

THE LIBERATION OF THE CONSTITUENT AGENCY

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Historically, Jewish communal agencies have been dependent upon federation and United Way for significant communal support. Generally from 15 to 40% of agency budgets come from combined United Way/federation allocations. The prominence of local needs as basic to the mission of federation and United Way is reflected in communal subventions. Jewish welfare institutions were in place to support local needs long before UJA amalgamated after World War II to raise funds for Israel. Gradually, Israel became the primary inspiration in local campaigns, and eventually communities settled into an approximately 52% (overseas) – 48% (local) split in allocations. Always, however, federation remained steadfast in its commitment to local Jewish welfare needs. In some communities, agencies were discouraged from engaging in internal fund raising lest they detract from the federation campaign. With agencies receiving significant communal subventions, a built-in dependency evolved that discouraged internal resource development and executive initiative in fund raising. Federations became the conduit and authority for the establishment of new social services or educational strategies, funded them, and ultimately farmed them out to agencies. In some cases, federations became direct service providers, resulting in a blurring of role and responsibility within the Jewish communal structure.

In 1980, I became the executive director of the Jewish Community Center (JCC) on the Palisades, a metropolitan agency in Bergen County, New Jersey with a population of 100,000 Jews. In 13 years, its membership has expanded to 11,000 individuals, and its budget is approximately \$7 million. Yet, the agency receives a combined allocation from federation and United Way of only 4.8% of its budget. It does not serve the purpose of this article to explain such deficient communal support. It should sim-

ply be noted that support of local needs is determined by factors relating to the evolution of the Bergen County Jewish community, the “county” character of its demographics, and the unique role played by UJA historically in Bergen County.

Having served as an executive in more traditional communities, the prospect of helping develop a metropolitan center with such limited community support was, to say the least, daunting. All the traditional formulas pertaining to the federation-Center relationship were no longer relevant. New strategies needed to be developed, not only to maintain an acceptable scope of activity but also to simply survive as an agency.

Now 13 years later, the following facts can be documented. The agency has not experienced a budget deficit in any of these 13 years. There has been no retrenchment of staff. In fact, Center staff has increased in size and has never received less than a 5% annual salary increment. In most years it has been higher. There are currently over 3400 membership units, the highest ever. In recent years there have been significant increases in program scope and membership participation. After two major expansion projects in 13 years, the Center is now a complex of 175,000 square feet. Over \$24 million has been raised in capital gifts to support the infrastructure.

How does an agency survive and even flourish with such scant community support? How does an agency transcend all the formulas that historically define the successful operation of a constituent agency in a federated community? The reflexive answer among some observers is that Bergen County is a uniquely affluent community and that other communities cannot generate the necessary income to compensate for deficient communal support. However, the thrust of this article is that, given the circumstances faced by this JCC, other agencies would in fact, be able to survive and

perhaps also flourish. Specific considerations are outlined for agencies to prepare for what is slowly but surely become a reality — the challenge of being weaned and liberated from communal dependency and assuming more independent responsibility in both their programmatic and financial viability. First, however, a brief comment is in order as to why agencies need to brace for this reality.

WHY AGENCIES NEED TO ASSUME MORE INDEPENDENT RESPONSIBILITY

That federation annual campaigns have been flat is no revelation. It is important to identify the significant dynamics that will result in less money available for local needs in the years ahead. Further, the problem is more likely to be long range than short range. Four factors are outlined.

The Economy and More

For the Jewish philanthropic world, the economic crisis is related to mentality, as well as to available dollars. The problem is twofold. Certainly, for many contributors, there has been a palpable reduction in profits and capital investment. Bankruptcies and foreclosures have not been uncommon. Discretionary spending and giving have been dramatically affected. For others, the economy has cast a kind of psychological pall over their future, despite the fact that business continues to be profitable. Many expect to be subsumed by gloom and doom prognostications and the dark clouds of economic currents. Some major entrepreneurs have experienced setbacks but still remain inordinately wealthy, yet now consider themselves "poor" relative to earlier self-assessments. Having been deeply involved in fund raising with major contributors, I can bear testimony that some successful entrepreneurs who now show \$20 million in annual profits instead of \$40 million no longer think they have enough income to sustain their annual gift. Clearly, for those truly suffering and for those who believe they are suffering, the reality is that the federation is

indeed suffering, and the outlook is not promising.

