



COMPENSATION GUIDELINES

A Guide to Compensating Called Workers

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Preface

At its inception in August 1997, the Synodical Council (of the Wisconsin Evangelical Lutheran Synod) set the focus for a new called worker compensation plan. It did so by establishing a Human Resources Committee (HRC) made up of SC members that was charged with the responsibility of developing such a plan.

For about one year, the HRC struggled with the task. The conclusion was reached that an entirely new plan was needed to address the major concerns that were made apparent through extensive survey and discussions held with synodical areas of ministry, calling bodies, knowledgeable laity and called workers from throughout the synod. The results were contained in the Compensation Guidelines that have been in effect since December 2002.

Subsequent to the adoption and implementation of the Compensation Guidelines, the Synodical Council, through its subcommittee, the Compensation Review Committee, has monitored and updated the Compensation Guidelines to reflect changing compensation and benefits issues. However, no substantial changes were made to the guidelines since their adoption in 2002.

In 2013, the synod in convention resolved to establish a new ad hoc committee to look at all areas of synod structure and programs and to bring its suggestions and recommendations to the 2015 synod convention. The newly established Ad Hoc Commission 2 identified the Compensation Guidelines as a potential contributing factor in several issues that our called workers and congregations presently face. Specifically, increases in salary are largely tenure based and do not reflect sufficiently duties and responsibilities, lack of calls to more senior tenured workers, difficulties filling principal vacancies, and the absence of early childhood education directors in the guidelines. The Synodical Council's Compensation Review Committee (CRC) assumed responsibility for identifying possible changes to the guidelines and to report those changes to the district conventions in 2016 and final recommendations to the 2017 synod convention.

The CRC considered the issues identified by the Ad Hoc Commission 2 and drafted recommendations for consideration by district conventions as well as the Synodical Council and Conference of Presidents. In summary, the following substantial changes have been made to the guidelines.

- Two salary columns were added to the left of the columns in the current Salary Matrix for non-college degreed Early Childhood Ministry workers
- The salary ranges applicable to the various ministry positions were expanded to four columns, with the fourth column being the column to the right. This increase in range of columns was not added for the ministerial education school presidents or the synod president.
- Providing specific guidance regarding recognizing ministry responsibilities and additional education in determining a called worker's salary.
- Setting the range of salary for principals in the same range as that of pastors.
- Clarifying and re-emphasizing that all workers should receive a housing allowance or housing equity.

In addition, the committee created a **Called Worker Compensation Calculator** for congregations and other calling bodies to facilitate the consistent application of the guidelines. The committee plans to provide ongoing training materials for use by district president and circuit pastors for their work with calling bodies.

The CRC thanks all those who provided prayers and input on the committee's recommendations and tools.

A Bible Study on Compensating Called Workers

“Double Honor” – An Examination of the Scriptural Principles for Compensating Called Workers

The Issue – The Lord of the Church has graciously instituted on this earth the ministry of the Gospel. By means of this ministry, the Lord wills that all nations hear the Good News of the saving work of Jesus Christ, believe it, and finally be saved. This ministry of the Word is carried out by God’s people. All have a share in this work. But some will be called by God through His Church to do this work full-time as representatives of Christ and the body of believers who has called them to use Christ’s Keys publicly. The question then arises: *What compensation should full-time, called workers receive?* For guidance in answering this question, we will look to God’s timeless Word.

LUKE 10:7

⁷Stay in that house, eating and drinking whatever they give you, for the worker deserves his wages. Do not move around from house to house.

The context – Jesus is preparing to send ahead of Him 36 two-man teams (or 35 teams) to the towns and places Jesus intended to visit. They can expect opposition (Luke 10:3). They are not to go home and pack a big suitcase to take along (Luke 10:4). They are not to become distracted on the way (Luke 10:4). If they find a welcome in any home, they are to remain in that home, working from there in that place (Luke 10:5). In this home they are to accept the food and drink provided to them (they have not brought along purse or bag, i.e. money or provisions, Luke 10:4). Jesus states the reason they are to accept this support: *[T]he worker deserves his wages.* Here Jesus clearly states the principle of material support for those who preach/teach the Word.

Why the prohibition from moving around from house to house?

Answer: *These workers in the Lord’s Kingdom were not to “hunt around” for the most comfortable accommodations, nor seek the most lucrative support they could find. They were to be satisfied with their basic needs being supplied.*

1 CORINTHIANS 9:4-14

⁴Don’t we have the right to food and drink? ⁵Don’t we have the right to take a believing wife along with us, as do the other apostles and the Lord’s brothers and Cephas? ⁶Or is it only I and Barnabas who must work for a living? ⁷Who serves as a soldier at his own expense? Who plants a vineyard and does not eat of its grapes? Who tends a flock and does not drink of the milk? ⁸Do I say this merely from a human point of view? Doesn’t the Law say the same thing? ⁹For it is written in the Law of Moses: “Do not muzzle an ox while it is treading out the grain.” Is it about oxen that God is concerned? ¹⁰Surely he says this for us, doesn’t he? Yes, this was written for us, because when the plowman plows and the thresher threshes, they ought to do so in the hope of sharing in the harvest. ¹¹If we have sown spiritual seed among you, is it too much if we reap a material harvest from you? ¹²If others have this right of support from you, shouldn’t we have it all the more? But we did not use this right. On the contrary, we put up with anything rather than hinder the gospel of Christ. ¹³Don’t you know that those who work in the temple get their food from the temple, and those who serve at the altar share in what is offered on the altar? ¹⁴In the same way, the Lord has commanded that those who preach the gospel should receive their living from the gospel.

