

## Allocating Jewish Communal Funds— Is More Tension Needed?\*

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WE know some gross things about how individual Jews in this country make their philanthropic choices and, despite the magnificence of the dollar figures, I don't think there is much to take comfort in. The Jewish person in the street, in the largest part, does not give communally. If that person transfers money to an organized Jewish entity, it is part of an exchange.<sup>1</sup> In return for that "gift", the Jew receives a membership in a religious or social organization which offers some short-term possibility for payoff. I am aware that the dichotomy I am setting up is not a terribly serviceable one. After all, it is rather transparent that many of the Jews who do give communally also participate in an exchange. They often receive recognition, the opportunity for influence, and not infrequently the threat of negative sanctions if they don't give. Despite the argument that many of those who give communally receive something of value in return, it seems equally important to acknowledge that many of these communal givers give as a way of realizing their own values. They care about themselves as Jews, they care about others as Jews, and they want portions of their treasure to ensure the well-being of their own local community of

Jews, of Israel and of *Klal Yisroel*. And I would argue that it is precisely on the fuzziness of the last comment that there turns the whole issue of priorities in the allocation of Jewish communal funds.

If there are tensions for the individual giver, they are less frequently felt in the need to choose between local and overseas needs. Unless the sophisticated or more value-driven giver chooses the Israel Emergency Fund (IEF) line, the allocation choice is hidden from the individual giver. For example, not once in the New York campaign have I seen any public reference to the prearranged ratio of the split between UJA and Federation—although I feel reasonably certain that the question would be answered candidly, if asked.

I was not a party to the merged campaign negotiations in New York although I continue to live with its aftermath in the continuing allusions to "we" and "they" and the lingering feelings about who won and who lost as a result of the merger. I have not been a student of the allocation process in the various Federations, although I do remember once receiving a call in San Francisco from a campaign staff person, asking if I would reconsider the way in which I had split my gift. I said, "No," and was never called again. As many know, the fiscal manipulations of the allocation process generally permits the individual assignment of gifts to be submerged in the gross amounts apportioned between local and overseas needs.

Presumably, if Federations† were

† Except in the case of New York City, the term Federation is used in a generic sense to

seriously constrained by the individual giving choices in favor of Israel, they might want to do some market research to find out why people earmark away from local needs. But the earmark is not the problem—the problem is the non-giver or the abysmal giver. And, as I have suggested, the tensions for the individual giver are not between local and overseas, but rather in terms of how one values being Jewish, and thus whether to give at all.

The problem of needing to choose which of many needs to satisfy in the face of relatively limited resources is hardly the sole property of the Jewish community. It is the stuff of politics in every decision area in our society from local government to the local PTA. The remainder of this paper will examine two aspects of this decision arena in the Jewish community:

- (a) The choice between local and overseas needs, and
- (b) The choices among local needs.

### Local and Overseas Needs:

My impression is that the Jewish fund-raising apparatus in this country has tried to ride two horses in seeking funds for Israel. One is that the overseas monies are intended to succor individual Jews in all parts of the world (and, of course, primarily Israel) as they rebuild their lives after the experience of persecution and want. We are the keepers of our Jewish brothers and sisters because, if we don't care, no one will. But, obviously, the Jewish giving-public doesn't quite get that message—otherwise, why would our giving rise meteorically after a Yom Kippur war? The other message, which better accounts for these spurts in giving, is that our gift ensures that Israel is able to fight for itself (and, parenthetically, each of us as Jews).

decrie the joint campaign for local and overseas needs.

I don't want to make too much of the nuances of difference between helping Jews in trouble and helping the State of Israel. Clearly this is a case where our collective well-being as Jews would suffer if we made the distinctions too clear. We want the gift of those who would help the State of Israel as well as those who are motivated by the plight of individual Jews. A small aside at this point might be instructive. How many of us have met givers who are touched by the struggle of Russian Jews, but much less sympathetic towards seeing our communal dollars expended to help them leave Israel? Apparently, some of us want to help Jews so long as they make choices consistent with our values—and I admit to being one of these. And it is precisely on this question of values that I think the results of the allocation process need to be examined. What, if anything, do these results say about our values as an American Jewry? And, if these values are in conflict as between local and overseas needs, why is the allocation process so effective in suppressing the visibility of this conflict?

