

Why Endowment Should Be a Priority for Your School

EDS V Executive Directors Conference
November 7, 2022

Chavie N. Kahn

Director of School Strategy and Policy, UJA-Federation of New York

kahnc@ujafedny.org

212.836.1259



AGENDA

- **Landscape**
- **Why Endowment Critical for Day Schools/ Yeshivot**
- **Making the Case to Your Leadership**
- **Questions?**

Planning for Endowment

Does your school have an endowment?

Is your school currently engaged in an endowment campaign?

Are you planning to launch an endowment campaign within next 3-5 years?

AGENDA

- **Landscape**
- Why Endowment Critical for Day Schools/ Yeshivot
- Making the Case to Your Leadership
- Questions?

Key Challenges Facing Schools

According to National Association of Independent Schools (NAIS) data, between 2008-2009 and 2017-2018, **median school tuition increased by 40.8%**.

This is at a time when the Consumer Price Index (CPI) **increased by 18.4%** and **family income increased by less than 10%**.

Tuition Increases

Exceed wage growth and CPI

Increased Costs

- Health Care
- Salaries
- Investment in 'excellence'
- Diverse learning needs of students

Affordability Gap

A rise in requests for tuition assistance from families over the last three years

Tuition Assistance Increasing

New York Jewish day schools and yeshivot saw an average rise of over **10% in tuition assistance requests** for the 2021-22 school year from just three years ago.

Full pay - 48.6% of families
1-25% scholarship – 11.6% of families
26-50% scholarship - 18.6% of families
51-75% scholarship - 15.1% of families
76-100% scholarship - 6.1% of families

*Across respondents, of the families that received Tuition Assistance awards averaged **\$18,577** per family.*

Jewish Day Schools/ Yeshivot vs. Private School Endowment

NAIS National Data

Average Enrollment	470
Median Endowment / Student	\$20,369
Median Total Investment Income* / Student	\$850
Median Net Tuition Income / Student	\$27,951
Median Total Expenses / Student	\$26,585

- Endowments are not yet at levels that significantly impact their annual budget and help overcome the budget gap
- Jewish day school endowments still lag behind their independent school peers
- Jewish day schools came late to the endowment building process
- Most Jewish day schools currently engaged in endowment development began active campaigns only over the past 15 years