The context – Paul has just written to the Corinthians about being willing to yield their right to do something out of love and for the good of another (Chapter 8). In Chapter 9, Paul puts forward an example of this in what he had done when he had first come to Corinth. He had not made use of his “right” (v. 4, 12) of receiving material support from the Corinthians.

Notice Paul calls receiving support a “right” of those laboring in the Word. What is a “right”?

Answer: *A “right” is that which is due to a person by virtue of a given status. A person has a just, moral claim to that which is their right. We might even say rights are “existential.” To exist as a certain thing means certain rights accrue to that individual. Paul’s point is that being (existing as) an apostle meant having the right of material support.*

Nature and human experience teach the principle that laborers enjoy the fruit of their labors. What examples does Paul cite in this section?

Answer: *Soldiers receive compensation for their duty (One thinks how soldiers were quartered in the homes of those they served to defend). Vintners enjoy some of the grapes they harvest. Shepherds enjoy some of the milk from the sheep/goats they tend. Farmers and farmhands enjoy the produce they have worked to plant and harvest.*

Not only do nature and experience teach this principle, God does, too, in the Old Testament. In what unlikely verse from the Old Testament does Paul see God teaching the principle of the right of a Gospel preacher/teacher to be compensated for their labors?

Answer: *“Do not muzzle an ox while it is treading out the grain.”
(Deuteronomy 25:4)*

What other example from the Old Testament does Paul also cite?

Answer: *Paul cites the example of the priests at the Temple who received their food from the gifts and sacrifices the people brought.*

The principle (Paul even calls it the command of the Lord Jesus - v. 14)

Answer: THOSE WHO PREACH THE GOSPEL SHOULD RECEIVE THEIR LIVING FROM THE GOSPEL

For further discussion: In verse 5 Paul made the point that the Gospel preacher has the right to take his wife with him. How does this affect our understanding of the “right of support” (v. 12) for those who preach the Gospel?

Answer: *Understanding that the full-time preacher/teacher has the right to be a “family man/woman,” calling bodies would want their support to be sufficient so the worker can provide for family.*

Paul freely yielded his right of support in Corinth. Is it right to expect a called worker to labor in “tent-making” to make a living wage?

Answer: *At certain times and in certain places, “tent-making” ministries may exist. (“Tent-making” ministries are understood as those where a person is called and compensated for part-time Gospel ministry, with the understanding they will seek gainful employment*

elsewhere to earn a “living wage.”) It would be important in these circumstances for both the calling body and the individual called to know the parameters and expectations of the Call. “Tent-making” calls will exist where and when circumstances and careful stewardship determine this is the wisest way to carry on Gospel ministry. Congregations that would “expect” their called worker to get a second job because they simply don’t want to pay “so much,” or who want to do ministry “on the cheap,” should reexamine their motives and the principles this Bible study seeks to review.

GALATIANS 6:6

⁶Anyone who receives instruction in the word must share all good things with his instructor.

Who has the primary responsibility to compensate the instructor of the Word?

Answer: Those who directly receive the benefit from that instructor. This is not to suggest that subsidy in the cause of opening missions is wrong, but as a general practice it is only fitting that the recipients of the Gospel ministry compensate the Gospel minister from whom they receive the Gospel.

1 TIMOTHY 5:17-18

¹⁷The elders who direct the affairs of the church well are worthy of double honor, especially those whose work is preaching and teaching. ¹⁸For the Scripture says, “Do not muzzle the ox while it is treading out the grain,” and “The worker deserves his wages.”

How do we know that the “honor” of which Paul speaks in these verses is not merely an attitude in the abstract but compensation in the concrete?

Answer: To buttress his statement that elders who serve well are worthy of double honor, Paul quotes (again) the passage from Deuteronomy where oxen are allowed to eat as a result of their treading, and he quotes Jesus’ comments about workers and their deserved wages.

What significance is it that compensation is called not only a wage (v. 18), but also an “honor” (v. 17)?

Answer: In the world, compensation may be simply a calculation of the “market-rate” or even a tool to motivate and retain workers. Not so in the Church. Compensation for those who are called to serve in the Gospel ministry is also a way God’s people show them honor.

How should the word “double” be understood in this verse? (the literal formula or calculus by which to set the salary of called workers, a general guideline, other?)

Answer: Interpretations vary. Some believe elders deserve the attitude of honor (this would be one honor) and also the honor of wages (the second, and thus, “double” honor). There is a Scriptural use of the idea of doubling that simply connotes “much more.” (e.g. the double blessing for Jerusalem in the place of her sin, Is. 40:1-2; the double destruction spoken of through Jeremiah, Jer. 17:18; the double portion of judgment for the harlot, Rev. 18) Perhaps the best way to bring out the idea in this verse is: Whatever you have come to think of as normal honor, the well-serving elder is worthy of much more! And this abundance of honor will be evidenced in the elder’s compensation.

