



Evangelical Lutheran Church in America
God's work. Our hands.

2011

**COMPENSATION
AND
BENEFITS
GUIDELINES**

for CLERGY

Oregon Synod, ELCA (503) 413-4191

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Dear Partners in Ministry,

All my life I have been blessed by the hard work and integrity of rostered church leaders; that is, pastors, Diaconal Ministers, and other professional workers such as AIM's. In addition, church receptionists, secretaries, youth workers, and music workers have also helped guide my faith walk and been a joy to work with. I'm sure your experience has been the same. Many of us volunteer and gladly give our time for the work of the kingdom. Professional church workers are no different, but they also receive their livelihoods and support their families through the salary package that your congregation provides. I know it is the desire of all of us not only to support our rostered leaders and church workers equitably, but as the Church also to set an example of care and fairness to those who labor faithfully.

The Leadership Support Committee of the Oregon Synod provides this Compensation and Benefits Guidelines booklet to you each year. The intent is to be of service to you as we deal with salaries and other issues of compensation. We currently minister in a challenging financial climate. I know just pay is difficult for us as our members face declining or fixed incomes. The ELCA Board of Pensions is doing its best to offer comprehensive health care at a contained price.

Details about the Board of Pension's health-and-wholeness-centered plan are available at <https://www.elcabop.org>. As you offer this plan to your pastor, Diaconal Minister, or Associate in Ministry, please encourage your leaders to take advantage of the health-promoting, cost-reducing aspects of the plan. In addition, it is now possible to offer this plan to non-rostered employees, such as secretaries or youth workers.

Not all of us are used to thinking of our pastors, Diaconal Ministers, and AIM's as "professionals" when it comes to compensation. Yet, all of our leaders bring university and graduate-level gifts to ministry. This booklet is designed to help you find the proper level of care and support for these servants. In areas that are non-negotiable, such as health care and pension, formulas for payment are given. With respect to basic salary and other variable costs, suggested parameters are offered.

My prayers are with you all as we seek to recognize and keep our church workers whole, healthy, and fairly compensated. Our continual re-evaluation and work with these guidelines will continue.

Blessings,

A handwritten signature in black ink that reads "Dave Brauer-Rieke". The signature is written in a cursive, flowing style.

Dave Brauer-Rieke, Bishop

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Theological Forward

✦ These guidelines are established as a beginning point—*minimum* standards—to enable our congregations and agencies throughout the Oregon Synod to support our rostered and non-rostered leaders with compensation packages that reflect a Christ-like relationship, which mutually honors both the health of the church and the health of our called leaders.

As churches and ministry agencies discern compensation for staff members, we remember the identity and calling that are ours in Jesus Christ. Compensation decisions should be made in such a way that:

- ✦ God's mission flourishes,
- ✦ Staff members are cherished as servants of God,
- ✦ A faithful partnership exists between church members and staffs, and
- ✦ All areas of the church's ministry thrive.

Changes for 2011

Considering Oregon's economy as of spring 2010, our discernment for the sake of the church is for *no cost of living increase in 2011* for clergy serving under call in the Oregon Synod. However, please note that clergy already in service will have one more year of experience in 2011 which should be factored into the compensation package. Please refer to Appendix A.

Smaller congregations that are challenged to meet the minimum guidelines should consider other ways in which they can show support for their pastor. Possibilities include: additional time off, paying pension benefits based on the appropriate salary guideline for their years of experience; increasing continuing education funds, and/or assistance with educational debt.

Important changes to be noted:

- 1) The Compensation Table has also been changed from an annual salary range to a three year salary range. This change is intended assist congregations that find large increases impossible in caring for their pastors. **Note: All congregations are expected to make progress on the salary each year within the three year cycle;**
- 2) Compensation designated as housing is now reflected in the Compensation Table on page 9;
- 3) An adjustment has been made to the guidelines for pulpit supply, increasing compensation for the first service to \$150 from \$130, with each additional service remaining at \$30.
- 4) These guidelines for rostered and non-rostered lay staff can now be found either the 2011 Oregon Synod Guidelines for Rostered Lay Staff, or 2011 Oregon Synod Guidelines for Non-rostered Support and Program Staff documents.

To help stream line your process, and hopefully make things easier for those new to the process of calling pastors or lay rostered leaders, or dealing with compensation packages, two new Appendices have been added: Appendix I *Frequently Asked Questions*, and Appendix J *Planning for an Annual Compensation Review*.

The 2011 Oregon Synod Compensation and Benefits Guidelines

I. INTRODUCTION

The Oregon Synod Compensation and Benefit Guidelines are reviewed and updated annually by our *Guidelines Committee*, as a commissioned sub-committee of the Oregon Synod Leadership Support Committee. The Guidelines Committee is charged to faithfully produce and update these guidelines with standards and practices consistent with the other synods of the Evangelical Lutheran Church in America, for use throughout the Oregon Synod.

- The Oregon Synod guidelines are designed to provide an, updated, clear, relevant, just, and equitable tool for our leaders, congregations, and the synod as a whole, taking into account the various factors of our diverse synod.
- Within these guidelines, the committee strives to communicate as advocates so that:
 1. Congregations and their pastors have support and specificity from a synod-wide resource in dealing with money, benefits, and related issues which leaders might otherwise find difficult to discuss, particularly in advocating for self.
 2. The Oregon Synod is consistent with the practices and standards of the Evangelical Lutheran Church in America.
 3. The Guidelines Committee consists of lay members (majority) and clergy working in a team relationship with the synod staff, sharing and receiving feedback.
- The Guidelines Committee continually strives to improve the guidelines so that they are clear.
- The Guideline Committee seeks commitment from congregations, agencies, clergy, and rostered-leaders to follow the guidelines for the sake of the health of our servant leaders, congregations, and the Oregon Synod, remembering that these guidelines represent only *minimum* standards and amounts.

The Guideline Committee and Leadership Support Committee welcome your input as we strive to provide a useful document for congregations, agencies, rostered leaders, and staff members throughout the Oregon Synod.

Any comments/suggestions for the next update should be submitted to the Synod Office prior to March 31, 2011.

A. Salary Components

“Defined Compensation” includes monetary salary, housing (or parsonage), and social security offset.

The total of these figures is the basis for calculating many of the Benefits in section B.

1. **Salary:** As a starting point, please use the 2011 salary grid found in Appendix A on page 10. In addition to the grid, we encourage you to also consider other factors when determining the base figure for salary. Possible variables should include:

- Merit
- Additional education and/or credentials
- Special skills
- Marketplace experience
- Responsibilities and conditions of service (Variables might be parish size, staff size, or unique responsibilities; such as working alone in a parish, lack of support staff, having responsibility for a large staff, increased workload, etc.)
- Cost of living in the local community

NOTE: The grid reflects years of *experience*, not necessarily years since ordination or certification. When calculating the years of experience for salary, *relevant* non-parish related degrees and experience may also be considered as “years of experience.”

