

The State of Church Compensation 2024



Church
Salary

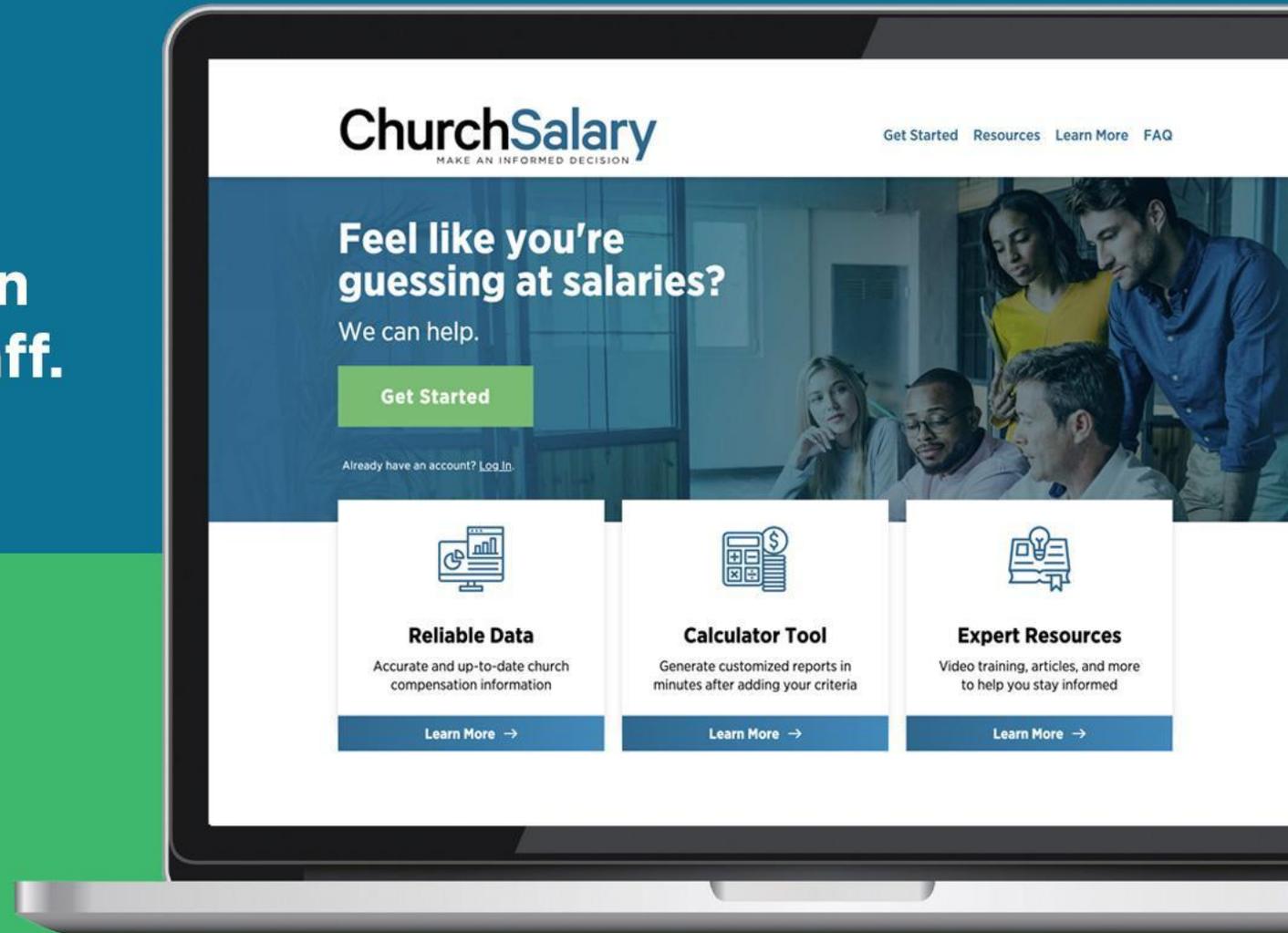
Church
Law&Tax

ChurchSalary

Make informed compensation decisions for your church staff.

