

# What Is Federation? — A Definition for Those Engaged in Making It Work

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**Editor's Note:** *We recently read a manual for board members of the Jewish Welfare Federation of Detroit, written by William Avrunin as the first in a series of similar documents. It was a succinct and clear statement of the function, structure and central operational processes of the Detroit Federation, and by easy extension, of Federations generally. True, it reflects a particular orientation that may not be shared by all Federations. At our request, Mr. Avrunin made the necessary deletions and minor changes to produce an article out of the content of the manual. We then invited Charles Zibbell to write a commentary and he gracefully accepted. The two articles follow. Readers comments are invited.*

A Jewish Federation in contemporary American life defies precise description. The variations among communities of different size make for major differences. The possibility of including the New York UJA-Federation and Jewish Welfare Federation of Lansing (Michigan) within a single definition is a staggering challenge.

In part the definition of Federation depends on how you are involved with it. A Federation is one thing to someone whose contact consists merely of being solicited for a contribution in the annual campaign. It has another meaning to the president of a beneficiary agency. This meaning has no resemblance to the Federation image of a client of that agency—whether it be a happy family or a disappointed parent. The variations are innumerable—comparable to the wide range of impressions in the proverbial tale of the blind men and the elephant.

It might be easier to agree on a definition for the sophisticated laymen and professionals engaged in Federation operations: the close circles of men and women engaged in Jewish activity in and near the organized community. During the recent intensive and extensive Review of the Council of Jewish Federations, a leading layman in an intermediate community suggested that the CJF should take on the

function of getting people "to understand what it's all about." This is often the primary objective of retreats, institutes and forums. They are reasonably productive but one of their serious limitations is the theoretical disagreement or uncertainty regarding "what it's all about."

Sometimes, it's all about how we can raise more funds for Israel, or for the local services—or hopefully, for both. Sometimes, the discussion leader or speaker sees as his objective building a better Jewish life—through the Center. Sometimes, it's about what we must do for our young folks or for our senior citizens.

Trying to talk about all these things together becomes almost academic. Yet, the narrower variety of commitment is contrary to the concept of Federation. It is easier to understand and to serve the specific objective of a single cause, even a less constructive cause, than to advance the notion of a portfolio of constructive Jewish programs acting in harmony rather than in competition. Almost any particular organization appeals to some particular partisans, but it need not—like Federation must—rally the broad support of a majority of members of the Jewish community.

## **E.G. The Detroit Federation**

(1) Federation is a partnership of

agencies or services seeking financial support jointly through a central campaign. These agencies agree to accept the restraints of some measure of central planning (including budgeting) from the partnership mechanism. Since the association is voluntary, the limitations on central planning and financing extend up to the point which the agency partners are ready to accept. For each partner the benefits of association must outweigh the restrictions on their autonomy.

Being part of a communal body together with other agencies financed centrally must offer advantages extending beyond the responsibilities and restraints which this imposes as, for example, restrictions against independent fund raising. For one thing it offers the opportunity for an agency to concentrate on providing service.

In Detroit, as in many communities, this partnership is recognized formally by the representation of all member agencies of Federation on its Board of Governors. The partnership is also expressed informally in a number of ways, by membership on the Budget and Planning Divisions, by frequent consultation between Federation and agency staff and by Federation and agency committees.

Federation and the agencies both have a primary stake in the partnership. When a beneficiary provides service at an effective level and when it functions efficiently and economically, the status of Federation is enhanced. If agency service is poor and agency administration is loose, the credibility of Federation, and, in turn of its Campaign, suffers. Good member agencies make a strong Federation and a good Federation makes for better agencies.

(2) At the same time, Federation is a partnership of contributors who are ready to participate in the financing of a group of services. Each contributor need not be an enthusiast of each and every service but, by and large, the package merits his approval expressed by his dollar participation. This

is a far more effective way of voting than saying "aye or nay" to a resolution. Since contributor participation is also voluntary, it can reflect deeper conviction on the part of some individuals as expressed by more generous contributions. Others can, and do, express less enthusiasm by moderate giving, or even by refusing to contribute at all. While this may be an oversimplification, it is essentially valid. Admittedly, it does not take into account variations in economic resources, variations in inherent generosity, other personal factors, or the effectiveness of the solicitor.

The contributors become members of the Federation and as such they are represented on its Board of Governors by members at-large, elected each year at the Federation annual meeting.