2. **Designating a portion of the pastor’s salary as housing for tax purposes:** The IRS allows clergy to classify a portion of their income as *Housing are for tax purposes only* in an amount not to exceed the actual housing costs. Funds designated as Housing should not be considered as extra compensation. The total salary specified on the salary grid on page 7, reflects fair compensation in comparison to other synods of the ELCA

Once you have determined the total amount for salary work with your pastor to determine the amount he/she would like the congregation to designate as “housing” for tax purposes. (If a parsonage is provided, its value *for tax purposes* is considered to be 30% of the monetary salary. See Parsonage Guidelines in [Appendix F](#)).

The housing designation for the new calendar year must be officially determined prior to the end of the current calendar year by official council action. The proportion of compensation officially designated as housing will make no difference to the congregation in terms of total compensation paid, but it may make a big difference to the pastor during tax time.

3. **Social Security:** The Internal Revenue Service has ruled that clergy are *self-employed for purposes of paying social security taxes*. This means that clergy must pay *both* the employee *and* the employer share of social security under the Self-Employed Contribution Act (SECA).

Congregations are prohibited from paying social security tax for clergy. Congregations may, however, include an allowance for the pastor that can offset the social security tax. Therefore, it is recommended that congregations provide an offset to the pastor equal to the normal employer contribution to social security. This is 7.65% of cash salary and housing. The social security offset is considered taxable salary when reporting income to the IRS on W-2 or 1099-MISC forms and is considered part of "Defined Compensation" when computing payments to the ELCA Board of Pensions. This allowance IS NOT reflected in the compensation grid in [Appendix A](#). It must be calculated *in addition to* the figures on that page.

B. Benefits

1. **Pension:** *The pension contribution guideline for Oregon is 12% of “Defined Compensation” which includes salary, housing, and social security offset. If a parsonage is provided, “Defined Compensation” is the amount of cash salary and social security offset multiplied by 1.3.*

The pension amount is an important component of compensation and benefits. Down the road, it may be the single most important component for your rostered leader. Since 12% is a *minimum* guideline, congregations may choose to contribute at a higher level. This may be especially beneficial to second-career rostered persons beginning professional

ministry at a later age. Increased pension contributions can serve as a creative stewardship idea for bonuses, merit raises, etc.

A chart describing the overall ELCA pension and benefits rate is included in [Appendix B](#).

2. **Medical & Dental:** The congregation/agency is responsible for paying a set percentage of its rostered leader’s “Defined Compensation” to the ELCA Board of Pensions for medical and dental benefits. The actual total of this percentage contribution is determined by the “bundling” option selected by the rostered leader. For example: leader only; leader and spouse; or leader, spouse and children. A rostered leader may also “opt out” of medical and dental coverage through the ELCA Board of Pensions in the event the rostered leader’s spouse provides coverage through an employer based medical plan. *In that case, the rostered person may negotiate to allocate those dollars to another portion of the total compensation package.* Clergy couples CANNOT opt out of the medical plan.

3. **Disability, Survivor, and Retiree Support:** The cost of these benefits is a set percentage of “Defined Compensation” for all members of the Board of Pension Plan. *Members may not “opt out” of this portion.*

If a pastor becomes disabled as a direct result of injury or physical or mental disorder and is unable to perform the duties of his/her occupation, *the ELCA Board of Pensions expects the employing congregation or institution to pay full salary and benefits during the first two months of disability.* Beginning with the third month of disability, the Board of Pension picks up 66 2/3% of pre-disability pay. Congregations should be aware that if their rostered leader is working part-time or below guidelines and becomes disabled, the disability income would be based on that lower salary figure.

NOTE: If pastors have not opted out of US Federal Social Security, they are also not eligible for SSI income in the event of disability.

4. **Housing Equity:** When a congregation provides a parsonage, the rostered leader does not build equity for future housing. *Therefore, congregations are encouraged to make regular contributions to a “housing equity” program for their professional staff living in church-owned residences.* (Housing Equity contributions are not considered part of “Defined Compensation” and therefore

do not increase the cost of other Board of Pensions benefits). The ELCA Board of Pensions provides a “housing equity” account for such contributions. *It is recommended that a contribution equaling 3% of the rostered leader’s “Defined Compensation” be deposited each year into this fund.* A significantly larger tax-free contribution may be made, however; to determine the maximum allowable annual housing equity contribution, write or call:

Member Services Department Board of Pensions, ELCA, 800 Marquette Avenue, Suite 1050, Minneapolis, MN 55402 1-800-ELCA-876

5. **Seminary Education Debt Assistance:** Many pastors enter the ministry with significant seminary student loan debt which can take many years to repay. A great way to show your support and encourage your pastor is to consider an annual contribution toward educational debt reduction in your compensation package. Congregations are encouraged to take this circumstance into consideration when deciding where in salary range to place their pastor.

6. **Vacation:** *The minimum recommended annual vacation time for all pastors is four weeks, including four Sundays.* In addition to job related stressors, pastors—regardless of their age or length of service—are frequently challenged to set aside adequate family time, especially given their inability to take weekend time off. Holidays, like Easter and Christmas, that are normally spent immersed in the gift of family and friends are work days for pastors. In addition to fatigue, this reality can increase stress on the pastor and his/her family. Vacation time is essential.

We strongly recommend that all congregations establish a policy to determine how accumulated vacation time is to be dealt with when a pastor leaves a parish. A recommendation follows:

When a rostered pastor leaves a parish, he/she should receive payment for unused vacation time, pro-rated for the amount of the budget year served

Note: Time spent in outdoor ministries, retreats, etc. with congregational members *as part of the leader’s job-related activity* should not be considered vacation time.

7. Days Off and Holidays

a. **Days Off:** Two days off per week is the recommended number of days off a pastor should receive. Pastors must receive and take *at least a minimum* of one day off per week. This is to be time away from the office, free from all professional church responsibilities (including meetings). During this time, the pastor should be available only in the event of an emergency.

b. **Holidays:** Holidays are to be granted as days off in addition to regular days off and vacation days. When the services of the pastor are required on a recognized holiday, an alternative day off is to be provided. According to the ELCA churchwide policy, the following days are recognized as holidays: New Year’s Day, Martin Luther King Day, Good Friday or Easter Monday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

Note: For information concerning other personnel policy issues such as: sick time and parental/emergency leave see **Appendix D.**

8. **Continuing Education:** *All rostered leaders of the ELCA are expected to complete at least 50 contact hours of continuing education annually.* (One hour equals fifty minutes of class time or equivalent). Continuing education time and funding should be provided for the purpose of professional growth, self-renewal, and updating of skills in order to strengthen ministries. Continuing education is separate from program development, vacation, Oregon Synod Assembly, and the annual Bishop’s Convocation.

