

Who Pays for Jewish Education? – A Symposium

In November 2000, JESNA and the Association of Directors of Central Agencies (ADCA) convened a symposium on funding Jewish education. Held in Chicago in conjunction with the General Assembly of the United Jewish Communities, panelists included **Peter Friedman**, executive vice president of the Jewish Federation of Metropolitan Chicago, **Yossi Prager**, an attorney who serves as the executive director of the Avi Chai Foundation, and **Robert Sherman**, executive director of the Bureau of Jewish Education of San Francisco, Sonoma and Marin Counties. The symposium was chaired by **Dr. Lois Zachary**, who serves on the JESNA Board and is the president of Leadership Development Services, LLC, a consulting firm located in Phoenix, AZ. It was moderated by **William Rubin**, executive director and chief operating officer of the Community Foundation for Jewish Education in Chicago. It has been edited for length and content, but the published text is entirely the words of the participants.

Lois Zachary: Who should pay for Jewish education? The struggle to answer this question is difficult because it raises complex issues and it affects all of us on a personal and communal level. We have been, as Richard Pascal says, living in the question. Deepening that dialogue and thinking together about creative ways to answer the question requires consideration of complex questions. What are the trends in financing Jewish education? How are we responding to these trends? How do we create new coalitions for funding Jewish education and how do we work together as a community?

William Rubin: Our panelists are individuals who have vision, but we are not going to answer every issue at the conclusion of our program. Our goal is to expand our thinking on these issues and challenges in terms of funding Jewish education. Our discussion will be the beginning of the dialogue. When we leave the room, we will have unfinished business. The two specific topics we will discuss are: 1) trends of financing the needs of Jewish education; and 2) creating new coalitions for funding Jewish education while working together as communities.

Bob Sherman: When I spoke to colleagues in different central agencies around the country, I was amazed at

how much they are involved in the issue of fundraising. On the West Coast, I found that some central agencies today receive as little as 30% or 35% of their budgets from federations and are raising 30, 40, and 50% of their budgets through fundraising. This is a new world and a new business for most of the people, who like myself didn't come in with the competencies and skills, but instead are learning them as we go along. Our fundraising falls into three different categories:

1. Fundraising to help people pay for their own Jewish education or the Jewish education of their children. In other words, these are financial aid or subventions that help reduce the price for everyone. However, this will not affect the cost, it only affects the price.
2. Funding projects, programs and initiatives.
3. Funding the operations of agencies and organizations that deliver educational services and programs.

The latter, in many cases, is the hardest to fund. It is a lot easier to raise money for new programs and initiatives. It is easier to fund financial aid for needy people,

than it is to fund plumbing, secretarial support, and infrastructure of central agencies.

One trend is the increasingly important role of private philanthropy, whether within the Jewish Community Endowment Fund, large private foundations with boards, family foundations without boards, or private philanthropists who are on their own. There are some interesting implications to this trend. One is fierce competition for these funds. Another is the greater capacity of private funders to affect policy down to the service level.

The dramatic increase in program or project based funding, which is most attractive to private foundations and philanthropists, has helped our agency grow dramatically in direct correlation to our capacity to attract these funds. Growth can become very tenuous, as we try to sustain our operations. We need greater sophistication in seeking the funds and learning how to meet the accountability standards of private foundations, and how to manage organizations increasingly dependent upon them. Private foundations not only manage the relationships with recipients in San Francisco, but they are seeking to hire people specifically to deal with the Jewish part of their philanthropy. This creates another set of policy makers in the community.

Another trend is the diminishing capacity of the annual campaigns of federations to bear the full responsibility for maintaining the operations of agencies. There is increasing pressure on agencies to do their own fundraising, and then of course, to build the infrastructure to support fundraising. This trend carries serious questions for federated giving, such as increasing pressure on federations to re-engineer their allocations process to make it possible for them to support organizations that can't exist without their support.

The third trend is the growth of new consortia, strategic alliances, collaborations or partnerships to create large capital pools that can be directed towards big problems or new opportunities for strategic initiatives. This brings together some unlikely bedfellows, such as, private foundations not used to working together with other foundations and with community processes. The Jewish Community Federation is only one of many equals focused on accomplishing goals together with private foundations.

Peter Friedman: Should the question be, "Who pays for Jewish education?" Which is, "Gotcha, who is responsible for doing it?" Or, are we really asking, "What are the needs of the Jewish education community? What are our needs as a total community and how do we deal with and better meet these needs?"