(3) For the areas of community service in which its agencies function, Federation is the organized Jewish community. These include the fields of health and welfare services; Jewish education and Jewish culture, formal and informal; and community relations. Federation's circle of concern may extend beyond the limits of agency activity but it is not all-inclusive to the point of involving all the programs of the Jewish community. Nevertheless, Federation is preeminent and predominant in its field in number of members served, range of services available, and resources provided. Some of these services involve the organizational life of the Jewish community and some of its ideological characteristics. Some Federations' by-laws recognize this relationship by providing for representation of organizations or of organizational groupings on the Board of Governors. For example, in Detroit these groups include the Detroit Zionist Federation, the Metropolitan Detroit B'nai B'rith Council, the Michigan Council of the American Jewish Congress, Jewish Labor Committee-Workmen's Circle, the Jewish War Veterans and the Congregational Council.

(4) The Detroit Federation recognizes as well, the importance of the fund-raising function by providing for its representation on the Board of Governors. This includes the trades and professions, the Women's Division and the Junior Division each of which names Board members from among its leaders.

### **What Does Federation Do?**

Federation raises funds; it budgets or allocates them to its member or beneficiary agencies; it exerts influence and leadership upon the programs and within the planning activities of its beneficiaries whether as separate units or as parts of a family of services.

These are not separate, isolated functions. They are parts of a single function of integrated service to the Jewish community.

The Allied Jewish Campaign, for example, is more than a fund raising mechanism. It is the major instrument, by far, through which the community offers assistance to the people of Israel and to Jewish communities throughout the world as well as locally.

Fund raising, budgeting and planning are completely dependent on each other. It's obvious that budgeting and planning would be theoretical without successful fund raising. Though less apparent, it is equally true that the campaign depends on the integrity of the budgeting and planning operation. The way the Federation allocates funds and the way the beneficiaries spend them are basic to establishing the credibility of the total operation. In turn, this is a major factor in contributor confidence and response. The negative aspects of absence of credibility are readily apparent. If the distribution of funds were to violate community interest, a lack of confidence in the Federation would soon be reflected in the fund-raising level.

Over the years the priorities of Federation-financed services have changed to match the greatest interest and the most urgent

needs of the particular period. At the turn of the century immigrant assistance, Americanization, economic and occupational security were paramount. As time passed, service focused on domestic and overseas anti-Semitism, rescue from the DP camps, rehabilitation and resettlement at home and primarily in Israel, restoration of European communities, care for the growing aged population, formal and informal Jewish education, and Soviet Jewish migration. The flexibility of the Federation's apparatus and its capacity to deal with a variety of problems and to provide programs for them have been repeatedly demonstrated.

There is considerable opinion on the part of friendly observers of the American Jewish scene that Federation has a function beyond fund raising, budgeting and community planning. This additional function is described as "deepening American Jewish culture" or "assuring the continuity of Jewish life." *There are critics who urge that this broad contribution should be made Federation's major function. There are others who counsel that building a better Jewish life in America is not itself a function of Federation but a major consequence of its functioning effectively in the specific areas of its traditional concern, fund raising, budgeting and community planning.*

For fourscore years the Jews of Detroit have acted together to provide essential Jewish services through Federation and its predecessor, the United Jewish Charities. This cooperative effort has obviously sustained and enriched Jewish communal life.

### **Budgeting and Planning**

The budgeting and planning functions of Federation are intimately related. A separation of budgeting from planning would present problems comparable to those created by the U.S. Congress when it passes legislation without providing the funds to implement it.

Federation distributes its funds to the causes for which it raises them in a manner which reflects the interests of the contributors and the needs of the community. Federation's budgeting process brings together the contributors and the beneficiary institutions. There is a difference, however, between the partnership arrangement with the local agencies and Federation's arrangement with the national and overseas beneficiaries. The local agencies deal with only one Federation; the non-local agencies deal with many. The allocation to a local agency is accompanied by an approval of its total budget and operation. For many non-local agencies this is possible only in part, through the mechanism of a group of local Federations acting together through the Large City Budgeting Conference of the Council of Jewish Federations.

In classical Federation budgeting of local agencies, the allocation provides the balance necessary for the beneficiary to operate at an approved level after taking into account all other available income. This is called "deficit financing." While there is usually considerable agency flexibility within a total budget, the outer limits and some of the included budgetary categories (such as personnel, for example) can be modified during the fiscal year only via Federation reconsideration.