It is recommended that a minimum of two weeks (including up to two Sundays) and \$700 be granted annually for continuing education. The unused portion of a rostered person’s annual continuing education leave or continuing education allowance may be accumulated over a period of no more than three years. Accumulating accounts may be established and managed through the Region 1 Financial Services Office. It is an expectation that the pastor will contribute an additional \$300 each year to their own continuing education. We strongly recommend that all congregations establish a policy to determine how accumulated continuing education time and money is to be dealt with when a pastor A recommendation follows:

When a rostered pastor, he/she should receive payment for unused continuing education time, pro-rated for the amount of the budget year served.

9. **Sabbatical:** Congregations are strongly encouraged to establish a sabbatical policy for their rostered leaders. *In 2006 an Oregon Synod Sabbatical Guideline was established and is located in Appendix E.* A Sabbatical is not additional vacation time. It is a time for spiritual, intellectual, and physical renewal. We commend this model for your use, which recommends a sabbatical following each five consecutive years of service. See Appendix E.

10. **Other Personnel Policy Issues:** For detailed information concerning personnel policy issues see **Appendix D**

C. Process for Determining Compensation

Congregations are encouraged to *plan ahead* for dialog and set procedures in advance for determining compensation levels, in order to avoid last-minute decision-making. We encourage congregations to establish personnel or mutual ministry committees to assist in this process.

Any discussion about compensation should not simply entail “what can we afford” but should include issues of fairness and justice. Congregations are encouraged to consider all the elements in a compensation package (salary, housing allowance or parsonage, social security offset, pension, medical and dental, disability insurance, continuing education time and dollars, vacation, professional allowances, etc). Please refer to Appendix C for pre-tax and other creative compensation possibilities. See Appendix J for helps in planning for annual Compensation reviews.

D. Ministry Reviews

Reviews of ministry are recommended whereby both the rostered person and the congregation are given the opportunity to identify positive accomplishments, areas of growth, and leadership needs of the congregation. Note that this enables the review to be a review of ministry and not a review of the person. Annual reviews should not coincide with budget preparation. Semi-annual reviews may also be helpful in setting an expected pattern of open communication for evaluating growth and needs.

E. Expenses Supporting Ministry

1. **Auto Allowance/Auto Expense Reimbursement**
Transportation is an essential ministry tool for pastors. Auto expenses and other work-related travel are considered a business expense for the congregation and are not included

as salary. An appropriate place for this line item in the church budget is under church operating expenses. Auto allowances should be sufficient to cover all parish-related expenses including depreciation. Expenses for automobiles may be handled in one of the following ways. Regardless of the option used, the rostered leader must keep complete records of automobile expenses, professional miles driven and personal miles driven.

a. The pastor owns his/her own car and is reimbursed for actual documented expenses at a specific rate per mile. Congregations are advised to keep current with the IRS mileage allowance. (Contact the IRS at 1-800-829-1040.) Auto expense reimbursement is not considered taxable income.

b. The pastor owns his/her car and the congregation pays a determined car allowance as detailed in the church budget. This auto allowance is considered taxable income. Actual expenses, if documented, can be deducted on IRS Form 2106 (Employee Business Expense).

c. Congregations purchase or lease a car and assume the total auto expense (insurance, tolls, parking fees, and maintenance and repair coverage including a credit card for fuel). The rostered leader, in order to comply with tax regulations, would then be required to report personal use of the vehicle for tax purposes.

d. The rostered leader leases a vehicle and is reimbursed for actual documented expenses

2. **First Call Theological Education:** Newly rostered pastors are required to participate in First Call Theological Education during the first three years of rostered service. The congregation should provide time and funds for participation in this program. An amount of \$300 per year is recommended, which is in addition to regular continuing education funds. The first call program may also extend to a “second call” if the pastor should accept another call during the initial three-year period.

3. **Pastoral Conferences:** In addition to attending the annual Oregon Synod Assembly, rostered leaders are expected to attend the annual Bishop’s Convocation. We encourage all congregations to include a budget line item separate from continuing education for the costs related to this meeting. Other meetings for professionals (for example, Region 1 Pastoral Conference, Professional Lay Staff Workers' Conference, and LENS Theological Conferences) may also be negotiated. Time away from the parish for pastoral conferences should not be considered vacation or continuing education. Spouses are invited to attend several of these conferences and congregations may consider covering their expenses as well.

4. **Professional Expenses:** Professional expenses such as books, periodicals, professional dues, and costs incurred in the performance of the duties shared or provided by the congregation. **Note:** *When provided as a reimbursement plan, rather than as an allowance, it does not need to be reported to the IRS as income.*

F. Additional Considerations

1. **Worker's Compensation:** Oregon State law requires congregations to pay Worker's Compensation for clergy and all other staff employees.

2. **Unemployment Tax:** The State of Oregon requires congregations to pay unemployment insurance taxes on clergy and lay leaders like any other employer at a rate set by law; *or* reimburse the state Trust Fund for the state's share of regular benefits, additional benefits and one-half of extended benefits paid to former employees as unemployment insurance benefits. A third option is a special provision for nonprofits and is defined in the Oregon Statutes ORS 657.505(7)(d). It is an agreement between the congregation, a financial institution and the Oregon Employment Department to keep on deposit in a special account 2% of the previous 4 quarters payroll. Contact the Oregon Employment Department and reference ORS 657.505(7)(d) for more information. ***Congregations are strongly encouraged to carry Unemployment Insurance, as those who have not and were faced with a claim have paid substantial sums to the State of Oregon as a result.***

3. **Medical Expense Reimbursement Plan:** A congregation may establish an account to reimburse its pastor for deductibles and other costs not covered by the ELCA Board of Pensions Medical/Dental Plan. This is especially advantageous for those who cannot participate in the Managed Health Care benefits being offered by the Board of Pensions in larger metropolitan areas. The reimbursements are tax-free in all respects, should not appear on a W-2, and are not considered part of Defined Compensation" when calculating medical/dental contributions to the ELCA plan. Congregations offering such a program must make them available to all full-time employees and the appropriate motions must be passed by the church council at its first meeting after the church's budget is passed. An accounting system must be established where the church employee submits vouchers and receipts for reimbursement.

4. **Military Leave:** A congregation/agency whose pastor serves simultaneously as chaplain in a military reserve unit must, by law, must grant leave time for the pastor to fulfill his/her military obligations. (This same law applies to other employees who serve military reserve units.) Military leave is granted exclusive of vacation and continuing education. We recommend that each congregation develop explicit written policies covering compensation for employees while they are on military leave.

5. **Health Examination:** The synod encourages the congregation and the rostered leader to share the cost of regular health examinations. ELCA insurance may not cover the total cost of such physical examinations.

6. **Malpractice Insurance:** Malpractice insurance for church employees is usually included on congregational insurance plans. We recommend that you check the congregation's insurance to ensure that professional liability coverage is adequate for clergy and other staff, depending on the nature of their ministry and job description.