Perhaps Norman Podhoretz was right in proclaiming through the *New York Times* that the question of friendship for Israel no longer creates significant divisions amongst Jewry.<sup>2</sup> With a merged campaign in New York (clearly a product of the Yom Kippur War), there are no longer any community-wide ventures in American Jewish fund-raising which exclude Israel. To that extent, we are indeed all friends of Israel (although the data awaits that analyst who might suggest how many have become disaffected from communal campaigns because of this merger of local and overseas needs).

If the rough national split between

<sup>2</sup> Norman Podhoretz, "Now—Instant Zionism," *New York Times* magazine section, February 3, 1974.

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\*\* The comments in the article reflect the position of the author and not of the Federation of Jewish Philanthropies.

<sup>1</sup> For this concept of "exchange" see George Homans, *Social Behavior: Its Elementary Forms*. New York: Harcourt, Brace and Janovich, Rev. Ed., 1974.

local and overseas allocations is \$1.00 to \$3.00, what does this tell us about the values of those who make our communal decisions for us? I assume that the 1-to-3 split represents some kind of working equilibrium around the country. It seems equitable enough to the "big givers"; it keeps the local Jewish agencies connected to the Federated campaign; and it seems fair enough to those who control Jewish communal decision-making, thus helping to prevent major overt tensions. Those who value overseas needs more than local agencies have the option of the IEF, and the local advocates can live with this so long as the money designated for IEF is of relatively moderate size and can be manipulated in the final distribution so that agreed-upon formulae are protected. In addition, the advocates of local needs have many of their own options by which they can avoid the formula split—this includes direct gifts to agencies, agency-directed bequests, building-fund campaigns, and all of the special giving generated by the synagogue establishment.

I do not know that reliable figures are available to tell us how many Jews take the IEF option and what the ratios are between one's communal gift and one's gift to synagogue, day school, etc. The reality of how these choices are made will be understood by anyone who has solicited and receives a \$25.00 Federation gift from someone who pays a \$300.00 synagogue membership.

The conclusion must be that the 3-for-1 split works because the system is porous. There are all kinds of opportunities for acting on one's own values and not being bound by the prevalent 3-for-1 formula established by our leadership. I would argue that this porosity in our giving system, exemplified by the options available for giving outside of the federated cam-

paign, abets the relative lack of tension in the overseas/local breakout. At the same time, there are severe costs because of this porosity. To illustrate by an example from the larger community: many people of means in our society can afford to be aloof from the dismal state of public services because they have the resources to create their private options (schools, security, transportation, etc.). The result is not all bad—some of these private options sustain a pluralism which serves as well as a society. But it also takes the edge off the personal interest that some of our most organizationally effective citizens might show in improving the public service.

Let me pursue the analogy. If the Jewish giver of great as well as of modest means didn't have so many options, there might be more conflict around how to allocate between local and overseas needs. For example, the creation of the IEF option may have been considered a point well won by the Israel advocates, but what if the price they paid is to leave the communal decision field to those less rooted in affirmative Jewish values. Is it too much to suggest that the IEF advocates, shorn of their special option, might force us all to take a special look at those local services which have lost the will and/or capacity to serve Jews?

