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In our changing financial and cultural climate, a number of Reform congregations are experimenting with a "free will" system whereby members can pledge an annual contribution of their own volition. What can we learn from this radical rethinking of dues?

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n recent years, an increasing number of congregations are rejecting the old model of congregants paying fixed dues and introducing new systems that include voluntary dues. What has triggered this rethinking?

There have been a number of contributing factors.

The first factor is the recession. Since it began in late 2007, Americans have less discretionary income. Consequently some congregants have been unable to pay their dues and left their synagogue, leading to a drop-off in membership and revenue. To retain members for whom dues represent a hardship and to attract young families for whom a large upfront dues payment is a barrier to entry, many temple leaders are rethinking the entire dues structure.

Historically, this is not a new situation. The financial health of U.S. synagogues has always roughly mirrored the financial health of America. Synagogues saw their most successful expansion and renewal in the roaring 1920s, the suburbanizing 1950s, and the booming 1990s—all periods of substantial economic growth. Conversely, the Depression era saw not only massive economic dislocation but a "spiritual depression," a marked drop-off in religious participation and religious apathy in both Christian and Jewish communities.

A second factor in rethinking the fixed dues system is the perception that it is now out of step with contemporary Jewish culture and values. Over the years, congregations have used differ-



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ent revenue-generating systems that made sense for their times. Since the 14th century, a major way most synagogues worldwide raised money was by selling or auctioning off Torah honors. When Jews first came to America in the 17th century, they continued this tradition and found other ways of raising funds, including imposing fines on board members who were absent, late, or disruptive at meetings. The first Reform synagogue in America, Kahal Kadosh Beth Elohim in Charleston, South Carolina, founded in 1749, abolished the practice of holding mid-service auctions in part because of fears that if Christians saw Jews holding an auction in the middle of services, it would reinforce the perception of Jewish avarice. In time other Reform congregations followed suit.

Throughout much of the 19th century, most synagogues funded themselves by selling yearly seat licenses—a system which imitated the American Protestant church practice of selling or renting pews. Members would buy a seat (or seats) in perpetuity and pay a yearly assessment on the seat(s) they owned—similar to today's buying of season tickets to a pro-football team.

But by the early 20th century, selling seats went out of favor. In 1920, the president of Adath Israel, Louisville's leading Reform synagogue, spoke for many synagogue presidents when he said that at a time of a growing democratic ethos in the country, allowing the wealthy to buy better seats than those who were less well off discouraged everyone from using this system. Instead, a dues system where everyone paid the same was deemed fairer and more in keeping with changing American mores.

Membership dues have remained the synagogue's primary revenue source for roughly the past 100 years. However, this system which once seemed fair and egalitarian is beginning to fall out of favor. Writing a check to a synagogue for dues can feel like paying the price of

belonging to an exclusive country club, rather than to a sacred community. As Jewish leaders increasingly speak of opening the doors as wide as possible, there is a recognition that the dues system is doing the opposite—narrowing who feels welcome. When congregants experiencing financial hardship are asked to explain their finances to the temple's executive director or a committee in order to attain dues abatement, they feel judged, and many walk away and/or look for alternatives to the synagogue.

Hyper-competition for the Jewish dollar is another contributing factor to congregations' rethinking of dues. Whereas in the past synagogues were basically the sole providers of Jewish education and lifecycle events, nowadays in most areas with a sizeable Jewish community there are independent Hebrew schools to send your kids to; independent rabbis to perform bar/ bat mitzvahs, weddings, and funerals; Chabad houses where one can experience Shabbat; and a vast variety of free resources on the Internet for Jewish learning. In this environment, some synagogues recognize that it puts them at a competitive disadvantage to be saddled with a funding mechanism that appears so uninviting and out of touch with the contemporary zeitgeist.

tephen Wise Free Synagogue (SWFS) in New York City chose the reverse path. When Rabbi Stephen S. Wise founded the synagogue, it was free of dues, but the congregation later instated them. What lessons can we draw from this reversal?

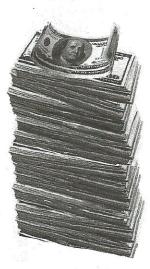
When Rabbi Stephen Wise founded the "Free Synagogue" in 1907, the word "free" had three meanings: the rabbi would have freedom of pulpit (not the norm at that time), the seats would be freely available to all members rather than owned, and the synagogue would be free of dues. As Wise wrote in his autobiography: "Both [dues and owning seats] introduced into what should have been the democratic fellowship of religious communion all the unlovely differentiation of the outer-world." He believed that only a voluntary giving system would promote the free exchange of ideas he saw as the synagogue's highest ideal.