There are variations and accommodations to deficit financing. Some of them tend to limit the Federation's ability to exercise "fiscal control." These exceptions may take the form of annual subsidies not necessarily based on detailed and complete budget review. For example, in Detroit the Federation grant comprises only a small fraction of the hospital's income; the allocation to the Jewish Federation Apartments is related specifically to the kosher meals operation. Both of these agencies forego public solicitation of operating funds. The fiscal relationship with the Hebrew day schools is still

developing and does not yet include full and detailed budget control, approval of total expenditures or limitation of independent solicitation.

Federation seeks to protect its contributors from being solicited again by its own beneficiary organizations. Exceptions tend to reduce Federation's fiscal control over contributed dollars, a control which the givers have a right to expect and which the orderly communal process requires.

A well-established Federation of high status and demonstrated strength may be able to count on the prevalence of a sense of community discipline as a factor in communal order; but a Federation which is forced to compromise financing arrangements in many directions in order to survive is not likely to enjoy such status. It is likely to become a central fund-raising contraption rather than a real communal planning body.

A typical basic guideline to Federation budgeting is the Pre-Campaign Budget Formula, developed in advance of each year's Allied Jewish Campaign. It establishes an approach for the division of the Campaign achievement. First, the Formula determines the amount required for the Regular Campaign and the balance to be set aside for the Israel Emergency Fund (and currently, Project Renewal.) Within the Regular Campaign, it establishes total grants for each of four categories:

- Overseas and Israel
- Local Operating
- Local Capital
- National Agencies

The budgeting for each year is carried on within these guidelines.

The Federation budget procedure exerts a fiduciary influence on its beneficiary agencies. They must prepare and submit a budget request annually and report on their financial experience periodically. This is where the budgeting process starts. In preparing its request the agency must review its own operation. The agency

budget is submitted to an appropriate Budget and Planning Division (see chart for a typical structure.) Here it is received together with the budgets of other related agencies. The Division recommendations are offered, in turn, to the governing bodies of Federation for action.

In addition to the three Budget Divisions which deal with annual operating budgets, a fourth, the Capital Needs Committee, is concerned with proposals for building facilities. All four are coordinated by the Conference of Division Chairmen since the action of any Division has an obvious impact on other Divisions. The Budget Divisions and the Conference of Division Chairmen are in a position to encourage inter-agency cooperation on such common problems as newcomer resettlement and services to youth and to the elderly. In Detroit, the Executive Committee of Federation acts as the budgeting body for the United Jewish Appeal, the Federation administration, Sinai Hospital and the national affiliates of Federation to which annual dues are paid. It also reviews the agency salary recommendations for executive staff in order to relate administrative salaries community wide.

### Financing

The member agencies of Federation have a number of sources of income including payments for agency services by recipients, third-party or insurance payments, government grants, and allocations from the United Foundation through the United Community Services. In some of these, particularly government and UF, the Federation has an active role.

Federation coordinates the joint budget presentation of its agencies to UCS. It enjoys a cooperative working relationship with both the UCS and UF as the Jewish community's participant in the general community's philanthropic program. In Detroit as in many cities, the organized Jewish community was a founding member

of the local council of social agencies or the community chest.

An increasing number of Federations have developed Endowment Funds used for initiating programs and demonstration projects of the agencies or of its own. They are also used from time to time to assist in serious emergencies nationally and overseas and are generally of growing importance.

The annual fund raising campaign is the basic financing resource of Federation. It is a significant function. Nationally about a half billion dollars is raised annually. There is, of course, a variation in the capacity to contribute from community to community. The range in actual campaign results is even greater. The number of contributions in cities of similar size also varies.

Where there is a Federation the annual fund raising is important enough to be regarded as *the* community campaign. There are no absolute measures of campaign success. A reasonable criterion is the number or proportion of contributors in the higher giving categories (i.e., \$10,000 and over, \$5,000 to \$10,000 etc.) Allowing for some community variations, a campaign which has more contributors in the \$10,000 and over category than other comparable cities is a more effective campaign. A related measure is the percentage of the campaign total which is provided by this group of contributors.

