



THE LUTHERAN CHURCH—MISSOURI SYNOD

Minnesota South District

...joyfully serving together in making disciples of Jesus Christ

Educator Compensation Guidelines Minnesota South District The Lutheran Church—Missouri Synod

Revision Note

REVISED MAY 2023. This guide will remain in effect until superseded. It is designed for use over a period of years. If you are not sure this is the most current revision, call the District Office at 952-223-2162. The Guidelines updated the base rate and economic adjustors from May 2018.

Introduction

All full-time teachers and administrators are included in the guideline. This guideline is for use by congregations and their salary committees. Copies should be made for the committee responsible for setting salaries, and originals should be filed for future years. It should not be construed as a mandatory set of rules, but rather as recommendations to assist congregations in deciding issues that are common to all teachers, administrators, and congregations.

Congregations are encouraged not to reduce other benefits such as Concordia Plan Services. While these plans are a significant expense to the congregation, they do provide to your worker the utmost for health care and provide a retirement plan that is supplemental to what Social Security offers.

Scriptural Rationale

The consideration of how to regard and provide for a called teacher and administrator involves the spiritual task of a congregation to answer the question, “What does the congregation owe its teachers and administrators?” The Table of Duties of the Small Catechism is clear about what a congregation owes its pastor. The congregation owes its pastor a proper attitude and proper compensation. All called teachers and administrators of a congregation’s school are auxiliary to the office of pastor and are an extension of that office. Therefore, the congregation owes its teachers and administrators nothing less than what they owe their pastor(s). The congregation owes its teachers and administrators a proper attitude because of the position they hold, and the congregation owes them proper compensation because of the work that they do.

With respect to attitude God’s Word says, “Obey your leaders and submit to them, for they are keeping watch over your souls, as those who will have to give an account. Let them do this with joy and not with groaning, for that would be of no advantage to you.” (Heb. 13:17) Consider also these words from 1 Thessalonians, “We ask you, brothers, to respect those who labor among you and are over you in the Lord and admonish you, and to esteem them very highly in love because of their work. Be at peace among yourselves.” (5:12–13)

Respecting and esteeming highly those who labor among you includes proper compensation, as

Paul puts it simply to the Christians in Corinth, “In the same way, the Lord commanded that those who proclaim the gospel should get their living by the gospel.” (1 Cor. 9:14) And from 1 Timothy, “The laborer deserves his wages.” (5:17-18)

How to Use This Guide

This document is linked with three other compensation guidelines, one for pastors, one for early childhood (to come in 2024) and one for parish professionals. All three share a Common Base Rate for determining salary. This number is used in connection with a multiplier table to arrive at the desired compensation. Usually only two numbers will change each year, the Compensation Base Rate and the mileage rate as set by the IRS. These numbers are found in the following section.

Base Compensation Group:

- Salary
- Housing and Utilities

Supplemental Income:

- FICA (Social Security)
- TSA (Tax Sheltered Annuities and IRAs)

Supplemental Benefits:

- Health, Survivor and Retirement Plans
- Vacations
- Sick Leave

Professional Expenses:

- Car Allowance
- Books
- Continuing Education, Conference

Base Compensation

| | |
|-------------------------|-----------------|
| BASE RATE | \$50,553 |
| IRS MILEAGE RATE | \$.67 |

A. Scale

The table below recognizes two factors: years of experience and degree. Multiply the appropriate number above by the Base Rate issued by the District Office each year.

The base rate reflects a full-time salary for a teacher (male/female) providing service to the congregation/school for a full school year. Congregations also are encouraged to consider the base salary for public school teachers in their community as they set salaries. The Lutheran teacher merits the same base pay as the local public-school teacher.