Unlock all the benefits with our annual membership for

\$99/year



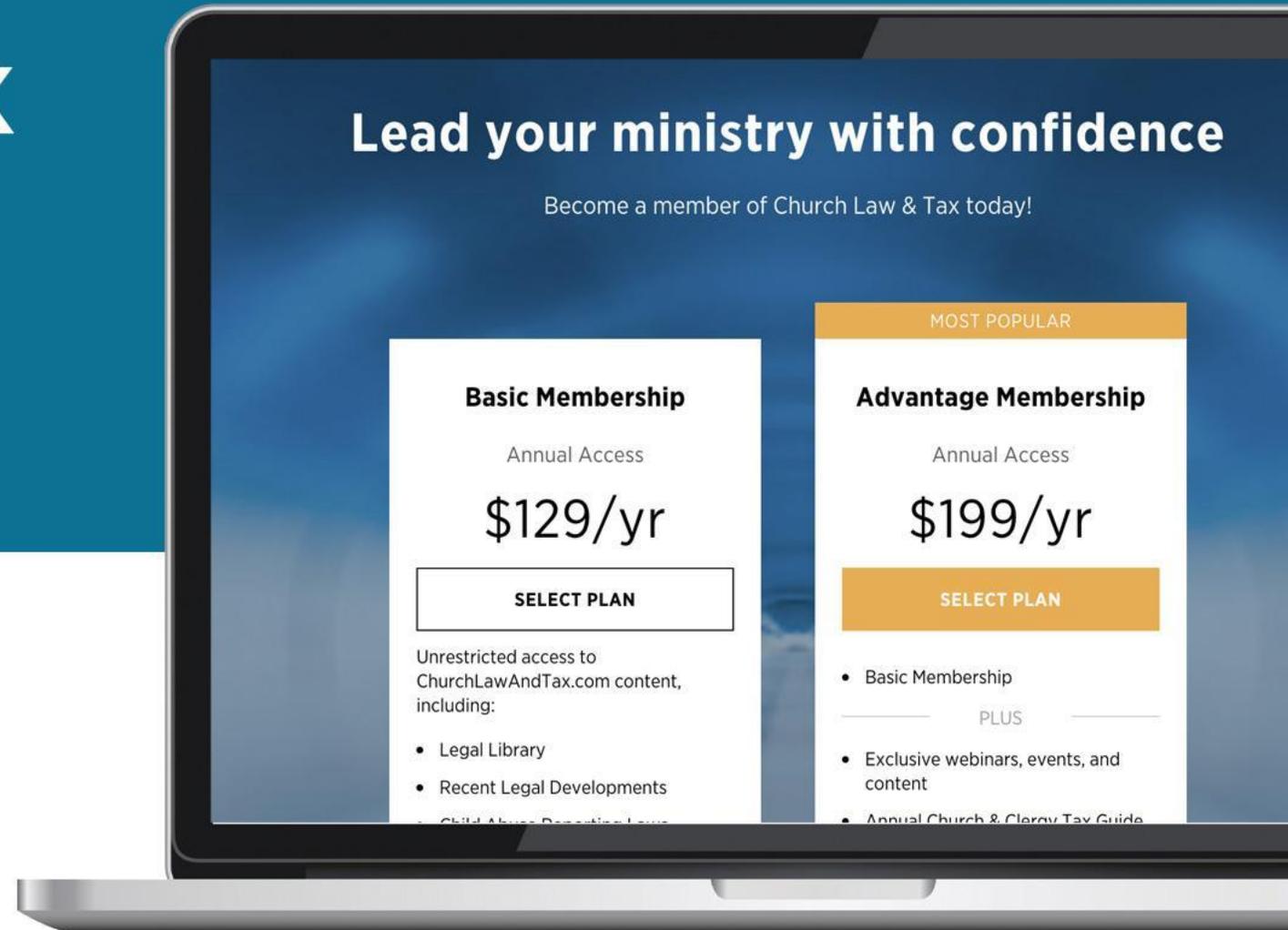
www.ChurchSalary.com

ChurchLaw&Tax

Equip Yourself for Success
with Church Law & Tax

Stay informed and keep
learning with wisdom from
trusted experts on finance, risk
management, and legal issues.

JOIN TODAY!