Day School Endowment Valuations

Average Valuation of School Endowment as of June 30, 2021



Top 5 Reported Endowment Valuations

\$62,000,000

Enrollment 601+

\$54,866,000

Enrollment 401-500

\$40,000,000

Enrollment 201-300

\$40,000,000

Enrollment 401-500

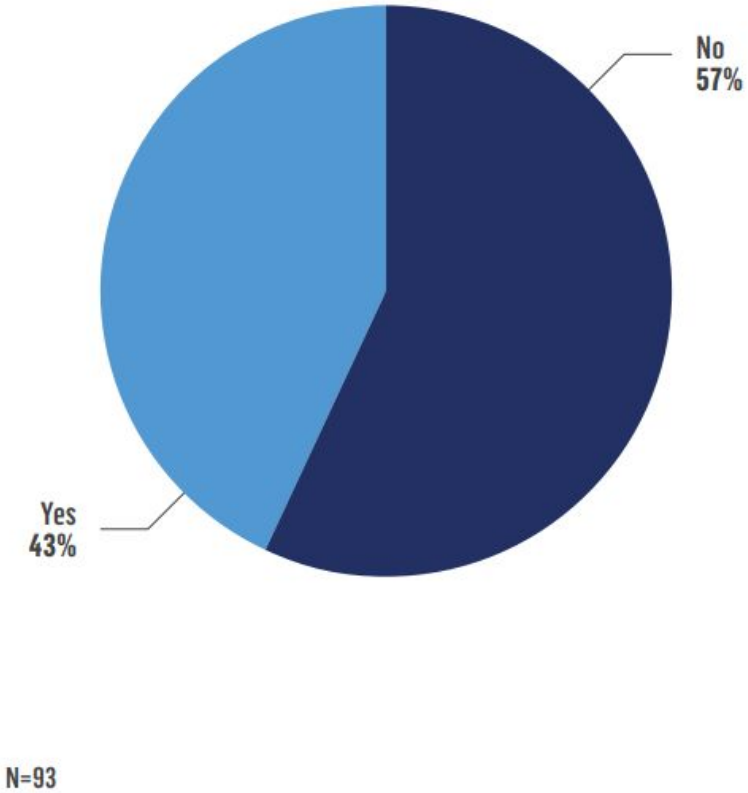
\$38,000,000

Enrollment 601+

N=118 schools

Source: Development Pulse Survey, March 2022, Prizmah

FY21 Endowment Campaigns



\$382,779
Average Total of New
Endowment Gifts FY21

\$26.6M
New Endowment Gifts
Schools Raised FY21

Source: Development Pulse Survey, March 2022, Prizmah

AGENDA

- Landscape
- **Why Endowment Critical for Day Schools/ Yeshivot**
- Making the Case to Your Leadership
- Questions?

Why are Endowments Critical?



Endowment funds provide schools with a **predictable and perpetual third revenue stream**, in addition to tuition and annual campaign fundraising

Endowments are a critical tool in safeguarding schools' sustainability. Funds drawn from an endowment:



- **Alleviate pressure on your annual campaign**, by assuring additional funds to cover operating expenses
- **Facilitate long term planning** and allow school leadership to fund initiatives that would otherwise never become a priority
- **Strengthen your ability to weather difficult economic times**

AGENDA

- Landscape
- Why Endowment Critical for Day Schools/ Yeshivot
- **Making the Case to Your Leadership**
- Questions?

Two types of Endowments:

1. School based

2. Communal Endowment: A communal endowment fund is an endowment for the benefit of two or more schools in a community.

Impact : Communal Endowment

example

UJA-Federation's Day School Challenge Fund

- Powered by incentive match pool
- 18 schools, diverse cohort

Impact

- Creation of approx. \$84M in endowments for benefit of schools at UJA
- \$11.2M in annual distributions received to date by participating schools

Endowment is Not for Everyone

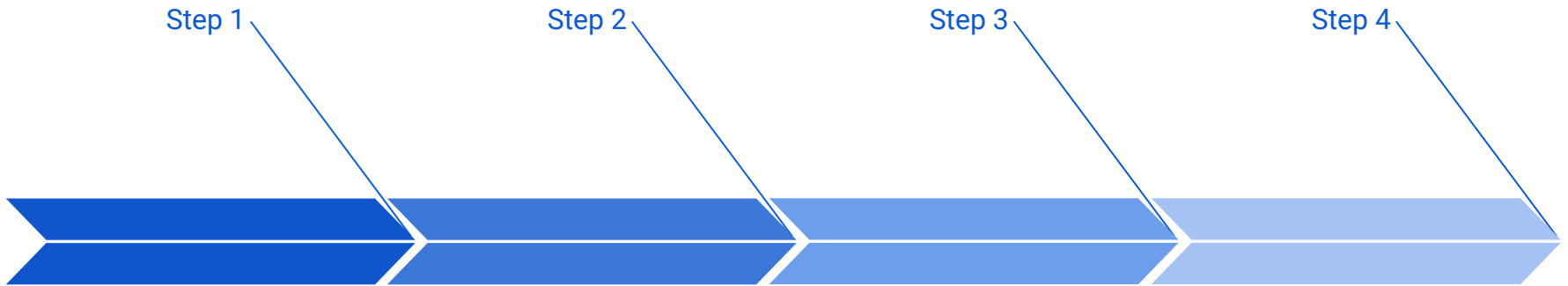


Annual Campaign

Endowment Campaign



Endowment Campaign Elements



Case

Building the case for support

Rationale behind the initiative

Leadership

Effective lay leadership

People that will advocate for the cause

Prospects

Identify prospective donors

Natural constituents

Plan

Develop a comprehensive and realistic campaign plan with a emphasis on major gifts

Endowment Campaign Elements

Step 2



Leadership

Effective lay leadership

People that will advocate for the cause

Who

- Board Members
- Donors (past, present, future)
- History of success as lay leaders
- Parents/Alumni