| Years | Non- Synodically Trained BA | Level 1 Teacher - BA | Level 2 - Teacher BA + 18 hrs | Level 3 Teacher - MA | Administrators |
|-------|-----------------------------|----------------------|-------------------------------|----------------------|----------------|
| 0 | 0.900 | 1.000 | 1.042 | 1.134 | 1.251 |
| 1 | 0.929 | 1.032 | 1.074 | 1.168 | 1.287 |
| 2 | 0.958 | 1.065 | 1.106 | 1.202 | 1.323 |
| 3 | 0.987 | 1.097 | 1.138 | 1.236 | 1.359 |
| 4 | 1.016 | 1.129 | 1.170 | 1.270 | 1.394 |
| 5 | 1.046 | 1.162 | 1.204 | 1.340 | 1.442 |
| 6 | 1.075 | 1.194 | 1.239 | 1.373 | 1.476 |
| 7 | 1.104 | 1.226 | 1.275 | 1.407 | 1.510 |
| 8 | 1.133 | 1.259 | 1.311 | 1.441 | 1.544 |
| 9 | 1.162 | 1.291 | 1.348 | 1.475 | 1.578 |
| 10 | 1.191 | 1.323 | 1.385 | 1.509 | 1.612 |
| 11 | 1.214 | 1.349 | 1.414 | 1.543 | 1.644 |
| 12 | 1.238 | 1.375 | 1.441 | 1.572 | 1.673 |
| 13 | 1.258 | 1.398 | 1.466 | 1.602 | 1.702 |
| 14 | 1.277 | 1.419 | 1.490 | 1.631 | 1.731 |
| 15 | 1.296 | 1.440 | 1.514 | 1.661 | 1.760 |
| 16 | 1.303 | 1.448 | 1.528 | 1.688 | 1.784 |
| 17 | 1.310 | 1.455 | 1.538 | 1.704 | 1.801 |
| 18 | 1.317 | 1.463 | 1.547 | 1.716 | 1.815 |
| 19 | 1.324 | 1.471 | 1.556 | 1.726 | 1.828 |
| 20 | 1.331 | 1.479 | 1.564 | 1.735 | 1.840 |
| 21 | 1.332 | 1.480 | 1.567 | 1.741 | 1.847 |
| 22 | 1.333 | 1.481 | 1.570 | 1.746 | 1.854 |
| 23 | 1.334 | 1.483 | 1.571 | 1.748 | 1.859 |
| 24 | 1.335 | 1.484 | 1.572 | 1.749 | 1.863 |
| 25 | 1.336 | 1.485 | 1.573 | 1.750 | 1.866 |
| 26 | 1.337 | 1.486 | 1.574 | 1.751 | 1.870 |
| 27 | 1.338 | 1.487 | 1.575 | 1.752 | 1.873 |
| 28 | 1.339 | 1.488 | 1.576 | 1.753 | 1.876 |
| 29 | 1.340 | 1.489 | 1.577 | 1.754 | 1.880 |
| 30 | 1.341 | 1.490 | 1.578 | 1.755 | 1.883 |
| 31 | 1.342 | 1.491 | 1.579 | 1.756 | 1.886 |
| 32 | 1.343 | 1.492 | 1.580 | 1.757 | 1.889 |
| 33 | 1.344 | 1.493 | 1.581 | 1.758 | 1.892 |
| 34 | 1.345 | 1.494 | 1.582 | 1.759 | 1.895 |
| 35 | 1.346 | 1.495 | 1.583 | 1.760 | 1.898 |
| 36 | 1.347 | 1.496 | 1.584 | 1.761 | 1.901 |
| 37 | 1.348 | 1.497 | 1.585 | 1.762 | 1.904 |
| 38 | 1.349 | 1.498 | 1.586 | 1.763 | 1.906 |
| 39 | 1.350 | 1.499 | 1.587 | 1.764 | 1.909 |
| 40 | 1.351 | 1.500 | 1.588 | 1.765 | 1.912 |

Table

Three scales cover the rostered teacher (Level 1, Level 2, and Level 3). The rostered teacher begins at Level 1 and may progress to Levels 2 and 3.

Level 1: Teacher

Requirements: On the teacher roster of Synod and a Bachelor's Degree.

Level 2: Teacher

Requirements: Has a Bachelor's Degree plus 18 or more credits toward a Master's Degree in Education.

Level 3: Teacher

Requirements: Has a Master's Degree in Education.

Non-synodically trained teachers have received their training at a public or private university and are not eligible for the roster of Synod as a "Minister of Religion, Commissioned." Such teachers should be encouraged to enter the teacher colloquy program. For further information go to <https://www.mnsdistrict.org/school-center-resources#colloquy> and contact the Minnesota South District office. Teachers that have completed the Seminar program are not considered synodically trained and remain at level 0.

