

The Theory and Practice of Agency Mergers — with Special Reference to Jewish Education*

Leon H. Spotts, Ph.D.

Executive Director, Bureau of Jewish Education, Atlanta, Georgia

Of all the communal disciplines, it is the field of Jewish education which holds the greatest potential for institutional merger, first because of the essential compatability of various Jewish educational bodies and secondly as a consequence of a diminution in the number of consumers.

Recent Developments in Agency Mergers

Agency mergers are hardly a new phenomenon in American Jewish communal life. Indeed, the history of organized Jewish life in this country has been punctuated over the years by the consolidation and merger of various communal institutions. On the national level, for example, the United HIAS service came into being in 1954 as a result of a consolidation of four separate immigrant service agencies.¹ Typical of agency mergers within a local community was the consolidation in Philadelphia of the YM-YWHA with the Jewish Community Centers, also in the 1950's, to form the Jewish Y's and Center of Philadelphia.

In the field of Jewish community organization, local amalgamations of Jewish federations, welfare funds, and community councils took place, especially in the 1960's and 1970's. In 1968, for example, the Atlanta Jewish Welfare Fund, the Jewish Federation, and the Jewish Community Council were merged into a single community funding and planning agency known as the Atlanta Jewish Welfare Federation.

Within the synagogue sphere, too, merger and consolidation of congregations have been a rather familiar process. One would be hard pressed to find a single significant-sized Jewish community in this United States which has not recorded one or more congregational mergers over the course of its historical development.

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¹ Harry L. Lurie, *A Heritage Affirmed*. Philadelphia: Jewish Publication Society, 1961, p. 182.

In more recent times, however, the nature of and rationale for agency mergers has shifted somewhat. To begin with, such recent consolidations of agencies has taken place principally, though not exclusively, in the field of Jewish education. Secondly, financial economy, in one form or another, has now emerged as the major motivating factor for the consummation of Jewish agency mergers.

The reasons for the focus on mergers as a means for financial savings are not hard to find: decreasing financial resources to meet increasing needs and costs. On the one hand, the usual sources of funds for the operation of Jewish agencies have not yielded the quantity of dollars required or hoped for. Recent Federation campaigns in particular have been disappointing in their yield. On the other hand, demands for services continue to grow, and the costs for these services have escalated in recent years.

In the field of Jewish education, still another factor has exacerbated the problem. Unlike most other Jewish communal fields, where the clientele served is on the increase, the number of consumers of elementary and secondary Jewish education services has decreased quite significantly. Statistics from the American Association for Jewish Education show that the number of Jewish children attending Jewish schools of all types in the United States has experienced a drastic decline, from a high of some 600,000 in 1961-62 to an estimated 400,000 in 1974-75. This precipitous drop in the number of Jewish children involved in programs of Jewish education has literally decimated many individual Jewish schools, particularly in the older

Jewish communities in the Northeast and Midwest where the Jewish population is aging and the community has felt the effects most severely of the exodus of younger Jewish families for the Sunbelt area. As a consequence, the viability of significant numbers of Jewish schools has become increasingly problematical as the student populations of these schools have plummeted. For it becomes increasingly difficult to operate a school of quality as class units become smaller and more heterogeneous in terms of age and achievement distribution.

The dramatic decrease in Jewish school population, aside from its own deleterious effects, also increases the severity of difficulties arising from the decline in revenues and the inflation in costs. In the first place, smaller school populations obviously mean fewer tuition paying users of the educational services, which in turn results in even a further decrease in income. Furthermore, drastically reduced Jewish school enrollments impact upon the numbers and quality of educational personnel. Many schools can no longer justify the retention of full-time, professionally trained Jewish educational administrators. Instead, these schools have increasingly employed part-time individuals, whose expertise, experience, and commitment to the field of Jewish education is all-too-often marginal.

In the case of teachers, too, schools have sought to cut costs at the expense of quality of education. With fewer dollars available for teachers' salaries, it has become the practice in some quarters to seek out less experienced—i.e. less *qualified*—teachers to staff the schools.²

Such downgrading of educational personnel on both the teaching and the administrative level cannot but adversely affect the quality of Jewish schooling.