What

- Give a gift
- Identify prospects
- Cultivation
- Peer-to-peer solicitations
- Steward donors
- Host events

Why

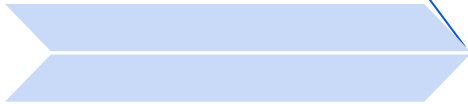
- Lead by example
- Loyal donors and ambassadors
- Provide instant credibility and enthusiasm
- Inspire others to “think big”
- Essential development roles

How

- Personal invitation
- Specific description of the role
- Set realistic expectations
- Recruit Co-Chairs first
- Seek out connectors

Endowment Campaign Elements

Step 4

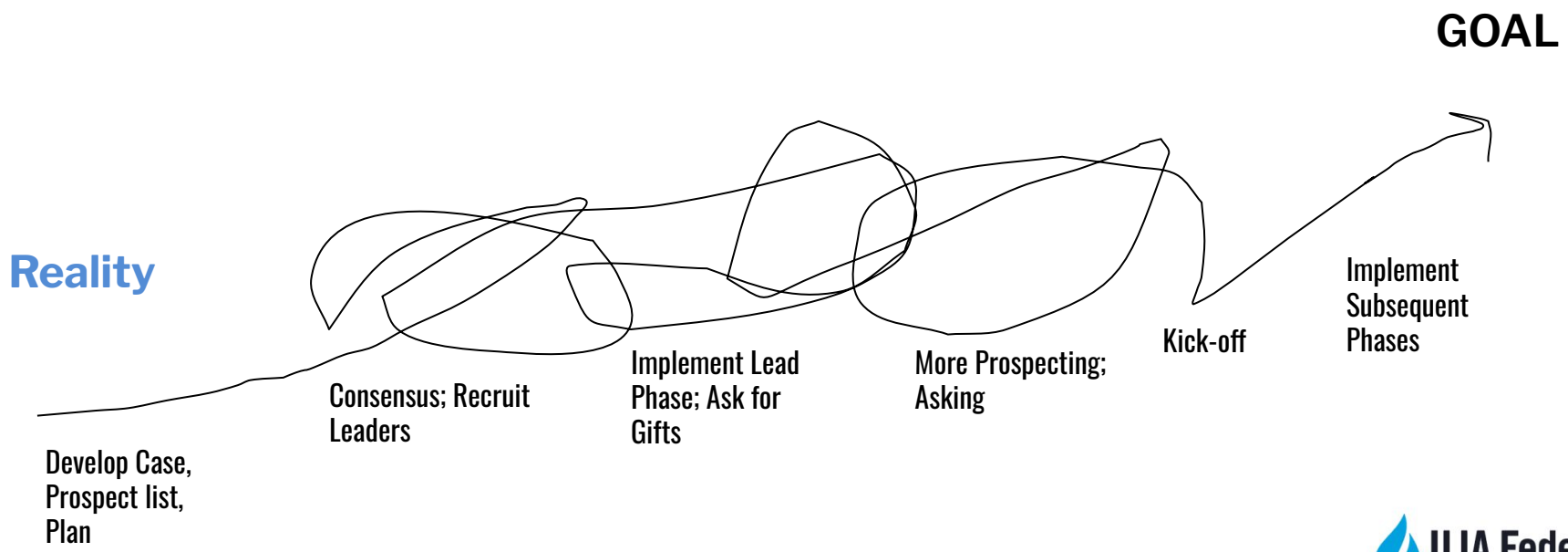


Plan

Develop a comprehensive and realistic campaign plan with a emphasis on major gifts

- **Assess** organizational readiness
- **Identify** campaign leadership and prospects
- **Test** reaction to the case
- **Determine** if proposed goal is realistic/feasible
- Identify **obstacles** to success
- Develop **campaign plan** timetable and financial goals: use metrics and track progress

Launching and managing campaigns



AGENDA

- Landscape
- Why Endowment Critical for Day Schools/ Yeshivot
- Making the Case to Your Leadership
- **Questions?**