



# **FEDERATION ALLOCATIONS TO JEWISH DAY SCHOOLS: MODELS, PRINCIPLES AND FUNDING LEVELS**

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JESNA



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May 1994

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## I. INTRODUCTION

JESNA is regularly called upon by local federations and/or communal bodies for Jewish education (*i.e.*, central agencies, bureaus, commissions), and sometimes the schools themselves, to consult regarding funding to Jewish education in general and day schools in particular. The inquiries, which often lead to on-site consultations or major studies in the local communities, usually relate to: 1) federation day school funding levels in comparable communities; 2) allocation methodologies; and 3) accountability mechanisms and eligibility criteria. As part of its work in this area, JESNA periodically gathers comparative funding data and presents recommendations and/or guidelines intended to inform local allocation deliberations, which is the purpose of this document. It is based on:

- a formal survey conducted by JESNA in 1992 of communities in the United States regarding federation allocations to day schools; and
- studies and consultation memoranda prepared by JESNA in response to inquiries from communities about these matters.<sup>1</sup>

This report consists of several related sections:

- Overview of Day Schools and Jewish Education Allocation Issues (which provides a context for the allocation data);
- Federation Funding to Day Schools (in which the data are presented from a variety of perspectives); and
- Federation Allocation and School Financial-Aid Distribution Principles and Models (which is intended to inform allocation planning)

**It should be noted that while Section III contains purely descriptive data, Sections II, IV and V contain both descriptive information as well as recommendations approved by the JESNA Board. These are outlined in Section VI, SUMMARY OF RECOMMENDATIONS.**

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<sup>1</sup>The data and principles presented here should be utilized with a full recognition that most of the underlying allocation issues and challenges emerge out of unique local settings and communal dynamics, and consequently, the findings and recommendations need to be applied accordingly.

## II. OVERVIEW OF DAY SCHOOLS IN THE UNITED STATES

### Day School Distribution and Affiliation

Day schools exist in all large and large intermediate, most intermediate, and some small communities. Currently, there are about 625 day schools in the United States. There are:

- more than 500 Orthodox day schools affiliated or associated with Torah Umesorah, the National Society for Hebrew Day Schools, and/or with the Torah Education Network (TEN) and Yeshiva University's Division of Communal Services;
- 63 Conservative day schools affiliated with the Solomon Schechter Day School Association of The United Synagogue of Conservative Judaism's Department of Education;
- more than 50 transideological day schools affiliated or associated with the independent Jewish Community Day School Network (RAVSAK) which maintains liaison with JESNA; and
- 13 Reform day schools belonging to the semi-autonomous Progressive Association of Reform Day Schools (PARDeS) linked to The Union of American Hebrew Congregation's Department for Religious Education.

### Day School Enrollment, Costs and Funding Levels

Enrollment in day schools has grown substantially in recent decades even as supplementary school enrollment has dropped. The number of students in all day schools in the United States has grown from 60,000 in 1962 to 99,000 in 1981, to 130,000 in 1986 and 170,000 in 1988, with current enrollment at 181,000.<sup>2</sup>

As enrollment has risen so have costs, primarily due to increased educational expenses, grants in financial aid, and capital expansion. At an average per-pupil cost of more than \$5,300

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<sup>2</sup>School number and enrollment data cited here are integrated from several sources, including the sponsoring day school bodies, and are intended to provide an overall context. A detailed enrollment analysis is found in JESNA's *TRENDS* #16, Fall, 1992, *Statistical Highlights of Jewish Schooling in U.S.*, based on the 1987/88 Census, and the CJF *National Population Study*.

While enrollment and school figures on this page, as well as the overall annual cost for day school operations on page 3, include New York, other data in this report do not because New York is *sui generis*.

the annual cost for day school operations (excluding the bulk of capital costs) amounts to about a billion dollars annually, nationwide.

There are, as expected, variations in funding levels from community to community for the different measurements commonly used to analyze federation allocations. Recent JESNA surveys reveal that:

- **of the 24% of total local federation allocations going to Jewish education about half goes to day schools;**
- **federation allocations to day schools** (in 65 communities nationwide of all sizes, listed in the Appendix) **cover on average about 12.5% of day school budgets**, with virtually all communities making some type of allocation. The allocations range from only token amounts to significant portions of school revenues. The number of communities at the upper end of the allocation spectrum (*i.e.*, 20-30% of total federation allocations going to day schools) has increased in recent years, although a few federations still allocate as little as 5-6%, or even less.

### **Basis for Increased Allocations**

This strong and growing support for the modern day school movement, which emerged through the efforts of Torah Umesorah in the 1940's and 1950's in a largely hostile environment marked by vehement opposition from many in the establishment, is gratifying for day school advocates and proponents. Today, with the proliferation of day schools of all streams and ideologies, there exists an almost universal acceptance of the day school concept and a recognition of its important, if not vital, role in addressing the continuity challenge. Based on the overall educational quality and intensity of both general and Jewish studies in the vast majority of day schools, this type of education is considered an exemplary and highly desirable form of Jewish schooling. The current consensus across virtually all segments of the community is that the day school is the most effective "formal" Jewish educational mode, and will continue as such in the foreseeable future.

In recognition of this assessment, federation allocations to day schools have increased steadily in recent decades and now represent a major portion of the local communal Jewish education dollar. The strong advocacy and enthusiasm of traditional day school supporters such as day school board members, rabbis, teachers and parents has spread to lay and professional leadership in communal agencies, including federations. In contrast to the earlier years of the day school movement, many now in communal leadership positions have attended day school themselves and/or have children or grandchildren attending them.