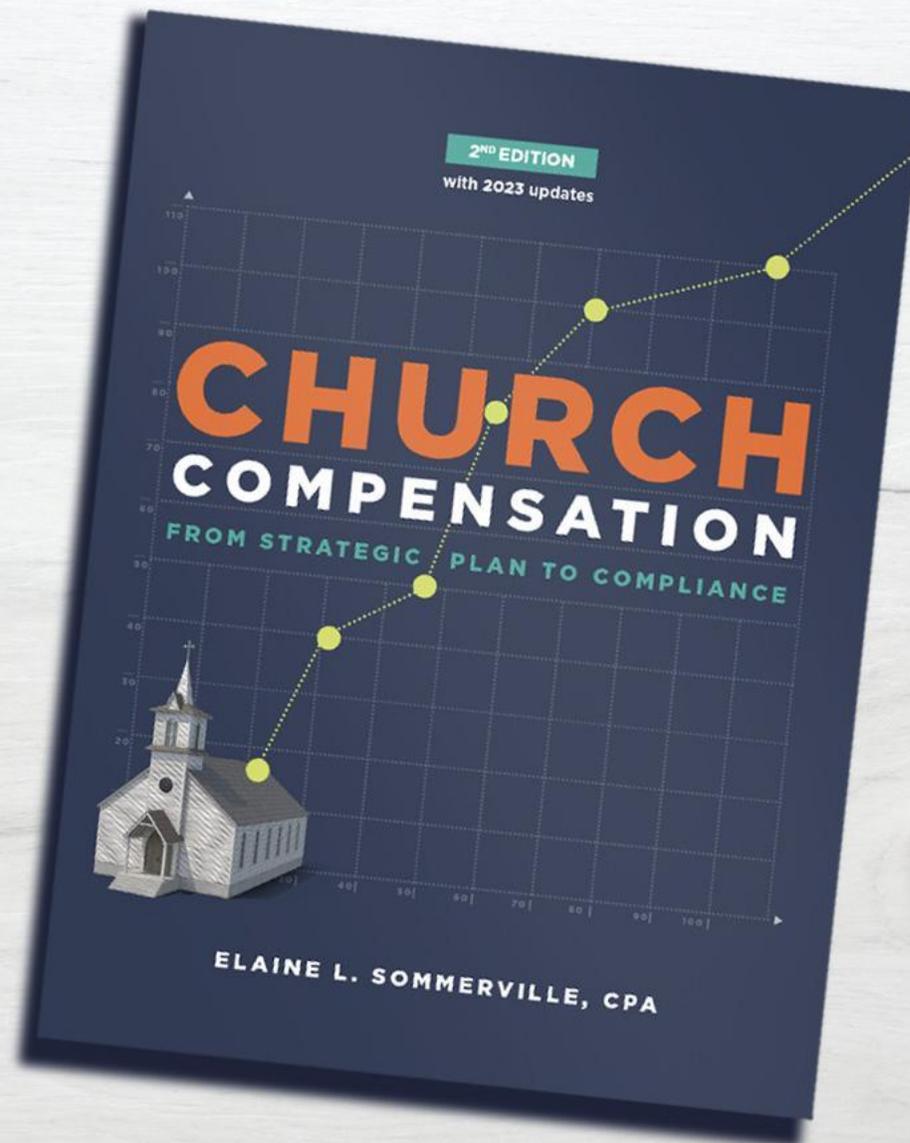


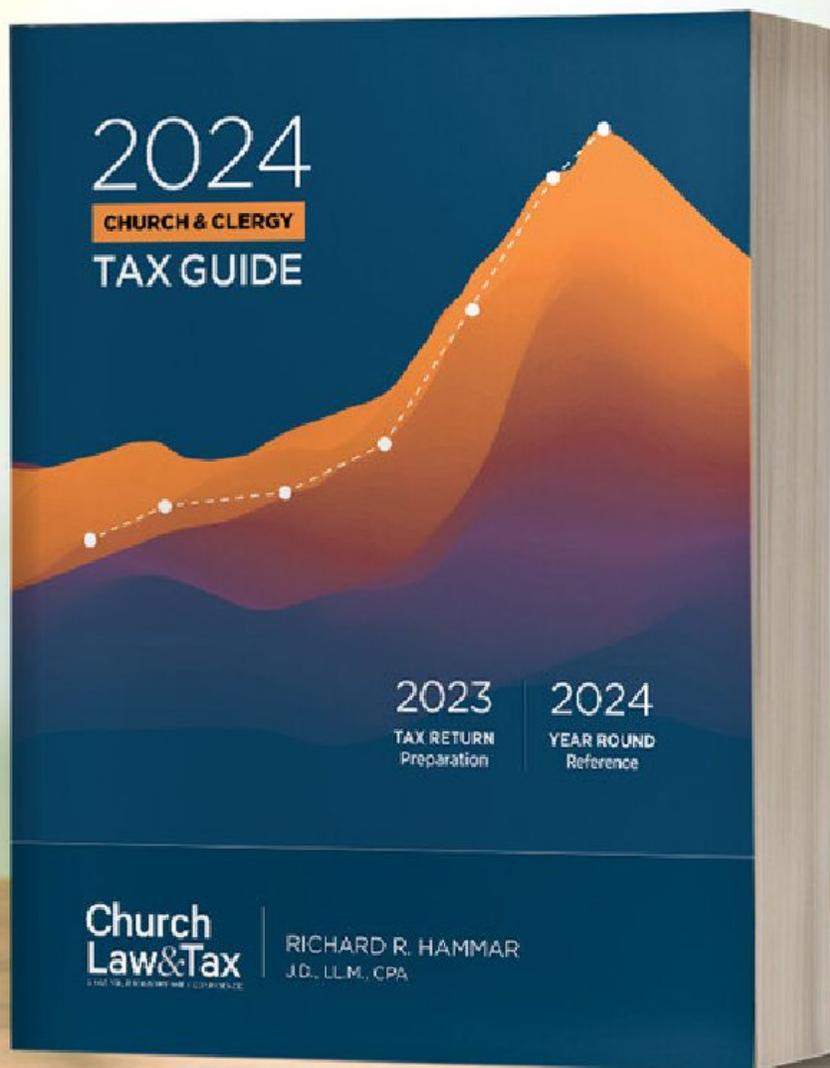
www.ChurchLawAndTax.com

This **2nd edition with 2023 updates** is your how-to-guide as you plan out every aspect of your church's employee compensation plan.

Get your copy here:

Store.ChurchLawAndTax.com





TAKE THE CONFUSION OUT OF TAX SEASON!

Order the 2024 Church and Clergy
Tax Guide Today

SAVE 25% when you order the book & PDF!

Shop Now at Store.ChurchLawAndTax.com

Grow More with

The all-in-one membership that helps you simplify communication, boost engagement & grow your church.

Advanced texting tools for your entire church & staff.

Digital connections to new people in your city.

Automated New Mover postcards mailed monthly.

Save up to 20% **Church Salary** and **Church Law & Tax** Memberships, and more!



Save 20% on a monthly or annual subscription. Cancel anytime.