When calculating the salary for a Lutheran teacher who is eligible for the roster of Synod, but has chosen not to be on the roster of Synod, use Level 1, 2, or 3, rather than the Non-synodically BA level.

Many principals serve also as classroom teachers. However, the scale to use is the administrator Scale. Years of teaching experience are included when calculating the administrator's years of experience.

B. Adjustments

After arriving at a base salary from the table, add or subtract the following:

1. *Additional Duties:* If the teacher has additional duties such as responsibilities in music, youth, athletics, or as an assistant to the principal, add 5% to 15% depending on the nature of the added work.
2. *Regional Economic Adjuster:* To allow for cost of living variances around the state, multiply the base salary by a number between 0.9 and 1.1 depending on the per capita income in your county. Look up your county in the table below and use the index number given as your multiplier.

Example: Teacher Mary has 10 years' experience, serves a congregation located in Olmsted county, and she is a Level 2 teacher:

Step 1: (Base salary): $\$48,985 \times 1.385 (10 \text{ yrs}) = \$67,844$

Step 2: (Regional Economic Adj): \$67,844 x 1.03 = \$69,879

The numerical salary recommendation is \$69,879. Proceed now to section C for additional guidance.

| County | Multiplier | County | Multiplier |
|------------|------------|------------|------------|
| Anoka | 1.03 | Murray | 0.97 |
| Blue Earth | 0.94 | Nicollet | 1.00 |
| Brown | 0.95 | Nobles | 0.90 |
| Carver | 1.10 | Olmsted | 1.05 |
| Cottonwood | 0.92 | Pipestone | 0.94 |
| Dakota | 1.05 | Ramsey | 1.08 |
| Dodge | 0.99 | Redwood | 0.92 |
| Faribault | 0.94 | Renville | 0.94 |
| Fillmore | 0.99 | Rice | 0.95 |
| Freeborn | 0.95 | Rock | 0.96 |
| Goodhue | 0.98 | Scott | 1.07 |
| Hennepin | 1.10 | Sherburn | 1.03 |
| Houston | 0.99 | Sibley | 0.96 |
| Jackson | 0.97 | Steele | 0.98 |
| Le Sueur | 0.99 | Wabasha | 0.99 |
| Lincoln | 0.95 | Waseca | 0.95 |
| Lyon | 0.95 | Washington | 1.10 |
| Martin | 0.95 | Watonwan | 0.93 |
| McLeod | 0.98 | Winona | 0.95 |
| Meeker | 0.95 | Wright | 1.03 |
| Mower | 0.94 | | |

C. Recommended Procedure

Step 1 Base Salary: Start with the recommended salary base announced annually by the MNS district generally in May.

Step 2 Adjust for Regional Economic Factor: Find the county of the School/Congregation on the Regional Economic Factor Chart. Multiply the Base salary times the Regional Economic Factor of the School/Congregation's County.

Step 3 Adjust for Education and Experience: Find the credited years of experience and the appropriate credited education level for the educator. Multiply the adjusted number in step 2 times the multiplier from the Education and Experience Chart.

Special Duties (if any): Add any stipends for special duties.

Apply Merit consideration (optional): (see narrative for description)

WORKSHEET FOR DETERMINING SUGGESTED COMPENSATION

Name of Worker: _____ .

Fiscal Year: _____

Rostered/Eligible for Roster: _____

Education Level: _____ Class: _____

Years of Experience: Our Congregation: _____

Prior Congregations: + _____

Prior Secular Experience (If applicable): + _____

Total Years of Experience: = _____

Step 1 Determine Base Salary from District: \$48,985

Step 2 Adjust for Regional Economic Factor: (Base X Regional Multiplier)

County: _____ Regional Multiplier: x _____

= _____

Step 3 Adjust for Education and Experience

A. Total credited years of experience: _____

B. Level: _____

Education and Experience Factor: x _____

Total = \$ _____

Special Duties (if any):

• _____ + \$ _____

• _____ + \$ _____

Total \$ _____

Stipend = \$ _____

Suggested Salary = \$ _____

Please recognize that there may be a substantial difference between present scales and these recommendations. It may not be feasible to make up this difference at one time. The congregation should study the proposed salary schedule, set a timetable for achieving these goals and perhaps raise salaries some each year until these levels are reached.

