

**EVANGELICAL LUTHERAN CHURCH IN AMERICA  
CENTRAL STATES SYNOD  
COMPENSATION GUIDELINES 2022**

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Compensation & Benefits for Rostered Ministers  
Pastors and Deacons

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Guidelines for 2022

Approved by the Central States Synod Assembly, June 4-5, 2021

*Dear Ministry Partners,*

***Determining appropriate compensation is difficult!*** That is the first sentence in the *Compensation Guidelines for Rostered Ministers of the Central States Synod*. That assessment is true. But I would like to add that determining appropriate compensation is very ***important*** not only for the well-being of the rostered minister but also for the health and ministry of the congregation and ministry setting.

Because this is a difficult but important task, it needs to be done in conversation that is open, honest, direct, grace filled and respectful. In order to facilitate that conversation, you will notice some significant changes to the guidelines. There is no longer a chart at the back of the guidelines that just has years of experiences and numbers plugged in with a range from low to high. There is now a worksheet that ***requires*** councils or leadership boards to figure out a fair compensation package by looking at the different circumstances and situations of their rostered minister as well as their own context. I cannot emphasize enough how important it is to have this conversation, recognizing the needs, experience, abilities of the rostered minister as well as the setting in which they are serving.

In addition to having the conversation about the compensation in terms of salary and benefits, it is also important to have the conversation about expectations, goals, and priorities. Every year each rostered minister should have a ***performance review***, not simply to reflect on how things have been going in the partnership between the rostered ministry and congregation, but also to be clear about goals and expectations for the coming year. My experience is that a lack of clarity around expectations can often lead to conflict.

This will also be a change for many congregations and rostered ministers. At the synod office, we have resources that can help you. It is important that these reviews are done on a yearly basis. I believe this will lead to healthier relationships and stronger ministry. That is why we do this work. Our relationships are important and we are called to do ministry in partnership with one another.

Thank you for taking the time to carefully read through the new guidelines. I understand that changes can be challenging and appreciate your willingness to work together for the sake of the ministry of the whole church.

A handwritten signature in blue ink that reads "Susan Candea". The signature is fluid and cursive, with the first name "Susan" and last name "Candea" clearly distinguishable.

*The Rev. Susan Candea, Bishop  
Central States Synod  
Evangelical Lutheran Church in America*

## Central States Synod Compensation Guidelines Proposal for 2022

### SECTION 1: COMPENSATION

#### A. APPROPRIATE COMPENSATION

Determining appropriate compensation is difficult! Rostered ministers (pastors and deacons) are not always paid what they should be paid. By virtue of their educational requirements and congregational/ministry site expectations, rostered ministers are professionals. They bring to their congregations or ministry sites many gifts, and should be compensated according to their education, ability, and responsibility, and in line with the incomes of professionals in comparable positions. Some synods define this as high school principals; others compare it with clergy of other denominations. Based on their compensation, rostered ministers should be able to provide for their own economic needs as well as those of their spouse and/or children.

The Central States Synod cannot provide specific tax or legal advice to rostered ministers, congregations or specialized ministries. If you have questions about tax matters or legal issues, contact a qualified tax adviser or attorney. Information provided by the IRS specifically for churches and religious organizations can be found at: <http://www.irs.gov/pub/irs-pdf/p1828.pdf>

Just as the rostered minister ought to be paid a livable wage, compensation should not exceed the community's ability to give according to their own needs. The contributions of individuals and families in a congregation come from their own hard work, labor and time spent away from loved ones. All in the congregation need to find the appropriate balance in compensating rostered ministers and church professionals. Mission, ministry and expectations must be clearly articulated if rostered ministers are to be held accountable for their service. A Congregation Council or specialized ministry governing board is expected to annually review the joint ministry expectations of the congregation or ministry and its professional ministers. Constructive adjustments in expectations and/or direction can be made at this time. For the financial health of the community, compensation packages ought to be annually reviewed as well. Realistic expectations and adequate compensation are critical to the future wellbeing of the whole community.