While many day school leaders would like to increase allocation levels, especially where the percentage of individual school budgets covered is low, federations believe that overall the system has been quite responsive to day school needs and interests. (JESNA's assessment is that overall this appears to be so.) Moreover, in addressing allocation issues, many federations have become involved in strengthening their local day schools by establishing quality-assurance procedures, and in addressing specific day school administrative and/or educational needs, often through their local communal bodies for Jewish education. JESNA believes that communal bodies with the staff capacity to deal with day school matters should play some type of role in the allocation planning and implementation process. (See p.18, #8.)

### **Factors Influencing Day School Allocation Levels**

There are many factors influencing overall local allocations, allocations to Jewish education, and allocations to day schools in particular. As a result, while the overall trend is upward, allocation levels often fall short of what the day schools request, despite the overwhelmingly positive assessment they receive.

There are a number of factors involved. To begin, most communities grapple with the perennial challenge of how to weight their allocations in order to provide reasonable levels of resources to meet different types of legitimate Jewish education needs in the community (*i.e.*, the need for intensity and quality that the day schools provide counterbalanced by the need for other educational formats and frameworks to reach diverse populations and the majority of students). In addition, many communities that do allocate at moderate or even substantial levels question the appropriateness or effectiveness of their particular allocation methodologies (which have often existed for years without any evaluation) and are reluctant to substantially increase allocations without a "communal" commitment to some broadly accepted rationale. Moreover, underlying many of these typical concerns are a variety of long-standing, deep-seated feelings and attitudes about Jewish education and day schools on the part of individuals empowered to make the actual allocation decisions. These attitudes range from highly supportive ones which view the day school as "the best form of Jewish education" to continuing hostility, along with many mixed or ambivalent reactions. In some cases the negative attitudes may still be linked to early anti-day school biases. In sum, allocation decisions are made within a context conditioned by communal history and dynamics (especially previous relations with the day school and its leaders), other Jewish education and communal needs and, above all, the fluctuating levels of available funds.

In the current environment the availability of funds is becoming the key element, with major concerns now beginning to surface about the prognosis for the future of day school funding. As always, educational needs must compete with other communal needs, and the current situation continues to present many challenges to budgeting and allocations committees. These include

the chronic needs of a growing elderly population; demands for vocational, cultural, counseling and recreational services; support for national and overseas Jewish communities and agencies; and, most recently, another wave of large-scale immigration from the former Soviet Union. This situation is exacerbated by flat or decreased campaigns in many communities coupled with emerging concerns -- of crisis proportions -- about continuity, which have prompted demands to increase funding for family education, the Israel experience, summer camps and other strategies. In this context communities are struggling to meet their current allocation commitments, let alone to plan for the future.

While a few communities have raised, or plan to raise, additional dollars for Jewish education and continuity through special funds, endowments, and other creative ways, many, if not most, are trying to address all of the needs out of the same "pot." In this climate, therefore, even though day schools are seen as critical components of the educational system, some communal leaders responsible for setting allocation priorities are beginning to eye part of the day school "pie" as "up for grabs." Fortunately many, if not most, of those in these roles view reductions to day schools as unwise. They feel that serious efforts to deal with Jewish continuity must not only create synergies between formal and informal educational components, but must also devise ways to fund a broad range of educational initiatives at appropriate levels - and JESNA strongly agrees. Cutting day school budgets, even moderately, will be devastating to them and the community-at-large, and will not provide the massive dollars needed to fuel the broader communal continuity agenda. It should be noted that many federations are encouraging their day schools to develop endowments and to explore other creative new sources of revenue.



Some schools are already becoming involved in this area, even hiring development/endowment staff, but this avenue has not yet been widely utilized by most Jewish day schools.

### III. FEDERATION FUNDING TO DAY SCHOOLS IN THE UNITED STATES

#### Comparative Funding Levels

Allocations to Jewish education can be broken down in a variety of ways. Since the various components are interrelated some find it helpful to compare different ratios, such as the *percentage of total campaign to Jewish education* or the *percentage of total campaign to day schools*, in light of *total local allocations* in order to assess a community's level of support for Jewish education. Such an analysis may show, for example, that community A, which allocates a high percentage of its *total local allocation* (i.e., the sum allocated to all agencies within the community) to Jewish education, may not be doing more for Jewish education with its allocation than community B, with a lower *percentage to Jewish education*, if community A's *total local allocation* is relatively small.

Furthermore, the types and number of agencies (e.g., whether or not there is a communal body for Jewish education or a Jewish institution of higher learning), types and sizes of programs, the numbers of users, schools and enrollment are all variables to consider. Nevertheless, because communities find it helpful to look for general trends, the following tables provide a comparative overview.

TABLE 1

## Communal Support for Jewish Education By Community Size

Communities by Size and Number	% of Total Campaign to Total Local Allocations	% of Total Campaign to Jewish Education	% of Total Local to Jewish Education	% of Jewish Education to Day Schools
All (n=65)	41 %	9 %	24 %	51 %
Large (n=14)	40 %	10 %	26 %	41 %
Large Intermediate (n=16)	36 %	9 %	25 %	50 %
Intermediate (n=26)	44 %	8 %	19 %	51 %
Small (n= 9)	39 %	10 %	32 %	65 %

Table 1 shows that no clear patterns relate community size either to the *percentage of total campaign* designated for *total local allocations* or *allocations to Jewish education*. For the most part, neither are patterns apparent in different size communities with regard to *percentage of total local allocation to Jewish education* or the *percentage of Jewish education allocation to day schools*.