7. **Severance/Separation Pay:** It is recommended that each congregation develop explicit written policies relating to severance compensation or separation pay for rostered leaders. This policy should define the situation and conditions under which such payment might be applicable, and the limits which would apply.

G. Special Circumstances

1. **Clergy Couples:** Clergy couples are a unique and important gift to the church. However, it takes special coordination to ensure that the Clergy Couple do not over-work or become burned-out. When a pastor is *married* to a pastor, it is even more difficult to get away from it all. That makes days off, vacation and boundaries particularly important. Some things to consider include:

a. **Scheduling meetings** to the extent possible in such a way that protect the clergy couple's personal and family.

b. **Vacation Time and Days Off:** should be scheduled to meet the needs of the clergy couple. Clergy couples are encouraged to schedule vacation time together. For some, days off together may also be important. During the pastors' absence, pulpit supply pastor are available to cover worship and pastors from

other congregations or cluster deans may assist in the case of a pastoral care emergency.

c. **Board of Pension Benefit:** For sponsored couples (where both husband and wife are members of the ELCA Board of Pensions plans), each congregation or ELCA organization will be billed for the sponsored couple's health plan coverage and receive a corresponding "sponsored couple" credit. The credit amount will be 40 to 50 percent of the health plan contribution, depending on the relative level of compensation provided both spouses.

2. Clergy Couples in same parish

a. Compensation designated as housing for tax purposes:

Both pastors are eligible under IRS rules to designate a portion of their salary as housing. The couple can decide with the aid of a Tax consultant what is best for their circumstance. If a parsonage is utilized, other forms of compensation should be provided to offset the benefit the parish receives from not having to provide separate housing.

b. Pension Implication of Housing Arrangements: If a clergy couple lives in a parsonage; "Defined Compensation" for each person is used to calculate the pension should include 30% for housing. This is imperative because it significantly impacts pension contributions. Both clergy are working pastors and both have pensions to grow over their working years.

3. **Clergy Couples in a different parishes:** For clergy couples serving in different settings, possibly even different denominations, no pressure should be put on the spouse of the called pastor to participate in congregational activities. Any involvement of the spouse should be the responsibility of the Clergy Couple to determine.

4. **Interim Ministers:** Interim pastors are appointed by the Bishop for a specific term. According to the Synod Constitution, (S14.17), "*an interim pastor shall have the rights and duties in the congregation of a regularly called pastor.*"

In addition to serving as pastor, the interim shepherds the congregation through developmental tasks of the interim period, functions as a consultant to the call process, and helps the congregation prepare for its next steps of ministry with a new pastoral leader(s). The total compensation package for an interim pastor should be *at least* these minimum guidelines, based on the person's years of experience, and should include at least one week of vacation time per quarter.. Special circumstances should be dealt with on a case-by-case basis and must be included in

the "Letter of Agreement for Interim Ministry" which is negotiated and signed by the congregation, the interim pastor, and the Synod Bishop.

Note: *Due to the temporary nature of call for interim pastors, congregations are encouraged to provide at least one month of "bridge pay" (including benefits) at the conclusion of an interim period, in addition to accrued vacation.*

5. **Part-Time Ministry:** For pastors whose call is less than full-time, salary and benefits should be prorated accordingly and should meet at least the minimum guidelines. A part-time pastor working three days per week would still receive four of their regular work weeks off, plus continuing education time and sick time.

Remember that part-time calls mean part-time work. Include clear expectations up front as to the specifics of what "part-time" will mean in your setting.

Congregations that anticipate a move from part-time ministry to full-time ministry (or vice versa) should include an "Evaluation and Action Plan" in their negotiations with a pastor. Please see Appendix C, for more details.

6. **Payment to Supply Pastors:** The congregation should establish reasonable reimbursement rates for the conducting of worship services AND travel expenses for supply pastors. The recommended rate of payment to supply pastors is one hundred fifty dollars (\$150.00) for one worship service, and thirty dollars (\$30.00) for each additional service on the same day and at the same location. Travel related expenses (miles, housing, and meals as appropriate) should also be reimbursed. The payment of these expenses is the sole responsibility of the congregation and should be paid on the day the supply pastor fills the pulpit.

IV. Disclaimer

A. Taxes

Tax laws are increasingly complex, particularly regarding the clergy. These guidelines are not intended to provide tax or financial planning advice. Rostered leaders and congregations are advised to consult professionals in these areas to address specific questions regarding the tax consequences of particular portions of the compensation package. We urge that you seek advice only from a qualified licensed tax preparer with clergy tax experience.

V. Appendices A-K follows this text

Appendix A Salary Grid

The grid reflects years of experience, not necessarily years since ordination or certification. Congregations are encouraged to consider directly relevant non-parish experience and relevant additional education when calculating the “years of experience.” A good rule of thumb is 1 year of non-parish experience = ½ year experience for the purpose of the grid. So, if your pastor has ten years of relevant experience, 5 years would be added to their steps on the salary grid.

The 2011 salary grid has changed from an annual step, to three year tiers. Within the three year tier, each range includes what would have been the low range for the first year and high range for the third year. Congregations are expected to increase the salary of each pastor annually within the range annually in increments of at least 2.5% for years 2-19, and 1% for years 20 and above.

Years of Experience	Minimum Salary Pastors
0	39,447 to 51,276
1-3	40,464 to 55,219
4-6	43,575 to 59,465
7-9	46,925 to 64,037
10-12	50,534 to 68,961
13-15	54,419 to 70,685
16-18	58,603 to 76,120
19-21	60,068 to 78,023
22-24	65,987 to 85,710
25+	67,986 to 91,676

The base amounts are the same as both last year and 2009, with a 0% cost of living adjustment due to the current economy, and the lack of a COLA increase for Social Security recipients.

After careful review of the compensation guidelines for other ELCA synods, especially those in the Pacific and Southwest regions of the United States, Oregon Synod Guidelines, while slightly behind some, are comparable to the other synods of the ELCA.

The 2011 salary grid has been adjusted reflect the full salary amount for clergy. Note: In previous years the funds to be designated as housing (Housing Allowance) were not reflected in the grid, and were expected to be calculated as a percentage of the base figure on the salary grid. The result of this practice was to create confusion Some understood the *housing allowance* as something extra given exclusively to clergy. This has never been the case. ***Funds designated as housing is not extra compensation.*** The Internal Revenue Service allows clergy to designate a portion of their income as *housing for tax purposes*. The funds *designated as housing* are exempt from regular income tax but are not exempt from Social Security or Medicare taxes.

