

35131 SE Douglas Street, Ste. 200
Snoqualmie, WA 98065 | USA

Tel 425.888.4800
Fax 425.888.4848
www.northwestministry.com



September 23, 2015

Dear Pastor, Church Treasurer and Official Board,

Prosperity and adversity. We all experience both, usually at different times, but some days we arrive where they intersect at about the same time. Solomon reminds us "In the day of prosperity be joyful, and in the day of adversity consider: God has made the one as well as the other" (Ecclesiastes 7:14 ESV). Most of the time we live somewhere in the middle, and that is true for our churches as well.

Financially, your church may have been experiencing prosperity or adversity over the past year – or maybe somewhere in between. How you handle those circumstances depends upon how well you have budgeted. Regardless of the size of your church, you need a plan for how to take in and spend the resources God allows you to steward. Many of you are preparing church budgets for 2016. Our challenge is learning to balance a conservative approach with margin for adversity with confidence in the Lord's favor for provision and prosperity. Because we usually cannot control income, we project patterns based upon past trends and current economic forecasts. We can control spending, however. Making it all come together is what budgeting is all about.

Pastoral staff salaries are a major expense and one we encourage you to carefully consider as you prepare next year's budget. Church budgets vary widely in the percentage allocated for salaries, generally falling anywhere from 30-85% for those who have full time pastoral staff. Many churches settle in the 50-60% range of total budget. There is no absolute right or wrong answer, as other factors such as church size, staff size, bi-vocational or part-time staff, church indebtedness, church vision, outreach, and community economic viability can all play significant roles. The cost of healthcare or benefits is also a major issue for full time staff. And some pastors and churches have determined to serve bi-vocationally, balancing their role in the marketplace with their role in local church ministry.

The vast majority of our churches want to compensate their pastors fairly, and most want to provide a reasonable, living wage for a person serving the church fulltime. We regularly consult with church boards in this regard and many are surprised to discover that there are studies and surveys available to help guide them in the process of setting compensation. Church boards often do not know where to look for accurate information about pastoral compensation, and because of the emotions that sometimes play a role in this discussion, churches often overlook or neglect to deal with this issue. We are happy to help you with this, and I encourage your board or finance/budget committee to take a serious look at pastoral salaries for the coming year. Most churches want to be as generous as possible, while taking into account local economic realities and available church financial resources. Even if nothing can be done to bring an increase, it makes pastors feel better to know that the matter of their compensation is given serious consideration.

It is usually the responsibility of the local church board of directors to set pastoral and staff salaries. Parishioners want to know that their pastor is treated fairly and well, so don't decide prematurely that a raise for your pastor or staff is impossible. Let people know what the needs of the church are, create a culture of generosity, and invite them to respond through responsible stewardship.

If you would you like to have a resource that could give you access to ready information on this subject, I urge you to consider obtaining a copy of the annual *Compensation Handbook for Church Staff* that is published each year. Richard Hammar, the legal counsel for the General Council of the Assemblies of God, serves as an editor of this study. We review all of the major surveys and have found this one to be the most complete, current and affordable. The 2016-2017 version will be available in October for only \$34.95 at <http://store.churchlawtodaystore.com/20cohaforchs.html>. It provides tables of data, breaking down pastoral compensation by denomination, staff position, educational level, years of experience, size of congregation, region, size of community, or church income.

Here is an example: According to the 2014-2015 *Compensation Handbook* (p.28) the average compensation (plus benefits) for senior pastors of all denominations for a church with a weekend attendance of under 100 was \$48,123.00. For information about your specific church, feel free to contact my assistant, Annie Bailey (annieb@northwestministry.com) and she can look up that information for you if you choose not to purchase the book.