However, compared to all larger communities, small communities report larger *percentages of the total local allocation to Jewish education* and of the *Jewish education allocation to day schools*. Possibly, there is a greater reliance on communal support for Jewish education in smaller communities because of the limitation of other resources and sources of support.

TABLE 2

## Communal Support for Day Schools by School Size

School Size	Number of Schools	Average Operating Expenses	Average Per Capita Costs	Federation Allocation as % of School Budget	Federation Allocation Per Capita	Federation Per Capita as % of Average Per Capita Costs
Very Small ( $\leq 75$ students)	36	\$ 322,000	\$6,400	12.2%	\$630	9.8%
Small (76-150 students)	34	\$ 594,000	\$5,200	15.0%	\$750	14.2%
Intermediate (151-300 students)	45	\$1,072,000	\$5,000	13.2%	\$650	13 %
Large (301-500 students)	27	\$1,955,000	\$5,000	10.6%	\$490	9.8%
Very Large (501-700 students)	11	\$2,837,000	\$5,000	11.3%	\$570	11.4%
Extremely Large ( $\geq 700$ students)	11	\$4,168,000	\$5,100	5.7%	\$300	5.9%
OVERALL	164	\$1,280,000	\$5,300	12.3% (Range: 0.5-52.0)	\$530	10 %

## School Budgets and Per-Capita Costs

Table 2 shows that average operating expenses (budgets) are positively related to school size. Generally, average *per-capita costs* are inversely related to school size due to the constant fixed costs incurred in operation of any school. However, except for very small schools, the average figures do not vary significantly.

### Federation Allocation Levels

For all but the largest schools federation allocations range between \$490 and \$750 per capita and account for between 10 and 15 percent of school budgets, with no clear pattern apparent (See Table 2). Similarly, when federation *per-capita allocations* are compared with average *per-capita costs*, for all but the largest schools federation *per-capita allocations* range between just under 10 and 14 percent of average *per-capita costs*, compared to under 6 percent for the largest schools. Constant fixed costs account for the moderate ratio of *per-capita allocations* to *per-capita costs* in very small schools despite above average *per-capita allocations*.

TABLE 3

### Communal Support for Day Schools by Community Size

Community Size	Number of Schools	Total Day School Enrollment	Federation Allocation as Per Capita	Federation Allocation as % of School Budget
Large (n=14)	88	27,650	\$490	9.6%
Large Intermediate (n=16)	34	8,000	\$650	14.9%
Intermediate (n=26)	33	5,150	\$520	14.5%
Small (n= 9)	9	670	\$770	19.8%

Large communities (which usually have more day schools and higher enrollments) allocate more for day schools in absolute dollar amounts. However, Table 3 shows that this translates to a lesser allocation than provided by smaller communities, both on a *per-capita* basis and as a *percentage of school budget*.

TABLE 4

## Communal Support for Day Schools by Number of Day Schools in the Community

Number of Day Schools in Community	Number of Communities in Category					Federation Allocation as Per Capita (Mean)	Federation Allocation as % of School Budget	
	All Sizes	Large	Large Intermediate	Intermediate	Small		Range	Mean
ONE 35 schools; 4,600 students	35		6	20	9	\$870	2.9-50.0	19.2
TWO 22 schools; 4,950 students	11		6	5		\$610	1.3-52.0	14.8
THREE 18 schools; 5,450 students	6	4	1	1		\$550	0.5-28.8	13.0
FOUR 12 schools; 3,050 students	3	1	2			\$480	2.8-21.1	10.6
FIVE 30 schools; 9,640 students	6	5	1			\$590	1.7-30.1	11.6
SIX 6 schools; 1,850 students	1	1				\$600	4.7-14.3	9.0
SEVEN 7 schools; 1,460 students	1	1				\$360	4.1-10.5	6.3
NINE 9 schools; 3,030 students	1	1				\$668	3.5-26.3	13.8
TWENTY-FIVE 25 schools; 7,470 students	1	1				\$150	0.9- 7.6	3.2

At first glance, there is no apparent relationship between the number of schools in a community and the federation allocation, either on a *per-capita basis* or as a *percentage of school budget*, although there are pronounced differences at the extremes (See Table 4). In communities with only one day school the average federation *per-capita allocation* is \$870 compared to \$150 in the community which has 25 day schools.

However, if categories in which only one community is represented (*i.e.*, those with 6-25 schools) are set aside, a pattern emerges. There is an inverse relationship between the number of schools in a community and the federation allocation, either on a *per-capita basis* or as a *percentage of school budget*.

TABLE 5

## Communal Support for Day Schools by Day School Enrollment Community-Wide

Number of Day School Students Enrolled Community-Wide	Number of Communities	Per-Capita Allocation	
		Range	Average
≤ 100	17	\$426-1,640	\$912
101 - 300	22	\$115-2,632	\$716
301 - 500	7	\$464-1,840	\$993
501 - 1000	7	\$205-1,288	\$585
1001 - 2000	9	\$ 86- 874	\$487
≥2001	3	\$150- 668	\$355

In general, there is an inverse relationship between the number of students enrolled in day schools in a community and the amount allocated on a *per-capita basis* (See Table 5). Given these findings, it seems that although the number of day schools and the total number of students enrolled in day schools in a community may influence allocation levels (especially at the extremes of the range), other factors must also be considered. These may include: general climate of support for day school education in the community, support for other Jewish educational programs and institutions, etc.



## IV. FEDERATION ALLOCATION PRINCIPLES AND MODELS

### Allocation Principles

Allocation methods and funding levels vary widely. Communities need to decide which method is most appropriate and feasible given the local communal dynamics, and available/potential financial and human resources. The following principles emerge from JESNA's cumulative experience with schools and communities, and are designed to help sharpen the focus and inform federation day school allocation decisions.