Another important fund raising statistic is the per capita gift arrived at by dividing the total pledged by the number of Jewish residents. Based on available 1978 figures the four Federations with the highest per capita among the 16 large cities are: Detroit, \$215; Cleveland, \$209; Toronto, \$174; and San Francisco, \$141. The same Federations were the top four, as well, in percentage of the campaign total contributed by givers of \$10,000 and over. The figures also dramatize the importance of the small group of large contributors to campaign achievement. In all of the four

leading cities they constitute less than 1.2% of the contributors. In Detroit, they numbered 286 gifts out of some 23,000.

What is more difficult to measure is the communal status and prestige of the Federation campaign. Do the business, financial and social leaders of the Jewish community participate actively? Do these leaders contribute generously? Or on the contrary but equally important: Are leaders frowned upon for lack of participation and inadequate giving?

The annual fund-raising campaign of a Federation must be clearly preeminent among local Jewish fund-raising efforts in amount raised, number of contributors, credibility, continuity from year to year. The more it meets the test in these directions, the more it helps establish the Federation as the central communal organization.

The credibility of the Allied Jewish Campaign depends on the entire operation of Federation including, of course, the allocation of the funds raised. It is reinforced by the character of Federation leadership, the availability of audited figures of operation, the advance notice to contributors of the major categories of distribution of funds through the Pre-Campaign Budget Formula.

It is not always possible to determine relative performance of the Allied Jewish Campaign and other local Jewish campaigns because of the lack of reliable figures for independent drives. Few other local fund raising campaigns, for example, make public their precise annual achievements. Nevertheless, in Detroit it is clear that the Allied Jewish Campaign raises probably twenty times the amount of the next largest annual campaign and other cities would probably show a similar relationship. The number of individual gifts to the Detroit AJC is consistently between 21,000 and 23,000. Detroit has some 25,000 Jewish households.

Awareness of the voluntary character of

the Campaign is a continuous discipline of Federation. It leads Federation to include causes which have a broad appeal among contributors and to avoid support of beneficiaries which will alienate contributors or which appeal mostly to special groups. Decisions in both of these directions require careful deliberation.

As in any voluntary effort, some individuals will choose not to participate and some will make their own philanthropic choices. Federation seeks to meet the basic general needs of the Jewish community. These can be compared to the basic tax-supported services of government: police and fire protection, sanitation, water supply and the like. Individuals must pay their tax obligation toward the support of the city services before they indulge in their personal philanthropic choices, important as the latter may be. This priority applies as well for most contributors to the voluntary Jewish community. Some may choose their own special philanthropies ahead of the basic Jewish services provided by Federation. Fortunately for most well-organized Jewish communities this is not the common practice.

In a community like Detroit, the cost of campaign and collections is about 4%, a proportion which has been maintained continuously within a tiny fraction. While there are no published, audited campaign costs for other annual local Jewish campaigns, it would be impossible for smaller drives to match or even approach this low percentage cost.

All of these—credibility, continuity, costs, etc.—are areas to which the Allied Jewish Campaign continually addresses itself. The Pre-Campaign effort focuses on contributors of the largest sums; the Women's Division (beyond raising over \$2 million) makes a major impact on community atmosphere; the Junior Division, on continuity. Solicitation is structured around Trades and Professions, units which reach people in relation to their

business and occupational pursuits. The Metropolitan Division seeks out those prospects who are more easily reached by geographic or residential approaches.

The life-blood of a campaign is generosity and dedicated solicitation. They are essentially motivated by the causes for which the money is given. The important variable operative in Detroit is the devotion of the Jewish population to these causes and their readiness to participate with generosity, energy and perseverance.

#### **Around the Corner and the World**

As an organization of Jews in a local community, Federation takes its place in the broader Jewish world. It acts in concert with 200 organized communities in the United States and Canada through its national association, the Council of Jewish Federations. The CJF provides informational and consultative assistance, and increasingly serves to enable communities to act together on programs of Federation

concern. CJF's Washington office and the development of national policy on Soviet immigration are current examples of such cooperative action

Beyond this national cooperation a Federation itself serves as a major instrument through which Jews express meaningful interest in the welfare of their fellow Jews in Israel and throughout the world. This is achieved by Federation's active relationship to the United Jewish Appeal, the Joint Distribution Committee, HIAS and the Jewish Agency through the CJF and directly.

Detroit Jews have a proud history of impressive and distinguished leadership in all these areas, national and world-wide. This record is enhanced by Detroiters currently in key positions.

All of this is testimony to the growth of the Federation idea and to the proposition that acting together to provide essential Jewish services makes an inevitable impact on Jewish life everywhere.

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