

FINANCIAL SUSTAINABILITY

A JDATA BENCHMARKING PROJECT

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One of the core purposes of JData is to promote the use of comparative data. When day schools put their numbers into a shared database like JData, they are able to see where they stand in the field and assess their own performance against that of other organizations. They can see what is possible and desirable. They may find things to celebrate and they may find areas for improvement.

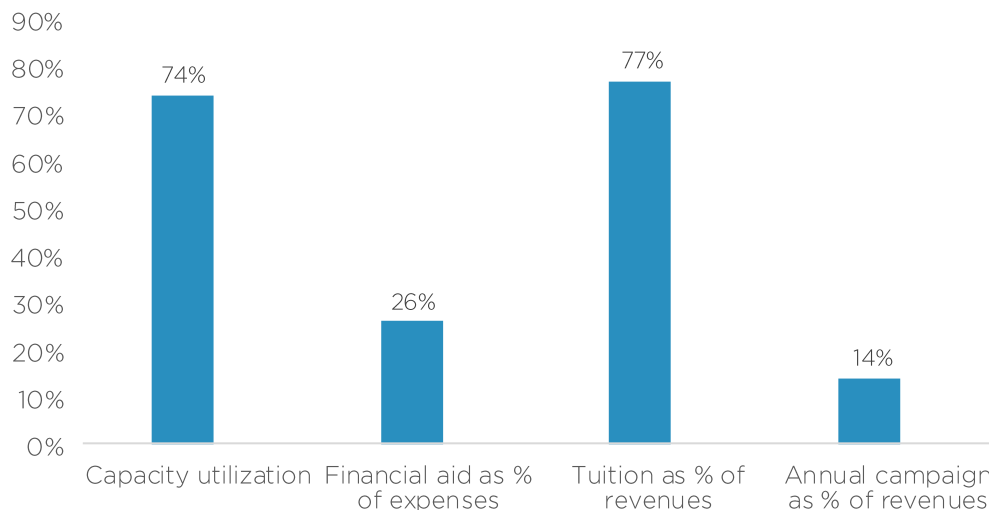
To this end, we undertook a financial sustainability benchmarking project in 2014–15. The project is based on 12 items that produce a set of key metrics. As of this week, 152 schools are included in the dataset. Some made their data available as part of their normal usage of JData; others entered data specifically to help build the benchmarking project. Together, these schools represent well the diversity of day schools in terms of denomination, location, and size.

If you are involved in a school, place your numbers next to the data below and see what insights and possibilities emerge.

BASIC METRICS

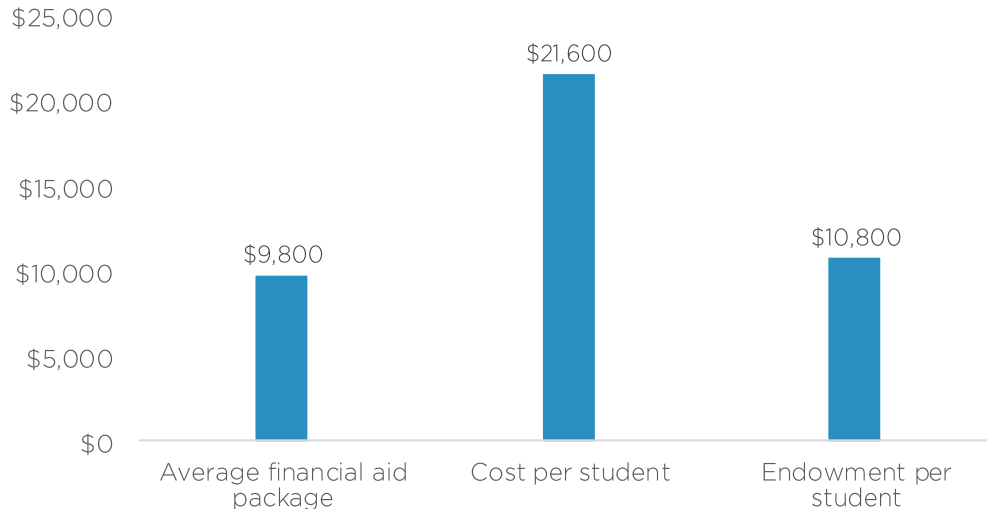
Figures 1 and 2 show the national figures for several basic sustainability metrics: capacity utilization, financial aid, tuition, annual fundraising, endowment fund, and cost per student. Each plays a role in the financial wellbeing of a school. If your school has provided the relevant information, the calculations for many of these metrics are available from its JData Profile Report.

