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What happens when a federation's campaign shrinks?

Data and methods behind Deciding Less: Overhead, Outflow, and the Erosion of Communal Allocation

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ABSTRACT

This companion explains, in plain language, how the working paper Deciding Less was built: where the 2,335 tax returns come from, how 265 filers become 128 communities, why every figure is stated in constant 2024 dollars, how a community comes to be called shrinking or growing, and what each statistical test in the paper actually does. It also restates the key results in three tables, sets out how to read them, and lists what the numbers do not claim. The intended reader is a board member, journalist or communal professional who wants to check the work rather than take it on trust. Everything here can be reproduced from public IRS filings.

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The question behind the paper

Roughly a third of American Jewish communities raise less real money through their federation's annual campaign than they did a decade ago. The paper asks what happens inside a federation when that occurs: to the cost of fundraising, to the size of the organization, to the total amount granted out, and to who receives what remains. Every number in the paper is computed from public IRS Form 990 filings, the annual return that every sizeable tax-exempt organization must file and that anyone may download.

Where the data come from

The federation panel. The base is 2,335 Form 990 returns filed by 265 US Jewish federations and their affiliated foundations for tax years 2014 to 2024, parsed from the IRS e-file XML archives into a single database of filings, grants (179,603 records), functional expenses, compensation and endowment schedules. Amended and superseded returns are dropped so no dollar is counted twice; leaving them in would inflate the totals by about 2.6 percent.

The deflator. A dollar in 2014 bought about a third more than a dollar in 2024, so all figures are restated in constant 2024 dollars using the Consumer Price Index. Because federations close their books in different months, December for about 120 of them, June for 90, the index is matched to each filer's own fiscal year end by blending the two adjacent calendar-year averages. Without this step a campaign that merely kept pace with prices would look like it grew a third.

The community units. Filers are grouped into communities: a federation plus its foundation arm plus any merged community center in the same metropolitan area. Several federations moved their assets into an affiliated foundation during the decade, and read separately those filings show collapses and windfalls that never happened in the community itself. Grouping removes eight false collapses and five false booms, and leaves 128 communities with annual campaigns above $250,000.

The population counts. Jewish population by community comes from the American Jewish Year Book 2023 community estimates. They are used for per-person figures and for describing the groups, never for computing any change over time.

The grant classification. Each of the 179,603 grant records is assigned to one of 21 recipient categories. Twelve categories with an unambiguous home are labeled as staying with local Jewish institutions (day schools, family and social services, elder care, community centers and camps, Hillel, synagogues) or as leaving the community (transfers within the federation system, Israel and overseas, national advocacy, environmental and civic causes, transfers to donor-advised funds and other foundations). Nine mixed categories, about 40 percent of grant dollars, including hospitals, universities and Holocaust institutions, are left out of the local-versus-leaving results rather than guessed at.

The statistical method, named and explained

Medians of three-year windows. Each community is measured on the median year of fiscal 2014 to 2016 against the median year of fiscal 2022 to 2024. The median of three years ignores a single unusual year, which matters: one community received an $11 million bequest in 2014 and on simple averages appears to collapse 79 percent when its ordinary campaign fell 23.

The group definitions. A community is shrinking when its real campaign fell more than 20 percent on the median measure and the average-based measure agrees on the direction; growing when it rose more than 20 percent on both. This gives 33 shrinking communities, 47 growing and 48 in between. Requiring the two measures to agree keeps a community out of either group when its result depends on how you compute it.

Medians across communities, never aggregates, for the efficiency results. The cost-to-raise and operating-spend figures describe the median community in each group. Aggregates would let the two communities with very large donor-advised operations, Boston and San Francisco, set the number for everyone. Where aggregates are unavoidable, in the grant totals, every result is also shown with those two communities removed.

The tests. Three standard distribution-free tests appear in the paper, chosen because they make no assumption about the shape of the data. The Mann-Whitney test asks whether two groups of communities differ on some measure more than chance would produce; it finds no baseline difference between shrinking and growing communities in either campaign size ($p = 0.35$) or population ($p = 0.99$). The Kruskal-Wallis test asks the same across several groups at once; across four campaign-size tiers it finds no difference in real change ($p = 0.84$). The Spearman correlation asks whether two rankings move together; ranking communities by size and by change gives correlations near zero. A p-value near 0.05 or below would signal a real pattern; values like 0.84 and 0.99 mean the data show none. The practical meaning is that decline is scattered across the size distribution rather than concentrated among small communities.