Everyone must remember that the process for determining compensation must be open, honest and gracious conversation. Both professional ministers and ministry representatives, (whether the Congregation Council, a staff support committee, or personnel committee), should articulate their expectations clearly and develop a regular ministry evaluation process to note changes as program directions shift or as the rostered minister's skills or needs change. Honest assessment leads to healthy ministry. Not even carefully crafted guidelines can give congregations or specialized ministries automatic, concise and simple answers to what are inherently complex issues. Following the criteria set forth in the Rostered Minister Recommended Salary Worksheet will be helpful in ministry assessment and compensation discussions.

While the focus of these guidelines applies only to rostered ministers, the principles apply to other church workers. Youth directors, secretaries, custodians, choir directors, organists, teachers and others also deserve fair compensation, and the responsibility of the congregation to these persons is no less than to the rostered minister.

*IMPORTANT NOTE: Housing and Social Security allowances (Sections 2,3, and 4 below) are provided for pastors only. All other recommended guidelines in this document apply to all rostered ministers (pastors and deacons).*

If current compensation is below a level agreed to be fair, moving to a level of adequate compensation may involve patience on the part of rostered ministers as a ministry works to achieve that goal. It will also involve a ministry's determined effort in stewardship and education to reach that level. For example, if the compensation is 10% below the guideline, the ministry might make the commitment to increase the rostered minister's salary by 6% - 8% per year for three years to reach the appropriate compensation guideline three years hence. Finally, adequate and fair compensation encourages good morale on the part of professional ministers and the congregation or specialized ministry as they work together to do ministry and mission in the name and spirit of Jesus Christ. See Section 4. Part A. for a list of non-cash compensation options.

If the congregation or specialized ministry is already ABOVE the appropriate compensation guideline, a cost of living increase equivalent to the CPI-W for the West Urban United States should be considered ([www.bls.gov/news.release/cpi.t06.htm](http://www.bls.gov/news.release/cpi.t06.htm)), since the failure to provide a cost of living salary increase is, in effect, a salary cut. In addition, merit increases should be considered for all rostered ministers.

## **B. HOUSING ALLOWANCE FOR PASTORS**

Pastors called to congregational or specialized ministries may designate a portion of their compensation as a "housing allowance." This is a significant tax advantage giving pastors the ability to exclude from federally taxable income that part of compensation that is used to provide a home (Internal Revenue Code section 107). Please remember that this designation does not change the total defined compensation paid to a pastor. This is also not an exclusion for income used in determining Social Security or SECA tax obligations.

Portico Benefit Services provides helpful information on housing allowance. Please contact them for more information.

Congregations that pay their pastors a housing allowance must approve a resolution prior to the beginning of each calendar year. Both pastor and congregation should keep a copy for their files. The original should be in the records of the congregation. See page two of the worksheet for a sample resolution.

The following kinds of expenses can be used when calculating the housing allowance.

- Mortgage or rent payments
- Real estate taxes
- Property Insurance
- Down Payment on a home
- Utilities
- Furnishings & Appliances (purchase & repair)
- Remodeling & repairs
- Yard maintenance & improvements

Only the lowest of the following can be used when the pastor files their federal income tax return:

- The fair rental value of the home (including all expenses listed above)
- The amount actually spent to provide a home
- The amount officially designated as the housing allowance

The housing allowance amount is always excluded from federal income. This means that the congregation or specialized ministry excludes this amount from Box 1 of the W-2. The amount will, however, be entered in Box 14 of the W-2, which is merely an information item. A pastor should always check with her or his own tax advisor for personal questions or concerns about the housing allowance or other tax issues.