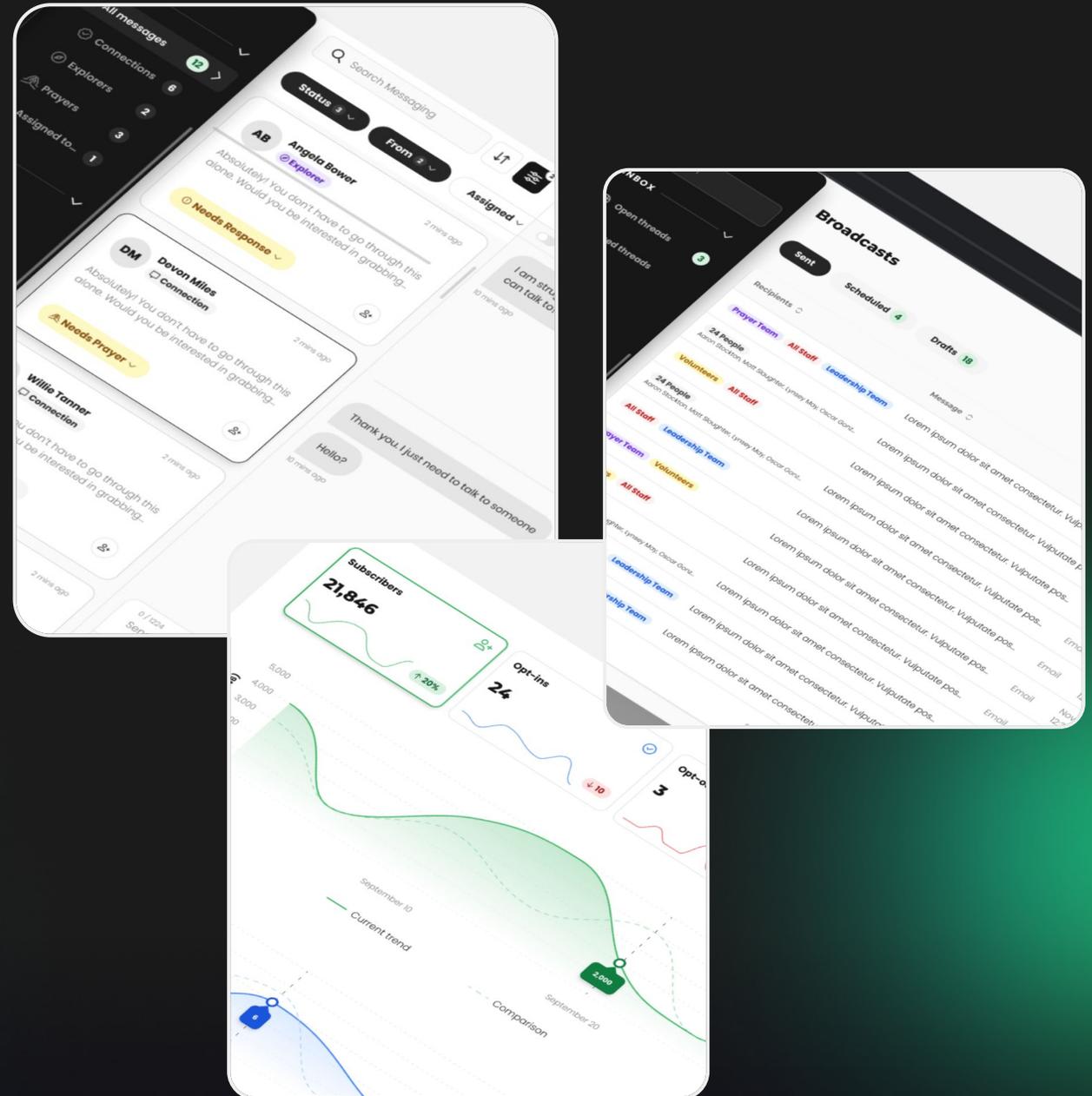
Free Church Texting Platform

Advanced texting for your entire church & staff.

- Turn new visitors into engaged members with automated text series.
- Keep your people and ministries updated on important information.
- Integrate with your ChMS.



Sign up free today!



CHURCH FINANCE

PRO PACKAGE



Free to Read on ChurchSalary.com



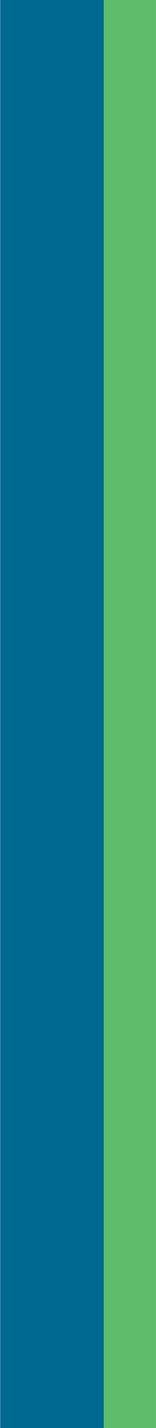
The Rising Cost of Replacing Pastors

Market forces are creating tremendous pressure for churches as they seek to replace pastors.



2025 Budget & COLA Changes *(Survey Results)*

Decreases in giving and attendance coupled with increases in costs associated with hiring and benefits are forcing churches to make hard decisions this fall.



State of Church Compensation 2024

A webinar presented by:

Aaron Hill
ChurchSalary

Matthew Branaugh
Church Law & Tax

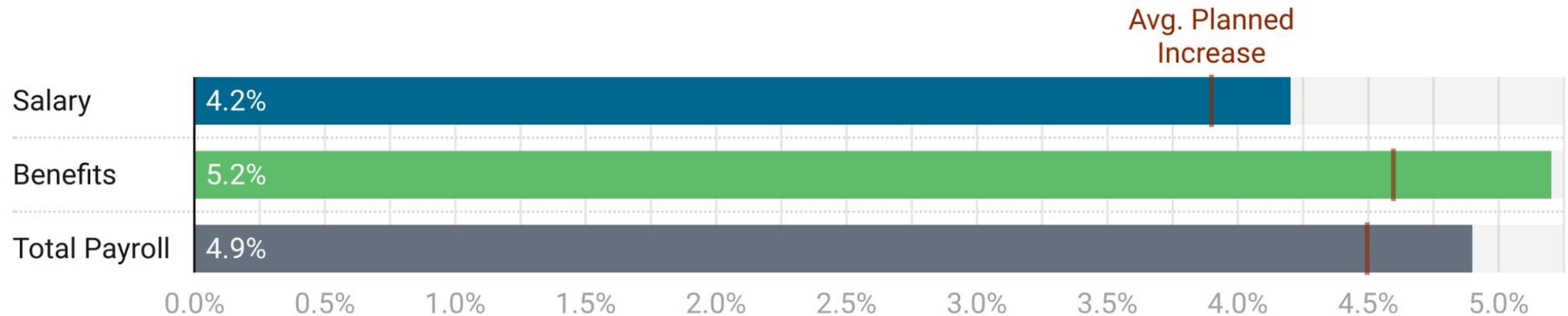
Matt Steen
Chemistry Staffing

Dustin Gaines
My Church Law Firm

2024 Payroll Budget Increases | Actual v. Predicted

Churches spent more on salaries and benefits in 2024 than they predicted. According to data captured through ChurchSalary's 2023 and 2024 State of Church Compensation surveys, the average underestimation was around a half a percent.