Notice again that the basis for Paul's point regarding compensation is Old Testament Scripture (*Do not muzzle the ox...*) and the command of the Lord Jesus (*The worker deserves his wages*).

A Word about the Attitude of Workers

Every called worker, like every Christian, is a "saint/sinner." Therefore, there will always be the tension and the temptation for called workers to labor like hired hands (John 10:11-13) and to view ministry as a means to financial gain (1 Timothy 6:5). Where such an unholy motive is at work, the only recourse is repentance. For this sin, too, the penitent will flee to Jesus for mercy. For this sin, too, Jesus died and rose.

In newness of life, created and strengthened by Word and Sacraments, the worker will remember that he is not to be a lover of money (1 Timothy 3:3). In resolve given by the Holy Spirit, he will *flee from all this, and pursue righteousness, godliness, faith, love, endurance and gentleness*. (1 Timothy 6:11)

For further discussion:

Nowhere does Scripture mandate an exact amount or formula for determining compensation for called workers. That in itself is instructive. How so?

Answer: *The setting of compensation is an area in which Christians move about in the freedom of the Gospel, guided by the counsel of God's Word. The determination of compensation is not a legalistic chore for a calling body nor a mindless picking of a number, but a thoughtful, prayerful, Gospel- motivated exercise of love.*

The compensation provided a full-time called worker has been called "freedom." In what sense is compensation "freedom?"

Answer: *The full-time worker should be free to concentrate on the work for which they have been called, and not have to unduly concern themselves with matters of food and clothes. Of course, this is first and foremost a matter of trusting the Father in heaven who knows our needs and well provides us. However, a congregation's compensation should not lead a worker into temptation, either.*

Based on what Scripture says, what questions might a calling body ask itself when determining the compensation of its called worker(s)?

Answer: *Answers will, of course, vary. Some questions that flow out of this study might be:*

- *Does this compensation demonstrate double honor?*
- *Does this compensation adequately provide for this man/woman/family?*

Summary – In the Church, the Gospel is everything. It is God's pardon of the sinner for Jesus' sake. It is the creative word of God that calls the Church into existence and will preserve her in the world until Christ comes. While Christ will always and rightly be our dearest Treasure, Christ's people will also honor those who bring them such Good News. Part of that honor will be demonstrated in the compensation we provide those bringers of the Gospel. *How beautiful on the mountains are the feet of those of those who bring good news.* (Isaiah 52:7)

Compensation Planning Philosophy

Guideline Objectives

The Compensation Review Committee aimed at producing compensation guidelines that will:

Goal #1

Reflect the Scriptural principle that those who serve in the public ministry are worthy of double honor (1 Timothy 5:17).

Goal #2

Recommend appropriate compensation so that servants of the gospel may devote themselves to the work of the ministry, without needing to find outside employment to support themselves and their families (1 Corinthians 9:1-14).

Goal #3

Encourage equity in compensation, so that two people doing similar work receive similar compensation.

Goal #4.

Recognize the value of experience but place a greater emphasis on responsibilities assigned to the individual called worker.

Goal #5

Make it easier for calling bodies to put together a compensation package for their called workers.

Goal #6

Promote a relatively cost-neutral impact to the work we do together as a synod as the revised guidelines are implemented.

Expected Outcomes

It is anticipated that the guidelines will:

1. Reinforce the scriptural truth that calling bodies have a God-given responsibility to provide adequate compensation for the servants of Christ who labor in their name.
2. Provide calling bodies the opportunity to give prayerful and careful consideration each year to the compensation they will provide for those who serve in public ministry.
3. Encourage calling bodies and called workers to plan for professional development as an ongoing responsibility.

4. Offer flexibility to calling bodies in determining compensation for their called workers.
5. Promote a more consistent approach to compensation within and between calling bodies.
6. Simplify the process of determining the components of appropriate compensation.

Desired Benefits

It is also anticipated that the guidelines will:

1. Provide for a deep, thoughtful, Scripture-guided exercise for the calling body and its called workers.
2. Help calling bodies recognize with thanksgiving the blessings the Lord has given them in the called workers he has provided.
3. Lead called workers to appreciate the privileged responsibilities entrusted to them.
4. Help recognize the wide diversity of responsibilities within WELS.
5. Provide for an annual review of compensation levels for called workers.

Compensation Plan Components

The information contained within this section is intended to provide calling bodies with a framework for determining the overall compensation package for called workers. Additional guidance is provided through the use of the **Called Worker Compensation Calculator** which incorporates these components in an easy to use web-based tool which can be found at www.wels.net/cwcompcalc.

Base Salary

Base salary is the starting point for developing a total compensation package for all called workers. The entry-level figure of the synod Salary Matrix (see below) was initially derived from national averages of survey data taken from the U.S Bureau of Labor Statistics (BLS). Since 2002, two surveys, the Consumer Expenditure Survey and national per capita income, are reviewed annually in order to adjust the entry-level salary as appropriate. However, significant financial challenges since the mid-2000's have limited changes to the Salary Matrix to modest increases, including two years where the matrix was frozen (2009-10 and 2010-11).

