

**West Virginia-Western Maryland Synod
Pastoral Compensation/Expenses/Benefits Package Expectations For 2023**

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

Defined Compensation:

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

Expenses:

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

Benefits:

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

(1) **Base salary** recommendation by Synod Council for pastors (minister of Word & Sacrament) is \$39,760 for a first call starting in 2023.

- **Rationale:** This represents an 8.25% increase from 2022. For historical comparison, there was no increase in compensation recommended for 2021 because federal COLA was essentially flat. The projected federal COLA at the time of planning for 2022 was in excess of 6% for 2022, but Synod Council recommended an increase of barely over 3% with the stated intent to make up the remaining 3% in 2023. Federal COLA for 2023, however, is projected to be over 10%. So, the 3% deferred from 2022 is applied to 2023, and half the federal COLA for 2023 is added to it. While 8.25% is much larger than usual, over the two years, 2022 and 2023, it still falls 50% short of federal COLA. A congregation is not limited by the recommendation. It may increase pastoral compensation to keep pace with federal COLA.
- **Seniority:** When reviewing an experienced pastor’s package, consider also the years of service the pastor has given to the congregation. \$400 per year of active ordained service should be added to the base salary for first call recommended above. Periodic recalculation, especially for a pastor that has been in place for several years, should be done to make sure that salary is commensurate with guidelines.
- **Alternatives:** Increases to compensation (whether COLA or seniority) may not always be realistic for the congregation. Alternatives such as (but not limited to) additional vacation time should be considered in cases of fiscal hardship on the part of the congregation.

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

- **Housing allowance:** When a housing allowance is provided, Synod Council expects that allowance to be equal to the fair market rental value for an unfurnished residence

appropriate to the pastor's household size including utilities in the congregation's community.

- Special notes about a housing allowance:
 - The housing allowance must be explicitly set through either the budget action of the congregation or special action of the Congregation Council. It may not be set retroactively.
 - The housing allowance, even when set by budget, may be adjusted by mutual consent of the pastor and the Congregation Council by reducing the cash salary and increasing the housing allowance by the same amount. *N.B.*, when this is done, remember to reinstate the original values when calculating the next year's budget and compensation agreement.
- Total housing value when a housing allowance is provided is the amount of housing allowance provided.
- Parsonage: A parsonage is a property owned by the congregation with the associated expenses normally covered by the congregation.
 - Special notes about a parsonage:
 - When a parsonage is provided, the Synod Council recommends that part of the pastor's cash salary be designated as a furnishings allowance, if desired by the pastor, by reducing the cash salary and setting the furnishings allowance at that value. *N.B.*, when this is done, remember to reinstate the original values when calculating the next year's budget and compensation agreement.
 - In some rare cases, a congregation opts to provide a utilities allowance rather than cover the cost of utilities; this approach is not recommended by Synod Council. When this is done, the amount provide as a utilities allowance should be sufficient to cover the reasonable expenses associated with the parsonage.
 - When a parsonage is provided, the congregation might also consider providing an equity allowance.
 - Total housing value when a parsonage is provided is the sum of the fair market rental value of the parsonage plus furnishings allowance (if any) plus utilities allowance (if any).

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

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

- Rationale: For Social Security purposes, most pastors are considered to be self-employed, thus requiring the pastor to pay a self-employment tax that essentially mimics the sum of an employee's and employer's shares for Social Security contributions. The Social Security allowance figure above is algebraically derived to replicate what would be an employer's contribution were the pastor an employee.

- Total housing value: Total housing value is discussed above in greater under the “housing” heading. While, for the most part, the value of housing provided in connection with pastoral engagement is not subject to federal income tax, it is subject to self-employment tax.

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

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

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

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

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

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

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

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

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

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

- **Special notes on pension:**
 - While Gold Plus remains the primary recommendation of the Synod Council, the Portico Silver Plus plan coupled with an HSA contribution by the congregation may be considered as an option when a comparable level of service is provided.
 - In some cases, a pastor may inform the congregation that he/she does not need full coverage because primary health coverage is provided through a spouse, military, Medicare, *etc.* In such a case, the congregation and pastor might agree on a supplemental health insurance plan. When health insurance costs are significantly lower as a result of another source of health insurance coverage, the congregation may consider some increase in salary or some other benefit.
- **Disability:** Portico's health plans include disability insurance, but Portico's disability plan kicks in at two months. The congregation is expected to provide full compensation (though allowances may be prorated) for the first two months of an illness or injury that results in either temporary or permanent disability. The pastor should, at the first suspicion that such an illness or injury (even if temporary) may qualify for disability, file a disability claim. Disability takes time to process. Waiting until the beginning of the second month is waiting too long.

(12) **Paid vacation** time is also expected by the Synod Council in the amount of four weeks, including four Sundays. Congregations should consider giving one additional week of vacation for each 10 years of rostered service. As mentioned previously, additional paid vacation time in lieu of an increase in compensation may be considered. Vacation arrangements and policies may vary from congregation to congregation (*e.g.*, some congregations allow accrual of unspent vacation time, some have caps on the amount that may be accrued, a congregation might allow unpaid vacation/leave, or a congregation might offer to cash out unspent vacation time); whatever agreement is reached between congregation and clergy, it should be clearly recorded in the policies of the congregation or the minutes of the Congregation Council or Congregation Meeting.

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

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

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

Frequent Questions

Who should decide the pastor's salary?

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

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

How do we use the synod expectations?

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

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

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

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

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

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

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

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

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

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. Make a decision 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.