

Inventory for Jewish Day Schools in Tough Economic Times **By Stephane Acel, Partnership for Excellence in Jewish Education**

With the economy in flux, sometimes it is hard for school leadership to know whether they are covering all their bases. The one-page inventory contained in this document is organized as a checklist to help school leaders focus on the many key items that need immediate attention. Examples of the strategies and tactics contained within include financial monitoring and projection procedures, stakeholder communication, leadership practices, cost cutting solutions, and more.

Different school leaders might use this document various ways. The following are just some suggestions:

- A head of school might task various administrators with an action plan addressing the operational issues.
- The board chair might use the inventory to focus board agendas and committee work on fiduciary responsibility as well as policy and strategy (rather than day to day issues best left with staff).
- The business manager, treasurer, and finance committee might focus on reporting, monitoring, planning, and projection while ensuring that the head of school and board chair are apprised if not intimately involved.

Each group of school leaders should ask itself:

- What is being done already and what is not being done?
- What could be done better?
- What do we need to do that is not in this inventory?
- How do we broaden this conversation?
- Where do we turn to for help and what else do we need to learn?
- When do we check in next on our progress?
- Who else can we hire or recruit to the board to provide the skills and knowledge that we lack?

After the inventory page is a listing of resources and tools. As schools all across North America come to grips with the latest economic news, one bright spot is the value of the infrastructure connecting schools. Through initiatives like PEJE's Communities of Practice, colleagues are only a Google Group email or monthly conference call away.

Although the economic news and its impact can be overwhelming, finding a way to take stock of what needs to be done can alleviate a sense of panic. We hope that this at-a-glance inventory helps leadership review progress and commit to next steps.

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The Inventory

Reporting and Monitoring

- Review budget versus actuals and cash monthly (or more frequently).
- Monitor ratios and other “triggers” that tell you when to act and how to act (e.g., when financial aid requests exceed 110% of last year, we must...).
- Examine and manage accounts receivable and accounts payable very carefully.
- Watch the value of your endowment. If it dips below historic value, States that have not adopted UPMIFA may require nonprofits to contact the Attorney General’s office or to “top it off” using other funds.

Planning and Projecting

- Conduct revised monthly budget projections to end of year.
- Develop sophisticated financial scenarios projecting enrollment, tuition, financial aid, and fundraising.
- Develop cash flow projections with scenarios that factor varying numbers of families spreading their tuition payments across the year (full and reduced) as well as various fundraising possibilities.
- Obtain a line of credit while your finances are strong.

Admission, Tuition, and Financial Aid

- Start or maintain a professional admission program.
- Maintain or increase one-on-one contact with prospective and current parents.
- Conduct as many parent tours as possible.
- Collaborate and partner with feeder programs.
- Organize and train a cadre of parent ambassadors.
- Continue increasing tuition annually to keep up with expenses, with commensurate increases in financial aid.
- Communicate messages that destigmatize financial aid and address its accessibility to the middle class.
- Target financial aid more efficiently by considering the elimination of multi-child discounts (which are often symbolic) and tuition remission for faculty.

Communication with Board, Donors, Faculty, and Parents

- Communicate challenges, progress, and success to your board.
- Create a multi-pronged donor communications plan including email newsletters and strategic conversations.
- Consider the growing need for financial aid as a key message to donors.
- Ask donors to release restrictions on gifts.
- Brief faculty on the school’s financial situation and communicate how valued they are on a regular basis.
- Make the case for your school’s excellence with current families who may be looking for excuses to leave.
- Position your value proposition as particularly relevant in difficult economic times.
- Survey parents for insight into the issues and problems that matter most to them.
- Always maintain transparency: Communicate with parents simply, clearly, and often.

Maintaining and Improving Leadership Practices

- Nurture and cultivate your pipeline of prospective board members.
- Support and evaluate your head of school annually.
- Develop, educate, and evaluate your board.
- Empower and train your board to raise questions about financial issues.

