

FUNDING JEWISH EDUCATION IN OUR COMMUNITY

The Rabbonim of our wonderful community have called us together this evening so that we, as a *Kehila*, can find encouragement and direction during these difficult economic times. The purpose of this handout is to offer some insight into the finances of our schools, our local *mosdos chinuch*, in order to better appreciate the challenges our schools face and the critical importance of each and every community member's participation in supporting our schools.

Questions regarding specific revenue sources or expenses of a particular school should be directed to the administrators of that school. The following information is meant to give you a flavor of the enormous burdens under which our schools operate.

The following information is with respect to three of our community's long established schools, Bais Yaakov, Yeshivas Chofetz Chaim/Talmudical Academy, and Yeshivas Kochav Yitzchok/Torah Institute, which collectively educate 2,730 children. While there are nine schools which generally serve our community's children, the following information is very indicative of the financial information of all of our schools.

As can be expected with rising costs over the past years and increased overall enrollment in our schools, school budgets have increased year after year. For the last completed fiscal year (which ended July 31, 2008), the collective budgets of the three schools was \$21,223,862. Tuition collected by the schools for the year was \$13,808,173, making the budget shortfall \$7,415,689.

Since our schools' tuition rates basically cover the cost of education, if our schools would collect full tuition for each student, the schools would cover their budgets. In reality, the schools do not collect full tuition from all students, and the shortfall is the amount that is granted in scholarships each year. In real numbers, the three schools had to raise over \$7.4 million last year just to cover the costs of teaching Torah and secular studies to our community's children and keep the schools running. These figures grow exponentially when the other six schools' figures are added to the mix.

Each of us has household expenses. To give you an idea of the "household expenses" of our schools, the three schools paid \$1,169,800 last year in "mortgage" payments (principal and interest), while utilities and maintenance cost a collective \$862,000. Again, these figures are just a fraction of the total expense for these items when the expenses of the other six schools are included.

Of course, our schools' single largest expense is payroll. These three schools currently employ almost 600 individuals; that's what it takes to run schools and provide a quality Torah *chinuch* for 2,730 students and that is how many individuals (and families) rely on our schools for their income. Unfortunately, while our schools are not able to pay our community's dedicated *rebbeim, moros* and teachers at a level which reflects their true worth, the annual payroll for the three schools is almost \$13.8 million.

Each school is required to undergo an annual audit of its financial statements and prepare audited financial statements certified by outside independent auditors. As a result, we, as a community, can be confident that our schools properly record their financial transactions. Our schools are always on the lookout for cost savings and improving financial controls. Over the years, each school has had administrative and financial reviews performed by both outside professionals and by internal review committees to check on efficiencies and to see if there is any "fluff" which can be cut. The various administrative offices of our schools are constantly vigilant for ways to trim costs and save money, and have implemented cost saving measures and procedures whenever possible. Other than a lack of pride in how much our schools pay our underpaid staff, our community should be rightfully proud that those reviews did not uncover any material control weaknesses or reveal other than minor potential savings.

For your reading convenience, the following chart summarizes the financial information discussed above. **Again, please bear in mind that these figures represent only three of our community's nine schools, and the numbers would be enormously higher with all the schools' information included. The purpose of this handout is merely to give you an idea of the magnitude of the challenges facing the handful of individuals who have undertaken to administer our schools for the benefit of our entire community.**

Bais Yaakov/TA/TIB Budgets Fiscal Year Ended 7/31/08	
Budget	\$21,223,862
Tuition Collected	\$13,808,173
Fundraising/Scholarships	\$7,415,689
Tuition as a % of Budget	65%
Payroll	\$13,800,000
Mortgage	\$1,169,800
Maintenance	\$862,000
Employees	600
Students	2,730

While the burden on our schools' fundraisers is enormous, the tuition burden on our community's families can be staggering. Even before the current economic downturn, the struggle for families to pay even a reduced tuition increased each year. Now, as jobs are lost, *Hashem yerachem*, and corporate payrolls are cut, the tuition burden on many families is becoming unbearable.

With tremendous *Siyata D'Shmaya*, our schools and families have managed to cover the school budgets each of the past several years despite increasing donor challenges, and we pray that *HKB"V* will continue to assist our *mosdos* in meeting our community's needs. But it gets harder and harder to do so each year.

That, in a nutshell, is a snapshot/sample of our community's school finances. As you may have read in the national Jewish media, these issues are not unique to Baltimore. The cost of proper Torah *chinuch* and the difficulties in paying for it is a problem in all major Torah communities in the U.S.

The help our schools have received for many years from The Associated: Jewish Community Federation of Baltimore is greatly appreciated, and the additional funding we started receiving last year from the "Day School Scholarship Initiative" created by the Associated and The Harry and Jeanette Weinberg Foundation is a big help. We are extremely grateful for the magnanimous generosity of these two organizations, amounting to an amazing \$5.2 million per year for all Jewish day schools in Baltimore. But each of our schools' portion of those funds is only a small part of the money needed to cover the cost of teaching our community's children.

Tonight's gathering is a milestone effort by our Rabbonim and a number of concerned community members to formulate ideas which will help with the cost of *chinuch* in our community. Baltimore has become one of the most desirable communities in the U.S. for Torah families largely due to our wonderful schools. Whether a family had, currently has, or never had children in our community's *mosdos chinuch*, we are all partners in a "business" – the Torah *chinuch* of **our** community's children. Our business will see the most success when we all do as much as we can to help it grow.

Best wishes for a very wonderful Yom Tov. Thank you.



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and benefit our Yeshivos simultaneously**

Purchase scrip (vouchers) in the amount of your choice to
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(approximately 20%) will benefit our local schools.

Scrip is available in the following amounts:

\$1.25, \$3.00, \$5.00, \$10.00, \$18.00 and \$25.00

ADVANTAGES OF USING AGUDAH SCRIP:

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**THE VAAD HARABONIM OF BALTIMORE HAS ENDORSED THIS PROGRAM
AND ENCOURAGES COMMUNITY PARTICIPATION**

