. This "cents per mile" number is the rate which the IRS allows to be deducted from income. It covers all cost to replace, repair, insure and operate an automobile.

### **C. Books, Periodicals, and Continuing Education**

An amount should be included in the congregation's budget for these purposes. A recommended amount is \$700. This is not added to the Parish Professional's compensation but held in account until needed. The Parish Professional should be encouraged to have an annual plan for continuing education for his/her benefit and the benefit of those he/she serves. Travel costs should be covered, as well as tuition and related costs. The Parish Professional should not be expected to use his/her vacation time for this purpose.

### **D. Conventions, Conferences, and Retreats**

These are part of church business and the costs should be covered by the congregation. This should include travel, lodging, meals, and registration. This should be an allowance, the amount of which should be determined in consultation with the Parish Professional.

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