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EKEV

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**TO ENSURE EXCELLENCE IN JEWISH
EDUCATION, INVEST IN JEWISH DAY
SCHOOLS: A RESPONSE TO HILLEL DAVID
RAPP**

JORDAN D. SOFFER is the Head of School at Striar Hebrew Academy in Sharon, MA.

Hillel David Rapp recently argued in these pages that the source of Jewish day school unaffordability is not “complex.” To impress donors, schools assume unnecessarily high expenses, forcing schools to raise tuition and become more reliant on financial aid. This inflated dependency increases pressure on the school to assume yet more nonessential expenses as they again attempt to impress donors. Rapp’s solution “is to stop giving money to Jewish schools. Let schools operate like any business and receive direct data from their end users via the most relevant economic signal — price.” People will pay what they can, and we will develop schools that exists within those limitations: “In a non-subsidized market, if there is demand for a no-frills education, a school will find a way to provide a no-frills education at a no-frills price.”

While I applaud Rapp’s creativity, and sympathize with his frustration, I believe that his diagnosis of the problem is inaccurate and his proposed resolution severely misguided. If taken seriously, this would provide a disservice to all learners and completely neglect the most vulnerable learners in our communities.

The diagnosis is initially compelling, but ultimately unsubstantiated. The author suggests that rather than promote ingenuity and cost-efficient programming, our current paradigm incentivizes frivolous overspending in the hopes of securing major gifts. Educationally unsound decisions are made simply because they will entice donors. As an example, the author describes schools wasting money on hiring “fancy PR teams and professional party planners” in order to secure major gifts.

These “fancy” expenses, however, are not what is consuming our tuition dollars, and they are not what drive pedagogic decision making. Even SMART Boards and iPads are not what make schools expensive. The single greatest contributor to a high tuition is hiring enough faculty, and the right faculty. As noted by predecessor Rabbi Yehudah Potok, Stephen Kepher once [observed](#), “If you want lower rates of tuition then you have to have either large class sizes or low faculty salaries.” Yet this is to forego our schools’ greatest assets. Accordingly, Rapp’s calculations are misleading, and his cycle is unsubstantiated.

Where I truly take umbrage, however, is less with his diagnosis and more with his proposed resolution.

No frills is a euphemism for no differentiation. Small class sizes and individualized instruction means more teachers, which means more salaries. Providing the type of support that helps learners of divergent interests and abilities thrive is, simply put, expensive. Students are different, and learn differently, and Jewish day schools have a responsibility to engage each and every student.

This benefits every single one of our children, and allows us to truly pursue our sacred duty as educators. Beyond small class sizes and individualized attention, if we want to provide speech, OT, special education, or any other resources, we will continue to rely on the donations of our dedicated philanthropists. Similarly, if we want to be able to challenge and serve gifted and talented students, we will rely on these donations. And this is not even to mention such “lavish” expenses such as providing art, physical, or music education.

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Certainly, it is enticing to imagine a model that is economically sustainable and responds to the financial abilities of a given community, but when that model forces us to ignore unique student needs in the name of “no frills,” we have sacrificed our identity on the altar of affordability.

Though the author never explicitly named these expenses, these are the costs that most often transform surpluses into deficits. We should not apologize for these expenses. In fact, these resources should be our greatest pride, and we should demand that day schools not only continue to provide them, but double down their efforts.

Providing a quality education is expensive. Schools are tasked with helping students to develop the creative skills necessary to engage with an ever-evolving world, while teaching the content knowledge necessary to allow students to pursue their dreams. Jewish education is even more expensive. Jewish day schools are additionally tasked with helping students develop positive character traits and a positive inclination towards Jewish life, while teaching the content knowledge necessary to be a fully participating citizen in the Jewish world.

The author writes that the source of unaffordability is not complex. That is false; it is extremely complex. Schools are trying to offer a top-notch education while embracing all student needs. It is easy to blame neglectful and haphazard spending for day school costs, but this is not the true source of high day school prices.

