

Availability of Resources For Local Services in View of the Israeli Crisis*

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The Dilemma

THE Yom Kippur War and the American Jewish community's response to it created a major dilemma. There has been a push for a major shift in funding priorities for the American Jewish community.

In October, 1973, there were suggestions across this country that 1974 Federation allocations to local agencies should be frozen at 1973 levels. The enormity of the need in Israel demanded the highest level of commitment ever requested from the American Jewish community.

The stated goal in the United States and Canada for the 1974 United Jewish Appeal and Federation campaigns was \$900 million. This included \$750 million for UJA and \$150 million for national and local needs. The best estimate, in mid-May, is that the 1974 campaign will raise \$675 million.

It appears that the American Jewish community will allocate about \$135 million to local and national programs in 1974. This will leave \$540 million for the UJA, \$210 million, or 28 percent less than the goal.

The need for funds in Israel will tend to grow. The tremendous cost of continual mobilization, defense procurement, oil, increased internal security and inflation does not allow for any alternative.

Many of our campaign leaders question the ability to raise the same sums in

1975 as in the 1974 campaign. We must consider raising higher sums than ever at a time when, however weakly, the winds of peace are beginning to blow in the Middle-East and when the American economy is under severe stress. These two conditions make the prospect for 1975 difficult.

The Contributor

The outpouring of money after the Yom Kippur War was obviously for the sake of the people of Israel. Even now, the major reason for large increases in contributions is because of the needs that must be met in Israel. Many contributors are insisting or assuming that all of their extra money, over and above their "normal" giving, is for Israel.

This poses a moral question for Federations as they allocate their funds to local agencies for 1974. How to maintain faith with contributors and how to maintain and build our communities is the dilemma which we face.

We must make some assumptions. One, which we fund-raisers consistently proclaim, and which we claim was proven during the Yom Kippur War, is that the potential of the American Jewish community to give has not been reached.

We must assume that it will be necessary for the American Jewish community to continue contributing funds through the United Jewish Appeal and investing in Israel through Israel Bonds. All of us, I believe, assume that we have a responsibility to maintain and build a vibrant, vital, creative American Jewish community.

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Sources Of Funds For Local Services

A note of caution before wading in to statistics. It is difficult to obtain funding statistics beyond 1972. This is particularly critical because the present high inflationary trend started more recently. The Bureau of Labor Statistics reported inflation at over 11 percent per annum at the end of March, 1974. This will have a substantial effect on local agencies.

The sources of support for local agencies include the United Way, Federations and Welfare Funds, donations, membership fees, fees for service, government funding, foundations and investments.

Federation funding may include funds derived from the annual campaigns and from endowment funds.

In 1970, 89.3 percent of local funds, including United Way money, allocated by 112 Federations and Welfare Funds, were distributed among five major fields of service. Jewish community centers, camps and youth services received 29.4%; Jewish family and children services received 22.7%; homes for the aged, 10.2%; Jewish education, 15.4% and health care, 11.6%.¹

The United Way

Receipts from United Ways provide approximately one-third of the funds provided through central communal sources for the support for local Jewish health and welfare agencies.

In 1969, Jewish agencies received a total of \$22.5 million from United Ways. In 1973, it rose to \$25 million, and increase of about 10%. At the same time, United Way Campaigns raised 19% more than 1969.

The increase in United Way allocations has not kept pace with rising costs.

¹ S. P. Goldberg, *Jewish Communal Services Programs and Finances*. New York: CJFWF, January, 1973, Seventeenth Edition.

Jewish Federations are providing an increasing proportion of the deficit financing of local health and welfare services.

Jewish agencies received 4.9% of the United Way funds that were raised in 1969. In 1973, they received 4.5%.²

There is fear, as well, that United Way may begin to reduce allocations to middle-class agencies in general and sectarian agencies in particular. This has happened in some places. There is evidence of United Way pressure on Jewish agencies in some communities to include non-Jews on Board membership, as well as among staff and clients.

Federations and Welfare Funds

In 17 large intermediate cities, Federations allocated 26.1% of their regular campaign receipts to local services in 1967. In 1971, the local share had risen to 32.2%. Over that five-year span, the dollar amount for local services had risen from \$3,032,435 to \$5,464,403. The Israel Emergency Fund in those cities realized \$18,920,901 in 1967. 1971 was the first time they reached and surpassed the 1967 total. The figure that year was \$20,396,933.