Thus far, the argument has been that the 3-for-1 split has a certain empirical validity; it works. It keeps relatively large sums of money coming in; the major beneficiaries, both local and overseas, are reasonably satisfied (at least, when they consider the alternatives, they are) and there are enough options for the giver not willing to abide by the 3-for-1 split. And all of this conduces toward the appearance of a communality in giving, a de facto "we are one". But, as with many such arrangements, there are strains which may lead

to increased tensions in the allocation process. To list some of these strains, both potential and real:

- a. The economic situation in Israel will continue to deteriorate, and Israel's steadfast ally, American Jewry, will be asked to produce more resources.
- b. The social gap between Israel's Oriental and European Jewish communities will widen, or even at its current level will be understood as dangerous and warranting more resources from American Jewry.
- c. Israel's continuing needs for military hardware.
- d. Those who argue for increased resources for world Jewry will become restive with the amounts of money spent by Jews to serve non-Jews, and/or with the services delivered under Jewish auspice which are devoid of Jewish significance. It is not so many years ago that Janowsky argued, in a survey of Jewish Centers, that separation without a realized sectarian purpose, is the essence of self-ghettoization.<sup>3</sup> Under those terms, a broad sweep of Federation-supported social services might be seen as poor contenders for Jewish communal funds.
- e. Those who will argue that Federation must spend increasing sums for Jewish education, even if at the expense of aid for Israel (comments to this effect were made by Rabbi Samuel Dresner, a visible figure among Conservative Jews).<sup>4</sup>
- f. Those who argue that Israel is de-

pendent upon a strong American Jewry; a strong American Jewry upon strong institutions, and thus the need to allocate more Federation funds for local services.<sup>5</sup>

These strains, and more, suggest that, beneath the current equilibrium between local and overseas needs (and among local needs), there are many potentially disruptive factors. Although it may be that this very multiplicity of strains serves to cancel each other, submerge the tension, and preserve the overt appearance of calm.

Those who would like some clues as to whether the allocations balance can be sustained, might find some evidence now. For example, the following questions deserve some attention:

1. Can students of Jewish fundraising point to a select number of communities where the allocation is not fixed by dry formula, but rather a subject for public bargaining among Jewish leaders? What characterizes such communities—the age of the leadership, local agency affiliation of leaders, size of the big givers group, professional leadership style of the Federation, etc.? An analysis of those Federations where the allocations split is less of a honeymoon might yield some clues as to whether the variables most apparently related to conflict are in the ascendance in other Federations.
2. A second question worth asking is whether there is an increase in the pattern whereby Federation's key leaders are or have been local agency leaders; and does this fact seem to conduce toward greater conflict in making the allocations split between local and overseas needs?

<sup>3</sup> Oscar Janowsky, *Jewish Welfare Board Survey*. New York: Dial Press, 1948, p. 172.

<sup>4</sup> Samuel H. Dresner, *Agenda for American Jews: Federation and Synagogue*, Duplicated, April 1975, p. 20.

<sup>5</sup> Charles Zibbell, "The Crisis in Jewish Life", this *Journal*, Fall, 1974, pp 21-7.

In all of this discussion, the reader must be aware that there can be no value-free formula for fund allocation. There is neither magic nor logic inherent in a pattern of three dollars for overseas and one dollar for local needs. All such formulae are arrived at by humans, acting in the name of the Jewish community, trying to satisfy needs which pale the resources available, and trying to stretch the Jewish communal umbrella to cover a variety of disparate forces. If the object is really high levels of giving accompanied by a minimum of open conflict, the job has been done remarkably well. Israel has been well served and so has the network of local agencies under American-Jewish auspice. Whether this kind of accommodation ought to be sustained in the face of a new set of circumstances, is open to question. I see these new circumstances as follows:

1. An American recession accompanied by a continuing measure of inflation which has two mean consequences—philanthropic giving goes down and the cost of operating agencies goes up
2. Israel will be even more seriously affected by the twin disasters of inflation/recession.
3. American Jewish agencies will generate less internal income because of the drying up of the marginal dollars of their clients/members, and there will be fewer third-party dollars and public contracts because the press on public funds will shift money away from Jewish agencies (or shift Jewish agencies toward higher public priority non-Jewish clients—a process already well under way).

