

Continual capital campaigns: The "new reality" for larger churches

Survey by Leadership Network and *Church Executive* shows churches investing heavily in building and technology.

A study by Leadership Network of salary and economic outlooks for 56 very large churches — mostly evangelical megachurches — reveals that 44 percent of them are facing capital expansion issues in the coming months. When asked, "Is your church planning any of the following emphases in 2007?" the first-ranked choice among the six options (almost double the second-ranked choice) is "a capital funds drive for new property or building" [Chart 4].

"In an age when multiple services, multiple venues, and even multiple campuses are widely utilized, churches still find themselves investing heavily in bricks, mortar, and technology

"Newer churches eventually build a permanent facility or they often extensively adapt their rental facilities. Older churches face continual maintenance and updating needs. Growing churches, new or old, must constantly expand to accommodate more

people, and all churches at some point develop new ministries that require major capital investments," he says.

The capital campaign is not always for the direct benefit of the church raising the money. According to the survey, 23 percent of responses indicate that during 2007 they will be making "an appeal to plant multiple new congregations" and 14 percent said that during 2007 they will be making "a gift to mission causes close to or over 1 million dollars." Both initiatives bring financial implications with them.

Other 2007 plans by the surveyed churches: 19 percent will be making "an appeal to launch a new worship site" of their own congregation; 14 percent "a debt retirement funds drive;" and 9 percent "a large appeal for any denominational cause of any type."

Salary range of senior staff

Another noteworthy topic in the survey findings involves the salary range of the senior staff. The survey asks about cash salary plus housing allowance for various roles, separate from other benefits that are often a sizable part of a pastor's compensation plan. Among the findings:

- The typical large-church senior pastor has four direct

CHART 2: STAFF COSTS

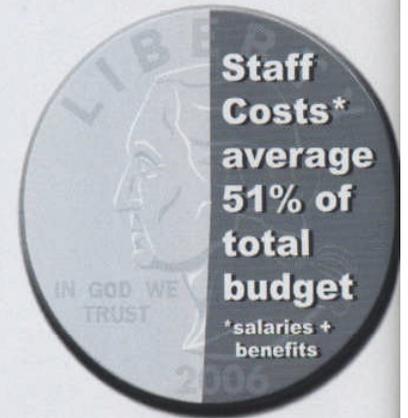
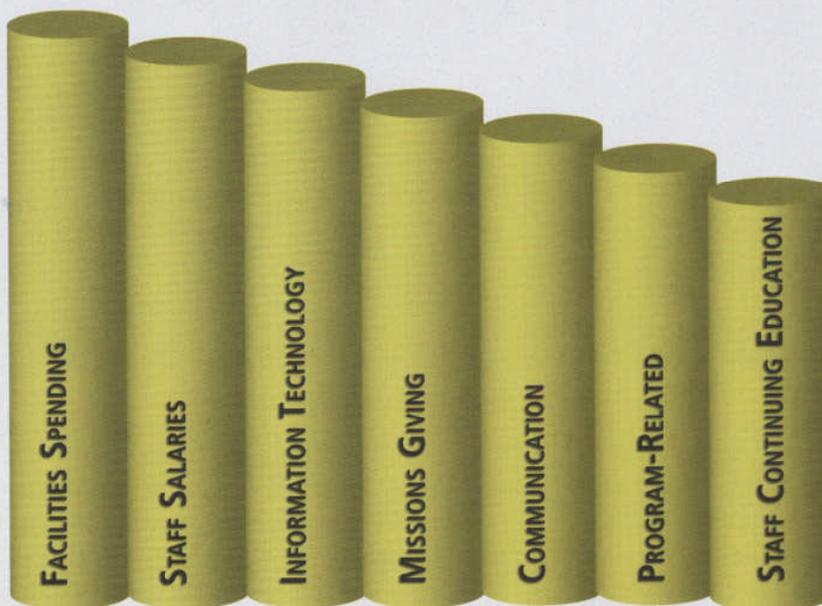