I think the question should be reframed. "What are the trends in financing, and how do we work with coalitions?" I am speaking from a federation point of view, not THE federation point of view. The first point is that the federation allocation, at least in Chicago, will still be a major source of funding, but it will not grow much. Philip Bernstein, former executive vice president of the Council of Jewish Federations, reports in his history of the federation movement, *To Dwell In Unity*, that in the year 1958 the total federation allocation for Jewish education was \$3.5 million! It has grown significantly. In Chicago, with a \$65 million campaign, Jewish education funding is not going to grow to the levels we want, but it still provides a very important source because it is an unrestricted allocation for the most part, and it is the largest unrestricted allocation.

The second point is that you can expect parts of the federation allocation to be more targeted for specific programs and services. We call it 90% budgeting, or program, or priority grants. Leaders want to have a role in allocations. It may be only 10%, but it means a different culture in terms of how one deals with the funding agency. In direct services, the consumer will be playing a major part. Our day school system in Chicago is basically an education district, in which a majority of the monies are coming from the parents themselves, which will continue. Grants will be more widespread, although not necessarily as a percentage of the total budgets. More family foundations will be involved. I differ from Bob in seeing these as challenges undermining the role of the federation. Our grants department added five people, making it a major operation. But the point is, it is working on behalf of the community and the agencies. We look to endowments, as many of you know, in terms of the day school issue. The long-term solution for the day schools from our perspective is not building up allocations from the federation, but rather the development of day school endowments.

We have three endowment programs: 1) the Day School Endowment Program for individual day schools, with

the money as part of Federation. We are actually putting in the resources to help the schools raise the money by paying the fundraising costs; 2) Day School Guarantee Trust, the term that is used for an endowment that will go to any day school on a per capita basis and; 3) agency endowments, which include central agencies. Our goal is three or four hundred million dollars. Some funds may be targeted, some may not, but this is a federation opportunity to bring the major families together in a community effort.

Yossi Prager: What are we talking about when we think about the needs of Jewish education, nationally? A recent paper by Jack Wertheimer estimates that day schools spend \$10,000 per student annually on operating costs. For 200,000 current day school students that is two billion dollars! To cut tuition in half, since tuitions are so expensive and inhibit the middle class from coming, we are talking about raising a billion dollars annually. We estimate \$13,500 per student in new construction costs. To go from 200,000 day school students to 300,000 students in the next ten years will cost \$1.35 billion. Teacher training, \$50,000 per teacher minimum, for 5,000 day school teachers, is \$250 million. Curriculum and educational technology are things that the paper doesn't address, but the cumulative total is billions of dollars.

Regarding supplementary schools, we spend \$900 to \$3,000 per student annually, depending on the number of hours that students participate. We need \$30 million annually to strengthen the system. Wertheimer doesn't address at all what it would cost to add new supplementary high schools, so that students can continue after *Bar* and *Bat Mitzvah*. What does camping cost? \$3,000–5,000 annually per camper. Only 7% of the eligible students, in terms of their age, are participating in overnight camp. It would cost \$2–3 billion dollars to create a sufficient number of camps for just half of our students to attend overnight camp. That is all capital costs, not including staff training, recruitment, or paying counselors. So, we are talking about billions of dollars that need to be raised – not a little more money from here, or a little more money from there. How can we collectively raise what amounts to more than an annual UJA Campaign every year for Jewish education?

The focus of the second part of the discussion should be “How can we use our joint muscle to draw in funders who are not funding Jewish education?” There are all those people who are supporting the Met, the Symphony and Harvard College. We can use some of this money, and some of the new wealth that has been accumulated, to address the needs of Jewish education. This is a lot of money that we haven't even begun to think about until recently!

William Rubin: How do we create new coalitions for funding Jewish education and how do we work together as a community?

Yossi Prager: You know the story about the Jewish university that decided to have a crew team, which is a new thing for a Jewish university. They recruited a coach and they created a team and they trained and they worked hard and then they had their first match up at Harvard. And, they got killed. When they came back, the President asked the coach what happened and the coach said, “Well, you know up at Harvard eight people row, and only one person screams!” We've got to be sure that we are rowing together.

I am going to talk a little bit more about national foundations and what the local communities should and should not expect from national foundations. We need to create a sense of urgency about Jewish education. We need to talk about Jewish literacy as the be all and end all of participation in Jewish life. We also need to present the message that Jewish education is not simply a consumer good like soap, but it should be thought of as a communal responsibility. In terms of central agencies, I know that the role of agencies varies so much across communities. However, I know that at least some community agencies view themselves as service providers. I think this has to change so that agencies see themselves as facilitators, to be receptive and ready to draw funders, to know what to do when the funders are available, and to reach standards of excellence that will make them attractive to funders.