In practice, Wise's ideal was hard to achieve. During his tenure, Wise's prominence as a rabbi and national Jewish leader enabled him to call upon a few significant philanthropists to successfully sustain the community, and one of its most impressive accomplishments was the creation of an entire department of social services

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within the synagogue to provide resources and counseling for members and non-members in need. But once Wise retired, the leadership was unable to keep the congregation afloat without assessing dues. His vision of a synagogue free from dues was officially abandoned in 1984, and for the past 30 years SWFS has functioned as most other synagogues have with regard to dues.

There are instructive lessons here. Wise was correct in his belief that cultivating voluntary gifts reinforces the value of community. The fact that the SWFS system was not sustained does not mean it is unworkable; I know of a dozen synagogues in America right now that would say otherwise. It does, however, caution synagogue leaders not to rely on a few philanthropists to make the budget; in the long run congregations need to build a broad base of financial support.

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oes the Torah prescribe a particular way of financially supporting a synagogue?

The Torah, Talmud, and other sacred writings do not specify a single model that must be followed, allowing congregations to implement systems that work best from a practical point of view. The Bible does offer different models of raising funds. One is tithing. In Genesis 28 Jacob promises God a tenth of all he possesses if he is returned in safety to his father's home, and in Numbers 18 the Israelites are told it is incumbent upon them to each give a portion of their produce to the Levites. Another model is giving freely from the heart. In Exodus 25, Moses stirringly calls upon everyone whose heart moves them to give a gift toward the building of the Mishkan, the holy Tabernacle-which has inspired what some congregations today describe as a "free will" giving model (there is of yet no single term to define this voluntary payment system).

ow have today's congregations gone about transforming from dues to a "free will" system?

Over the past few years, a small number of URJ synagogues have done something which is quite simple but radical. They have asked their members for money in the form of donations, but have done away with congregational oversight of those donations, eliminating abatement committees and/or other follow-up procedures to secure payment when funds are not forthcoming. Leaders furnish guidelines for pledging, typically dividing their total budget by the number of member

families, and asking every member to contribute their "sustaining amount." They reiterate, however, that this is not a dues number, and members are free to pay as they wish; no questions will be asked of them and they will not need to speak to anyone about how much they desire to contribute.

hile this system sounds appealing, financially it seems like a risky proposition. If no one is being held financially accountable, won't many members undercontribute, leading to a deficit?

I can understand this fear given the amount of time congregations now spend trying to get people to pay their dues, but the facts show that every URJ synagogue that has moved to this model in the past five years has experienced either modest growth or stayed even-a very impressive statistic given the trend of decreasing congregational revenue nationwide.

In short, when given the chance to value the synagogue on their own terms, most members come through. And while these synagogues do rely upon some members to pay above the sustaining amount, none of the synagogues say that this is any different than under the previous structure, where some members contributed philanthropic dollars beyond dues.

hy do you believe this model has been so successful and advantageous for synagogues? Free will transforms congregants' relationships with their synagogues, nurturing a community culture grounded in transparency and trust.

Scott Roseman, vice president of the Board and Leadership Development for 500+ family Temple Beth El (TBE) in Aptos, California, points to the good will and trust TBE engendered after enacting the free will system as a key factor in revitalizing the congregation in the midst of an economic downturn three years ago when TBE was losing members and revenue and leaders had to cut back staff and programming. Changing to a free will system reversed the downward slide, as both membership numbers and revenues increased, in part, Roseman believes, because "We removed the whole paternalistic system of dues forgiveness where people had to justify why they paid what they paid. Now, our system honors everyone for whatever s/he is able to pay, everybody is on the same 'honor' system, and most people

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choose to be 'honorable.' This is much more compatible with the kind of Judaism that our members-including myself-want to part of."

Similarly, free will leaves members feeling better about money in the synagogue context. When congregants are experiencing the squeeze of competing economic priorities, a fixed dues system with financial oversight might cause them to leave the community; with this system, they are more likely to stay and pay what is comfortable for them.

Rabbi Debra Hachen of 150-member Temple Beth El in Jersey City, New Jersey believes that this way of encouraging folks to stay is one reason their synagogue has seen membership and revenue growth since instituting the free will system two years ago. "This system makes it harder for current members to quit," she says. "After the bar/bat mitzvah years, some members consider leaving the synagogue. In the past, when they got their dues bill, they often didn't renew their membership. Now they stay." She points out that some of the congregation's membership growth might have happened naturally because the temple is situated in an urban area that's become increasingly popular with 20s and 30s, but "having this very low barrier to entry has made it even easier for them to join."