If any or all of these three conditions persist, then I would suggest that the current allocations equilibrium cannot continue unexamined. Needless to say, I will probably be a poor prophet be-

cause the stake in a no-conflict situation, where values are muted in the name of a surface unity, may be more powerful than any attempt to shift funds to a needier Israel or to local agencies which serve more integral Jewish needs.

I am suggesting something that is rather unpleasant for all of us, but, nevertheless, a proposition worth considering. The growing budget problems of our local agencies, recession/inflation in this country, with an aggravated parallel in Israel, compounded by Israel's chronic military isolation, are a powerful set of forces which can, and perhaps ought to, undo the current equilibrium in allocations. All of this change in circumstance suggests a number of possibilities:

1. The first, already mentioned, is that we will moan and groan, but the current balance will be sustained, because any important changes are too risky for the protagonists of local and overseas needs. Better the devil you know than the devil you don't know.
2. The pool of givers and/or the level of giving will dramatically increase through new techniques, new resolve and a new Jewish maturity. Don't bet on it, but certainly the possibility is there. When only one of three Jews in New York made campaign gifts for the year of the Yom Kippur War, you know that there is room to move and grow.
3. Given Israel's accelerating needs, new techniques will be found to encourage special IEF gifts. Thus, the balance would be nominally retained while Israel would receive more funds. It is always nice to contemplate such non-zero sum situations, but don't hold your breath. At some point, an increase in IEF giving must come out of the general campaign pool.

4. I guess there is some possibility that funds could be shifted from Israel to meet the needs of local agencies. I think this is a tactic of limited utility; at least, the conventional wisdom is that the appeal for the support of Israel carries the local campaign. Thus, if a serious attempt were made to reallocate to local needs and away from Israel, I would assume that fund-raising for overseas Jewish needs would go it alone.

5. And there is always the possibility that our communal leadership will seriously re-examine the utility to the Jewish community of its current local support patterns.

I am aware that this last option has little meaning for most smaller Jewish communities, but conversely it can have great meaning in the largest of our communities where there is a reasonably full array of social service agencies under Jewish auspice, using large sums of money raised by Jews. And it is in these communities that the game (the re-examination of allocation patterns and its attendant conflict) is worth the potential cost. It is in certain of our local agencies that there are potentially large sums of money to be recaptured for usages which may better fit us as a Jewish community in 1975.

Of course, such a re-examination has continuously taken place in New York's Federation and in other communities as well. The funding trend-lines for different services in New York's Federation hardly flow at the same rate or even in the same direction. Health services receive an increasingly smaller share of the Jewish communal dollar in New York, although what they do receive has topped every other functional area except for community centers. Centers have been in a continuing ascendance, and Jewish education, at least by percentage gain, has fared

spectacularly well. But, except in certain special cases in New York, change in levels of support between agencies has never been a matter of taking from A and giving to B, but rather increasing A at a less rapid rate than B. In effect, continuously successful fund-raising campaigns mitigated against the administration of pain; rather, the joy was dispersed at unequal rates.

Given inflation/recession, and its consequences, we are not talking about the administration of pain, and that, I submit, can make all the difference. Agencies are contesting with each other for the same limited pool of funds and they are doing it at a time when, except for the advantaged position of hospitals and homes for the aged, because of their third-party resources, agencies need more simply to stand still.

I illustrate the potential choices by citing a number of ideas which were broached in New York's Federation as a basis for cutting back and redistributing resources among agencies:

1. During the year, we had collected data, which by the agencies' own count showed the percentage of clients who were not Jewish. Going into budget time, it was suggested that those agencies which were unable to serve Jews, at least in keeping with their percentage in the New York area, ought to be disaffiliated through three yearly cuts of one-third of their budgets. Nine agencies were pinpointed: 4 hospitals, 1 children's agency, 2 agencies for the deaf, 1 settlement house and 1 over-night camp. First-year savings would have amounted to almost one-half million dollars.
2. Two of Federation's major child care agencies, as well as some others, are major service conglomerates, with parts of their operations almost totally dis-

connected from service to Jews. In a number of these cases, the special organizational elements are considered "nonbudgetary"—that is, not a subject for concern in determining Federation financing. But even a superficial analysis indicated that these nonbudgetary services were being supported with large doses of the agency's central services, which *were* Federation-supported. It was suggested that these nonbudgetary services, essentially serving the non-Jewish community, pay their way by picking up a fair share of central administration costs. The potential savings to Federation was in the six figures.

