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The Impact of the Economic Crisis on North American Jewish Federations: **A Big Picture View**

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The Economic Crisis as an Opportunity for Renewal
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Five Perspectives on the Economic Crisis

1. The general philanthropic climate in North America.
2. The impact on federation fundraising
3. Steps being taken by federations to mitigate the crisis
4. How developments in North America are impacting Israel
5. Weathering the storm: What can Israeli organizations do in light of the situation?



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The General Philanthropic Climate in North America

1. Overall charitable giving by Americans in 2008 declined by only 2% compared with 2007 (Giving USA, 6/2009)
2. Despite the decline, total giving only dropped to 2005 levels
3. Most endowments have lost 30%-35% of their value since October 2007
4. U.S Foundations lost an average of 26% in 2008



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The Short Term Future Will Remain Challenging

1. Best indicator of giving is not GDP or the stock market, it is unemployment
2. Most corporate foundations will give less in 2009
3. Many private foundation will give less:
A Council on Foundations survey found that 62% of foundations planning to reduce grant making in 2009

Some Good News



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- ✓ Foundation giving specifically targeted to benefit women and girls is climbing
- ✓ Some foundations are spending at a rate above 5%, taking the view that now is the time to use strategic reserves
- ✓ Historically, giving bounces back as people regain confidence in the economy



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The Impact of the Crisis on Federation Fundraising

1. Together, the 157 federations and close to 400 smaller Jewish communities are the second largest American charity network.
2. Many communities are developing new innovative strategies to reach out to donors.
3. This year's campaigns are running somewhat behind last year's
4. **Flat is the new UP!**



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The Funding Crisis from an Historical Federation Perspective

1. Historically, the federation system has suffered less than many other non-profits during tough economic times
2. Although many fundraising sectors have declined, others have increased including donations to religious institutions
3. Many major donors who can still give are giving more



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What About the Rest of the Jewish Landscape?

1. Some national Jewish organizations face unique financial challenges
2. The economic crisis has impacted the donor psyche
3. Domestic concerns are taking precedence over international needs



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What Are Federations Doing to Mitigate the Crisis?

1. For federations as for other North American non-profits, the crisis is two-fold: falling income and increasing demand for services
2. Federations are leading the effort to maintain vital services despite these challenges
3. UJC is supporting these federation efforts and facilitating sharing of information, best practices and ideas



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Examples of Concrete Steps Being Taken by Federations

The Jewish Federation of Cincinnati is taking a “community wide” approach. Federation and Synagogues are jointly working on:

- ✓ Financial aid
- ✓ Job searches
- ✓ Scholarships for day schools, camps and synagogue membership
- ✓ Emergency financial assistance for food pantries.



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Examples of Concrete Steps Being Taken by Federations

The Jewish Federation of Metropolitan Detroit is saving homes from bank foreclosures partnering with:

- ✓ Jewish Family Service and the Hebrew Free Loan
- ✓ They established a new housing authority
- ✓ Bought homes at risk and are renting them back to their owners.



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Examples of Concrete Steps Being Taken by Federations

The UJA Federation of New York is creating “One Stop Shopping” to help the local Jewish community:

- ✓ Partnering with Hebrew Free Loan, Jewish Family Service, Jewish Vocational Services and local synagogues
- ✓ Bringing a broad range of services into the community.



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Examples of Concrete Steps Being Taken by Federations

- ✓ The Jewish Community Federation of San Francisco is spending \$7M in unrestricted endowment funds now
- ✓ The Boston and Toronto Federations are reassessing how much infrastructure is needed to support Jewish education



More Good News



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- ✓ Communities are aggressively innovating to do less with more
- ✓ They are creatively reaching out to new donors and challenging current donors to dig deeper
- ✓ They are proving once again the vital importance of federations by meeting local needs effectively



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How Will These Developments Impact Israeli NGOs?

1. Many federations are cutting grants to Israeli organizations as much or more than they are cutting locally
2. Many foundations will reduce their grant making in Israel significantly
3. Some will not welcome applications from new organizations



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How Will This Affect Your Operations?

1. Smaller budgets – staff cuts, program cuts
2. Mergers between organizations?
3. Challenges leveraging other funds
4. Going below the red line – can you stay in business?
5. How do you raise money if you can't afford a fund raiser?
6. **Some will be tempted to cut corners**



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What Can You Do to Stand Apart from the Crowd?

- ✓ Focus on your core mission
- ✓ Meet real needs – programs must be relevant
- ✓ Strive for excellence – quality really matters
- ✓ Be responsive!!!
- ✓ Build partnerships
- ✓ Diversify your funding strategy



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Financial Risk Management – A Few Suggestions

- ✓ Make the painful cuts in time to survive
- ✓ Think about multi-year grants
- ✓ Fight for available public funds
- ✓ Look beyond North America – is there EU funding available, for example?
- ✓ Be creative – review how you package your program so it fits into more funding categories
- ✓ Try to identify local funders – this is a winner with North Americans!!!



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“You never want a serious crisis to go to waste” – Rham Emanuel

This crisis provides the opportunity for us to do the things that you could not do before – 21/11/2008



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Thank you!