ChurchSalary
MAKE AN INFORMED DECISION

Localizing Salary Data Worksheet

Using data published in

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Discussion Questions

Use this worksheet and the discussion questions below, as well as data you gather from our article on How to Adjust Salaries Based on Location, to analyze and adjust nationwide salary data to suit your location.

Calculate a location adjustment that accounts for these three areas:

Basic Expenses

Using housing and rent data, estimate a housing allowance range for pastors. The basic question is whether your church is paying employees enough to live and/or thrive in your community.

- What would a pastor who purchases a home pay for housing (annually/monthly)?
- How much of their salary (as a ratio or percentage) will housing consume?
- What standard of living do we want staff at our church to have?
- Do we expect staff/pastors to own a home, to rent a home, or to rent an apartment?
- How does their salary compare to a "living wage," the minimum wage, or the poverty level?

Purchasing Power

Consult the COLI figures for both your county, adjoining counties, and your MSA (if available). Use these figures (as well as MSA-level Regional Price Parity [RPP]) to assess how far an employee's salary will stretch in your community. Contextualize these figures by discussing the following the questions:

- How much is the cost of housing influencing the cost of living in our county, versus our MSA?
- Does our church require (expect) staff/pastors to live in a specific area/town/neighborhood?
- Is there flexibility in the cost of living? Can employees find cheaper alternatives in our community?
- Which COLI figure is more applicable to our employees: county or MSA?

Income & Cost of Labor

Collect and analyze data on the income and cost of labor in your community. The basic question is the extent to which the cost of living correlates with (or is influencing) higher or lower wages in your area. Contextualize these income figures, pay attention to the percentage change, and work through the following questions:

- What are the demographic variables driving income in our county and MSA?
- Do these income numbers reflect workers of a specific industry or type of household?
- Do these incomes numbers reflect our staff? Should they?
- How should the salary difference between our community and the nation inform wages at our church?

Filter the data you've gathered, as well as these questions, through the theology and philosophy of compensation at your church. Then, settle on an adjustment that accounts for your location and serves your goals.

Apply this adjustment to nationwide salary figures, whenever you create a report on ChurchSalary..

Practical Example

The following example explores how a fictional church located near Christianity Today's headquarters in Carol Stream, Illinois might localize salary data for their context.

Example

Wheaton Second Community Church (WSCC) is trying to hire an associate pastor. This search has spurred the personnel team to perform a comprehensive salary review. After creating a series of ChurchSalary reports, the team wants to fine tune the figures presented in the Nationwide Salary Summary to account for their location.

Using the maps and resources listed above, the personnel team collects the following stats for their church located in Wheaton, Illinois (60187), in the Chicago-Naperville-Elgin MSA.

Basic Expenses

- †***Adjusted*** **Home Price Range** (County): $272k† | $384.4k | $529.5k
- **Rent Range** (County): $1,125 | $1,412 | $1,819
- **Monthly Owner Costs w/ Mortgage** (County): $2,365 [median]
- **Wage References** (1 adult, no children as a baseline)
  - Living Wage: indiv. = $19.23/hr. or $40k/yr.
  - Illinois Min. Wage: indiv. = $13/hr. or $27k/yr.
  - US Poverty Wage: indiv. = $6.53/hr. or $13.6k/yr.

Purchasing Power

- **COLI** (County): 115.5 or 15.5%
- **COLI** (MSA): 102.5 or 2.5%
- **RPP** (MSA): 102.8 or 2.8%

Income/Cost of Labor

- **MHI** (County): $107k *(42.4%)* | (MSA): $85k *(13.2%)* | Nation: $75,149 [median]
- **PCI** (County): $55.1k *(31.8%)* | (MSA): $46k *(10%)* | Nation: $41,261 [average]
- **Cost of Labor** (MSA v. Nation): 106.9 *(6.9%)*

Practical Example (continued)

The team generates a custom salary report for a full-time associate pastor using only their annual budget as a filter (not including size/attendance). *They use the set of averages in the Localized Salary Recommendation section to calculate the percentage change* for each local variable, to use as extra data points.*

† WSCC adjusted the home value range they pulled from the Rent and Home Price map that represent 2022 values by calculating the percentage difference between the median value on the map ($361.7k) and the NAR Q3 2023 median value ($384.4k). WSCC then applied that difference (6.26%) to the first and third quartile figures (e.g., $256k x 1.0626 [or 6.26%] = $272k). They also could have used the FHFA HPI calculator.

ChurchSalary Report (Associate Pastor, FT, $1M–$2M budget)

- **Nationwide**
  - Salary Range: $59.5k | $71.9k | $85.2k
  - Housing Allowance Ratio: 36%
- **Localized Salary Recommendation** *(percentage change between national average*)*
  - Churches Nationwide: $73.3k
  - Midwest: $74.3k *(1.4%*)*
  - Similar COLI: $78k *(6.4%)*
  - Similar Pop. Density: $75.6k *(3.1%)*
  - Similar MHI: $78.2k *(6.7%)*
  - Localized Salary Average: $75.1k *(2.5%)*
  - Localized Housing Ratio: 39.4%

Scenario A: 6.5% COLA

Wheaton Second Community Church decides that adjusting nationwide salary data, for this position and all others, by 6.5 percent seems reasonable. They settle on this figure by averaging the cost of labor (6.9%) and the percentage change of the two highest localized average salary figures in their associate pastor report (6.4 and 6.7%). It is also halfway between the COLI for their county (15.5%) and MSA (2.5%). Because it is influenced by their MSA, the church recognizes that they will need to give employees flexibility in where they live.

The committee's compensation philosophy is to pay at or slightly above the nationwide median. As such, they use a midpoint between the nationwide average ($73,369) and median ($71,900) as a benchmark for their associate pastor candidate ($72,600) and apply a 6.5% COLA, to arrive at an offer of $77,000.

Using the home value range they've gathered and Google's mortgage calculator, WSCC creates an estimated housing allowance range of $22.8k, $32.2k, and $44.2k. These estimates translate into housing ratios of 30%, 42%, or 57% based on their $77k offer. The 57% ratio prompts a discussion about whether this salary is reasonable, but the personnel team concludes that it will be sufficient as long as the pastor is allowed to purchase a more affordable home in the surrounding area and/or if the pastor's spouse contributes a second income.

Scenario B: 14% COLA

Based on the COLI for DuPage county (15.5%) and how much higher income is in the Chicago MSA (10%–13%) relative to the entire country, the personnel team decides to settle on a more aggresive COLA of 14% for all employees. The fact that income in DuPage County is roughly 32%–42% higher than the county as a whole further justifies this adjustment in their minds.

Additionally, the previous associate pastor at Wheaton Second Community left to work at a church located in Kane County, (further outside of Chicago) where the cost of living is cheaper (1.3% versus 15.5%). The team believes that the cost of living in Wheaton may be a pressure point for employees and they want to avoid further turnover. Even though it will require reworking the budget and cutting back on some programs, the team is confident that a 14% COLA will significantly offset the added costs that living close to the church bring and they are confident this this increase will help employees to be more active and involved in their community.

** To calculate the percentage change, divide the local value by the national value (e.g., Midwest avg. ($74.3k) ÷ National avg. ($73.3k) = 1.0136). To convert this to a percent, subtract 1 and multiply by 100 (1.014 - 1 = 0.014 x 100 = 1.4%). To adjust national figures, multiply by uncoverted or initial value (e.g., $73.3k x 1.014 = $74.3k).*