

GREENBOOK

A Guide to Intelligent Giving

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Jewish Day School Financial
Sustainability and Affordability

WRITTEN BY DANIEL HELD
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Introduction

“People of the Book.” That description of Jews has been around for nearly as long as we have been around. It’s as much a commitment as it is a compliment, acknowledging the ultimate value we place on study and education.

If that’s true in our personal lives, it’s also true—or should be true—in connection with our philanthropic endeavors.

We all want to know that we are making a difference and giving intelligently of our time and of our resources. Until now, though, this kind of information for funders has been too rarely available.

Funders regularly tell us they need thorough, impartial information and concrete ideas and assessments. We often hear such questions as:

“How can my foundation in Illinois keep track of the latest ideas being tested in Toronto or Tel Aviv?”

“I’m a funder who typically focuses on the needs of people with disabilities; how can I get up to speed as I consider branching out into other causes?”

“A nonprofit just came to me and shared some ideas that sound fantastic; can you fill me in on other strategies in the area currently being tried?”

Whether you are an individual funder or a foundation with a limited staff, it is nearly impossible to glean a full view of the landscape and challenges by yourself.

In the investment community, research reports known as Blackbooks are extremely well-regarded for their insight, objectivity and quality. Jewish Funders Network and The AVI CHAI Foundation are bringing the same rigorous lens to the world of philanthropy.

We are calling them Greenbooks. Think of them as guides for investing intelligently in the Jewish community. They will also serve as the basis for Greenbook Salons, a series of JFN-led funder conversations about issues raised in the Greenbooks, which will take place in various communities.

Greenbooks are not a solution as much as they are a start, enabling funders to have better informed and more directed conversations, to more quickly assess and then tackle the issues that matter most to them—and to the broader Jewish community.

Greenbooks will be dispassionate and thorough and will feature multiple approaches for funders to consider. They will:

- Cogently introduce the latest theories, but be grounded in practical considerations;
- Be written for all levels of philanthropic experience, so they can benefit those new to an area of giving as well as those open to new ideas.
- Include concrete steps and ideas for discussion at JFN Salons.

The AVI CHAI Foundation has underwritten the launch of Greenbooks as well as the first two guides. Our goal is to put out two Greenbooks a year.

Quite simply, we want to help you make a difference. Your ideas matter, individually and in partnership. Your efforts matter. Funders do so much for the Jewish community; this is one small thing we can do for you.

We are confident that Greenbooks will offer a new and powerful tool, ultimately resulting in giving that is more rewarding, more successful and more effective.

This first Greenbook is dedicated to Jewish Day School Financial Sustainability and Affordability.

We hope you find the information in the guide useful and look forward to you joining the conversation.

Goals of this book

This book aims to fuel and inform the increasingly urgent conversation surrounding day school sustainability and affordability with an eye towards finding pragmatic solutions. To do so, the book offers funders:

- A survey of past, present and possible initiatives that address the challenges of day school sustainability and affordability;
- A catalyst to the sharing and creating of innovative ideas with other funders, lay leaders and practitioners;
- A menu of opportunities to leverage investments in the financial sustainability and affordability of Jewish day schools; and
- Links and citations to other resources, further information and deeper research. Resources and citations are also listed at the end of each chapter.

How to read this book

This Greenbook is designed to raise the tenor of the conversation regarding Jewish day school financial sustainability and affordability by articulating the challenge, offering background information, and sketching a landscape of initiatives. Throughout, we insert links and citations for further research. Because these resources are hyperlinked directly in the digital versions of this book, you may find that reading the digital PDF or iBook version offers a more versatile experience than the print version.

The Greenbook may be read either from cover to cover or as a collection of independent chapters. If you'd like an overview of all the various initiatives currently in the field, work your way through the chapters. If you are specifically interested in an individual type of initiative, begin there.

For ease of use, each chapter follows the same format:

- 1. Introduction:** Providing the necessary background data and potential impact of the initiatives.
- 2. Description of initiatives:** An outline of initiatives including programs that were previously attempted, those currently in use, and untested opportunities.
- 3. Challenges:** A description of issues that may inhibit the successful implementation of these initiatives.
- 4. What funders can do:** The various ways that funders can most profitably catalyze and support these efforts.
- 5. Questions to consider:** Designed to spur discussion, these questions can be used to explore, debate and examine the initiatives from a variety of angles. For each chapter there are both "Chapter-Specific Questions" dealing with the issues raised in the chapter as well as "Questions to Move Us Forward." In addition to these questions at the end of each chapter, questions to develop deeper thinking are interspersed throughout.

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In this Greenbook, phrases and titles in **bold blue** offer hyperlinks to an external source, while those in *blue italics* link to cross-references elsewhere in the Greenbook itself.

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1 Setting the Stage

MAKING THE CASE FOR JEWISH DAY SCHOOLS

Jewish day schools are the gold standard in Jewish education. No other form of Jewish education provides the robust training in Jewish values, imparts the level of knowledge, or instills the same level of Jewish commitment. Nearly a quarter century of studies have time and again demonstrated the profound impact of a day school education on students' Jewish knowledge and identity. Some examples:

“Jewish Involvement of the Baby Boom Generation” by Mordechai Rimor and Elihu Katz (1993) analyzes data from the 1990 National Jewish Population Survey to demonstrate a positive correlation between the number of years of Jewish schooling and Jewish involvement later in life. The study concludes,

“Jewish day schools are the best vehicle for implementing Jewish involvement and are the only type of Jewish education that stands against the very rapidly growing rate of intermarriage.”

The Power of Jewish Education (1994) by noted sociologist Seymour Martin Lipset concludes:

“The longer and more intensive the Jewish training, the more likely people are to be committed to and practice Judaism.”

“When They Are Grown Up They Will Not Depart: Jewish Education and the Jewish Behavior of American Adults,” by Sylvia Barack Fishman and Alice Goldstein (1993) correlates marriage behavior with the intensity of Jewish education. The authors find that 80 percent of adults with 6 or more years of day school training are married to other Jews—a statistic that stands day school graduates in stark comparison to their non-day school peers. The authors also note that Jewish learning in day schools extends beyond instructional hours:

“The Jewish environment supplied by years of day school may have more effect than mere classroom time on ritual behavior.”

“The Impact of Childhood Jewish Education on Adults’ Jewish Identity: Schooling, Israel Travel, Camping and Youth Groups” by Steve M. Cohen and Lawrence Kotler-Berkowitz (2004) analyzed in-marriage rates, prevalence of Jewish friends, ritual observance, synagogue membership, self-perception of being Jewish, and attachment to Israel. In each of these measures, they report, “day school alumni outscore supplementary school alumni, who in turn outrank Sunday school graduates.”

“To take an illustrative example, with all other things being equal, a projected 36 percent of those with no Jewish schooling claim that being Jewish is very important to them, as contrasted with fully 64 percent of those with 7 or more years of day school.”

“What Difference Does Day School Make? The Impact of Day School: A Comparative Analysis of Jewish College Studies” by Fern Chertok, Leonard Saxe, et al, (2007) was the first national study exploring the near-term effects of a Jewish day school education. By comparing day school graduates to their non-day school peers, the study offers flattering conclusions for day schools in the areas of academic preparation in high school, academic performance in college, response to individual learning needs, integration into college life, Jewish campus involvement, and civic responsibility.

“The day school emphasis on Jewish values appears to inoculate and protect graduates from a wide range of dysfunctional behaviors so prevalent on college campuses today.”

In addition to a day school’s impact on the individual, other studies confirm the schools’ influence on the community at large. Leadership roles in the Jewish community are disproportionately held by day school graduates. **“Generation of Change: How Leaders in their Twenties and Thirties are Reshaping American Jewish Life,”** by Jack Wertheimer (2010) found that “nearly 40 percent of young Jewish leaders have attended day school, even though under 11 percent of our survey sample consisted of Orthodox Jews, suggesting that non-Orthodox young leaders benefited disproportionately from day school education.”

The list of compelling arguments for Jewish day schools goes on and on. For more perspectives on the issue, see the Spring 2008 HaYidion (Ravsak’s journal of Jewish education) entitled, **“Making the Case for Jewish Day School.”**

LANDSCAPE OF JEWISH DAY SCHOOLS

As an introduction to current and potential areas of funding, we begin with a brief sketch of the landscape of Jewish day schools in North America and their current funding structures.

Approximately 300 Jewish day schools (including Community, Solomon Schechter, Modern or Centrist Orthodox and Reform) currently enroll nearly 90,000¹ students from kindergarten through 12th grade.² Within the Orthodox community, day school enrollment is the norm with near-full market penetration. In non-Orthodox communities, market penetration is much lower. The 2013 Pew Research Center **“Portrait of Jewish Americans”** found that 81% of Orthodox families enroll their children in Jewish day schools; 30% of Conservative families; 9% of Reform families; and 3% of those reporting no denomination.

These 300 schools have an annual combined budget of approximately \$1.5 billion. Net tuition plus mandatory fees (after scholarship) cover approximately 80 percent of overall costs.³ The shortfall of over \$300 million is covered through a combination of fundraising (approximately 53 percent),

1 For more on the demographics of day schools, see **A Census of Jewish Day Schools in the United States 2008-2009** by Marvin Schick.

2 The number of students and schools increases more than twofold when schools to the right of Centrist Orthodoxy are included. For the purposes of this publication, we will focus on the 300 schools educating 90,000 students.

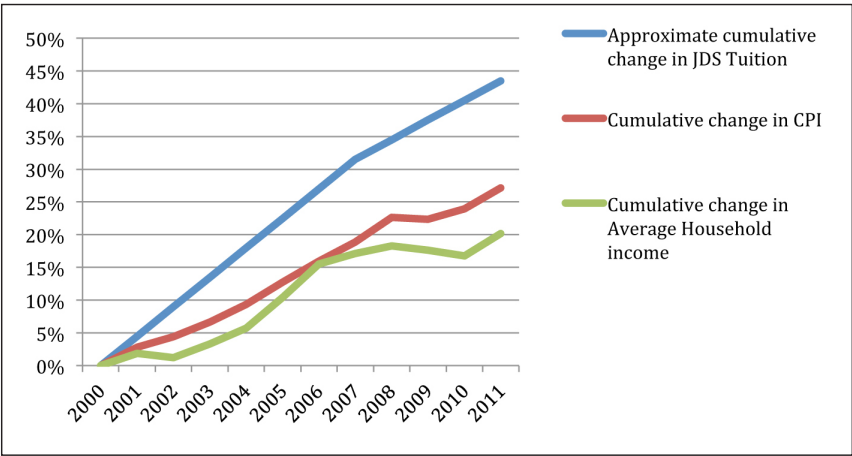
3 Dan Perla, “Chapter Two: Jewish Day School Interventions,” in **Different Faiths, Common Challenge: Maintaining the Affordability of a Faith-Based Education**.

local Federation and foundation support (approximately 30 percent), fee income (approximately 9 percent), endowment income (approximately 8 percent), and government funding (balance).⁴

The vast majority of Jewish day school funding comes from local sources. Of the estimated \$100 million of Federation and foundation funding, the majority is concentrated in a handful of Jewish communities. The small amount of public funding offered to day schools is similarly skewed towards a small number of jurisdictions that offer tax credits or other forms of public funding. (Jewish day schools in New York receive more than \$40 million annually through state-funded programs.⁵) Similarly, the majority of individual or foundation support for day schools is focused at the school or community level, as funders contribute to those institutions in their local community.

Average tuition at these 300 schools is estimated to be between \$15,000 and \$18,000.⁶ Between 2000 and 2008, tuition rose at an estimated average annual rate of 4-6 percent. Since the financial crisis of 2008, the average annual increase has moderated to approximately 3 percent. By way of comparison, from 2000 to 2008 the average annual consumer price index (CPI) increased 2.89 percent⁷ and U.S. household income rose on average 2.52 percent⁸ per year. From 2009 to 2011 CPI rose on average 1.63 percent per year and average household income rose on average 0.77 percent per year.

	'00-'08	'09-'13
Average annual change in day school tuition	4-6%	3%
Average annual change in CPI	2.89%	1.63%
Average annual change in household income	2.52%	0.77%



4 These figures represent data from the five communities in the Yeshiva University School Partnership Benchmarking database. The numbers will vary in other communities.

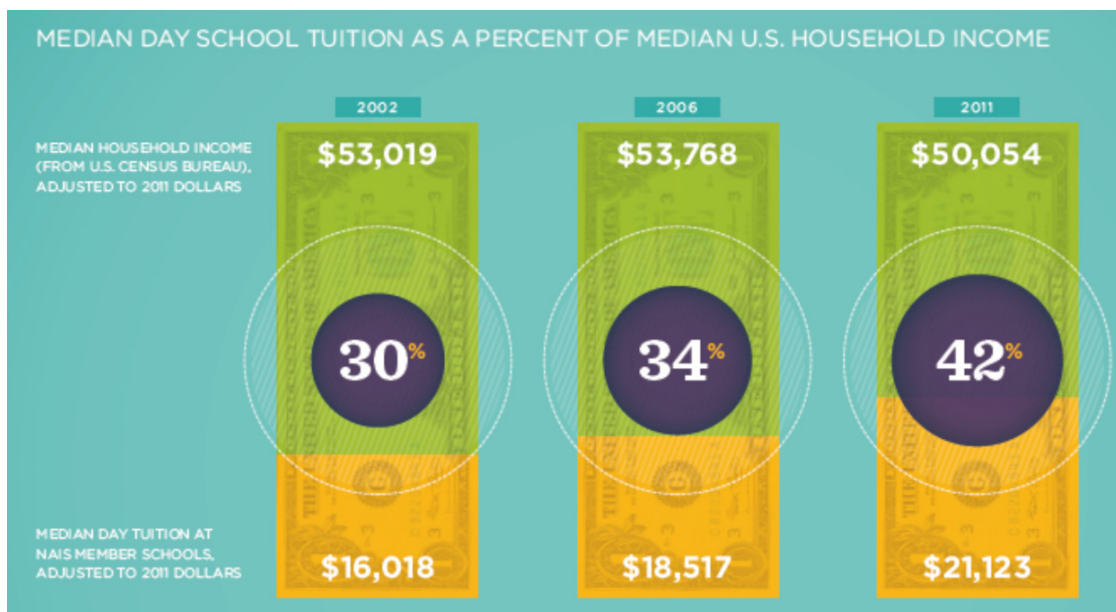
5 Dan Perla, "Chapter Two: Jewish Day School Interventions," in [Different Faiths, Common Challenge: Maintaining the Affordability of a Faith-Based Education](#).

6 JData indicates gross tuition of \$16,700, but the dataset includes a large number of high-cost Los Angeles-area schools. Yeshiva University's Benchmarking project tags average tuition at \$12,500 but its sample disproportionately represents the low-cost communities of Baltimore and Cleveland. It also underrepresents high schools, which are typically more expensive than elementary schools.

7 U.S. Department of Labor, Bureau of Labor Statistics.

8 US Census, Table H-3: Mean Household Income.

As a point of comparison, the National Association of Independent Schools (NAIS) notes a similar trend in its schools (with median tuition as a percentage of median US household income rising twelve percent from 2002 to 2011).⁹



Source: NAIS Strategic Questions Series. Affordability: Managing Tuition and Value
www.nais.org/Articles/Documents/StrategicQuestions_Affordability.pdf

This challenge is especially acute in the New York/New Jersey area which encompasses about 70 percent of all Jewish day school students.¹⁰ There the rise in costs of independent schools has outpaced increases outside of New York.¹¹

NEW YORK CITY MEDIAN	2001-02 tuition	Adjusted for inflation	2011-12 tuition	Inflation-adjusted percent change	
ALL GRADES	\$19,622	\$24,922	\$35,833	+44%	<div></div>
1ST GRADE	18,890	23,993	35,600	+48%	<div></div>
12TH GRADE	21,100	26,800	36,970	+38%	<div></div>
UNITED STATES					
ALL GRADES	\$12,839	\$16,307	\$21,995	+35%	<div></div>
1ST GRADE	11,114	14,116	\$18,720	+33%	<div></div>
12TH GRADE	14,583	18,522	\$24,240	+31%	<div></div>

Source: "New York City Tuition Higher and Rising," New York Times, January 26, 2012.
<http://www.nytimes.com/interactive/2012/01/27/nyregion/new-york-city-tuition-higher-and-rising.html?ref=nyregion>

⁹ NAIS Strategic Questions Series. *Affordability: Managing Tuition and Value*

¹⁰ This number is weighted by an Orthodox majority. While outside of New York the percentage of Orthodox (52.67%) and non-Orthodox (47.33%) students are nearly equal, within New York the Orthodox student population (97.46%) vastly outweighs the non-Orthodox population (2.54%) [Schick, 2009]

¹¹ "New York City Tuition Higher and Rising," New York Times, January 20, 2013.

A 2001 report helps put these numbers in historical context. In [Talking Dollars and Sense about Jewish Education](#), Jack Wertheimer found:

- Day school tuition ranged between \$5,000 to \$18,000;
- For most Conservative and Reform day schools, tuition covered nearly 90 percent of the operating budget. For community day schools, tuition covered 68 percent of expenses, and in Orthodox schools that figure ranged from 33-66 percent.
- On average, local Federations provided only 5 percent of the support to educate each child, though in some communities—usually those with few students in day school—that number increased significantly.