As the inheritors of Torah, and as teachers of our sacred tradition, it is our obligation to provide a top notch education and make space for as many learners as possible. “No frills” will quickly become “no room for differences,” and that is a far greater risk to diaspora Jewry than day school prices. Instead of asking them to redirect their contributions, we must embrace and thank our generous philanthropists for partnering with educators in achieving this mission.

PHILANTHROPY WORKS; WE JUST NEED MORE OF IT

JAY KELMAN is Founding Director of Torah in Motion and teaches Rabbis at TanenbaumCHAT (Community Hebrew Academy of Toronto).

Hillel Rapp has [identified](#) a serious impediment to solving the tuition crisis—namely, the spiraling costs incurred by day schools. This, according to Rapp, is caused in large measure by the pressure to raise the costs ever higher in an ongoing effort to attract more donations. He suggests that if schools would instead focus on the needs of the student body, market forces would ensure that affordable education were the natural outcome.

It is undoubtedly true that the cost per student has risen dramatically over the years. However, Rapp’s solution—asking donors to stop giving money to schools, thereby forcing serious cost cutting—is extremely unlikely to help, and quite certain to make the problem worse.

Currently, high school tuition at Modern Orthodox schools typically costs between \$25,000-\$30,000, and, at elementary schools, \$15,000-\$20,000 annually. Even with these tuitions, most schools still have a budgetary shortfall. I do not think I am underestimating if I say

that the average amount raised by tuition fees covers only some 90% of the budget (as an example, see [here](#)).

Let us now imagine that philanthropists follow Rapp’s solution and stop donating to schools. Schools would be forced to cut costs, rather than trying “to showcase the best overall program to compete for our community’s philanthropic resources.” Let us further imagine that, through a thorough line-by-line review of the budget, we would allow our schools to cut costs by a whopping 50%.

Now, let us imagine what it would take to cut costs by 50%. With teacher salaries typically [accounting for some 70%](#) of the costs of running a Jewish school, we would likely have to begin there. To get to our 50% goal, teachers’ salaries would have to be cut some 70%, a proposition I trust all realize is untenable. Perhaps we can limit the salary rollback to “only” 30%, thus saving slight below 20% from the budget. Is that the path we want to take? How many of our best and brightest can we attract to the field of education? But with no donor money coming in, we are left with little choice.

Cutting administrative staff in half might save another 10%; increasing class sizes to, say, 28 students (and thus cutting all elective course options with lower registrations), another 15% or so. Schools could cut out all remedial and enrichment programs, spend less on athletics, put off repairs and maintenance, and so on and so forth. Perhaps combining all of the above might allow us to reach our goal.

But who would want to go to such a school? And for those who do what kind of an education would they receive? You get what you pay for, and quality costs money.

Even with a 50% cut in costs, the annual tuition bill for a family with four children—a typical size of a Modern Orthodox family— would still be somewhere between \$40,000-\$50,000 a year. With no philanthropic dollars coming in, many families would still be forced out of the day school system. And all the more so if those families have five or even six children. Asking donors to no longer support our schools is not the solution to the tuition crisis.

Furthermore, there is little evidence to suggest that costs are unreasonably high. According to the 2017 U.S. census data, New York State spent an average of [\\$23,091 per pupil](#)—and that for a single curriculum. If we were to assume Jewish studies take up 40% of the day, then that \$22,000 rises to over some \$35,000 per student. Even if we take the national average of \$11,762, a dual curriculum should cost in the neighborhood of \$20,000.

Notwithstanding the above, there is little doubt that many schools have done a poor job of controlling costs. Too many schools have bloated administrative teams, spend far too much on marketing, have class sizes that are too small, and are just plain lax when it comes to spending.

And it is here that philanthropists can make a real difference. But instead of asking donors to stop giving money, schools should ask for more money and greater donor oversight.

