Leadership Network/
Vanderbloemen
2014 Large Church
Salary Report

An Executive Summary of Research Trends in Compensation and Staffing

By Warren Bird
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Article Summary

The 2014 update of our alternate-year survey on large churches, likely the most comprehensive financial perspective available anywhere on churches 1,000 to over 30,000 in attendance. Features include:

- Over 25 unique illustrations, many broken down by church size or church budget ranges.
- The body of the report is framed by questions, most as actual questions we’ve been asked by our clients. Each short response is accompanied by a short narrative and often a graphic.

Also Available

- 2014 Large Church Salary Report, PowerPoint version. A slide presentation of the graphics included in the document you are now reading, plus other reports at www.leadnet.org/salary.
“The nonprofit sector is an often overlooked and important economic driver with its 10.7 million employees making up just over 10% of the nation’s private workforce.”

Teams that lead large churches are one of the most understudied segments of today’s nonprofit workforce; that’s where this report comes in.

For 30 years, Leadership Network has served as a gathering point for ministry peers to share ideas that lead to implementation and impact. Since 2001 we have conducted large church surveys related to salary, staffing, budgets and economic outlook. Our goal is to help church leaders, especially those of innovative larger churches, who want to learn from each other’s practices and benchmarks.

The following report originated from a detailed online survey conducted February-May 2014. It begins by profiling the churches that participated (section 1). Next it summarizes the primary findings about salary (section 2) and benefits (section 3), and then offers special focus on multisite churches (section 4). It then outlines other major financial trends identified by the survey (section 5). Next it offers several “expert’s observations” from the lead researcher (section 6) and helpful Q&A from our partner, Vanderbloemen Search Group (section 7). The final pages (section 8) describe Leadership Network and the creative team behind this report.

The report is formatted in questions – often actual questions we’ve been asked by our clients – each with response narrative and accompanying graphic(s). Readers are warmly invited to suggest questions for us to consider using in future surveys, sending them to research@leadnet.org.

For as many of the metrics as possible, we avoid giving an “average” for a “typical” large church attendance or budget. Instead, this report tries to provide as much analysis as possible by size categories, finding that to be more meaningful statistically and more helpful to users.
NOT WHAT YOU THINK:
10 DISCOVERIES ABOUT LARGE CHURCH FINANCES

#1 Church Size is by far the strongest predictor of large church pastor salaries, and the larger the church's total budget, the higher the median senior pastor salary.

#2 In large churches, 3% was most common raise for 2014; for 2012 and 2013 the most common raise was 2.1% per year.

#3 Half of large churches spend 39%-52% of their budget on staffing cost; that's 1 full-time paid staff for each 51-90 attenders for those churches, measuring 25th to 75th percentiles.

#4 The larger the church, the more likely to be multisite.

#5 Almost 1/3 of large churches gave 10% or more to their senior pastor's retirement plan.

#6 Only 14% of large churches have a financial bonus structure in place for the senior pastor.

#7 Senior pastor salary averages 3.4% of total budget, #2 person is 2.5%.

#8 The larger the church, the less the per capita giving.

#9 81% of large churches offer online giving options.

#10 Top metrics tracked in large churches are attendance, giving, baptisms, guests and small groups.

What were the top findings?

Graphic 1 highlights what we sense to be the main findings of the survey. Each is then commented upon in greater detail across this report.

Who took the survey?

As Graphic 2 illustrates, our survey drew responses from 727 churches with attendances from 1,000 to over 30,000 – 36% of which are also Leadership Network clients. Even with such a high response rate, the survey is not randomly based nor is it statistically accurate for all larger churches. But the findings do indicate many general trends, and is likely the most comprehensive financial perspective available on large churches. Our survey is by far the biggest-scale, cross-denominational response anyone has ever collected about large-church finances.

Our report is particularly unusual in its response from North America’s very largest churches; our survey included participation from 91 churches with attendances of 5,000 and more.

For perspective, approximately 56 million people worship in a Protestant church each weekend across the United States.

• 1 million or 4% of those attenders are in the 100 largest-attendance churches
• 4 million or 7% of those are in churches with an attendance of 2,000 and higher (this percentage includes the number above)
• 13 million or 23% of those are in churches with attendance of 1,000 and higher (this percentage includes the two numbers above)

While including churches with weekly worship attendances in the 1,000 range, our report focuses especially on our sample from the approximately 1,650 North American churches with attendances of 2,000 and higher, often described as megachurches. Their practices also serve as influential models for many other churches.

Our focus on larger churches in no way lessens the important role of the roughly 300,000 Protestant churches that are smaller. Many excellent salary comparison resources are available for churches in those size ranges, the most widely used being The 2014-2015 Compensation Handbook for Church Staff by Richard Hammar and Christianity Today’s Church Law & Tax Group.

What church roles did you cover?

The survey asked about salaries for “full-time top tier” staff only. This was left to each church to define. We offered 41 role choices. Each church gave us information on 13 positions, on average.

