

August 2020

Dear Clerks and Consistories:

A continuing responsibility given to the Regional Synod is developing and modifying compensation guidelines for use by classes and churches. We want to again emphasize these are guidelines. The Regional Synod of the Heartland does not dictate compensation. We do, however, encourage a good and thoughtful process. The process entails collaborative conversation that engages pastors and church leaders around Biblical mission and purpose, and which focus on congregational health and mutual ministry goals.

Our process for evaluation of the compensation tables includes study of the Cost of Living index (COL) and the Consumer Price Index (CPI), using figures from the Bureau of Labor Statistics for June 2020. We then collectively make our best evaluation on the probable values at the end of the year. The overall rate recognizes all factors, including housing and utilities. Unfortunately, our economy can be hard to predict, and the COVID-19 pandemic made our task all the more difficult. Based on the data analyzed, we recommend an increase in your compensation scales of 1.5% for 2021. As your congregation determines the salary for your pastor(s), should you feel that the economy in your area has made a significant recovery, we suggest that you consider a 2% salary increase for 2021.

We continue to study our system by checking comparison data available from the Synod of Great Lakes and the Synod of Mid-America, and survey material from Christianity Today's survey of mid-west mainline denominations. We compare very favorably.

As outlined by the BCO and General Synod, the Regional Synod of the Heartland is a resource. Synod staff are available for questions and to provide service and direction.

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**SYNOD OF THE HEARTLAND
Reformed Church in America
FOLLOWING CHRIST IN MISSION**

Compensation Guidelines for 2021

Congregations receive their pastors as servants of Christ and proclaimers of the Gospel, and similarly they received their other ministers and other staff members as people entrusted with a particular ministry in service to the Gospel.

Scripture directs us to responsibly recognize our pastors and employees with appropriate compensation.

Luke 10 vs 7: "...for the laborer deserves his wages."

I Corinthians 9 vs 14: "The Lord commanded that those who proclaim the Gospel should get their living by the Gospel."

I Timothy 5 vs 18: "The laborer deserves his wages."

The Synod of the Heartland offers these guidelines to classes and congregations in order to help them provide adequate and fair compensation for those who labor for us in the Gospel.

GLOSSARY

Congregational Size – Churches measure size and extent of ministry in different ways. Definition of “membership” varies from a conventional concept to a more restrictive qualification. The concept of signing a covenant is used by some congregations. The scope of ministry may be determined by the community being served. If a large number of unchurched families (homes) look to the church as needs arise, this is ministry to be recognized.

Each church should determine its scope of ministry to determine size.

Salary – Salary is the basic compensation determined each year for pastoral services. Salary does not include the cost or value of medical insurance, pension, automobile expenses, other pastoral expenses, or any other benefits stated or implied. Annual basic cost of living adjustments should not be considered as a basic salary increase.

Housing – An adequate parsonage or housing allowance shall be provided.

If a parsonage is provided, the congregation shall assume all costs for maintenance and utilities. In addition, the congregation should provide and maintain major appliances in the parsonage, and establish a regular review of maintenance and upkeep.

If a “total compensation” package is used, the compensation should recognize appropriate housing for the clergy’s family needs.

SYNOD OF THE HEARTLAND

2021 MINISTERIAL COMPENSATION GUIDELINES

GUIDELINES FOR DETERMINING THE SALARY AND PROVISIONS FOR MINISTERS OF WORD AND SACRAMENT

The Synod of the Heartland each year recommends guidelines for its seven classes. Each classis then considers this guideline as it establishes a minimum standard for salaries, in order that pastors in the classis are adequately and appropriately compensated. While these guidelines do not apply to non-ordained personnel, certain elements of administration are applicable to all personnel. Accordingly, some reference to both pastor and staff will be included.

The Call: The call issued to a pastor is a covenant which addresses the relationship between a pastor and a congregation. The pastor is expected to perform certain services in his/her ministry among the congregation, and the congregation is expected to provide remuneration to the pastor in a manner that may keep him/her from pre-occupation with financial concerns. This covenant normally limits the pastor’s employment to the church and is an obligation clearly undertaken by the church.

Goals: Every consistory needs to be involved with their pastor(s) in setting specific goals for both the pastor(s) and the church in order to lead the church in mission for Jesus Christ. Financial considerations are part of this two-way accountability and communication.