Congregations/schools adopting this compensation guide for the first time may find they have workers paid in excess of these guidelines. Care should be taken in adjusting salaries for such workers. A congregation may choose to grandfather those workers at their current salary, allow only cost of living adjustments until the new scale catches up, or determine another reasonable method to handle the situation.

Ten-Month Contracts

It has been the position of the Minnesota South district since 2003 that the base rate reflects a salary for a teacher providing service to the congregation/school for a full school year (10 months). At no point should a teacher's salary be reduced by 10/12 because they primarily serve over 10 months. As education professionals, they are expected, if at all possible, to focus their time off to the summer months. While they hold off their vacations and personal appointments to the summer months, during the 10 months of focused service they are often expected to coach, attend church, participate or lead congregational groups and attend evening meetings. Lutheran teachers are also a unique class of worker exempt from Federal and State labor laws that would be a huge increase to most church/school budgets if they were required to follow the law as other industries. Teachers have a professional obligation to maintain their teaching license requiring 125+ hours of Continuing Education Credits every 3-5 years, much of which is done on their "own time," during the summer months.

Therefore, the salary calculated through the process outlined in this document describes a fair number to provide a professional educational church worker, whether called or contracted, regardless if they are expected to be "on duty" for 10 months of focused work or if they have a heavy focus over 10 and light duties over 2. If some teachers are assigned additional duties over others, then it is suggested to instead pay additional stipends for those workers that are required to work additional duties beyond a "regular" teacher.

Merit Considerations

Performance and effectiveness may play a role in the compensation decision process. Using this approach, a portion of the annual pay increase (25-75%) is set aside for Merit pay according to a sliding scale. The amount of increase each staff member would receive would be based on their annual appraisal. When ministries utilize this approach, the following should be taken into consideration:

- A performance appraisal should form the basis for such decisions.
- The appraisal should be based on a set of prior determined and known expectations. The expectations are generally determined from:
 - the job description
 - mutually agreed goals (self and/or team generated)
 - A combination of the above.

- The person providing the appraisal should be a professional in the field they are appraising (i.e. education, ministry, etc.). The principal should provide the performance appraisal of teachers, a board should provide the appraisal of the administrator.
- Multiple sources of evidence and input should be utilized in the appraisal.
- A board or committee should review all merit pay considerations for equity in the appraisal process and should have the power to increase a low merit pay recommendation.

Using this approach, staff members would receive a portion of their pay increase based on the appraisal using the following chart. Any staff member designated as “low effectiveness” should be on an improvement plan. If that worker is a rostered worker, contact the Minnesota South District Office for assistance.

Salary Increase Weighting Chart

| Worker Appraisal | Salary increase |
|-------------------------|--------------------------------|
| Effectiveness is high | 25-75% beyond regular increase |
| Effectiveness is normal | Full increase |
| Effectiveness is low | Only 25-75% of increase |

D. Tax Sheltered Annuity or IRA

A TSA or IRA should be an option available to the teacher. It should be his/her election to determine what portion, if any, of his/her before-tax compensation should so be utilized.

E. FICA (Social Security)

Ministers of Religion (ordained and commissioned) are classified by Social Security as “self-employed” and are accountable for the entire cost. Employers normally do not contribute to Social Security for them.

All such workers enrolled in the retirement program as a “new worker” on January 1, 1982, or after participate on the Regular Basis. Workers who are eligible to participate on the Full Basis, may choose to participate on either the Regular or Full Basis.

Employers are encouraged to consider amounts they are providing for Social Security for each person and discern what they believe to be an equitable approach to providing compensation and retirement benefits between called workers and lay workers.

Supplemental Benefits

A. Concordia Plans Services:

- Concordia Health Plan (Medical/Dental/Vision), CHP
- Concordia Disability and Survivor Plan (CDSP)
- Concordia Retirement Plan (CRP)
- Concordia Retirement Savings Plan (CRSP)

Ministers of Religion (ordained pastors and commissioned workers – teachers and parish professionals) are classified by Social Security as “self-employed.” Therefore, employers normally do not contribute to Social Security for them. All such workers enrolled in the retirement program as a “new worker” on or after January 1, 1982, participate on the Regular Basis. Workers who are eligible for the Full Basis may choose to participate on either the Regular or Full Basis. Employers are encouraged to consider amounts they are providing for Social Security for each person and discern what they believe to be an equitable approach to providing compensation and retirement benefits between called workers and lay workers.