Salary Ranges

The Salary Matrices outlined below provide calling bodies with a flexibility to establish compensation levels between and within different synodical salary range assignments based upon a number of factors. The number of columns assigned for each ministry position allow a calling body to recognize differing responsibilities between positions. It is important to understand that a range assignment within the matrix is a continuum with multiple salary points. A specific salary is determined for an individual holding the position based upon call responsibilities, education level attained, and years of experience. At least annually, calling bodies should conduct a review to evaluate an individual worker's responsibilities and educational advancement and determine where in the suggested salary range the worker ought to be placed. Changing call responsibilities and educational levels may lead to a salary adjustment.

Years of Experience

The Salary Matrix recognizes the value of ministry experience. Two years of frozen salaries required the addition of two years to the Salary Matrix, moving it from 30 to 32 years.

Cost of Living Adjustment (COLA)

General Information

One of the principles of these Guidelines is to provide that all called workers are compensated equally for the work of the call they accept. Because the cost of living varies from region to region in the United States, it may be necessary to adjust the base salary depending upon the geographic location of the call. The Cost of Living Adjustment (COLA) is the component of the compensation package that allows calling bodies to adjust wages to reflect this fact. The COLA multiplier can be positive (cost of living multiplier greater than 100%) or negative (cost of living multiplier less than 100%). If negative, the calling body is encouraged to simply include a 0 multiplier to avoid reducing the salary below the Salary Matrix figure.

It is important to remember that this adjustment is to reflect living costs apart from housing. This means the calculation will be the same regardless of whether the called worker owns, rents, or has housing

provided. This also means that any cost of living index (COLI) must exclude housing as a component of the index. See the “Housing” component of the package for further details on how housing affects compensation.

The COLA Calculation

The actual application of this adjustment is very simple. It only requires multiplying the actual salary determined for the worker from the Salary Matrix (not the entry level salary) by the appropriate modifier (salary X modifier = COLA). This figure should be reviewed on an annual basis. The modifier must be set by the calling body. Guidelines for determining this value are detailed in the sections below.

Example: With a salary of \$45,000 and a modifier of 109.0%, a COLA of \$4,050 would result ($\$45,000 \times .09 = \$4,050$).

Selecting a Cost of Living Data Source

The on-line **Called Worker Compensation Calculator** (www.wels.net/cwcompcalc) contains a pull-down menu with suggested COLA adjustments based on many specific geographic locations that may be relevant for calling bodies. If the calling body’s location is listed in the pull-down menu, it may use the applicable COLA adjustment when computing compensation. COLA adjustment may vary widely depending on the specific location of the calling body, however. If the location of the calling body is not listed in the pull-down menu, the calling body must calculate the applicable COLA by reviewing the available COLA information sources and determining for themselves which resource or combination of resources best serves their specific situation. There are many resources available that provide cost of living information. However, there is not one single source that will work as needed for all WELS calling bodies.

There are two primary reasons for not being able to designate a specific resource as the final guide for selecting the base salary modifier. First, some resources do not cover an adequate number of locations. Second, some resources do not provide enough information on how their number was derived. This second point is important because of the need to exclude the housing component (see **General Information** above).

Although each of the resources listed below does include housing in their composite number, some of them provide enough information so that this housing element can be mathematically removed. Since housing is often the largest contributing factor to these indices, it is imperative to be able to eliminate that portion in order to have an accurate base salary modifier for our purposes.

The Council for Community and Economic Research (C2ER) is one group that has developed a suitable Cost of Living Index (COLI). The WELS Human Resources Office has determined that the methodology they use to calculate COLI is very sound and should be used as the starting point for determining the appropriate base salary modifier. The primary shortcoming of their COLI is the limited number of locations covered each quarter. The composite COLI does include housing. However, C2ER provides enough information to remove housing from COLI. Instructions for making this calculation can be found in the following section on Removing the Housing Component from the Composite Value.

The COLI data can be found at www.coli.org. C2ER data for selected areas may be found on the WELS.net site on the Human Resources page at <https://welsrc.net/human-resources/>. Specific data may be requested by e-mail to HRO@wels.net.

A web site that uses COLI and other information to generate cost of living comparisons is found at www.bestplaces.net.

Two other sites that provide cost of living data are money.cnn.com/calculator/pf/cost-of-living, and <https://www.bankrate.com/calculators/savings/moving-cost-of-living-calculator.aspx>. However, these resources do not provide enough information to allow removal of housing from the data.

Removing the Housing Component from a Composite Value

The COLA adjustment is only applied to the non-housing compensation components. If a calling body uses the **Called Worker Compensation Calculator** pull-down menu to determine the COLA adjustment, this is done automatically. If a calling body does not find a COLA number for its area in the pull-down menu in the CWCC, or believes the number to be inaccurate, it must remove the housing component when manually determining the COLA adjustment to obtain an appropriate value for use with this compensation plan. The removal of the housing component from cost of living eliminates a duplication with the separately provided housing/housing allowance element of this plan.

The composite cost of living figure is usually listed as a percentage relative to the average cost of living. The average cost of living is written as 100%. A cost of living of 109% would indicate an area where costs are 9% higher than the average.