It should be noted that the above discussion serves to point up the integral relationship between the economic aspects of Jewish

² Leon H. Spotts, "Financing Jewish Education in the Mid-Seventies," *Commitment*. Cleveland: Bureau of Jewish Education, 1977, P. 29.

educational management and the quality of the Jewish educational product. We shall have occasion to refer to this relationship again in the discussion which follows in the succeeding sections.

Consolidation as an Answer

One obvious response to the problems alluded to above is institutional merger. Through such merger it should be possible to effect economies and efficiencies of operation which at least in part, will counteract the problems of decreasing income, increasing costs, and in the case of Jewish education, fewer clients. The general field of Jewish communal services furnishes several classic examples of such institutional consolidation. One example is the planned merger of the Jewish Vocational Service and the Jewish Family Service in Cleveland. A second is the recent amalgamation of the New York Jewish Board of Guardians, a childrens' care service, and the Jewish Family Service of that city.

Within the field of Jewish education a number of different types of mergers have taken place. On the school level, several small, non-viable school units can be combined to form a single school with viable enrollment. Alternatively, such small units can be absorbed into already viable and functioning larger schools, or into existent school systems. Mergers of these sorts should result in reducing the per capita instructional cost by increasing average class size and spreading the fixed costs of instruction over a larger base. Moreover, such mergers, to the extent that they bring about the emergence of a large enough school unit, hold the promise of retaining full-time professional administrators and highly qualified teachers, thereby maintaining if not improving the quality of educational programming.

Cleveland furnishes an illustration of each of these paradigms. As an instance of straight consolidation, take the case of Park Synagogue and Heights Temple, two very large Conservative congregations both of which in years past had boasted Hebrew schools of very significant size. However, when their indivi-

dual weekday school enrollments had dropped to only several hundred pupils each, in 1975 the two Congregations opted to combine Hebrew school operations. Within the Orthodox camp, Taylor Road Synagogue, whose afternoon school had experienced a sharp decline in enrollment, chose to have its student body absorbed into the Orthodox community-sponsored Talmud Torah. Finally, a newly established Conservative congregation in Cleveland, whose potential school operation would not be viable in terms of size of student body, decided to merge its student population with the community sponsored Cleveland Hebrew Schools system for weekday instruction and the United Jewish Religious Schools on Sundays.³

Examples of merger abound in other communities too. In Essex County, New Jersey, for instance, two small, essentially non-viable Conservative congregational schools joined forces to create a viable combined school operation of 100 pupils.

Philadelphia furnishes still another illustration of school consolidation, where a combined regional Conservative elementary school is planned for a Northeastern section of this city which has experienced a dramatic depletion of Jewish school students over the past decade. In Washington D.C. the same kind of pattern is in evidence, whereby three separate congregational schools, each of which had its own unique problem of size of enrollment, facilities, and/or finances, joined together in a merged school operation.

Smaller communities where mergers of all existent congregational schools have taken place into a single community or "quasi-community" school⁴ include Waterbury, Conn., Erie, Pa., and Hazelton, Pa.

³ Henry Margolis, "The Economics of Jewish Education," *Jewish Education* Vol. XL, No. 4 (1977), p. 17.

⁴ For a full discussion of the newly emergent communal or "quasi-communal" Jewish school, see Leon H. Spotts, "Present Trends in Jewish Community Schooling," *New Directions* (4th Annual Workshop on Innovative Jewish Education). New York: American Jewish Committee, 1974, pp. 15-34.