- 1) **Beneficiary day schools deserve strong and substantial moral and financial communal support by virtue of the intensive, high quality programs they provide.** Strong support for day schools is appropriate since virtually all private schools, both Jewish and non-Jewish, are subsidized from outside sources. The intensity of day school programs and the high quality of both general and Jewish studies in most schools provide an exemplary form of Jewish schooling. The current consensus, across all segments of the community, is that the day school is now the most effective "formal" Jewish educational mode, and will continue to be in the foreseeable future. This growing support for day schools is reflected in allocation trends nationwide. Since day school costs are increasing more rapidly than communal allocations, federations should encourage and assist schools to develop endowments and explore new sources of revenue.
- 2) **Communities should link allocations to some type of funding rationale.** While simplicity is an important factor when choosing an allocation methodology, the approach, ideally, should consider more than just ease of implementation. Some factors to consider in designing the methodology are:
  - a. *Quality*
    - improving the quality of the educational program
    - fostering higher standards
    - strengthening lay and professional leadership;
  - b. *Finances*
    - encouraging higher enrollments
    - discouraging the proliferation of schools (when unwarranted)
    - encouraging financial efficiency and cost effectiveness
    - increasing parental revenues, where feasible and appropriate, through higher tuition, decreased scholarships and limited professional courtesies
    - increasing fund-raising revenues
    - developing greater financial monitoring and accountability;

c. *Accountability*

- developing appropriate communal supervisory and monitoring roles;

d. *Administration*

- ensuring ease of administration for all participants
- determining an appropriate role for the communal body for Jewish education in quality control and/or budgeting.

- 3) **The allocation system should include "quality/funding linkages," (*i.e.*, mechanisms which tie the distribution of funds to the promotion of educational effectiveness, high quality and, where necessary, school improvement).**

The demands placed on schools (in terms of standards for eligibility for funding, complexity of the application procedure, expectations regarding evaluation of school operations and effectiveness) should be commensurate with the level of the allocation (as a percentage of the school budget). Federations which allocate at relatively low levels (*i.e.*, well below the national norm) are entitled to basic data, particularly of a financial nature, from beneficiary schools. They should not, however, request in-depth information, especially when it places a strain on school administrative personnel, nor conduct comprehensive assessments which are not warranted in light of the limited allocation level. As day school allocation levels and the federation investment increase to and above the norm, federations are entitled to request greater accountability regarding, and information about, such matters as professional and lay leadership effectiveness, board structure and functions, staff development and morale, school improvement and strategic planning activities, and student achievement.

Wherever possible and appropriate, the communal funding process via federations and/or communal bodies for Jewish education should include:

- a. accountability and quality assurance (*i.e.*, educational and fiscal effectiveness and efficiency);
- b. eligibility criteria relating to governance, financial and educational matters, both for new schools before they receive allocations and/or beneficiary status, and for existing schools in an ongoing way;
- c. ongoing accountability mechanisms designed to monitor adherence to the eligibility criteria. These may include, among other things: providing financial data relating to budgeting, tuition schedules, fundraising activities, scholarships, and certified audits; regular submission of board minutes and relevant reports; evidence of a curriculum development process, ongoing staff development activities and personnel assessments; participation in periodic educational assessments by the communal body

for Jewish education and/or outside evaluators appropriate for the particular school's ideology; and

- d. in light of emerging continuity issues, participation (through local communal bodies for Jewish education where they exist) in "informal" educational activities and "out-of-classroom" experiences for their students such as: family education, retreats, camping, and Israel-experience programs appropriate to the particular day school population.

**4) Allocation methodology decisions should be planned.**

There should be a systematic planning process which assesses needs, sets goals, secures resources, and evaluates progress. More specifically the process should consider:

- a. federation's current, or desired, overall role in allocations;
- b. federation's attitude regarding Jewish education in general and day schools in particular;
- c. the underlying impetus for creating a new, or changing the existing, allocation methodology;
- d. federation's financial resources and level of commitment in actual dollars (current and future);
- e. federation's human and financial resources in terms of implementing a specific approach;
- f. day school operating and capital needs;
- g. day school reactions to change and the impact on communal dynamics (short and long term);
- h. reactions to change of others (communal agencies, synagogues, overall community).

**5) Allocation methods should involve stakeholders.** While no single (or combined) allocation method is perfect, each community must determine an allocation method acceptable to a broad base of communal leadership. Ideally, this determination should be made through a consensus-building process that also involves the day schools. Where feasible, the schools should be consulted for their input into the creation or restructuring of the allocation methodology. Since schools understandably advocate allocation approaches which are in their own best interest, where consensus cannot be reached

among the schools the emerging communal rationale should ultimately be the determinant in deciding the allocation approach.

- 6) **Allocation-method changes should be introduced gradually, not abruptly, if they will cause significant changes in funding levels.** Assuming the funds are available, changes in allocation methods should initially maintain the status quo in terms of allocation levels. Schools accustomed to a certain level of funding should not be subject to drastic reductions as a result of changes in allocation methods which have a significant impact on funding levels. A transition period (2-3 years) should be part of any change process which might significantly reduce prevailing allocation levels to any or all schools.
- 7) **The allocation system should be fair to all schools.** Allocations should be made in a manner which is fair and equitable to all schools. A specific methodological approach which allocates on a uniform basis to all day schools in the community based on a sound apparently equitable rationale, but which does not take into account special needs and/or extenuating circumstances, may not actually be equitable in practice. For example, utilizing a strictly per-capita allocation (where such a method is used for established, existing schools in the community) for a new school, or one in a developing "outreach" area, may not be sufficient. Such a situation may call for both a short term special "start-up" grant as well as additional lump sums for a period of years.