Currently, average financial aid is estimated at \$8,000 per student receiving aid. This represents a 50 percent discount from full tuition and mandatory fees.¹² Most scholarship funds are offered to households earning \$200,000 or less. But as will be examined in the [chapter on middle income](#) affordability, some schools now offer tuition discounts to families earning \$300,000 or more. Since the economic downturn, the number of students receiving aid has increased from 35 percent to 46 percent.¹³ Therefore, while tuition has increased well in excess of wage growth, the amount of financial aid has increased at an even faster pace, further compounding the financial burden placed on the schools.¹⁴

SUSTAINABILITY VS. AFFORDABILITY

In the current climate, Jewish day schools face two related challenges. One concerns sustainability: the long-term financial viability of the school—balancing its budget year after year and being able to withstand short and long term financial challenges including the steady demand for increased financial assistance and need to invest in a quality educational program. The other concerns affordability: the individual parent's perception of cost and value—knowing that what they and their children are receiving is worth their investment in tuition. Affordability factors in both the perceived value¹⁵ and the cost of tuition in relation to a realistic assessment of household disposable income.¹⁶

12 It is also noteworthy that many schools set tuition below the cost per student. In effect, then, even full-paying students receive a discount on their education. Data from Yeshiva University's day school benchmarking program indicates that the average full-paying student receives a \$500 subsidy. In two of the five cities where benchmarking has been conducted, the subsidy is in the \$1,500-\$2,000 range. In a third city it is \$4,000 per student. For more, see ["For Whom the Full \(Day School\) Tuition Bell Tolls."](#)

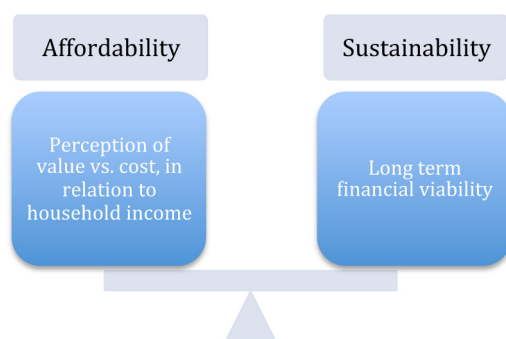
13 Dan Perla, "Chapter Two: Jewish Day School Interventions," in [Different Faiths, Common Challenge: Maintaining the Affordability of a Faith-Based Education](#).

14 Shortly after the beginning of the financial crisis, as many day schools were struggling to find grounding in the turbulent conditions, Jonathan Woocher published [Day School Education in Challenging Times: Examining Strategic Options](#) for the Lippman Kanfer Institute of JENSA. The report offers helpful options for reconfiguring day school funding, many of which are considered in this Greenbook. Significantly, Woocher asserts that no one strategy will suffice, but rather multiple and simultaneous interventions are required.

15 For more on the importance of perceived value see Daniel Held, ["Learning From Parent Voices: How to Turn Positive Perception into Enrollment Growth,"](#) as well as the work of [Measuring Success](#) who developed the [Vicious and Virtuous Cycles](#).

16 Harry Bloom, the YU School Partnership's director of planning and performance improvement, explores two variants of affordability: one based on perceived value and the second on rising tuition vs. stagnant household income. See his blog post ["Let There Be Light."](#)

A school could be affordable (with low tuition and high perceived value) but not sustainable. Similarly, it could be sustainable with high tuition (and sufficient families able and willing to pay), but not affordable to the breadth of students it hopes to reach. Day school financial sustainability requires a long-term plan to ensure that revenue covers costs. Affordability, on the other hand, necessitates a demonstration of the perceived value of day school vis-à-vis the cost of tuition. It also involves a realization that even with high perceived value, some families will require tuition assistance. The challenge of day school sustainability and affordability is best understood, then, as a delicate balancing act.



STATEMENT OF CHALLENGE

It is the intensity of the educational and sociological experience of day schools that makes their impact so profound. But this very intensity also makes day schools the most expensive form of Jewish education. With an average cost of \$15,000 to \$18,000 per student each year, over a scholastic career of 14 years (k-12) the average price tag of Jewish day school education amounts to between \$200,000 and \$250,000 per student. Increases in day school tuition over the last decade have consistently outstripped increases in both inflation and household income, making the average family's investment in Jewish day school education more and more costly.

The facts and figures of day school funding are powerful indicators of the challenge. Equally important, however, are the voices of those who struggle to afford day school for their children and must grapple with the decision of whether to enroll their children.

Some compelling examples of personal stories reported in the press:

Shira Hirschman Weiss tells the story of two women. The first, Debora, pays \$16,000 a year for one of her children to attend day school but asked that her name be changed in the article as she feels “priced out” of her religion. The second, Naomi Sandberg of Silver Spring, Md., breaks down her expenses: “\$40,000 for two kids in Jewish day school, \$5,000+ for two kids in Jewish day camp (who can afford sleep away camp?), \$1,000+ synagogue dues, the high price of kosher food, the high price of housing in ‘Jewish neighborhoods,’ Passover food, Purim baskets, High Holiday seats, \$500 for school or synagogue banquet, donations to school, synagogue and mikveh, improvements, except for critical maintenance.”

Elizabeth Mandel tells her own story. “Then I became pregnant with and delivered our third child, and we became engulfed with worry about how we were going to afford tuition for all three girls. My husband and I began to examine the changes that we could make in our lives in order to be able to afford astronomical tuition costs. We already live fairly modest lives, and we knew that the change would have to be something significant, beyond cutting out the occasional dinner delivery.”

Aryeh Klapper examines the moral costs of day school tuition. Imagine, he says, that someone proposes a new Jewish practice that would have these consequences:

- a. Parents take second jobs, or work longer hours, that deprive them of almost all weekday contact with their children and leave them too exhausted to make Shabbat meaningful.
- b. Almost half of households are transformed, for years at a time, from community contributors to charity recipients.
- c. Children are discouraged from pursuing intellectual, creative, or service work, such as teaching (especially Torah) or other helping professions, on the grounds that such professions will not pay enough to sustain a committed Jewish lifestyle.
- d. For economic reasons, families choose to have fewer children.

Gary Rosenblatt tells the story of Carolyn and Don (pseudonyms) who are happy about their son’s progress at the local Jewish day school. “He’s speaking Hebrew at home... He’s becoming a mensch—the [day school] program works.” But tuition for next year is estimated at \$20,000 and with two younger siblings the total tuition bill could soon reach \$56,000. Even with Don’s \$200,000 a year salary, the family will struggle under the weight of the tuition bill. With these considerations, it was a mixed blessing when their son was admitted to Harlem Hebrew Language Academy Charter School. The family is left weighing its options between the Jewish day school and the publicly funded Hebrew Charter School.

Carla Naumburg tells her own story in a piece called “The High Cost of Jewish Day Schools”: “My older daughter will turn 5 at the end of October, which means that this is her last year of preschool. It also means that my husband and I have an important decision to make about where she will go to kindergarten. Do we send our girls to Jewish day school or not?” She continues, “Roughly speaking, the cost of educating both girls through 8th grade could add up to \$500,000.... Needless to say, that’s a lot of money. I know there is financial support available from the schools and the local Jewish community, but let’s be clear: No matter how many ways you slice up that pie, we’re still going to end up eating a big chunk of it.”

Ami Goldman, in a September 2013 article called “**Living in Fear of a Jewish Education**,” describes the sacrifices his family has made for the sake of day school. “Through a layoff and a failed business, we kept paying that day school tuition. It was our single biggest expense.... The school is amazing and the kids are happy there, but the price feels like it keeps getting higher and higher. We continue to live simpler and simpler. We keep sending the kids to swim

lessons but didn't do any other after-school activities. We adjusted our work schedules so one of us could always pick up the kids after school and not have to rely on babysitters or nannies as many of the other parents do.... We keep driving our old, unreliable car so that we don't have to make car payments. *But we keep making day school payments.*"

WHAT THIS BOOK DOES NOT COVER

To maintain this Greenbook's focus on the financial sustainability and affordability of Jewish day schools, it must leave several issues beyond its purview:

- As in any complex organization, many factors contribute to a day school's long-term sustainability: availability of high quality teachers and administrators, curricula, professional learning, and strong lay leadership, to name a few. While these are critical issues for the future of the field, and while perceived quality of the day school does impact affordability, they lie beyond the scope of this publication.
- In recent years a number of robust, year-round Jewish educational initiatives have emerged outside the day school system, including Hebrew language charter schools, 5-day a week after-school learning, and released time programs. While such programs are important additions to the ecosystem of Jewish education, this book does not take up a discussion of their impact and financial models.
- Educational quality comes in many forms—curriculum, teaching, facilities, and technology, to name a few. While this book stresses the importance of perceived value, and describes a number of initiatives aimed at that goal, it does not explore specific ways of attaining educational excellence.¹⁷
- More than half of the annual \$300 million shortfall in day school budgets is met through fundraising. This \$150 million in annual donations is a critical revenue stream. Numerous resources help schools and communities to build annual campaigns and expand their donor base. At the moment, however, fundraising does not systemically address the specific needs of financial sustainability and affordability. Funds must be raised on a yearly basis and are often subject to prevailing economic conditions. Nor do these funds, which are often earmarked towards scholarships or programs that enhance perceived value, represent a systemic approach to confronting the affordability challenge. Although we will touch on the subject of annual fundraising in the context of **communal collaboration** and **endowment building**, a full exploration of fundraising initiatives lies beyond the scope of this book.
- Finally, this book is not an evaluation, assessment or endorsement of the programs, initiatives or schools discussed here. Rather it offers a rough sketch of the landscape of different initiatives for the purpose of discussion and debate. ■

¹⁷ For more on the importance of perceived value, see Daniel Held, "[Learning From Parent Voices: How to Turn Positive Perception into Enrollment Growth.](#)"

RESOURCES CITED IN THIS CHAPTER

(If using a hard copy, please see a digital edition of this book for live links.)

- Mordechai Rimor and Elihu Katz, **Jewish Involvement of the Baby Boom Generation.**
- **“A Portrait of Jewish Americans: Findings from a Pew Research Center Survey of U.S. Jews,”** Pew Research Center, October 2013.
- **A Census of Jewish Day Schools in the United States, 2008-2009,** Marvin Schick, AVI CHAI, October 2009.
- Dan Perla, “Chapter Two: Jewish Day School Interventions,” in **Different Faiths, Common Challenge: Maintaining the Affordability of a Faith-Based Education.**
- **NAIS Strategic Questions Series. Affordability: Managing Tuition and Value.**
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- Sylvia Barack Fishman and Alice Goldstein, **When They Are Grown Up They Will Not Depart: Jewish Education and the Jewish Behavior of American Adults.**
- Steve M. Cohen and Lawrence Kotler-Berkowitz, **The Impact of Childhood Jewish Education on Adults’ Jewish Identity: Schooling, Israel Travel, Camping and Youth Groups.**
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Section A: Optimizing the Institution

INTRODUCTION: GETTING A SENSE OF THE ORGANIZATION

Day school revenue may be derived from a combination of tuition, endowment income, foundations, individual donors and Federation support, government funding and ancillary income (rentals, food concessions, etc.) Expenses include salaries, maintenance of buildings and facilities, technology, supplies, etc. Often, the level of expertise in financial management and school finance varies widely among professional and lay leaders.

One way to optimize a school's performance is to gain a sense of how it functions in relation to similar schools. Since early 2011, the **Yeshiva University Day School Benchmarking and Financial Reengineering Project**, led by Harry Bloom and co-funded by the AVI CHAI Foundation and Federations and foundations in Baltimore, Bergen County, Chicago, Cleveland and Philadelphia, has been conducting comparative financial analysis of Jewish day schools in five communities across the United States. The project aims to help schools gain a more granular understanding of their revenue and expenses in comparison to other schools, to develop optimization plans on both the revenue and expense sides, and ultimately to encourage schools to realize a 10 percent improvement in the efficiency of their financial operations through a combination of reduced costs and increased revenue. Benchmarking of day school finances is still in its early years, but the program has already chalked up some early success: participating schools report an average increase in financial efficiency benefits equivalent to 5.5 percent through June 2013. Beyond tangible financial benefits, having a clear understanding of internal operations may be a helpful first step in deciding amongst the initiatives discussed below and for maximizing their potential for success.

Funders could play a number of roles in the implementation of a benchmarking project. These include funding both the benchmarking itself and the capacity building consulting to capitalize on its findings; encouraging community-wide benchmarking to enable schools to measure their budgets against comparable institutions; and in general affirming the value of the process and encouraging full participation.

2 Controlling Costs

INTRODUCTION

Jewish day schools are generally lean operations. Below, in **Chapter Three**, we will discuss initiatives such as collective purchasing which aim to reduce costs of supplies and services. As important as these cost-cutting measures may be, however, salaries of administrators, faculty and support staff account for 70 to 80 percent of day school budgets. A meaningful reduction of expenses can only be accomplished through a rethinking of human resources.

One of the key budgeting challenges schools face is to balance their particular pedagogic philosophy with the concomitant financial costs. For example, a school may be philosophically committed to small class or grade sizes, offering services to students with diverse learning needs, or specialized art, science or athletic programs. Each of these decisions may dramatically raise the cost of education. Balancing these value-added initiatives with consideration of costs may confront schools with a difficult set of decisions.

DESCRIPTION OF INITIATIVES

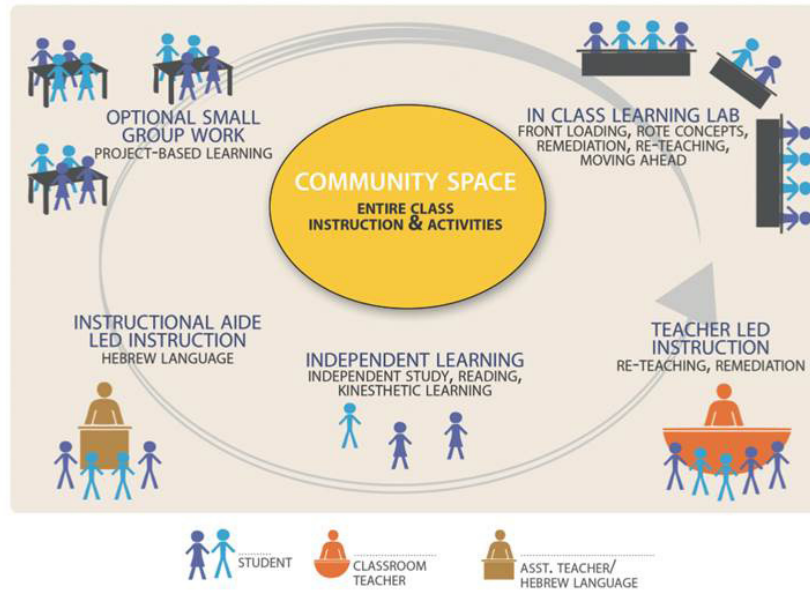
The traditional staffing model places a teacher in front of a classroom of students. In some schools, the teacher is accompanied by an in-class assistant teacher or other support teachers who provide special services. A number of initiatives are attempting to change this model.

① Blended learning

The **Clayton Christensen Institute for Disruptive Innovation** defines blended learning as “a formal education program in which a student learns at least in part through online delivery of content and instruction with some element of student control over time, place, path and/or pace, and at least in part at a supervised brick-and-mortar location away from home.”¹⁸ In one Jewish blended learning school, for example, students rotate through a variety of instructional models including project-based learning, computer-based work, teacher-led instruction, independent learning, and learning by a teaching aid. In this case, the Head of School reports that students spend approximately 45 minutes a day in computer-aided study, with the rest of the day divided between other learning modalities.

¹⁸ Staker & Horn, “**Classifying K-12 Blended Learning**,” Innosight Institute (2012).

In-Class Rotational Model



Source: Yeshivat He'Atid. In-class rotational model.

<http://www.yeshivatheatid.org/in-class-rotational-model.html>

Advocates of blended learning make two basic arguments. The first is pedagogic: advocates assert that blended learning allows for greater personalization of learning. Computers programs that conduct robust and continuing assessments of student knowledge and skills allow teachers to better personalize learning to areas of strength and weakness.¹⁹ The second argument is financial: advocates argue that blended learning allows a teacher's time to be more efficiently focused on individual student's needs with additional small group and one-on-one time. In this way, the student-teacher ratio can be raised and fewer specialty teachers (such as enrichment or special education teachers) are needed. Here we focus on the financial implications of blended learning.

Blended learning is already being implemented in both existing Jewish schools and new schools.²⁰ For existing schools, blended learning offers a tool to enhance the perceived educational value. Schools assert that parents view the intentional deployment of blended learning technology as a benefit to their children's education. This, in turn, impacts their perception of the value the school offers.