Key results from the paper

Table 1. *What the median community in each group spends, federations only, constant 2024 dollars*

Measure	Shrinking, then	Shrinking, now	Growing, then	Growing, now
Cents spent to raise one campaign dollar	10.1	14.6	14.1	8.7
Operating spend per $100 of campaign	$72	$108	$78	$60
Share of spending that leaves as grants	58%	49%	44%	43%

Note. Then is fiscal 2014 to 2016 and now is fiscal 2022 to 2024. The in-between group moved from 10.7 to 10.6 cents and from $62 to $64.

Table 2. *Where the classifiable grant dollars of the 33 shrinking communities go, $m a year*

	Then	Now	Change
Stays with local Jewish institutions	128.9	129.5	+0.5%
Leaves the community	154.5	265.4	+71.8%
Share of each dollar that stays	45¢	33¢	
Stays, without Boston and San Francisco	77.6	71.1	−8.4%
Leaves, without Boston and San Francisco	70.6	87.9	+24.5%

Note. Total grants from these communities rose 22.4 percent, from $476.8m to $583.6m a year, because endowment payout and donor-advised distributions grew while the campaign fell.

Table 3. *The safety-net causes, change in real grant dollars, both groups*

Cause	33 shrinking communities	47 growing communities
Elder care and aging	−27.8%	+56.7%
Jewish day schools	−16.4%	−7.4%
Jewish family and social services	−10.7%	−2.5%
Hillel and campus life	+5.8%	+0.1%
The four together	**−12.8%**	**+2.0%**

Note. Both groups faced the same national trends over the same years; the growing communities held their safety net level.

How to read the results

Read the efficiency figures as arithmetic before strategy. The operating-spend line compares the cost of running the organization itself, salaries, buildings, fundraising and administration, with what the campaign raises. At $72 per $100, the campaign paid for the organization with $28 to spare; at $108 the campaign no longer covers it, and the difference comes from endowment income and program fees, so no federation is insolvent on this account. A development office, a building and a professional staff cost roughly the same whether the campaign raises four million dollars or two, so when the campaign falls and the organization stays, the cents-per-dollar and per-$100 figures must rise even if nobody spends a dollar more. The finding is that shrinking federations did stay their size, and the comparison group shows the arithmetic running the other way where campaigns grew.

Read the grant results as a shift in who decides rather than a shortage of money. Grants from the shrinking communities rose 22 percent, but the growth came from endowment payout and donor-advised distributions, which no allocations committee directs. The falling categories, elder care, day schools, family services, are the ones that depend on the allocated campaign; the rising ones are largely chosen by individual donors or sent up the federation system.

Read the advocacy line with its decomposition. It rises 57 percent for the group, but the rise is Boston and San Francisco processing donor money; the other 31 shrinking communities cut the category 62 percent.

What the numbers do not claim

The paper does not claim that decline causes the changes it documents, only that they arrive together; the groups are defined from the same data after the fact. It does not claim any community mismanaged anything: the mechanisms are structural, and every board in the panel faced them. It does not claim to know why a given campaign fell, and the tests show it was not community size. It does not read the growth in grants as communal generosity, since most of it is donor-directed. It does not claim the stays-and-leaves split is exact: it is a judgement about categories, stated in full in the paper, with 40 percent of dollars deliberately left unclassified. And it does not claim the advocacy split between allocated and donor-advised money is observed; the tax return does not record which grants come from an advised fund, so that split is inferred from recipient identity and concentration.

Reproducing the analysis

Every input is public. The Form 990 XML archives are published by the IRS for tax years 2018 onward and mirrored for earlier years; the Consumer Price Index is published by the Bureau of Labor Statistics; the population estimates are in the American Jewish Year Book 2023. Reproduction requires parsing the returns for the 265 filers, dropping superseded returns, building the community groupings described above, and applying the fiscal-year deflator. The community-level change table underlying the group definitions, 128 rows with the campaign in both windows and the classification, is available from the author, as is the full grant-category classification.