Since the composite value is a weighted average of several cost of living components, the information required to remove the housing component is as follows:

- The percent weighting of each component
- The specific value of each component

Consider the following example (taken from the www.bestplaces.net website):

Cost of Living Component (Component Weight)	Relative Percentage
Housing (31%)	117%
Food/Groceries (16%)	102%
Transportation (10%)	102%
Utilities (8%)	95%
Health (5%)	120%
Miscellaneous (30%)	102%
Overall (i.e. the composite-weighted value)	107%

Here we have the information we need, the weighting factors (31% of the composite value comes from housing) and the value for each component (housing = 117% of average).

Note that the weighting factors total 100% ($31 + 16 + 10 + 8 + 5 + 30 = 100$).

The following steps will remove housing from the composite:

1. Calculate the total weighting of all the components that will remain in composite after removing housing.

That number is $100 - 31 = 69\%$

or $16 + 10 + 8 + 5 + 30 = 69\%$

or $0.16 + 0.10 + 0.08 + 0.05 + 0.30 = 0.69$ (in decimal for Steps 2 & 3).

2. Multiply each remaining component by its weighting factor and add the results.

$$\begin{array}{r}
 .16 \times 102\% = 16.32\% \\
 .10 \times 102\% = 10.2\% \\
 .08 \times 95\% = 7.6\% \\
 .05 \times 120\% = 6.0\% \\
 .30 \times 102\% = 30.6\% \\
 \hline
 70.72\%
 \end{array}$$

3. Divide the cost of living figure without housing from Step 2 (70.72%) by the combined weighting factor calculated in Step 1 (0.69).

$$70.72\% \text{ divided by } .69 = 102.49\%$$

This example is the relative cost of living with housing removed (compared to 107% of average if housing is included).

Determining the Salary Multiplier from Relative Cost of Living Figures

The salary multiplier (see section **The COLA Calculation** above) is easily determined from the composite cost of living value with housing removed, as calculated in the section above.

Remember that the cost of living figures shown above are relative to an average value of 100%. To determine the multiplier, simply subtract the average percentage from the new composite percentage.

$102.49\% - 100\% = 2.49\%$ or 0.0249 for use as the multiplier to determine COLA (see Section **The COLA Calculation**). Thus, in this example, the COLA would be

$$\$45,000 \times .0249 = \$1,120.50 \text{ (rounded to } \$1,121)$$

Note: If the cost of living were less than average, (i.e. less than 100%) a negative multiplier (hence a negative COLA) would result, reflecting the lower cost of living for that area. It is recommended that the calling body simply leave the multiplier at 0 to avoid providing a base salary lower than the Salary Matrix would provide.

Education

This element is considered as salary range assignments are established. For example, the minimal educational expectation (just one component of the Level C range) for an elementary classroom teacher is the Bachelor's Degree. Continuing education toward the Master's Degree would seem to be a worthwhile goal, and as that goal is worked on, the calling body might consider moving that teacher's compensation level along the salary ranges listed from C to F. Salary numbers need not be exactly C, D, E or F, but could rather be placed anywhere between the C to F ranges as continuing education proceeds. Similar progression could be applied to principals or secondary teachers as they continue their education toward the Master's Degree, something which would seem especially valuable given their respective callings and levels of responsibility. If an advanced degree is attained, calling bodies are strongly encouraged to increase compensation as illustrated in the **Called Worker Compensation Calculator** at www.wels.net/cwcompcalc.

Missionaries, counselors, administrators, and all other called workers could be so encouraged. The point is this, continuing education should be recognized for all called positions within the suggested range of salary offered by the **Called Worker Compensation Calculator** or columns C-F in the Salary Matrix. As additional educational levels are attained and utilized in an individual's call, consideration should be given to moving this salary component to higher levels within the respective ranges. Learning is life-long, and clearly does not stop, even formally, upon graduation.

Special Consideration of Early Childhood Ministry Teachers Who Do Not Hold a Bachelor's Degree

The WELS Compensation Guidelines generally anticipate and require that all called workers hold a bachelor's degree (Salary Matrix, Columns C and above) in order to be considered for a call. This is also true of all Early Childhood Ministry teacher positions. In certain situations, however, calling bodies may call an Early Childhood Ministry teacher who has not completed any post-high school degree program or who has completed an associate (2-year) degree program. In these situations, calling bodies should use Salary Matrix Column A for ECM teachers with no post-high school degree or Column B for ECM teachers with an associate degree to calculate appropriate compensation amounts. While all called workers compensated using Salary Matrix Columns C and higher should receive a housing allowance, health care and other benefits, calling bodies have the discretion to consider housing allowance, health care and other benefits for called workers compensated under Salary Matrix Columns A or B on a case-by-case basis.

Levels of Responsibility

General Information

The current compensation package lists twenty-nine different ministry classifications on page 21 of these guidelines. Each ministry classification has a built-in set of responsibilities. Some classifications have higher levels of responsibility than others. For example, the classification principal has more responsibility than that of early childhood ministry teacher. However, within the same ministry classification there are often extra duties and responsibilities that may be assigned. This component allows the calling body to recognize these added responsibilities with additional pay. The **Called Worker Compensation Calculator** offers common additional responsibilities that might be considered in determining salary.