The Role of Central Agencies for Jewish Education

It should be pointed out that Bureaus or Boards of Jewish Education have encouraged and aided school mergers in an effort to make maximally efficient use of the human and financial resources available within the community. In the examples cited in the previous section, the central agencies in Cleveland and Washington were particularly instrumental in promoting the respective school mergers which have taken place in these communities. In New York City, the Board of Jewish Education in 1974 and 1975 went so far as to grant special subsidies to assist and encourage such consolidations. The result was the amalgamation of some 22 separate congregational schools into six large and more viable school units.⁵

For all the advantages accruing to the kinds of school mergers discussed thus far, these consolidations represent pragmatic adjustments to specific local situations. More far-reaching improvements in educational efficiency and effectiveness might be achieved through the implementation of a community master-plan for Jewish education, whereby maximally viable school units would be developed throughout the community to most effectively meet the educational needs in all the various geographical and ideological sections of the community. Consolidations of school units could then be brought about as changing needs might dictate. Such an incipient master plan has been developed by the Boston Bureau of Jewish Education; it has yet to be sold to the community and implemented. Similarly, an interesting Jewish educational master plan for Cleveland has been proposed by one of the local Rabbis, though again it has not moved into the implementation stage.⁶

By contrast, such a fully developed total community merger program appears to be in operation in St. Louis. All weekday elemen-

⁵ Alvin Schiff, "The Synagogue and the Supplementary School," *Jewish Education*, Vol. XLVI No. 1 (1978), p. 19.

⁶ Armond E. Cohen, "A Proposal for a Communal Education Systems," *Pedagogic Reporter*, Vol XXVII, No. 3 (1976), pp. 12-14.

tary Jewish schools are now operated by the Central Agency for Jewish Education, which, in negotiating with the individual school units for this management responsibility, has also effected consolidations and mergers where called for. In one specific geographical area, for example, there was brought into existence some seven years ago a consolidated "Jewish community school," embracing all denominational groups. In another instance, a merger of two small Aleph classes in separate schools was effectuated through this same central management of the central agency.

Detroit presents another example of a centralized community system known as the United Hebrew Schools, though there yet remain a number of independent congregational schools which operate outside the system. Several years ago, in Detroit it was necessary to close an inner-city branch of the United Hebrew Schools (U.H.S.) for lack of sufficient enrollment. Because, however, the system was controlled centrally, it was possible to "merge" this closed branch with other UHS units by bussing students from that area to other more viable branches. It should also be noted that those local congregations which have suffered severe numerical losses in their independently operated schools have increasingly requested the United Hebrew School system to absorb their student bodies into the consolidated operation.

High School Mergers

The consolidated operations discussed thus far have related largely to elementary schools. School mergers on the secondary level, however, have proven equally as common, and in many instances more stable and enduring. One of the earliest of these combined high school operations began in Philadelphia about fifteen years ago, with the establishment of a system of Conservative Regional Hebrew High Schools. It is important to note that the original motivation for the formation of these Hebrew High Schools was not principally economics, but rather the improvement of education.

We have already taken note, however, of the

inter-relationship of quality improvement and economic efficiency in the effectuation of mergers in the field of Jewish education. The validity of this connection was confirmed over the years as the centralized system has made possible a great degree of flexibility in shifting geographical locations of schools, merging and unmerging regional school units and making other administrative and organizational combinations of school units as demographic and other needs have dictated.

Over the past decade and a half, combined high schools have been created in a significant number of large, middle-sized, and smaller communities. Many of these merged schools have taken on a quasi-community component, often featuring communal subsidization. Among the communities where consolidated high schools exist are: St. Louis (Mo.), San Diego (Cal.), Atlantic City (N.J.), Orlando (Fla.), and Waterbury (Conn.). In many of these communities, too, the anticipation of improved Jewish educational instruction has often taken precedence over financial economy as the original incentive for creating a consolidated high school operation.

"Administrative" Mergers

In more recent years, a number of communities have developed an interesting type of combined operation, which for lack of a better term may be called an "administrative" merger. The essence of this arrangement is for two separate institutions to share a joint administrative apparatus (executive, clerical staff, accounting, etc.) at the same time that they continue to provide their own unique and separate communal services on the operational level. The purpose of such a merger may be either: (1) to save money on the administrative payroll and support staff; and/or (b) to bring about an improvement in the quality of services delivered. A good illustration of an administrative merger is the centralization of administrative responsibility for all the various services to senior citizens provided by the Jewish community of Philadelphia within the rubric of the newly created Philadelphia Geriatric Center. Under this arrangement, a

single executive is now charged with overall responsibility for all Jewishly sponsored geriatric programs, even as the separate components of the Center continue to deliver their own idiosyncratic services to their clientele.