The role for national foundations (like Avi Chai) is to bring our focus to philanthropy. We have a sense of what we want to accomplish and how we want to go about doing it. We don't consider ourselves responsible for the basic operating costs of local institutions. We

recognize that they are important and that we should be part of an advocacy effort, but this is not our charge. We are not always responsive to proposals. Avi Chai, for example, does not accept proposals. We solicit proposals in the context of ideas that we want to implement. When you approach a national foundation you have to understand that perspective.

What can you expect from a national foundation? There are national needs that are not going to get addressed locally. Let's say teacher training programs for day schools are \$50,000 a head. Local federations are not going to be able to create these; certainly not of a magnitude that is needed for the field. There are all kinds of research which should become an integral part of an advocacy campaign. National studies are something for which I think national foundations should become responsible. Sharing information is critical, and Avi Chai is going to get a lot better at this. We have been asked whether we are going to share the information that we learned from the voucher program. I think you have a right to expect national foundations to share both their successes and their failures so that you can learn from them. And finally, I think it is fair to turn to a national foundation and say, we are going to develop a model that could be broadly applicable elsewhere. But you need to understand that if you approach a national foundation, it is not because you have a need, but because the field as a whole has a need and that you are proposing something that would benefit the field at large. These are the roles of a national foundation and there are real opportunities for partnership among the different players in the system.

Peter Friedman: I think the federation has a role to play both at the national and the local level. My concern, as I said before, is the issue of fragmentation. Federation itself derives from the history of bringing partners together around the table. I think examples of this are how we deal with different types of financial resource development models, beyond the allocation itself. UJC in its effort to create the Trust is an effort to provide coordination. What happens at the national level also happens at the local level. Federations are much more willing to take on the role as both facilitators and obtainers of funds; not only for the campaign and allocations, but also in participating with many different partners within the community. The major

change is that boundaries are coming down.

Federations now have a role in building capacity in the synagogues, which ultimately is going to be an advantage for the educational program. Remember that the federation perspective is always going to be larger than the sectoral perspective so, although education is an extreme priority, dealing in a federated community means that you have to go a little bit further. Finally, what are the expectations of the federation in terms of its partners, and what are the expectations of the federation in terms of what people should do when they come out of schools? Does the federation have a right to ask that schools create and affect Jewish citizens who have a commitment to the Jewish community? The other angle is not only the obligation of federations, but also the rights of those who are members of the Jewish community.

Bob Sherman: Yossi, you asked if central agencies help schools and other direct providers of educational programs to build their capacity to attract more support, and I love it. We need to build our capacity to go out and do just that, because we could deliver at the local level. One of the critical things I would turn to a national foundation and say, from the perspective of a central agency, is that we need support in order to be able to do what you ask. This is a very important and crucial role we might take. One of the largest foundations in the area gave us a million dollar grant for planning and program delivery for teens, as a result of the Federation building our central agency capacity in this area. The Federation was able to accept that it wasn't coming to them, but it was coming to us. It was new. We were incredibly grateful, especially since we would have not attracted that grant without Federation support in the first place.

Infrastructure development for agencies such as ours is crucial for the educational enterprise, and it is important for both federations and private foundations to help us build that infrastructure. One of the things that we are also doing is creating strategic alliances with other agencies who share our mission and whose competencies complement ours. This means learning how to create and maintain complex collaborative relationships. We are building our infrastructure within our agency by building infrastructure support into those large grants that we are getting. If I get a million dollar grant and

10% of that grant is to be used for infrastructure purposes in my organization, I am going to have to find another grant and another grant and another grant or else my infrastructure at some point will collapse. I am asking and looking to the foundations who want to see these programs and initiatives happen to join in helping to sustain agencies like ours over the long term. Finally, we are building our capacity to market what we do, much more effectively than we ever have before. The challenge to my agency, and to all central agency directors, is that we have to focus our resources where they can have the greatest demonstrable impact. If we want to be able to attract new funding and new funders to our venture, we can no longer be flabby, we can no longer do things that we can't prove make a difference. We are going to have to develop our competencies in specific areas and demonstrate to potential funders that we really can make a difference, and that this is in line with our mission and with the core competencies.