CHART 1: SPENDING PLANS IN 2007



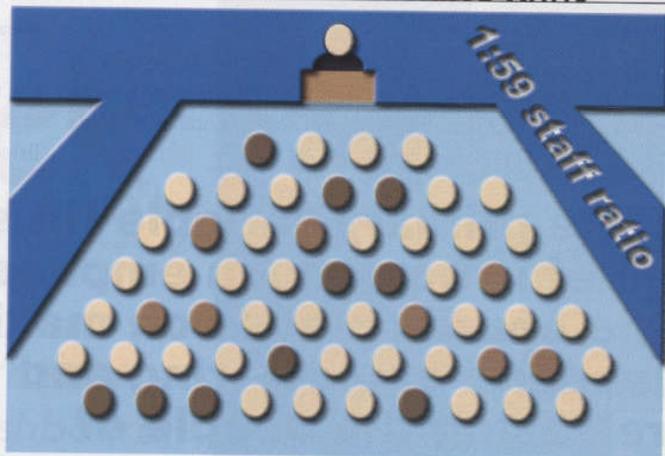
equipment," says Warren Bird, director of research at Leadership Network, and primary writer of the report. Leadership Network is a Dallas-based think tank that focuses on larger, innovative, and growing churches.

By Ronald E. Keener

reports, in priority order: executive pastor/director, associate pastor/minister, business administrator/operations director, and worship pastor.

- The average salary for 2006 for senior pastors is \$131,702, up slightly from \$130,004 a year ago; the highest salary of sampled churches was \$364,000, though the second-highest was considerably lower: \$240,000.
- Executive pastors in the survey receive \$89,803 on average, down from \$98,000 a year ago. "This decrease might be due to the decreased responsibilities of the executive pastor in many churches," Bird says. "Or it's more likely that difference has no meaningful significance, since this study is not based on a pure statistical sampling."

CHART 3: STAFF TO ATTENDANCE RATIO



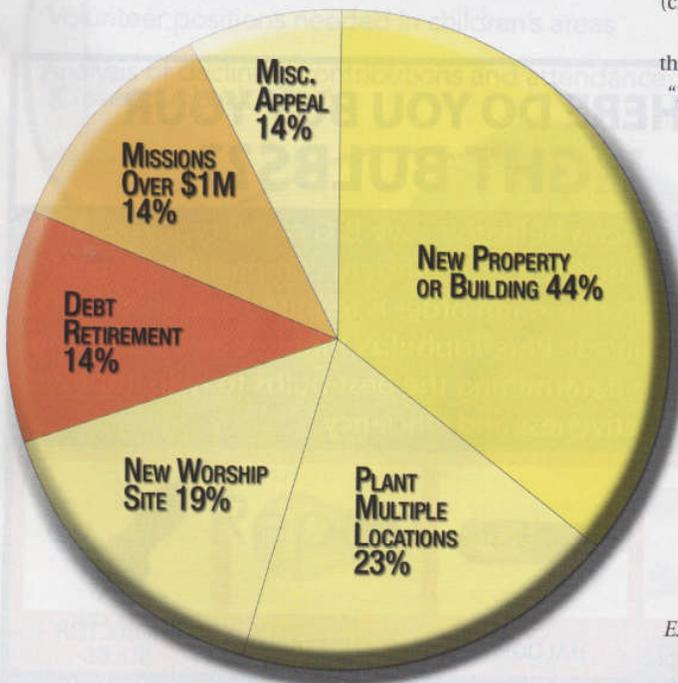
Staff-to-attendee ratios

Perhaps the most unexpected finding of the report, according to Bird, was that on average the sampled churches have one full-time staff member for every 59 attendees [Chart 3]. Leadership Network conducted a salary survey in 2001, 2003, 2005 and now 2006, but it had not before included this question about the ratio of number of staff to church size.

The ratio includes everyone from salaried janitors to salaried pastors, but does not include school staff for those churches that sponsor a school.