For much of the analysis that follows we focus on the highest paid positions, including the senior pastor, in many churches known as the lead pastor. At the end of this report, we offer ways churches can receive customized salary comparisons tailored to various leadership roles in their churches.
This survey is the largest-scale cross-denominational response ever collected about large-church finances.

The survey included participation from 91 churches...

Survey respondents were heavily evangelical, all from Protestant churches in North America.

The senior pastor ages range from the upper 20s to the low 70s. The median age was 51 – a consistent number for many years.

74% of Large Churches Are Growing, Many at Dramatic Rates

- 6% Grew More than 30%
- 6% Grew 21–30%
- 17% Grew 11–20%
- 47% Grew 1–10%
- 7% No Change
- 18% Declined

Average Yearly Growth Rate 2012–2014

The Bigger the Church, the Younger It Is

Congregational identity: 80% Anglo/white, 20% African American/black, Hispanic/Latino, Asian, or “no majority group.”

2. Salaries

What do you mean by “salary”?

Our survey focused only on salaries, and it defined salary as total cash compensation including cash paid toward housing such as through a housing allowance. It included any compensation amounts funded by love offerings. We did not factor in the value of a church-provided house because that’s virtually non-existent in large churches, according to our previous surveys.

“Salary” does not include the value of benefits such as book allowance, travel reimbursements or expense accounts. Those receive comment in a later section of this report. “Salary” does not also mean employer-funded expenses like FICA contributions, hospitalization or life insurance.

Salary is only part of a person’s entire pay package, commonly known as total compensation. This involves cash plus noncash issues mentioned above, plus other perks like personal use of church assets to write a book or church personnel to babysit your kids. It includes bonuses, anniversary offerings, birthday collections, and love offerings (which are all reportable income).

What factors most influence salaries in a large church, and in what order?

We explored 10 factors to learn the influence that each one has on changes in a person’s salary. We used senior pastor salary numbers, but strongly suspect our findings will hold true for other salaries as well. Our big finding is that for large churches, church size overwhelmingly influences salary. What does “size” mean? Budget and attendance are inextricably tied to one another.

![Chart: Church Size Is by Far the Strongest Predictor of Large Church Senior Pastor Salaries](chart)

Graphic 3 demonstrates the unique explainable influences (it excludes overlapping and omitted influences). It shows the seven factors that make a distinct difference in salary. Many were tested but their role as an explained variance was less than 1%. So even variables like whether the pastor was a founding pastor and the how many years ago the pastor was hired was less than 1% in its influence.
How do large church salaries vary by attendance and budget?

The higher the church’s attendance and total budget (excluding any schools the church may sponsor), the higher the senior pastor salary. (See Graphics 4 and 5.) For example, suppose we compare churches with a total annual budget in the range of $8 million. This covered churches from roughly 1,500 to 7,500 in attendance. Even with near-identical budgets, salaries generally moved from lower to higher according to attendance.

Where are the highest, lowest, and averages?

The few outliers in church salaries – those pastors making extremely high salaries or living a lavish and opulent lifestyle – often make media headlines. But there are also churches with dramatically low salaries, such as the large church where everyone receives the same salary from lead pastor to custodian. These extremes not only skew statistics, but they’re generally not helpful comparison points for the vast majority. So we work largely with medians and percentiles – they’re more resistant to outliers than averages and ranges.
The Larger the Church’s Total Budget, the Higher the Senior Pastor Median Salary

Median Senior Pastor Salary Range (25th to 75th Percentile) Across All Church Size Ranges 1,000 to More Than 30,000

Total Annual Church Budget

Source: Leadership Network 2014 survey, 727 responses

Graphic 5
Thus rather than giving the highest, lowest and average (mean) salaries for each role, we have provided the 25th, 50th and 75th percentiles. So at the 25th percentile, 25% of the responses were lower than this value, and 75% were higher. The 50th percentile is the mid-point of all the salaries (also called the median) where half were higher, and half were lower.

Likewise, the 75th percentile is where 75% of the salaries were lower than this point, and only 25% were higher.6 These numbers offer better benchmarks because they minimize the influence of any extremely high or low salaries.

Why this approach? Averages can be deceiving. The average (or “mean” in statistical terms) can mislead since it includes any “outliers” – extreme numbers that are much lower or much higher than the other data points. Imagine the average of 10 salaries, but one of them happens to be from Bill Gates – or anyone else with a net worth around $100 billion. His numbers would skew the average dramatically. That’s why we use medians and other percentiles where possible.7

Is the lead or senior pastor typically the highest paid? Who’s typically the second-highest paid?

The senior pastor is almost always the highest paid person. (See Graphic 6.) The primary exceptions, few in number, are when a co-pastor receives the same pay. On occasion, but even more rarely, is when the number two person (like an executive pastor) receives the same pay level as the senior pastor.

Graphic 6 also affirms the typical salary differences between the top-paid person and the second-highest-paid person. As noted above, such averages can mislead because the pay range between these two people was quite diverse: from 0% (no difference) to 92% (where the top person was paid almost double what the number two person received).

What was the typical 2014 pay raise?

Annual wage increases have slowed to below 2% in recent years, according to the U.S. Bureau of Labor Statistics8, and church salaries have moved along similar patterns. (See Graphic 7.)