Yossi Prager: One comment about Peter's remarks and one about Bob's. Peter, you raised the question of what kind of demands can federation and central agencies make from day schools for which they are raising money. I would go even further than you with one caveat. I think federations definitely have the right to make demands in return for funding. I would say this is most important, in the areas of efficiency and educational innovation. Schools are very conservative institutions. They are unlikely to buy into technological innovations, distance learning educational technology, any thing that requires major change. The funding that federations help raise can be a lever that helps schools to evolve. I think it is important that federations stay away from ideological issues.

Bob, I appreciate your comments for one particular reason. Remember the story of the *Tower of Babel* in Genesis. The reason that it ultimately created a problem was because everyone spoke the same language and they seemed to agree with each other too much. I think this is the first real disagreement on the panel. Here I am talking about a need to raise hundreds of millions of dollars and the role that national foundations can play, which I see is fairly limited. You are talking about how you can raise a few hundred thousand dollars and the need for national foundations to support infrastructure. I agree that there are local foundations that can work in

ways that the national foundations can't. But if the federation and agency system are really ultimately successful in raising the tens and hundreds of millions of dollars from sources that are not now contributing, then I don't think the agency infrastructure is really the issue.

Peter Friedman: There is a tension in terms of a national agency, which has a particular focus, like **birthright israel**. One of the things that will happen, from a federation point-of-view, is that we will be taking the responsibility for maintaining this type of course. There will always be a tension between innovation and the need to sustain it. In terms of infrastructure locally, we will have to rethink agencies for the future. We brought a lot of federation agencies together and said, let's look at all the back office functions such as accounting, support functions, etc., and we came up with a federation structure. We brought in a consultant, identified areas where we can jointly contract out, so people with expertise can provide it for the agencies, and have an overall savings for the system. I am really talking about efficiency and I agree with you. One of the major problems about day schools is that, on the one hand, there is such a great need, on the other hand, some day schools barely have a bookkeeper to report a \$3 million deficit that they incurred! Rethinking how federations work together with the agencies gets back to the role that federation still can perform in a community, as a convenor, a partner, someone who can coordinate.

Bob Sherman: Very quickly, I want to refer again to our teen initiatives. We needed funding from all kinds of sources – foundations, the Federation, the Jewish Community Endowment Fund – because it's a multi-million dollar project spanning many years, and there was no way that any one place was going to fund it. The Federation was willing to allow a lay committee to form that was not attached to any organization. As a result, it helped attract foundation support that otherwise wouldn't have come. We have been working desperately to make the funders an integral part of the program. We want them active and involved throughout the whole initiative and we have program officers who are playing important roles in creating and managing this whole initiative. It has had a huge impact on keeping funders interested, involved and recognizing the long-term implications necessary for doing something like this.

Question: *Bob, who is paying for this in the long run? Is it the funders that provided the up-front funds? Then, who assumes responsibility in the long run? Who is actually providing the funding?*

Bob Sherman: The funding right now is being provided by allocations, the Jewish Community Endowment Fund, a number of private foundations and philanthropists, and the fees paid by people going into programs. Who is going to fund it down the line is interesting, but the answer is going to depend a lot on where the particular program is located and the capacity of that agency or institution, and also where the Federation is going to choose and be able to take a long-term role. It is not going to fall back on the Federation, even though the Federation has to be concerned. In some cases people may turn to Federation if they have trouble and lose foundation funding.

I want to make two comments about endowment and the creation of endowment funds with the Federation to provide income, which is what we are doing right now. We created a grant mechanism through the Federation, but if there is a positive evaluation after two years, the grant becomes a permanent part of the agency's allocation. We have to put close to \$3 million into the system because we realize everybody is scrambling, but it means they have to be evaluated, monitored, and there have to be coalitions working together. It is a good message. What has happened, even with this grant program, is that we have attracted outside funders who like the notion of being able to fund a grant program with specific grants. It is a long-term issue we face in terms of the grant, which is why endowments are important. When they provide incentives federations must think about how they will maintain something if they think it is good.

CONCLUSION

Lois Zachary: How can you summarize this? One way is through the phrase, "collective muscle." I think it is clear we have to exercise our collective muscle. We have to think more strategically about building coalitions. We have to think about collaboration and building our capacity for that. We have to think more about the other phrase that was used, which was "rowing together." I think that the whole idea of capacity building is the big

message of this evening. And what does that mean? Building capacity really is about sharing information. It is about communicating and thinking together in new ways. It is also about building the capacity of partnership. And, I take away from this also that building involves learning, it involves education, it involves re-education. It involves facilitating, building an infrastructure. It involves developing core capacities and core competencies, learning how to market and develop our capacities in that regard and also in regard to research. So, capacity building, I think, is the name of the game on many different levels.