An example of the power of this type of giving is clearly demonstrated at TanenbaumCHAT in Toronto, where two philanthropists donated \$15 million on condition that tuition would be lowered from \$28,500 to \$18,500 a year over five years. The \$15 million covered only about half of the lost tuition, forcing the school to find ways to remain eligible for the money. One of the beautiful aspects of the plan was that the school was free to reach its target

tuition in any way it wanted. The donors provided the funding, and let the educators decide how to best meet their conditions.

The results speak for themselves. After years of declining enrollment, the tide has turned. Because of the foresight of two philanthropists, the incoming Grade 9 class has gone from 198 students (before the gift) to 298 students in just one year, and to over 300 students for this upcoming year.

Philanthropy works. We just need more of it.

TO LOWER TUITION COSTS, STOP DONATING TO SCHOOLS AND START A BANK

HILLEL DAVID RAPP is the Director of Education at Bnei Akiva Schools of Toronto.

A popular narrative in the Jewish Day School community considers affordability to be the most critical problem facing Jewish education, perhaps even the Jewish future, in the diaspora. It is also likely that more philanthropic money currently flows into Jewish schools than at any point since the Day School movement began. At the same time, cost increases continue to outpace inflation and earnings, with no end in sight. Why is that?

I don't think the answer is complex. Donors have, by and large, not been giving money to make Jewish education more affordable. While a lot of money has certainly been invested in Jewish schools, that is entirely different from investing in affordability. Even when money is given directly to scholarships and financial aid, the impact on affordability is negligible at best, counterproductive at worst. To be clear, scholarships and financial aid do a lot to help individual families afford a Jewish school. Without the subsidies provided by schools, many, if not most, families would not be able to provide their children a Jewish education. But this is an investment in Jewish families, not in providing a sustainable way to deliver affordable Jewish education for everyone.

The problem of affordability is not any individual school's problem as much as it is a market problem. The rising price for Jewish education across all schools seems to signal that the average consumer of Jewish education desires the increased value he is getting and is willing to pay for it. Yet our Shabbat table conversations hardly reflect this reality. People seem more frustrated than ever with the increased financial burden of paying for Jewish school. It seems, then, that the current price of Jewish education is artificially inflated through, often heroic, fundraising efforts by schools that results in using a steady stream of subsidy dollars to sustain a high-cost model. When price in a market is not signaling the interests of the actual end user of the product, that market is likely to contain misaligned incentives. That is the problem with our current model.

Consider how our schools have evolved in the last two decades to invest significant resources into fundraising. This effort sustains rising costs while also allowing schools to avoid the most significant economic motivator to lower costs - falling revenue. Subsidies help many Jewish families afford a Jewish education. They also provide perverse incentives. Instead of feeling the push to lower costs, schools feel the push to raise more money to cover rising costs.

So the cycle goes something like this: "It costs more to run our school than our customers can pay so we better raise money. In order to raise money, our school needs to showcase the best overall program to compete for our community's philanthropic resources. Therefore, we need to expand our program which, in turn, raises our costs and requires us to increase our fundraising to cover those costs." Fundraising, after all, is a bonus-based business model. Either implicitly or explicitly, fundraising is the easiest decision for a school board to justify and to continually invest more in the people who can perpetually raise more. The cycle continues to incentivize increased expansion and spending.

There is no doubt that expanding what a school can offer often has real educational value that serves our community well. But the system is creating a feedback loop where, as long as there is a donor to cover the shortfall, no one is all that motivated to think about how to get great results while lowering costs. As an example, some schools hire fancy PR teams and professional party planners for Open Houses to best showcase their product. What competitive spirit drives this type of agenda? Are they competing for the business of the average customer who wants the best education at the lowest cost or are they competing for business of donors who want to support a thriving school? There is an honorable purpose in the latter, but it is not going to help affordability and sustainability. Philanthropy can save Jewish education, but only when philanthropists stop giving money to Jewish schools.