The adjustment has been calculated at 30% of the 2010 base based upon the median for national norms for percentage of income dedicated to mortgage, taxes, and insurance by the National Association of Realtors, US Dept. of Housing and Urban Development, and USMoney.com. Thirty percent represents the median of the acceptable ratio between carrying cost to gross income for conventional and government mortgage applications: conventional mortgages 28-33% cap, government insured loans through the VA, and the FHA is 36%. Thirty percent is consistent with the Internal Revenue’s required valuation for of a Parsonage for the purpose of calculating Social Security and Medicare taxes.

APPENDIX B
Board of Pensions Contribution Rates

The Oregon Synod guideline for minimum pension rate contribution is 12%. Congregations that continue to pay a benefit at the rate of 10% are encouraged to make the adjustment to 12%.

Monthly Contribution Rates for Sponsored Members With out Medicare Coverage 2010			
Coverage	Rates ¹	minimum	maximum
Health benefits			
Member	12.60 %	\$494	\$667
Member and spouse	22.10 %	\$864	\$1,168
Member and children	22.10 %	\$864	\$1,168
Member, spouse and children	31.50 %	\$1,234	\$1,669
Retirement	12% ^{2,3,4}		
Disability	2.60 %		
Survivor	0.00 % ⁵		
Retiree support	0.70 % ⁶		

Rates are a percentage of *defined compensation*.

1. Contribution for non rostered employees of ELCA church institutions or congregations is 6% to 12% as determined by the institution or congregation.
2. Contribution for pastors and rostered lay leaders serving ELCA church institutions or congregations in Oregon Synod is a minimum of 12% of Defined Compensation.
3. If a member participated in a predecessor plan on Dec. 31, 1987, was at least age 45 on that date, and has continuously been a sponsored member of an ELCA retirement plan since Jan. 1, 1988, the total employer retirement contribution must be at least 11%.
4. Survivor Benefits Plan contribution is currently suspended.
5. Retiree support contribution helps provide health coverage during retirement for members who served one of the ELCA predecessor church bodies

APPENDIX C

Creative Ways to Meet Synod Guidelines

All congregations are encouraged to faithfully meet the synod guidelines. We realize that some congregations may have greater difficulty doing this than others, particularly when forces beyond a congregation's control arise which make it difficult to keep pace with the year-to-year incremental salary increases prescribed in these guidelines. The most notable of these forces has been the disproportionately high annual increases in the cost of health insurance.

We recommend that you consider ways to creatively “think outside of the box” relative to compensation choices that benefit both the church staff person and the congregation. It is important to work together with staff persons to come up with alternatives. Remember that the objective is to recognize and reward the faithful service of staff, both rostered and non-rostered, even during times when full incremental cash salary increases may seem unfeasible.

Calling a Part-Time Pastor

As long as all parties agree to such an arrangement, this may be the simplest solution to meeting salary guidelines and honoring rostered leaders while still maintaining a tight budget. For example, perhaps a congregation desires a full-time pastor for a call, and yet is only able to come up with a package that corresponds to 75% of the minimum guidelines. In this case, the congregation could offer a $\frac{3}{4}$ -time call rather than a full-time call, and fully cover the synod guidelines by paying $\frac{3}{4}$ of the minimum guidelines for a full-time position. The same could be done for a $\frac{1}{2}$ -time position or any other position with a percentage less than full-time. *Details must be clear* during the call process.

This arrangement will only work if the time and workload is reduced proportionally to the reduction in compensation. For example, offering a $\frac{3}{4}$ -time position and then expecting full-time work would be a dishonest arrangement and an injustice to the rostered leader. In arrangements such as these when the congregation is being supportive of the reduced workload and increased time off, it is also the responsibility of rostered leaders to maintain healthy boundaries and *not* work themselves into a full-time work-load. All parties should take mutual responsibility for this arrangement, set up clear expectations for time on and off for a typical week, communicate these expectations clearly with the congregation, and then serve as an advocate to abide by them.

Maximizing Housing Allowance

This has long been recognized as the best tax break offered to clergy who do not live in a church-owned parsonage. Reassessing the sum of the fair rental value, all utilities, insurance costs, fees, maintenance costs, and property taxes has often increased the amount designated from the church for this purpose. While housing allowance is considered part of "Defined Compensation" by the ELCA Board of Pensions, and is part of the base for calculating social security payments (SECA), it is not subject to federal and state income taxation. Note however that even if housing allowance is increased, only that amount which qualifies as *actual housing expense* will be able to be designated as housing allowance (rather than salary) when clergy pay taxes.

More Vacation Time

At various times of life, time may have more value than money. An increase of paid vacation time can be a potential non-monetary form of compensation.

Appendix C (cont.)

A simple way of determining the monetary value of one week of vacation is to divide the guideline salary figure by 52.

Increased Pension Contributions

These contributions actually save the church and pastors money because (1) the sum of the contributions is not considered part of "Defined Compensation" and therefore does not figure into the cost of health insurance under the ELCA plan, and (2) the contributions are fully exempt from state and federal income tax and social security tax (SECA).

Deferred Compensation Plan

Contribution to a tax-deferred annuity plan could help build additional retirement income for a church professional. An attorney or tax advisor must be consulted in drawing up such agreements.

Note: Potential Negative Effects on Retirement Income

Several of the above strategies have a net effect of cutting congregations' total compensation costs by substituting different forms of compensation in place of straight "cash salaries." Several of these strategies also have a net effect of increasing after-tax income by reducing the amounts that are subject to state and federal income taxation and social security taxation (SECA).

Be aware, however, that with the exception of maximizing housing allowance, the above techniques also reduce the required amount that must be paid by the congregation to the Board of Pensions. This includes the pension portion of those payments. These same strategies also reduce survivor benefits from the ELCA Board of Pensions because survivor benefits are based on a percentage of "Defined Compensation" at the time of death.

With respect to survivor benefits, church professionals will have to assess the risk for themselves. With respect to the reduced pension contributions, *we strongly urge that congregations using any of these strategies restore the pension portion of payments made to the ELCA Board of Pension to the full amount based on guidelines figures regardless of the actual "Defined Compensation."* This prevents a potentially dramatic reduction in the future retirement income of a church professional who has helped his or her congregation reduce current expenses.

APPENDIX D

Church Personnel Policies

Church personnel policies are documents that outline procedures for various aspects of work life. We strongly encourage congregations to create and regularly update your personnel policy.

Why?

Having current personnel policies can avoid tremendous conflicts which may emerge anytime there are organizations with called or employed persons. Personnel policies foster clear expectations and clear written communication.

Why not just wait until a problem arises?

Developing personnel policies *before* a storm is good stewardship of our energy. It gives time for thoughtful reflection and intentional planning. If we wait until the midst of a crisis, we risk being more reactive, blaming, less resilient, and less flexible. Furthermore, it's simply much more complicated to try to set up procedures in the midst of a misunderstanding, rather than agreeing on clear expectations in advance.

What does a personnel policy typically cover?