The responsibility component recognizes additional duties that are assigned to individuals within the same job classification. It is not the process of measuring how well these or any job responsibilities are being carried out. At this point, there is no provision within the compensation package to perform this type of evaluation. Some additional assignments may be temporary in nature, lasting only for a year or so. Others may continue from year to year. In either case, the calling body should review each called worker's responsibilities on at least an annual basis. Additional compensation should be considered for those workers who have assumed these additional responsibilities.

General Responsibility Factors

Increased job responsibility can occur in a variety of forms. Any notable change in the complexity of the job or the time required to complete assigned tasks may warrant consideration for additional compensation. Some general factors to consider:

1. Additional time requirements
2. Increased knowledge, skill, or expertise for new assignments
3. Additional decision making
4. Additional communication requirements (motivation, facilitation, negotiation)
5. Increased requirement for critical thinking and problem solving

Responsibility Examples

Following is an example of tasks for a “Teacher” that could be considered as “additional responsibilities” within a specific job classification. This is by no means an exhaustive list.

- Activities/Athletic Director
- Music Coordinator/Director
- Department Chair
- Technology Coordinator/Director
- Vice-Principal/Assistant Principal
- Director/Coordinator of Curriculum Instruction
- Congregational Duties
- District/Synod Duties

Calculating the Responsibility Amount

The recommended compensation for additional responsibilities would be an additional \$1,000 to \$1,200 for each additional responsibility. The **Called Worker Compensation Calculator** provides illustration of moving the called worker across their designated Salary Matrix columns based on their additional responsibilities. Calling bodies are strongly encouraged to use the **Called Worker Compensation Calculator** to assist with determining additional salary commensurate with additional called worker responsibilities at www.wels.net/cwcompcalc.

Social Security Reimbursement (SECA Tax)

Congregations/calling bodies are encouraged to remunerate up to one half of the self-employed social security tax for Ministers of the Gospel. This cash reimbursement is taxable income under current tax code. The reimbursement amount is calculated on salary, cost of living, housing value (provided or allowance) and other taxable income, less deductions for tax sheltered annuities (403b) and Section 125 (health insurance, flex spending). Salary reduction contributions (elective deferrals) to a tax-sheltered annuity plan (403b) or Section 125 plan (health insurance, flex spending) that are not included in gross income are not subject to self-employment tax.

Housing Allowance

General Information

Because many called workers have housing provided in the form of a teacherage or parsonage, it is necessary to make the housing allowance a separate component of the compensation package. If we remember this fact, we can better understand how this component is to be applied. The breakout is not required to receive the associated income tax benefits for those who meet the criteria for the IRS designation of "Ministers of the Gospel". The tax benefit is achieved by making the appropriate request that lists actual housing expenses. (See the tax planning section for more details). If there were no parsonages or teacherages, this component would not be needed. The base salary could be increased and the cost of living adjustment (COLA) could reflect the regional differences in housing costs.

Each called worker is entitled to a housing allowance. This is part of their total compensation and should not be determined on the basis of need. Two individuals performing the same job should receive the same pay for that job. No consideration, for example, should be given to the size of an individual's family. Nor does it matter if a called worker is head of household. The compensation guidelines attempt to establish a fair wage for a specific job. That fair wage includes the housing allowance regardless of what the actual housing needs are for that individual. The Salary Matrix itself does not provide a fair total wage; its values were specifically set below what would be considered a fair total wage, with the understanding a housing allowance would be included (or housing provided) to bring the called workers total wage to a fair and appropriate level. For example: if a congregation has a teacher who happens to be married to a pastor, both should receive a housing allowance as part of their overall compensation.

Calculating the Housing Allowance

The cost of housing can vary significantly from region to region within the United States. This variance must be considered when establishing the appropriate amount for this component. Remember that the cost of living adjustment (COLA) does not include the variance in housing costs.

The calling body should determine the average cost of renting a three-bedroom home in your geographic area where the called worker lives or works. This amount should be included as part of compensation for each worker who is not specifically provided housing as part of his or her total wage amount. The **Called Worker Compensation Calculator** includes a link to the HUD calculator for comparison purposes. In addition to checking the HUD figure, calling bodies are encouraged to check with local real estate offices and obtain current market data to assist in determining a fair Cash Housing Allowance after comparing available resources. Once the Housing Allowance is established upon acceptance of new call, subsequent years should merely be increased by the inflation rate adjustment as included in upper left corner of annual fiscal year Salary Matrix (currently 1.22%). For called workers renting, the Cash Housing Allowance should be reviewed annually.

Phase-in Plan

The guidelines approved by the synod convention in 2003 called for a housing allowance for all called workers, regardless of their need or family situation. Some calling bodies may not have understood how the guidelines applied, particularly to called worker spouses, and haven't provided the appropriate housing allowance. Because full implementation of this recommendation could place a significant financial burden on a calling body, the calling body may need to adopt a phase-in plan like the one suggested below:

- Year 1 - Amount equal to the housing equity allowance (currently \$620)
- Year 2 - 40% of the housing component for that area
- Year 3 - 60% of the housing component for that area
- Year 4 - 80% of the housing component for that area
- Year 5 - 100% of the housing component for that area

Housing Equity

General Information

Called workers who have housing provided at no cost (parsonage or teacherage) do not have the benefit of accumulating the same housing equity as do their counterparts who receive a housing allowance. This can present a serious problem as these individuals approach retirement. This component of the compensation plan is intended to relieve this problem. Individuals who spend most of their ministry in provided housing will be able to accumulate the funding necessary to provide their own housing upon retirement.