To learn about salary increases for 2014, we specifically asked churches about their average pay raise for 2014. To learn about salary increases for 2012 and 2013, we took a different strategy: we compared the 182 churches that participated in our salary survey in both 2012 and 2014, and we matched role to role (example: main worship person salary in 2012 to main worship person salary in 2014 in that same church). Then we calculated an annualized average increase over those two years. Then we clustered the findings according to church size.

Adjusting Salaries Regionally

When you’re putting together a compensation package, it’s important to consider financial variables for your region and even your specific community. Our partner Vanderbloemen Search Group uses region and where possible zip/postal code data to help you consider cost of living factors in their custom salary reports for church leadership teams. See Section 7 for more information on having a custom report created.
**Highest Paid Roles in Large Churches**

How the Salaries of Top-tier Pastors or Division Heads Compare to the Senior/Lead Pastor’s Salary

1. **Executive Pastor/Church Administrator** (70% of senior/lead pastor salary)
2. **Senior Associate Pastor** (62%)
3. **Operations** (59%)
4. **Teaching Pastor** (58%)
5. **Administrative Pastor** (56%)
6. **Worship** (51%)
7. **Generosity** (50%)
8. **Assistant Pastor** (50%)
9. **Family** (50%)
10. **Campus Pastor** (49%)
11. **Discipleship** (47%)
12. **Accounting** (47%)

### How Does the Executive Pastor Compare to the Senior/Lead Pastor?

- The Second-Highest Paid Position* is Usually the Executive Pastor

- In Large Churches, the Senior Pastor Salary Averages 3.4% of Total Budget, #2 Person is 2.5%

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*Most large churches do not have all three roles.

Large Church Pay Raises Have Been Modest in Recent Years

For 2014 Large Church Pay Raises, 3% Was Most Common

2012 and 2013 Large Church Pay Raises Averaged 2.8%/Year

What's the difference in survey results between churches in Canada vs. churches in the USA?

We received enough Canadian responses to do a study of our northern neighbors. Canadian churches follow a predictable pattern of senior pastor, executive pastor and senior associate pastor as highest paid. (See Graphic 8.) Canada’s largest attendance churches are about 7,000 in attendance, and so comparing Canadian survey participants of 1,000 to 7,000 in size to similarly sized counterparts in the U.S., salaries are about 23% lower than U.S. churches (we converted the currencies for comparison), and the total budget of $2.5M is about 30% lower than U.S. churches of a similar size range.

Comparing those equivalent U.S. and Canadian counterparts to each other, the typical Canadian large church in our survey was started in 1961 (compared to 1977 for the U.S.), seats 1,125 in its largest venue (compared to 800 for the U.S.), offers 4 weekly worship services across 3 campuses (compared to 5 and 2 for the U.S.) and grew 8% on average for each of the last two years (compared to 7% for the U.S.).

Using the same size churches for comparison: the senior pastor is age 54 (compared to 52 for the U.S.), was hired in the year 2000 (compared to 2005 for the U.S.), and has a staff of 26 (compared to 25 for the U.S.).
3. Benefits

What’s the general trend toward benefits?

The recent history of large church benefits could be grouped into general phases. The first phase was “We will pay 100% of your major medical premiums.” Then as costs started to rise, churches took the approach of “We will pay this much, and the employee pays the rest.” At the same time, churches began to give financial incentive for employees to utilize their spouse’s insurance when possible. This saves in the long run though not the short run. The current trend is for the employer to pay a fixed amount, letting employees choose a plan from an insurer that has multiple plans.

Among all U.S. employees, 70% of employer compensation costs currently go to wages, and 30% to benefits, according to the U.S. Bureau of Labor Statistics. The 30% includes legally required benefits (8%), insurance (8%), paid leave (7%), retirement and savings (4%), and supplemental pay such as bonuses (3%)⁹. The most widespread additional benefits among workers in private industry are more insurance, employee assistance program, wellness programs, long-term care insurance and subsidized childcare.¹⁰

For U.S. workers in general, benefits have grown at 2.5 times the rate of wages in the past decade.¹¹ Churches have likewise seen significant increases in the cost of their benefits. Our sense is that the type of benefits provided in very large churches have stayed relatively constant in recent years, so we did not ask questions about benefits in our 2012 or 2014 survey, sensing our previous findings are likely still valid.¹²

Instead we explored a handful of specific benefit trends as follows:

What percentage of salary does the church contribute to a retirement plan for the senior pastor?

David Wilkerson, founding pastor of Times Square Church in New York City and author of several books including Cross and the Switchblade, gave all his book royalties to his church and to ministries like Teen Challenge (which he had also founded). As a result, he didn’t have anything set aside for his upcoming retirement. He had also opted out of Social Security. What could his church do to help?

The solution has become known as a “rabbi trust.” It’s designed to build up retirement assets for an undercompensated staff member. Houses of worship are allowed to set these up for one or many staff, as long as the associated compensation level is reasonable.

We don’t know how many other churches are playing catch-up for their pastors, but the survey found that many large churches are giving generously to their pastor’s retirement fund. (See Graphic 9.)