3. Agencies who were in advantaged financial position as a result of the adequacy of their third-party payments (i.e., hospitals and homes for the aged) and some of whom showed healthy operating surpluses, were seen as candidates for a cutback of a minimum of 10% in Federation's support.
4. Agencies with decentralized offices in areas holding very few Jews would be encouraged to close such neighborhood offices, with the Federation presence left through an outreach service center, having a particular concern for helping the trapped Jewish aged remaining in these areas. In New York, as elsewhere, the autonomy of Federation's agencies enabled them to adopt decentralized patterns of service which were sometimes disconnected from each other and from changing patterns of Jewish residence. This disjointed pattern of service hardly seemed to warrant Federation's support in a lean year. A subtheme of this tactic was that Federation ought to be con-

centrating its resources in those areas of high Jewish density which stood the best chance of stability.

5. It was also suggested that a number of agencies, particularly those engaged in long-term counseling relationships, would need better evidence that these relatively expensive services had payoff. The underlying theme was that, where we were unsure as to what kinds of social intervention was effective, we at least ought to do that which was less expensive.

There were a number of other suggestions, all of which in their potential would take money from some agencies. There were angry reactions by some agency executives to these ideas, some of them based on the simple grounds of turf protection, and others out of solid analyses which saw the well-being of the Jewish community in different terms. What was more interesting was the reaction of lay leadership to the above ideas. They wanted no articulation of any policies which would lead to budget cuts for specific agencies, although, on an ad hoc basis, a number of such cuts were eventually proposed for hospitals.

For New York's Federation, the issue of making distinctions between agencies as the basis for budget-cutting was largely avoided, because Federation voted to invade its dollar reserves. In that way, the old tactic of avoiding the administration of pain, and being differential in the distribution of pleasure, would continue for one more year (except for some hospitals). But, if inflation/recession and its consequences persist, and if Federation's leadership regards its resources somewhat differently next year, the conflicts between agencies for a share of the pie can no longer be muted. If the conflict must come, hopefully it will also be regarded as a great opportunity to re-articulate

what the Jewish community is about, and to use resources for the furtherance of such goals. It would be a pity for all of us if a shortage of communal funds was resolved through mindless formulae rather than an attempt to re-examine each agency and its services for their utility as instruments in enabling the Jewish community to realize its purposes.

In closing, it seems clear that the problems we face in allocations may be entirely salutary in leading to new distinctions *between local agencies*. What is less possible is that there is a satisfactory way of resolving the strains between overseas and newly defined local needs. "We are one" is no Madison Avenue invention. American Jewry and Israel are interdependent parts, and there are no easy answers as to how to apportion our funds to these parts. A new capacity to raise funds, and new

sums made available by retrenching those services which no longer fit us well, may enable us to escape the destructive consequences of a public re-examination of how we split our funds between local and overseas needs. If that is too pious a hope, then my own values are clear: if we lose Israel, there is no going back to square one. America is not Babylon. In the worst of all worlds, there will need to be radical new approaches with regard to choosing which local services we continue to support. And I would not relish being a part to the conflict and pain in that event. Perhaps the wisdom of Jewish communal professionals and the reservoir of ingenuity and will possessed by our lay leadership will yet be enough to forestall such most painful of tensions. As a Jew, I must believe the answer is yes. As a planner, I would prefer some better evidence.