

1 **West Virginia-Western Maryland Synod**
2 **Pastoral Compensation/Expenses/Benefits Package Expectations For 2024**
3 **19 August 2023**
4
5

6 The “normal” pastoral compensation/expenses/benefits package, as contained in most
7 congregational budgets, usually looks something like this:
8

9 **Defined Compensation:**

- 10 (1) Base Salary _____
11 (2) Housing Allowance, Utilities, Furnishing Allowance _____
12 (3) Educational Debt Reduction _____
13 (4) Social Security Allowance _____

14 **Expenses:**

- 15 (5) Automobile Allowance _____
16 (6) Continuing Education Allowance _____
17 (7) Publication & Media Resources _____
18 (8) Official Meetings _____

19 **Benefits:**

- 20 (9) Pension & Other Benefits _____
21 (10) Additional Benefits _____
22 (e.g. Optional Pension, annuity, additional life insurance)
23

24 (1) **Base salary** recommendation by Synod Council for pastors (minister of Word & Sacrament)
25 starting in 2024 in a first-call congregation setting is \$41,080. Please review the second and third
26 bullets below for seniority adjustments and alternatives.

- 27 • **Rationale:** This represents a 3.32% increase from 2023. This recommended 3.32%
28 increase is not a response to estimates for the Social Security Administration's (SSA)
29 Cost-of-Living Adjustment (COLA) for 2024.
 - 30 ○ News outlets currently project a COLA of 3% for 2024. Why, then, is the Synod
31 Council recommending a 3.32% increase? To explain, we need to track
32 recommendations going back to 2021.
 - 33 ■ For 2022, news outlets projected a COLA of more than 6%. Believing a 6%
34 increase would be too much of a strain for congregations, Synod Council
35 recommended 3% increases in compensation with a stated intent to make up the
36 remaining 3% in 2023.
 - 37 ■ The projected COLA for 2023 came in at over 10%. Synod Council, still
38 concerned with the strain on congregations but also with the slippage in
39 compensation vs. inflation, recommended an 8.25% increase to compensation.
40 This number was a combination of 3% to be made up from 2022 and half of the
41 projected COLA for 2023. Again, there was intent to make up the remaining 2023
42 5.25% in 2024.
 - 43 ■ Actual COLAs for 2022 and 2023 ended up being less than projections, yielding a
44 cumulative shortage of COLA compared to the compensation package of 3.32%.
45 It is this 3.32% that is being recommended as the compensation increase for 2024.
 - 46 ■ While not yet released by the SSA, the 2024 COLA is projected to be 3%. The
47 Synod Council's recommendation for 2024 does not include this 3%. No decision

48 has been made regarding an attempt to make this up in the future to keep pace
49 with inflation.

- 50 ■ *N.B.*, no increase to clergy compensation was recommended for 2021 on the basis
51 of the projected COLA of 0.3%; COLA was set by the SSA 1.3% for 2023, and
52 that has not been included in any of these numbers.
- 53 ○ Congregations wanting to keep pace with inflation should look at a 6.32% increase to
54 the base, yielding \$42,273, recognizing that actual COLA may be higher or lower
55 when announced by the SSA. An increase above the minimum recommended 3.32%
56 to base up to and including 6.32% is encouraged by Synod Council for those
57 congregations with capacity to do so.
- 58 ○ For the first decades of this synod, a practice of annual 3% increases were followed.
59 COLA was sometimes higher, sometimes lower, but it tended to average close to 3%
60 over time. This eliminated wild swings. In response to financial pressures on
61 congregations caused by The Great Recession (2008-2009), the Synod Council's no-
62 increase recommendation broke with that practice. When compensation increases
63 resumed, Synod Council began following COLA estimates. The effects of the recent
64 pandemic resulted in the largest 2-year COLA since 1978-1980. The estimate for
65 2022 was a shock to our system, and the attempt to blunt that shock compounded the
66 shock of 2023. Moving forward, consideration of returning to a consistent 3% (or
67 whatever number makes sense) will be on the table.
- 68 ○ It must be acknowledged that the challenges faced are not primarily a matter of
69 inflation. If it were simply a matter of COLA, congregations would, theoretically, be
70 able to keep pace with inflation. Setting aside the question of stewardship, the
71 problem becomes one of diminishing membership. Per capita giving might keep pace
72 with inflation or even exceed it, but a lower headcount will quickly undermine a
73 congregation's ability to maintain pastoral compensation in whatever its current
74 pastor-parish configuration happens to be. Stewardship is, of course, something that
75 should be addressed. Rethinking pastor-parish configuration may also be necessary in
76 some settings.
- 77 ○ Synod Council publishes our compensation guideline based upon projections for the
78 COLA. We do this because many congregations begin budgeting processes before
79 SSA announces the COLA for the upcoming year (anticipated in October for 2024).
- 80 ● Seniority: When reviewing an experienced pastor's package, also consider the years of
81 service the pastor has given to the congregation. \$400 per year of active ordained service
82 should be added to the base salary for first call recommended above. Periodic
83 recalculation, especially for a pastor that has been in place for several years, should be
84 done to make sure that salary is commensurate with guidelines.
- 85 ● Alternatives: Increases to compensation (whether COLA or seniority) may not always be
86 realistic for the congregation. Alternatives such as (but not limited to) additional vacation
87 time and/or other benefits (tangible and intangible) should be considered in cases of fiscal
88 hardship on the part of the congregation.