■ Salary ■ Benefits ■ Total Payroll

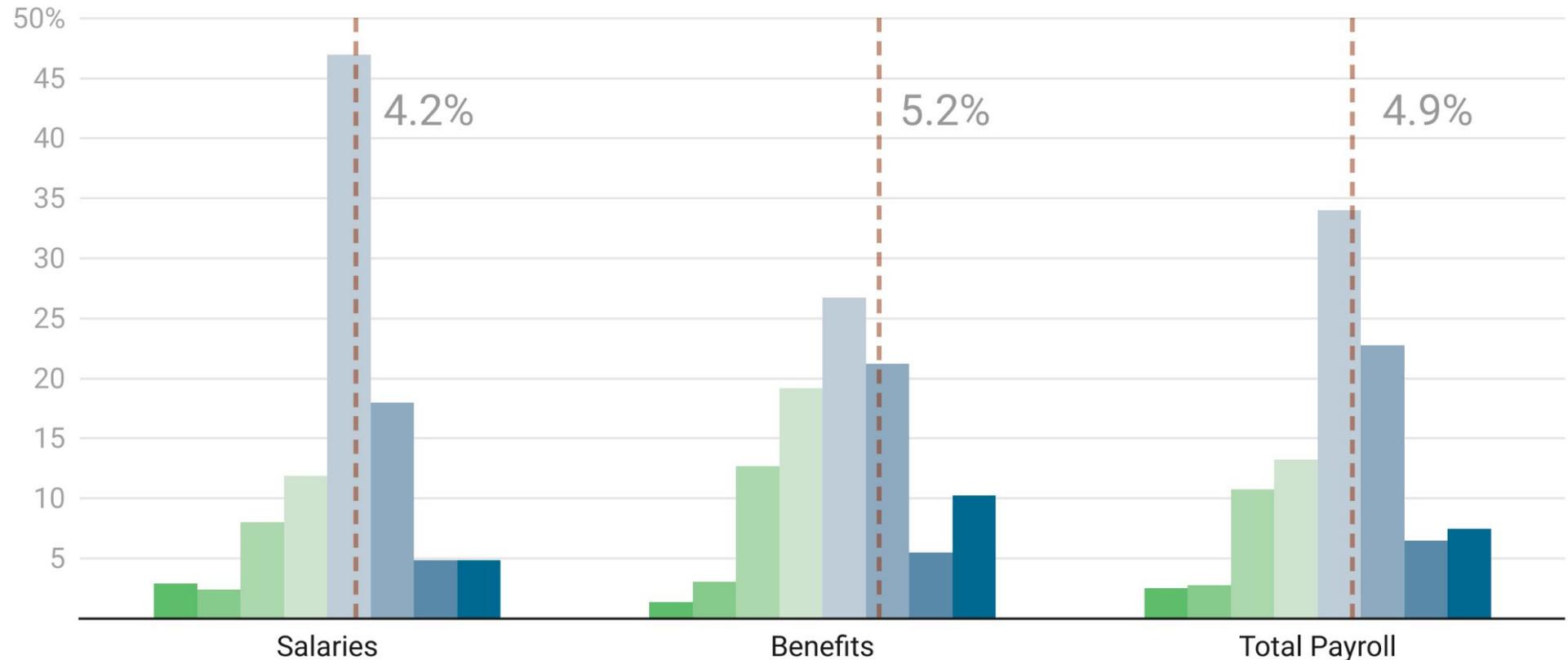


Based on 796 churches who participated in both the 2023 and 2024 State of Church Compensation surveys.

Chart: Aaron M. Hill • Source: ChurchSalary and Church Law & Tax, 2023–2024 • Created with Datawrapper

The Distribution of Budget Changes | 2024

■ -11 to -20% ■ -6 to -10% ■ 0 to -5% ■ 0 to 2% ■ 3 to 5% ■ 6 to 10% ■ 11 to 15% ■ 16 to 20%



Based on 411 responses to the 2024 State of Church Compensation Survey (August 2024).

Chart: Aaron M. Hill • Source: ChurchSalary and Church Law & Tax • Created with Datawrapper

