

## Opinion

## Some Federations Rebounding From The Great Recession

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*Special To The Jewish Week*

Here's some good news as we enter 2016. The latest update of the "The Jewish GDP (Gross Domestic Product)" study shows that Jewish federations in the U.S. have finally begun to recover from the Great Recession that began in 2008. The new study reports that federations' total revenues significantly increased since the last published study, one year ago, but that some federations are doing far better than others.



**The Jewish GDP Project: Beyond the Dollars**

The Jewish GDP analysis, a project of The Jewish Week, provides an opportunity to better understand the post-recession period and foster informed discussion on the Jewish community's future finances and performance. It touched on such issues as transparency, efficiency and accountability.

The study analyzed financial data from the years 2007 and 2013/2014 (the latest data available), from Jewish nonprofit organizations, using the GuideStar database of public financial disclosure forms that nonprofits are legally required to file to the Internal Revenue Service. The total revenue that all those Jewish organizations collected is "The Jewish GDP."

The project aims to track the financial health of the Jewish non-profit sector over time (see "Non-profits Still Seen Struggling Long After Recession," Jan. 2, 2015.)

Federation revenues from 2012 to 2014 tracked gains in the stock market during that time, though the gains were not as strong as the market.

The stock market strongly appreciated (by more than 40 percent) since our prior Jewish GDP study, and significant resources flowed back to the federation system (more than 27 percent). The federations have now recovered on an aggregate basis since the stock market fallout in 2008 and subsequent recession, increasing by 3 percent. This is welcome

news since the prior study reported the Jewish federations had not yet experienced a full recovery, having fallen by 19 percent.

However, the new study finds that income inequality exists among the various federations, as improved revenue results are not uniform and disparity prevails between locations; the complete rebound only occurred for roughly a third of the federations. The other two-thirds are still below the 2007 level and have endured net revenue losses in the post-recession period.

Another Jewish GDP highlight is the impressive success of the Combined Jewish Federations of Greater Boston. It increased total revenues over 1.5 times (161 percent) since 2007, while other local federations struggled to recover or remain below their 2007 level. How to explain the Boston federation's success?

Jeffrey Solomon, president of the Andrea and Charles Bronfman Philanthropies, notes: "Boston's federation made the strategic choice to partner with Jewish families in their pursuit of doing good, most especially when these projects aligned with the fed-

eration's priorities. They abandoned the historical concept of the primacy of the annual campaign. As a result, they have been outpacing all other large communities, including in the growth of their annual campaign."

(A future report in this series will focus in more specific detail on the Boston strategies in comparison to other federations.)

As for takeaways for 2016 and beyond, the latest Jewish GDP study benefited from an extremely favorable fundraising and endowment environment (2013-14) in which the stock market soared. This atypical bull market is unlikely to continue. For the year just ended, the 2015 S&P Index closed with a slight annual gain, and 2016 is forecasted for single-digit increases at best. Jewish organizations will need to apply lessons from the last downturn in 2008 and 2009 to manage their way through the next upcoming cycle.

Finally, recurring questions remain, including "How are we doing?" and "How can we do better?" These questions are at the heart of a data-driven, performance-based culture, one that is only beginning to permeate Jewish life. Performance metrics are fundamental to making better decisions, leading to a stronger community in the future. Unfortunately, such metrics are lacking in areas as diverse as social service, Jewish education, philanthropy, Israel engagement and community relations.

For 2016, the Jewish GDP Project will facilitate discussions for this critical community issue by launching the initiative with a Jan. 12 event: "Measurement & Metrics: The Future of Philanthropy." The luncheon will be co-sponsored with the Jewish Funders Network and will showcase innovative approaches in nonprofit evaluation by the Robin Hood Foundation and UJA-Federation of New York. (See box for details.) ■

### 'Measurement & Metrics,' Jan. 12 At Robin Hood

The Robin Hood Foundation will host a program, "Measurements & Metrics: The Future of Philanthropy," at noon on Jan. 12, featuring Judith Samuels, managing director for impact and performance assessment at UJA-Federation of New York, in conversation with Michael Weinstein, chief program officer of the Robin Hood Foundation.

Jewish Week editor Gary Rosenblatt will moderate the discussion, which will explore innovative approaches to evaluating nonprofit performance. Mark Pearlman, who is sponsoring the event as part of The Jewish Week's Jewish GDP project, believes it should be particularly helpful for donors.

For details, visit [jfunders.com](http://jfunders.com).

**"The Jewish GDP Project: Beyond the Dollars"** is a project of The Jewish Week Investigative Journalism Fund. The reports are based on research by business strategist Mark Pearlman and Yale University management professor Edieal Pinker. Ariel Mintz provided research analysis.