89
90 (2) **Housing** is an expectation of the Synod Council, but there is no one way to provide this.

- 91 ● Housing allowance: When a housing allowance is provided, Synod Council expects that
92 allowance to be equal to the fair market rental value for an unfurnished residence
93 appropriate to the pastor's household size including utilities in the congregation's
94 community.
- 95 ○ Special notes about a housing allowance:

- 96 ▪ The housing allowance must be explicitly set through either the budget action of
97 the congregation or special action of the Congregation Council. It may not be set
98 retroactively.
99 ▪ The housing allowance, even when set by budget, may be adjusted by mutual
100 consent of the pastor and the Congregation Council by reducing the cash salary
101 and increasing the housing allowance by the same amount. *N.B.*, when this is
102 done, remember to reinstate the original values when calculating the next year’s
103 budget and compensation agreement.
- 104 ○ Total housing value when a housing allowance is provided is the amount of housing
105 allowance provided.
 - 106 ● Parsonage: A parsonage is a property owned by the congregation with the associated
107 expenses normally covered by the congregation.
 - 108 ○ Special notes about a parsonage:
 - 109 ▪ When a parsonage is provided, the Synod Council recommends that part of the
110 pastor’s cash salary be designated as a furnishings allowance, if desired by the
111 pastor, by reducing the cash salary and setting the furnishings allowance at that
112 value. *N.B.*, when this is done, remember to reinstate the original values when
113 calculating the next year’s budget and compensation agreement.
 - 114 ▪ In some rare cases, a congregation opts to provide a utilities allowance rather than
115 cover the cost of utilities; this approach is not recommended by Synod Council.
116 When this is done, the amount provided as a utilities allowance should be
117 sufficient to cover the reasonable expenses associated with the parsonage.
 - 118 ▪ When a parsonage is provided, the congregation might also consider providing an
119 equity allowance.
 - 120 ○ Total housing value when a parsonage is provided is the sum of the fair market rental
121 value of the parsonage plus furnishings allowance (if any) plus utilities allowance (if
122 any).

124 (3) **Educational debt reduction** of \$1,000 a year (if applicable) has been identified by the
125 Synod Council as an option for a congregation to consider. An educational debt allowance is
126 applied to existing loans for past education. It is not to be confused with continuing education
127 allowance and expenses. *N.B.*, if a congregation establishes this allowance, it is considered
128 taxable income by the IRS.

129
130 (4) **Social Security allowance** for pastors, assuming the pastor’s engagement follows the normal
131 pattern of self-employment, is expected by the Synod Council. Social Security allowance is
132 8.2837% of the sum of the base salary based and total housing value.