What about financial bonuses or FICA reimbursement for the senior pastor?

The same graphic shows that only 14% of large churches have a financial bonus structure in place for the senior pastor. It also shows that most large churches do not offer FICA reimbursement for pastors who file as “self employed.”
BENEFITS AVAILABLE TO LARGE CHURCH SENIOR PASTORS

Besides medical insurance and other benefits common to the leaders of a large non-profit organization...

Only 14% of large churches have a financial bonus structure in place for the senior pastor.

- 25% offer set percent of salary.
- 22% give a fixed amount.
- 22% say it is budget dependent.
- 22% use other methods.
- 10% use a variable percentage.

Almost one-third of large churches give 10% or more to senior pastor’s retirement plan.

4. Multisite

In recent months, Leadership Network conducted the largest-scale survey to date of multisite churches – those congregations functioning one church in two or more geographic locations. That report, available for free download is named the Leadership Network / Generis Multisite Church Scorecard. It explored many financial questions.

Our salary survey explored multisite issues a bit further. The larger the church, the more likely to be multisite. (See Graphic 11.) Further, salaries in multisite churches are only slightly higher than in similar-size single site churches (see Graphic 3). Also, campus pastor salaries are about the tenth highest paid role in a church. (See Graphic 6.)

Finally in terms of outsourcing certain paid roles (See Graphic 10), multisites and single-campus churches outsource at roughly the same level.

Large Churches Most Commonly Outsource Custodial, Payroll and Graphic Design

- Custodial: 29%
- Payroll: 21%
- Graphic Design: 21%
- Information Technology: 9%
- HR Assistance: 6%
- Exec Search for Select Staff Roles: 12%
- Benefits Administration: 12%
The larger the church, the more likely to be multisite.

Multisite means one church in two or more different geographic locations.

Roughly 1/3 of multisite churches also have an Internet campus.

The younger the church, the more likely it is to be multisite.

5. Other Relevant Financial Trends

What paid roles, if any, do you outsource to a separate company?

Churches outsource various staff roles, much like the business world does. (See Graphic 10.) Some of the roles are in other cities, or even other countries, and so the staff is “virtual” – being supervised by phone and email, but not in person. Payroll is the most widespread example of an outsourced job where the “staff themselves almost never come to our church.” Other interesting examples of remote staff include even sometimes the administrative assistant for the senior pastor!

What percent of total church budget goes to salary costs? How many paid staff members do churches our size have?

The norm is just under 50% for how much of a church’s budget goes to total staffing costs – that’s salary and benefits, on-site and “virtual” staff, full- and part-time, all combined together, with us calculating a FTE or full-time equivalent based on how many hours churches said their typical part-timer works. (See Graphic 12.) That overall “just under half” percentage does not change much by size until a church hits about 10,000 in attendance, and then the percentage goes down.

Likewise, we also explore the size of paid staff and whether that changes by church size – which it does. (See Graphics 13 and 14.)
These averages are not meant to advocate what church should do for staffing. Much depends on its particular mission, the unique community it serves and the philosophy of ministry. For instance, a church with major commitment to children with special needs may require more staff than a church structured around big-group meetings.
The benchmark or formula of salary costs as 40-50% of a church’s overall budget started in the 1970s as people studied churches with attendances under 1,000. In those days, if you had a program-driven model, conventional wisdom was to have one full-time staffer for every 150-200 people in weekly worship.

Other factors influence staff sizes: Does the church have debt? (If so, staff costs tend to be a lower percentage.) Does the church own a facility? (Churches with lower facility costs tend to have higher staffing costs.) How much is the church giving to causes beyond its walls, from the local community to global missions? (Typically the more a church gives away, the lower its staffing costs.) What stages of life is the church in? (New churches tend to have higher staffing costs relative to budget, as do older and declining churches.) We have seen fairly effective churches with 60-70% numbers and also those with 30%.
While all churches offer multiple options for giving, donations are slightly higher in large churches that pass the plate than those who don’t.

81% offer online giving options.
80% pass a collection plate.
37% have donation boxes in the lobby.
25% have an electronic kiosk in the lobby.

What percent of large churches do NOT pass the plate?

[Bar graph showing the percentage of large churches that do not pass the plate, categorized by annual attendance]

Churches that invite online giving have higher giving rates than those that don’t.

Does “passing the plate” vs. offering box in rear make any difference?

Our survey didn’t ask the percentage of electronic giving each church averages, but every survey we monitor affirms that the percentage is growing with each passing month and year. Our survey did ask if churches offer online giving options, and 81% said yes. In fact, all churches offer multiple options for giving – a variety of on-campus and online choices.

We specifically probed the results for churches that purposely choose not to pass an offering plate, offering other options instead such as having donation boxes or equivalent in the lobby. Those are reported in Graphic 15.

What financial metrics do churches track most?

We asked churches what metrics they regularly track, giving them a long list of options. Every church reports internally on several options, and Graphic 16 ranks them by popularity.
6. Closing “Expert’s Observations”

What were the greatest surprises in this research?

