

For consideration by the Congregation at the next scheduled meeting (12/01/2024)

SALARY COMPENSATION POLICY: Guidelines and Procedures To be adopted into the Administration Policy & Procedures Manual

Effective Date: January 1, 2025

Approved by Council: November 14, 2024

Approved by Congregation: **PROPOSED**

Salary Compensation Policy: This policy pertains to both hourly and non-hourly (salaried) employees. All salary compensation changes, for new-hires or existing personnel, must be approved by the Church Council prior to implementation as part of the annual budget process. This policy can only be changed upon the approval of the Council.

Note: This policy does not address other elements of compensation such as health insurance, retirement benefits, vacation, or sick leave. Other elements of compensation are addressed in other Guidelines and Policies.

Overview

The goal of St. Luke's compensation policy is to: i) serve as a tool to attract and retain the most qualified staff members for a position; and ii) provide for fair, equitable, and defensible compensation of its staff, recognizing that we are a non-profit ministry, not a for-profit business.

This policy is intended to fulfill the following purposes:

1. Establish compensation that fairly compensates the individual for their contribution to the work of the ministry.
2. Establish salaries for staff based on the individual's responsibility, education and experience.
3. Keep all staff salaries and benefits confidential, increasing staff harmony and unity.
4. Adhere to good personnel management principles and sound legal practices regarding compensation.
5. Provide future search committees with salary benchmarks by which to establish personnel compensation.

General Compensation Policy

St. Luke's employee compensation will be fair, equitable, unbiased, and consistent with these guidelines and federal Fair Labor Standards Act, and Nevada Department of Labor. Compensation decisions will be informed by several guidelines and information sources including the most recent publication of the Concordia Plan Services (CPS) Compensation Decision Support Tool. For Employment positions that are not addressed in the CPS Tool, other resources may be consulted. Recognized other resources include market-based salary information available through public sources, such as www.salary.com. Finally, compensation will be evaluated to confirm compliance with the most current version of the federal Fair Labor Standards Act and Nevada Department of Labor minimum wage standards.

Salary Setting Procedure

To establish a salary or hourly wage for an employee:

1. Prepare a job description outlining the duties to be performed and full-time/part-time status. Full-time employment is considered to be 40 hours per week. Anything less than this is considered some fraction of full-time or part-time for maturity and compensation considerations.

2. Compile employee-specific profile including:
 - Position and Title
 - Education
 - Certificates, registrations, skills, and other achievements
 - Employment history to establish the number of years of experience. The number of years of experience shall be determined as follows:
 - Pastor: the total years of experience is equal to the number of years as an active ordained LCMS Pastor.
 - Ministry Staff: the total years of experience is equal to the number of years of full time service in an LCMS church plus one-half year credit for every year of full time serving full time in a non-LCMS Christian church.
 - Administrative Staff: the total years of experience is equal to the total number of years of full time experience in the respective position.
3. Establish a salary/wage range using one of the two methods in the following order:
 - a. **CPS Compensation Decision Support Tool** ([Concordia Plan Services > Compensation Decision Support Tool \(cbiz.com\)](#)) User ID: CPS Password: CPS
 - i. Select a position in the CPS Tool that best represents the employee's position at St. Lukes. If the Employee's position is not addressed in the CPS Tool, then the salary will be established using Market Analysis method, described in 3.b below.
 - ii. In the CPS Tool, enter the zip code for St. Lukes Lutheran Church - 89511
 - iii. Enter years of experience (see guidance above) and leave the additional factor blank
 - iv. Leave Parsonage Amount blank for all employees
 - v. Select "Generate Estimate"
 - vi. As a starting point, the "LCMS midpoint" salary shall be used as the basis for the baseline staff salary. The salary should be adjusted up or down from the midpoint based on the St. Lukes Job Description relative to the CPS Job Description. For example, if the duties in the St. Lukes Job Description are more robust than in the CPS Job Description, the recommended salary shall be adjusted up from the midpoint a corresponding amount. The amount of adjustment is at the discretion of the direct Supervisor in consultation with the Business Manager. The adjusted salary shall not be lower than the low range salary or higher than the high range salary.
 - vii. Adjust the selected full-time salary to reflect an equivalent part-time employment salary, if an employee's work arrangement is less than 40 hours/week.
 - viii. Compare the final salary with the most current minimum wage standards specified in the federal Fair Labor Standards Act for exempt (salaried) employees and the Nevada Department of Labor for non-exempt (hourly) compensation and adjust accordingly.
 - b. **Market Analysis** - *Note: this method can be more subjective than CPS method discussed above. Therefore, extreme care should be used to recommend a market-based salary with objectivity and fairness.*