Figure 1: Average Metrics (2014–15) for Benchmarking Schools



Capacity utilization n=150
 Financial aid as percent of expenses n=146
 Tuition as percent of revenues n=147
 Annual campaign as percent of revenues n=125

Figure 2: Average Dollar Amounts (2014–15) for Benchmarking Schools



Figures rounded to nearest \$100.
Average financial aid package n = 146
Cost per student n = 148
Endowment per student n = 93

ANNUAL CAMPAIGN

The annual campaign is the foundation for successful fundraising and the basis for the school’s other fundraising efforts. Proceeds from the annual campaign support the school’s current program and its growth and enhancement. Annual dollars help balance the budget by closing the perennial gap between expenses and revenues. Donors most often give to an annual fund because they believe in the mission of the organization. In theory, the more years they give, the more they attach to the school and become concerned with its success. A well-run annual campaign not only raises money but also builds relationships and community.

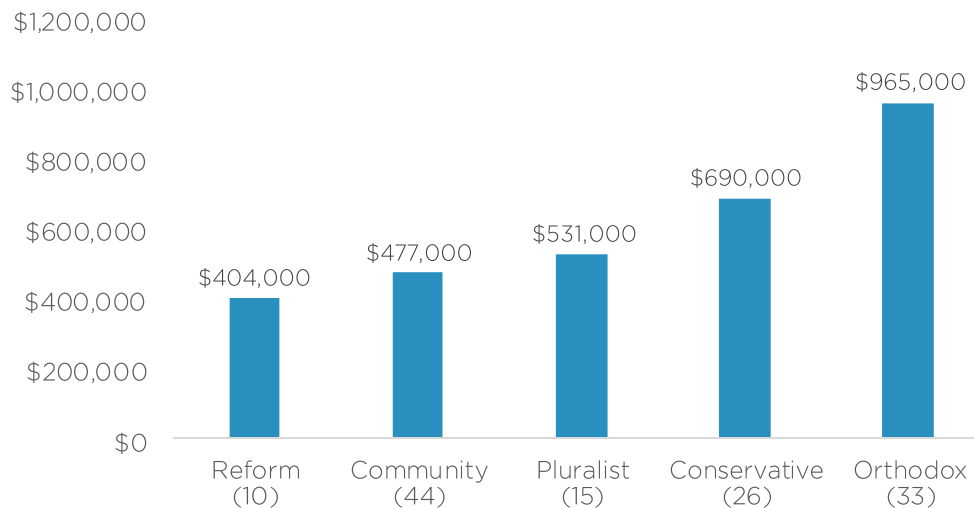
87% of the schools in the benchmarking project had an annual campaign in their previous fiscal year (132 schools).

On average they raised over **\$640,000**, for a total of almost **\$83M** across the 128 schools reporting dollars raised.

On average, the annual campaign represented **14%** of school revenues.

Most of our benchmarking measures show little variation by denomination. One exception is dollars raised in last year’s annual campaign (Figure 3).

Figure 3: Average Annual Campaign by Denomination (for last fiscal year)



Numbers rounded to the nearest \$1,000.
 Number in parentheses is the number of schools reporting data.

Orthodox schools are the least likely to have an annual campaign. 26% of the Orthodox schools in the benchmarking project did not have an annual campaign in the last fiscal year, as compared with 12% of the community schools or 4% of the Conservative schools, for example. However, the Orthodox schools that do have a campaign outperform schools identified with other approaches to Judaism.

Benchmarking. Calculating annual dollars raised per student allows schools to compare themselves to other day schools regardless of size. The average was approximately \$2,600 per student. The median was about \$2,000 per student. In other words, about half of the schools raised more than this amount and half raised less. You can use this number to determine if your school is in the upper or lower half of the scale.