Yet another bad incentive occurs when families consider applying for financial assistance. Many Day School families would prefer a lower price. Some of those families might welcome experimentation in educational delivery, reassessing administrative structures or even scaling back on certain resources, if it meant a more affordable product. But they don't have that option because school boards, which set budgets, are generally risk averse. After all, boards are typically comprised of donors and those community members in the strongest financial position whose incentives are generally to preserve and protect the structures in place, even at an inflated cost. Misaligned incentives again.

Philanthropic support for Jewish education, so much as it wants to address affordability, would be best served by working to realign the current incentive structure. The best way I can see to accomplish that is to stop giving money to Jewish schools. Let schools operate like any business and receive direct data from their end users via the most relevant economic signal - price. In a non-subsidized market, if there is demand for a no-frills education, a school will find a way to provide a no-frills education at a no-frills price. If there is demand for a luxury education, another school will provide the luxury education at a luxury price. But the school that can provide the best possible education at the lowest possible price will corner the market. While some ideas for cost reductions have been offered and tried, most schools have not yet had any real incentive to invest in what's been suggested or build on what's been tried.¹ Getting schools out of the subsidy business will encourage greater innovation and serve to realign incentives so that the school and educational consumer (Jewish families) share the same goal.

If schools stop providing subsidies the burden to provide financial aid for those in need will shift as the donations that used to go directly to Jewish schools are available to be allocated elsewhere. This will also

¹ See [Yeshivat He'Atid](#) or [Adraba](#) for cost saving models currently in use. Also see my [previous article](#) for an alternative model.

allow those seeking to address affordability to do so using a better economic model for the redistribution of resources - banking. Perhaps more suitably, we should call this *philanthropic banking*. Consider an independent financial organization, or a number of organizations, free to operate with greater flexibility than individual schools to provide a variety of financial aid possibilities. Everything from subsidized loans to collateralized lines of credit to need-based scholarships to alternative investments can all be structured and offered by what is effectively a bank. It will be designed with the primary purpose of assessing the available resources against the financial situation of those seeking assistance. This "bank" will be better equipped to consider applications and implement new ideas for funding, and can be seen as far more independent than the average tuition committee. The bank will also have a real incentive to maximize its communal reach by keeping its per-student costs low, operating in tandem with the desires of the average consumer of Jewish education and pushing schools to provide the best possible product at the lowest cost.

It's also important to recognize that this suggestion, if adopted on any large scale, seems likely to shed some additional light on certain economic disparities within the Jewish Day School community. One could imagine that different schools within one community offering vastly different products can lead to a sharpening of the lines between the wealthy and the middle class. This is a possibility, but I don't think it is likely. For one, Jewish Day Schools are fed by relatively small homogeneous communities that are connected across socio-economic positions in various ways, including shared values, shuls, and friendships. In addition, we are at a point where a majority of families are struggling in some way to afford tuition, and that is true for many of those paying full tuition as well. If there is an equal or better product for a lower price, that should garner significant interest from a broad group. Let's face it, a Jewish family with four kids earning \$400,000 a year is likely still interested in a cheaper school, so that makes for a pretty large consumer group that is incentivized to innovate toward cost savings. Besides, if super wealthy families were going to create a high priced luxury school, it likely would have happened already.

Get the incentives right and nearly every school will be attempting to innovate toward cost savings without sacrificing quality, or they will risk losing customers to a school that can. This should result in a better, cheaper product for everyone. Transparent pricing and consumer freedom have always been the essential ingredients for innovation that serves consumers. Right now, Jewish education lacks transparent pricing and consumer freedom. So wouldn't it be best to allow consumers the freedom to use their individual preferences in price point to drive a better outcome for more people? Doesn't it make more sense to have school leadership focused on producing a great education at a lower cost instead of focusing on raising money for a great education at a higher cost?

There is much to be gained from philanthropic investments in Jewish education, from promoting a particular educational ideology to generating influence within the institutions that shape our future. But if the goal in giving is to facilitate the most broadly accessible, and best possible, Jewish education, then the best idea is not to donate to a Jewish school. Start a philanthropic bank and give it directly to the consumer instead.