### **C. MINISTRY-PROVIDED HOUSING (PARSONAGES)**

Where a congregation provides a parsonage, the congregation should assume all costs for maintenance and utilities. The congregation may pay these costs directly or give an allowance to the pastor sufficient to cover the expenses. In addition to these costs, the congregation should provide and maintain major appliances in the parsonage. While living in a parsonage has many advantages, it does not build home equity for retirement. If a parsonage is provided, the congregation is encouraged to provide the pastor a Housing Equity Allowance. It is helpful for the congregation to pay directly to a tax deferred plan which delays the income tax due until the funds are actually withdrawn for use; this can be done by making additional employer contributions with Portico Benefit Services. It is recommended that these contributions total at least 3% of the defined compensation (Salary & Cash Value of Parsonage). When housing is provided for a pastor couple, a 30% housing allowance for *each* spouse must be included when calculating defined compensation for Portico Benefit Services.

### **D. SOCIAL SECURITY ALLOWANCE for PASTORS**

While most pastors are employees for federal income tax reporting purposes, they all are self-employed for social security purposes. This means that pastors are not subject to "FICA" taxes, even though they report their income taxes as employees and receive a W-2 from their church. Rather, they pay the "self-employment tax" (SECA – Self-Employed Contributions Act) of 15.30% of their salary and housing allowance. Since congregations are required to pay 7.65% of a lay employee's salary for social security benefits, it is fair and recommended to pay this amount as a Social Security allowance to the pastor. Many congregations provide an allowance for all or part of this expense. This allowance, if provided, is part of the taxable income for the pastor. Deacons and lay ministers are considered to be employees of the congregation and congregations are required to pay Social Security taxes and file federal tax W-2 or 1099 forms, as appropriate.

## **SECTION 2: BENEFITS**

### **A. ELCA BENEFITS PLAN (PORTICO)**

The congregation shall budget for and participate in the ELCA Retirement, Medical, Disability, and Life Insurance benefits (Portico). Medical insurance shall be provided for the rostered minister and their family, unless their spouse has separate medical insurance that covers the family and the rostered minister waives the coverage. Rates are based on geographic location and rate class, defined compensation, plan member age, health benefit option, and household coverage level. To determine the amount to be contributed go to [Employerlink.PorticoBenefits.org](http://Employerlink.PorticoBenefits.org) and use the calculator tools provided on the website and see the four health plan options.

**Each year in the fall, all employers (congregations) and plan members must go through open enrollment on the Portico website to choose the health plan they are going to provide and participate in. The health plan chosen cannot be changed during the next year, even if there is a transition in the call. For consistency across the synod, we recommend congregations in**

**conversations with their rostered ministers offer the best possible health care plan. We recognize the importance of having healthy leaders.**

The synod recommends a minimum 12% retirement contribution, regardless of the age of the rostered minister. Retirement contributions can be modified during the year. Congregations in consultation with their rostered ministers have the option of reallocating 2% of the recommended retirement contribution to help those rostered ministers reduce their student loan principal. Other options also include extra contributions to their continuing education and professional expenses.

Portico Benefit Services, the nonprofit benefit ministry of the ELCA, provides the benefit program for rostered ministers, lay employees, and their families. Portico provides health, dental, prescription drug, retirement, disability, and group life insurance benefits in one bundled program.\* This program is designed to address the needs of rostered ministers and provide seamless benefits during change of call, leave from call, and other events unique to ministry. A bundled approach helps ensure rostered ministers and lay employees are protected against significant financial loss from a variety of risks. Through Portico, congregations\*\* in this synod and across the country pool their collective purchasing power to provide benefits in a cost-effective manner. For more information, see the ELCA Philosophy of Benefits at [PorticoBenefits.org/philosophy](https://PorticoBenefits.org/philosophy).

Congregations and plan members share the cost of benefits. Congregations are expected to support the well-being of their covered plan members by paying all or a significant portion of the contributions for benefits. Plan members are expected to participate in the cost of utilizing the benefits (e.g., deductibles, coinsurance, and copays).