Recently, the Affordable Jewish Education Project (AJE), the AVI CHAI Foundation, and the Kohelet Foundation launched **BOLD Day Schools**, a grant program designed to assist existing schools in making the transition to blended learning. In August 2013, five schools were

¹⁹ For one thorough treatment of the pedagogic potential of blended learning, see Clayton Christenson's book, *Disrupting Class: How Disruptive Innovation will Change the Way the World Learns*. McGraw-Hill, 2008. For more on this debate, it is also instructive to read Charles Cohen's reporting on reactions to his PEJE/OU White Paper, **Blended Learning: Some Love It, Some Hate It—But Everyone's Talking About It**.

²⁰ Charles Cohen, in the PEJE/OU White Paper "**According to His Way: Blended Learning**," addresses many of the differences in implementation of blended learning in new and existing schools.

selected for participation and began the three-year grant process that fall.²¹ By the end of those three years, BOLD hopes, participating schools will “have realized overall operating cost reductions of 25 percent and per pupil cost savings of \$1,000.”²² In so doing, participating schools will pave the way for additional schools to transition to blended learning and serve as proof of concept by documenting the effectiveness of the model.

Over the last two years, five new blended learning Jewish day schools have garnered communal attention because of their significantly lower tuition—ranging from \$5,000 to \$10,000.²³ These schools affirm the pedagogic value of blended learning, while at the same time demonstrating that blended learning classrooms allow schools to increase the student-teacher ratio, reduce enrichment and special student support, and minimize administration.

These new models of schools are still in their start-up phase. With support from private funders for start-up costs (including consulting, technology, physical plant, and payroll) the schools aim to break even once they reach capacity. Professional and lay leaders report that these schools are on track to reach a balanced budget with significantly lower tuition. But none of the schools has yet reached this point. Without public review of financial data, the financial sustainability of the low-tuition blended learning model remains untested.

② Outsourcing general studies to publically funded system

One innovative school in a small Jewish community offers only Jewish studies courses. It encourages students to enroll in an online public charter school, **Oregon Connections Academy**, to receive their general studies education. In this way, the costs of general studies education are covered by government funds.

Because of issues related to state funding, the Jewish day school may not be involved in the general studies curriculum, may not charge for these studies, and is not responsible for students’ participation in the online school. These are the responsibilities of OCA. Children do gather each day and complete both their general and Jewish studies at the school, and together the parents have hired a learning coach to assist the children with their online general studies work.

The school describes its role as “offering” Judaic studies and “facilitating” a general studies program by encouraging parents to enroll their children in the online charter school. The school estimates that by employing this model it could cut tuition by 20 percent or more.

For more information on such initiatives, visit the **Tuition Affordability Case Study** published by the Orthodox Union.

③ The New American Academy

The **New American Academy**, a New York City public school and brainchild of **Shimon Waronker**, aims to transform students from passive recipients of knowledge into active

²¹ **Five Schools Selected as BOLD Day Schools**

²² **BOLD Day Schools: FAQ**

²³ Including two **startup partner schools** funded, in part, by the Affordable Jewish Education Project.

teacher/learners. Sixty to sixty-five students populate a classroom with four teachers: an Apprentice, Associate, Partner and Master (salaries ranging from \$50,000-\$120,000). Students sit around large tables and actively engage in conversation with one another and with the teachers. At the end of each school year, teachers move with the students to the next grade level, allowing a continuity of the student-teacher relationship.

While not a model currently employed in the Jewish day school system, the New American Academy does represent an audacious move to redeploy human resources. In this case, the motivation was pedagogic rather than financial, but the new format may afford efficiencies by creating a career ladder, eliminating the need for educational enrichment and support teachers, and by shifting administrative responsibility onto the lead teachers thereby eliminating layers of administration.

④ **No-frills Jewish education**

In addition to core classroom teachers, school payrolls often include specialty staff for students with special needs, music teachers, sports coaches, part-time teachers for specialized instruction including languages or arts, and others. Other educational staff may include educational technologists, librarians, or guidance counselors. Each of these educators adds value to the overall package and image of the day school, they buttress parents' perception of the value of their tuition dollars and their child's education, but of course they also come at a financial cost.

Both blended learning schools and the New American Academy move many of these services into the classroom and eliminate others, reducing the need for extra staff without drastically altering the model of education or compromising the school's mission.

Such reductions in staff and services may be implemented in various degrees. At the most extreme, schools that significantly reduce these value-added services may be seen as offering no-frills Jewish education. Among other cost-cutting methods, **one New York area school reports** that by employing a lean staff on both the faculty and administration levels, not offering special supports or significant enrichment and extra-curricular programs, occupying modest, leased facilities, and ensuring low employee benefits costs, the school has kept both costs and tuition to \$13,000, nearly half the costs of the local full-service day school.

⑤ **Shifting administrative responsibilities**

Reducing administrative costs can bring about similar savings. Sometime this involves shifting certain carefully selected areas of administration responsibility—such as teacher mentoring, curriculum development, discipline, and communication with parents—to teachers. In other cases, it involves creating blended positions in which administrators also act as teachers.

Richard J. Soghoian, headmaster of the Columbia Grammar and Preparatory School, brought his school back from the brink of bankruptcy in the 1980's. In his book **“Mind the Gap: An Insider's Irreverent Look at Private School Finances and Management-with a Lesson for Government and Industry, Too!”** he makes the case for a lean administration and streamlined operations and argues that schools can avoid operating at a deficit and relying on annual development to fill the gap by paring away layers of bureaucracy.

CHALLENGES

The initiatives detailed above are ordered from deep changes that affect the core structure and function of a school to less profound changes that center on changing job descriptions and workflows. As the extent of the planned change increases, so do the potential challenges.

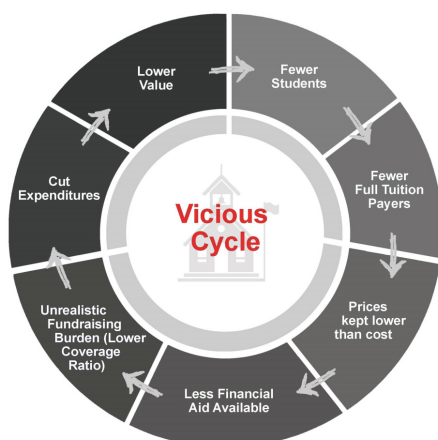
① Resistance from staff

Shifting the role and responsibilities of teachers and administrators can be an unsettling undertaking. In implementing some of the initiatives listed above, staff may be let go, or their hours reduced. In ushering in such changes, attention must be given to the staff's professional self-perception as well as their ability to enact change.

Schools must be attentive to the professional development needs of the staff. Blended learning models, for instance, require that staff be trained to properly utilize computer-based learning as a pedagogic tool to optimize their contact time with students. Similarly, if staff are given new responsibilities—teachers who are asked to mentor other teachers, oversee curriculum, and bring special supports into the class, or administrators asked to teach—adequate training and support must be offered.

② Resistance from parents

As discussed below in Chapter 2, perceived value impacts enrollment.²⁴ In order to retain current students and enroll new ones, schools must focus on perceived value. Cutting back on value-added programs, or employing a no-frills model, will likely affect parents' perceptions of the value of the school and their tuition dollars. Lower parental perception of value can lead to what **Measuring Success** has termed the **Vicious Cycle**. "In the Vicious Cycle, parents within the school's community perceive that the school is low quality. A less favorable reputation among parents keeps inquiries into the school lower, resulting in fewer families overall."²⁵



Source: Measuring Success. Building Sustainable Schools: The Vicious Cycle.
<http://www.measuring-success.com/archive/buildsustainableschools/>

²⁴ See Held, D. "Learning from Parent Voices: How to Turn Positive Perception into Enrollment Growth."

²⁵ Measuring Success: Build Sustainable Schools.

③ Sacrificing educational value for cost savings

Jewish day schools, with their deep roots in religious and educational values, may intentionally overspend on Jewish studies teachers, math and science faculty, special education, arts or other areas. While it is relatively easy for an outsider to uncover potential areas to cut, it is important that these efficiencies be developed in concert with the religious and educational values of the school. Undercutting these values for the sake of financial efficiencies may undermine the core mission of the institution.

④ Will money be saved?

In the absence of demonstrated proof of concept or a true due diligence of financial records, whether these ventures will, indeed, save money remains a matter of debate. **Russel Neiss**, a respected educational technologist, notes that “To date, there has not been one single large-scale study showing any significant cost savings of blended learning.”²⁶ Neiss does cite a **meta-analysis conducted by the U.S. Department of Education** which explored more than a thousand studies conducted between 1996-2008 on the efficacy of blended learning, but came to no conclusive findings and a study by the Fordham Institute on the **Costs of Online Learning**, which quantifies potential savings from online and blended learning. It is possible that the five pilot schools included in the **BOLD Day School** initiative will provide such insight.

WHAT FUNDERS CAN DO

Funders have the potential to play a number of roles in redesigning a school’s deployment of human resources.

① Planning and consultants

Transforming the deployment of human resources takes careful planning and consultation. New blended learning schools, existing schools employing blended learning and the New American Academy all relied on external consultants to help plan and deploy their initiatives. Funders could play an important role in ensuring the success of such initiatives by engaging key external consultants and support.

② Start-up costs and “bridge funding”

New blended learning schools have relied on donated start-up capital to cover expenses. These typically include the Head of School (who begins employment well before the school opens), rent, consulting, capital investments in technology, and consultants. Similarly, schools that reformat their human resources may incur one-time expenses such as severance pay. Funders could invest in these one-time expenses that will catalyze the school’s long-term sustainability.

²⁶ For more on the costs of online learning, including an analysis of potential cost savings through blended learning, see Chapter Three: **The Costs of Online Learning**.

③ Retraining and professional development

As staff take on new roles and responsibilities, and as teachers adopt new forms of pedagogy, they must engage in professional development in order to ensure their success. Funders can contribute to ongoing professional development and coaching to reinforce the work of these staff. ■

QUESTIONS TO CONSIDER:

The following questions can be used to spur discussion and explore a particular initiative from a variety of angles, including how it could play out in your local community and school.

Chapter-specific discussion questions

1. What is your school and community ready for? What kinds of changes will invigorate the faculty, administration, and parents and which will inhibit their engagement with the school? In schools that serve a close-knit community, are we willing to fire staff for the sake of cost savings?
2. Can audacious changes—like those in new blended learning schools or the New American Academy—take place in existing schools? Should we invest in new schools when current schools exist? Can such changes be made in existing schools?
3. To what extent should we sacrifice perceived value, educational quality and religious or educational values in order to reduce costs? Will blended learning appeal to parents who are investing significant funds in their children's education? Will they continue to send their children to these schools? Does resorting to a publicly funded online charter school for general studies disrupt the value of integration of Jewish and general studies?

Questions to move us forward

1. What initiatives discussed in this chapter, if any, could benefit your school or community?
2. What roles can you, as a funder, play to catalyze these initiatives?
3. What foreseeable obstacles might you encounter on the way to implementation?
4. What would success look like? What benchmarks can be established to gauge successful implementation?

RESOURCES CITED IN THIS CHAPTER

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3 Determining and Reaching Capacity

INTRODUCTION

The costs of operating a day school classroom can be compared to those of a commercial airliner. Most costs of operating a commercial flight are fixed. Airport fees, fuel, salaries for the pilot, flight attendants, etc. remain constant whether there is one passenger aboard or three hundred. With a full passenger load, the airline makes money. On an empty flight, the airline operates at a deficit.

Similarly, most costs involved in operating a day school class are fixed. The lion's share of these costs is the teacher's salary, which does not change whether there are 10 or 26 students in a classroom. While some schools may add an assistant teacher for larger classes, the marginal cost of this payroll addition remains low. As one Board of Jewish Education director quipped, "the cost of adding a student to a class is toilet paper." The added revenue of adding students to an under-capacity class, however, can amount to tens of thousands of dollars.

Jewish day schools report that on average they operate at 70 percent capacity.²⁷ While determining capacity, as will be discussed below, is no simple matter, closing the gap between enrollment and capacity can significantly improve a school's bottom line.

For numerous reasons, increasing enrollment in Jewish day schools is a critical concern. Day schools empower children with knowledge, values and skills; serve as training grounds for a community's future leadership; and full schools contribute to students' social and emotional learning. And yet as important as these considerations may be, this chapter is not about increasing enrollment. Rather, with an eye towards day school financial affordability and sustainability, it addresses how to determine and reach capacity.

²⁷ **JData.** JData is a collection of self-reported institutional data. As a result, the definition of full capacity likely differs from school to school. As well, only schools that elect to submit their data are included. This number represents an average. Data from other sources, including the YU Benchmarking program, demonstrates that Orthodox schools are operating at significantly higher utilization levels than non-Orthodox schools. Other variables include geography and grade level.

DETERMINING CAPACITY

While airplane capacity is determined by the FAA, in most cases day school classroom capacity has no such clear-cut principle. Similarly, while an airline may choose to operate larger or smaller planes depending on demand, classroom size usually does not factor in the same way.

Schools often distinguish between **physical capacity**, **operating capacity** and **classroom capacity**.²⁸

Physical capacity refers to the total number of students who can be educated within the current physical plant. This is a function of the number of classes, the size of the classrooms, the number of bathrooms, size of the cafeteria, playground, and other elements of physical plant.

Operational capacity refers to the number of students who can be educated within the classrooms currently in use. To cut costs, schools may leave some classrooms empty, or use them as offices or multi-purpose spaces. One Head of School, for example, reported that his school is running at 80 percent of operational capacity, but has five classrooms not in use. In this case, the school is operating at a significantly lower level of physical capacity.

Classroom capacity describes the number of students in a given classroom. Here, the key variable is student-to-teacher ratio. From a purely fiscal perspective, a high student-to-teacher ratio is desired. Yet other values come into play, including:

→ Educational:

- a. School's educational philosophy and pedagogic practice:** Some schools view a low student-to-teacher ratio as a core educational philosophy or pedagogic practice.²⁹
- b. Subject area:** Some Heads of School contend that some subject areas demand lower student-to-teacher ratio than others.
- c. Teacher's skill and ability:** What is the capacity of the individual teacher? Some teachers may be better equipped to teach larger classes than others.
- d. Required physical space or supplies:** Physical education, computer, science and music classes may have limits based on physical space or special supplies needed to teach the class.
- e. Grade level:** Younger students may need a lower student-to-teacher ratio than students in higher grades.

²⁸ For more on ways of understanding capacity and utilization, see the presentation by BrainSpaces, "[Calculating School Capacity: Local, State and National Perspectives](#)."

²⁹ Such decisions may go beyond pedagogic philosophy and rely on hard data. For example, studies demonstrate that children in small classes in grades k-3 outperform approximately 60 percent of students in 'regular' size classes, even if the class sizes equal out at fourth grade. (Mosteller, F., Light, R. J., & Sachs, J. A. (1996). "Sustained inquiry in education: Lessons from skill grouping and class size." *Harvard Educational Review*, 66(4), 797-843.)

→ Financial:

- a. **Perceived quality:** How parents perceive school quality impacts enrollment. One element of this perceived quality is the student-to-teacher ratio. A school must determine whether an increase in the student-to-teacher ratio will lower enrollment.
- b. **Human resources:** The ability to attract and pay enough high quality teachers.

DESCRIPTION OF INITIATIVES

Initiatives designed to reach capacity can be categorized into three groupings: *Limiting offerings*, *tuition discounting* and *marketing*.

① Limiting offerings

Although schools might like to offer an education to all interested students, and to offer the widest possible range of courses, funds are never unlimited.

a. Limiting class size

If 301 passengers buy tickets for a commercial flight with 300 seats, the airline will not add an extra flight for a single passenger.

The equation in Jewish day schools is much more complex. If a school defines class capacity as 25 students and a 26th requests admittance, should he be added to the existing class? What about the 27th, 28th and 29th? Do we create two classes of 13? Do we open a waiting list until enough additional students enroll? Or do we strictly limit enrollment and send him elsewhere?

While the idea of limiting enrollment is anathema to the philosophy that no child should be denied a Jewish education, it is incumbent on school leaders to consider the opportunity cost of opening new classes in order to add a limited number of additional students. Limiting enrollment is the most difficult set of capacity decisions to make, but given that schools report operating on average at 70 percent capacity, non-Orthodox schools that are confronted with such dilemmas are few and far between.

b. Limiting course options

High schools offer a wide range of specialized courses including languages, history, arts, and social sciences. Such electives afford students opportunities to focus on their areas of interest, but they also result in smaller classes, and therefore higher costs. A school must therefore determine minimum enrollment. If only two students register for music theory, should the school offer the course? What if only two students register for an AP class or a college entrance requirement? Can the school cancel a course that is required for student achievement?

Some day schools are developing innovative approaches. One school, for example, is forming a consortium of local independent schools to offer online classes. The school is required to mount one class and in return its students can freely register for other classes in the system. The school sees four benefits in the arrangement:

- ▶ Eliminating under-enrolled elective courses from its course calendar and, instead, offering them online.
- ▶ Demonstrating its commitment to educational technology.
- ▶ Joining in a consortium with other highly respected independent schools; and
- ▶ Allowing students to take specialized courses that low enrollment would have otherwise made it impractical to offer.

c. Combined grades

When two consecutive grades are both small, smaller public schools and independent schools often combine the students into one class. Similarly, a number of smaller Jewish day schools have combined students from multiple grades into one class taught by the same teacher, thereby increasing operating capacity and reducing cost per student.