- 133 ● Rationale: For Social Security purposes, most pastors are considered to be self-employed,
134 thus requiring the pastor to pay a self-employment tax that essentially mimics the sum of
135 an employee’s and employer’s shares for Social Security contributions. The Social
136 Security allowance figure above is algebraically derived to replicate what would be an
137 employer’s contribution were the pastor an employee.
 - 138 ● Total housing value: Total housing value is discussed above in greater under the
139 “housing” heading. While, for the most part, the value of housing provided in connection
140 with pastoral engagement is not subject to federal income tax, it is subject to self-
141 employment tax.
- 142

143 (5) **Travel support** is also expected by the Synod Council, as travel is an integral part of
144 providing pastoral ministry in most situations. The form of travel support may vary from
145 congregation to congregation.

- 146 • **Reimbursed road travel by POV:** A congregation and pastor may agree to reimburse
147 mileage driven by the pastor in his/her personal operating vehicle. The pastor must
148 submit an account of the miles driven that is then reimbursed at the prevailing IRS
149 business rate at the time the travel took place.
- 150 • **Allowance for road travel by POV:** A congregation and pastor may agree to the providing
151 of an annual allowance for road travel. In this case, the pastor receives the allowance and
152 is responsible directly to the IRS for justifying travel expenses with appropriate
153 documentation. When determining the amount of the allowance, the congregation should
154 consider travel expectations associated with the discharge of the ministry. Distance to
155 hospitals, parishioner residences, anticipated frequency of visitations, mileage for polity
156 functions such as synod/conference/cluster meetings, *etc.* should be factored in. If the
157 IRS changes the business rate at any point during the year, the congregation should adjust
158 the allowance accordingly.
- 159 • **Company vehicle:** Some congregations opt to provide a company car through either
160 congregation ownership or lease.
- 161 • **Travel other than by POV:** There can be occasions when a pastor may need to travel by
162 air, rail, bus, *etc.* Examples may include accompanying youth to Youth Gathering,
163 attending Camp Luther as a staffer, or a PRT to support transit between the WVU
164 campuses. Such expenses should be reimbursed if reasonably associated with the duties
165 of the office. If anticipated, it may be included in the travel allowance.

166
167 (6) **Continuing education support** is also expected by the Synod Council.

- 168 • **Routine continuing education:** At minimum, the congregation should provide at least
169 \$800 and 14 days for continuing education purpose annually for routine continuing
170 education. It is common to allow unspent funds to carry over for three years. It is the
171 expectation of the ELCA that pastors engage in a minimum of 50 hours of continuing
172 education each year.
- 173 • **Sabbaticals:** The 2000 Synod Assembly adopted a Sabbatical Policy (Guideline)
174 applicable to all clergy. The expectation is that each congregation/parish will adopt a
175 Sabbatical Policy for itself, using the synod policy as a guideline.
- 176 • **First Call Theological Education:** Clergy, in their first three years of ordained ministry,
177 are required by the ELCA to participate in First Call Theological Education. In this
178 synod, this includes an annual regional retreat as well as monthly meetings. The
179 congregation is expected to pay \$200 toward the annual regional retreat; the synod
180 matches this amount and covers any excesses associated with registration, boarding, and
181 lodging. The \$200 is to be in addition to the \$800 annual support recommended above.

182
183 (7) **Publication and media resources** allowance is provided by some congregations. Such
184 resources may include professional journals, specialized worship resources, *etc.* It is an option.

185
186 (8) **Official meetings** sometimes have registration fees attached to them. For those meetings that
187 are constitutionally mandated, *e.g.*, Synod Assembly, coverage of registration fees and associated
188 expenses not built into other lines of the package is expected by the Synod Council.

189

190 (9) **Pension contributions** to support clergy retirement are expected by the Synod Council. The
191 Synod Council's recommendation for congregational contribution rate to the ELCA pension plan
192 through Portico is 12%. As this number may be different than the default setting on the Portico
193 interface, be sure to select/enter 12%.

194 • **Special notes on pension:**

- 195 ○ The congregation may elect a higher contribution rate than 12%.
- 196 ○ The pastor and congregation may agree to augment Portico pension through various
197 instruments such as 401(k), IRA, *etc.*
- 198 ○ The pastor and congregation may agree on a lower contribution rate with the
199 difference being invested by the pastor in an alternate instrument such as 401(k),
200 IRA, *etc.*
- 201 ○ When a change of total defined compensation occurs, be sure to adjust the nominal
202 pension compensation accordingly through the Portico interface.