The field of Jewish education has been fertile ground for such "administrative" mergers in recent years. Often the purpose of such combinations is to provide a full-time professional educator for two or more separate institutions, one or more of whose scope of operation alone might not have warranted such a highly qualified professional. This kind of arrangement has been especially popular in smaller and middle-sized communities with moderate sized day-schools as one of the partners in these "administrative" mergers.

Thus, the Akron (Ohio) Jewish community has a full-time Jewish educator administering both the Jewish day-school and the community high school. In Toledo (Ohio), the same full-time administrator is responsible for the community day-school, the afternoon Hebrew school, and the community high school. Wilmington (Delaware) employs a single educator to operate the day-school and the Wilmington branch of the Gratz College (Phil.) Hebrew high school. Tuscon (Ariz.) is currently seeking an educator to direct both the local day-school and the combined Hebrew high school.

It should be stressed that the chief rationale behind these administrative mergers is not necessarily to save money. Instead, the purpose of these combinations of positions is to make it possible for the community to engage the kind of qualified professional Jewish educator which each individual partner to the coalition could not afford to employ on its own. While in certain instances supportive administrative personnel may be needed to assist in the total operation, the community can rest assured that the overall educational direction emanates from a competent full-time locally based educator who is intimately involved in the day-by-day operation of the programs for which he is responsible.

Of a different genre are "administrative"

mergers which essentially eliminate one or more top positions. Here, one of the main objectives clearly is to reduce overall operational expenses, especially on the administrative level. New Orleans, for example, has announced its intention to combine the position of Director of the Commission on Jewish Education with that of the Director of the Communal Hebrew School. At one point, the Jewish community of Cleveland contemplated vesting authority for operating both the Bureau of Jewish Education and the College of Jewish Studies in a single individual. Though the plan was not implemented, it was evident that one of the major objectives in this type of "administrative" merger was the realization of certain economies of operation. A somewhat analogous situation may well arise in Pittsburgh when the two executives heading, respectively, the Hebrew Institute and the School of Advanced Jewish Studies retire within the next several years. Unquestionably at that time an element of the community leadership will push for the engagement of a single individual to head the two institutions.

A final type of "administrative" merger in the field of Jewish communal service involves the absorption by Federation of what were formerly independent and autonomous agencies. Again the field of Jewish education furnishes the most striking examples of this kind of consolidation, as Federations have reached out to absorb their local Bureaus of Jewish Educations and constitute them as functional divisions of the local Federation. This absorption process has occurred in recent years in such communities as New Haven (Conn.) and Miami (Fla.) It can be assumed that the intent of such absorptions is to make the functioning of the central agency for Jewish education more cost efficient and/or program effective. Yet there is no surety that either of these results, in fact does eventuate. Indeed, certain communities (e.g. Denver and Washington) have recently come to the conclusion that their central agencies for Jewish education would operate more efficiently and effectively as independent agencies, and have

so reconstituted them.

Difficulties in Effecting Agency Mergers

Notwithstanding the many successfully consummated consolidations of Jewish communal operations, the failure rate is if anything even higher. Central agencies for Jewish education in large, medium-sized, and small communities throughout the country report a growing sense of frustration in their attempts to engineer school mergers. In the case of New York, for example, Alvin Schiff, Executive Vice President of the Board of Jewish Education, relates that in recent years, "consolidation efforts have waned, particularly due to opposition from parents, to the unwillingness of synagogues to give up school autonomy, and to their fear of losing membership."⁷ These factors are cited time and again by Jewish educational leadership as militating against the successful completion of merger negotiations. Both within and without the field of Jewish education vested institutional interests on the part of individual agencies and their lay and professional leadership all too often make a merged operation an unacceptable solution to financial and personnel problems.