Over the years, the pie became much larger so that percentage decreases did not result in reductions in the amount of money to UJA. Overseas allocations including UJA Regular and Emergency Funds, rose steadily from \$7,455,388 to \$9,755,375.³

In 1975, the amount raised may decrease and fall back close to the 1973 level.

In 1972, the total amount raised by reporting Federations was \$356,437,222. In 1973, they raised \$378,

² Sophie Engel, *Trends in United Way Allocations to Jewish Agencies, 1969-1973*. New York: CJFWF Reports, May, 1973.

³ *Ibid.*

504,965, an increase of 6.17%.⁴ To many, 1973 appeared to be the peak year. A year ago, there were fears of a flattening out or reduction in funds which might be raised in 1974. The challenge for 1975 is to maintain and increase the results achieved as a consequence of the Yom Kippur war.

Analysis of Income by Fields of Service⁵

How much income do agencies get from various sources? Is there room for increases? Are there untapped resources which some communities have discovered which may be useful to others?

Are there opportunities which have been utilized by a particular field of service which may be open to others? Do our agencies serve more people?

Family Agencies

The 1972 CJFWF Yearbook of Jewish Social Service shows that active case loads for the agencies which submitted data, rose by 45% between 1960 and 1971. The number of people served rose by 40%.

71% of the total income of family agencies in 1971 came from Federations and United Ways.

24% of total income came from payments for service, which included payments from clients, private agencies and government.

The balance came from contributions, investments and other services.

Income from fees for counselling ranged from 1% to 25.6%.

⁴ *Basic Data for Campaign Planning-I*, CJFWF Report, April 1974.

⁵ The data in this section was abstracted from the following: *1972 Yearbook of Social Service*. New York: CJFWF, 1972, and L. Koppman, Ed., *JWB Year Book*, Vol. XXII, NJWB, New York, 1973.

Maximum fees varied from \$15 to \$30 per interview. 23% of families who received counselling paid fees.

Income from government sources varied from 4.4% to 45.1%.

Income from contributions varied from 0 to 24.8%.

The range of income from central sources was very broad, 0.2% to 89.3% from Federations and 5.5% to 86.8% from United Ways.

Hospitals

In 1971, there were 54 hospitals under Jewish auspices in the United States and Canada. 38 Jewish hospitals had total operating receipts of over \$591 million in 1971. 0.9% of their income came from Federations, 0.2% from United Way and 0.3% from combined Federation-United Way allocations. 42.5% of their income came from government sources, third party payments counted for 34.7% of income and patient fees accounted 12.1%. The remaining 4.9% came from other sources.

Income from government and third party payments went up between 1970 and 1971. Income from patients and from central communal resources fell slightly.

Homes for the Aged

In 1971, over 17,000 aged and infirmed persons received care in 68 homes for the aged. These constitute 80% of the Jewish homes for the aged in the United States and Canada.

The homes operated at an average utilization rate of 94% for the year. During the 1960's, institutional services for the Jewish elderly increased sharply.

Operating costs for homes of the aged increased by 120% between 1965 and 1971. By 1971, the daily per capita cost

was \$23.96. This trend has gone up sharply in the last 2½ years.

In 1971, the aggregate income reported by 61 homes was \$101.5 million of which \$64.7 million was government payments and \$26.5 million was from residents. Total funds provided by Jewish Federations and United Way amounted to \$4.9 million or slightly less than 5% of total income. Contributions, income from investments and other accounted for an additional 5%.

Between 1960 and 1971 there was a dramatic shift in the sources of financial support for homes for the aged. Government payments emerged as the single largest source of income. This meant that dependence on payments by residents dropped sharply and deficit financing from centrally raised funds also decreased.

Medicaid rates of reimbursement which accounted for 74% of all public funds in 1971 vary from state to state. While the proportionate share of financial support provided by the Federations and United Ways dropped from 10% to 5%, the contributions rose sharply in absolute dollars.

Jewish Community Centers

Increased program and services and inflation led to rises in center expenditures of 34% from 1971 to 1973.