② Tuition discounting

Tuition discounting starts from the assumption that every seat filled on the way to capacity, even at discounted tuition, increases revenue with only a marginal increase in expenses. If a class has 13 students and one more student is added, even at a 50 percent reduction in tuition, her tuition dollars will more than cover the extra costs incurred by adding her and lower the overall cost per student. Pat Bassett, former President of the National Association of Independent Schools writes,

Net tuition discounting is simply the practice of using variable pricing to fill all the seats... I've recently come to the conclusion that our long-held practice of believing that the financial aid budget is fixed and enrollment variable is exactly the opposite of what our practice should be: The financial aid budget should be the flexible variable and enrollment the fixed variable.³⁰

In recent years, Jewish day schools have experimented with a variety of tuition discounting initiatives:

a. Increasing financial aid to reach capacity

As Bassett notes, financial aid has traditionally been seen as a finite pot of money to be divided among qualified applicants. As the economy stumbled in 2009, requests for financial aid increased on average by 10 percent, placing a significant strain on this pot and on the committees that allocate subsidies. By reframing the school's conception

³⁰ Pat Bassett on Net Tuition Discounting.

of scholarships away from a fixed pot to be divided and towards opportunities to reach capacity—and therefore to derive otherwise unrealized revenue with minimal costs—a school can both engage more students and shore up its finances. This, however, requires a shift in how lay and professional leaders view subsidies. It may also require a pool of funds to backstop potential losses.

b. Middle income initiatives

A variety of middle income strategies will receive fuller treatment in [Chapter 4](#). Some middle income strategies, however, are driven by net tuition discounting, which achieves two critical objectives. First, a school can attract families which do not qualify for traditional financial aid, but would struggle to afford full tuition. At the same time, a school fills empty seats and derives new revenue at minimal incremental expense. The iCap program is a prime example of this type of initiatives.

The school discussed above, which reports operating at 80 percent of operational capacity, has undertaken just such a strategy. With the support of a donor underwriting the upfront cost, the school **offers a \$5,000 discount** to new middle income families who enroll in nursery to second grade. In its first year, seven new students enrolled. The Head of School does note that some of the students who enrolled in nursery or kindergarten may have otherwise enrolled when they reached first grade. In this case, the incentive may not have brought in a significant number of new students, but it did encourage them to enroll earlier.

c. Tuition rollback

Eight years ago, one community initiated a multi-school tuition rollback which reduced tuition across the board by approximately half, with the aim of raising the additional funds through a combination of Federation allocations, individual funders, and parent donors who would increase their annual giving. The projection was that decreased tuition would catalyze greater enrollment, filling empty seats and moving the schools closer to capacity.

Eight years later, these schools have increased tuition to near pre-rollback fees. While the schools saw an initial bump in enrollment, this increase came from low-income families and was combined with attrition from previously full-paying families. As well, the anticipated partnership funding did not reach its goals, falling behind on parent giving. This and other similar initiatives are profiled in the PEJE brochure, **“Towards Increased Enrollment: Beating the Middle-Income Squeeze.”**

d. Free or reduced tuition for new students

One of the most commonly implemented initiatives to reach capacity is to offer free or reduced tuition for new students. Initiatives take a variety of forms: school specific or community-wide; younger grades or older ages; full tuition or reduced fees; one-year

or multi-year. A sampling of these initiatives described below offers insight into how the conditions of funding align with enrollment goals:

► **Pittsburgh**

In the 2011-2012 academic year, the **Jewish Federation of Greater Pittsburgh's Centennial Fund for a Jewish Future** partnered with the three local Jewish day schools to offer a year of free tuition to new students, who are local permanent residents, entering grades 3-11. In limiting the grant to new students and those who have already begun school, the schools aimed to attract children who would not have otherwise enrolled in day schools.

► **Boston**

Boston's Combined Jewish Philanthropies created **Discover Day School** in partnership with the local schools. Through the program, new students in k-8 who are the first in their family to enroll in Jewish day school and who come from middle income families are eligible for a subsidy of up to 25 percent of tuition or \$6,000 for the first three years in the school.

► **Calgary**

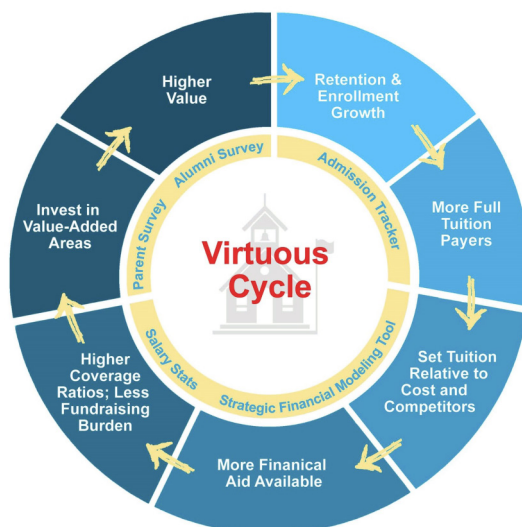
Calgary's Akiva Academy sought to attract new families to the city. Starting in September 2012, the school offered three years of free tuition to families new to Calgary.

e. Low tuition for younger ages

Numerous schools offer reduced tuition for younger ages. This form of subsidy is designed to hook young learners and their parents to the day school, encouraging higher enrollment at later ages. One school recently launched an **"Affordability Initiative K-2 Pilot Program."** While full tuition is set at \$19,145, under the program tuition is calculated at 5 percent of Adjusted Gross Income (AGI) with a minimum tuition of \$11,000. Parents are also guaranteed predictable costs for up to three years. While students in the pilot program are not eligible for the school's need-based subsidies, they are eligible for the community-wide program incentivizing new day school enrollment.

③ Recruitment through marketing and programmatic changes

The **Virtuous Cycle**, developed by **Measuring Success**, demonstrates the central role that recruitment and retention play in day school sustainability and affordability. As the number of full tuition payers increases, so does the coverage ratio, which in turn increases a school's ability to invest in value-added areas, and thus to recruit and retain students.



Source: Measuring Success. Building Sustainable Schools: The Virtuous Cycle.
<http://www.measuring-success.com/archive/buildsustainableschools/>

Numerous publications suggest helpful techniques for day school recruitment.³¹ Especially relevant for non-Orthodox schools is a study commissioned by UJA Federation of New York, **To Go or Not To Go: Perceptions of Jewish Day Schools Among Non-Orthodox Parents in Manhattan and Long Island**, which explores the considerations of non-Orthodox families in deciding to send their children to day school.

Recruitment initiatives aimed at affordability and sustainability come in two forms—**Marketing** and **Program initiatives**:

a. Marketing initiatives

The most important element of marketing Jewish day schools is increasing the perceived value of the school. Nearly 65 percent of day school admissions inquiries are derived from word of mouth. Positive word of mouth is driven by parents' perception of quality which, in turn, is derived most significantly from three key factors: providing a Jewish education congruent with parents' values, offering a multiplicity of academic options to students upon graduation, and ensuring high quality customer service.³²

³¹ See, for example, the Chanukah 2006 edition of *HaYidion*, the RAVSAK Journal, **Marketing Across the Spectrum**, and PEJE's publication, **An Introduction to Marketing for Jewish Day Schools**.

³² Held, Daniel. "Learning from Parent Voices: How to Turn Positive Perception into Enrollment Growth," **Learning from Parent Voices**.

Recognizing the central role that parental perception plays on enrollment, schools have embarked on a number of marketing initiatives:

► **Admissions department**

No matter how strong parent perception of quality may be, without a strong admissions department to catalyze the word of mouth and capture new markets, a school will fall short of its admissions goals.

One way to catalyze parents' positive perception of quality is the creation of "ambassadors programs"—groups of parents and students who share their personal experiences during school tours, open houses, community events, and parlor meetings.

► **Attention to retention**

While a school may reach capacity at major entry points—Kindergarten, first grade, etc.—the average attrition rate in Jewish day schools is 15 percent. It is imperative then that schools attend to retention and ensure that students re-enroll in higher grades. This is not the place for a full treatment of attrition prevention techniques. PEJE offers excellent sources on the matter, including [The Art and Science of Attrition Prevention](#).

► **Parent surveys**

With survey tools like those developed by [Measuring Success](#), schools can learn about parents' perception of the school, develop strategies to improve quality, and track changes over time. A number of schools interviewed reported significant changes in perception of quality through their use of these tools.

b. Program initiatives

In addition to marketing initiatives, schools have experimented with program innovations designed to engage students interested in particular niche programs. These include:

- **Programs for younger ages:** Programs such as day cares, tot programs, mommy and me activities, and others bring potential families into the system earlier in their school decision-making process. For one example, see: [MiniMensch](#).
- **Programs for the broader community:** Engaging non-day school families in learning at the school—including adults, teens, young children, and families—affords a glimpse into what a day school can offer. These programs serve both the educational and admissions goals of the school. For one example, see: [Small City](#).
- **"New to day school" programs:** Often employed in high schools, these programs engage students who completed elementary school in public or independent schools. Often they include accelerated Hebrew or Jewish studies courses. Similar programs could offer entry points to day school at junctures other than ninth grade. For one example, see: [New Stream: An introduction to Jewish studies](#).

- **Arts programs:** Music, drama, dance, and visual arts programs aim to engage students who may otherwise attend specialty arts schools.
- **Montessori:** Implemented most frequently in younger ages, these programs attract parents who seek constructivist forms of education. For one example, see: [Montessori Program: An education for life.](#)
- **Yeshiva Track:** Especially in small communities with a single day school, such a program offers specialized learning and activities for Orthodox students studying at non-Orthodox day schools. For one example, see: [An Orthodox Track: Meeting the needs of the whole community.](#)

Other possible niche programs, hitherto untested as tools for reaching capacity, include a vocational track, a boarding option for out-of-town students, and a Hebrew-immersion track for children of Israelis.

In each case, caution must be exercised in weighing projected revenue against expenses. While additional students filling empty seats, even those receiving a subsidy, add revenue, the added expenses of some of these programs may outweigh the revenue. In some cases, the niche programs may incur start-up costs or take several years until they meet their budget expectations. These may be fertile opportunities for funders to offer “bridge funding” until the program meets its budget.

CASE STUDY: SHATTUCK-ST. MARY’S SCHOOL

One successful example of using such niche programs is [Shattuck-St. Mary’s School](#), a co-educational Episcopal boarding school in Faribault, Minnesota. In the early 1990’s, dropping enrollment precipitated financial trouble. The newly appointed Head of School designed a system focused on Centers of Excellence. Starting with a Center of Excellence in hockey, centers now include soccer, BioScience, figure skating, global education, the Center for Academic Achievement, and the Preconservatory Strings program. As a result of these niche programs, the school has grown by 50 percent to an enrollment of 439 in 2012-2013. Recognizing the added financial cost of these niche programs, participation in these centers requires an additional fee ranging from \$3,500 - \$6,500 for which scholarships are not offered.

- **Expanding enrollment beyond the Jewish community:** For a variety of economic, religious and political reasons, many day schools in South America, South Africa, Australia, and Europe enroll non-Jewish students. Some are required to take

a full complement of Jewish studies and Hebrew courses, others are exempt. While a handful of North American Jewish day schools admit non-Jewish students,³³ such a trend has not taken root here.³⁴ In some cases, particularly in smaller communities whose Jewish populations may not be sufficient to build sustainable schools, reaching beyond the usual market for day schools and enrolling non-Jews could help schools reach capacity. It goes without saying that the educational, sociological, and political values of such decisions must be weighed alongside the financial implications.

CHALLENGES

Changes in how students are recruited, who applies, and who is admitted can significantly affect not only a school's financial model, but also its pedagogy. In addressing these issues, schools must consider a number of potential challenges:

① **Setting a hard capacity line and turning students away**

Setting both operational and classroom capacity is not a science, but an art. As asked above, if a school defines class capacity as 25 students and the 26th requests entrance, do we add him to the existing class? What about the 27th, 28th and 29th? Do we create two classes of 13? Do we limit enrollment and send him elsewhere? These difficult questions require a delicate balance of educational and financial considerations.

② **Creating a competitive marketplace**

Parents sometimes apply to multiple local schools, apply for scholarships, and wait to see who offers the best deal. Administering scholarships and tuition discounting on the school rather than the communal level can foster a form of competition. Setting a community-wide scholarship policy and application process can mitigate this competition. In a similar vein, we might ask whether tuition discounting creates a culture of entitlement. Will parents wait for last-minute tuition discounts, like rush tickets for a Broadway show? As in the case of the community that instituted the tuition rollback, will parents come to expect tuition set below the cost of education?

③ **All things to all people?**

Many of the initiatives discussed above are designed to increase enrollment by diversifying the student body. But when does diversification dilute educational quality? Can a school offer the same attention to larger and more diverse student bodies? In trying to be all things to all students, might a school diminish its ability to offer the specific kind of education its parents seek?

³³ For more, see [New Hope for Struggling Jewish Day Schools](#), JTA, Sept 11, 2013.

³⁴ In some cases such a policy has further eroded enrollment, as parents look towards Jewish education options more akin to their desired goals. See, for example, [As School Crumbles New Orleans Rabbi Leaves City](#), JTA, August 26, 2013.

④ **Division amongst families**

Some tuition discounting initiatives target specific groups: new families to the school, students in lower grades, families moving from out of town. Will families who are not eligible for such discounts grow resentful of the funds offered to those students, but not their own?

⑤ **Costs vs. benefits**

Many of these initiatives involve a degree of risk. How will parents and teachers react to recalibrating a school's capacity? Will new students who receive a discount for their first years in the school become full payers once the discount expires? Will investments in an admissions department or niche programs result in fuller classrooms? If so, will the additional revenue outweigh added expenses?

⑥ **Are we willing to say no?**

Families who cannot afford to pay full tuition or those who push the class above capacity can have detrimental impact on a school's budget. In what circumstances might a school legitimately turn such students away, and what are the financial, educational, and ethical implications of doing so?

⑦ **Communal realities**

Capacity is determined by a particular community's demographics. Orthodox schools, for instance, operate at higher utilization rates than non-Orthodox ones. Schools in small Jewish communities determine and reach capacity differently than those in large communities with multiple day schools. Parents' expectations vary by community, by grade level, and by many other factors. In what ways can we ensure that goals for capacity utilization are best matched to the idiosyncratic reality of our communities?

WHAT FUNDERS CAN DO

Funders can play a number of roles in seeking to help schools reach capacity.

① **Tuition discounting**

In one way or another funders have driven every tuition discounting initiative. Funders guide the conversation, cover the costs, or backstop potential losses. They help schools focus on particular demographics or markets and assist in shaping the contours of the program.

② **Recruitment**

Both marketing and programmatic initiatives require the backing of funders to achieve full success. Funders can help schools gather data through a parent survey, analysis of applicants, or market research. They can endow an admissions chair charged with

spearheading recruitment reform. Similarly, the programmatic changes listed above all involve added expenses. Funders who have particular interests in the arts, in serving students in small communities, or in students transferring from public school can fund niche programs that will both meet their interests and buttress the school's overall capacity.

③ Catalyzing the community

Attempts to reach capacity rest on the support of the broader community. Since funders very often link the leaderships of several communal institutions they can play an important role in catalyzing greater support for schools recruitment and admission goals.

Similarly, the strongest efforts have proven to be those undertaken on the communal rather than the school level. Leveraging their roles as communal leaders, funders have the potential to broaden and augment the conversation. ■

QUESTIONS TO CONSIDER:

Designed to spur discussion, these questions can be used as a book club to explore the initiative from a variety of angles.

Chapter-specific discussion questions

1. How should capacity be determined? Who should be involved in these conversations? How should pedagogical concerns be weighed against financial ones?
2. What are the educational consequences of enrolling more students? How might those consequences be evaluated and measured?
3. In what circumstances are we willing or able to turn students away because their enrollment would exceed capacity? What do we do when we near capacity?
4. How do we evaluate the return on investment (ROI)? Is success in our investment in Jewish day schools defined in terms of financial sustainability or in terms of increased enrollment? If the added cost of recruiting more students exceeds the added revenue, has the program been successful?
5. Central planning vs. school planning: Recognizing that tuition discounting could spark competition between schools, to what degree should these conversations take place around a communal planning table rather than a school leadership table? How can we work towards enhancing the overall field of Jewish day school education rather than merely improving a particular school? How can we ensure the affordability and sustainability of multiple schools? What role should local Federations play in these conversations? Are there other agencies or funders who could serve this convening role?

Questions to move us forward

1. What initiatives discussed in this chapter, if any, could benefit your school or community?
2. What roles can you, as a funder, play to catalyze these initiatives?
3. What foreseeable obstacles might you encounter on the way to implementation?
4. What would success look like? What benchmarks can be established to gauge successful implementation?

RESOURCES CITED IN THIS CHAPTER

(If using a hard copy, please see a digital edition of this book for live links.)

