



Pastors: Ministers of Word and Sacrament

COMPENSATION DEVELOPMENT WORKSHEET

The Rocky Mountain Synod of the Evangelical Lutheran Church in America

The particular aims of this Rostered Minister Compensation Development Worksheet are:

- *to clarify the important factors in determining baseline levels of compensation (low/high range) for pastors called to service in the Rocky Mountain Synod, and*
- *to provide congregations of the Rocky Mountain Synod with tools to help congregations and pastors understand the elements in considering compensation for those called to rostered ministry in their community.*

Actual annual compensation levels, as well as other aspects of the total compensation package, are best determined through the mutual conversation of congregational leaders and their called/rostered staff.

When calling a new pastor, congregations are strongly encouraged to meet the previous salary of your new pastor. If your congregation cannot meet these financial obligations, other compensation should be considered. See Section 1 in the 'Definition of Compensation and Benefits for Rostered Ministers', paragraph 9.

ROCKY MOUNTAIN SYNOD Pastors Compensation Development Worksheet

Step 1	DETERMINING BASELINE COMPENSATION	FORMULA
BASELINE COMPENSATION	<p>The Rocky Mountain Synod annually reviews and sets a “Baseline Compensation” for its pastors guided by the admonition: <i>“Let the elders who rule well be considered worthy of compensation, especially those who labor in preaching and teaching...”</i> This passage points to the need for regular performance reviews and regular compensation reviews for those who are called to congregational leadership.</p>	<p>Baseline Compensation includes what has been previously referred to as “salary and housing allowance.” <i>(It is important to note that the amount of compensation actually designed as “Housing Allowance” must be recorded as a vote of the congregation’s council prior to the beginning of each calendar year.)</i></p> <p>The annual amount is \$45,000. <i>(Note that if the terms of the call are less than full-time this amount should be adjusted accordingly in consultation with the Office of the Bishop. Likewise, a 30% reduction adjustment is made if the congregation provides housing via a parsonage arrangement.)</i></p> <div style="border: 1px solid black; padding: 5px; width: fit-content; margin-left: auto; margin-right: auto;"> <p>BOX A: \$45,000</p> </div>
LOCALIZED COST-OF-LIVING ADJUSTMENT	<p>The Rocky Mountain Synod covers a large, economically diverse area with housing costs, which vary widely. This “cost-of-living” adjustment to the base compensation is intended to acknowledge that diversity.</p>	<p>Determine the median single-family home price in your community [<i>the primary Zip Code(s) served by your congregation</i>] at www.zillow.com (Real Estate Market Reports). Write that amount here: \$ _____</p> <p>The localized cost-of-living adjustment is calculated as 1% of the median single-family home price in your community. To determine the adjustment, multiply the amount written above by .01 and write that amount in Box B below. [Example: in a community where the median single-family home price is \$300,000, the adjustment is \$3,000 = \$300,000 x .01]</p> <p><i>(Please note that this is NOT “housing allowance” as defined by IRS regulations, but rather is a way to acknowledge higher costs of housing in many of our congregational service areas.)</i></p> <div style="border: 1px solid black; padding: 5px; width: fit-content; margin-left: auto; margin-right: auto;"> <p>BOX B: \$ _____</p> </div>
ADJUSTED BASELINE COMPENSATION	<p>In this step, the Localized Cost- of-Living Adjustment is added to the Synod Council-approved Baseline Compensation, determining the “Adjusted Baseline Compensation Range Low” for pastors serving in your congregation. Such factors as experience and advanced educational degrees will be considered in Step 2 below.</p>	<p>Add Box A and Box B together to determine the “Adjusted Baseline Compensation” for your congregation. <i>(The current compensation for some pastors may be below this Adjusted Baseline amount. If this is the case, the Rocky Mountain Synod expects that a specific and mutually- agreeable written plan will be developed to bring compensation up to the Adjusted Baseline level within 3 years. The Office of the Bishop and/or the Synod’s “Compensation Consultants” are able to assist with the development of such a plan.)</i></p> <div style="border: 1px solid black; padding: 5px; width: fit-content; margin-left: auto; margin-right: auto;"> <p>BOX C: (Box A + Box B) \$ _____</p> </div>

