

The Finances of Faith

Is Your Church Above Average, Below Average or Somewhere In Between?

When it comes to church salaries, budget and debt levels, pastors and congregations are unanimous in their concerns. Whether it's a small family chapel or a gigantic mega-church, everyone wants to know if their monetary windfalls and struggles are typical.

In a study of 277 American churches conducted by Christianity Today International, "normal" was difficult to gauge. Pinpointing averages, however, was easier to do.

Spending Breakdown

According to the study, the majority of church budgets are taken up by staff compensation. Small churches use 46 percent on salaries, and larger churches spend 40 percent.

Facilities and upkeep eat up the second-largest slice of the budget.

Otherwise, on average, churches allocate:

- 8 percent for debt;
- 16 percent for mission work;
- 10 percent to programs such as education, music, discipleship and youth;
- 6 percent for administrative costs;
- 5 percent for utilities;
- 3 percent for denominational fees; and
- 2 percent for property and liability insurance.

Keep in mind that these are just averages of large and small churches. For instance, the study found that large churches were more likely to accrue large debt and allocate more of their budget to repay it. While smaller churches usually avoid debt, they're hit harder by insurance costs, using 6 percent of their average \$100,000 budgets.

In the administrative-costs category, small churches allot 5 percent of their budgets while large churches dedicate only 1 percent.

The budgets in the study average just less than \$300,000, but the median is only slightly more than \$200,000. Some mega-churches skew the average numbers upwards. The median salary is determined by having half the churches surveyed above the median number and half below it.

When using median numbers:

- \$75,000 was spent for staff compensation;
- \$28,002 was spent for facilities;
- \$18,800 was spent for missions;
- \$14,025 was spent for church programs;
- \$7,495 was spent for administration and supplies; and
- \$5,000 was spent for denominational fees.

Examining Debt

When incurring debt, 57 percent of churches say that they only use it for capital improvements; 34 percent are reluctant to incur debt; and 5 percent have a policy against incurring debt for any reason. (Of the churches polled, 43 percent are debt-free.)

The study also concludes that the bigger a church, the more likely it is to be free spenders and borrowers. Meanwhile, smaller churches are more careful with their money.

Income at a Glance

With 93 percent of church income acquired through offerings, the survey asked pastors how they encouraged financial giving. The results:

- 84 percent preach occasionally on giving.
- 72 percent teach tithing.
- 35 percent create stewardship programs.
- 34 percent ask for pledges.
- 37 percent say, "We'll leave it up to the Lord."

Since staffing amounts for the largest chunk of church spending, the study wanted to know just what positions were being filled. The respondents said that either an associate pastor, a youth pastor or a secretary were almost always on full-time staff, whereas 64 percent of respondents say they employ a janitor part-time.

Other part-time staff includes secretaries, pianists or organists, youth pastors and business managers or treasurers. Churches are willing to hire computer-support staff 7 percent of the time, but audiovisual staff only 2 percent of the time.

Paying the Pastors

While pastors are often paid a federally-exempt housing allowance, they're often responsible for their entire FICA contribution, which can amount to a big portion of their checks.

The survey showed that 70 percent of pastors were satisfied with their compensation, but 30 percent felt underpaid.

The median base salary for solo pastors is \$24,192, while the median for senior pastors is \$31,006. Neither figure includes housing and benefits. The median housing allowance for solo pastors exceeds \$9,000 whereas the housing allowance for senior pastors is \$15,250.

Nearly half the pastors surveyed say they've never asked for a raise, but 90 percent say they see no problem in doing so. Most of the pastors who did ask ended up receiving some, if not all, of their requested amounts.