All sources of funds made available larger sums of money to provide for the substantial increases in cost of operation. Income from internal sources, such as dues and activities fees declined from 63.9% in 1969 to 61.7% in 1972. Income from central communal resources was 36.1% in 1969 and 35.9% in 1972. An additional source of income in the form of government grants, provided for an increased proportion of money from external sources.

Membership in centers grew by less

than 3% a year between 1971 and 1973. Participation increased by a little over 5% in 1972. The Jewish community center has moved into community oriented projects as contrasted with programs directed to membership.

Excluding New York City, average income from United funds ranged from 7.9% in communities of 10,000 to 19,999 to 18.4% in communities of under 2,000 Jewish population. Federation income varied from 11.3% in communities of 5,000 to 9,999 Jews to 31.9% in the 50,000 and over category.

In 1972, family membership rates ranged from a low of \$25 to high of \$150.

Jewish Education

The other services mentioned are conducted as direct service by central communal agencies. In Jewish education, the service picture includes congregational schools which receive no communal support, congregational and inter-congregational schools which receive communal support, communal schools and Bureaus of Jewish Education. Bureaus include, as part of their activities, supportive and consultative services. Their clients are agencies rather than students.

The admission of Jewish day schools as Federation beneficiaries is a growing phenomenon.

Jewish Federations provided almost \$10 million annually for Jewish education in 1970. That was 12% more than in 1969. A gradual, steady increase in allocations to Jewish education has occurred each year.

Several emerging factors will have a significant effect on Jewish education. The current concern with Jewish identity will probably mean more willingness to invest in Jewish education programs. The decline in the absolute numbers of

elementary school age children may increase a beginning trend to the merger of congregational schools and their claim to Federation support. The increased cost of operating congregations may drive synagogues to ask Federation support for their schools. These factors will tend to push support of Jewish education upward.

The Options

Local services will continue to cost more, just to keep pace with inflation. The needs of Israel will continue at their current high rate if not a higher rate. We are concerned with the survival of Israel. We are concerned with the survival of agencies to serve our local and national Jewish communities. We are concerned with economics. What are the options which are available to us?

Freeze the levels of allocations to local services from central communal sources at current levels. This would mean that local agencies would either have to find other sources of additional funding or maintain staffs at current salaries and cut back on the commodities which they must use. It would allow every extra, i.e., post 1973 extra, dollar to be used in Israel.

Grant an inflationary increase to all agencies. This, theoretically, would enable agencies to compensate their staffs for inflation and to help maintain services at current levels. This would at least relieve some guilt about responsibility to local sources, and would allow "post-inflationary" extra dollars for Israel.

Raise enough money to meet the needs of local agencies and carry the community's proper share of the load for Israel. We will be \$225 million short in 1974. This sounds utopian. It would solve the dilemma but does not seem practical.

Encourage agencies to find as many

additional sources of funding as they can, continue to deficit finance in order to meet their legitimate stated needs based on tight budgets and do the best we can for Israel.

Utilize a unique opportunity to help increase the effectiveness of agencies and to maximize resources.

Alternate Funding Sources

United Way as a source of additional funding for local agencies does not look too promising. Our problem is to maintain current levels of United Way funding and try to have them meet inflation.

Membership fees and donations offer the possibility of additional money. Agencies which offer service such as Centers, Jewish schools, family agencies and homes for the aged may have much more elasticity in their fee structure than they believe. We are living in an inflationary time. People do understand that services cost more to provide. They may be reluctant to pay those additional costs for Jewish service agencies, but this is an excellent source of additional income. There is the risk, particularly for people who are less affluent, that there will be less discretionary funds available for Federation contributions. People may tend to lump their congregation dues, their Jewish agency payments and their Federation campaign contributions under the general heading of "Jewish" taxes. CJFWF research has conclusively shown that over 85% of the funds raised by Federations come from less than 10% of the donors. The risk of charging increased fees may be minimal and well worth taking.

Provision, of course, is necessary for those who require assistance. Agencies may have to become much more sensitive in administering sliding fee scales.