Personnel policies can consider areas such as vacation, continuing education, grievance procedures, various forms of misconduct, procedures for dismissal, sick leave and disability considerations. Whereas pastors have some dimensions of their work spelled out in the letter of call, many lay workers have the barest of job descriptions. Personnel policies can help bridge this gap and provide clarity and confidence. For information on developing personnel policies refer to the resource list in [Appendix H](#).

APPENDIX E

SABBATICAL GUIDELINES

Oregon Synod Model Policy

INTRODUCTION:

Sabbatical leave is a planned period of absence that has its roots in scripture and church tradition.

As a congregation, we expect our pastor(s) to feed the spiritual needs of our membership and the community. In turn, we must also allow the pastor opportunity for personal spiritual fulfillment. A sabbatical leave of absence provides an intentional time set apart for renewal, reflection, rest and reconnecting with the Holy Spirit.

Unlike vacation or regularly scheduled days off, a sabbatical allows the pastor to intentionally be away from regular and normal tasks in order to view ministry and mission from a new perspective, as a result of this extended time of focus.

The Evangelical Lutheran Church in America strongly encourages congregations to support the ministry renewal and enrichment of its rostered leaders. Sabbatical leaves for study and personal renewal have been shown to have tremendous benefit for both clergy and congregation. When long-term ministry is revitalized and stimulated, all parties benefit – pastoral staff, congregation, and the church-at-large.

PURPOSE:

It is the policy of [Church Name] to provide a sabbatical leave of absence for its pastoral staff. This period of release from normal duties is intended to be used as a time of study, spiritual growth, reflection, and renewal.

ELIGIBILITY:

All pastors who have served [Church Name] for a minimum of five consecutive years are eligible for sabbatical leave.

For pastors involved in the First Call Theological Education Program, the five-year eligibility period begins upon completion of that program.

FREQUENCY AND LENGTH:

A sabbatical may be taken no more than once every five years for a duration of (see note below), including the two continuing education weeks normally granted. Vacation should not be included as sabbatical time. If the requested period of leave is not consecutive, the remainder must be taken within one year of the initial start date.

*Note: 12 weeks is considered a **minimum** norm for sabbatical in the Oregon Synod and no specific maximum duration is set. Some congregations and synods in our region offer up to 12 months as a guideline (ex: As of 2006, the Southwest Washington Synod offered 3 to 12 months; Eastern Washington/Idaho offered 2 to 9 months as a norm). Any specific duration beyond the Oregon minimum should be mutually determined and agreed to in the sabbatical covenant between congregation and pastor.*

Appendix E (cont.)

COST TO THE CONGREGATION:

The congregation will continue to pay full salary and benefits for the period of approved leave. Car allowance/mileage (a ministry expense) is normally not paid during sabbatical leave.

Accrued continuing education dollars can be used for the educational costs of the sabbatical. Continuing education dollars can only be carried over for three years.

The congregation will need to contract with an interim pastor to cover the duties of the pastor on leave. This coverage can range from full time ministry to some level of part-time pastoral care and/or worship leadership. Coverage for other pastoral duties will also need to be considered, such as teaching, crisis counseling, weddings, funerals, etc. Expectations for interim coverage will need to be clearly defined by the Church Council to the synod office. Costs for the interim should be figured at the current rate for interims recommended by the synod.

A concerted effort should be made to have all interim sabbatical coverage and budgetary arrangements finalized by the Council at least three months prior to the intended start date.

The congregation is under no obligation to fund the sabbatical in any other way, but may assist as desired.

PLANNING THE SABBATICAL:

At least one year prior to the proposed sabbatical, the pastor and the Mutual Ministry Committee* or its equivalent will begin a joint development of the sabbatical plan, with the goal of enriching and enhancing the pastor's personal ministry while concurrently promoting the ministry of the congregation and the church-at-large.

At least six months prior to the proposed sabbatical, a designated representative from the Mutual Ministry Committee will attend a Church Council meeting to present the written proposal for sabbatical and to advocate on the pastor's behalf. After the Council has had an opportunity to review and discuss the plan, a vote will be taken for approval.

COMMITMENT FOLLOWING SABBATICAL:

It is [Church Name's] expectation that the pastor will remain in his/her current call for at least a year following return from the last period of sabbatical leave.

Within a month after return from each period of leave, the pastor will submit a brief written report and evaluation of the sabbatical to the Church Council and Mutual Ministry Committee. This report should clearly and specifically identify the resulting benefit of the sabbatical to future pastoral and congregational ministry at [Church Name]. A summary of the report will also be shared with the congregation.

**PASTOR AND PEOPLE – Making Mutual Ministry Work*, ©2003 Augsburg Fortress Publishing House, is an excellent compilation of insights on the mutual ministry relationship and its impact on every aspect of the life and ministry of the congregation (<http://www.augsburgfortress.org/>).

SABBATICAL CHECKLIST

- Mutual Ministry supports and actively advocates [Church Name's] sabbatical leave policy.
- The eligible Pastor and the Mutual Ministry Committee jointly develop a sabbatical plan that will benefit the pastor's personal ministry and promote the congregation's overall vision and mission.
- At least six months prior to the requested start date, a designated representative from the Mutual Ministry Team presents a written proposal to the Church Council for discussion and approval.
- Council adjusts budget to allow for additional interim staff coverage.
 - Full time/Part time?
 - Regular office hours required?
 - Coverage for special pastoral needs (crisis counseling, weddings, funerals)
- Council representatives partner with the synod office to identify an appropriate interim replacement.
- At least three months prior to the requested start date, all arrangements are in place and agreed upon by Council.
- The pastor taking the sabbatical makes all necessary arrangements for his/her course of study, travel, etc.

APPENDIX F

Parsonage Guidelines

Introduction

A parsonage is the home provided by the congregation for its pastor(s). It is to be an aid in the carrying out of ministry. In its care of the church, the congregation will want to provide a good home. Since no equity is accrued by the pastor, an equity allowance of 3% of defined compensation is strongly suggested as per the guidelines in part 4 “Housing Equity” on page 2 of this document.

The following guidelines are a way to help both pastor and congregation.

- Become aware of needed improvements
- Achieve synod-wide standards for church-owned homes
- Become aware of abuses of the parsonage property.

Since the parsonage is the pastor's home, privacy should be respected. Congregation members are expected to follow the same standards of politeness for such things as entering the parsonage as they would for any other home in the community.

Because it is the home of the pastor, the desires of the pastor should be consulted when changes become necessary.

The quality of the parsonage should meet a standard set by the homes of the majority of the congregation's members. The size should be adequate to accommodate families.

The tenant/landlord model may apply on occasion, but its application is quite limited. Unlike a renter, the pastor normally has little choice of residence. The relationship between the pastor and congregation is not based on a lease or rental agreement, but upon a common bond in the service of Christ Jesus.