- Charles Cohen and Daniel Perla, **iCap**, February 2013.
- **“Towards Increased Enrollment: Beating the Middle-Income Squeeze,”** Partnership for Excellence in Jewish Education.
- **Jewish Federation of Greater Pittsburgh’s Centennial Fund for a Jewish Future.**
- **Discover Day School.**
- **Affordability Initiative K-2 Pilot Program**, Maimonides School, Brookline, Mass.
- **Measuring Success.**
- **“To Go or Not To Go: Perceptions of Jewish Day Schools Among Non-Orthodox Parents in Manhattan and Long Island,”** Boaz Mourad, Amelia Sandell, Carl Persson, Rachel Cooper, UJA-Federation of New York, December 2008.
- On day school recruitment and marketing: Chanukah 2006 edition of *HaYidion*, the RAVSAK Journal, **Marketing Across the Spectrum**; and PEJE’s publication, **An Introduction to Marketing for Jewish Day Schools.**
- **The Art and Science of Attrition Prevention**, PEJE.
- **MiniMensch.**
- **Small City.**
- **New Stream: An introduction to Jewish studies.**
- **Montessori Program: An education for life.**
- **An Orthodox Track: Meeting the needs of the whole community.**
- **Shattuck-St. Mary’s School.**
- **“New Hope for Struggling Jewish Day Schools,”** JTA. Sept 11, 2013.

4 Communal Collaboration

INTRODUCTION

Local Jewish education agencies trail a long history. Bureaus of Jewish Education (BJE's) in America's largest cities date back to the end of the nineteenth century. Over time their roles have changed from overseeing the professionalization and curriculum development in supplementary schools, to building organizational capacity in a wide swath of educational institutions, including day schools. Over the last decade, as the economic crisis has strained the organizational structure of North American Jewry, these agencies have undergone still more change: some have closed, others have folded into local Federations, and still others have reframed their core missions. While in many communities BJE's continue to play a key role in day schools, in others local funders have now taken the lead.

The last quarter century has also seen the growth of a variety of national agencies serving day schools. These include **PaRDeS**, the Progressive Association of Reform Day schools; **the Schechter Day School Network**; the **Institute for University-School Partnership at Yeshiva University**; **RAVSAK**, the Jewish Community Day School Network; **Matan**, which advocates for Jewish students with special needs; and the **Partnership for Excellence in Jewish Education (PEJE)**, which works to strengthen individual schools, communities, and the educational field writ large.

Communal collaboration cuts across many of the initiatives discussed in this book, including those aimed at cutting costs, increasing enrollment, aiding middle income families, and raising endowment and annual contributions. Communal collaboration is so fundamental to day school affordability and sustainability that we will outline some of the communal initiatives here, even if they are also taken up in other chapters. Harry Bloom, PEJE Strategy Manager for Financial Sustainability and Director of the YU Day School Benchmarking project, has reported on **the top five community initiatives to sustain day schools**. According to Bloom, leveraging community power is essential when: (a) economies of scale can yield extra leverage; or (b) individual schools lack the expertise, staff, or financial capacity to fully capitalize on major opportunities.

DESCRIPTION OF INITIATIVES

Consortia of schools, Federations, Boards of Jewish Education, and individual funders drive initiatives that can be grouped into three categories: those aimed at **generating revenue**, at **saving costs**, and at building the **efficiency and effectiveness** of schools:

① Revenue generation

a. Fundraising: Endowments and annual campaigns

Communal fundraising takes two forms: Endowments and annual campaigns. For each, collaboration may take the form of direct fundraising or building the capacity of individual schools to expand their own fundraising. Both communal endowment campaigns and communal annual fundraising seek to expand the pool of donors beyond the day school community itself. These communal efforts seek to demonstrate that supporting day school education is a communal prerogative, a task to be distributed across the community. Too often, day school funding is driven by those with direct connections to the school—alumni, parents, grandparents and others. A variety of communal funds were studied in PEJE/OU’s white paper: **“Yehoshua Ben Gamla’s Vision in Practice: Kehillah Funds”**

- **Endowments:** A number of communities have banded together, usually under the umbrella of a central agency, to raise a communal endowment for Jewish day schools. Interest from this endowment is distributed to schools according to a variety of different calculations. Communal endowments have been established in Chicago (**Chicago Guaranty Trust**), **MetroWest New Jersey**, **Montreal**, Seattle (the Samis Foundation), and **Los Angeles**. These endowments may take the form of one collective fund which distributes funds to schools or individually managed endowments for each school with collaboration on fundraising, policies, etc.

Communal collaboration may also take the form of partnership on developing endowments. The **Generations** program, for example, described in greater detail in **Chapter 6**, brings coaching and other resources to help schools and communities build their endowments.

- **Annual campaigns:** Other communities have collaborated on annual fundraising to benefit local Jewish day schools. Communal campaigns specifically for Jewish day schools have been established in Chicago (**Kehillah Jewish Education Fund**), Northern New Jersey (**NNJKids**), and Central New Jersey (**CNJKids**). In some communities, the local Federation plays the role of central fundraiser for day schools. For more detailed information on the variety of roles that Federations have played in funding day school education, see the reports by **Leora Isaacs** (1994) and **Federation Allocation Report: Jewish Day School Education** (2008).

PEJE offers the **Leadership and Fundraising Academy** (LFA) to assist schools and communities in honing their development efforts. LFA brings lay and professional leaders together for joint seminars, offers coaching and ongoing

support, and tracks advancement against similar schools. Communities that have implemented LFA include Los Angeles (twice), New York (twice), Montreal, and more recently South Florida, Houston and Dallas.

b. Government funding

Availability of government funding varies widely by jurisdiction.³⁵ In some areas of Canada government funding covers a significant portion of day school costs, while in other areas no government funding is available to day schools. In the United States, government funding is similarly unevenly distributed: in some locales it covers busing, special education, and hot meal programs, and in other areas it doesn't.

Many assert that the only way to build a robust, financially sustainable day school system is by making use of government funding. Others object to such funding on both principle and in practice. They raise both ideological concerns about blurring the separation of church and state, and practical concerns about the strings attached to government funds that may influence the philosophical and educational orientation of the school.

Outside of the United States, such funding has not only made schools affordable, but has also granted a form of external validation of the value and quality of day schools, thus encouraging enrollment from those otherwise skeptical of parochial education.

Community collaboration for raising government funds takes two forms:

► Advocacy

Efforts to lobby all levels of government work best as communal, rather than as school-specific efforts. Advocacy may aim at limited funding for specific areas of school operations (security, busing, special education, etc.) or at broader efforts, such as school voucher programs. Any effective lobbying effort requires expertise, funding, and careful strategy. Examples of community advocacy include:

- The **Orthodox Union** leads a coalition which lobbies Congress and the New York State Assembly and legislature to extend religious schools the same discounts for electricity as they give to public schools.³⁶
- In New York, **The Coalition for Opportunity in Education**, a broad coalition of Jewish, Catholic, and traditionally African American schools, as well as unions, is lobbying the state government for an **Education Investment Tax Credit** bill that would benefit religious and public schools. The proposed legislation is designed to increase charitable donations for education from individuals and businesses by providing a tax credit from a donor's state tax liability. **Similar plans** have been implemented in **other states**.

³⁵ For more on the types and variances of government funding, as well as possibilities for future funding, see Chapter 4: Public Funding, in **Different Faiths, Common Challenges: Day School Affordability**.

³⁶ For more on this effort, see **OU Amps Up Lobbying Energy Discounts**, *The Jewish Week*, July 3, 2013.

► Coordination of funding

A second type of communal collaboration takes the form of coordinating existing funding with government grants. The process of applying for and administering government grants can be burdensome on individual schools. In several communities, individuals or central agencies charged with applying for and administering government grants for day schools have proven an effective form of collaboration by identifying one expert and point person for such efforts.

② Cost cutting

In 2008, the AVI CHAI Foundation released a Request for Proposals for Day School Cooperation and Cost Savings. The purpose was to encourage new cooperative ventures among day schools, whether at the administrative level or in the core educational program. Ultimately, the goal was to produce cost savings. Six grants totaling \$540,000 were awarded. More information about these grants, and their collective progress, can be viewed on the [AVI CHAI Day School Cost Savings Blog](#).³⁷

Communal collaboration efforts have also yielded results in reducing costs through collective purchasing, shared physical plant, and shared resources.

a. Collective purchasing

To leverage greater opportunities as bulk consumers, schools have banded together to negotiate better prices on a wide variety of goods and services, including school supplies, maintenance staff, food services, busing, payroll, legal, HR, technical and services. In some cases, a communal coordinator or agency oversees the efforts.

b. Shared campus

A shared physical plant often allows for greater efficiency and utilization of resources. In a number of communities, a shared campus brings together multiple schools, which share common spaces such as libraries and gyms.

Some communities have created joint campuses between schools and other communal institutions. These may include buildings that are used by day schools during weekdays, by supplementary schools in the evenings, and by synagogues on weekends. Other forms of shared campuses include sharing with a JCC, or Jewish public library.

A number of day schools facilities are used for summer camps. In some cases these camps are operated in-house, as a department of the school. In others the camps rent facilities during the summer and possibly office space during the year. In both cases, schools report that the revenue generated from camp offers helpful cash flow to the school.

³⁷ While the blog has not been active since 2011, many of the ideas posted there remain relevant.

c. Shared human resources

As discussed in [Chapter One](#), 70 to 80 percent of schools' operating expenses are committed to payroll. As such, a significant reduction in costs can only be achieved through a reduction in salaries. Schools have reported success in reducing overall payroll through collaboration. Sharing teachers (especially in specialty areas such as biology or arts), IT support, or back office staff could offer significant savings.

③ Efficiency and effectiveness

In addition to the initiatives above, other cross-school initiatives aimed at both avoiding duplication of resources and improving effectiveness have been applied in a number of areas of school operations, including shared professional development and recruiting and marketing.³⁸ By undertaking these initiatives through cross-school collaboration some have reported both financial savings as well as improvement in program quality.

COLLECTIVE IMPACT

The initiatives listed above are examples of collaboration amongst schools or between schools and other Jewish non-profits. Large scale social change movements outside the Jewish world have employed [Collective Impact](#), a form of broad cross-sector coordination that mobilizes resources and expertise from multiple sectors and organizations. The [Stanford Social Innovation Review](#) notes that, “unlike most collaborations, collective impact initiatives involve a centralized infrastructure, a dedicated staff, and a structured process that leads to a common agenda, shared measurement, continuous communication, and mutually reinforcing activities among all participants.”³⁹ There are examples of deep-rooted change in non-Jewish education catalyzed by collective impact. But such cross-sector projects have yet to be deployed for the purposes of formal Jewish education. Still, they may yet provide fertile ground for experimentation.

CHALLENGES

① Resistance from schools

Jewish day schools often vie for students, staff, and resources. Transforming a culture of competition into one of collaboration presents a difficult task, even in the closest of communities.

② Mobilizing non-day school actors

Several of the initiatives above—most notably the communal endowment/fundraising efforts and Collective Impact—require the mobilization of the resources and passions of those who

³⁸ For examples of cross-school marketing, see “[Jewish Schools Partner on Ad Campaign](#),” *Canadian Jewish News*, Sept 13, 2013 and [Announcing the Branding and Marketing Project](#).

³⁹ “[Collective Impact](#),” *Stanford Social Innovation Review*.

have not traditionally been involved in day school education. It may prove challenging to elicit action from those who have not been touched by day school, and who may question what seems like disproportionate investment in relatively few students.

③ **Strong central organizing body:**

In recent years, central agencies for Jewish education—BJEs and others—have closed or drastically changed their modes of operation. Yet many of the initiatives described above require a strong organizing body in order to implement collaborative efforts. A variety of agencies—including BJEs, local funders, and Federations—have picked up this mantle. Before beginning intensive collaboration, it must be determined if an agency exists with enough power and influence to catalyze such collaboration.

WHAT FUNDERS CAN DO

In many cases, funders are active leaders in a variety of communal agencies. As the link between different agencies, funders play an important role in communal collaboration:

① **Catalyzers**

Funders are in a unique position to bring multiple voices, leaders and organizations around the table to find potential areas of collaboration. In this respect, funders can play the role of catalyst, encouraging the types of collaborative conversations and thinking that generate shared projects and advance a common agenda.

② **Pacesetters**

Funders may act as pacesetters and fundraisers, both setting the bar for giving and canvassing other donors to contribute. Communities that have undertaken such campaigns—either endowment or communal annual giving—have noted the central role that funders have played in soliciting funds both from insiders to the day school experience and, more importantly, from those who are not traditional givers to day schools.

③ **Start-up and bridge funding**

Many of the collaborative initiatives discussed above—most notably coordinating government funding and cost-cutting efforts—require start-up or bridge funding. This may come in the form of hiring a coordinator of government funding, covering bridge expenses of collective purchasing, or sharing resources. ■

QUESTIONS TO CONSIDER:

Designed to spur discussion, these questions can be used as a book club to explore the initiative from a variety of angles.

Chapter-specific discussion questions

1. Is your community ready for communal collaboration? Are individual professional and lay leaders, institutions and others prepared to collaborate? What does readiness look like and how can you lay the groundwork for successful collaboration?
2. Do you start with the low hanging fruit or the larger challenges? What is the low-hanging fruit? Collective purchasing? Share back-office? What are the larger challenges? Communal fundraising? Joint marketing and recruitment? Shared physical plan? Where should communal collaboration in your community begin?
3. How can those who are not traditional day school activists be best engaged? How can these individuals and institutions—including funders, social service agencies, synagogues, and JCCs—be recruited as collaborators in the communal Jewish day school project?
4. Does everyone need to be involved? Can communal collaboration work with only certain schools or parties? What impact would a partial coalition have on other areas of community building?

Questions to move us forward

1. What initiatives discussed in this chapter, if any, could benefit your school or community?
2. What roles can you, as a funder, play to catalyze these initiatives?
3. What foreseeable obstacles might you encounter on the way to implementation?
4. What would success look like? What benchmarks can be established to gauge successful implementation?

RESOURCES CITED IN THIS CHAPTER

(If using a hard copy, please see a digital edition of this book for live links.)

- **PaRDeS.**
- **Schechter Day School Network.**
- **Institute for University-School Partnership at Yeshiva University.**
- **RAVSAK**, the Jewish Community Day School Network.
- **Matan.**
- **Partnership for Excellence in Jewish Education (PEJE).**
- Harry Bloom, “**The Top 5 Community Initiatives to Sustain Day Schools,**” *eJewish Philanthropy*, July 6, 2012.
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- Federations and day school education: reports by **Leora Isaacs** and **Federation Allocation Report: Jewish Day School Education.**
- **Leadership and Fundraising Academy, PEJE.**
- **The Coalition for Opportunity in Education.**
- **Education Investment Tax Credit.**
- **AVI CHAI Day School Cost Savings Blog.**
- **Stanford Social Innovation Review: Collective Impact.**

Section B: Mobilizing External Support

INTRODUCTION

The initiatives described in this book are twofold. Section A focuses on optimizing the organization and Section B on mobilizing external support.

As we've seen, **Chapter Two: Cost Cutting** and **Chapter Three: Determining and Reaching Capacity** fit squarely within the theme of maximizing efficiency. While funder resources are critical to attaining this end, much of the work is focused on reformatting the delivery of services within the school.

Chapters Four and **Five** bridge Sections A and B. **Chapter Four: Communal Collaboration** is a mix of optimizing institutional efficiency—through initiatives such as collective purchasing—and mustering external resources through communal fundraising. Similarly, the initiatives discussed in **Chapter Five: Middle Income** are relevant both to optimizing the institution and to mobilizing external support. Initiatives which use net tuition discounting to recruit new students and fill empty seats in order to increase revenue fall within the purview of optimizing the institution. Initiatives which offer current families a flat grant to assist with middle income affordability require outside resources.

Finally, as we'll see below, **Chapter Six: Endowments** falls squarely within the theme of mobilizing external support. Schools cannot go it alone. As tuition increases continue to outpace both cost of living and household income, middle-income families, once contributors, are being squeezed out of day school education. As we've noted, revenue from tuition currently covers only 80 percent of costs, leaving the day school system with an annual gap of \$300 million that must be covered through external funding. Both challenges require initiatives that reduce the reliance on tuition and develop sources of external support.

5 Middle Income

INTRODUCTION

Since the economic crisis in 2008, tuition at Jewish day schools has continued to rise while wages **remained stagnant**. Among those most affected are middle income families. For over a decade, middle income salaries have remained stagnant. These families, who do not qualify for traditional income-based financial aid but struggle to afford full tuition, have been forced to make difficult decisions regarding their children's enrollment in day schools. As one Head of School observed, there is a "unique psychology of middle-income families," who are donors in other organizations in which they are involved, but are forced to be askers in day schools.

Some have noted a **barbell effect** in day schools: a large proportion of low-income families who qualify for financial aid, a small number of middle-income families who struggle to afford full tuition, and a larger proportion of high-income families who pay full tuition. As tuition increases outpaces inflation, schools are faced with requests for financial aid from families who would not have applied ten years ago.

As discussed above in **Chapter 3**, middle-income families able to afford partial tuition make ideal candidates for net tuition discounting. In many cases, the added revenue from their tuition dollars outweighs the marginal costs of adding an extra student to an existing, under-capacity classroom. Thus initiatives aimed at middle income families have two parallel goals: To make day school affordable and accessible to the broadest possible range of students, and to fortify a school's fiscal sustainability through net tuition discounting.