For more detailed benchmarking, look at Table 1, which shows the amount that schools raised per student broken out into 10 equal-sized categories. Note where your school falls in the table. What percentile is it in? Consider what it would take to maintain your current enrollment and also bring your campaign into the next highest category.

Table 1: Annual Campaign per Student in 10 Categories (from lowest to highest)

Percentile	Campaign \$\$ per Student			Number of Schools
	From		To	
0-9	\$120	--	\$479	13
10-19	\$480	--	\$799	13
20-29	\$800	--	\$1,109	13
30-39	\$1,110	--	\$1,551	13
40-49	\$1,550	--	\$2,059	13
50-59	\$2,060	--	\$2,574	13
60-69	\$2,575	--	\$3,126	12
70-79	\$3,127	--	\$3,749	13
80-89	\$3,750	--	\$5,299	12
90-99	\$5,300	--	or greater	13

Note: Based on 128 reporting schools. Each category is about 10% of schools.

ENDOWMENT FUND

Endowment funds are permanent and therefore important to a day school’s long-term viability. Funds grow through new gifts, dividends, and appreciation. They are an opportunity for donors to make a major investment in the school and to demonstrate their desire for the school to continue into the future and to perpetuate its values. *Rule of thumb:* If a school is 10 years old and does not yet have an endowment fund, its top development priority should be the creation of the fund.

61% of the schools in the benchmarking project (93 schools) have endowment funds; the other 39% do not (59 schools).

Sum total, the 93 schools have over **\$360M** invested for the future.

Average is **\$10,800** per student.

Benchmarking. Endowment per student enables schools to benchmark against each other regardless of size. This metric is calculated by dividing the valuation of the fund by the total number of students in the school. Although the average is substantially higher, the median is about \$4,700 per student (i.e., about half the schools are above this number and half are below).

Find the line in the Table 2 that matches the value of your endowment fund per student. Note what percentile your school is in and consider whether you have opportunity to raise your standing.

Table 2: Endowment Fund per Student in 10 Categories (from lowest to highest)

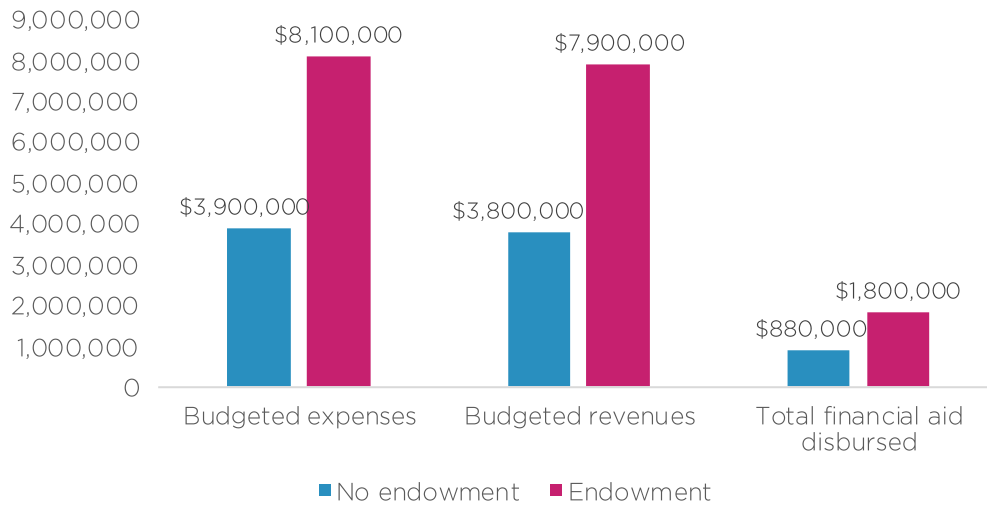
Percentile	Endowment \$\$ per Student			Number of Schools
	From		To	
0-9	\$10	--	\$599	9
10-19	\$600	--	\$1,399	9
20-29	\$1,400	--	\$2,199	10
30-39	\$2,200	--	\$3,949	9
40-49	\$3,950	--	\$4,699	9
50-59	\$4,700	--	\$7,399	10
60-69	\$7,400	--	\$9,999	9
70-79	\$10,000	--	\$14,999	9
80-89	\$15,000	--	\$25,999	10
90-99	\$26,000	--	or greater	9

Based on 93 schools with endowments. Each category is about 10% of schools.