Performance Review: The performance review requirement of the Book of Church Order (BCO) (Chapter 1, Part 2, Article 7, Sec 1h, m) should be conscientiously pursued on an annual basis. An important component of performance evaluations of all positions relates to the job description, goals, and objectives. A valuable resource in establishing these guidelines can be

found on the Christianity Today website “Building Church Leaders”: www.bclstore.com/products/church-staff-evaluations.

Personnel Committee: It is recommended that each church appoint a personnel committee, within the consistory, to work with all church staff members. Realizing that there are differences from church to church, the details of the personnel committee are left to the individual church. The following guidelines identify the basic tasks/duties of a personnel committee.

- a. Meets with each pastor and staff member quarterly, preferably including the pastor’s spouse each year.
- b. Sets goals for each position and discusses with each pastor and staff person how the goals fit into the vision of the church.
- c. Reviews the past performance of the pastor(s) and staff persons, with the senior pastor to be responsible for review of associate pastors and staff, in consultation with the personnel committee.
- d. Acknowledges superior achievements and extraordinary service with public recognition and affirmation.
- e. Discusses general employment concerns with pastor(s) and staff persons.
- f. Discusses specific financial needs which include salary, housing, insurance, continuing education, retirement and transportation reimbursement, as applicable.
- g. Consider financial needs beyond the day-to-day living expenses such as medical expenses, education costs, and emergencies.
- h. Discusses other needs such a family crises, illness, marital stress, emotional health, and job satisfaction.
- i. Gives support and encouragement.
- j. Discusses and facilitates good relationships between church staff members.
- k. Serve as the communication link between staff and consistory.

Salaries: Salaries must be practical and fair. Attention should be given to similar service positions in the community. The salary scale is a minimum standard only. In addition to fulfilling this standard, workload, recognition of job performance and attention to special needs should be considered within the process of salary determination. A salary should assure sufficient support so that financial problems do not interfere with a pastor’s best work!

Employment Provisions: These items are included as part of the minimum salary requirements that apply to full-time Ministers of Word and Sacrament.

1. Retirement Fund: Full contributions including salary and fair market housing value must be made to the RCA Retirement Plan, as required by the BCO Call Form.
2. Required Insurance Coverage: **Because of major changes in the RCA Insurance Policy, please talk to your Classis Clerk before doing anything.** Major Medical

(including family), Group Life, and Long-Term Disability to be provided by the church as required in the BCO call form. Family coverage may be excluded only if family coverage is provided through a spousal insurance program. Dental and Long Term Care (including family) are optional and may be added to the required insurance provisions. It is strongly recommended that consideration be given to include Long Term Care to the package, recognizing the financial impact incurred if and when such care is needed. For complete information go to www.rca.org/benefits or call the Benefits Services helpline 866-221-5480. For help with Life and LTD insurance, call RCA Board of Benefits Services Retirement Office at 1-866-221-5480 and select option #2.

3. Housing: The church shall provide the pastor with the use of a parsonage, including all utilities. If a parsonage is not provided, each church should recognize appropriate housing costs in measuring the total compensation package.
4. Social Security. Pastors shall be reimbursed for a portion of their contribution to Social Security equal to the amount that would be contributed by the church if the pastor were considered its employee. Social Security contributions are calculated on the base salary plus housing. Pastors are encouraged to be a part of the Social Security system. However, if the pastor opts out of the program, an equal allowance is to be made for another appropriate retirement program. The church shall require evidence that this retirement concept has comparable benefits. Synod staff are available to answer questions, and assist in assuring compliance.
5. Professional Development: As required in the call form of the BCO, a minimum of one week with a stipend equal to no less than 1/52 of the annual minimum base salary (excluding housing allowance) shall be granted each year for professional development. By mutual agreement, this time and money may be accumulated up to a maximum equivalent of four years of service. The program of study must be approved by the Consistory, and should be mutually beneficial to the church and the pastor.
6. Vacation: The minimum amount of vacation time granted each year shall be four weeks (including four Sundays). Carry over from year to year is subject to consistory approval.
7. Car Allowance: Use of a car for ministry purposes shall be reimbursed at the IRS mileage rate.
8. Leave of Absence: Occasionally staff members need a significant amount of time off from work for “important,” “compelling,” or emergency” personal reasons. Pastors or full-time staff members with 12 months of continued employment, may request a Leave of Absence (LOA).