Middle income affordability has become of late a hot topic in discussions about day school affordability and sustainability. PEJE reports that, to date, their White Paper on the topic, "**And you shall strengthen your brother: Middle-income strategies**," has been the most downloaded White Paper in the series. Numerous case studies and op-ed pieces have focused on the topic. See for example, the works by **Klapper**, **Perla**, and **Zar-Kessler**.

DEFINING MIDDLE INCOME

“Middle income” is not synonymous with “middle class.” In 2012, the [Pew Research Center](#) defined “middle-class” as a three-person household with total income between \$39,418 and \$118,255. By contrast, in 2006, the National Association of Independent Schools [determined the low-end salary of “middle-income”](#) as \$92,000. In analyzing the demographics of their school community—including household income, number of children, other expenses of Jewish education and Jewish living, and local cost of living—Jewish day schools and communities have defined middle-income brackets as encompassing household incomes anywhere from \$100,000-\$400,000.

Determining what a family can afford begins with calculating the maximum percentage of adjusted gross income (AGI) that a family should spend on day school education. The [IRS defines AGI](#) as gross or total income minus certain adjustments. In addition to the standard IRS deductions (such as college tuition, health savings accounts, alimony, and certain business expenses), some Jewish day school initiatives include deductions for Jewish expenses (including synagogue dues, Jewish pre-school tuition, etc.).

For illustrative purposes, consider a school with flat tuition of \$15,000 per student (which is on the low end of average tuition). Now let’s consider five families, with household AGI of \$100,000, \$150,000, \$200,000, \$250,000 and \$300,000 respectively. As the table below demonstrates, depending on the number of children enrolled in the day school and the family’s income, the percent of AGI spent on tuition for these families can range from 5 percent to 45 percent. Schools and communities must ask themselves, what is the maximum percent of AGI we can ask a family to invest in Jewish day school education?

AGI	Number of children in day school	Tuition	Total tuition	% AGI spent on tuition
\$100,000	1	\$15,000	\$15,000	15%
\$100,000	2	\$15,000	\$30,000	30%
\$100,000	3	\$15,000	\$45,000	45%
\$150,000	1	\$15,000	\$15,000	10%
\$150,000	2	\$15,000	\$30,000	20%
\$150,000	3	\$15,000	\$45,000	30%
\$200,000	1	\$15,000	\$15,000	8%
\$200,000	2	\$15,000	\$30,000	15%
\$200,000	3	\$15,000	\$45,000	23%
\$250,000	1	\$15,000	\$15,000	6%
\$250,000	2	\$15,000	\$30,000	12%
\$250,000	3	\$15,000	\$45,000	18%
\$300,000	1	\$15,000	\$15,000	5%
\$300,000	2	\$15,000	\$30,000	10%
\$300,000	3	\$15,000	\$45,000	15%

DESCRIPTION OF INITIATIVES

Middle-income initiatives have been undertaken on both the school and communal level. Some, aimed at attracting new students, offer funding only to those who had not previously enrolled in Jewish day schools. Others are designed to serve the needs of current students, easing the squeeze on the school's middle income families. Still other programs provide for families with multiple children. Policies on eligibility and amount of funding are used to leverage the program towards the intended goals.

Before launching a middle-income initiative, it is helpful for schools or communities to:

- ① **Define** middle income for their particular community by undertaking a study of the school or community's demographics and local cost of living.
- ② **Determine** target audience and goals (new or existing students or families; AGI brackets; numbers of children per family, etc.).
- ③ **Create** long-term projections for sustainability of the program, estimate number of students likely to participate, assess the cost of their participation, and forecast future funding.
- ④ **Secure** funding to ensure the viability of the program and to backstop the potential 'success' of the program in enrolling a significant number of additional students and thereby increasing costs.
- ⑤ **Establish** the application and financial disclosure process. Is the application for the middle income initiative part of the overall financial aid package or a distinct process? Should middle income families undergo the same financial review as those receiving tuition subsidies? Is this form of financial due diligence too invasive for families who are not accustomed to such disclosures?
- ⑥ **Create** a marketing plan in order to spread word of the new program and encourage applications from families who may otherwise see tuition as a barrier to entry.

Several middle income initiatives are profiled in the PEJE brochure, "**Towards Increased Enrollment: Beating the Middle-Income Squeeze.**" As well, while the examples cited below are school-based initiatives, it is important to highlight that some communities have undertaken community-wide middle income initiatives. Examples include **the Jim Joseph Foundation High School Affordability Initiative** in Los Angeles, which focuses on middle income affordability at the high school level (and is highlighted in **Chapter Six**), **Montreal's C.A.P.S Program** which caps tuition for middle income families, and CJP of Boston's **Discover Day School** program, which focuses on first-in-family day school students from middle income families attending one of fifteen Boston-area schools (highlighted in **Chapter Three**).

Broadly speaking, two types of initiatives have emerged: those which offer a direct, flat-grant to middle income families, and those which establish a sliding scale "flex tuition" based on AGI. Each may be targeted towards new or current students.

① Flat-grant

Flat grants offer a set dollar amount to eligible families who fall within pre-set AGI and family size brackets. Grants range from \$750 to \$7000. Terms—including the number of years which families may receive the grant, the amount of the grant, the grade levels which are eligible for the grant and the amount for each grade, whether the grant is for new or existing students, and whether the amount is per family or per child—differ depending on the intended purposes of the program. To offer a few examples:

a. GO Grants offer set awards to middle income families according to grade level:

- ▶ K-5th grades: \$4,000
- ▶ 6th-8th grades: \$5,000
- ▶ 9th grades: \$7,000
- ▶ 10th-12th grades: \$5,000

b. Aleph Baec offers \$5,000 per child in Nursery, JK, SK, Grade 1 or Grade 2 dependent on income and number of children:

- ▶ \$150,000 - \$250,000 (one child enrolled in the school)
- ▶ \$200,000 - \$300,000 (two children enrolled in the school)
- ▶ \$250,000 - \$350,000 (three or more children enrolled in the school)

c. TAP (Tuition Accessibility Program) takes into account the number of children in the school and the family's AGI.

Number of children enrolled	Adjusted Gross Income (AGI) & Tuition Discount Per Child		
	<\$230K	\$231K—\$265K	\$266K—\$300K
1 child	\$1,800	\$1,000	\$600
2 children—Tuition discount per child	\$2,400	\$1,800	\$1,000
3+ children—Tuition discount per child	\$3,000	\$2,500	\$2,100

d. The Tzedek Tuition Reduction Plan provides families with an AGI of \$200,000 or less with an increasing reduction per student enrolled.

2013-14 Tzedek Tuition Reduction Plan Annual Adjusted Gross Income <\$200,000			
1st child	2nd child	3rd child	4th child
\$8,878 (8% disc.)	\$8,685 (10% disc.)	\$8,203 (15% disc.)	\$7,238 (25% disc.)

② Flex tuition

Flex tuition programs cap family tuition at a percentage of AGI with a maximum amount for full tuition. The target maximum percentage of AGI set by the school ranges from 10 percent to 18 percent. Using the family makeups and AGI from the table above, assuming that full tuition is set at \$15,000/student (on the low end of the national average) and the school sets flex tuition at 15 percent of AGI, our sample families will pay the following tuition.

Household AGI	Number of children	Total tuition under flex tuition program
\$100,000	1	\$15,000**
\$100,000	2	\$15,000
\$100,000	3	\$15,000
\$150,000	1	\$15,000**
\$150,000	2	\$22,500
\$150,000	3	\$22,500
\$200,000	1	\$15,000**
\$200,000	2	\$30,000**
\$200,000	3	\$30,000
\$250,000	1	\$15,000**
\$250,000	2	\$30,000**
\$250,000	3	\$37,000
\$300,000	1	\$15,000**
\$300,000	2	\$30,000**
\$300,000	3	\$45,000**

** Full tuition

While these programs may be attractive to the middle income families targeted, Daniel Perla, AVI CHAI Foundation Program Office for Day School Affordability, **draws attention** to the sustainability issues involved in lowering tuition for particular populations within the school without generating new revenue streams.

The iCap program at the Solomon Schechter of Greater Boston has been examined by Charles Cohen of PEJE and Daniel Perla in their case study **iCap: Keeping Jewish Day Schools Affordable to Middle Income Families** as well as in **an article** by Arnold Zar-Kessler, the Head of School. This program is designed to attract and retain multi-child families, with the goal of using net tuition discounting to offset the addition expenses.

CHALLENGES

What obstacles may inhibit the successful implementation of these initiatives?

① Long-term sustainability

For nearly a decade, increases in the costs of operating a day school have consistently outpaced increases in wages. If this trend continues, it will result in an ever-growing middle income band and ever increasing demand for these types of initiatives. Is this sustainable? In most cases, outside funders underwrite the discounts offered in both flat-grant and flex tuition models. Internalizing the added costs would significantly raise tuition for full-paying families.

② The unique needs of middle income families

Middle income families are accustomed to being donors rather than askers. Some may be resistant to ask for subsidies, or to undergo the traditional financial disclosure process associated with financial aid. How can these families be encouraged to ask for support? To what degree should they undergo the often invasive process of applying for financial aid? In what ways can the process be made easier for them?

Similarly, there must be some flexibility in determining tuition levels for middle income families. Macy Kisilinsky, former board president of Hillel Academy in Pittsburgh, notes that “some income, particularly for entrepreneurs, isn’t going to appear as adjusted gross income on a tax return.” These types of unique scenarios may be more prevalent in middle income households.

③ If you lower it, will they come?

Analysis of enrollment data from 200 independent schools—both Jewish and non-Jewish—in the year before and after the recession found **no relationship between tuition and enrollment**. According to research conducted by Measuring Success and Independent School Management, “There is no mathematical relationship between tuition change and enrollment.”⁴⁰ This being the case, we must ask, will middle income initiatives attract a significant number of new students to the school or curb attrition of those feeling the financial pinch?

④ Is flex tuition fair?

In the course of the financial aid process, committees comb through family finances looking at both income and expenses. Families that choose to spend lavishly on vacations, cars, etc. are usually deemed ineligible for scholarships. What about families in which both parents have significant earning potential but choose to be one-income families? As Paul Shaviv notes in his article **Tuition Assistance Headaches** such questions may be present in all financial aid decisions, but they become especially pronounced in middle-income initiatives.

⁴⁰ Measuring Success and Independent School Management. *Full Steam Ahead: Part 2. Cutting-Edge Research and Opinion for Excellent Independent Schools*. 2010.

⑤ Large families

Setting tuition as a percentage of AGI for large families results in larger tuition discounts per child which can add significant stress to the school's budget. Depending on the demographics of the community, this may pose a significant challenge to some forms of flex tuition.

WHAT FUNDERS CAN DO

① Fund the grants/cover lost tuition

Each of the middle income initiatives discussed above were made possible through the support of funders. While adding partial payers to classrooms operating under capacity may generate additional revenue with marginal costs, these initiatives require start-up funding as well as a backstop to mitigate the school's risk. In addition, if tuition increases continue to outpace income levels, the demand for these programs will continue to grow.

② Fund marketing plans

In addition to the funds required for grants and tuition subventions, middle income initiatives require a significant marketing plan in order to engage appropriate families. In any successful middle income initiative, funding has been earmarked for program marketing.

③ Make it a community initiative

As discussed above, as leaders at multiple agencies, funders can play a unique role in catalyzing communal collaboration. If a middle income initiative is launched at one school within a community but not at others, parents will likely shop around for the best deal. Communal collaboration on middle income initiatives can benefit multiple schools and assist in informing culture change in day school financial aid—encouraging middle income households to apply. Funders can bring educational and communal leaders around the table to consider communal initiatives. ■

QUESTIONS TO CONSIDER:

Designed to spur discussion, these questions can be used as a book club to explore the initiative from a variety of angles.

Chapter-specific discussion questions

1. How much should families be expected to sacrifice in order to provide their children with a day school education? What is the appropriate maximum percentage of AGI a family should be expected to allocate to day school tuition?
2. Considering the growing gap between tuition and income, are middle-income initiatives merely Band-Aid solutions temporarily assisting those feeling the squeeze? Do they circumvent the underlying issue of the rising cost of day school?
3. How can middle income initiatives become sustainable? Are there ways to wean such programs off of external funding?
4. What additional expenses should be deducted from AGI? Should tuition to other schools—early childhood education (Jewish or not), college, other independent schools—be discounted? What about other forms of Jewish education—summer camps, Israel trips, etc.?

Questions to move us forward

1. What initiatives discussed in this chapter, if any, could benefit your school or community?
2. What roles can you, as a funder, play to catalyze these initiatives?
3. What foreseeable obstacles might you encounter on the way to implementation?
4. What would success look like? What benchmarks can be established to gauge successful implementation?

RESOURCES CITED IN THIS CHAPTER

(If using a hard copy, please see a digital edition of this book for live links.)

- **“And you shall strengthen your brother: Middle-income strategies,”** PEJE.
- Case studies and op-eds on middle income affordability by **Klapper, Perla**, and **Zar-Kessler**.
- **“The Lost Decade of the Middle Class,”** Pew Research, August 22, 2012.
- “Towards Increased Enrollment: Beating the Middle-Income Squeeze,” PEJE.
- Examples of middle income affordability initiatives: **Jim Joseph Foundation High School Affordability Initiative**, Los Angeles; **Montreal’s C.A.P.S Program**; **Boston’s Discover Day School**.
- Examples of flat grants: **GO Grants**, **Aleph Baeck**, **TAP** (Tuition Accessibility Program), **Tzedek Tuition Reduction Plan**.
- **“iCap: Keeping Jewish Day Schools Affordable to Middle Income Families,”** PEJE.
- Paul Shaviv, **“Tuition Assistance Headaches,”** *HaYidion*.

6 Endowments

INTRODUCTION

Endowments are a critical tool in safeguarding schools' sustainability. Endowment proceeds are often used to facilitate affordability initiatives. In the long-term, funds drawn from an endowment allow school leadership to fund initiatives that would otherwise go by the wayside. Such funds also alleviate pressure on the annual campaign, facilitate long term planning, and buttress the ability of a school to weather difficult economic times. Pat Bassett, former president of the National Association of Independent Schools, **observes**: "In any model of financial sustainability for independent schools, endowment growth is a key factor. The schools that will be most secure and in existence in the future will be the schools that have committed to building their endowments."

At the same time, some argue that all funds raised for Jewish day schools should be used to confront the current crisis. Citing specific, immediate challenges of affordability and quality, there are those who contend that schools would be better served by an immediate large-scale infusion of funds rather than building an endowment capable of offering more modest levels of support over an extended period of time.

Jewish day schools came late to the endowment building process. While several day schools established endowment funds decades ago, the establishment of these endowments was more often than not a matter of happenstance. Most Jewish day schools currently engaged in endowment development began active campaigns only over the past 15 years.

One of the first major efforts to spark interest in endowment fundraising was George Hanus' **"Operation Jewish Education."** Launched in 1998, the project called for every Jew to donate 5 percent of his or her estate to a day school endowment of his or her choice.⁴¹ Interest in Hanus' idea, and in the potential of endowment fundraising, subsequently gained momentum.⁴² The first example was the **Chicago Jewish Day School Guaranty Trust**, launched in 2001 by the Jewish Federation of Metropolitan Chicago. Soon after, other communities began planning. **The Los Angeles BJE** established an endowment for Jewish day schools in 2004, and the Jewish Community Foundation of Greater MetroWest, New Jersey, introduced the **MetroWest Day School Campaign** in 2005.

In addition to communal efforts, individual schools have themselves built endowments, which range from a few hundred thousand dollars to tens of millions. For profiles of some of the most successful, see the PEJE/OU White Paper **"So I too, Plant These for my Children: Endowment Development."**

⁴¹ See Hanus' description of the project in the December 1998 edition of *Sh'ma*.

⁴² See, for example Y. Unterman, **"A Day (School) Dream,"** *Ten Da'at* (Winter 2000); and J. Wertheimer, "Talking Dollars and Sense about Jewish Education," *AVI CHAI* (2001).

Since 2005, funders including the AVI CHAI and Jim Joseph Foundations have worked closely with schools and communities to prioritize endowment development. The AVI CHAI Foundation has partnered with PEJE/OU and local community partners to establish the **Generations Program** to provide training, coaching and other resources to communities of schools. The Jim Joseph Foundation has partnered with the Jewish Federation Council of Greater Los Angeles, Builders of Jewish Education and local five high schools to launch **the Los Angeles High School Affordability Initiative** and challenge participating schools to raise \$17 million in endowment funds. Both programs will be described below.

Notwithstanding these significant efforts, Jewish day school endowments lag behind their independent school peers, many of which have been building endowments for decades. Each of the **top sixteen U.S. independent school endowments** exceeds \$200 million.⁴³ Contrasted with Jewish day schools, as of July 2012, the combined endowment funds held by more than 100 day schools total about \$270 million.⁴⁴

While suggested endowment **target size varies** dependent on the intended use,⁴⁵ one benchmark suggested by NAIS is an endowment fund of \$20,000/student.⁴⁶ For the 90,000 students enrolled in the schools discussed in this publication the total endowment benchmark would be \$1.8 billion. Assuming an annual return of 5 percent, such an endowment would deliver \$1,000 annually per student and would only cover 30 percent of the current \$300 million gap between tuition raised and operating costs of Jewish day schools. To cover the total shortfall, the overall endowment would need to be a staggering \$6 billion. (For a visual representation, see the box below.)