Are schools with endowment funds different from other schools?

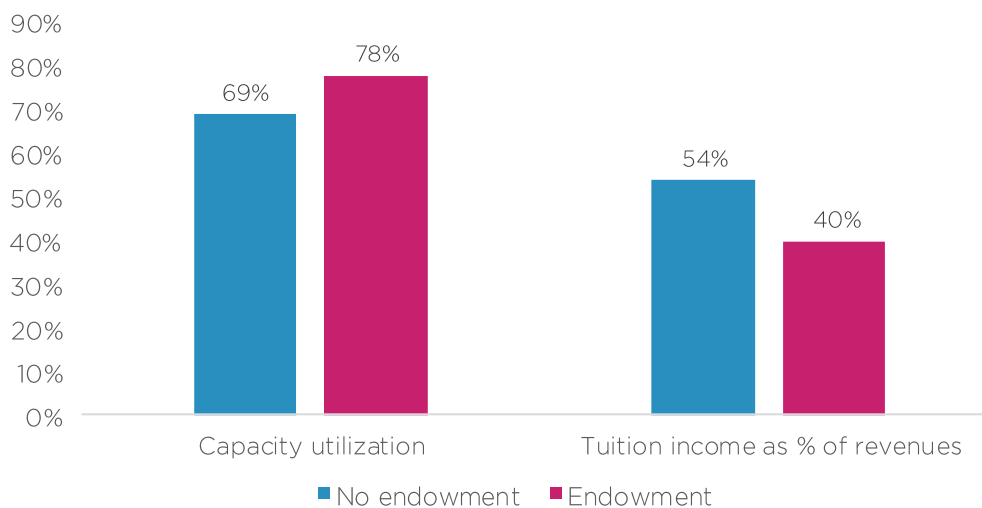
The answer is yes. Schools with endowment funds look significantly different from schools without such funds. They tend to have more students (an average of 355 students versus 192 students in schools without a fund). Moreover, they operate at a higher level of capacity utilization. They have significantly larger budgets with expenses and revenues at least twice as great, on average, as those of schools without endowments. They also award over twice as much in financial aid. On average, tuition represents a smaller percentage of their total revenues, as they are not as heavily reliant on tuition income. (See Figures 4 and 5.)

Figure 4: Average Financials by Endowment (No/Yes)



Data on expenses and financial aid are from 57 schools without an endowment fund and 91 with one.
Data on revenues come from 56 schools without an endowment fund and 92 with one.

Figure 5: Average Metrics by Endowment (No/Yes)



Data on capacity utilization come from 59 schools without an endowment fund and 91 with one.
Data on tuition income come from 56 schools without an endowment and 91 with one.

Note that cost per student does not differ significantly for schools with endowments versus those without. Nor does the average financial aid award per recipient or the calculation of financial aid as a percent of expenses (Table 3).

Table 3: Average Cost per Student and Financial Aid by Endowment (No/Yes)

	No Endowment	Endowment
Cost per student	\$20,300	\$22,500
Financial aid per recipient	\$9,400	\$10,000
Financial aid as percent of expenses	29%	24%

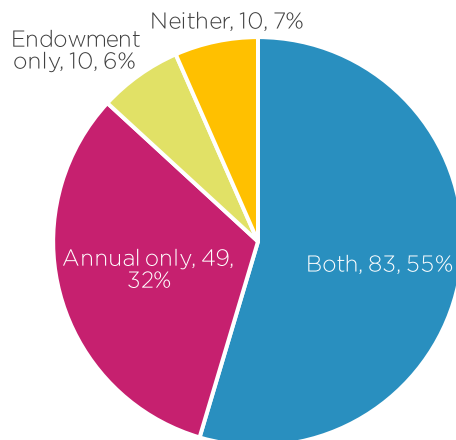
Figures rounded to nearest \$100. Differences are not statistically significant. Cost per students is based on 57 schools with no endowment and 91 schools with one. Financial aid per recipient is based on 55 schools with no endowment and 91 schools with one. Financial aid as percent of expenses is based on 56 school with no endowment and 90 with one.

