New York The Jewish Week
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Day Schools Seen Reaping Savings In Efficiency Project

Cost-cutting, added revenue opens new possibilities; not all schools making bottom-line goal.

01/22/14 Amy Sara Clark Staff Writer

By cutting operating expenses, New Jersey's Kellman Brown Academy was able to put an extra $60,000 a year back into the classroom and increase its 6th grade enrollment from 10 to 22 students in one year.

The all-girls Bnos Yisroel increased annual donations by 70 percent after changing its approach. Photo courtesy Benos Yisroel

Baltimore's Bnos Yisroel changed the way its volunteers approached fundraising, and increased annual donations by $170,000 in one year.

And after Cleveland's Fuchs Mizrachi adopted the tagline "It's more than a school" as part of a new branding strategy, it increased enrollment by 54 students in two years, a jump of 13 percent.

These schools have changed their approach to everything from board/staff relations to website design through a program created three years ago by Yeshiva University's Institute for University-School Partnership.

Funded by the Avi Chai Foundation and local federations and foundations, YU's Benchmarking and Financial Reengineering Project is working with 29 day schools across the country to improve their bottom line by helping them overhaul the business side of their institutions.

As schools across the country fight to keep tuition affordable for families still struggling from the 2008 recession, the Benchmarking Program is a closely watched experiment in the day school community because of its unique approach.

While there are many programs offering grants to help schools lower tuition, YU is taking more of a "teach a man to fish" approach, working closely with the schools in such areas as cost-cutting, fundraising and student recruitment.

"We're trying to assure that day schools could be financially sustainable," said program creator Harry Bloom, the School Partnership's former director of planning and performance improvement at YU. He is currently strategy manager for financial sustainability at the Partnership for Excellence in Jewish Education.

The early results are encouraging: two-thirds of participating schools are on track to meet the programs' goal of improving their bottom lines by 10 percent. So far the schools have increased their revenues by a total of $8.5 million over the first two years and cut costs by roughly $2 million more, according to YU.

But so far, the program is not a panacea; 11 of the schools are not on track to meet those goals, and four of them have shown no improvement at all.

The results are not surprising, observers say, because while all private schools are struggling, day schools face a particularly rough road.

"Jewish day schools have a much more complicated problem then your average school because they have two curriculums — Jewish and secular — and they have to have faculty for both," said Sarah Daignault, a professor at Columbia University Teachers College who specializes in private school financial sustainability. She is also the founder of the National Business Officer Association, an organization of independent school business managers that focuses on promoting efficiency and best practices.

Daignault points out that day schools also have to contend with less demand — while many private schools have fierce competition for admission, most day schools struggle to fill their classrooms, forcing them to keep tuition low to remain competitive, she said.

"The rest of their problem is that they have a significant commitment to financial aid. Many Orthodox families have three, four, five or six children, so of course [those families] are going to need financial aid," she added. "They've got more faculty than they can support and less money coming in, so what you end up with is this horrendous problem."

The problem only got worse following the 2008 recession, said Bloom. "There was sort of widespread panic going on among day schools: How are we going to remain solvent?"

In 2010, Bloom and his colleagues set up a pilot program in Bergen County and the next year expanded the program to Baltimore, Chicago, Cleveland, Philadelphia and Cherry Hill, N.J. In May seven Los Angeles schools joined the program.

Each school took on the goal of improving its finances by 10 percent over three years through a combination of cutting costs and increasing revenue. A goal low enough to be achievable, but high enough to make a concrete impact, said Bloom.

The partnership then collected detailed financial and enrollment data from each school, and then shared it with all the schools so each of could see how it stacked up in such areas as student/faculty ratios, teacher salaries, debt and annual fundraising.

Next a team of consultants guided the participants through the creation and implementation of a three-year strategic plan. A long-term plan was key, said James Moché, YU's interim director of planning performing and improvement, who created the Benchmarking program with Bloom.

“Many organizations do their budgeting from year to year, and you can’t achieve the kind of systematic change that’s necessary for schools to meet the affordability crisis in one year,” he said.

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‘The beauty of the program was that it wasn’t just an assessment and then move on and good luck to you,” said Rabbi Chaim Amster, Bnos Yisroel’s director of development.

“There’s a continuing effort through the program to assure that the plan was actualized.”

Each school figured out where it had the most room for improvement. Some schools focused on cutting expenses, some on student recruitment and retention and others on increasing donations.

