

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

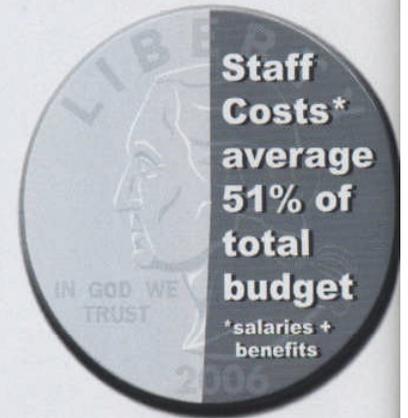
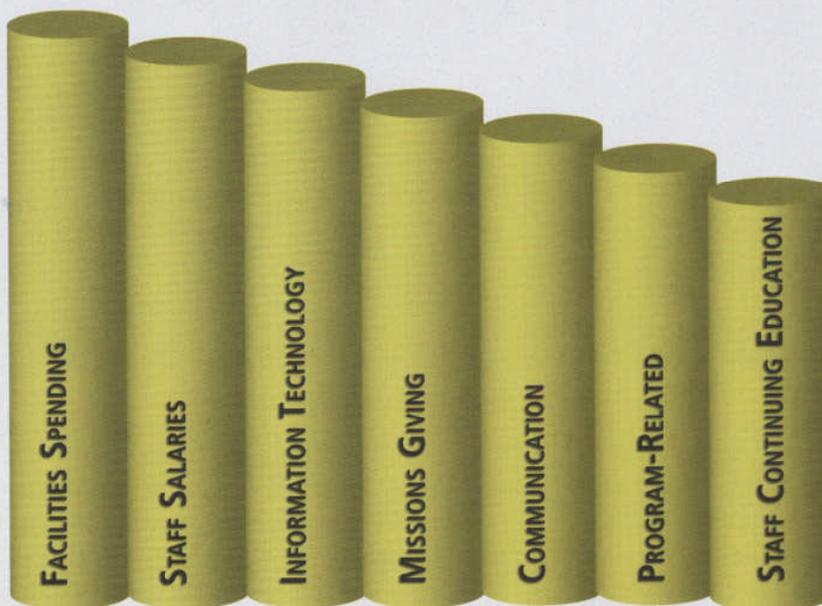


CHART 1: SPENDING PLANS IN 2007



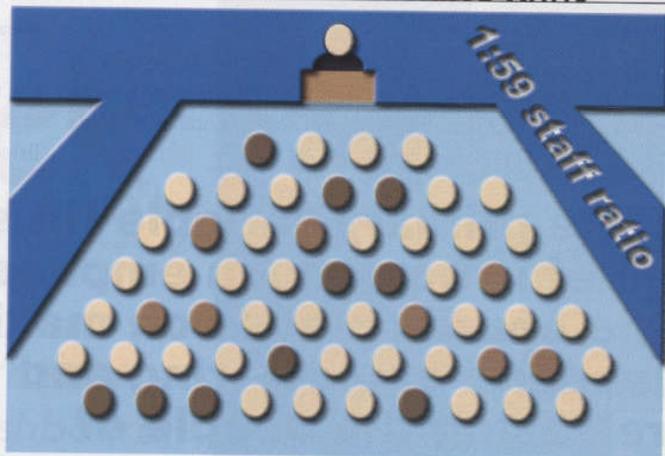
equipment," says Warren Bird, director of research at Leadership Network, and primary writer of the report. Leadership Network is a Dallas-based think tank that focuses on larger, innovative, and growing churches.

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



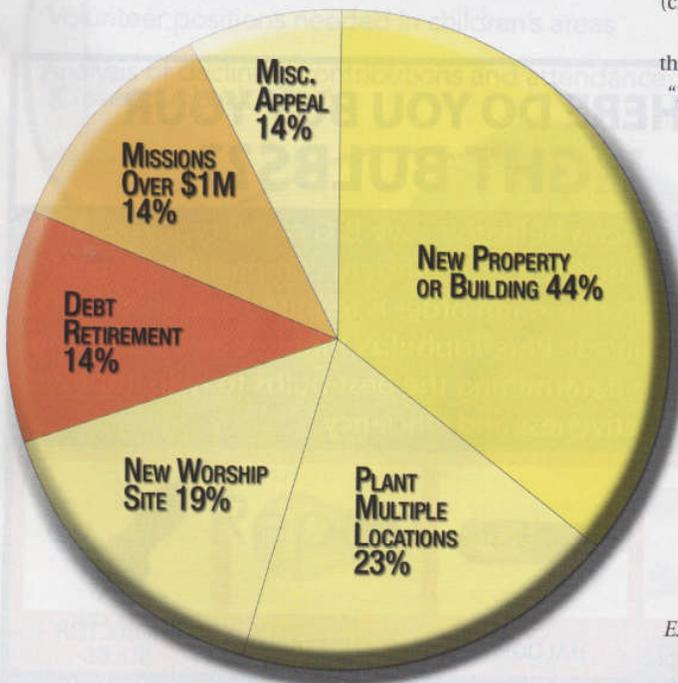
Staff-to-attendee ratios

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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