Reasons considered for a LOA may include:

- Birth of a child
- Placement of a child with the staff member for adoption or foster care
- Caring for a spouse, child, or parent with a serious health condition
- A serious health condition of the pastor or staff member

Leaves may be granted for periods from 14 days up to 90 days during any given 12-month period, depending on individual circumstances. In this sense, LOA differs from, and is used after, other forms of absence (i.e. vacation, sickness, study, funeral, or holiday leave, etc.). When possible, a request for a LOA will be completed in advance, submitted to the appropriate church leadership, and approved by the consistory.

The LOA is uncompensated time off. Pastors and staff members are asked to indicate an estimated time of absence, and are required to give a two-week notice of intent to return to work. Absences for personal medical reasons may require a medical release statement outlining any restrictions or special conditions of work, and an approved return to work authorization. Upon return, the staff member will be restored to his/her position, or an equivalent position.

Recommended Provisions:

1. **Sabbatical:** It is recommended that consistories adopt a policy of granting pastors a three month sabbatical after seven years of service. The sabbatical shall be scheduled at a time mutually agreed upon by the pastor and consistory. The plan for the study program must be shared with the Classis Leader, validated by the accountability agreement in the pastor network, and the details must be approved by the consistory with the clear intention that the sabbatical benefit both the pastor and the church.
2. **Ministerial Couples:** It is recommended that the consistory of a church served by a ministerial couple be sensitive to the possibility that a shared position can decrease those pastors' retirement and social security payments, thus placing them at a disadvantage when they retire. Those consistories are urged to consider paying more than the minimum retirement and/or social security benefit to correct this inequity.
3. **Associate Pastors:** The salary schedule will apply to all full-time Ministers of Word and Sacrament. It is recommended that the associate pastors minimum compensation be 70% of the senior pastor schedule.
4. **Part-time Contracts:** Part-time contracts are not bound by the salary schedule, because such contracts can vary significantly. However, the principles of fairness, compensation for work load, and rewarding job performance need to be considered when determining compensation. This use of the salary scale on a pro-rated basis is advised. Any provisions or payment of provisions in lieu of base salary may be negotiated between the pastor and the church. All contracts with ordained ministers and commissioned pastors require the approval of the Classis.
5. **Commissioned Pastors:** Commissioned Pastors who serve as the senior pastor of a congregation are recognized as having the same calling and giftedness, and will be under the same salary/benefit guidelines as an ordained Minister of Word and Sacrament.

Those commissioned pastors in associate positions will come under the same salary/benefit guidelines as ordained associates.

Fees and Honorariums:

1. The pastor shall be entitled to retain fees and honorariums for his/her personal except the fees for classical appointments shall be delivered to his/her church treasurer.
2. Mileage reimbursement should not be considered as part of the classical appointment fee. The mileage reimbursement (at the IRS rate) will be payable to the pastor.
3. We recommend a \$125 honorarium be given for a morning service (with appropriate adjustment for multiple services), and \$75 for an evening service.

**2021 Synod of the Heartland
Minimum Compensation Guidelines
Concept #1 (includes housing)**

Ministry	Up to 250	250-500	500 Plus
Metro	70,337	77,833	97,161
Mid-Size	65,728	72,790	90,228
Rural	62,412	69,186	85,616

Definition of Categories:

Metro – these are the large population areas of our Synod (Minneapolis, Des Moines, Kansas City, Omaha, Sioux Falls, Cedar Rapids, Lincoln, etc.) and would have the highest cost of living.

Mid-Size – this is a “gray area” in determining a population category. For example: Norwalk, Iowa has a population roughly the same size as Sioux Center, Iowa, yet Norwalk is on the fringe of the Des Moines metro area. Should Norwalk be “metro” or “rural”? The “mid-size” category might be best, but yet the cost-of-living in Norwalk might be high due to its desirability as a community close to Des Moines. Congregations in situations like this will have to determine their own category.

Rural – many of our congregations are located in small towns and this will be an easy category to select. In other places, this might be more difficult to determine. Is Worthington, Minnesota, (with a population of roughly 13,000) rural? Is Pella, Iowa? Or are they mid-sized? Here again, congregations will need to look at their community and determine if their cost-of-living is more in line with rural communities or the larger populations areas nearby.

The group charged with determining salary recommendations for pastors and staff should consider their situation and what category best describes the community in which they live. The Synod offers these categories as a means to beginning the discussion.

The minimum should be adjusted by an additional .75% per year to recognize years of Service with a maximum of 20 years. Any adjustment after 20 years should be figured by merit.