It is recommended that the congregation pay for health care coverage for the entire family. The congregation is responsible for all payments to the Retirement and Disability Survivor Plans. Detailed information on the Concordia Plans can be obtained by calling the Concordia Plans office in St. Louis: 1-888-927-7526.

B. Time Off Considerations

Vacation

The congregation should have a documented policy covering all workers. The district recommends the following regarding vacation time coupled with years of experience for educators expected to be serving year-round (12 months):

| Total Years of Church Service | Weeks of Vacation |
|-------------------------------|-------------------|
| 1-10 | 3 |
| 11-25 | 4 |
| Over 25 | 5 |

Sick Leave (Short and Long Term)

At the time of this writing there is significant legislation under review in the Minnesota Legislature that may affect both short and long term leave policies in the state. Until resolved and updated, at this time it is suggested that sick leave be granted in accordance with the FMLA, if applicable, and the Concordia Disability and Survivor Plan, that is, fourteen calendar days per year. After fourteen consecutive days of illness, the Concordia Disability Plan provides wage replacement.

Mission Trips

In addition to retreats, conferences, and workshops, mission trips represent an important form of professional growth and development. In recognition of our employees’ commitment to the Great Commission, consideration should be given to those employees who desire to take part in ministry-sponsored mission trips. It is understood that mission trips that take place during the academic year may place a significant financial burden on school operations; therefore, employees should take advantage of such opportunities during the summer months or pre-determined vacation periods. Mission trips that may interfere with expected duties and requests should be made to an appropriate administrator at least four to six months ahead of the anticipated departure date. When administrative approval is received, it is recommended that, when possible and appropriate, mission trips not be treated either as part of the worker's vacation or sick time.

Special Leave

A congregation may grant special leave at the discretion of the board to cover special cases of emergency or death in the immediate family of the professional church worker. Special leave should not be considered vacation, sick leave or personal leave.

Military Duty

If a professional church worker serves in an Armed Forces reserve unit, he/she will need to be granted a leave of absence during the time he/she is required to serve. The worker should not be expected to use allotted vacation time for this purpose. The worker should receive full salary during this training period.

Professional Expenses

A. Tax Laws

Recent tax laws require a closer accounting of expenses. Congregations should consider changing to a reimbursement system for professional expenses rather than provide an allowance.

B. Automobile

The teacher is required to account to the IRS for auto allowance income. Increasing auto allowance in lieu of increasing his base salary does not improve his tax liability. **A preferred method is to operate on a reimbursement plan** whereby the pastor records his mileage and submits a periodic request for reimbursement at the current mileage rate established by the IRS. This IRS rate is provided earlier in this document. Should you not have the current number, you may obtain it by calling the IRS at 1-800-829-1040 or the District office at 952-223-2162. This “cents per mile” number is the rate which the IRS allows to be deducted from income. It covers all cost to replace, repair, insure and operate an automobile.

C. Professional Growth

Professional Development and Continuing Education

Professional church workers should be encouraged to participate in carefully designed and approved programs of continuing education (postgraduate program). Since this will benefit the congregation/school as well as the worker, a budgeted amount should be accessible to support this program. The MNS district recommends that congregations partner with employees who pursue an APPROVED continuing education plan by paying, at minimum, 50% of the cost. In order to maintain consistency of Lutheran thought and teaching, eligible non-Lutheran or non-synodically trained employees should be encouraged to enroll in the colloquy program as a component of their continuing education. Contact the MNS District office for information on financial assistance that may be available.