In another vein, allocation levels should take into consideration various cost variables such as school-level and student grade-level distributions. The per-capita cost for high school students, for example is substantially higher than for elementary school students. Consequently, per-pupil formula calculations within the same school or for different school types within the community should be weighted accordingly. Other non-per-capita allocation methods should similarly allow for these differences in cost when determining dollar amounts.

- 8) **Communal bodies for Jewish education should play a role in the allocation process.** While most communal bodies for Jewish education have traditionally concentrated their activities on supplementary schools, a number provide substantial services to day schools, both by helping schools improve quality and by helping federations understand school issues and thereby allocate more effectively. Many others are able and willing to do so if given the opportunity by the federation. Wherever feasible, federations should confer responsibility for dealing with day school allocation/accountability matters on their communal bodies, as their communal "arm" for Jewish education. The day schools, in turn, must be encouraged to welcome closer working relationships with their local communal bodies.
- 9) **Day school allocations should be made within a context of total communal Jewish education needs, and in a manner which encourages both federations and day schools to expand their financial resources and revenue sources, and to do so in new**

**and different ways.** Day school allocations cannot be made without considering the overall educational situation in the community. Nevertheless, allocations to address emerging Jewish continuity funding needs and programs should not be allowed to jeopardize day school funding levels in any significant way. Rather, communities must endeavor to balance the allocation of resources to meet a variety of diverse but complementary and legitimate Jewish education needs. They must attempt to marshal the resources necessary to implement a broad educational agenda and to insure that scarce resources are allocated in a planful way. In doing so, they must resist making allocations decisions an "either/or" choice pitting day schools, communal bodies for Jewish education and other Jewish education programs and services against one another.

Federations and day schools, individually and collectively, should work together to develop endowments, to procure funding from foundations and, where feasible, to conduct special campaigns for Jewish education and continuity to increase the available Jewish education "pot."

- 10) **National norms regarding percentage of school budgets covered by federation allocations should inform allocation level decisions.** There are substantial variations in allocation levels from community to community with respect to the *percentages of total campaign, total local, and total Jewish education allocations* going to day schools. These are ultimately reflected in the percentage of school budgets covered by federation allocations. JESNA recommends using the measure of *total percentage of school budget covered by federation allocations* to inform allocation decisions.

While community attitudes, experiences, dynamics and resources vary widely, the national mean of allocations covering 12.3% of individual school budgets should serve as the norm or starting point for any community seeking direction in these matters. In light of the critical role played by day schools, the higher ranges found in some communities are desirable.

In communities where there is only one day school which, regardless of ideological orientation, is open to the entire Jewish community, JESNA recommends that federations make efforts to provide additional support by allocating to cover 20-25% (or more if necessary) of the individual school's budget. In such communities, which are usually small or intermediate size, the day school often serves as an "anchor institution" which enables the community to attract highly qualified Jewish communal professionals who otherwise would not consider settling there. Because the ability to raise funds in other ways is often limited in smaller communities, federation support is even more critical to ensure the viability of its only day school.

### Allocation Models

There are a variety of methods used nationwide for allocating communal funds to day schools. These may be used alone or in combination as part of a formula. Each method has its inherent strengths and weaknesses. Some federations, usually in smaller communities without a communal body for Jewish education, choose the methods which are the most expedient and simplest to administer. Other federations, usually with communal bodies for Jewish education or sizable planning departments, use models with a philosophical basis or rationale supported by communal leadership. They are often based on multi-faceted formulas (although some are quite simple) which are more difficult to administer. Periodic revisions and modifications are standard. Completely new approaches are instituted from time to time, usually in response to changing conditions and attitudes about how to allocate. The following are the basic models:

- 1) **Lump Sum.** This is the most common method. A specific amount of money is allocated in a somewhat arbitrary manner, based on available dollars, attitudes towards the day school(s) and/or the historical context of day school/federation relations. Differences among schools in the same community may vary substantially without any formal funding rationale. It is simple to administer, but there is no quality/funding linkage, and it is easily subject to political pressures.
- 2) **Deficit Funding** (also called *Percentage of Budget*). A specific amount of money is allocated to cover school deficits based on available dollars, attitudes towards the day school(s) and/or the historical context of day school/federation relations. The allocation may cover the entire deficit or a percentage of it, in which case it is essentially a variation of the "lump sum" method. It is simple to administer, but there is no quality/funding linkage. Moreover, since it is applied "after the fact," there is no real accountability, nor incentive for schools to cut expenditures.<sup>3</sup>

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<sup>3</sup>JESNA's recommendation on page 19, *Principle #10*, that federations should allocate a certain percentage of school operating revenues based on nationwide norms, is meant to constitute a funding level, not a funding, method.