The ELCA Church Council has approved a balance of cost-sharing between congregations and plan members. Portico offers a choice of ELCA-Primary health benefit options that fit this approved balance. Each fall, congregations in this synod should select one of these approved options to offer their sponsored plan members for the following year. During annual enrollment, Portico will notify congregations which options fit within the range that the ELCA Church Council has approved. Congregations should engage in conversation with their rostered minister to determine the option that best fits their needs. Current contribution rates are available on at [EmployerLink/PorticoBenefits.org](https://EmployerLink/PorticoBenefits.org) or by calling Portico at 800.352.2876.

\*A plan member may waive health coverage if they have access to valid medical insurance coverage through their spouse or another employer.

\*\*“Congregations” may also refer to multi-point parishes or other non-parish ministry agencies such as Bible camps, long-term care facilities, hospitals, campus ministries, etc.

## **B. AUTOMOBILE EXPENSE REIMBURSEMENT**

Automobile expense and other work-related travel are business expenses of the congregation and should not be considered by the congregation as part of the rostered minister’s compensation. Automobile reimbursements should be sufficient to cover all congregation-related activities. Car expenses include actual expense plus depreciation. The Internal Revenue Service requires accurate records to support automobile expenses. The rostered minister is responsible for maintaining adequate records for every vehicle used for work-related travel. Because new tax laws no longer

allow non-reimbursed business expenses, including mileage, to be claimed on tax returns, we recommend congregations use one of the options below rather than providing an automobile allowance.

- The congregation purchases or leases a vehicle and assumes the total expense.
- The congregation reimburses for actual miles driven at a specific rate per mile. The rate might vary depending on where the vehicle is driven and how many miles are driven each year. The current IRS reimbursement rate can be found on <http://www.irs.gov>
- The Central States Synod does not recommend that congregations provide an automobile allowance.

### **C. PROFESSIONAL EXPENSE REIMBURSEMENT**

It is recommended that the congregation share professional expenses such as books, clerical apparel, periodicals, professional dues, software, entertaining, and hospitality costs incurred in the performance of the duties of the ministry as well as technology tools such as phones and tablets which are essential and necessary for the minister's calling. The Central States Synod recommends that this be set as a line item in a budget.

### **D. VACATION**

Because a rostered minister is "on call" day and night and carries heavy responsibilities daily, the recommended minimum annual vacation time is four weeks, which includes four Sundays. The congregation should consider granting additional vacation time based on length of service in ministry. The length of vacation time, including the number of Sundays off and when vacation time is to be taken, are all matters which need to be discussed openly with your rostered minister and are an important part of their compensation. Vacation time should be used within the calendar year and not accumulated, except by special agreement with the congregation council. Vacation time is available during the first year of any call. Vacation time is a good investment in the health and well-being of the rostered minister and his/her family. Time spent in outdoor ministries and retreats with congregation youth and adults, or work on area ministry, synod, or ELCA committees should not be considered vacation time or educational leave.

### **E. DAYS OFF**

At least one, and preferably two, full days off should be granted each week. It is understood that congregation emergencies may require a change in schedule from time to time. Days off due to illness shall not be subtracted from vacation time.

### **F. HOLIDAYS**

It should be noted that the rostered minister is seldom able to take advantage of three-day weekends and other holidays such as Christmas and Easter. Consideration is to be given and the rostered minister encouraged to take days off another time during the week to compensate for these and national holidays. Compensation time is not to be counted as vacation time.

### **G. CONTINUING EDUCATION**

The Lutheran Church has a history of an educated and well-trained leadership. The congregation should expect its rostered ministers to be involved in continuing education programs which will provide opportunity for personal development, enrichment of devotional life, and growth in effectiveness and competency. Continuing education is regarded as an essential ongoing process that assists the leader in maintaining and sharpening the professional skills required for congregation

clergy in a rapidly changing world. The ELCA expects each rostered minister to participate in an average of 50 contact hours of annually. Congregation and synod staff should give consideration to a rostered minister's continuing education record when granting compensation increases and in the call process.