What was most surprising was the broad range of responses to the staffing question, Bird says. One church of 1,500 attendance has one staff member for every 18 church members while another church of the same size has a 1:125 ratio. Among churches of a 3,000-4,999 attendance, the range was 1:22 to 1:119. Among churches with attendance of 5,000-8,000 the range was 1:40 (church of 6,000) to 1:116 (church of 5,675).

CHART 4: CAPITAL SPENDING IN 2007



"People often think that the bigger the church, the smaller the number of staff needed, proportionally speaking," Bird says. "For many churches, that's true, but others grow more top heavy with increased size. The primary variable is probably how much emphasis the church places on making leaders: empowering and releasing the people of the church to do ministry."

Attendance and offerings

Elsewhere in the report, for the first eight months of 2006 most surveyed churches have seen increases in attendance and financial offerings. Also worship attendance year-to-date is up 52 percent among all respondents.

The researchers make no claims for the statistical accuracy of the survey as representing all larger churches, nor is it based on a random selection. The surveyed churches volunteered to participate after receiving an invitation from Leadership Network and from an e-mailing by *Church Executive* magazine, which lent support to the survey process.

But it is hoped that the data does indicate many general trends and provides a basis for churches in their planning and administration. For example, a ranked chart of benefits indicates that medical and dental insurance benefits accrue to most full-time staff. Only 8 percent receive a paid health club membership, 20 percent have a ministry or sabbatical leave, and 47 percent have paid cell phone service. Many churches note that the pastoral and ministry >>

"Predictably the ratio would be higher if the question were limited to the number of pastoral and ministry staff," Bird says. Part-time staff were combined to create a full-time staff equivalent.

Continual capital campaigns:

staff receives more benefits than other staff.

Staff costs (salaries plus benefits) average 51 percent of the total church budget [Chart 2]. Responses offered a wide variation, from less than 35 percent in some churches to more than 65 percent in others.

“The primary variable [in staff size] is how much emphasis the church places on making leaders: empowering and releasing the people of the church to do ministry.”

— Warren Bird

Economic outlook

In the economic outlook section, one sign of optimism among the 56 participating churches was their positive response to the statement, “Our church will probably meet its budget this year.” A whopping 94 percent answered yes, 4 percent did not respond, and 2 percent were unsure.

A similar high response — 94 percent — expect the year

ahead to experience an increase in church income.

In spending plans for next year, “facilities spending” tops the list, when a combined score of slight increase, moderate increase and significant increase is assigned to each of the seven categories listed [Chart 1]. Next in order of anticipated expense increases are

staff salaries, information technology, missions giving, communications spending on in-house publications and marketing, and program-related spending of all types. At bottom was staff continuing education.

Average salary pay increases for the next budget year are 3.5 percent, with little significant change based on church size.

Among the 56 responses that were used in the report, the average attendance is 3,181, with the range between 1,500 and 8,000. Average budget (all funds combined) for the entire group is \$5,610,840,

which is slightly higher than the budget average of the 2005 survey respondents.

For a complimentary copy of the full “2006 Leadership Network Salary and Economic Outlook Report,” including graphics, go to http://www.leadnet.org/Resources_Downloads.asp, and enter keyword SALARY. CE



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20 WAYS TO MARKET ENDOWMENT FUNDS IN YOUR CONGREGATION

By Ruben Swint

1. Develop and distribute a brochure.

An endowment funds brochure is the foundation of the marketing strategy. Unfortunately for most congregations, it is the only strategy they use. Include in the brochure the reasons for endowment funds in the congregation, the past and present benefits to the church of any current funds, and a vision of how the funds will enhance the church's mission in the future. The brochure should also include a statement of support and encouragement from the senior minister, a listing of current funds, a list of possible benefits to donors for tax and estate planning, and contact information.

2. Schedule an annual wills emphasis.

At the same time every year, in January, around April 15, or another appropriate time, emphasize the necessity of an up-to-date will for each household in the congregation. A Christian's will provides an opportunity to establish a lasting witness of the benefactor's faith in Christ. Schedule a will-making

seminar that will prepare congregants to make or update their wills with their own legal advisors.