Emergencies and Other Needs

Unfortunately there is no dearth of crises in Jewish life. Exodus I and II, Moses, Solomon, Project Renewal, and the like have focused communal giving away from local needs. The needs of local agencies seem to pale in the face of our people's survival in other lands. Our history suggests, despite the break-up of the Soviet Union, that we have not seen the last of these crises.

Another phenomenon has been identified and is clearly evident in many communities: key contributors have taken a proprietary leadership in raising funds for institutions outside of the federation orbit. The New Israel Fund, Technion, the Israel Cancer Research Fund, Boys Town of Jerusalem and others have generated a marked increase in the number of parlor meetings and community events driven by increasingly sophisticated fund-raising operations. Although it is true that a rising tide lifts all ships, it is also true that there may be too many ships at sea.

Perception of Israel

Many American Jews are no longer in Israel's thrall. From Sabra and Shatilla to the incident in Hebron to the incessant internecine political feuding, there is a disturbing disenchantment and disillusionment with Israel. The infatuation and condition-free love are eroding, and many Jews are responding to Israel's needs with sober rationality, rather than emotional spontaneity. One does not expect the sequel to that celebrated 1967 war article "How Moshe Dayan Made Me a Better Jew" to be written in 1994. Further, political frustrations may be expressed in annual giving in both the dovish and hawkish camps. Many emerging leaders were born after the War of Independence and were children or teenagers in 1967 and 1973. The survival syndrome may not be as penetrating to these younger leaders. Although the commitment to Israel

remains unwavering, new variables are now evident in the spontaneity, consistency, and quality of annual giving. Ironically, federations may need to consider returning to their constituent agencies as a farm system to develop their leadership and to strengthen their campaigns. Champions of Israel without agency experience may not be as easy to find in the future.

Discomfort with Fund Raising

Historically, major gifts have been secured through individual solicitations by exemplary and experienced donors comfortable in their role. In the emerging leadership group, some disturbing trends are evident and are particularly conspicuous in capital gift campaigns. Younger leaders who might not have had to struggle to build a business while developing character and commitment to community in the process seem to be uncomfortable as solicitors. They do not like asking others for money, often feel dependent when doing so, and like even less the prospect of being turned down. They may have less confidence in the product, and some may experience residual feelings of being "victimized" as a prospect by an unskilled solicitor. Some may even be reacting to the methods and authority of their parents' generation. Further, philanthropy often is not recycled in giving and soliciting when the next generation turn to the professions.

AGENCY STRATEGIES

Proprietary Leadership

In responding to the challenge of diminishing communal support, the primary consideration for the local agency in becoming more self-reliant is the concept of proprietary leadership. Mature leadership develops when there is a serious agenda and when the substance and survival of the agency rest with its responsibility. There is a corollary between the quality of leadership and the significance of its responsibilities. In the selection and training of leadership,

executives of agencies with limited support have the opportunity to develop even greater leaders because their agenda nourishes and reinforces leadership development. Lay leaders want to make a difference and want to take pride in making serious decisions, effecting change, and palpably pointing to their impact. The role of leadership development is critical in agencies that must function with self-reliance because there is the opportunity for meaningful leadership expression that strengthens commitment and is gratifying and enduring. A leadership that is dependent on federation tends to have a different self-image and is often relegated to secondary level-decisions that reinforce that self-image.

A second consideration suggests there is a relationship between a serious leadership agenda and long-term proprietary commitment. When an agency is faced with critical responsibilities and opportunities for impact and achievement, there is a greater likelihood that the agency will become the primary interest in that lay leader's communal portfolio. People tend to solidify their commitments when they confront challenges successfully and can savor the fruits of their accomplishments. This factor, when appreciated by the professional, also has obvious fund-raising implications. Simply, leaders want to protect their investment of self. The challenge to the executive is to recognize that limited communal support can be a crippling curse or a blessing of opportunity. There is nothing more gratifying than to identify, train, rally, and nurture leadership in the face of serious challenges so that they will ultimately emerge not only more independent but also possessed of feelings of confidence and capability informed by a genuine sense of ownership.