Cheryl Chaben Friedman, executive director of 325-family Temple Kol Ami in West Bloomfield, Michigan says the free will system—in place only for one year—has already exceeded expectations. "When Detroit took a hit," she says, "a lot of families faced the decision to resign their membership or face an uncomfortable phone conversation about abatement. Moving to this system changed the tone and dynamic. Now, people feel good about what they can do as opposed to feeling badly about

what they cannot do."

When Congregation Sukkat Shalom in Wilmette, Illinois was founded in the mid-1990s, free will was part of the founding vision. "We wanted to rely on people's integrity," says executive director Judy Buckman, "because we believe people have integrity. Tzedakah is the fabric of our community-for example, displaced and homeless individuals live in the synagogue for a week at a time—and our financial system is part of that culture. Potential members and congregants feel good about belonging to a shul with this philosophy. It's especially comfortable for the non-Jewish spouses in the congregation who are not used to a dues system; our system makes sense to them."

Temple B'rith Achim, King of Prussia, Penn-

sylvania moved to the free will system about four years ago, "in part because we had some folks who had grown up in churches and they found it strange that you would get an invoice from a religious community," Rabbi Eric Lazar says. "We all started thinking about this. And then free will made sense to us, because it is specifically based upon the story in the Torah where God asks the Israelites: In building the *mishkan*, the holy space, give as your hearts move you. In our community we've now created our own *mishkan*. In order to be a member, you submit both a gift of the hand and gift of the heart—which enables us to value everyone for the gifts they can bring."

re there other economic benefits to the free will system?

Yes. In addition to stabilizing or increasing synagogues revenues, this system can facilitate financial management. When congregants set their own donation level without any sense of coercion, they almost always pay their pledge amount, and do so in a timely way. As a result, congregations have fewer write-offs, better cash flow, and more precise budget projections.

Rabbi Hachen points to another significant economic benefit: maximizing revenue from members who under a fixed dues system might have been be asked to pay less because of their age or marital status, when, in fact, they could have afforded to pay more. "The age and marital status categories are artificial, lumping together singles and young people who are struggling with singles and young people who are very wealthy. The free will system is more nimble, maximizing what we receive in pledge income from those who can afford it while simultaneously minimizing the stress on those who cannot."

hat can we learn about the free will system outside the synagogue realm?

A few years ago Panera Bread, headed by CEO Ron Shaich, a member of Temple Israel in Boston, established a nonprofit division of the company, Panera Cares, and opened restaurants in six cities. There are no cashiers, only a bin to collect money and a suggested donation; customers are told to pay what they can. The results are instructive: Panera Cares restaurants do not raise as much revenue as regular Panera venues, but they do break even. When people are given the option without the



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enforcement of a cashier, roughly 60% of folks still pay the suggested donation, 20% round up and pay more, and 20% pay less. These percentages are similar to what synagogues have found when they track their donations under the free will system.

Another insight: When, early on, suggested donation prices did not appear on all Panera Cares food items, customers did not pay enough for those items. People are generally bad at valuation. It would therefore not be advantageous for free will congregations to say, "Give whatever you want" without some suggested number(s). Providing that information and being transparent about how much things cost is important, because without guidance, even people who want to do the right thing often have no idea how to do it.

Economists do caution that pay-as-youcan systems such as Panera's will only work for small value items—and will not work for large ticket items such as a car or university tuition. While synagogue membership is certainly not a small value item, I believe the free will system will still function well because in

## Strategic Experiment in Synagogue Finance

Seventeen Reform congregations have joined together in the "URJ Reimagining **Financial Support** Community of Practice" (COP) to experiment with and implement new financial models. Led by a network of peers and staff and grounded in the premise that strengthening personal relationships leads to higher financial contributions, these congregations are learning how to build a relational culture and measure its success. as well as best fundraising principles and all of the possible financial models.

The URJ's new Reimagining Financial **Support Active Learning Network** (ALN), or mini-Community of Practice, will enable all URJ congregations to learn from the COP's successes, challenges, and experiments. The ALN will explore practical tools, resources, and networking opportunities to help congregations understand, evaluate, and reimagine their financial support.

For COP information: urj.org/cong/cop; to join the ALN: urj.org/cong/cop/ aln/financialsupport. an engaged congregation, people want to see their religious community survive. There is a deep value at stake.