Convention and Conference Attendance

Conventions, retreats, conferences, and workshops directly related to the worker's effectiveness in the ministry, or mandated by membership in Synod, are part of the business of the congregation/school and should not be treated either as part of the worker's vacation or completed at the expense of the employee. The Minnesota South District expects synodically trained rostered church workers to attend the annual Lutheran Education Conference, Professional Workers' Conference, and the District Convention. Additionally, just to maintain state licensure requires educators to obtain at least 125 hours of continuing education every 5

years. Generally, employees should be encouraged to attend conferences and conventions with all expenses (travel, meals, lodging, registration, etc.) paid by the congregation. Congregations are, therefore, encouraged to budget for ongoing professional development opportunities.

Education Debts

Many professional church workers graduated from college with significant educational debts. A congregation may consider assisting these workers in the repayment of these debts. Such assistance is regular income for the worker and subject to IRS taxation.

Acknowledgement, Recognition and Celebrations

It is recommended that birthdays, special occasions, holiday celebrations, and workplace anniversaries are recognized in a fashion that displays care for the worker. Whether you choose to use cards signed by many, a gift card, snacks or treats, and/or another type of recognition, acknowledging these important events will assist in displaying care for the worker. Holidays are often celebrated by appropriate gatherings at which food and fellowship is provided. While all congregations do not implement all celebrations, congregations are encouraged to prayerfully review and implement suitable protocols. The Minnesota South District provides recognition certificates for workers starting at their 10th year of service and continuing at 5-year intervals. Vendor recommendations are available from the MNS district to purchase years of service memorabilia in recognition of workers.

APPENDIX A
SAMPLE RESOLUTION FOR ESTABLISHING HOUSING ALLOWANCE

SAMPLE 1
RESOLUTION

RESOLVED, that (name of congregation), as a Standing Resolution to remain in force and effect until such time as amended or revoked, hereby authorizes and establishes a housing allowance for each Minister of the Gospel at any time serving it in the amount of \$_____ per year.

SAMPLE 2
RESOLUTION

RESOLVED, that (name of congregation), as a Standing Resolution to remain in force and effect until such time as amended or revoked, hereby authorizes and establishes a housing allowance for each Minister of the Gospel at any time serving it in the amount of each year equal to _____% of that person's gross annual compensation.

SAMPLE 3
RESOLUTION

RESOLVED, that (name of congregation), as a Standing Resolution to remain in force and effect until such time as amended or revoked, hereby authorizes and establishes a housing allowance for (individual's name) at any time serving it in the amount of \$_____ per year.

SAMPLE 4
RESOLUTION

RESOLVED, that (name of congregation), as a Standing Resolution to remain in force and effect until such time as amended or revoked, hereby authorizes and establishes a housing allowance for (individual's name) at any time serving it in the amount each year equal to _____% of that person's annual compensation.

SAMPLE 5
RESOLUTION
(MUST BE PASSED EVERY YEAR)

“Be it resolved that the dollar amounts noted adjacent to the names of those individuals listed below, be stipulated as housing allowance for the year _____ in accordance with the regulations of the Internal Revenue Service. In the event of an audit, each of the listed individuals understands that the “Burden of Proof” is upon them to substantiate the amount. The housing allowance will be paid from (date) to December 31, _____. (List professional workers below with the amount of their housing allowance next to each name.)

APPENDIX B

Minister's Estimate of Expenses for Housing Allowance

| | ITEM | AMOUNT |
|-----|---|--------|
| 1. | Rent on home | ----- |
| 2. | Garage Rental | ----- |
| 3. | Down payment, legal, loan and title fees on purchase of home | ----- |
| 4. | Mortgage payments (principal and interest) | ----- |
| 5. | Real estate taxes on home | ----- |
| 6. | Property Insurance (homeowner's and renter's) | ----- |
| 7. | Utilities: Gas | ----- |
| | Electricity | ----- |
| | Water | ----- |
| | Heat | ----- |
| | Telephone (basic service) | ----- |
| | Home internet | ----- |
| | Trash Pick-up | ----- |
| | Storm Drainage | ----- |
| 8. | Furnishing and appliances (purchase and repair) | ----- |
| 9. | Structural repairs and remodeling | ----- |
| 10. | Lawn care and landscaping | ----- |
| 11. | Maintenance items (household cleaners, light bulbs, pest control) | ----- |
| 12. | Other allowable expenses (specify) | ----- |
| 13. | Home Owner's Association Dues | ----- |
| | TOTAL | ----- |

Changes in tax law may affect accuracy of text.