Leadership Network’s alternate-year salary, staffing and budget survey is one I look forward to with great anticipation, always eager to see what’s changed and what’s emerging in the world of large church finances. Here are the findings that struck me personally as most noteworthy:

1. Leadership Network clients are different from their large-church counterparts: their attendances are bigger, they are growing faster, their senior pastor tends to be younger, and more. It is a privilege to work with such front line churches through our various programs.14

2. The overwhelming influence of size (budget and attendance) in predicting salary; nothing else comes even close. We highlight this in Graphic 3.

3. The modest salaries overall, but especially at the top. Public media often describe large church pastors as corporate CEOs, and while there are many parallels in terms of leadership responsibilities, the parallel largely ends with salaries. A recent report cites median CEO pay in America as $10 million, which is about 257 times the average worker’s salary, up sharply from 181 times in 2009 – and rising much more quickly than the average raise U.S. workers receive.15 The median large church pastor’s salary isn’t anywhere close to that ballpark, as Graphic 4 illustrates.

4. Only modest difference between “passing the plate” vs. offering box in rear 15). I had suspected the difference would be greater.

5. The level of retirement giving for senior pastor (1 in 3 give 10% or more, as Graphic 9 indicates). We suspect this is a way to help pastors who haven’t done much to prepare financially for their future. We wonder if those that give more than 10% are often a function of church age, pastor age, or other identifiable variables. Perhaps that can be fodder for future reports, along with other ideas readers suggest, sending them to research@leadnet.org.

Can our church use this report for comparison purposes for IRS requirements?

Yes, this is one data point that could be used for comparison purposes to check for comparable pay scales, but you are better served by having a Vanderbloemen custom analysis (see next section), which uses Leadership Network data.

Internal Revenue Service (IRS) scrutiny on compensation issues in non-profits including churches is at an all-time high16. Anyone can report to the IRS at any time a suspicion of unreasonable compensation or other possible illegalities. It can be member, board member, media or anyone in a community. It could include former staff.

One issue the IRS (and public media) especially watches for is private inurement. This means deciding things financially that benefit those involved with the decision. Examples of these conflicts of interest would be pastors setting their own salary or rewarding salary-setting board members with church contracts that benefit them personally. Instead, salaries must be set in advance by “disinterested members.” This means that the board cannot benefit from the decision nor have the potential to benefit.

The IRS is always skeptical of nonprofits determine salaries through revenue sharing arrangements, such as stating that the pastor will receive a certain percentage of the church’s income. However, the IRS does not view bonuses negatively if they involve a defined goal with a defined compensation amount for meeting that goal. They do need to have quantitative measures.

The most frequent concern raised by the IRS (and public media) is that of excessive executive compensation. In assessing whether salary levels are excessive, the general standards the IRS watches for are reasonableness and comparability, especially for the three individuals that are the highest paid. The comparisons need to be made to similar organizations in such areas as
size, receipts, budget, location, and activities, akin to what this custom salary analysis report provides and references. The IRS generally wants at least three comparisons, and this report offers far more than three other churches. The comparisons can come from both taxable and non-taxable sources.

What if our church’s salaries are above or below these benchmarks and averages?

After determining the norm for your setting, you should not be afraid to offer compensation higher than it, even much higher. Here is the general process to follow for compensations that might come under scrutiny as potentially excessive. After creating or obtaining a written document that establishes the “market” for a certain type of person or skill, you can also weight other factors such as unique skills and experience with an explanation of why they are important in your situation, resulting in a higher compensation. Make sure the explanation is in writing and presents the logic. Then combine the comparison, the compensation amounts you decided upon and your rationale into a package that you adopt as part of your board’s formal minutes. The IRS has not challenged churches that make a reasonable argument and back it up with documents before adopting the compensation. However, if you don’t establish such a “rebuttable presumption,” the IRS will do so and it will likely not be something you consider to be fair.

That said, don’t feel pressured to grant above-average salaries. One researcher in the business world says that peer benchmarking fuels the idea of ever-spiraling salaries there. He calls it the Lake Wobegon Effect where everyone is considered above average. As he explains, peer pressure is strong to benchmark pay at the 50% level or higher because if you pay below the average, it makes it look like you’ve hired a below-average leader, and what board wants to advertise that? But in fact churches may have any number of reasons to consider salaries in the lower end of the compensation spectrum.

In short, the way to minimize the likelihood of the IRS challenging compensation levels for a church is to have an independent church board make the decision (paid church staff and anyone with inurement potential must be excluded from voting on salaries), use a compensation study such as this report and/or other comparable salary information such as listed above, and then document elements of the compensation through clear board minutes.
7. Beyond the Data: The Value of a Custom Compensation Analysis

It is our hope that the numbers and trends provided in this report have provoked even more questions in your mind about how you should be compensating your staff. We receive many inquiries each year from church leaders asking them to conduct custom compensation analyses, so this year we have partnered with Vanderbloemen Search Group to provide such a service. We have done projects with Vanderbloemen Search Group over the years and believe they provide the highest quality of help to churches needing staffing, compensation, or consulting advice.

