



Colossians 3:23-24: Whatever you do, work at it with all your heart, as working for the Lord, not for human masters, since you know that you will receive an inheritance from the Lord as a reward. It is the Lord Christ you are serving.

Compensation Philosophy

At Martin Luther College, our compensation philosophy is built on service to the MLC mission of preparing pastors, teachers, and staff ministers for work in the WELS, to proclaim the truth of the Holy Scriptures in churches, schools, and other institutions. This compensation philosophy recognizes that our college's mission makes it critical to be wise stewards of the financial resources we receive from our students, donors, and synod. At the same time, we know it is important to attract and retain a strong workforce by providing a strong compensation package with generous benefits, so that our workers may lead God-pleasing lives and be a blessing to others.

1. We respect governmental laws that require transparency ¹ in publishing pay ranges for open lay worker positions and recognize that working in ministry includes many non-monetary rewards. Because our philosophy encompasses more than base pay, we encourage our applicants to learn more from the hiring manager, and we encourage our supervisors and lay workers to engage in meaningful discussions with the goal of acknowledging the rewards of working for a religious non-profit ([see #8](#)).
2. We encourage our candidates to share their compensation expectations, rather than their compensation history.
3. We conduct a compensation analysis every other biennium, or more often as the market demands, employing data collected through market research, salary surveys, and higher education reporting. Sources include the Bureau of Labor Statistics, CUPA-HR, *The Chronicle of Higher Education*, The Management Association (MRA), Society for Human Resource Management (SHRM), and job aggregators such as Indeed, Glassdoor, ZipRecruiter, and Salary.com. The research results are reported to the MLC Administrative Council to determine pay grade assignment per lay worker position description.
4. Individual compensation levels within the assigned lay worker pay grade are based on factors including, but not limited to, job responsibilities, performance evaluations ([see #12](#)), individual experience, education credentials, physical requirements, exposure to safety-related working environments, equipment usage, working hours, complexity or impact, demands, expectations and workload, budgetary availability, tenure, field experience, applicant talent pool, and local cost of living. ²
5. We perform annual reviews, and mid-year reviews as market conditions change, of individual compensation within the assigned pay grade, using the compa-ratio method. We report review results to the MLC Administrative Council to ensure accountability, fairness, and consistency in our processes, provide improvement opportunities, and ensure that our compa-ratios are in line with the compensation structure of the college and the college's budget.
6. To understand the lay worker compensation philosophy, it is important to consider the following:
 - a. Compensation for called workers is based on the fiscal year salary matrix in accordance with the [WELS Called Worker Compensation Guidelines](#). While the salary matrix appears to be below market, in addition to the base salary, called workers receive a cash housing allowance based on a three-bedroom rental in Brown County. The total called worker compensation is the base salary from the salary matrix, plus the cash housing allowance. Called workers have all the rights and privileges of called workers as extended to them in their calls to the college. Called workers with WELS Ministry Certification are Ministers of the Gospel and are eligible to receive SECA (Self-Employed Contributions Act) compensation, COLA ² (Cost of Living Adjustment), and Housing/Parsonage Allowance (or Housing Equity, if applicable). A Minister of the Gospel is considered self-employed for Social Security and Medicare tax purposes, and an employee for other tax and fringe benefit purposes. These called worker guidelines are what our graduates can also expect when they receive a call.
 - b. Wages for student employees and summer employees are in keeping with federal minimum wage requirements. Student jobs and summer jobs are compensated based on four tiers, which can be found in the [Tiered Compensation Chart](#). These tiers are based on responsibility, special skills, supervisory responsibility, training, competency, environment, working conditions, and equipment usage.