Government sources need more exploration. The nonsectarian requirements for most government funding can create serious problems for Jewish agencies. Agencies could find themselves changing their functions, their objectives or clients because of the regulations governing government subsidy. They run the risk of becoming agencies which no longer serve the Jewish community. It seems likely that we will have a National Health Plan in the next few years. It may shift even more of the burden of supporting homes for the aged and hospitals from the community to government.

Private charitable foundations deserve investigation as an increased source for funds. The Tax Reform Act of 1969 makes it mandatory for private foundations to contribute a fixed percentage of their income or assets to public charities. This is a source which should be aggressively pursued by agencies and by Federation on behalf of agencies.

Federation endowment funds are another source of funding during critical times. An often stated objective for endowment funds is to insure against economic catastrophe. The current burden of need in Israel can be equated with such a situation. Many Federations have embarked on the establishment of endowment funds. This is a move which should be supported by agencies as well as by Federations.

Reality

Reality demands that we confront our dilemma squarely. The need for funds for Israel is not a short term proposition. It is a long term need and we should face that fact.

The other truth is that our local and national Jewish communities will require stronger, rather than weaker services. Our challenge is to determine which services strengthen Jewish community.

The basis of Federated fundraising is

that a communal fund will provide almost all, if not all, the community support that is provided for the agencies which are joined in that enterprise. Aggressive fundraising by local agencies in order to develop supplemental support for their services can be destructive of central fundraising and community unity. I suggest the same would be true of separating fundraising for overseas and local services. Now, more than ever, we must muster total community resources for maximum community benefit. Am Yisroel includes all Jews, wherever they may be.

An Opportunity

We now have an opportunity which the Jewish community and its agencies should grasp.

Most Jews, including the leaders of local agencies, are deeply concerned with Israel and her survival.

Most leaders of agencies are deeply concerned with using money as wisely as possible in order to provide the best possible services to the community.

We have been fortunate in the last seven years, in particular, to have an ever expanding pie from which to provide funds for Israel and for our local agencies. Although the UJA never received as much money as it required, most of us reluctantly found acceptable the amount that it was allocated. We were worried about the amount of money spent locally but went along with the situation without too much trouble. Resources were limited but not by too much. We have now entered an era where the needs of Israel are so great that our challenge is to use limited resources as wisely as possible for the maximum benefit of the total Jewish community.

This demands the development of community priorities. Priorities cannot be developed until the community determines what it should try to accomplish for its people.

Several Federations have begun to wrestle with attempting to define, in a relatively objective, rational way, the objectives which should be met or the services that should be provided for their communities. After these are defined, community leaders can begin to rank order objectives and services and establish priorities.

Priority setting should be done cooperatively by the Federation with its agencies. Other segments of the community should also be involved.

The development of priorities tells us the order of importance of various programs.

Equally important is the development of rational, objective ways of assessing the effectiveness of services. Social workers, educators and other community service workers have protested that there is no way of measuring what they do. Where measurements have been suggested, they are all too often inadequate. They are restricted to elements such as the numbers of people served or the number of meetings held. A case count does not tell us the benefit that has been derived by the clients. School enrollment figures do not tell us how much history or how much Hebrew a Jewish child has learned.

It is vital for the Jewish community to know what results have been obtained for the expenditure of money and manpower.

Great strides have been made in the past several years in social and educational program evaluation. While we cannot quantify the results of our work,

we can begin to define far more precisely in qualitative terms what it is that we want to achieve.

Until we know what we want to achieve and until we learn how to measure how close we have come to that achievement, we have no idea whether we are coming any closer to our goal of Jewish survival in America.

We have a responsibility to use all of our money and all of our dedicated professionals and volunteers for the maximum benefit of our Jewish community. We always had that responsibility. It is even more imperative now when money has become such a precious commodity for the survival of the Jewish people.

Our money and our manpower are limited. We must use every available dollar more wisely than ever before.

We have a moral responsibility, as never before, to use our money for local services as effectively as we possibly can. We have always had a responsibility from a fiscal or economic point of view. We now have a more somber responsibility because the future of our people in Israel is literally at stake.

And finally, if we do reach the point where sheer survival of Israel demands that we freeze or reduce the amounts of money available to local agencies, don't we have an obligation to maintain and perhaps strengthen those services that have the most effect on the future of the American Jewish community. And how do we know what to choose until we develop a system of choosing?

This is our challenge. Now is our opportunity.