Specific Guidelines

These guidelines may be used for congregations and pastors to discuss the maintenance, repair and responsibilities relative to a church-owned parsonage:

- It is recommended that the following appliances be provided in the parsonage: stove, dishwasher, soft water system (if needed) humidifier/dehumidifier (if needed), refrigerator, washer and dryer, garbage disposal, air conditioning, TV antenna (unless cable is provided).
- It is recommended that the following utilities be paid directly by the congregation or by utility allowance: electricity, gas/fuel oil, telephone (except personal long distance calls), soft water service (if needed).
- Items that would normally be supplied by the congregation include: paint, wallpaper, window coverings, floor coverings, light fixtures, and ceiling fans.

Appendix F (cont.)

- When a pastor first moves into a parsonage the congregation should see that it is thoroughly clean and should usually plan to redecorate.
- The colors, fabric, design, etc. selected in the redecoration would normally be selected by those who will be living in the house in consultation with the appropriate committee. The congregation, of course, would determine the price ranges for these items.
- Parsonage maintenance and repair should be listed as a separate line item in the annual budget, with a clear understanding of who has the authority to spend these budgeted funds (such as property committee, council, etc.).
- An annual inspection of the parsonage should be conducted with the pastor, in order to check the overall condition and discern any needs for maintenance or repair.
- The pastor and congregation should develop and annually update a list of necessary and desired repairs, maintenance, modernization, redecorating and remodeling projects and together prioritize these projects.
- There should be clear understanding about how regular maintenance and emergency repairs are to be handled. It is suggested that the pastor be authorized to spend a specified dollar amount at his/her own discretion. Any repairs in excess of this amount would require approval of the property committee or the congregation council.
- The grounds around the parsonage are primarily the responsibility of the congregation. The congregation should see that the lawn, shrubbery and flowerbeds are in good condition when a pastor moves into the parsonage. The pastor may be expected to care for these grounds (mow, rake, remove snow, apply fertilizer, insecticides, herbicides) or these responsibilities may be shared by the congregation. **(The division of labor should be negotiated by the pastor and the council.)**
- Congregations should consider taking care of the grounds around the parsonage while the pastor is on vacation or study leave.
- The congregation should provide suitable garage space for the pastor's automobile(s). Normally this would be space for two vehicles.
- The pastor should be held responsible for any excess wear or damage caused to the parsonage while he or she was living there. This would include any damage caused by children, pets, etc. *beyond normal wear and tear*. When a pastor moves out of a parsonage, and before all financial obligations are completed, there should be an inspection of the property to see that it is left clean and in good repair.

APPENDIX G Resources

General

- ELCA, Oregon Synod (503-413-4191) www.oregonsynod.org
- ELCA, National Headquarters (800-638-3522) www.elca.org
- ELCA, Region 1 (800-755-5831) www.elcaregion1.org
Congregational Treasurer's Handbook
- Augsburg Fortress Publishing House (800-328-4648) www.augsburgfortress.org
Congregational LEADER Series
Our Staff: Building Our Human Resources by Trish Holford, 2002
Pastor and People: Making Mutual Ministry Work, 2003
- Alban Institute (800-486-1318) www.alban.org
The Alban Personnel Handbook for Congregations by Erwin Berry, 1999
User Friendly Evaluation by C. Jeff Woods, 1995
Evaluating Ministry by Jill M. Hudson, 1992
- Oregon Synod Compensation Guidelines Committee – Rev. Mark Beatty (Chair)

Benefits/Taxation

- The Board of Pensions – ELCA, Member Services (800-352-2876) www.elcabop.org
Minister's Guide for Income Tax by Conrad Teitell, LL.B., LL.M. (free publication)
- Internal Revenue Service (800-829-1040) www.irs.gov
IRS Publication 517: Social Security and Other Information for Members of the Clergy and Religious Workers www.irs.gov/publications/p517/index.html

Compensation Guidelines for Church Musicians

- American Guild of Organists www.agohq.org
- American Association of Lutheran Church Musicians www.alcm.org

Life-Long Learning

- ELCA Resource Page www.elca.org/dm/leadership/life.html
Clergy Renewal – Guide to Sabbatical Planning by Bullock & Bruesehoff, 2000
- The Society for the Advancement of Continuing Education for Ministry (SACEM) www.sacem.com

Stewardship of Life

- American Association of Pastoral Counselors (AAPC) – (703-385-6967) www.aapc.org
- Consultation to Clergy (206-623-8193)
- Wellness Resource Page www.elcaforwellness.org

APPENDIX H

Frequently Asked Questions

Questions Regarding Allowances

Portion of Salary Designated as Housing (see page 1, 2, and Appendix A)

Why do pastors designate a portion of salary as housing?

- The IRS allows a portion of clergy compensation to be designated as housing *for tax purposes*. ***In previous years the salary grid was reduced by the anticipated housing allowance.*** This practice created confusion concerning fair compensation. To relieve this situation, the salary grid for 2011 reflects the full salary range. The pastor shall determine what portion of his or her salary dollars are to be designated as housing. It may be helpful to note the national norms as reported by the National Association of Realtors, USMoney.com, US Dept. of Housing and Urban Development, and banking standards for mortgage applications range from 30-36% of the gross household income.. Government insured mortgages, such as FHA and VA mortgages set the anticipated carrying cost to gross income of no more than 36%, with an average between 31-33%. A 30% Housing Designation is consistent with the guidelines and practices for most the synods of the ELCA, and is in line with the ELCA's Church-wide guidelines.

If a parsonage is provided, what are the responsibilities of the congregation? (see pages 2 and Appendix F for additional detail.)

- The parsonage is an asset of the congregation. Therefore, all maintenance is the responsibility of the congregation. An important aspect of caring for the pastor and the pastor's family is to maintain the parsonage well. The costs of utilities and furnishings are not the responsibility of the congregation; however, the congregation is encouraged to provide an allowance for these expenses for tax purposes.

What is a Social Security Allowance? (see page 2, paragraph #3 for additional detail)

- Clergy are designated as *self employed* for tax purposes. As a result, they must pay the full 15% (both the employee and employer's side of Social Security and Medicare taxes.) Congregations are prohibited from paying Social Security and Medicare on behalf of clergy. Social Security Allowance is an *Offset* that is paid to the pastor for the employer's side of Social Security and Medicare taxes. Clergy are taxed on this allowance as regular income.

Benefits (see pages 2-3 for addition detail)

What is included in clergy benefits?

- All congregations and clergy in the ELCA are required to participate in the ELCA Board of Pensions. All congregations are to provide Medical, Dental, and Disability coverage for all clergy and participating lay employees. The cost of this coverage is based on a percentage of the pastor or staff member's defined compensation. Pension deposits are to be made in an amount equal to 12% of defined compensation for all clergy and rostered leaders. Congregations can offer a lesser percentage—beginning at 6%--for lay employees; however, congregations are encouraged to fund lay employee pensions at a rate that is fair and just. Some congregations in the Oregon Synod provide pension deposits for lay employees at the 12% rate.