Take the Jewish community of Orlando (Fla.) as a case in point. Since 1976, when this writer conducted a comprehensive study of Jewish education in the community under the auspices of the American Association for Jewish Education, a number of very significant advances in Jewish education have taken place, even including the establishment of a Jewish day-school. Yet all efforts to date to implement one of the study's major recommendations, the merger of the three religious schools, have met with total failure.

In another community serviced by the American Association for Jewish Education, San Antonio (Texas), the AAJE has proposed an "administrative" merger between the local Conservative congregational school and the community day-school, to create the kind of full-time educational position that could attract a first rate educator. Again, one or

⁷ Schiff, *loc. cit.*

both partners have resisted such a combined arrangement.

The same kinds of forces which thwart attempts to bring into existence newly merged educational institutions may serve to undermine existing consolidated operations. Illustrative of this phenomenon is Atlantic City (N.J.). Several years ago, the Conservative synagogues of Greater Atlantic City agreed to merge their congregational schools into a single elementary Hebrew school, which was known as the Absecon Island Religious School (AIRS). While the consolidated school was launched with a great deal of enthusiasm and high hopes, there has been ongoing agitation on the part of certain forces in the community for a dissolution of the combined school and a return to separate synagogue operated school units.

When Are Mergers Successful?

The significant problems encountered in effectuating institutional mergers suggest the need to identify those factors which appear to attend the successful consolidation of Jewish agencies. Alvin Schiff characterizes these conditions as follows:

To be effective, mergers require a high degree of trust, a sense of community and the ability to sublimate one's institutional objectives in favor of the larger communal good . . . The most difficult problems (for Jewish school mergers) . . . are persuading parents to allow their children to be transported longer distances, and convincing synagogues that their membership potential will not be adversely affected by merger.⁸

One would be hard put to deny the importance of any of these factors. It may be more pragmatically useful, however, rather than to concentrate on the presence or absence of certain attitudes on the part of the potential partners to a merger, to examine instead the specific organizational circumstances which conduce towards the successful consummation of mergers. In this vein, it would appear that two basic administrative conditions favorably dispose towards a successful consolidation of

⁸ Schiff, *loc. cit.*

Jewish school units:

(1) centralization of control for school management within the given community

(2) communal subsidization of a consolidated school operation

The first condition is exemplified in the organizational arrangements presently operative in St. Louis and Detroit, as cited above. It will be recalled that in these communities the responsibility for operating a coordinated system of Jewish education is vested in a central educational authority. Under these circumstances, the central authority has great leverage in effectuating school mergers as it perceives that changing demographic patterns, school enrollments, budgetary stringencies and the like mandate such consolidation.

The effectiveness of the second condition—communal subvention—is graphically illustrated in the New York situation. When grants were available from the Board of Jewish Education in 1974-75 as a fillip to encourage school consolidation, a number of mergers actually took place. In the last several years, in the absence of such financial incentives, the merger process has been far less productive. Further support for this proposition can be found in the stability of those mergers, especially on the secondary level, where community subsidies are provided (e.g. Philadelphia, Atlantic City, St. Louis, etc.).

Is a Merged Agency More Economical?

Much of the discussion in the foregoing section has centered on the financial incentive for bringing about mergers of Jewish communal institutions. The question must now be asked: to what extent in practice are the expected economies of operation realized? Does the community, by virtue of combining educational operations, actually spend less than it would have if the separate operations had not been merged? A number of communities have now had sufficient experience with consolidated agencies to provide hard answers to such questions. Curiously enough, however, comprehensive and detailed financial analyses seems not to have been made, at least

in the area of Jewish educational mergers. Yet it would seem that those involved with both the management and funding of Jewish educational endeavors should be vitally concerned with such cost analyses. Federations, for example, which are assuming ever greater responsibility for funding Jewish educational programs, especially those which involve agency consolidation, should have a great interest in learning whether merged educational operations are in practice more economical than individual units. Synagogues, too, should be expected to display keen concern as to what extent their budgetary problems have in fact been ameliorated as a consequence of school merger. Yet no strident demand for the hard facts and figures is heard.