- 3) **Per Pupil.** Funds are allocated based on a calculation which multiplies student enrollment for each school by a set dollar amount, sometimes varying for different grade levels but uniform for all schools in the community. Many communities use this method, exclusively or as a factor in a formula, because it is simple to administer and encourages enrollment; as enrollment increases so does the allocation. It also allocates, to some extent, on an equitable basis since all students are subsidized. On the other hand, it does not distinguish between those in real need and those who can afford the full per-capita cost. In addition, there is no quality/funding linkage.
- 4) **Teacher Subsidies.** Funds are allocated based on various factors: teacher credentials and experience, participation in staff development activities, or a percentage of salaries provided above the minimum communal scale. This method, usually used in a combination formula, carries an important message regarding teacher quality, but is difficult to administer. Despite its important rationale, it is not recommended where only a few schools are involved.
- 5) **Scholarships.** Funds are allocated based on individual schools' scholarship needs, usually as a percentage of the difference between gross- and net-tuition revenues. This method, usually used in a combination formula, has a solid rationale which many communities can appreciate since it provides an educational subsidy for those who cannot afford it. However, it is difficult to administer and also requires significant staff time. It provides no quality/funding linkage. It is used exclusively, or in combination, in a number of communities. (See Combination Formulas.)
- 6) **Special Program Grants.** Funding is provided for specific programs such as educational innovations or staff development. This method is not widely used for day schools, but when used, is combined with other methods. While it provides a quality/funding linkage, it is often difficult to administer because program evaluation is not easy. (See Combination Formulas.)
- 7) **Combination Formulas.** Funding combines two or more methods to trade-off the respective strengths and weaknesses of each. The more complex methods and formulas are used primarily in communities where there is a communal body for Jewish education which is able to monitor eligibility criteria and to administer the formula components. The following are some sample combination formulas (both actual and suggested):
  - per pupil 95% / grants 5%
  - per pupil 80% / scholarship 20%
  - per pupil 50% / scholarship 50%
  - per pupil 50% / scholarship 40% / staff development 10%
  - lump sum 70% / per pupil 30%
  - lump sum 50% / scholarship 50%
  - lump sum 50% / scholarship 30% / program grants 20%
  - scholarship 80% / lump sum 20%

- scholarship 80% / per pupil 20%
- teacher certification levels 60% / per pupil 40%

### **Allocation Practices**

Various practices guide the actual allocation and distribution processes.

- 1) **Processing and Distribution.** Allocation cycles vary widely among communities with submission due dates, allocation reviews and distribution of funds geared to local federation calendars and the campaign. Most communities include a meeting with school leadership either prior to or during committee deliberations, to jointly review pertinent aspects of the submission. A majority of federations provide an opportunity for schools to appeal allocation decisions through an appropriate body (*e.g.*, the federation allocation or executive committee, or the federation board). Once the allocation amount is determined the funds are usually distributed on a monthly or quarterly basis.
- 2) **Allocation Advances.** Most federations provide allocation advances to assist schools with cash flow problems. The advances are usually handled through a pre-determined method. The specific arrangements may call for nothing more than a routine request from the school head to the federation executive or, on the other hand, may require a formal written request, including supporting documentation along with a revised budget, for review by an allocation committee. In either case, when advances are given, they are usually provided in one (or more) lump sum amount(s), or several monthly payments. Most federations provide emergency allocations for unforeseen situations which may necessitate substantial funding. These usually call for special procedures and approvals, in which case funding may need to come from special revenue sources.
- 3) **Withholding Allocations.** Most federations reserve the right to withhold allocations under certain conditions, and more than a dozen report actually having done so at least once over the years. The circumstances usually involve one or more of the following conditions: budgets and/or audits are not provided, or other reporting procedures are not complied with, serious fiscal concerns are raised, or indications of improprieties or malfeasance exist, significant enrollment changes take place which either increase expected deficits dramatically or threaten school viability and existence.
- 4) **Reviews and Changes in Allocation Methodology.** While many factors influence the actual decision regarding allocation approach, most communities feel that the allocation itself, and wherever possible the methodology, should serve to improve educational quality and encourage financial efficiency and cost effectiveness. Insuring equitable support for all eligible schools, encouraging higher enrollments, and providing more effective scholarship distribution are all considered very important.



Usually, once allocation methodologies are established they remain stable for a period of years, with only minor adjustments taking place, usually relating to apportionment of formula components. Changes are sometimes made when one or more additional day schools open and issues of equitable funding emerge, or when these same issues of equity surface with respect to already existing schools. At other times the impetus for change emerges out of a desire either to develop an acceptable funding philosophy/rational where one never existed, or improve the one already in place. In this case the issue of equity among schools or funding levels is often the catalyst for change. In addition to the usual reasons noted above, increasing limitations on communal financial resources are becoming a major factor in reexamining allocation rationales. At the time of this study more than 25 communities reported that their processes were under review.

- 5) **Accountability and Eligibility Criteria.** Accountability is a critical aspect of the allocation process. In most communities, schools are required to provide specific data and meet certain conditions. In some other communities, in addition, schools must conform to a variety of administrative and educational standards. The latter is usually, although not always, the case when a communal body for Jewish education is involved in the process. Also, there is usually some correlation between the stringency of the eligibility and accountability requirements and the community's level of support for day schools.

Communities vary regarding the types of eligibility criteria and ongoing standards that schools must meet either to initiate or continue funding. In many instances the initial requirements are either stricter or more stringently applied. Once a school receives initial funding and goes on to become a beneficiary agency, accountability requirements remain, but are often enforced in a more flexible manner. The most common areas examined (either by the federation and/or the communal body for Jewish education and/or outside consultants) are the following (not necessarily in order of importance):

- financial status
- the role of lay leadership and effectiveness of the school board
- the role and effectiveness of the professional team
- appropriateness of the annual budget with respect to revenue sources and expenses
- scholarship procedures and financial-aid distribution levels and amounts
- educational goals and curriculum
- grade levels and enrollment per class
- overall school viability and potential for growth
- specific number of hours for general and Judaic studies
- student achievement

Schools are usually asked to provide a wide range of supporting documents, which may include many of the following, either as part of the initial submission or to address some specific area or emerging issue of interest which has a bearing on the status of the school and its condition:

- budget (with periodic revisions), financial statements, and certified audit
  - overall scholarship amounts granted
  - mission, goals, program components, and written curriculum
  - current enrollment data and trends
  - salary and tuition scales
  - long range plans
  - capital expansion needs and projections
  - school accreditation reports
  - faculty credentials
  - evaluation methods
  - board membership list
  - board minutes
  - insurance data
  - endowment data
- 6) **Role of the Communal Body for Jewish Education:** In most communities, even where there is a communal body for Jewish education, the entire allocation process (*i.e.*, processing of submissions, meeting with schools, and distribution of funds) is handled by the federation. In the few communities where communal bodies for Jewish education do play a role they participate in the following ways: reviewing day school allocation submissions, analyzing budgets, examining program components as they relate to the budgeting process, and determining school eligibility for receiving allocations. In eight communities the day school allocation is included as part of the communal body budget.