Time Off and Vacation Time (see pages 3 and the sample Personnel Policy found on the Oregon Synod webpage under Resources for additional detail)

How many days a week should we expect pastors to work?

- Fulltime is generally understood as 40 hours per week. However, most pastors typically work between 40-50 hours per week. However, member emergencies and congregational business often require them to work additional hours. In most cases, pastors are *on call* virtually twenty-four hours per day seven days per week to respond member emergencies. Pastors are encouraged to strive for balance and to take all of their time off.

APPENDIX H (continued)

How many days off should be provided each week for pastors and lay employees?

- No less than one and preferably two days off are to be provided for all pastors. The demands upon the pastor's life often require them to work evenings, which reduces their availability to family and friends. A pastor's *on call* status frequently results in long nights and departures from family events. Fatigue is a major contributor toward clergy burn out. . Congregations must provide adequate time for rest and renewal. During the pastor's days off, they are to be free from all parish responsibilities, except in the case of emergencies.
- Seven holidays are standard for all congregation clergy and staff members. They are: New Year's Day, Martin Luther King Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day. In the event the ministry of the parish requires them to work on a designated holiday, an alternative additional day off is to be substituted.
- Sick time and/or Personal days are to be provided for all congregation clergy and staff persons. A minimum of 14 days per year is recommended. This time is only to be used as necessary for sick days, emergency family leave, or extended medical leave.

How much vacation time is normal for pastors and church staffs?

- All pastors are to receive a minimum for four weeks of vacation time, including four Sundays, and two weeks of Continuing Education time.

Why do new pastors receive the same minimum of four weeks vacation time as those who have served for several years?

- Maintaining healthy practices of rest, renewal, and recreation are essential for the health and wellbeing of all of our pastors. Like their long serving colleagues, new pastors are subject to the same job-related stressors, on call requirements, and separation from family on a regular basis. In solo pastor parishes, new pastors carry the full pastoral responsibility for the parish regardless of years of service. Caring for all of our pastors is important to the health and wellbeing of our congregations. For this reason a minimum of four weeks of vacation time is required. Additional weeks can be offered to pastors of longer service.

Sabbaticals (see pages 4 and Appendix E for additional details)

Is a sabbatical the same as a vacation?

- No. A sabbatical is a special is a special time away from the regular responsibilities for day-to-day ministry to allow for rest, renewal, education, and spiritual renewal of the pastor.

How is a sabbatical financed?

- During sabbatical periods, the congregation is to continue paying the full salary and benefit package to the pastor. Planning is the key for both the pastor and the congregation. It is recommended that the congregation set aside funds into a designated sabbatical fund each year to reduce or eliminate the financial impact during a sabbatical year. Sabbatical grants are available through the Lilly Foundation and other organizations to assist congregations in providing sabbatical leave for their pastors.

How are the pastoral needs of the congregation met during the pastor's absence?

- The congregation is responsible for contracting with either a pastor on leave-from-call or a retired pastor. The synod office can supply you with names of available pastors. The congregation is to negotiate the terms of the agreement, including compensation and time off.

**APPENDIX I–
Planning Guide - Annual Compensation Review Steps***

1. Start three months ahead of budgeting and organize materials. Find out what is happening for employees and retired members in your congregation and in your community. Ask for input from Council members, Personnel Committee members. Communicate this information for the congregation. Examine ministry annual review information to determine if any special merit or additional compensation should be considered. Based on the congregational calendar, this may be in advance of Synod guidelines updates for the upcoming year. Collect current year Synod guidelines and ELCA pension office information.
2. Review your congregation's compensation history. Specifically, look at the two prior years of compensation for rostered and lay employees. Compare with local congregations. Keep notes for following year.
3. Using current year information create several spreadsheet models or worksheets using data from your congregation. Review this information and discuss as necessary. For a new Call, these steps must be done before the Call is extended. The worksheets in these guidelines support this process for the Call Committee.
4. If Synod Guidelines are adjusted for the following year, review the guidelines and changes by the Board of Pensions. Healthcare coverage adjustments may be significant in a given year. Make adjustments to worksheets as needed. (Look at the changes based on experience step increase and salary increase, step increase only, step and merit or other non cash options.)
5. As budgets are being developed review information with Council for inclusion in budget. Review how this rostered compensation plan fits into the budget and anticipated ministry offerings for the coming year. Proposed compensation worksheet should be reviewed with Pastor(s). Housing allowance information should be reviewed so that approvals may be reached on this item for tax purposes.
6. Tell the congregation what to expect with rostered compensation changes before the annual meeting. Ensure that upcoming items such as a sabbatical in the following year are also communicated.
7. At the annual meeting, budgets are approved and all updates are provided for the Board of Pensions. The Board of Pensions provides an actual annual salary chart by Region in June of each year.

*This is separate from a ministry review which is not done during the budgeting process.

**2011 Compensation & Benefits Worksheet
Rostered Leaders**

	2010	2011
Salary (<i>a portion of the salary shall be designated as housing for tax purposes This amount is to be ratified by official action of the congregation council and recorded on the pastor's year end W2.</i>)		
Social Security Offset – 7.65% (<i>if applicable</i>)		
<i>If a Parsonage is provided add 30% for the purpose of establishing Defined Compensation</i>		
Utilities Allowance (<i>If parsonage is provided and congregation doesn't pay utilities directly</i>)		
Furnishings Allowance		
Defined Compensation =		
<i>For ELCA info used below, see App. B, p.10 or elcabop.org for updates</i>		
ELCA Pension at ___% of Defined Compensation (<i>12% min. guidelines</i>)		
ELCA Medical/Dental Plan at ___% of Defined Compensations		
ELCA Disability, Survivor & Admin at ___% of Defined Compensation		
Housing Equity Account (<i>If parsonage is provided</i>) (<i>see p. 3</i>)		
Other Insurance: _____		
<i>(Allowances and/or direct reimbursement, per congregational policy)</i>		
Clergy Student Debt Reduction (<i>see p. 4</i>)		
First Call Theological Education (<i>\$300 recommended if applicable</i>) (<i>see p. 5</i>)		
Auto Expenses (<i>see p. 5</i>)		
Professional Expenses (<i>see p. 6</i>)		
Pastoral Conferences		
Worker's Compensation		
Unemployment Tax		
Others as indicated: - _____ - _____		
Vacation (4 weeks paid as minimum) (<i>see p. 3</i>)		
Continuing Education (2 weeks and \$700 recommended) (<i>see p. 5</i>)		
Parental Leave (if applicable – 6 weeks recommended) (<i>see p. 4</i>)		
Personal days Away (sick, emergency leave, etc.) (<i>see p. 4</i>)		
Sabbatical (12 weeks min. after 5 years in this call) (<i>see p.6 and App. E p. 15</i>)		
Other Considerations/ Benefits as noted: - _____ - _____		