TOTAL DEVELOPMENT PLAN

Day schools, like other nonprofit organizations, should have a disciplined development program that integrates fundraising for the annual campaign, endowment fund, and other needs.

55% of the benchmarking schools had both an annual campaign in the prior year and an established endowment fund (Figure 6).

Figure 6: Benchmarking Schools with Endowment Fund and/or Annual Campaign



FUTURE OF THE BENCHMARKING PROJECT

There is much to be learned from the inaugural year of the JData Sustainability Benchmarking Project. Even more will be possible in the coming year.

We intend to grow the number of schools in the sample in 2015–16 so that the base of comparison will be even stronger. If your school wants to help build this resource, please contact us at info@jdata.com. We will provide you with instructions for entering your benchmarking data.

This year we will again gather information from the 152 schools in the project, as well as other schools that join in. With information from both 2014–15 and 2015–16, participants will be able to benchmark their rates of change against other schools. These include, among others:

1. Percent change in enrollment
2. Percent change in capacity utilization
3. Percent change in cost per student
4. Percent growth in endowment fund
5. Percent change in annual fundraising

ABOUT THE FINANCIAL BENCHMARKING PROJECT

How many questions are in the benchmarking project?

There are 12 questions that schools need to answer:

Students	Budget	Fundraising
1. Total enrollment (current and prior year)	3. Total expenses	9. Annual campaign last FY (Y/N)
2. Capacity	4. Total revenues	10. Annual campaign \$ raised
	5. Total tuition collected	11. Endowment fund (Y/N)
	6. Financial aid awarded	12. Endowment fund value (prior year)
	7. Financial aid recipients	
	8. Cash reserves	

With these 12 items, we are able to calculate a set of metrics related to the long-term sustainability of a day school. By way of example, here are the definitions for four of the metrics used in this report:

- Capacity utilization. High capacity utilization is an efficient use of a school's key asset, its property. When capacity utilization drops, fixed overhead costs may remain the same while tuition income declines.

To calculate: Divide your school's total enrollment by its total program capacity (the number of students the school could have served that year given space and staff).

- Financial aid as a percent of expenses. Some schools consider financial aid a reduction of revenue; others consider it an expense line in their budgets. In either case, understanding financial aid as a percentage of total expenses enables schools to benchmark the cost of their financial aid.

To calculate: Divide the total financial aid dollars awarded by total budgeted operating expenses.

- Tuition as a percent of revenue. Schools whose predominant source of income is tuition often face difficult challenges in setting tuition and in allocating funds for financial aid. Schools with multiple sources of income (including the annual campaign and income from endowment) have a more stable financial base.

To calculate: Divide total income received from tuition and fees by total budgeted revenues.

- Annual campaign as percent of revenue (total raised in most recent annual campaign / total revenue). The annual campaign is an essential way for schools to diversify their revenue streams and to get monies beyond tuition for important current-use.

To calculate: Divide total amount raised in the school's most recent annual campaign by total revenues in that year.

How good is the benchmarking sample?

It's very good. The 152 schools currently in the project represent well the variety in the field in terms of denomination, location, and size (Table 4). We are encouraging more schools to join in 2015–16 in order to strengthen the base for comparison even further.

Table 4: Benchmarking Sample by Denomination, Region and Size

Denomination	Benchmarking Sample		Continental
	Number	Percent	Percent
Community	50	34%	11%
Orthodox	47	29%	80%
Conservative	28	19%	4%
Pluralist (trans- or non-denominational)	16	11%	3%
Reform	11	7%	1%
Region			
Northeast	45	30%	60%
West	38	25%	11%
South	33	22%	13%
Midwest	24	16%	9%
Canada	12	8%	6%
Enrollment (n = 152)			
	Number	Percent	
less than 100	40	26%	
100-199	34	22%	
200-299	23	15%	
300-399	19	13%	
400-499	14	9%	
500-999	17	11%	
1,000 or more	5	3%	

Continental information on denomination comes from 852 schools in JData.
Information on region comes from 959 schools in JData.