## V. SCHOOL FINANCIAL-AID DISTRIBUTION PRINCIPLES AND MODELS

### Financial-Aid Distribution Principles

The level of financial aid is a significant factor in tuition revenues and highly relevant to fiscal accountability issues. Moreover, in a number of communities federation allocations are linked to scholarship amounts.

*NOTE: All communities should be aware of the growing number of communal leaders advocating either free day school education as a general communal policy, or liberal scholarships. Since neither the schools nor the federations have been able to resolve the issue as yet, in theory or practice, tight controls and relatively limited scholarships are still the norm. While JESNA is sympathetic to the argument that day school education should be accessible to all who want it, the principles here are intended to address the current state-of-affairs.*

The following principles should inform financial-aid distribution procedures in light of the prevailing models for granting aid found in Jewish day schools.

- 1) The purpose of a financial-aid program is to provide assistance to parents whose children would not have the opportunity to benefit from a day school education without such help. Because of the critical importance of this type of education, every effort should be made to provide adequate assistance to all who require it.
- 2) Parents are expected to contribute according to their means, taking into account total income, assets, number of dependents, and other appropriate factors and to report these data accurately. Determination of need should be made through a comprehensive process which not only effectively determines who is "really" needy, but at the same time one which screens out and eliminates those who are not.
- 3) The financial-aid process must provide for the highest levels of objectivity and fairness.
- 4) Financial aid procedures must be implemented in a manner which conforms to Jewish values. While being comprehensive and thorough in meeting principle #2, they must, at the same time, show respect and sensitivity for the needs and feelings of applicants, and insure strict confidentiality.
- 5) While the level of financial aid granted must be responsive to the needs of applicants, school authorities must also be fully cognizant of the school's responsibility to maintain an appropriate net-tuition level and not expect the community to bear the burden for parental lack of commitment.

- 6) While every effort should be made to provide adequate assistance to all who require it, each school should carefully assess its revenue sources and weigh its financial-aid distribution levels in a manner conducive to producing a balanced budget. Gross tuition (*i.e.*, everyone paying the full amount) and net tuition (*i.e.*, gross tuition less scholarships and courtesies) amounts should be examined in light of their respective percentages of the total budget, and financial-aid parameters established in this context. In some instances where financial-aid distribution levels have been so great as to endanger the viability of the institution or the quality of the program there may be a need to establish "caps."

While relatively few Jewish day schools have established strict, annual financial-aid budgetary guidelines, many private schools set limits (a fixed percentage of the total budget) on the amount of scholarships to be granted. While no hard data are available for Jewish schools, other private schools with annual budgets for financial aid report that about 10 percent of the total annual operating budget is common, although this amount exceeds 20 percent at some schools. Communities need to work with their Jewish day schools to establish mutually acceptable parameters to guide the financial-aid distribution process.

- 7) Tuition levels for all day schools should be set as close to the per-capita cost as possible (with minimal sibling discounts, if any) to insure that those who are able pay "what it costs," do so. Token scholarships of small amounts should not be given.
- 8) Across-the-board faculty and professional tuition courtesies which are not based on need nor able to be utilized by all should be kept to a minimum. Staff and others needing financial assistance should instead be encouraged to apply for financial aid. Where faculty tuition courtesies are provided, they should be phased in on a gradual percentage-of-coverage basis geared to years of service, and pro-rated based on part- or full-time status. Also, any courtesy scales and standards should be in written form and available for review. Fringe benefits (obviously as comprehensive as possible) should be provided in a manner in which virtually all staff can participate equally.

## **Financial-Aid Distribution Models**

### **1) Internal School Financial-Aid Committee.**

This is the most prevalent model, and is found in the vast majority of Jewish day schools. All aspects of the financial-aid distribution process are handled by the school. The respective lay and professional roles vary greatly. On occasion outside financial-aid consultants are utilized. The strengths of this approach are: first-hand knowledge of applicants, simplicity, and flexibility. Weaknesses are: subjectivity, limited confidentiality, and allocation "abuses" at both ends of the spectrum (*i.e.*, amounts that are too liberal or too limited).

It should be pointed out that while day schools in a number of communities use local Jewish or independent scholarship services (see #2.), the practice is not widespread despite its obvious merits. Also, even though a number of communities base their allocation, in part, on scholarships, the financial-aid decisions in many are made by internal school scholarship committees.

### **2) Financial-Aid Service.**

This model is utilized by several dozen Jewish schools, nationwide, mostly via the Educational Testing Service in Princeton. (More than 1500 non-Jewish private schools use ETS.) A comprehensive application (with a nominal fee) is sent to ETS which processes the data and sends a report to the school (and to parents for an additional small charge). Most of the Jewish day schools that use these services also have internal financial-aid committees which review the data and make final recommendations. (In one community all day schools must use a private service designated by the federation to be eligible for a federation allocation linked to scholarships.) Strengths of this approach are: uniform system, experienced consultants, objectivity, and confidentiality. Weaknesses are: complex forms, inflexible deadlines, cost, and unreliability due to lack of firsthand knowledge.