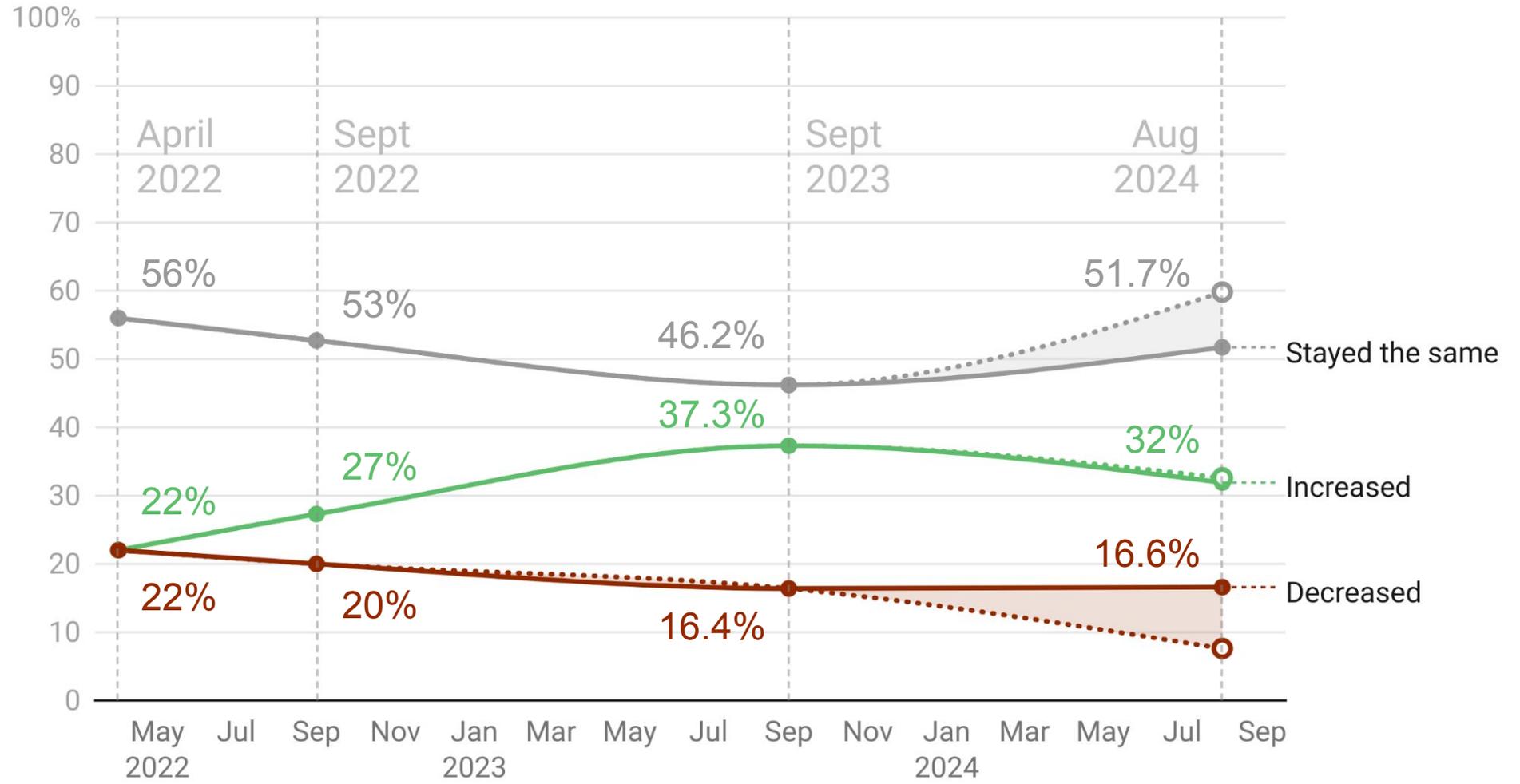
How did your staff and payroll budget change in 2024?

Category	Increased	Stayed Same	Decreased
# of Employees	32%	52%	16%
Hours Worked	28%	62%	10%
Salaries/Wages	75%	19%	6%
Benefits	43%	52%	5%
Overall Payroll Spending	71%	16%	13%

Based on 514 responses to the 2024 State of Church Compensation Survey (Aug. 2024).

Table: Aaron M. Hill • Source: ChurchSalary and Church Law & Tax, 2024 • Created with Datawrapper

How has the size of your church staff changed in the last year?



Reasons for cutting wages, benefits, or total payroll in 2024

2023

Decreased giving/income



Decreased attendance



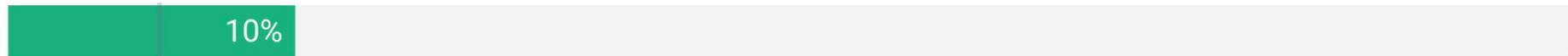
Smaller staff/attrition



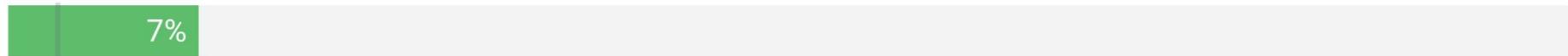
Staffing changes (FT to PT, PT to contract, etc.)



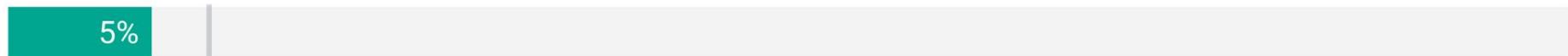
Ministry changes (new campus, fewer programs, etc.)



Increased costs (utilities, facility/loan, etc.)