Continuing education is understood to be "professional growth" and "self-renewal," as distinguished from program development, vacation, or a theological convocation. Both the rostered minister and the congregation will benefit from the minister's involvement in continuing education. It is therefore suggested that any continuing education program be mutually studied and agreed upon by the leader and the congregation council. Continuing education may include courses, seminary classes, workshops, or independent study when directed toward a goal.

Conferences and events provided by this synod (such as the annual Bishop's Convocation) are not to be considered as part of continuing education.

The recommended continuing education time is two weeks (fourteen full days which include Sundays), plus the recommendation of \$1,000 per year to fund the continuing education. It is also recommended that this amount accumulate in a separate fund so that the equivalent of three years funds is available and that the rostered minister use at least one week per year. Unless a congregation has an explicit written policy relating to the use of continuing education funds, upon beginning a new call within the ELCA, those funds will transfer to the new congregation.

#### **H. SABBATICAL**

Where a rostered minister has served a congregation longer than five years, the congregation is encouraged to grant sabbatical leave to permit participation in a longer program of continuing education. The rostered minister should be encouraged to take at least a one- to three-month sabbatical leave for study every five years without reduction in compensation. See Appendix.

In all study situations, it is important that the rostered minister be expected to plan a program of study and present a detailed plan to the congregation council for approval. The nature of the sabbatical is ultimately a matter of agreement between the rostered minister and council. The synod office is available to assist in planning. The synod staff and area ministry deans are also available to assist in securing pulpit supply. In thinking about providing a sabbatical, it is important to add additional funds to the congregational budget to pay for pastoral coverage during the sabbatical time.

### **SECTION 3: DISABILITY AND LEAVE**

#### **A. TEMPORARY DISABILITY**

In the case of disability due to injury, or physical or mental health condition, the congregation shall continue to pay the full compensation and housing for the first sixty days of disability, until the temporary disability benefits of Portico Benefit Services go into effect. Disability benefits under the ELCA Disability Benefits Plan provide monthly income, health and survivor coverage, and contributions to the ELCA Retirement Plan. These benefits are designed to help rostered ministers adapt and recover from disabling illness and injury until they can return to work, if possible. The congregation council and rostered minister should contact the synod office and Portico prior to taking actions related to disability.



## **B. NEW PARENT LEAVE**

Bringing children into a family, by birth or adoption, is an important time of adjustment. With changing parental roles, it is common for both parents to be actively engaged in their children's care-giving. Since each family's situation is unique, congregations are encouraged to be flexible and understanding in granting the necessary time for the rostered minister and their family to make this adjustment. New Parent Leave is a good investment in the health and well-being of the rostered minister and their family as well as a positive way to lift up and model healthy familial commitments to the whole congregation. **The recommendation is that congregations grant six weeks paid leave.**

## **SECTION 4: OTHER MATTERS**

### **A. ADDITIONAL COMPENSATION**

Congregations who are unable to meet compensation guidelines or would like to reward faithful ministers for their service might consider a variety of means of additional compensation. They should ask their rostered minister what other types of compensation would be beneficial to them. Congregations are invited to think creatively about this. Examples vary by congregation, but some have provided:

- Additional vacation and/or continuing education time
- Additional continuing education funds
- Services from congregation members: licensed daycare, haircuts, car service, dry cleaning, lawn care, snow blowing, etc.
- Additional retirement contributions (above 12%)

### **B. INTERIM AND PART-TIME MINISTRIES**

Because situations vary greatly with interim and part-time ministries, guidance for structuring and compensating these ministries will be provided by the synod office staff as needed.

### **C. PULPIT SUPPLY**

Pulpit supply is to be arranged and paid for by the congregation. \$150 for one worship service, plus \$50 each additional service is a recommended minimum. Mileage reimbursement should be provided, usually based on the current IRS rate.

## **APPENDIX**

### **Extended Study Leave (Sabbatical) Guidelines Central States Synod**

#### **PREFACE**

The Biblical witness is the story of God's continuing faithfulness to invest the Gospel into human hands and lives. The Apostle Paul speaks of it as pouring God's love into earthen vessels: "We have this treasure in earthen vessels to show that the transcendent power belongs to God and not to us." (11 Cor. 4-2). Earthen vessels are meant to be filled and emptied, again and again. But care must be taken that, once emptied, the vessels can be filled once again.