203
204 (10) **Other benefits** may be included in the compensation package. For example, one
205 congregation purchased a health club membership. Another congregation maintained a
206 membership at the local golf course for the pastor. Congregations are free consider benefits
207 beyond those outlined here.

208
209 (11) **Health insurance** for clergy and clergy family is also expected by the Synod Council.
210 Portico is the principal health insurance provider for the ELCA. Annually, congregations and
211 pastors have to select the level of health plan. The Synod Council recommends the Gold Plus
212 plan.

213 • **Special notes on health insurance:**

- 214 ○ While Gold Plus remains the primary recommendation of the Synod Council, the
215 Portico Silver Plus plan coupled with an HSA contribution by the congregation may
216 be considered as an option when a comparable level of service is provided.
- 217 ○ In some cases, a pastor may inform the congregation that he/she does not need full
218 coverage because primary health coverage is provided through a spouse, military,
219 Medicare, *etc.* In such a case, the congregation and pastor might agree on a
220 supplemental health insurance plan. When health insurance costs are significantly
221 lower as a result of another source of health insurance coverage, the congregation
222 may consider some increase in salary or some other benefit.
- 223 • **Disability:** Portico's health plans include disability insurance, but Portico's disability plan
224 kicks in at two months. The congregation is expected to provide full compensation
225 (though allowances may be prorated) for the first two months of an illness or injury that
226 results in either temporary or permanent disability. The pastor should, at the first
227 suspicion that such an illness or injury (even if temporary) may qualify for disability, file
228 a disability claim. Disability takes time to process. Waiting until the beginning of the
229 second month is waiting too long.
- 230 • **Sick leave:** When asked about sick leave, the Synod Council stated, "Illness and family
231 emergencies do arise. Our Synod Pastoral Compensation Guidelines address such
232 situations with the strong recommendation that sick leave and family emergencies be
233 granted without docking pay and within a reasonable period of time that does not take
234 time away from the granted vacation time (SC22.04.16)."

235
236 (12) **Paid vacation** time is also expected by the Synod Council in the amount of four weeks,
237 including four Sundays. Congregations should consider giving one additional week of vacation

238 for each 10 years of rostered service. As mentioned previously, additional paid vacation time in
239 lieu of an increase in compensation may be considered. Vacation arrangements and policies may
240 vary from congregation to congregation (*e.g.*, some congregations allow accrual of unspent
241 vacation time, some have caps on the amount that may be accrued, a congregation might allow
242 unpaid vacation/leave, or a congregation might offer to cash out unspent vacation time);
243 whatever agreement is reached between congregation and clergy, it should be clearly recorded in
244 the policies of the congregation or the minutes of the Congregation Council or Congregation
245 Meeting.

246
247 (13) **Family leave** is expected by the Synod Assembly. Such family leave may be reasonable in
248 cases of maternity/paternity, major illness on the part of a family member, *etc.* Synod Assembly
249 adopted a policy (guideline) on family leave that can be reviewed on the synod's website. The
250 expectation is that each congregation/parish will adopt a policy for family leave, using synod
251 policy as a guideline.

252
253 (14) **Mutual Ministry Committee** is recommended in the Model Constitution for
254 Congregations. Synod Assembly 2021 recommended that all congregations establish a
255 mechanism for mutual ministry work, commending the *Driesen Manual* as a resource. Contact
256 your conference dean or the Synod Mutual Ministry Committee for more information.