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7. Our adherence to these established guidelines and our religious non-profit status mean that MLC and the WELS lag the market in both our called and lay worker compensation structures. There are surely other organizations where people can be paid more than they can at MLC, but we want to be honest with our workers and candidates. While our below-market or lagging-market philosophy is not expected to change, there are certain non-monetary benefits to working with MLC and the WELS: our mission, service to our Lord, our culture, our people, the college students, the childcare children and their families, and the insurance and benefits.
8. With our philosophy encompassing more than base pay, it is important to note the generous insurance and benefit packages.
 - a. MLC full-time lay and called workers have access to a nearly \$37,000 ³ insurance and benefits package for which the worker pays very little. This includes no-premium health insurance for any tiered coverage—including family coverage, no-premium vision coverage for whoever is on the health insurance plan, no-premium short-term disability with two-thirds compensation after the 21st day, long-term disability at a reasonable rate, no-premium corporate life insurance with a coverage level at two times the annual salary, voluntary life insurance at reasonable group rates, and a dental program which includes no wait on ortho services and major services. It also includes flexible spending accounts, lay worker paid time off or vacation time, paid holidays, called worker professional development, lay worker educational reimbursement assistance, retirement programming, childcare tuition discounts, monetary awards for years of service, plus [letter C](#) below.
 - b. MLC regular part-time workers have the ability to purchase health insurance which includes vision coverage, long-term disability at a reasonable rate, corporate life insurance at a reasonable rate with a coverage level at two times the annual salary, voluntary life insurance at reasonable group rates, a dental program which includes no wait on ortho services and major services, flexible spending accounts, lay worker paid time off, paid holidays, lay worker educational reimbursement assistance, retirement programming, childcare tuition discounts, monetary awards for years of service, plus [letter C](#) below.
 - c. All workers have the opportunity to attend or stream daily chapel worship during the school year; receive free or reduced admission to athletic events, concerts, and select theater events; free access to the MLC Fitness Center; reduced-price cafeteria meals; campus store discounts; and access to Christ-centered employee and family counseling with the first 10 hours complimentary. In addition, MLC strives to maintain a healthy work-life balance with flexible scheduling and workload management techniques.
 - d. In short, the worker has very few deductions for insurance and benefits, which maximizes their take-home pay.
9. WELS was founded on December 8, 1849, with DMLC beginning in 1884, and MLC in 1995. With over 175 years “in business,” our earthly mission is longstanding and will continue with the help of God.
10. Currently, the average national tenure for an employee to remain with an employer is about 4 years. ⁴ Our average service record speaks for itself, and 70% of workers give MLC an 8 or higher out of 10 according to our 2022-2023 Satisfaction Survey.
 - Part-time employees (non-instructors) - the average is 5.50 years
 - Part-time employees (instructors) - the average is 7 years
 - Regular part-time employees - the average is 8.75 years
 - Full-time employees (non-instructors) - the average is 9 years
 - Full-time employees (instructors) - the average is 10 years to MLC and 22.50 years to WELS
11. Currently, the average higher education annual increase percentage is around 3% to 4%. ⁵ Our annual compensation increases are competitive with the industry, taking into consideration our insurance and benefit offerings, fiscal standing, and religious non-profit status. Compensation increases may occur annually on July 1, at the direction of the WELS president. Annual increases for eligible workers over the last 10 years have ranged from 1.75% to 3.5%, with the average being 2.20%.
12. Annual performance evaluations are conducted for employees without sole teaching instruction responsibilities. The college does not adjust wages across the board based on performance ratings, nor does the college operate with a performance-based matrix; rather, it follows the annual increases as stated in [number 11](#). Lay worker merit-based wage adjustments may be provided as part of the annual compensation review referenced in [number 4](#).