Using the job description as guide, consult various websites for position salaries, and sort on criteria, such as:

- the specific position title (Church Business Administrator or Communications Staff, etc.)
- in a non-profit company (specifying a church or faith-based organization is better)
- in the Reno area.

Websites to consult, include (but are not limited to):

- Payscale.com
- Salary.com
- Indeed.com
- Glassceiling.com
- Actual Job postings for the position on sites such as: monster.com, simplyhired.com, etc.

In reviewing the resulting data, it is critical to ensure that the actual duties performed match as closely as possible to the comparative job description. **Job Titles are mostly irrelevant for setting salary; actual job responsibilities and duties performed, as presented in the St. Lukes Job Description, are more salient to determining salary.**

Collect at least 3 salaries for the position (more than 3 is better) from different sources, identify a high/low salary range, and calculate an arithmetic average (midpoint) of the data points to set the baseline salary. Then determine a recommended salary as follows:

- i. As a starting point, the midpoint salary shall be used as the basis for the baseline staff salary. The salary should be adjusted up or down from the midpoint based on the St. Lukes Job Description relative to the CPS Job Description. For example, if the duties in the St. Lukes Job Description are more robust than in the CPS Job Description, the recommended salary shall be adjusted up from the midpoint. Conversely, if the CPS Job Description is more robust than the St. Lukes Job Description, the recommended salary shall be adjusted down from the midpoint. The amount of adjustment is at the discretion of the direct Supervisor in consultation with the Business Manager.
- ii. Adjust the selected full-time salary to reflect an equivalent part-time employment salary, if an employee's work arrangement is less than 40 hours/week.
- iii. Compare the final salary with the most current minimum wage standards specified in the federal Fair Labor Standards Act for exempt (salaried) employees and the Nevada Department of Labor for non-exempt (hourly) compensation and adjust accordingly.

I. Special Circumstances

- a. **Split Job responsibilities:** If an employee has split responsibilities (e.g., part-time DCE and part-time Music Director) their compensation will be an arithmetic average of the guidelines based on an estimated split of their duties. For example, if the employee is estimated to spend 40% of their work-week performing Music Director responsibilities and 60% of their week functioning as a DCE, then their salary will be calculated as follows:

$$(\text{Salary for Music Director} * 0.4) + (\text{Salary for DCE} * 0.6) = \text{Recommended Salary}$$

- b. **Financial Health of Congregation:** On an annual basis, the Council may elect to adjust the salary benchmark depending on the financial health of the Congregation. If the Council determines that the financial health of the Congregation is not adequate to support the full administration of the compensation program as described herein, the Council may approve a temporary reduced benchmark, which would be a percentage less than 100% of the median salary. For example, if the Council approved a temporary reduced benchmark of 90%, each employee's salary would be determined on the basis of 90% of the midpoint salary for every position. In the event a temporary reduced benchmark is established, the Council shall consider

restoring the benchmark to its full value in the following fiscal year. **The benchmark adjustment shall be approved by a simple majority of the Council members.**

Summary

Any revisions to this policy should be presented to the Council for their consideration and approval. This policy may not be altered or deviated from without the express written consent of the Council, as evidenced by a simple majority vote by the Council members. Final salaries shall be approved by the congregation as a component of its approval of the fiscal year budget in accordance with the By Laws of the congregation.

It is critical to the harmony and uprightness of St. Lukes that employee compensation be fairly, legally, and equitably administered. It is incumbent upon the Council and individual(s) administering this policy to ensure that it is followed.

Submitted by: Randy Brandt, President Elect, November 14, 2024