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Step 2	DETERMINING COMPENSATION RANGE ADJUSTMENTS	FORMULA
YEARS OF SERVICE	As per most professional compensation systems, we acknowledge the value of acquired skills, wisdom, and experiences that can only come from actual pastoral experience.	Credit one point for each year of service as an ordained pastor (up to a maximum of 30) in Box D. BOX D: _____ points
YEARS OF RELATED NON-PASTORAL EXPERIENCE	Increasingly, persons with prior experience in relevant fields enter rostered ministry in our church. We seek to acknowledge the value of prior experience in relevant fields (e.g. teaching, finance, counseling, administration, social work, etc.) with this adjustment.	Credit is given for each year of prior experience in a relevant field. Multiply those “years of related prior experience” by .5 [# years x .5 /up to a maximum of 8 points) and credit in Box E. BOX E: _____ points
FURTHERED EDUCATION	Lutherans have long expected that their pastors be well educated. This credit seeks to account for and encourage life-long learning for leadership.	Credit is given (3 points) to those who have taken the time and made the commitment to earn a degree in a ministry- related field beyond the Master of Divinity level (e.g. M.A., M.Th., D.Min., Ph.D., Th.D., S.T.M.) or have completed over 450 hours of Continuing Education. If such is the case, enter 3 points in Box F. BOX F: _____ points
COMPENSATION ADJUSTMENT POINTS	Boxes D-G quantify the value of experience and education a pastor may possess. These factors will become a basis for adjustment to compensation.	Add together the credits in Boxes D, E, and F to create a “point total” and write that number in Box G. BOX G: _____ point total

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Step 3	NEGOTIATING ACTUAL COMPENSATION	FORMULA
ADJUSTED BASELINE COMPENSATION RANGE LOW	Step 1 (Boxes A, B and C) allowed you to determine the Baseline level of Compensation for a pastor serving in your community.	Transfer the amount recorded in Box C on page 1 of this form to Box C below. BOX C: (Box A + Box B) \$_____
COMPENSATION ADJUSTMENT	Step 2 (Boxes D, E, F and G) comprises a point total (with identified maximums) which quantifies an appropriate adjustment to compensation. As of October 2014, the value of that modifier is set at \$1400 per point.	The number of points recorded in Box G, multiplied by the point modifier, quantifies the added value of your pastor's experience and education. Complete that calculation to determine the dollar amount for Box J. BOX H: (Box G X \$1400) \$_____
ADJUSTED BASELINE COMPENSATION RANGE HIGH	By adding the "Adjusted Baseline Compensation Range Low" and the "Compensation Adjustment", you will be able to determine an "Adjusted Baseline Compensation Range High" compensation for your pastor.	Add Box C and Box H together and write that amount in Box I. BOX I: (Box C + Box H) \$_____
NEGOTIATED PASTOR COMPENSATION	<p>Acknowledging the amounts in Box C as an "Adjusted Baseline Salary Range Low" and Box I as "Adjusted Baseline Salary Range High," it is the responsibility of the congregation to determine the actual annual compensation.</p> <p>During the course of the conversation, consider the following questions:</p> <ul style="list-style-type: none"> • <i>Does our pastor bring any special skills to this ministry that ought to be compensated?</i> • <i>Does our pastor bear significant added administrative / leadership responsibility?</i> • <i>During the past year, has our pastor met the ministry goals, which had been mutually established by the pastor and the congregation?</i> • <i>Are we expecting our pastor to take on any significant new responsibilities this year?</i> • <i>Are there any unique financial stresses or circumstances we should address?</i> • <i>Since research has shown that longevity in call has benefits to congregational vitality, we suggest that congregations consider optional financial compensation and/or other benefits (see the "Definition of Compensation and Benefits for Pastors, Section 1, Paragraph 9).</i> 	<div style="border: 1px solid black; padding: 5px; width: fit-content; margin-left: auto;"> BOX J: (other adjustments as negotiated) \$_____ </div>

The amount entered in Box K represents our mutually negotiated pastor compensation for the coming year. (Note: Adjust accordingly if the terms of call are less than full-time, or if use of a parsonage is included as a portion of compensation.)

Box C: Salary Range Low \$ _____ Box I: Salary Range High \$ _____

Our Pastor's Compensation for this past year was: \$ _____

BOX K: Our Pastor's Compensation for coming year will be: \$ _____

SOCIAL SECURITY ALLOWANCE	Since congregations are required to pay 7.65% for lay employee's social security benefits, it is fair to pay this amount to the pastor. Take Box K and multiply the sum by 7.65%.	BOX L: Box K multiplied by 7.65%) \$ _____
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Step 4	ADDITIONAL BENEFIT CALCULATIONS TO CONSIDER	
ELCA PENSION AND HEALTH BENEFITS		
CONTINUING EDUCATION		
AUTO EXPENSE	<i>Long distance commutes should be considered as additional expenses in this line item.</i>	
PERIODICALS, BOOKS AND PUBLICATIONS		
PROFESSIONAL EXPENSES		
TECHNOLOGY EXPENSES	<i>(i.e. cell phone, laptops, etc.)</i>	
OTHER		
TOTAL OF ADDITIONAL BENEFITS		<div style="border: 1px solid black; padding: 5px; text-align: right;"> \$ _____ </div>