Calculating the Housing Equity Allowance

The recommended amount for this allowance is 2% of the base salary. As of July 1, 2023, the base salary is \$30,987. This would make the Equity Allowance \$620 (see calculation below):

$$\$30,987 \times .02 = \$620$$

The base salary is set by the WELS Human Resources Office and could be adjusted annually. Ideally, the equity amount could be invested in a tax-free account under the name of the called worker. For more information, see the Tax Planning section of this document.

Compensation Related Items

Benefit Plans

WELS Retirement Program

Each called worker who works at least half-time during the year is provided coverage in the WELS Retirement Program. Calling bodies are required to pay for the mandatory participation in the plan through payments established by the WELS Retirement Program Commission. The plan provides a portion of post-retirement income for the worker based on years of service. The WELS Retirement Program is not designed as an income replacement plan, so other sources of retirement income will be needed at the end of a career. These sources include personal savings, contributions to 403(b) plans, like the WELS Shepherd Plan, individual retirement accounts, and Social Security benefits.

Details about the WELS Pension and Shepherd plans are available at www.welsbpo.net or by calling the WELS Benefit Plans Office at 414-256-3299.

Other Benefits

All calling bodies should ensure that their called worker and their family have adequate health insurance and other benefits as part of their compensation package. Regarding health insurance specifically, calling bodies should provide every full-time called worker and their family with coverage comparable to WELS VEBA Plan 2 level of benefit offered by WELS Benefit Plans Office or equivalent paid for by the calling body, or confirm that each called worker has comparable health insurance coverage through some other means (e.g., through a spouse's plan, etc.). While not mandatory, calling bodies are encouraged to participate in the WELS Voluntary Employee Benefit Association (VEBA) Group Health Care Plan. The VEBA plan does not underwrite coverage based on age, participant's health condition or health care utilization.

What is a VEBA? It is a legal entity by which a benefit organization is granted tax-exempt trust status by the IRS. The beneficiary association can provide for the payment of life, health, accident, or other benefits to their members or their dependents.

In addition to health care coverage, the VEBA Plan provides the following coverage either as part of the plan or as a voluntary benefit:

- Long-term Disability Insurance
- Accidental Death and Dismemberment Insurance
- Group Term Life Insurance (voluntary)
- Dental Insurance (voluntary)
- Medicare Supplement (voluntary)

Details about the plan are available at www.welsbpo.net or by calling the WELS Benefit Plans Office at 414-256-3299.

Flexible Spending Plans (Internal Revenue Code Section 125)

Qualified flexible benefit plans allow workers to pay for certain health care expenses with pre-tax dollars. This means that contributions are made before almost any income and payroll taxes are calculated and deducted. At the federal level, this translates into no Social Security & Medicare taxes, Federal Unemployment (a tax not applicable to most WELS entities) or income tax. The Social Security and Medicare savings apply both to the employee and the employer. In almost all states, these plans also allow for no state income taxes to be calculated or deducted on the Section 125 amounts.

Flexible spending plans come in different forms. Some examples are:

- Premium Conversion Plan (premium only plan or POP)
- Flexible Spending Accounts (FSAs)
- Full Flex Plans (cafeteria plans)

Since these plans may have complex legal and cost implications, calling bodies are strongly encouraged to seek professional advice when considering their establishment. Exploration is underway to provide some form of flexible spending plan through WELS VEBA in which sponsoring WELS organizations may participate.

Business Expenses

Certain business expenses are incurred by workers in carrying out ministry work; calling bodies are urged to recognize such costs and provide for non-taxable reimbursement of such expenses to the fullest extent allowed by law. Such expenses may include the following:

- Car Allowance or Mileage Reimbursement for use of personal vehicle
- Conference Expenses
- Book Expenses
- Office Supplies
- Computer
- Mobile devices such as phones and tablets

Tax Planning

All workers are encouraged to minimize tax liability through careful planning and making use of advantages available to them in the tax laws. The WELS Financial Services area publishes a tax guide for use by calling bodies and individuals that outlines federal tax laws and applies them to practical situations. A copy of this tax guide can be found on the WELS.net Human Resources page at <https://welsrc.net/human-resources/>.

Workers and calling bodies are urged to look for professional advice within their local areas when undertaking tax planning.

WELS COMPENSATION GUIDELINES

Salary Matrix

2023/24

1.22% Inflation Rate Adjustment

(multiply established Cash Housing Allowances by 1.0122 for new FY)