Genesis of Leadership

One other observation is in order in the area of leadership. Volunteer activity in behalf of serious agency problems gives birth to new leadership. A projects director is as-

signed by our agency to develop leadership to sponsor fund-raising activities to compensate for the lack of communal support. A variety of programmatic projects are planned each year in addition to ongoing "business ventures," and young leaders are assigned as chairpeople working under central internal fund-raising lay leadership. They understand up front the unique budget challenge faced by the agency and the need to generate critical internal income. Many of their activities are culturally and recreationally appealing to our membership, resulting in obvious programmatic advantages. Even more important, these activities have become a fertile farm system from which the agency has identified new leaders that have often moved onto major committees and the board of directors. They are oriented to the agency's problems and join the decision-making process with a built-in sense of proprietary commitment. They are particularly prepared to make the kinds of decisions related to board member financial obligations, special memberships, and income-producing programs and policies that enable the agency to sustain the scope and quality of its services while continuing to serve a broad-based membership of all economic levels.

A Mentality of Autonomy

Recently at a national conference of Jewish communal leadership, a group of agency presidents and executives were bemoaning the fact that they were unable to provide salary increments because of frozen federation allocations. The next 2 hours were spent in discussing federation insensitivity to agency problems and federation-agency relations. A consensus was reached that the root problem of poor salaries was the lack of federation support. Typically and reflexively, federation was blamed for the agencies' inability to provide increments.

Historically, agencies tend to lapse into an adolescent mode of child versus parent in their relationship with federation. In assuming a dependent role, feelings of ambivalence emerge. Agencies want to be

more autonomous, but are lulled into a dependency that extricates them from responsibility. The financial demands of agency leadership are safeguarded, and executives are protected from serious fund raising. Often, anger toward the authoritative parent is the symptom of this ambivalence.

In light of current realities, a different self-image is indicated. Agencies will no longer be able to project their problems onto federation. To do so would be the ultimate symptom of abdication and would result in the serious diminution of service. Intrinsic and proprietary leadership must understand the challenge of problem solving from within. Professionals cannot assume that neither they nor their leadership have the capability to solve critical problems to maintain standards. Agency leadership must seek federation support and function synergistically within the communal structure. However, in order to fulfill their objectives and to be responsive to client or member needs in light of current realities, agencies will need to ask themselves that terrifying question: How could we survive if there was no federation in our community? It is suggested that few agencies would fold, as new and resourceful approaches would be adopted in fee structure, staff structure, leadership obligation, and the like. An autonomous mentality and independent self-image challenged by an instinct for survival would galvanize leadership to tap creative resourcefulness hitherto numbed by feelings of dependence and the displacement of responsibility.

A Budgetary Strategy

Agencies deal in a service, not a product. Thus, the dominant budget expense is salary related. To reduce expenses significantly in the face of deficient communal support, the salary line must be addressed. The concept of creative consolidation is preferable to the pejorative "downsizing," which suggests reducing staff and service. Creative consolidation packages the coverage of service strategically and planfully to maximize staff input, create broader work-

loads, stimulate motivation and investment in agency, provide higher salaries, and minimize loss of service. Agency services are prioritized, staff abilities analyzed, and an assessment is made of how much work can be extracted from a given individual, including the opportunity to supervise across departmental lines. If implemented as a planful philosophy, the agency might come to have more middle managers with more direct responsibilities, a smaller staff, higher salaries, and significant savings in the salary line, which is often 70% of the agency budget. Although there may be some limitations in the delivery of service because we cannot continually overload a consolidated staff, notwithstanding their motivation, it is suggested that a planful and strategic approach to staff structure could minimize the loss of service. Parenthetically, it would be most interesting, perhaps revealing, to document the degree of service loss of all those agencies who downsized in recent years and the impact, if any, on membership-client revenues and budget income.

The Fair Share Concept

In most JCCs, the family membership fee is well below the actual cost of service per family. Thus, every family paying the regular fee is subsidized. Many families could pay a contributory fee above the regular fee, and that fee would still be more than competitive for comparable service elsewhere. In our agency a lay person and professional are assigned to work aggressively on marketing the contributory category. Over 400 families have been secured at three different upgraded levels, providing a total of \$618,000 in membership fees. The average amount above the regular fee is \$375,000. In promoting the contributory category, a planful marketing approach needs to be established, with staff assigned to it: it should emphasize the benefits involved, including the tax advantages of the charitable contribution and the recognition opportunity. Many agencies have contributory members,

but no formal marketing plan to maximize the potential of this membership category. Creative promotion and commendation help make this concept appealing to many families. The income earned helps fill the gap of deficient communal support.