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## o temples with successful free will systems have anything in common?

There are perhaps as many differences as there are commonalities among the nine URJ free will congregations I've studied. They range in size from small to medium, are in different regions, approach Reform Judaism from differing perspectives, have different economic profiles, are urban and suburban, have different age profiles, and face differing levels of competition from other synagogues.

That said, four general commonalities may contribute to their success.

First, before they eliminated dues, all of them were well-functioning, engaged communities-vital qualities when people no longer have a dues obligation but are asked to value the synagogue themselves. Take, for example, Beth Israel Congregation in Jackson, Mississippi. Peter Sharp, the vice president for finance, says the congregation was "very down to earth, with people giving of their time, and very social with each other. Our community was solid, without a lot of turnover. We moved to the free will system in part because we were kind of doing it anyway. Lots of people weren't paying full dues, and we never chased after them, so we figured, let's turn this into a positive and promote a system that reflects our values. Now pledges are up by 5%."

Second, in all congregations, strong lay leaders, not clergy and/or professional staff, acted as the catalysts for change. Kay Magilavy put this change at the top of her agenda when she became president of Beth-El in Jersey City, New Jersey "because it was the right thing to do."

Third, a business owner or financial expert was the primary driver of change at many—though not all—synagogues. Having a leader with business credibility facilitated buy-in from the rest of the decision-makers, who had confidence that s/he could be trusted to be realistic about money and would not leave the congregation in ruins.

Fourth, most of these congregations took a year to talk to their members about

the new system before implementing it. They held open meetings, discussed it in the temple bulletin, and held individual conversations with many members, asking the majority of them, "If we move to this system, can we count on you to support us by paying the sustaining amount?" In the case of families with means, they asked, "Will you be supportive over and above the sustaining amount?" In other words, the congregations did enough groundwork so that everyone felt relatively comfortable that the transition year would be successful—and it was.

I would not encourage any synagogue to change its financial system without such a deliberative and inclusive process.

## f a congregation wants to consider other new models, what are the alternatives?

A couple of congregations are experimenting with hybrid financing models. A Conservative synagogue in Pennsylvania has had success in creating a tiered system of dues whereby people pledge at different levels and receive different benefits based on their level. Leaders also promise not to ask members for additional funding during the year. For more information: tbhbe.org/drupal/content/membership.

A Reconstructionist congregation in Massachusetts has designed a successful two-part system: a half-shekel campaign (their language) whereby everyone pays a minimum amount, and, above that level, a fair share commitment. For more information: dorsheitzedek.org/nediv-lev.

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hat other basic models of synagogue financing are congregations using? In addition to the two we've discussed—dues and free will—there are two other basic models: fair share and development.

In the fair share model, some synagogues ask members to give a percentage of their income—usually somewhere between 1% and 2% of gross income. Others specify different dues amounts based on income, e.g., "If you make between \$60,000 and \$70,000 your dues are \$1,200." Some synagogues use a progres-

sive system, similar to the U.S. tax code: the more you make, the higher percentage you are asked to pay.

The pros of this system are economic fairness. The cons are twofold. First, it can create negative feelings, because many congregants believe it's an invasion of privacy to tell congregational leaders how much they make. Second, many leaders feel they're being taken advantage of, believing that many members are putting themselves in a lower income bracket than they really are.

In the development model, of which Chabad is the best example, building donor relationships and writing grants become the core—rather than a component—of the organization's funding. Chabad's impressive development work at the national level, combined with low expenses on the local level, has made this model work very well for them.

The main pro of the development model is making Jewish life more affordable for everyone. The cons are the slim likelihood of a congregation being able to fundraise at the level that would be needed to drastically reduce dues, and the possibility that the congregation might become less democratic in decision making if a few philanthropic donors held undue dominance over synagogue affairs.

Right now, 17 URJ congregations are in the process of changing their financial models (see sidebar, "Strategic Experiment in Synagogue Finance"). In many cases, the best approach for any congregation weighing the options is to research the various financial experiments happening in other congregations and then engage in a community-wide conversation about money in the synagogue, focusing both on practical monetary questions as well as broader questions concerning how the congregation's financial decisions reflect its values.

Ultimately I think we are going to see many more congregations adopting a free will model. Members want to feel good about giving to their synagogue, and this system allows that to happen in deeper ways than a dues model. The congregations that have already made this change report that they are doing well financially, living more in tune with their values, and engaging members more than ever.