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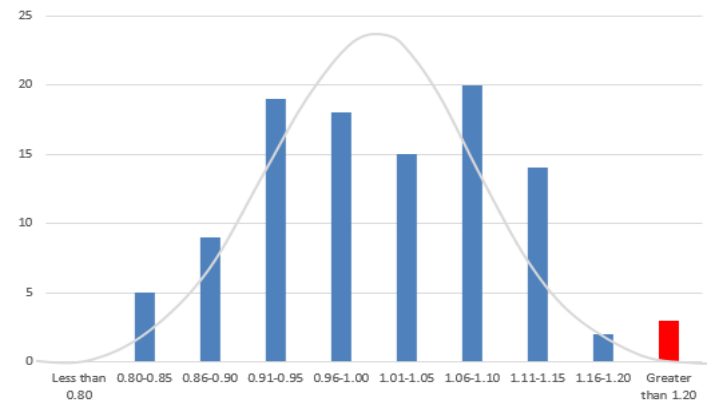
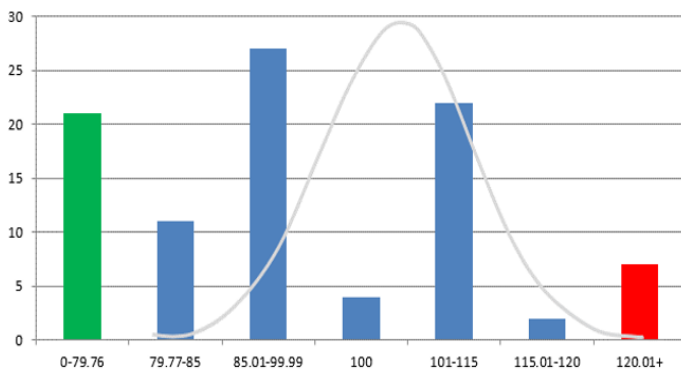
13. Using the compa-ratio method means there is a minimum, midpoint, and maximum. Over the last nearly 10 years, MLC has made strategic strides above and beyond the annual increases to adjust the bell curve. Strategies have included correcting green-circled workers (i.e., workers below the minimum of the pay grade), and reminding that when compensation is near the maximum, the worker becomes ineligible for future increases. Once a worker reaches the maximum and is red-circled (i.e., frozen) at that pay rate, they are ineligible for future increases until the pay grade maximum changes, pay grade changes, or job description responsibilities reflect another pay grade.

These charts reflect how MLC is continually reviewing compensation for lay workers and sliding the bell curve, intending to shift from lagging the market to meeting the market. These goals take time, as improvements are strategic and involve budgetary planning.

2015-2016 Compa-ratio

vs.

2024-2025 Compa-ratio



14. MLC continually strives to balance the cost of student tuition with the future earning potential of our graduates as called workers. At a time of declining enrollment in higher education, and with budgets built on student tuition, gifts from donors, and subsidy from WELS, our current deficit financial standing cannot afford increases beyond what is already being done.

The MLC Administrative Council, together with the HR department, is responsible for implementing, monitoring, and reviewing the compensation philosophy and any legal requirements ⁶ annually, or more often as the market necessitates, and for helping supervisors understand the role that they play in compensation conversations. Supervisor and employee feedback will be sought regularly to gauge the compensation philosophy’s effectiveness and to identify areas for improvement.

These reviews and requests for feedback are made in an effort to continue to build a strong, cohesive work environment filled with mutual respect and appreciation for the unique talents and gifts that each individual brings to MLC.

*1 Corinthians 12: 4-6: There are different kinds of gifts, but the same Spirit distributes them.
There are different kinds of service, but the same Lord. There are different kinds of working,
but in all of them and in everyone it is the same God at work.*

1. Minnesota Statute 181.173 requires employers with at least 30 employees to include pay rate and benefits information in job postings and solicitations.
2. As of 11//25/2024, New Ulm, Minnesota, according to bestplaces.net, has a Cost of Living rate of -23.5% lower. Therefore, MLC called workers are not eligible for a COLA.
3. Fiscal year 2024-2025 benefits with employee plus family health insurance
4. Bureau of Labor Statistics [Employee Tenure in 2024](https://www.bls.gov/news.release/emp.tenure.000.htm)
5. CUPA-HR Higher Education [Workforce Survey](https://www.cupa-hr.org/workforce-survey) shows 2017-2024 data.
6. [Minnesota Statute 181.172](https://www.revisor.mn.gov/statutes/cite/181.172) gives employees the right to disclose the amount of their own wages to any person as part of the Minnesota Wage Disclosure Protection law. The employer cannot retaliate against the employee for disclosing their own wages. This statute does not permit an employee, without the written consent of the employer, to disclose proprietary information, trade secret information, or information that is otherwise subject to a legal privilege or protected by law.