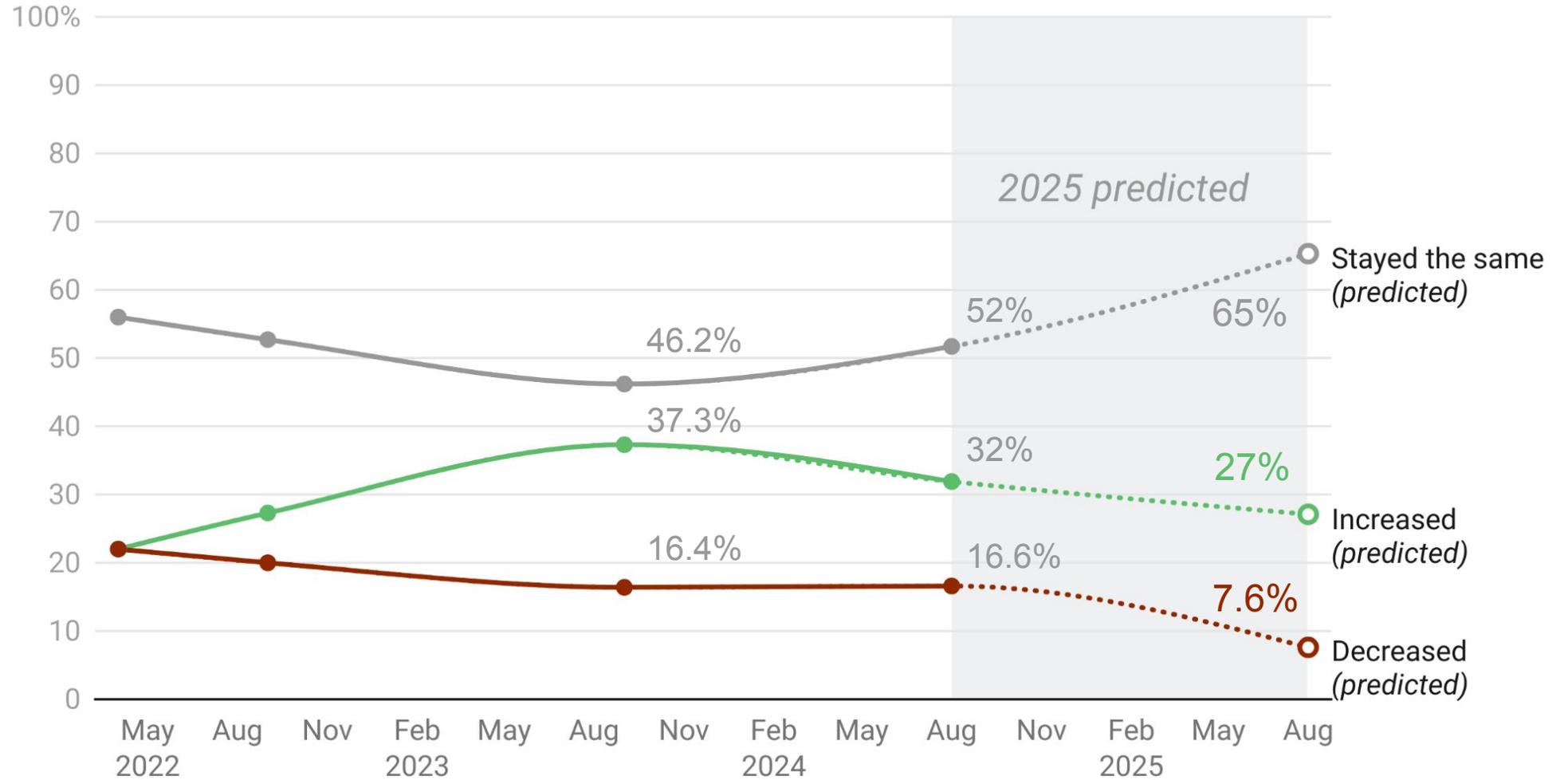
Benefit changes



Based on responses to the 2024 State of Church Compensation Survey (August 2024).

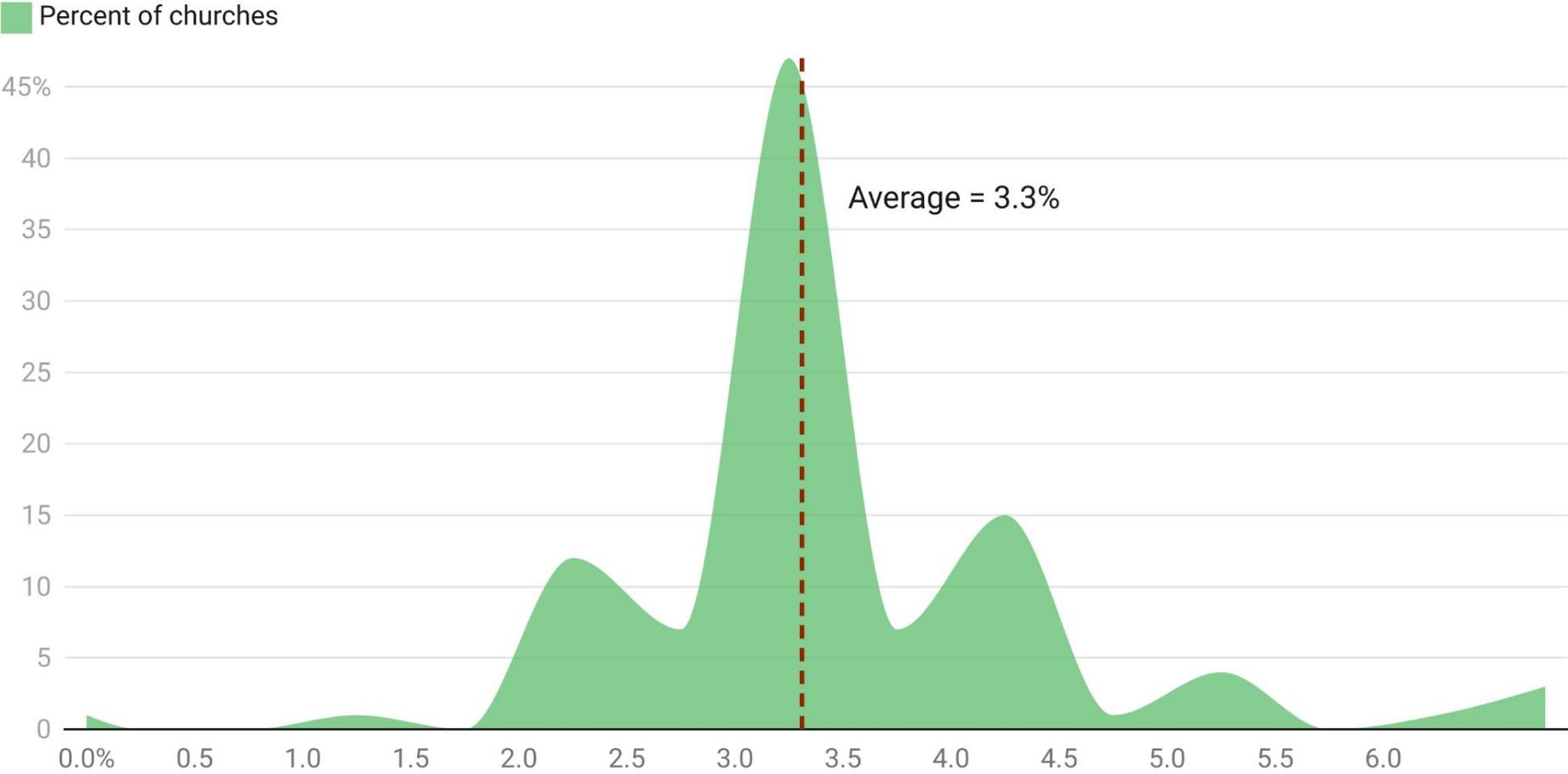
Chart: Aaron M. Hill • Source: ChurchSalary and Church Law & Tax, 2024 • Created with Datawrapper