### **3) Communal Body for Jewish Education and/or Federation Coordination**

This model has a number of different configurations, but all involve the communal body for Jewish education and/or the federation.

- a. In one large community with many day schools a school financial-aid committee processes all scholarships using tuition-scale guidelines developed by the communal body for Jewish education. (The federation allocation is based on a teacher-licensing formula, but schools must use the communal financial-aid guidelines to be eligible for an allocation.)

- b. One large community with many day schools utilizes a complex and comprehensive model which links the federation allocation to scholarships, and all schools must use the same local financial-aid service. The process is a collaborative one which involves the school committees, the federation, the two communal bodies, and the financial-aid service. Initially, at start-up, the schools were required to set tuition at 77% of per capita cost with the eventual goal of 80%. (A comprehensive manual is available.)
- c. In one large-intermediate community with two day schools the communal body's financial-aid committee processes all applications and handles all reviews. There are no financial-aid committees at the schools.
- d. In one large-intermediate community with several day schools the communal body (which is structurally constituted as a federation committee) has developed a *Uniform Family-Income Scale* for use by school financial-aid committees. (The federation allocation is on a scholarship and per-capita basis.)
- e. In one large-intermediate community with three day schools a federation committee processes all applications and handles all reviews. There are no financial-aid committees at the schools. (The federation allocation is based on a scholarship, facilities, and special-projects basis.)
- f. In one small community with three day schools the communal body for Jewish education, functioning as an "umbrella" superintendency, processes all scholarships utilizing *Parental Contribution Guidelines* with adjustments for siblings.

## VI. SUMMARY OF RECOMMENDATIONS

- 1) Beneficiary day schools deserve strong and substantial moral and financial communal support by virtue of the intensive, highly qualitative programs they provide.
- 2) Federations should devise ways to fund a broad range of continuity and educational initiatives at appropriate levels without cutting day school allocations.
- 3) Communities should link allocations to some type of funding rationale.
- 4) The allocation system should include "quality/funding linkages," (*i.e.*, accountability mechanisms which tie the distribution of funds to the promotion of educational effectiveness, high quality and, where necessary, school improvement).
- 5) The demands placed on schools (in terms of standards for eligibility for funding, complexity of the application procedure, expectations regarding evaluation of school operations and effectiveness) should be commensurate with the level of the allocation (as a percentage of the school budget).
- 6) Communal bodies for Jewish education should play a role in the allocation process.
- 7) Day school allocations should be made within a context of total communal Jewish education needs, and in a manner which encourages both federations and day schools to expand their financial resources and revenue sources, and to do so in new and different ways.
- 8) National norms regarding percentage of school budgets covered by federation allocations should inform allocation level decisions.

While community attitudes, experiences, dynamics and resources vary widely, the national mean of allocations covering 12.3% of individual school budgets should serve as the norm, or starting point, for any community seeking direction in these matters. In light of the critical role played by day schools, the higher ranges found in some communities are desirable.

- 9) In communities where there is only one day school, which, regardless of ideological orientation, is open to the entire Jewish community, JESNA recommends that federations, wherever possible, increase well beyond the norm and allocate to cover 20-25%, or more if necessary, of the individual school's budget.
- 10) With levels of financial-aid a significant factor in tuition revenues, and federation allocations linked to scholarships in some communities, allocation committees should give serious attention to financial-aid distribution levels as part of the allocation

process and the use of fiscal accountability mechanisms. While every effort should be made to provide adequate assistance to all who require it, each school should carefully assess its revenue sources and weigh its financial-aid distribution levels in a manner conducive to producing a balanced budget. Communities need to work with their Jewish day schools to establish mutually acceptable parameters to guide the financial-aid distribution process.

## **VII. A FINAL WORD**

Day school education in the United States has clearly "come of age." Whatever programs and initiatives communities embark upon to strengthen Jewish continuity, day school education is seen as the backbone of the formal component. Consequently, strong moral and financial support from federations must continue while day schools must continue to strive for educational excellence and financial stability. In this report we have provided descriptive data about federation support to day schools. At the same time, we have set forth what we feel are a balanced set of recommendations and guidelines. We have urged federations to do the utmost with their allocations while promoting greater accountability by the schools. We believe that this type of synergy will be beneficial to all involved.



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**APPENDIX I**

**Responding Communities**

**LARGE**

Atlanta  
Baltimore  
Boston  
Chicago  
Cleveland  
Detroit  
Los Angeles  
MetroWest  
Miami  
Philadelphia  
Pittsburgh  
St. Louis  
San Francisco  
Washington

**INTERMEDIATE**

Akron  
Bridgeport  
Buffalo  
Delaware  
Harrisburg  
Indianapolis  
Louisville  
Nashville  
New Orleans  
North Jersey  
North Shore  
Northeastern New York  
Omaha  
Orlando  
Pinellas County  
Richmond  
Sacramento  
St. Paul  
San Antonio  
Southern New Jersey  
Springfield  
Stamford  
Tidewater  
Toledo  
Worcester  
Youngstown

**LARGE INTERMEDIATE**

Central New Jersey  
Cincinnati  
Columbus  
Dallas  
Denver  
East Bay  
Hartford  
Houston  
Kansas City  
Milwaukee  
Minneapolis  
Rochester  
San Diego  
Seattle  
South Broward  
South Palm Beach County

**SMALL**

Ann Arbor  
Chattanooga  
Des Moines  
Greensboro  
Northwest Indiana  
Charleston  
Portland  
Dutchess County  
Scranton