3. List resource professionals in the congregation.

Many members have not made their wills and some do not have an attorney. Assist them by developing a list of resource professionals in your congregation or community who have agreed to provide an initial no-cost interview to assess the work needed to be done and who will provide a price for their work. In no way should the church be a party to giving legal advice through subsidized fees, or otherwise.

4. Preach and teach on the stewardship of assets.

Worship and sermon planning should include teaching and preaching on the stewardship of assets. The senior minister is "chief steward" of the congregation's mission in the world. Calling for faithful support in this life and beyond is a call to discipleship and maturity in Christ.

5. Acknowledge publicly all estate gifts.

As a part of worship announcements and in regular print communication keep the congregation informed of gifts received from members' estates. In some cases, the deceased will have made a request for the gift to be anonymous. Still, acknowledge the gift amount and its designation, if any. Remind congregants that they too

can leave a legacy of faith and ministry beyond their lifetimes.

6. Establish named funds.

Develop procedures for the establishment of named funds. These are funds that are named for donors or others they choose, i.e., their family members. It is wise to establish a minimum gift amount for named funds that are accounted for separately and can be designated for specific purposes consistent with the mission of the church. All such funds can be co-mingled for investment purposes.

7. Endow annual giving amount.

Members can endow their annual giving by giving an amount equal to 20 times their annual gifts. A fund of \$20,000.00, created with gifts during a lifetime and/or completed with an estate gift, will distribute \$1,000.00 per year in perpetuity. With competent investment management, the annual distribution will grow to keep pace with inflation. Combine this strategy with a named fund opportunity.

8. Schedule a retirement planning seminar.

The largest demographic group in our nation is beginning its retirement years. The target group for this seminar is the Baby Boomer Generation. Many in this generation will be recipients of the largest transfer of wealth from one generation to another, from 40 to over 100 trillion dollars over the next 20

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years! Help them see how careful planning will enrich their retirement years and their gifts of a lifetime to the congregation.

9. Schedule special endowment events: Endowment Sunday, Memorial Day, All Saints' Day. Use special days on the civic and church calendars as times for drawing attention to the stewardship ministry of the endowment funds. A special Endowment Sunday can become a regular event with an outside speaker.

10. Develop donor recognition actions: premium, legacy society. In ways that are appropriate to the congregation, create recognition actions, such as a legacy society or heritage fellowship for all members who inform the congregation that the church is included in their estate plan. Give a small item to remind the members of their deci-

sion. Consider a dinner event annually for these members; invite also those members interested in becoming members of the group.

11. Include newsletter articles. Use the church's regular news media for articles on how distributions from endowment funds are sustaining programs, ministries, and mission activities. Highlight the personal involvement of members and those they serve.

12. Publish memorial gifts. Regular publication of gifts received in honor of or in memory of others will stimulate interest in significant gifts to endowment where these gifts go to current or new endowment funds.

13. Regularly provide answers to Frequently Asked Questions. Congregants will benefit from regu-

lar reminders of the basic facts of endowment funds in the congregation. For example,

Who owns the endowment funds?

Who is in charge of the endowment funds?