Skokie’s Hillel Torah North Suburban Day School hired an additional staff member to work on development, but also put a lot of time into training its lay leadership.

“The board members are really taking the lead, really taking ownership on all these important issues,” said Rabbi Menachem Linzer, principal of the K-8 co-ed school. “We’ve always had committees, but now we have a lay-led fundraising committee, which we’ve never had, and a marketing and communications committee.”

The school has rolled out a Facebook page, the principal tweets daily, and a website redesign is in the works.

Hillel Torah has also shifted its fundraising focus from its annual gala to the recruitment of individual donors.

“When it comes to fundraising, peer-to-peer has proven most effective. … Donors are approaching other donors,” said Rabbi Linzer.

They’ve seen results: donations for the first half of the year have jumped more than $100,000, he said.

In Baltimore, Rabbi Amster’s school also moved its fundraising efforts to donor recruitment, increasing the number of volunteer fundraisers fivefold — and its annual donations increased by 73 percent in one year.

“Events take a great deal of time and they cost a lot and they take the focus away from building relationships,” he said.

At Cleveland’s Fuchs Mizrachi School, a branding coach helped identify the school’s unique selling points and create the tagline “It’s more than a school.”

Realizing that Fuchs Mizrachi’s location — in the heart of a vibrant, welcoming, and affordable community — is a major selling point, they began recruiting young professionals just leaving grad school, branding the entire city as a less expensive alternative to the Upper West Side of Manhattan, Teaneck, N.J., or the heavily Jewish Chicago suburb of Skokie.

Apparently it's working: in one year, the school's enrollmentjumped from 408 to 462 in two years.

Other schools have focused on cutting expenses.

At Kellman Brown Academy, a Solomon Schechter school in the Cherry Hill-area of South New Jersey, Head of School Moshe Schwartz saw the biggest opportunity for financial stability in cutting expenses, such as switching the staff's retirement accounts to a plan with lower fees. As a result, the school's operating expenses dropped from 12 percent of the budget to under 10 percent, leading to a savings of $60,000.

For Rabbi Schwartz, the program not only helped him cut costs, it also helped him convince school leadership that the changes he wanted to make were necessary.

"It's helped me to conceptualize to the school community and specifically to our board that we need to run the school as a professionally managed business," he said.

With the savings, he was able to add three part-time teachers and a full-time nurse. He beefed up the school's afterschool program, bought more computer equipment and sent teachers to more professional development seminars.

In two years the K-8 school gained about 17 students — not counting the preschool, which now has a waiting list. But more importantly, the Solomon Schechter school is keeping more students through the upper grades — a particular challenge for non-Orthodox day schools.

"They get you thinking a certain way and you run with it and your school can see tangible benefits in curriculum and the overall program — and that leads you to want to do more of this," he said.

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But not all schools have made such progress.

Of the 36 schools that initially enrolled in the program, 29 actively participated, while seven dropped out in the first few months due to "major transitions in leadership," either in staff or board members, said Moché.

Of the 29 remaining schools, 18 are "on track" toward making the 10 percent goal, he said.

Most of the lagging schools are still working on getting both sides of the school leadership — the staff and the board — sufficiently involved.

“In some schools you might have very strong professionals, in some schools you have a very strong board, but you need both to be successful in this program,” he said.

The program, with its expensive coaching by business consultants, is not necessarily a widespread solution.

Benchmarking’s budget for the first three years is $3.2 million, said Daniel Perla, who works on day school finance at the Avi Chai Foundation. That’s nearly $90,000 per school.

But Perla said he and his colleagues are working on streamlining the program to its most effective components, which would substantially bring down costs.

“I think what we found was that what the schools valued the most in the program was the consultants,” he said. “To get schools to act, they usually need goading and coaching,” he said. The extensive — and expensive — financial evaluation could go.

Despite its limitations, Daignault, the Columbia professor, said the program has real potential.

She calls the 62 percent success rate “a good number,” and its dual emphasis on ambitious-but-achievable goals and long-term coaching effective.

A 10 percent goal, she said, “sounds somewhat reasonable. That being said, it would be hard for any school to improve their performance by 10 percent, so it would require them to figure out new ways of doing things.”

The frequent progress check-ins are also key, she said.

“We’re really going to push these schools to think about this because they’ll have this outside force pushing them, holding their feet to the fire,” she added. “That sounds to me like it may have some real possibility to bring about change.”

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