

\$2 Billion Is Not Enough...Radical Funding Strategies for Day Schools

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Back in the mid-1970s, our family was one of only two in our day school in which the parents were divorced. The scholarship fund made it possible for my brother and me to attend the Solomon Schechter Day School in Newton, MA. Twenty years later, my wife and I began the process of choosing a school for Aliza, our oldest child. The Newton public schools are excellent and we believe that public schools should be supported. Even so, we decided that a Jewish day school education is important to us. With three kids and a crazy husband who works in a non-profit organization and travels too much, my wife is too busy for a pulpit and hardly has time for her writing. So we are a one-income family of five, with the usual two cars, mortgage, five credit cards and the other accessories of middle class Jewish life. The only way we were going to be able to go the Jewish day school route was to be recipients of the generosity of the community and to assume more personal debt. The financial aid officers at the various schools we looked into were supportive, and ultimately we settled on a wonderful school community at the Jewish Community Day School (JCDS). It turned out that JCDS has a progressive financial aid policy and a commitment that cost should not be a barrier to enrollment. I found this impressive since it is a new school with limited resources. I suspect our family's financial picture is not that different from that of many others who attend day schools and each family must wrestle with its own priorities and financial trade offs. We don't vacation or own anything fancy. We're not saving enough for the future. But the investment we are making in our children's souls is priceless.

I have met many families who would consider day school for their children, but the price factor – whether

real or imagined – is a major deterrent. This is especially true for many single parents and multiracial Jewish families. And while the American Jewish community may be spending \$2 billion on Jewish education, we must be more creative in using our community's assets better to fund Jewish education at a much higher level. Experiments in subsidizing day school tuition prices by the Samis, Avi Chai, Grinspoon and Schusterman Foundations demonstrate that registration in these schools increases as the cost comes down. Family foundations can play an important role, usually locally, in off-setting the high cost of tuition for middle class or poorer families. Yet in the long run, I believe that the consumer should pay for almost all the costs for Jewish education. That said, we must widen the consumer base by attracting a larger market share as we “lose” money, ensuring that the larger base pays its way in the future. This may not take place until 10-15 years later when their day school children finish college. In the meantime, there are strategic funding decisions that can be made communally about how day school (and other) education can be subsidized while also improving the quality of the schools and faculties.

Two strategies emerge: The first involves floating local bonds in those states that support non-profit endeavors in this area. Hebrew College in Boston, for example, has floated a \$30 million state-backed bond sale that is going to underwrite the construction and maintenance of its new campus. With wise fiscal management, in addition to a beautiful campus, they will have a significant endowment by the time they pay off the bonds. Similar financing options have also been successfully implemented in Atlanta. In a Bush administration that wants to chart new ground in supporting faith-based

institutions, creating national and state options for bonds for religious schools would be a good use of government credit and would also be financially sound. (This is not a voucher plan but the backing of bonds to religious institutions that are willing to disclose financial information that they are normally exempt from telling the IRS.)

The second strategy: In those communities or states that do not have the bond option, Jewish schools should come together and borrow against and/or from growing federation endowments at a favorable interest rate. 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 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.

As the day school movement continues to blossom, the communal infrastructure to support them will continue to be stretched thin. Massive infusion of capital, either by leveraging our community's assets in endowments or by floating long-term notes, is necessary. With proper planning we can raise an additional \$1 billion over the next five years using these strategies. Otherwise, this new generation of day school families may experience wide-spread disillusionment with their day school experience because we have promised too much and delivered too little.

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