A glance at aggregated school data further demonstrates the difference between the current state of Jewish day school endowments in comparison to those in NAIS independent day schools:

	NAIS independent day schools ⁴⁷	Jewish day schools
Average enrollment	517	310
Median endowment/student	\$11,535	\$4,468
Annual return/student	\$577	\$223
Total annual return/school	\$298,180	\$69,254
Cost/student	\$19,209	\$18,596
Average budget	\$9,931,053	\$5,764,844

⁴³ “Educational Wealth,” *New York Times*, January 25, 2008.

⁴⁴ PEJE Research collected through the Generations program.

⁴⁵ “How Much Endowment is Enough?” NAIS.

⁴⁶ “Benchmarks for Endowment,” NAIS.

⁴⁷ Source: **PEJE White Paper** citing **NAIS Facts at a Glance (2011-12)** and **JData** which, in 2011-2012 has 65 day schools reported enrollment, budget and endowment information.

While most Jewish day school endowments are not yet at levels that significantly impact their annual budget, endowment building can be an important tool in protecting the long term sustainability and affordability of day schools.

DESCRIPTION OF INITIATIVES

As we'll see, some endowment programs combine multiple initiatives designed to complement each other in reaching their goals. At the end of this section, a brief case study of endowment building efforts in Los Angeles will highlight the possibilities of employing multiple initiatives.

① Building capacity and shifting culture

For many professional and lay leaders, building endowments is outside the sphere of their training and experience. Setting targets, soliciting funders, establishing policies and managing endowments is a complex undertaking. A number of endowment initiatives have accordingly begun with training both lay and professional leadership.

A funder at one day school saw the engagement of a fulltime endowment professional as a critical prerequisite for reinvigorating the school's endowment. She invested in establishing a dedicated position within the development department to hire an endowment professional. Since hiring this staff person in 2010, the school's endowment has grown from \$1 million to \$4 million.

Another approach is to build the capacity of existing school leaders through the engagement of consultants and coaches. This approach recognizes that successful stewardship of endowment funders requires long-term relationships with a variety of professional and lay leaders. Consultants can help lay out an endowment campaign, strategize techniques and develop policies and best practices. Coaches, too, can help professional and lay leaders through the process of establishing targets, planning solicitations, and recruiting key collaborators.

School leaders often see their development goals in terms of annual fundraising targets. Indeed, in many cases the gap between revenue and costs is so wide that the annual campaign dictates the fundraising agenda of professional and lay leaders. Too often, the need to fill this gap inhibits the ability to invest time and energy in endowment building. Developing a culture that emphasizes endowment giving is a critical first step. Funders, through giving and through advocating the importance of endowments, can play a critical role in changing this culture.

② Community-based initiatives

Community-based initiatives aimed at developing endowment funds for multiple day schools within a community take one of two forms: those seeking to build the capacity of schools to develop their own endowments, and those seeking to build one endowment fund with proceeds distributed across multiple schools.

a. Endowments for multiple schools

The **Generations Program** mentioned above, funded by the AVI CHAI Foundation and local

partners and facilitated by PEJE, aims to build the capacity of multiple schools within a target community. Generations currently operates in Los Angeles, Baltimore, New York and Boston. The program offers three years of support, including training and campaign expertise, customized coaching, and a \$25,000 incentive grant for reaching benchmarks. Its goal is to help schools raise \$20-\$30,000 per student in endowments after ten years.

In a similar vein, the Jim Joseph Foundation partnered with the Los Angeles BJE and the Jewish Federation of Greater Los Angeles to create the **Jim Joseph Foundation High School Affordability Initiative**. Funds from the initiative pay for middle-income affordability programs at five Los Angeles high schools for six years. As a condition for receiving this funding, the schools are expected to raise \$17 million in endowment funds earmarked to continue the middle income programs after the Jim Joseph funding is complete. In addition to funding for tuition subvention, marketing, and other critical elements of school operations, the grant helps schools build internal capacity for endowment building.

Both of these initiatives aim at building the capacity in individual school to grow their own endowment funds.

b. Community endowment fund

Another community-based approach is to establish a single community-wide endowment, the proceeds of which benefit multiple schools. As mentioned above in **Chapter Three**, such communal endowment funds have been established in Chicago (**Chicago Guaranty Trust**), **MetroWest New Jersey**, and **Montreal**. As opposed to individual school endowments, these funds often leverage broader community support, enlisting donors who may not feel an allegiance to a particular school. At the same time, developing the buy-in to these communal campaigns—both from institutions and individual donors who have long-standing allegiances to individual schools—can prove difficult.

③ Matches

Funders play a key role in creating momentum for endowment campaigns. Among the most potent ways they can do so is by means of a matching campaign. Match ratios vary by program and **research demonstrates** that the ratio may have little impact on giving.⁴⁸ In one endowment matching program, the donor differentiated match ratios between up-front endowment giving (which received a 1:1 match) and legacy-endowment giving (which received a 1:2 match). In another, matching funds were only released for cash in hand, meaning that legacy gifts were only matched when the donation was realized. In the end, however, matches increase both revenue per solicitation and response rates.^{49 50}

48 "Does Price Matter in Charitable Giving? Evidence from a Large-Scale Natural Field Experiment," Karlan, Dean and John A. List. *American Economic Review* (2007), 97(5), pp. 1774- 1793.

49 Ibid.

50 While not an endowment program, **MATCH** is a matching grants program which aimed to bring support from new funders to day schools' annual campaign. Funded by the **AVI CHAI** and **Kohelet Foundations**, and in partnership with the **Jewish Funders Network (JFN)** and the **Partnership for Excellence in Jewish Education (PEJE)**, the program has reported success in bringing new funders into schools' networks and sustaining these donors in subsequent years.

④ Restricted endowment funds

Often at the behest of funders, some schools open restricted endowment funds for particular programs or operations. Designated funds allow schools to tailor funds to the funder's interest. The list of specific endowments is as broad as funder interests, including specific subject areas, extra-curricular activities, and others. While restricted endowments such as those that benefit classroom technology or an Israel program enhance perceived quality, schools prefer latitude in their endowment funds. Understandably, they wish to retain the ability to designate proceeds to the area of greatest need, which may include less marketable expenses like operations and maintenance.

As endowments have risen, a number of schools have designed endowments for day school affordability. These funds may benefit financial need scholarships and/or specific middle income initiatives. With day school affordability regularly highlighted in the media and a hot topic around Jewish communal tables, the marketing of these affordability endowments has met with considerable success.

⑤ Property rentals/revenue generating businesses

A number of other strategies generate ongoing revenue or free up school capital. One school rents an adjacent building, under a long-term lease, to the local public school board. This steady revenue stream allows the school to maintain low tuition. Recently, the Hillel at the University of Central Florida **received a gift** of a luxury dorm complex. The Hillel will be housed within the new complex and will receive revenue from rentals.

⑥ Debt reduction/retirement

A number of day schools have received gifts to retire their mortgages. Debt functions like a negative endowment, with interest rates on debts a comparable reverse to expected endowment income. Reducing debt relieves the burden of mortgage payments and allows the funds to be repurposed towards other pressing needs. In 2009, when one school had its **\$12.5 million debt eliminated by a group of donors**, the Head of School wrote: "It's rare for donors to use their gifts to pay down debt. People like to see their money going to new things: buildings or directly into programs. To have the foresight to see how critical it is that we should be secure for the future is huge financially, psychologically and existentially. It puts us in a dramatically different place."

Debt reduction aims to reduce a school's overall expenses through an upfront contribution. A similar approach would fund construction of renewable energy technology, such as solar power, which would ultimately cut expenditures on energy (and during the summer, when the school's energy requirements are low and energy costs are higher, even sell energy back to the local grid). **One school** recently announced just such a venture. In addition to cost cutting, the school notes the educational value of integrating lessons about renewable energy and conservation into its science curriculum.

⑦ Building a culture of endowment

One of the greatest challenges in this area is to create a culture of endowment giving that moves beyond an exclusive focus on annual or capital campaigns. While the majority of endowments are built through large gifts, opening channels for small contributions to a school endowment can at once build the endowment, demonstrate that a commitment to long-term sustainability is incumbent on all members of the school community, and help build a culture of endowment giving. Some such policies include:

- a. Allocating a percentage of annual fundraising campaigns and event proceeds to the endowment.⁵¹
- b. NAIS recommends establishing an endowment-funding expense line in the annual budget. This budget line of 1 percent sends an important message: invest today for the future of the school.
- c. NAIS also recommends that a third of capital campaign dollars be allocated to endowments in order to ensure the maintenance and upkeep of the physical plant.
- d. Establishing a per-family or per-student annual contribution to the annual campaign. One k-8 school set this fee at \$200 per family per year. Over the 9 years in k-8, this amounts to a symbolic \$1800 contribution. While the school offers generous financial aid, this contribution is never waived, and sends a clear message of full-school commitment to the endowment. Demonstrating that the school has received a 100 percent buy-in from parents for the long-term sustainability of the institution sends a powerful message to larger funders.
- e. One school asks for a graduation gift from each student, symbolically tied to the year. Graduating students in 2014, say, each contribute \$20.14 to the endowment fund. The key to such strategies is following-up with graduates as they grow older and maintaining a culture of endowment giving.
- f. Setting a focus on legacy giving, and encouraging funders to include the school in estate planning.

⁵¹ "Benchmarks for Endowment," NAIS.

CASE STUDY: LOS ANGELES

In the early 2000's, the director of the Los Angeles BJE began a conversation with the Jewish Federation of Greater Los Angeles about building school endowments. He noted that day schools were turning to the BJE in crisis, rather than from positions of strength. The BJE sought financial sustainability for LA schools, and concluded that endowment building was the only viable solution. At the time, only two of thirty-nine Los Angeles schools had endowments.

Endowment building came in three waves. First, in 2007 a funder offered the pace-setting gift aimed at building a \$100 million endowment. The funder contributed \$5 million, which was to be paired with \$15 million raised by the Federation and the BJE. This \$20 million fund would match \$80 million raised by schools at a 1:4 level. To date, half of the \$20 million matching fund has been raised and the twelve schools currently participating have raised \$15 million.

Second, in 2008 the Jim Joseph Foundation created the **Jim Joseph Foundation High School Affordability Initiative**. As discussed above, funds from the Jim Joseph Foundation grant do not fund school endowments, but the grant challenges the five participating high schools to collectively raise \$17 million in endowment funds in order to continue the middle income program following the six-year Jim Joseph grant. While some participating schools had been reluctant to focus on endowment, the grant provided an important incentive to garner their buy-in. In addition to funding the middle income initiative the grant helped build the development capacity of the schools, enabling them to grow their endowments, and establishing a community of practice for school development professionals. During the first four years of the program—and despite the economic downturn—leaders of the initiative report that the schools have met their endowment benchmarks.

In the third and fourth waves, Los Angeles participated in the **Generations** program, and is about to launch a second cohort of participating schools. In the first Generations cohort eleven schools expressed interest for seven slots. The second cohort of five schools will launch this coming year. (The LA BJE is preparing an online toolkit documenting its work on building endowments. Follow the **BJE website** for updates.)

Through these multiple, overlapping initiatives, seventeen schools will have participated in endowment building programs, growing their capacity to raise endowment funds and buttressing the overall sustainability of the schools.

CHALLENGES

① Reaching the endowment tipping point

In order to significantly alter the current financial model, Jewish day school would require vast endowment funds. If day schools currently have \$270 million in endowments, will we be able to raise six times that amount to reach the NAIS benchmark? Eighteen times that amount to cover the \$300 million shortfall? Can we build endowments large enough to reach the tipping point of day school affordability and sustainability?

Goal	Annual funds generated ⁵²	Endowment required
Reach NAIS benchmark	90 m	1.8 b
Cover annual \$300 mil shortfall	300 m	6 b
Reduce tuition by \$5,000	450 m	9 b
Reduce tuition by 50% ⁵³	675 m	13.5 b
Cover day school operating expenses	1.5 b	30 b

② The time horizon

The largest endowment givers are those who have longstanding relationships with the school—those who have given to annual campaigns for over a decade, and have built a lasting relationship with school leaders. Considering the current tuition crisis, do we have time to wait for endowments to be built? Is it incumbent upon us to adopt policies that will have a faster effect, before more families are priced out of day schools?

Indeed, there are those who argue against investing in endowments when funds are so urgently needed to solve today's challenges. Day schools, they say, particularly those which face critical issues of affordability, simply cannot afford to stow away money in an endowment.

③ Restricted funds

While it may be somewhat easier to solicit endowment funds from donors for issues that speak to their particular interests, such terms restrict the ways in which a school can utilize the funds. Moreover, while restrictions may fit the school's needs at the time of commitment, looking ten, twenty or thirty years down the road the school's needs may change. Should a school solicit or even accept restricted or earmarked funds? How can funders be encouraged to permit greater latitude in the use of their endowment gifts?

⁵² Assuming a 5% spend.

⁵³ Assuming tuition of \$15,000.

④ Culture of endowment

With many schools operating hand to mouth—raising funds today for expenses incurred yesterday—how can we liberate schools from focusing exclusively on annual funds? What conditions might create a healthy culture of endowment giving?

WHAT FUNDERS CAN DO

① Building capacity

- a. An essential ingredient in establishing and growing school endowments is encouraging lay and professional leaders to develop an endowment plan, develop strategies and raise funds. As an initial step, funders can help schools build capacity in a number of ways:
 - ▶ Guiding the school through an assessment of readiness. As knowledgeable outsiders, funders offer unique insight and perspective. PEJE has prepared a readiness quiz which can be found [here](#).
 - ▶ Funding the engagement of fulltime endowment staff, or part-time consultants and coaches.
 - ▶ Bringing outside expertise. Funders, who have relationships with a wide range of nonprofits—from Federation endowment staff to professionals from university or other non-profit development departments—can bring professional perspectives to the conversation.
 - ▶ Catalyzing communal collaboration with other day schools and central agencies in order to create a community of practice that supports individual school endowment professionals.

② Leading development efforts

All of the endowment funds studied for this publication include critical gifts from major donors. But donor involvement varies widely. Some of the possibilities for donor roles in funding endowments are:

- a. **Lead gift:** Funders establish the endowment, or lead the endowment campaign through a lead gift. This gift sets momentum for endowment growth.
- b. **Match:** Through a matching grant, funders can leverage their investment to raise more funds. The ratio and parameters of the match can differ to encourage specific gifts including: legacy vs. direct giving; new donors; alumni, grandparents, etc.
- c. **Identify prospects:** Funders often have unique insight into potential donors—knowing who has potential to give, who recently closed a major business transaction, etc. By identifying prospective donors, funders can significantly aid an endowment campaign.

d. Solicit prospects: Funders are more likely to invest if they are solicited by a friend or acquaintance.⁵⁴ In many cases, lead funders play important roles in soliciting further endowment donations, using their own lead as an example.

③ Developing endowment policies

Setting strong, measured and principled endowment policies is essential to the long-term viability of the fund. NAIS lays out an example of such [principles for building endowments](#). Funders can play a role in establishing policies for both growing and spending endowment funds. For helpful ideas on endowment management see [“Endowment Management New and Proven Strategies.”](#) PEJE offers a variety of tools for building and managing endowments, which can be found [here](#). ■

⁵⁴ Meer, “Brother, Can You Spare a Dime? Peer Pressure in Charitable Solicitation,” *Journal of Public Economics* (2011).

QUESTIONS TO CONSIDER:

Designed to spur discussion, these questions can be used as a book club to explore the initiative from a variety of angles.

Chapter-specific discussion questions

1. Is the school ready? How can you assess a school's readiness school—in both fiscal and leadership terms—to launch an endowment campaign? If you determine that the school is not yet ready, how can you get it to the point where it can start?
2. To what extent should funders be involved in identifying potential funders and the solicitation of funds?
3. How should endowment funds be spent and who should establish such policies?
4. Even if day school endowments do not reach the NAIS benchmark or the size required to cover the \$300 million shortfall, what incremental difference can smaller endowments have on day school affordability and sustainability?

Questions to move us forward

1. What initiatives discussed in this chapter, if any, could benefit your school or community?
2. What roles can you, as a funder, play to catalyze these initiatives?
3. What foreseeable obstacles might you encounter on the way to implementation?
4. What would success look like? What benchmarks can be established to gauge successful implementation?

RESOURCES CITED IN THIS CHAPTER

(If using a hard copy, please see a digital edition of this book for live links.)