Also, take into consideration that the cost of living in the Pacific Northwest varies widely from place to place, even within regions, and the stats have changed over the past year. This should be factored into pastoral compensation. According to www.bestplaces.net, this is how some areas around our Network compare to national average cost of living:

<input type="checkbox"/> Aberdeen	12.1%	below	<input type="checkbox"/> Longview/Kelso	1.3%	below
<input type="checkbox"/> Bellevue	77.9%	above	<input type="checkbox"/> Moses Lake	8.2%	below
<input type="checkbox"/> Bellingham	25.5%	above	<input type="checkbox"/> Olympia	12.8%	above
<input type="checkbox"/> Bremerton	5.2%	above	<input type="checkbox"/> Omak	2.3%	below
<input type="checkbox"/> Chehalis	2.0%	above	<input type="checkbox"/> Pasco	6.9%	below
<input type="checkbox"/> Centralia	5.6%	below	<input type="checkbox"/> Richland	1.5%	above
<input type="checkbox"/> Coeur d'Alene	2.8%	above	<input type="checkbox"/> Sandpoint	0.9%	above
<input type="checkbox"/> Ellensburg	3.7%	above	<input type="checkbox"/> Seattle	54.3%	above
<input type="checkbox"/> Enumclaw	27.4%	above	<input type="checkbox"/> Spokane	8.6%	below
<input type="checkbox"/> Everett	16.2%	above	<input type="checkbox"/> Tacoma	6.1%	above
<input type="checkbox"/> Forks	2.5%	lower	<input type="checkbox"/> Vancouver	9%	above
<input type="checkbox"/> Goldendale	7.7%	below	<input type="checkbox"/> Walla Walla	3.3%	above
<input type="checkbox"/> Kennewick	1.5%	below	<input type="checkbox"/> Wenatchee	6.2%	above
<input type="checkbox"/> Lewiston	4.3%	below	<input type="checkbox"/> Yakima	8%	below

For many pastors, the cost and availability of housing is a major component of his or her cost of living, as is the size of his or her family, educational debt (student loans), etc. Every church may provide some type of tax-free housing allowance to credentialed pastoral staff. Every pastoral staff member should submit an estimate of 2016 housing allowance expenses to the official board for approval before year's end. We have downloadable housing allowance estimate forms available on our website or by calling our office.

A multi-faceted approach at providing reasonable compensation works best. When a pastor knows that his or her needs are being seriously considered, it increases morale and often increases longevity which generally provides better overall church health. At least have the conversation, and be sure the item is on a board meeting agenda.

We regularly receive inquiries from churches wishing to consult about budgeting and salaries and our finance department will gladly receive your inquiries and help you with your budget. I am happy to consult with you on this matter or any aspect of stewardship and finance as is Greg

Stern, MBA, our Director of Operations and Finance, who is highly qualified to provide you with appropriate resources and information.

Understandably, the matter of pastoral compensation and minister and church taxes is confusing. We provide a free resource that can help remove some of the confusion. Download a copy of annual church and minister tax guides here:

<http://www.nwministry.com/resources/ecfa/church-and-minister-tax-resources.html>.

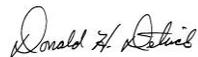
You can watch for updates from our office regarding your church's record of giving for World Ministries and AGWM World Missions Credit. These numbers are important and help us track how we are doing in local and world evangelism and ensure that your church is credited for participation. After the first of the year, you will receive a copy of the ACMR, the Annual Church Ministries Report, from General Council in Springfield, MO. Please take the time to fill out the form and send it in, or fill out the online form. This helps us track and measure the health of all of our churches.

On another note, I would like to thank each church that has faithfully participated in Shared Ministry during the current year. As you probably know, Shared Ministry giving is a critical part of funding our mission as a Network to empower leaders and build healthy churches. Each year over 200 training opportunities, events and conferences that the Network provides would not happen without your important support.

Enclosed is a report totaling your church's giving to Shared Ministry through August 31, 2015. Our team is here to serve you! Please connect with us if you have questions or need resources.

Barbara Williams	barbw@northwestministry.com	Accounts Payable
Tanya Hebert	tanyah@northwestministry.com	Accounts Receivable
Annie Bailey	annieb@northwestministry.com	Assistant to Don Detrick
Greg Stern	gregs@northwestministry.com	Director of Finance
Don Detrick	dond@northwestministry.com	Secretary-Treasurer

Sincerely,



Donald H. Detrick

Associate Network Leader: Secretary/Treasurer

Enclosure