Range Spread	12,395	13,170	15,494	16,268	17,043	17,818	18,592	19,367	20,142	20,916
Service Incr.	413	439	516	542	568	594	620	646	671	697
Ranges/ Experience	A	B	C	D	E	F	G	H	I	J
0	24,790	26,339	30,987	32,536	34,086	35,635	37,184	38,734	40,283	41,832
1	25,203	26,778	31,503	33,078	34,654	36,229	37,804	39,380	40,954	42,529
2	25,616	27,217	32,020	33,621	35,222	36,823	38,423	40,025	41,626	43,226
3	26,030	27,656	32,536	34,163	35,790	37,417	39,043	40,671	42,297	43,924
4	26,443	28,095	33,053	34,705	36,358	38,011	39,663	41,316	42,969	44,621
5	26,856	28,534	33,569	35,247	36,927	38,605	40,283	41,962	43,640	45,318
6	27,269	28,973	34,086	35,790	37,495	39,199	40,902	42,607	44,311	46,015
7	27,682	29,412	34,602	36,332	38,063	39,792	41,522	43,253	44,983	46,712
8	28,095	29,851	35,119	36,874	38,631	40,386	42,142	43,899	45,654	47,410
9	28,509	30,290	35,635	37,416	39,199	40,980	42,762	44,544	46,325	48,107
10	28,922	30,729	36,152	37,959	39,767	41,574	43,381	45,190	46,997	48,804
11	29,335	31,168	36,668	38,501	40,335	42,168	44,001	45,835	47,668	49,501
12	29,748	31,607	37,184	39,043	40,903	42,762	44,621	46,481	48,340	50,198
13	30,161	32,046	37,701	39,585	41,471	43,356	45,241	47,126	49,011	50,896
14	30,574	32,485	38,217	40,128	42,039	43,950	45,860	47,772	49,682	51,593
15	30,988	32,924	38,734	40,670	42,608	44,544	46,480	48,418	50,354	52,290
16	31,401	33,363	39,250	41,212	43,176	45,138	47,100	49,063	51,025	52,987
17	31,814	33,802	39,767	41,755	43,744	45,732	47,719	49,709	51,697	53,684
18	32,227	34,241	40,283	42,297	44,312	46,326	48,339	50,354	52,368	54,382
19	32,640	34,680	40,800	42,839	44,880	46,919	48,959	51,000	53,039	55,079
20	33,053	35,119	41,316	43,381	45,448	47,513	49,579	51,645	53,711	55,776
21	33,467	35,558	41,832	43,924	46,016	48,107	50,198	52,291	54,382	56,473
22	33,880	35,997	42,349	44,466	46,584	48,701	50,818	52,936	55,053	57,170
23	34,293	36,436	42,865	45,008	47,152	49,295	51,438	53,582	55,725	57,868
24	34,706	36,875	43,382	45,550	47,720	49,889	52,058	54,228	56,396	58,565
25	35,119	37,314	43,898	46,093	48,289	50,483	52,677	54,873	57,068	59,262
26	35,532	37,753	44,415	46,635	48,857	51,077	53,297	55,519	57,739	59,959
27	35,946	38,192	44,931	47,177	49,425	51,671	53,917	56,164	58,410	60,656
28	36,359	38,631	45,448	47,719	49,993	52,265	54,537	56,810	59,082	61,354
29	36,772	39,070	45,964	48,262	50,561	52,859	55,156	57,455	59,753	62,051
30	37,185	39,508	46,480	48,804	51,129	53,452	55,776	58,101	60,424	62,748
31	37,598	39,947	46,997	49,346	51,697	54,046	56,396	58,747	61,096	63,445
32	38,011	40,386	47,513	49,889	52,265	54,640	57,015	59,392	61,767	64,142

WELS Synodical Salary Range Assignments

Revised July 1, 2017

Position	New Column Assignment
Early Childhood Ministry Teacher (no degree)	A
Early Childhood Ministry Teacher (w/ associate deg.)	B
Teacher (BS or BA base)	C - F
Secondary Teacher	D - G
Early Childhood Ministry Director	D - G
Prep Professor	D - G
Staff Minister	D - G
Principal	E - H
Christian Giving Counselor	E - H
Prep Vice President	E - H
Prep Dean	E - H
College Professor	E - H
Pastor	E - H
Home Missionary	E - H
World Missionary	E - H
CMM Associate Administrator	E - H
CMM Associate Director	E - H
CMM National Coordinator	E - H
Mission Counselor	E - H
CMM Administrator	F - I
CMM Director	F - I
Prep President	F - I
College Vice President	F - I
College Dean	F - I
Seminary Professor	F - I
Seminary Vice President	F - I
College President	G - I
Seminary President	G - I
Synod President	J

Notes

1. There is a 50% spread between 0-30 years of experience.
2. Columns C-J increase in 5% increments over column C. (For example, Rate Range E is 10% greater than Rate Range C, Rate Range F is 15% greater, etc.)
3. Each called worker's actual salary is determined by finding the applicable experience row and determining the appropriate rate range. (For example, a teacher with 10 years' experience should receive a salary between \$36,152 and \$41,574. Salaries greater than \$36,152 would recognize additional education credentials and responsibility levels.)
4. The entire Salary Matrix will be reviewed annually and adjusted as needed to reflect changes occurring in the economy.
5. The basis for the housing equity allowance is the base salary.
6. The cost of living adjustments is based on the worker's salary.
7. SECA tax reimbursement, housing allowances, and housing equity are provided in addition to the salary amount.
8. The online **Called Worker Compensation Calculator** helps a calling body consider the impact of additional responsibilities and education in determining where in the suggested salary range the worker ought to be placed.

WELS Compensation Plan Worksheet

Visit www.wels.net/cwcompcalc for the **Called Worker Compensation Calculator** with options to print/save a worksheet.