257
258 **On behalf of the clergy of the synod, the Synod Council expresses its**
259 **appreciation to those congregations who have been taking the Council's**
260 **recommendations seriously each year and who have sought to implement**
261 **them.**

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263

264 **Frequent Questions**

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266 **Who should decide the pastor's salary?**

267

268 In most congregations, the final recommendation to the congregation regarding the salary for
269 the pastor will be made by the church council. Resource material for this decision should
270 include the synod expectations, a local survey of pastors' salaries in the surrounding area,
271 and any data one can find on merit increases currently being given in local industry. **Please**
272 **keep in mind that in calculating base salary for the pastor, housing allowance is NOT**
273 **included.**

274

275 If it is the practice for the pastor not to be present at the Finance Committee or Congregational
276 Council meeting when the pastor's compensation is discussed or voted upon, the congregation
277 should have a Pastoral Support or Mutual Ministry committee (which usually does not include
278 members of the council), where the pastor would have an opportunity to indicate fully and
279 confidentially any concerns in the area of his/her compensation. The Pastoral Support Committee
280 can then pass on these concerns to the Congregational Council.

281

282 **How do we use the synod expectations?**

283

284 The first thing to recognize is that the expectations are designed to indicate minimum salary.
285 Such things as average worship attendance, number of congregations served, years since
286 ordination, cost of living in your area, the knowledge and skill needed by the pastor, and the
287 current salary of an incoming pastor should all be factored in to decide where your pastor should
288 start. **These expectations only give you a starting point.**
289

290 **If we cannot afford to pay at the current expectations, what should we do?**
291

292 First, recognize that paying your pastor below the synod expectations often results in friction
293 between the pastor and the council. Turnover may result, and you will be faced with difficulty in
294 replacing your pastor. The best advice is to lay out a two-to-three-year plan and work toward
295 bringing your pastor's salary in line with synod expectations. Sharing this plan with the pastor
296 will create an open environment based on trust and understanding; then, follow through with your
297 commitment to the ongoing relationship. Of course, such a plan may involve retooling (or even
298 beginning) a stewardship program.
299

300 **How do we get feedback from the pastor regarding his/her compensation?**
301

302 The first thing to do is to build an atmosphere of trust and openness. We suggest that you form a
303 mutual ministry committee, which includes the pastor. The purpose of this group is to look at all
304 issues such as working with the congregation, spiritual needs of the pastor, physical needs, and
305 family needs. A mutual ministry committee can be the advocate for the pastor and provide
306 recommendations to the council. However, it is assumed that matters discussed with the pastor
307 remain with the committee, and confidences must not be violated.
308

309 **We have members in our congregation who believe that the total package is too high. How do**
310 **we explain a total package in a way that makes sense?**
311

312 You need to distinguish between cost to the congregation and what the pastor receives. A large
313 part of the cost to the church comes in the form of pension, medical benefits, and travel expenses.
314 For those of you who worked in industry, you probably received these same items but never
315 considered them part of your compensation. These are expenses to the congregation much like
316 the expense a corporation has for the work of an employee. Therefore, it is not fair to consider
317 them part of the pastor's salary. Base pay plus housing constitutes the bulk of what your pastor
318 actually receives.
319

320 **How do we reward the pastor for holidays worked or missed days off or days off interrupted by**
321 **congregational emergencies?**
322

323 1) Insist that your pastor take days off to compensate for the lost time. Make sure the
324 congregation respects this time off. Pastors need time away to refresh themselves, and we need to
325 respect that. Inform your congregation of the pastor's personal time and ask them to respect this
326 need for time away.
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328 2) Insist that your pastor take a sabbatical leave on a regular basis.
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330 3) An alternative not preferred or to be encouraged, is to consider pay in lieu of vacation days.

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In case of an illness longer than 20 days, but not catastrophic, what should we do?

Every case needs to be reviewed on its own merits. Your church council should be the final judge of what is right. They know the pastor best and the effort he or she extends on behalf of the congregation. Decide based on what is fair and appropriate for the circumstances and for everyone involved. Nothing can substitute for good judgment.

Do clergy expectations apply to Associate Pastors?

The basic intent of the expectations would stay the same, but the specifics need to be modified or factored to reflect the differing roles each staff member has in the church.

What about Deacons?

At present, the synod has no deacons serving in congregational settings. We also have no congregations currently seeking to engage a deacon. There have been conversations about what this might look like and where it might make sense in our context with our contingent situation.

What about non-congregational settings?

It is unreasonable to develop a guideline for non-congregational settings as the type of work can vary wildly and the required skill sets, and experience can vary as well. The employment market, considering comparable work for the setting, should be examined.