Cost Savings/New Opportunities for Revenue

- Make sure your insurance broker works hard to get you the best deal. Consider a Consumer Driven Health Plan.
- If budget cuts are required, ensure that you protect your mission. Cut selectively and not across the board.
- Approach salary freezes and benefit cuts as a last resort, except for automatic faculty discounts on tuition. Instead, invite faculty to apply for financial aid if they need it.
- Evaluate the number of empty seats and consider combining grades or classes if appropriate.
- If workforce reductions are necessary, engage legal advice to reduce school liability. Ensure eliminated staff are treated with dignity and communicated with in a forthright manner.
- Maintain funding for professional development as it fuels innovation and improves student achievement.
- Conduct an energy audit to reduce your consumption and contact your energy reseller about cost reductions.
- Utilize the Joint Purchasing Initiative (or other consortia): <http://www.jointpurchasinginitiative.com/>
- Find partners to share back office, occupancy, and other costs.
- Evaluate additional revenue sources, such as e-rate technology funding, selling curriculum materials, or renting space.

Resources

Reporting, Monitoring, Planning, and Projection

- 1) Don't Panic! Sustain Your School During Economic Downturns by Independent School Management: <http://store.isminc.com/pdfs/EconomyIPSsample.pdf>
- 2) Don't Run Out of Gas!! Using a New Gauge to Manage Cash Flow by Eric Amar. Presented at PEJE Assembly for Jewish Day School Education, 2008: <http://peje.wikispaces.com/803+Don%E2%80%99t+Run+Out+of+Gas>
- 3) NBOA Institute for Advanced Financial Management Conclusions: http://www.nboa.net/docs/IAFM08_Report.pdf
- 4) Proactive Jewish Day Schools in an Economic Downturn: Things to Discuss, Steps to Take by Rheua Stakely: <http://www.peje.org/docs/handouts-01-29-09.pdf>
- 5) Steering your Jewish Day School Toward Financial Sustainability in an Unstable Economy by Sacha Litman: http://www.peje.org/publications/newsletters/enewsletters/200812_enews_fullarticle.html
- 6) Tactical Solutions to Help Nonprofits Weather the Economic Downturn by Accounting Management Solutions: http://www.amsolutions.net/company/news_events/ams_report/index.html?reportid=28&articleid=214
- 7) Use the SFMT to Navigate Turbulent Times by PEJE and Measuring Success: http://www.peje.org/knowledge/yardstick/Strategic_Financial_Modeling_Tool.php
- 8) Surviving the Financial Crisis: A BoardSource Toolkit by BoardSource: www.boardsource.org/toolkit

Endowments:

- 1) Nonprofits Should Review Their Endowments, AMS Report: March 2009: http://www.amsolutions.net/company/news_events/ams_report/index.html?reportid=29&articleid=220
- 2) Spending by New York Not-for-Profit Corporations From "Underwater" Endowment Funds by Simpson Thacher: <http://www.stblaw.com/content/publications/pub792.pdf>
- 3) Uniform Prudent Management of Institutional Funds Act drafted by the National Conference of Commissioners on Uniform State Laws (NCCUSL): http://www.law.upenn.edu/bll/archives/ulc/umoifa/2006final_act.pdf

Admission:

South Area Solomon Schechter Day School's Retention Assurance Program:
<http://www.peje.org/docs/JaneCohenTelScript.php>

Staffing:

- 1) Hard Economic Times: Dos and Don'ts for Private-Independent Schools by Independent School Management: <http://store.isminc.com/pdfs/EconomyIPSsample.pdf>
- 2) Surviving and Thriving in Hard Times by Rob Evans: <http://www.nais.org/publications/ismagazinearticle.cfm?itemNumber=151358>

PEJE Coaching, Communities of Practice, Knowledge:

- 1) PEJE Communities of Practice: http://www.peje.org/networking/communities_of_practice/
- 2) PEJE Knowledge: <http://www.peje.org/knowledge/>
- 3) PEJE Leadership Line: Email LeadershipLine@peje.org for a free, (approximately) one-hour phone call with a PEJE coach.
- 4) The Changing Economy: http://www.peje.org/knowledge/changing_economy/

Cost Savings/New Opportunities for Revenue:

- 1) Green Building: The ROI of Sustainable Design, PEJE Financial Management and Development CoP's:
 - a. http://www.peje.org/networking/communities_of_practice/cop_docs/Green_building_notes.pdf
 - b. http://www.peje.org/networking/communities_of_practice/cop_docs/Green_Building-march_2008.pdf
- 2) Reducing Tuition Reliance Through Alternative Sources of Income by NAIS: http://transact.nais.org/Purchase/ProductDetail.aspx?Product_code=DWNLD-000