St. Paul cautions us that spiritual strength essential to effective ministry comes from God and does not come from ourselves. Both in the strength and in the filling, it is a transcendent power given to us, poured into us as God's people. This is true for all the baptized. It is equally true, perhaps even to a greater degree, of those we look to for filling and spiritual nurture, the rostered ministers who serve among us: pastors and deacons.

The concept of wholeness and wellness in ministry is an important principle in the life of the Church. Healthy congregations and healthy rostered ministers are essential to a healthy community of faithful people. It is our belief that an extended time of study and inward renewal for rostered ministers is an expression of mutual care for one another. The Central States Synod has developed the following guidelines for congregations, institutions, and agencies of the church to make a sabbatical leave possible for the rostered persons who serve among us.

An extended sabbatical leave provides an opportunity for rostered ministers to reflect on their call to ministry and relationship to God. While continuing education on an annual basis provides regular short-term opportunities for growth in learning, an extended sabbatical leave provides the needed opportunity for in-depth learning and renewal, free from current responsibilities, following a length of service to the congregation, agency, or institution. An extended sabbatical leave should be holistic, including time for prayer, reflection, relaxation, and refreshment of body and spirit, as well as further developing gifts for future ministry.

#### **EXTENDED SABBATICAL LEAVE GUIDELINES**

1. An extended sabbatical leave of one to three months be granted to rostered ministers ordinarily after serving in a ministry site for five years.
2. The rostered minister is normally expected to serve the congregation, agency, or institution for at least one year following completion of the sabbatical leave.
3. An Extended Sabbatical Leave Covenant is the centerpiece of the sabbatical leave plan and experience. It is developed through conversation with key leaders: executive committee, staff support committee, supervisor, or others that relate to the rostered minister's continuing education needs in light of the ministry emphases of the congregation, institution, or agency.
  - a. Identify ministry highlights and give thanks for ministry accomplished.

- b. Determine the ministry priority most affected by the rostered minister's leadership and ministry and explore how s/he can become an even more effective leader through further study and renewal.
  - c. Develop a specific education plan and focus for the sabbatical. The focus of the sabbatical leave should be for in-depth study on one or two topics directly related to the regular call of the rostered minister and should include time for personal and familial reflection.
  - d. An outline of financial implications for the sabbatical leave and funding arrangements.
  - e. Identify a specific means through which the congregation, agency, or institution will share in the success of the sabbatical experience upon its completion.
- 4. The rostered minister will submit a report to the congregation, agency, or institution s/he serves within a mutually agreed-upon period of time following completion of the study leave.
  - 5. The congregation, institution, or agency is encouraged to provide the rostered minister full pay and benefits during the extended sabbatical leave.
  - 6. Proposals for extended sabbatical leave shall be presented to the congregation council or governing body of the agency or institution not less than twelve (12) months prior to the beginning of the proposed leave. Careful consideration shall be given to all aspects of the proposal and implications for the congregation, agency, or institution and the rostered person.
  - 7. Expenses incurred during the sabbatical leave will be borne by the rostered person (i.e., tuition, books, supplies, travel, living expenses, etc.). Continuing education funds would normally be used to cover some of the expenses.
  - 8. Realizing the congregation, agency, or institution will be without the services of its regularly called person, it should consult with the synodical bishop regarding possible options for continuing coverage during the period of the sabbatical leave.
  - 9. It is understood that the extended sabbatical leave and the terms of the covenant are a mutually negotiated agreement between the rostered person and the congregation, agency, or institution. The covenant will be completed and filed with the synod office ordinarily at least three months prior to the beginning date of the sabbatical leave.

*The above extended Sabbatical Leave Guidelines were amended by the Synod Council Meeting on March 18, 2017.*