One other dimension of the fair share concept is noteworthy. Almost 60% of our \$7 million budget is income earned from program fees. If an agency ensures quality standards in its camp, nursery school, health club, wellness center, music school, etc. it need not be bound by fees that reflect a self-image of secondary and supplementary activity associated with the social service community. Today, we must be competitive to attract families exposed to quality services elsewhere, and we need not feel that our social service philosophy is diminished by higher fees. Families who are able to pay want quality and are willing to pay for it, particularly in a Jewish environment. These fees enable the agency to apply the scholarship concept to indigent families for all activities. The amplified income earned from program contributes significantly to financial independence.

Resource Development

In many communities, allocations have either been frozen or decreased even as agencies continue to be prohibited from engaging in fund raising to meet rising expenses. They receive less support, are frustrated in their effort to make up the difference, and yet are expected to maintain high standards. Few agencies have their own resource development structure, the logical response to their budgetary quandary.

Federations will learn, as it has in our community, that leadership will adopt the necessary strategy to generate the depleted income to survive and maintain standards. There is a limit to downsizing and cutbacks if the agency is to minimally meet its mission. Our experience has taught us that an investment in a professional support staff module working with a lay leadership structure pays critical dividends financially and

programmatically. A variety of program projects and entrepreneurial endeavors have resulted in significant annual budgetary income while building lay leadership and enhancing program in the process. The projects may also have social value as well, as thrift shops and Judaic gift galleries offer benefits beyond financial earnings. Federation has learned to live with our fund-raising activities and recognizes that resourcefulness breeds autonomy.

Endowment Funds

Once agencies feel liberated to develop resourceful strategies to compensate for diminishing communal support, the endowment fund concept is a natural vehicle to generate operating income. Endowment funds personalize unique services. Our agency has secured over 80 such funds, each earmarked for a favorite service or activity selected by the donor and bearing his or her name. Each fund is inscribed in perpetuity and represents a legacy of enduring service. Thus, it is marketed to have the appeal of immortality to prospective donors. A minimum gift of \$10,000 is required to establish an endowment fund. Significant contributions to mark occasions of joy and sorrow are added to the principal, and neither they nor the principal are ever utilized for operating income. Funds are pooled and monitored by an investment committee, and the interest income is distributed at the end of each fiscal year to the various designated programs earmarked by the donor as represented in departmental budget account lines. In our own agency, approximately \$3 million in endowment funds yielded \$200,000 for budgetary income last year.

Appropriate acknowledgments, announcements, and recognition affairs promote personal endowment funds. For many donors, the sponsorship of an endowment fund has become a kind of tradition that certifies their membership in the leadership community. Further, the promotion of these funds enables the professional to interpret emerging needs within the commu-

nity and agency. Thus, with the influx of Soviet emigres, certain families were approached and funds established in their names for "new arrivals."

The key to the success of endowment funds is the designation of this project to the executive director. Trained in interpreting services, close to the leadership and donor community, and experienced in fund raising, he or she is in the best possible position to maximize this liberating vehicle.

CONCLUSION

It is not the intent of this article to advocate agency autonomy at the expense of community cohesiveness. Every effort must be made to reconcile respect for federation priorities that involve the survival of Jews and Judaism with the responsibility and integrity of fulfilling agency mission, which is also related to Jewish survival. In reality, there are times when federation is simply unable to balance its priorities in a way that ensures acceptable agency standards. In response, agencies can neither sulk nor engage in acrimonious activity and cannot bolt the federation process. Defection is destructive, whereas planning alternative strategies is constructive. Further, the positive action taken by an agency for its survival and integrity of purpose may influence the process within a community in a way that engenders a federation response that reaches toward re-evaluation and reconciliation. Creative agency strategy in the face of crises and its consequent autonomy should not be viewed as a retaliatory secession from the federation process, but as a responsible leadership response to protect the agency and provide further content to the continuing decision-making process within the community. Ultimately, it is the role of the constituent agency to liberate itself to the degree that it can honor its purpose while always being mindful that it is part of a larger constellation in which its collaborative input contributes to the quality of Jewish life.