One might hazard a guess that one reason the suggested financial examinations have not been pursued more vigorously is the fear that much of the vaunted monetary savings on which the proposed mergers were originally justified may in practice prove illusory. Such a conjecture, however, should not necessarily dampen the ardor of advocates of merger, since combining inefficient educational units can still result in more effective educational programming, albeit that great dollar savings may not eventuate. But then it must be demonstrated that merged operations do, in fact, result in superior performance.

Is a Merged Agency More Effective?

It will be recalled that a second basic reason for agency merger alluded to in the early sections of this essay was the potential for improvement in program effectiveness. In the light of the centrality of program improvement in the justification of many of the merger arrangements in the field of Jewish education, it is appropriate to ask: to what extent, in fact, has a consolidated operation resulted in qualitative improvement in the educational product? This question becomes all the more cogent in the light of the uncertainty of the actual gains in economic efficiency in merged school operation, as indicated in the previous section. Indeed, in those instances when the

dissolution of consolidated educational units is contemplated, one of the causative factors is often the claim that the merged school is decidedly not more effective than the previously operative separate units.

Once again the need for careful and painstaking analysis of existent consolidated schools is indicated. Such an examination will focus on the qualitative effectiveness of the merged operation. Unfortunately, as was the case with regard to the purported financial savings of consolidation, this analysis too remains yet to be undertaken in a planful, systematic fashion.

To be sure, a comparative qualitative analysis of educational programming is a much more difficult undertaking than a comparison of direct costs. Furthermore, the results of such a study are likely to involve a greater degree of subjectivity than a presentation of hard financial figures. Yet an effort must be made on each local level to establish the relative qualitative effectiveness of a consolidated operation, as opposed to that of separate school units. For, given the problematic status of the economic rationale for amalgamating Jewish educational agencies, the case for such mergers may ultimately rest on the demonstrable improvement which these consolidations bring about in educational achievement. Surely, all concerned elements in the community will be keenly interested in the results of such a study.

The Future of Educational Mergers

Given the expectation of continued financial stringencies within Jewish communal life, it is tempting to predict a quickening pace of Jewish institutional mergers. One should be cautious, however, in projecting such a forecast. Aside from the very real resistance to mergers on the part of the potential partner agencies, in a large number of cases there may well exist a fundamental incompatibility in the several agencies to be merged. Even "administrative" mergers between agencies in two wholly separate Jewish communal disciplines may not be successful unless the top executive is sufficiently familiar with both fields to give

proper guidance and direction to both agencies on the operational level. One might question, for instance, whether a merger of a family service agency and a Jewish Home is truly feasible in the light of the striking differences between the fields. Equally as problematic might be, say, the absorption of a Jewish educational agency within a Jewish community center.

Still another factor militating against the facile merger of Jewish agencies is the general increase in clientele and demand for services on most Jewish communal agencies. To the extent that agencies are expanding their services and the population serviced is merger with another agency rendered increasingly unlikely.

Of all the communal disciplines, it is the field of Jewish education which holds the greatest potential for institutional merger, first because of the essential compatibility of various Jewish educational bodies and secondly as a consequence of a diminution in the number of consumers. With the anticipation of continued budgetary strains, ongoing inflation of costs, and no dramatic increase in student populations, it stands to reason that possible mergers will continue to be explored in the field of Jewish education. It is also likely that the same powers which have operated against Jewish educational mergers in the past will continue to resist actualization of such consolidations in the future. These countervailing forces, in the aggregate, seem rather evenly balanced. One might conjecture that the results of the sort of quantitative and qualitative analyses suggested above might well tip the scales in one direction or another. It is probable, if it can be demonstrated that consolidated educational agencies really do save money and/or provide superior education, that Jewish educational mergers can be effectively promoted. Those who support the concept of educational consolidation, then, would be well advised to exert whatever efforts are necessary to adduce the kind of hard data which will make the case for agency merger virtually unassailable.