If you have questions on how your church can apply these trends specifically to your church staff, contact Vanderbloemen for more information on their customized compensation analyses (info@vanderbloemen.com). Below report author Warren Bird conducted a Q&A with their founder and president, William Vanderbloemen, on how he’s seen these trends applied to growing churches around the globe.

What circumstances would prompt a church to need a tailored compensation analysis? How does it work?

Church boards forever face a balancing act between two questions: “Are we stewarding the financial offerings wisely?” and “Are we paying our people fairly (and competitively)?”

Churches sometimes fall behind in compensation trends and end up losing staff because of it.

They are also continually tempted to pay staff that they love based on feelings rather than objective data. Additionally, churches are not the best at telling each other what they are paying their staff, which leaves boards and senior staff members ill equipped to know what to pay their teams. In light of such limited knowledge, and duty to both steward resources and pay fairly, a compensation report gives a church board the objective data needed to make difficult decisions.

Further, a compensation study gives a board and a church peace of mind. Board members can report to donors with a clear conscience and donors can rest assured that their tithes and offerings are being managed well. Finally, a compensation study will be of great assistance to a church in the unfortunate event of an IRS audit.

How often should a church do a compensation study on its senior staff?

Barring extreme change in circumstances of the organization, a good compensation study should have a 2-3 year use period.

We’ve done compensation reports for churches that are paying beneath the 50th percentile and those that are paying above the 90th, so we can help churches no matter which end of the spectrum they are on. And both ends of the spectrum have potential downsides: One of the challenges your church may face if you are paying too much is that your staffing overhead is too high, and then if giving were to decrease suddenly, you might experience financial hardship. But if you’re paying too little, you may struggle to retain high capacity candidates who have the potential to outgrow your current salary.
What trends are you seeing in smart churches who are thinking strategically about compensation?

It may sound counter-intuitive, but the most significant trend we see is that the market is often wrong.

Contrary to widespread thinking, you can’t simply pull ballpark market comparison data from the internet and expect to retain high-performing talent.

A prime example of this is children’s ministry. The most strategic churches we work with are realizing that a premier children’s pastor/leader can become one of, if not the largest growth engines for the church. And such churches are paying accordingly. We are seeing an increasing trend of churches who pay the top person over children’s ministry more and more. In some cases, the children’s pastor is one of the top paid people on staff, higher than the student pastor, worship pastor or small groups pastor.

One way we make our compensation analyses customized is that we run the numbers and then incorporate our recommendations based on your church’s growth trends, specific role performance, and tenure. Since every church and every person is unique, your compensation analysis should incorporate the unique aspects of the role you are analyzing.

Other trends?

Rapidly growing churches in particular are quick to become out of sync with competitive compensation packages. Typically, church plants hire in the beginning for vision on a “missionary’s salary.” Then, when they have the budget to give their staff raises or need to hire from the outside for the first time, they have sticker shock on what it takes to recruit the high-capacity candidate they want to hire.

Another trend we’re seeing is that churches are incorporating merit based pay on top of a staff member’s salary.

This allows church leaders to keep their team accountable based on ministry goals, whether it is numerical growth or spiritual goals. Some churches have a bonus or year-end gift that employees receive based on numerical or spiritual goals for their individual and team performance.

What trends are you seeing with benefits as a part of compensation packages?

One involves healthcare. Healthcare is changing quickly and becoming more burdensome on the employer. Smart churches are paying higher compensation and covering benefits only for their employee (not other family members).

We are seeing an increasing trend in churches covering medical benefits only for the employee and thus paying a higher salary so that the employees personally pay to cover their family. This allows the family freedom to choose their medical coverage (high vs. low deductibles) based on their needs, and it allows the church a lower overhead cost in staffing.
Why hire an outside organization like Vanderbloemen Search Group help churches with salary and staffing issues?

Vanderbloemen Search Group is a retained executive search firm that exists to help Kingdom-expanding ministries build great teams.

In our four and a half years as a company, we’ve conducted over 500 searches for churches of all sizes and all denominations.

As a part of our search process, we help our clients create and negotiate compensation packages. This means we have an eagle’s eye view on staffing and compensation trends for church leadership around the globe, and access to data and trends that is normally very difficult to attain.

With our own proprietary data from our clients as well industry best compensation resources that we subscribe to as a part of our search services, we are able to provide customized, comprehensive compensation analyses for senior leadership teams.

What type of churches does Vanderbloemen Search Group help and what type of searches do you conduct?

Our searches have covered ministries of all sizes, locations, and denominations. We've helped our clients find all staff positions such as senior pastors and CEOs of non-profits to children’s pastors and communications directors. In short, we are able to help find key team members at every level. Our work extends across nearly every state of the U.S., and includes a growing international practice with work in five continents and multiple languages.

We’ve been astounded and humbled by the incredible ministries the Lord has brought us as clients. We truly love the responsibility God has given us in the Kingdom to help ministries maximize their staff.

What are the reasons a church would hire Vanderbloemen to help them with a staffing search?

Churches hire us because they realize that the most expensive hire a church will ever make is hiring the wrong person.