How has the size of your church staff changed in the last year?



Cost of Living Adjustment (COLA) | 2025 (Anticipated)

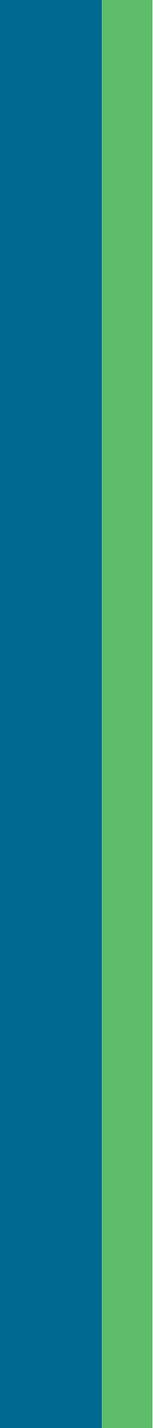
Churches are extremely aligned this fall on a cost of living adjustment of 3.25% for their 2025 budgets. Roughly half (47%) of churches plan on using a COLA of between 3% and 3.5% (average = 3.31%, median = 3%). This reflects the current inflation which dipped below 3% in July for the first time in 3.5 years.



Based on 280 responses to the 2024 State of Church Compensation Survey (August 2024).
Chart: Aaron M. Hill • Source: ChurchSalary and Church Law & Tax, 2024 • Created with Datawrapper

2025 Projections

- Salary/Wages: 3.7%
 - *Median = 3.25%*
- Benefits: 4.5%
 - *Median = 4%*
- Total Payroll: 4.4%
 - *Median = 4%*



The Rising Cost of Replacing Pastors

Matt Steen

[chemistrystaffing/lets-talk](https://www.chemistrystaffing.com/lets-talk)



**CHEMISTRY
STAFFING**



MyChurch
LAW FIRM

New Federal FLSA Overtime Rule

Dustin Gaines

Were the April 23 Changes Significant?

These changes are some of the most significant we have seen in years!

- Updated salary thresholds for salaried, nonexempt employees
- Introduced a “phase-in” approach for future increases.
- On the same day, a different agency banned noncompete agreements.

Employment Compensation Overview

- Employees are generally paid either on an hourly or salary basis.
 - Hourly employees track their time and are eligible for overtime pay (1.5x normal pay rate for all hours worked over 40 in a workweek).

Employment Compensation Overview

- Salaried employees *may* be exempt from overtime laws so long as the employee is eligible under the FLSA's standards.
 - "Exempt" employees meet the FLSA's standards and are paid a fixed amount. Exempt employees are **not** eligible for overtime pay.
 - Salaried employees may also fall under "nonexempt" status. This means that they are paid a fixed amount up to their hour requirements as set forth by the employer.
 - Must meet minimum wage requirements
 - Must be eligible for overtime pay.

FLSA's Pathway for Exempt Employees

Exempt employees—those who are not eligible for overtime—must satisfy the FLSA's requirements.

- 1. Duties Test:** Must perform duties articulated by the FLSA.
- 2. Salary Basis Test:** The employee must be paid on a salary basis that is not subject to reduction based on the quality or quantity of work rather than, for example, on an hourly basis.
- 3. Salary Test:** Must be paid over certain dollar thresholds.

Big Changes to the Salary Test

- **Current Salary Test:** \$684/week (\$35,568/year)
- **Phase-In Approach for Updated Amounts:**
 - July 1, 2024: \$844/week (\$43,888/year)
 - January 1, 2025: \$1,128/week (\$58,656/year).
- Automatic increase every three years starting on July 1, 2027.

What Are My Options?

You have two primary options if new FLSA standards take an employee out of exempt status:

1. Increase the employee's pay to the applicable level.
2. Track the employee's time.
 - Time tracking protects the employee and employer.
 - Employee is protected by being able to prove earned overtime.
 - Employer is protected against frivolous overtime claims.

Ministerial Exception Applies to FLSA

- In a Department of Labor (“DOL”) Opinion Letter, issued on January 8, 2021, the DOL confirmed that the Ministerial Exception applies to the wage and hour requirements of the FLSA.



MyChurch
LAW FIRM

Dustin Gaines

dustin@mychurchlawfirm.com

The State of Church Compensation 2024



Church
Salary

Church
Law&Tax