We suggest the following for full-time Non-Ordained Associates, and all other personnel considered to be full-time (represented as a function of the Senior Pastor):

Non-Ordained youth and/or education 55%*

Music (full-time) 60%*

Secretary – Treasurer 45%*

Custodian 47%*

The above anticipates 40 hours per week. For fewer hours, reduce to an hourly wage. The

benefit package for non-ordained personnel should include the following, although not necessarily through the RCA.

Annuity – churches select from programs independently available

Life insurance

Medical and dental

Long-term disability

Professional Development (other than secretary-treasurer and custodian (1/52 of base pay)

Social security

IRS mileage

*These scales are intended for use by classes and churches in establishing compensation policy for the individual characteristics of each group. Churches may want to use the comparative approach as suggested in Concept #2.

**2021 SYNOD OF THE HEARTLAND
MINIMUM COMPENSATION GUIDELINES
CONCEPT #2 (Parsonage Provided)**

**MINISTRIES
Up to 250 Members**

Year	Rural	Mid-Size	Metro
1	43,064	46,457	51,183
2	44,056	47,449	52,176
3	45,050	48,445	53,172
4	46,043	49,438	54,165
5	47,036	50,430	55,156
6	48,030	51,427	56,151
7	49,025	52,422	57,147
8	50,019	53,414	58,139
9	51,014	54,408	59,133
10	52,006	55,401	60,127
11	52,670	56,064	60,790
12	53,331	56,726	61,453
13	53,997	57,388	62,115
14	54,657	58,052	62,778
15	55,319	58,713	63,438
16	55,981	59,378	64,103
17	56,645	60,042	64,765
18	57,310	60,702	65,428
19	57,969	61,366	66,091
20	58,632	62,028	66,751

Non-ordained – average compensation for similar positions in community being served.

**2021 SYNOD OF THE HEARTLAND
MINIMUM COMPENSATION GUIDELINES
CONCEPT #2 (Parsonage Provided)**

MINISTRIES
250-500 Members

Year	Rural	Mid-Size	Metro
1	48,862	53,692	58,863
2	49,527	54,354	59,526
3	50,188	55,020	60,187
4	50,850	55,680	60,851
5	51,513	56,345	61,511
6	52,175	57,005	62,176
7	52,839	57,667	62,839
8	53,501	58,333	63,500
9	54,164	58,994	64,163
10	54,825	59,658	64,826
11	55,487	60,317	65,488
12	56,150	60,980	66,152
13	56,814	61,644	66,810
14	57,475	62,306	67,476
15	58,138	62,969	68,137
16	58,802	63,631	68,799
17	59,463	64,293	69,465
18	60,126	64,956	70,125
19	60,789	65,619	70,788
20	61,452	66,283	71,450

Non-ordained – average compensation for similar positions in community being served.

**COMPENSATION GUIDELINES
CONCEPT #2 (Parsonage Provided)**

**MINISTRIES
500 Plus Members**

Year	Rural	Mid-Size	Metro
1	55,460	62,015	67,690
2	55,668	62,238	67,859
3	55,910	62,500	68,130
4	56,083	62,697	68,334
5	56,406	62,936	68,586
6	56,663	63,161	68,829
7	56,959	63,433	69,124
8	57,247	63,698	69,343
9	57,791	64,186	69,810
10	58,501	64,904	70,531
11	59,206	65,626	71,250
12	59,913	66,346	71,971
13	60,620	67,069	72,692
14	61,327	67,790	73,412
15	62,033	68,471	74,135
16	62,741	69,230	74,855
17	63,447	69,953	75,577
18	64,156	70,671	76,298
19	64,863	71,394	77,019
20	65,491	72,115	77,740

Non-ordained – average compensation for similar positions in the community being served.

ADDENDUM

Increasingly, pastors are given the privilege of purchasing their own home. Churches, as well as classes and the Regional Synod, may be asked to consider making loans for down payments on homes, or for other major purchases. Charging no interest or a low rate below the market rate creates problems for the following reasons:

1. Many state nonprofit corporation laws prohibit loans to officers and directors. No loans should be made (even at a reasonable rate of interest) to a minister who is an officer without first confirming that such loans are permissible under state law.
2. No interest or low interest loans to ministers may be viewed as “inurement” of the churches income to the minister. This can potentially jeopardize the churches tax exempt status.
3. A church must determine the value of no interest or low interest loans, and add this amount to the minister’s reportable income. This must be reported to the IRS on the minister’s W-2, or 1099-MISC.
4. If a judicatory determines it can make loans, care must be taken to assure that this does not require qualification and reporting as a financial institution.