- **Operation Jewish Education.**
- On endowment fundraising: Y. Unterman, **“A Day (School) Dream,”** Ten Da’at (Winter 2000); and J. Wertheimer, **“Talking Dollars and Sense about Jewish Education,”** AVI CHAI (2001).
- Examples of endowment fundraising: **Chicago Jewish Day School Guaranty Trust; Los Angeles BJE; MetroWest Day School Campaign.**
- **“So I too, Plant These for my Children: Endowment Development,”** PEJE.
- **Generations Program.**
- **Los Angeles High School Affordability Initiative.**
- Sorrel R. Paskin, **“How Much Endowment Is Enough?”** National Association of Independent Schools.
- **“Benchmarks for Endowment,”** NAIS.
- **Jim Joseph Foundation High School Affordability Initiative.**
- Dean Karlan and John A. List, **“Does Price Matter in Charitable Giving? Evidence from a Large-Scale Natural Field Experiment,”** *American Economic Review*, (2007), 97(5).
- **MATCH.**
- **Endowment and Legacy Readiness Quiz,** PEJE.
- Patrick F. Bassett, **“Principles for Building Endowments,”** National Association of Independent Schools.
- **PEJE Resources to Get You Started.**

7 New Ideas and Conclusion

Day school education is expensive. Under the current model, the financial costs of providing the rich, intensive Jewish educational experience that day schools offer children will continue to increase, and will likely continue to outpace inflation and growth in household income. The preceding chapters describe a variety of initiatives designed to lower expenses and maximize revenue. None offers a silver bullet, but when multiple interventions are initiated in concert with one another, schools and communities can significantly alter the financial model. Similarly, no one solution will work for every school. Lay and professional leaders must weigh the options available to them and consider what possibilities best fit the particulars of their community.

Susan Kardos, Senior Director of Strategy and Education Planning at the AVI CHAI Foundation, recently **proffered a metaphor** that has gained traction in the conversation about day school finance:

There are two types of people in this world: *forward flippers* and *backward flippers*. This gymnastics metaphor refers to a gymnast's preference to flip forward or flip backward. Imagine a gymnast standing in the middle of a balance beam. She is four feet above ground, and she can see the four-inch wide plank stretching out eight feet in front of her, with another eight feet stretching out behind her. A preference for flipping backward or forward depends on where the gymnast prefers the blind spot to be.

Although it looks difficult, it is pretty easy to land a back flip because once you're upside down, you can see the entire landing. The downside, of course, is the time it takes for your feet to leave the ground until your head is back far enough and your body is rotated enough to see the beam again. In my opinion, that's the scariest part. You need to have courage to flip backward, but mostly at the beginning. If you've practiced enough and you're ready, once you commit to doing it, it is actually a pretty safe bet.

A **forward flipper**, on the other hand, has to contend with a blind landing. You can see where you're going at the beginning, but the further you are into the trick, the scarier it gets, because you don't really know you are going to land until your feet hit the beam. It's not always quite as beautiful as a back flip, but there is surprise and drama in the landing that is breathtaking.

Some initiatives described in this book resemble back flips: when the body first takes off, it flies blind for just a moment, but the ending point soon comes into focus. Other initiatives resemble forward flips: They start with a clear goal, but lose sight as the body twists and turns. In some ways, back flips are safer, as we know we can stick the landing, but front flips are more audacious and riskier. To confront the complex issue of day school financial affordability and sustainability, we need both forward and back flips—and likewise we need leaders who have a preference for each.

The initiatives described above fit neatly into the five chapter categories—though some, of course, straddle multiple categories. In this final chapter, we highlight a few untested ideas—call them forward flips—which do not fit into any of the above categories.

INSURANCE

Life insurance policies make potent legacy gifts. For the donor, the total gift through annual premiums is far less than the death benefit. As well, when structured properly, the premiums may be tax deductible. For the school, there is a guarantee of a large gift at some future point. Notwithstanding the potential of such giving, few schools reported having receiving gifts of life insurance policies.

Several other ideas utilizing insurance have been floated. **Rabbi Jay Kelman**, Director of Torah in Motion, suggests that day schools could cut tuition in half by requesting that each parent dedicate a small portion of their tuition savings to the premiums of a life insurance policy with the school as the beneficiary. Funders would be needed to cover the budget shortfall until the policies pay out, but when the death benefits are realized, the schools would be easily able to balance their budgets. Similarly, philanthropist **Charles Kushner** proposed that day school families agree to be insured with a group of philanthropists paying the premiums.

Daniel Perla, program officer in day school finance at the AVI CHAI Foundation, raises concerns about both of these plans in his article **“Life Insurance: Potent Tool for Day School Finance.”** Concerns include the plausibility of life insurance companies being willing to underwrite a large number of small policies. With day school parents in their 30’s and 40’s, and average life expectancies in the 80’s, there is also the matter of the number of years before a school will realize financial gain.

Perla does, however, suggest an insurance matching plan as a potent alternative. Under such a program, day school or Federation endowments, which are required to be placed in conservative investments such as insurance, match the premiums for insurance policies taken out by a small number of funders. The endowment would match premiums made by funders and the school would be designated as the beneficiary of the policy. Doing so would leverage the endowment investment as well as the donation of insurance policies by the funders. Further details and discussion of such a plan can be found in Perla’s article [here](#).

BONDS AND ENDOWMENT BORROWING

Yossi Abramowitz, who at the time served as Chief Executive Officer of Jewish Family & Life/JFLmedia.com, argues in his article **“\$2 Billion Is Not Enough... Radical Funding Strategies for Day Schools”** that day schools will be sustainable only if the consumer pays almost the entire cost. Currently, however, the cost is too high because day school enrollment remains small. With a

larger consumer base, Abramowitz argues, costs will be distributed more widely and there will be a larger alumni and supporter donor base on which to rely for additional revenue.

In order to build this base, Abramowitz argues, we must “lose” money in the short run in order for our institutions to become more sustainable in the long run. He suggests two avenues to raise an additional \$1 billion over five years. The first is for schools to float local bonds. “With wise fiscal management, in addition to a beautiful campus, they will have a significant endowment by the time they pay off the bonds.” The second is for schools and communities to borrow against endowments at favorable rates. “In 20-30 years, when these bonds become due, there will be more than enough money in the community to pay them off, since day school education will become far more the norm and will reap the benefits of its positive effect on a whole new generation.”

“These potentially massive infusions of capital,” Abramowitz adds, “should not just go for the predictable building of buildings, but also for teacher training, better salaries, leadership development, recruitment, fund-raising, marketing, family education and community building. All day schools should also be connected to distance learning opportunities for their faculties and leadership. Textbooks need to be state-of-the-art, with Web-related components.” Doing so will engage more students, and broaden both the tuition base and donor base.

AMORTIZING TUITION

Some have suggested that the total tuition bill can be assumed by many families, if the amount is amortized over more years. Indeed, many families pay as much for a four-year college education as they do for a fourteen-year day school education. Families, however, typically start saving for college much earlier, and often take out loans which allow for the costs to be distributed over more years. Some have suggested that if day school tuition were to be divided over 25 or 40 years, possibly through an interest-free loan, more families could afford full tuition. In this case, funders would be needed to cover the budget shortfall until families complete their payments.

EGALITARIAN TUITION PLAN

In his book “[Getting our Groove Back: How to Engage American Jewry](#),” Scott Shay, longtime communal leader and funder, offers what he calls an [Egalitarian Tuition Plan](#). The model combines aspects of communal collaboration with flex tuition. Its central components are:

- An affordable level of tuition is set for all students.
- All families send in basic financial information to a third-party independent accounting firm.
- A formula determines total net tuition for each family.
- No family is forced to pay more than half the full cost of educating their child.

- The community at large is strongly encouraged to participate in funding its schools.
- The process would be transparent- the parents modeling collective responsibility with everyone paying to their capacity.

CRISTO RAY SCHOOLS

Cristo Ray Schools are a network of Catholic college preparatory schools. Throughout their four years in the Cristo Ray high school, in addition to a rigorous course load, students participate in a **Corporate Work Study Program**. Students work in job sharing teams of four students, designed to cover a standard business week between Labor Day and mid-June. Students' academic schedules are structured such that they each spend five days a month on the job without missing class. In addition to gaining valuable work experience, students assign their wages to cover 70 percent of tuition. Businesses that hire Cristo Ray students can deduct the fees charged by the school to cover payroll, W-4, I-9, Workers' Compensation, FICA, FUTA and other employer issues as a business expense rather than a donation.

Example of a corporate work study program monthly schedule:					
	Monday	Tuesday	Wednesday	Thursday	Friday
Week 1	Student A	Student B	Student C	Student D	Student A
Week 2	Student A	Student B	Student C	Student D	Student B
Week 3	Student A	Student B	Student C	Student D	Student C
Week 4	Student A	Student B	Student C	Student D	Student D

LIMIT DAY SCHOOL TO GRADES 6-12

Elena Weinstein, a lay leader from Westchester, NY, and Allen Selis, Head of School of the Solomon Schechter Day School of St. Louis, **offer new thinking** on day school affordability by suggesting that families with limited budgets to devote to Jewish day school education should invest most heavily in the middle and high school years. "This is the developmental period when social issues like dating and relationships take center stage, but also a period in which students are most prepared for serious and thoughtful intellectual discussions." To this end, they envision a return to robust after-school Jewish programs for grades k-5, followed by intensive investment in day school education for grades 6-12. The learning would center around three essential questions:

- ① What is unique about my identity?
- ② Which languages, rituals and behavioral norms define me?
- ③ What knowledge and skills most demonstrate my belonging to a community?

CONCLUSION

Rather than seeking to evaluate or endorse any of the initiatives discussed here, this book aims to encourage school and communal leaders to debate, discuss, plan and implement innovative ideas. While the initiatives described in this chapter and throughout this book are potent tools, we need more bold ideas. In July 2013, the AVI CHAI Foundation hosted a three-day **Strategy_Lab** focused on day school financial affordability and sustainability. The Lab was not the first such conversation, but it did represent an important step toward bringing together potential partners, thinkers and collaborators to deepen the conversation.

Like the Strategy Lab, this book seeks to galvanize open, thoughtful, creative, and reflective conversations about day school affordability and sustainability, conversations that are essential if we are to make headway towards ensuring the sustainability and affordability of day schools.

The vast majority of day school funding is local. We pay tuition to local schools rather than to a national system. Funders contribute and Federations allocate to local schools. Endowments are school or community based, and the overwhelming majority of the innovative initiatives discussed in this book bubble up from local experiments. While there is increasing national collaboration on curriculum, professional development, and capacity building in areas such as marketing and development, day school finance will remain for the foreseeable future a local issue. This in and of itself is no hindrance. But parallel to local action, global thinking is much needed. One motto for initiatives in day school finance should be: “act local, think global.” In order to develop strategies that work for each school and community, ideas need to be shared, initiatives studied, evaluations disseminated, and national conversations multiplied.

Herbert Stein, who was a senior fellow at the American Enterprise Institute and on the board of contributors of the Wall Street Journal, once said: “Trends that can’t continue, won’t.” The trend of increasing day school tuition outpacing the increases in household income and inflation cannot and will not continue. The question that lies before us is simple: what will we do to change the trend? ■

RESOURCES CITED IN THIS CHAPTER

(If using a hard copy, please see a digital edition of this book for live links.)

- How day schools can utilize insurance: [Rabbi Jay Kelman](#); [Charles Kushner](#); Daniel Perla's "[Life Insurance: Potent Tool for Day School Finance.](#)"
- Yossi Abramowitz, "[\\$2 Billion Is Not Enough... Radical Funding Strategies for Day Schools.](#)"
- Scott Shay, [Getting our Groove Back: How to Engage American Jewry.](#)
- [Egalitarian Tuition Plan.](#)
- Cristo Ray [Corporate Work Study Program.](#)
- Elena Weinstein and Allen Selis, "[New Thinking on the Day School Affordability Crisis,](#)" Berman Jewish Policy Archive.
- AVI CHAI Foundation [Strategy_Lab.](#)

Ways to use this Greenbook

Below are ideas for using this book as a text, and as a study tool, to deepen and expand your understanding of Jewish day school affordability.

Chapter questions: At the end of each chapter are discussion questions which can be used to guide group discussions. You can focus on concepts in the chapter and/or examine how the concepts play out in your local community and schools.

A philanthropic resource: The Greenbook is specifically written for funders. As you read this book, consider how you can take this philanthropic resource and convert it into action.

CHAVRUTA FORMAT

Chavruta, (**Aramaic:** חברותא, lit. “friendship” or “companionship”), is a traditional Jewish approach to **Talmudic** study in which a pair of students discuss and debate a shared text. Chavruta-style learning encourages each student to analyze the text, explain his reasoning to his partner, and hear out his partner’s reasoning. By means of questioning and sharpening each other’s ideas, a chavruta often arrives at entirely new insights into the meaning of the text.

- Set up a time to meet with another funder (or a school leader), possibly as a reoccurring ‘learning’ time. Pick one chapter to learn together. (Take turns reading it, ask each other questions, mark ideas which you want to explore more deeply.) You can use the discussion questions at the end of each chapter to help expand your conversation.
- With a larger group, break into smaller groups. Here are two ways to do this:
 - ▶ Break into groups of two. Groups learn one chapter together, and then the full group re-convenes for a larger discussion. Use the discussion questions to enhance and guide the discussion.
 - ▶ Break into small groups of 2-4 people. Each group learns a different chapter, using the chapter’s discussion questions to enhance its conversation. The full group re-convenes and each group reports back to the larger group what their group discussed, allowing time for questions.

GROUP DISCUSSION

- **Book-club style:** Invite 10-15 funders to take part in a discussion group. Limiting these meetings to about 15 will allow for a participatory conversation and will encourage everyone to take part. Decide to address 1-2 chapters in the meeting. Ask everyone to read the chosen chapter(s) before the meeting along with the introduction and conclusion. Use the chapter's discussion questions to start the discussion. You can also invite a speaker to address your group (e.g., endowment chair, professional at a local Jewish education organization).
- ▶ Helpful suggestions: Sit in a circle, in a living room or around a table. One person acts as moderator, to ensure all voices are heard and to facilitate the conversation. If you do not think people will read beforehand, you can do this chavruta style (see above).
- **Board meetings:** Use this book as a learning tool with your board. Set aside time to discuss one chapter at each meeting. Ask members to review the chapter before meeting, and use the allotted time to discuss the ideas in the chapter and how they connect to your local community.

HELPFUL TIPS

- **Suggested guidelines:**
- ▶ Listen actively. Respect others when they are talking.
 - ▶ The goal is not necessarily to agree but to gain a deeper understanding together.
 - ▶ Do not be afraid to respectfully challenge one another by asking questions, but refrain from personal attacks: focus on ideas.
 - ▶ If this is a funders-only conversation, designate it a 'safe space' and clarify that it is "off-the-record."
- For group discussions, provide index cards so people can jot down questions that arise when someone else is speaking.

Acknowledgements

There is a growing network of practitioners and thought-leaders who actively engage in conversations and experiments in day school financial sustainability and affordability. The supportive network of these trusted colleagues sets an important precedence for collaborative work in our community.

I am thankful to the countless school leaders who shared their knowledge, experience and time with me and other researchers probing day school finance. During site visits, phone calls and Skype meetings, these busy professionals were invariably interested in both sharing and learning.

An advisory group of funders helped shape the format and content of this publication. Michael Bohnen, Mark Charendoff, Michael Leffell, Daniel Perla, and Scott Shay offered insight and careful reading, editing and nudging which guided the structure and content of this Greenbook. To each I owe a deep debt of gratitude. Ruthie Rotenberg, who has driven this effort at the Jewish Funders Network, has been a critical colleague, offering feedback and encouragement, clearing roadblocks and bringing new voices and perspectives to the table. I am deeply thankful for Ruthie's leadership, management, and cheerleading. Harry Bloom, Strategy Manager for Financial Sustainability at PEJE, is one of the foremost experts of the field. From the early stages of this project through fine editing, I am thankful to Harry for his advice, data, and keen eye. Benjamin Balint lent a sharp eye for detail and careful attention to both flow and structure. I am thankful for his revisions and patience.

In parallel to the research and writing of this publication for funders, Charles Cohen, Manager of the Jewish Day School Affordability Center at the Partnership for Excellence in Jewish Education (a collaboration with the Orthodox Union), researched and published a series of White Papers on day school affordability. The research and analysis for these White Papers served as the backbone for this publication. The full collection of White Papers can be found [here](#), and this book links to the appropriate White Paper throughout. Charles and I shared many days planning lines of inquiry, analyzing data and throwing ideas into the air. I am indebted to PEJE's and Charles' openness to sharing, collaborating, and thinking big.

The AVI CHAI Foundation, and specifically Daniel Perla, has pushed the envelope in thinking about day school affordability and sustainability. Beyond their investments in the field, the Foundation has fostered creativity and collaboration through initiatives such as its [Strategy_Lab](#) as well as funding this publication.

–Daniel Held

DANIEL HELD is a doctoral candidate at JTS's Davidson School for Education and a Wexner Graduate Fellow. He has a wide range of experience in strategic philanthropy, conducting research and evaluation to maximize funders' impact on Jewish education. Previously, Daniel served as the coordinator of the Educators Track at Yeshivat Chovevei Torah, as a senior educator at Brandeis University's Office of High School Programs, and as teacher at TanenbaumCHAT, Toronto's community high school. He can be reached at danielmheld@gmail.com.



Jewish Funders Network
150 West 30th St., Suite 900
New York, NY 10001
Phone: +1 (212) 726.0177
www.jfunders.org