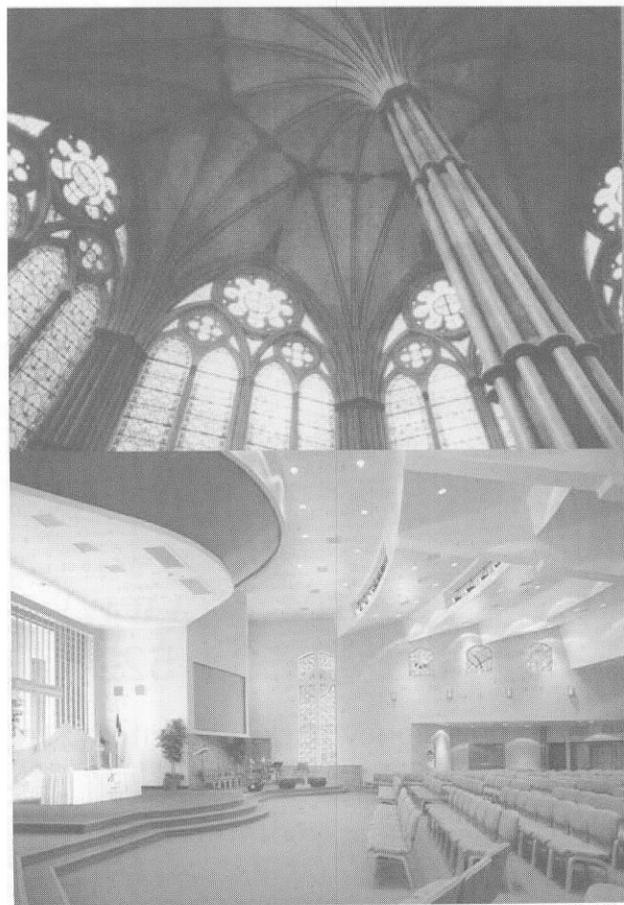
How does money get into an endowment fund?

What happens to money once in an endowment fund?

How does money get out of an endowment fund?

14. Publish sample bequest language.

In accordance with the laws of the state the church is in, publish sample language for a bequest to the church. Encourage members to consult their own legal advisor.



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15. Schedule an estate planning seminar annually. An estate planning seminar can benefit senior adults and their children. Issues of estate management, conservation, and distribution should be covered. Often charitable trusts are used for addressing these estate issues. Competent legal and financial professionals should be available from denominational agencies to provide the seminar.

16. Encourage a tithe of the estate value. One way to determine how much to give through one's estate is to tithe the estate value. A bequest could provide that 10% of one's estate, after expenses and debts are paid, go to the person's church. Another method is to stipulate that all or a portion of the residue (what is left after expenses, debt payments and other bequests) go to one's church.

17. Mail an annual report. Mailing an annual report summarizing the receipts to, investment management results of, and distributions from endowment funds is very helpful. Competence, effectiveness, credibility, and trust are key components of successful endowment marketing.

18. Establish a speakers bureau. Create and train a group of speakers from the endowment board or trustees to visit the church's small groups regularly to give encouraging reports on the endowment funds.

19. Publicize types of gifts possible. Regularly inform the congregation of the vast array of gifts that are possible to the endowment funds. Current gifts can include cash, financial assets, personal and real

property. Life income gifts include gift annuities, various charitable trusts, and life estates. Gifts deferred until after one's death include bequests, beneficiary designations, and trusts. Be certain that a comprehensive gift acceptance policy is in place to protect donors and the church.

20. Use the church's Web site. Provide information on the church's Web site about the church's endowment funds. Much of the brochure can be reproduced. Also available are turn-key planned giving Web sites that can be linked to the church's site. These sites provide regularly updated information and examples regarding giving that can be channeled to endowment funds. The cost is negligible given the long-range benefit to the church's mission. 

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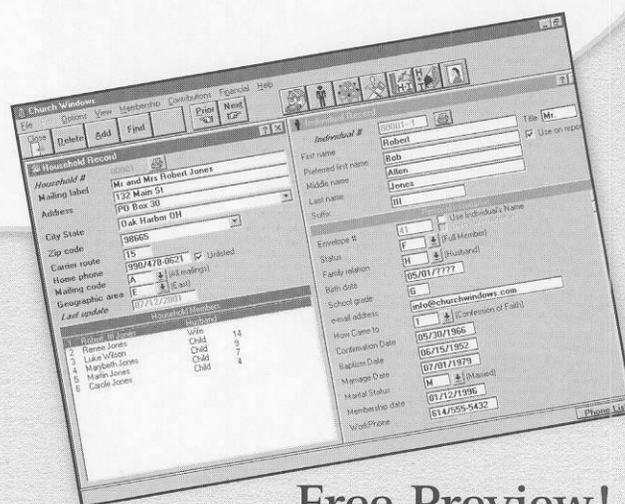
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