Hiring a key staff member is a lot like an organ transplant. It’s that critical. Bringing an outsider into a body to run a major system is delicate, requires expertise, and probably shouldn’t be done alone. In the search process, we view our role as the transplant doctor. Our work involves finding a pool of candidates that is difficult to identify, as difficult as cultivating a list of organ donors. But the real value we bring, and the most complex part of our work, is matching candidates with the culture of our clients. It’s as difficult, and as crucial, as a tissue match in a transplant. A healthy donor organ with a bad tissue match can be lethal. We take culture matching that seriously. The feedback we get from our clients tells us that we are hitting the mark, and constantly improving at the art of staff transplanting.

The most expensive hire a church will ever make is hiring the wrong person... The real value we bring, and the most complex part of our work, is matching candidates with the culture of our clients.
You also assist with succession planning, and even just released a unique book on the topic. What is the ideal point for a church or pastor to call you in, and what would you do to help?

The short answer is: sooner than you think. Having studied over 500 successions, and having written a book (Next: Pastoral Succession That Works) based on almost 200 in-person interviews, we are uniquely positioned to help with succession. While no succession is identical, we have seen a clear and dominant pattern of churches waiting too long to have the “succession planning” conversation. All pastors are interim pastors. All churches will face a transition. Developing a plan sooner rather than later is the wise approach to an inevitable reality.

We have seen a clear and dominant pattern of churches waiting too long to have the “succession planning” conversation.
8. About the Creative Team and Partnership

If you’d like to be considered for the next salary-related or economic trend survey we conduct, please contact Stephanie Jackson, Publications Manager, at stephanie.jackson@leadnet.org.

About Leadership Network

Leadership Network’s role is to foster innovation movements that activate the church to greater impact for the glory of God’s name.

What began in 1984 with 20 leaders now serves over 200,000 leaders all over the world. We primarily conduct programs with innovative churches in the U.S., Canada and Europe at the present time. See the more public ones at www.leadnet.org/programs/.

Our programs work with entrepreneurial innovators—leaders starting and doing new things. We focus on the practical parts of ministry action. We use what we call a “peer protocol” which means that our approach is to put leaders with leaders and let them learn from one another.

We help the church teams move from ideas to implementation to impact. We work with multiple innovations and multiple leaders using multiple models and approaches. This is done in our programs that help them generate new ideas and then works to craft those into doable, realistic plans based on their contexts. But we continue to work to see these plans through to a measurable impact.

We then take what is being learned and use our story sharing tools—our free weekly email newsletter, our blog posts, books, concept papers, online global conferences and other tools—to inform, inspire and encourage others to greater effectiveness.

Leadership Network is a Christian nonprofit 501(c)(3) donor-supported ministry organized in the United States. Our administrative hub is in Dallas, Texas, but our team is deployed all over the world.

About the Creative Team

Warren Bird, Ph.D., primary survey designer and author of this report is Research Director at Leadership Network. With background as a pastor and seminary professor, he is author or co-author of 27 books for ministry leaders including Next: Pastoral Succession that Works with William Vanderbloemen. Other recent titles are Better Together: Making Church Mergers Work with Jim Tomberlin, and Wisdom from Lyle E. Schaller. Some of Warren's recent online reports include “Leadership Network/Generis Multisite Church Scorecard,” “The Heartbeat of Rising Influence Churches” and “Pastors Who Are Shaping the Future.” Contact him at research@leadnet.org or follow him on Twitter @warrenbird.

Stephanie Jackson, Publications Manager for Leadership Network, gave project and communications management to the survey, oversaw the initial tallying of the data, and planned the design and distribution of this report. Stephanie is also the project manager for the Leadership Network Large Church Salary, Benefits and Staffing surveys and editor for our weekly newsletter, Leadership Network Advance.
Additional in-house management and support came from Kelly Kulesza, who managed this report for its final months. Further assistance came from Christy Ceparano, Esther Thompson and Michele Gerbrandt.

Special thanks to the following who suggested questions, critiqued a draft of the survey, publicized the survey, and/or reviewed a draft of this report: Dave Travis (CEO, Leadership Network), plus Jim Beaty, Scott Biggs, Matt Branaugh, Sam Chand, Kent Fillinger, Tony Morgan, Ed Stetzer, Jim Tomberlin and Andy Williams.

Statistical consultation from Marc Glassman, Ph.D.

Desktopping and graphics came from ProEdit.com. “Not What You Think” (Graphic 1) by Esther Thompson.

About the Partner

Our sponsor is Vanderbloemen Search Group (www.vanderbloemen.com), whose motto is “we staff the church.” Vanderbloemen Search Group is an executive search firm for churches and ministries, specializing in staff consultation, succession planning, and compensation. For more about them see the last page.

For information about Vanderbloemen Search Group’s services and learning more about their custom compensation analyses, visit their website www.vanderbloemen.com or email info@vanderbloemen.com. Their principals are named below:

William Vanderbloemen is the president and CEO of Vanderbloemen Search Group and lead author of Next: Pastoral Succession That Works (Baker Books, 2014). William combines over 15 years as a senior pastor with the best practices of executive search. He provides churches with a unique offering: a deep understanding of the local church with the very best practices of executive search. Prior to founding the firm, he studied executive search under a mentor with 25 years of experience at the highest level. As a pastor, William led growth and innovation in churches in North Carolina, Alabama, and Texas. William is regularly invited to speak across the country as a resource to churches and conferences on leadership. Follow him on Twitter @wvanderbloemen.

