

# Setting Salaries on a Church Staff

*For sure a church should have steps for evaluating and setting salaries on paper so that "the wheel" is not reinvented each year, and as a help to new leaders.*

## PRESUPPOSITIONS

1. The main board of the church (elders, council, session, the board, deacons) should be responsible for the specific salaries of main leaders and the guidelines for others.
2. It seems best that the congregation (members meeting) does not dialog on such issues, though that is a hard habit to break for some churches that started that way.
3. A smaller finance committee that reports to the main board and has at least two or three of the board members on it, should grapple with specifics.
4. All salaries should be based upon merit as shown in formal or informal review; and the ability of the church; and comparisons readily available that compare with similar churches in similar regions.
5. It seems best to most churches to publish salaries as part of the budget in one figure, so that when there are two or more on staff there is privacy.

## PROPOSED STEPS (Whatever your steps, charts or notes like this can help.)

+ The finance committee sets a percentage increase possible for the next year's budget. This takes into account the economy, the present year's giving, the vision and spirit and growth of the church.

+ The main board approves that and so it is set. (For an example, we will use 3% as the figure approved here.)

+ The budget steps begin.

(Usually lines in budget are proposed by staff members based on present year and future plans; these are inspected and approved by staff leadership who are aware of the 3% goal; these are then presented to the finance team.)

+ The finance committee sets the percentage increase for salaries. Usually it is the same as the guideline percentage for the overall budget.

- + The main board approves that figure.
- + The finance committee, joined by three members of the main board if they are not officially members of this committee, meet to set the senior pastor's salary.
  - .....They meet with the pastor for his review and questions about finances.
  - .....They look at charts that compare salaries by region of country and size of the church -Leadership Network, NACBA, some denominations publish.
  - .....There are no staff in the room, including the pastor (after review).
- + The finance committee, with the three members of the main board, is joined by the senior pastor to set the salaries of the main associate pastors. They use similar charts as with the senior.
  - They rely on the review and opinion of the senior pastor, and do not do the review themselves.
- + If there is any "catch up" needed for the main staff leaders, many churches do not count that against the 3% goal for all staff salaries. That would hurt the other increases.
- + In some large settings, the finance committee is joined by both the senior pastor and the senior associate or executive pastor to set other associate or assistant pastors' salaries.
- + The finance committee commissions the senior pastor, and the main associate(s) or executive pastor to set the rest of the salaries based upon the 3%. Some may get small 1% raises and some the larger 5% based on merit, spirit, and production-influence, but most will get 3% which will also be the average. These people set them because they know the staff.
- + Staff members are told one on one what their salary will be and why, usually by the person to whom they report. Churches often ask staff to keep this confidential.
- + Salaries and benefits are noted in the budget in one lump sum.

*(Every finance team knows that benefits of vacation, continuing education, car expenses or provisions, health benefits, and retirement provisions must be considered carefully also as part of this deliberate procedure.)*