Ben Homesley is the chief operating officer of Vanderbloemen Search Group. Since 2010, Ben has been responsible for infrastructure, systems, and general daily operations across the firm. In addition to his daily responsibility of managing the firm’s operations, Ben also oversees Vanderbloemen Search Group’s customized compensation analyses where he assesses the client’s specific compensation goals and needs and then provides detailed data along with customized compensation recommendations for each position assessed. Follow him on Twitter @benhomesley.

Contact William and Ben about your compensation analysis needs at info@vanderbloemen.com or 713-300-9665.

Note: Leadership Network conducted this research without any input from Vanderbloemen. Upon seeing the work, Vanderbloemen agreed it should be shared widely and joined the project to help see that happen. All opinions expressed are from Leadership Network and its team, not the sponsor. Our research has its own biases but were not influenced by Vanderbloemen. Having said that, we have worked with this sponsor organization for many years and find them to be persons of high integrity and love for God’s Kingdom work.
Additional Resources from Leadership Network

Want to find more resources like this one? For the most current listing of free and purchasable resources, including books, papers, videos, and podcasts, go to leadnet.org/downloads/.

For resources specifically related to large church salary and economics, go to leadnet.org/salary.

Leadership Network Advance E-newsletter: Our free email newsletter features the best in innovative church strategies, trends, including news of upcoming Leadership Network events. Sign up at leadnet.org/advance.

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Endnotes


2. The survey involved 180 questions. Our methodology: We ran the “2014 Large Church Salary, Staffing and Budget Survey” (an online-only survey) for four months, launching it 2/5/14 and closing it 5/31/14. We sent email invitations to 4,994 churches: 1,079 Leadership Network clients and 3,915 non-clients. We selected these churches on the criteria that they were based in North America (U.S. and Canada only), were Protestant, and were presumed to have current worship attendances (adults and children, all physical campuses combined) of between 1,000 and 60,000. For those who did not respond, we sent several follow up emails. For the 100 non-responding largest-attendance churches for whom we had only general email addresses (such as info@churchname.com), we mailed a letter to the senior pastor. We also publicized the survey on blogs and via twitter, asking several widely followed bloggers and Twitter leaders to do so as well. We also gave verbal invitations and follow up emails to roughly 850 church leaders who attended an on-site event at Leadership Network between January and June, 2014 (whose churches are included in the 1,079 number above). Although we received 1,170 responses, after excluding duplicates and incompletes the final tally resulted in a total of 727 valid survey responses (15% of 4,994).

3. Across this report, where percentages are given, some add up to 99% or 101% rather than 100%. This is due to rounding issues.


5. See The 2014-2015 Compensation Handbook for Church Staff, compiled by Richard Hammar and Christianity Today’s Church Law & Tax Group, store.churchlawtodaystore.com/20cohaforchs7.html. For more insights on churches and their budgeting priorities, also see How Churches Spend Their Money, by Christianity Today’s Church Law & Tax Group based on more than 2,000 qualified surveys completed by church leaders in 2014.

6. For a more complete definition of percentiles, along with a visual, please visit this link: onlinecourses.science.psu.edu/stat100/node/11.

7. If you want to read more about percentiles, try this document.


14. See this link for Leadership Network programs, leadnet.org/programs.


18. Readers are warmly invited to subscribe to Leadership Network Advance, an email containing trends, resources, and innovative ideas for larger, growing churches. Free subscription available at leadnet.org/advance.
How Much Should You Be Paying Your Pastor?

Custom Compensation Analysis for Your Church Staff
Are you paying your pastor enough to meet the cost of living in your area?

Most churches have no idea what a fair compensation package is for their pastor or any member of their church staff.

Vanderbloemen Search Group has conducted over 400 searches for churches around the world and is now conducting customized compensation analysis for church staffs. Vanderbloemen will provide an objective compensation study that will deliver data specifically geared to your budget, attendance, and geographic setting.

What Our Report Includes
Vanderbloemen Search Group, in conjunction with Leadership Network, has access to compensation data for tens of thousands of churches and non-profits which, when coupled with our consultants’ experience, provides objective parameters for fair and competitive compensation for your team.

Vanderbloemen Search Group will analyze your staff position(s) based on size, budget, and location of your church or organization.

The competitive analysis will include data from the most current data from Leadership Network, which runs the nation’s largest-scale compensation study of churches with attendance of 1,000 or more, in addition to other respected public and private compensation survey sources.

The research and recommendations will be documented in a comprehensive report for your board, elders, and/or leadership team. The report will help you determine the appropriate compensation package that is at the same time competitive and congruent with Internal Revenue Service guidelines.

Learn More:
Pricing is customized for each church, based on the number of roles to be analyzed. Please contact info@vanderbloemen.com for pricing and information.