



Tuition
Incentive Program
Subsidizing Yiddishkite
(TIPSY)

Funded by the Kohelet Foundation

October 12, 2008

Overview of the Program

- ⇒ The goals of the plan are:
 - ⇒ To fund the growth of the Philadelphia Jewish Day School community efficiently
 - ⇒ To create a sustainable system for continuing the program in perpetuity
 - ⇒ To create a model for other communities to use
- ⇒ Credit for plan also goes to members of the JFGP Mega-Fund Committee

Key Plan Details

- ⇒ \$6,000 tuition reduction
 - ⇒ Gan-5th grade guaranteed
 - ⇒ 3rd-5th reduction \$3,000-\$6,000 depending on success of program
 - ⇒ For incoming Gan students 2009-2011
- ⇒ Funds secured at start of each year for each entering Gan for duration of program
- ⇒ Actual subsidy = lost revenue plus increased cost
- ⇒ \$100K challenge grant from school community
- ⇒ Simple on the outside, complicated on the inside

Four-Part Plan

- ⇒ Donor Fund - \$4,000 for each student that completes an eligible grade
- ⇒ Vouchers - \$6,000 off tuition for each student entering an eligible grade
- ⇒ Subsidy - School spends down Donor Fund based on increased costs from growth
- ⇒ Subsidy Fund - Supplement to Donor Fund to offset deficits and save for future
 - ⇒ Raised from parents who can afford full tuition

Part One: Seeding Donor Fund

- ⇒ Kohelet Foundation will set aside funds to support program for first cohort
 - ⇒ $(\$6K \times 70 - \$100K) \times 3 = \$960K/\text{yr}$ for Gan-2
 - ⇒ $(\$3K \times 70 - \$100K) \times 3 = \$480K/\text{yr}$ for 3-5
 - ⇒ \$4K/student transferred to Donor Fund
- ⇒ Kohelet Foundation guarantees full cost of voucher regardless of duration of program
 - ⇒ \$1.44M per cohort
- ⇒ Other donors can contribute to Donor Fund

Part Two: Marketing Vouchers

- ⇒ Perelman will announce reduced tuition of \$6,900 for Gan starting in 2009-2010
- ⇒ Reduced tuition is guaranteed through 5th Grade
- ⇒ Initial goal: fill up all sections and create waiting list

Part Three: Computing Subsidy

- ⇒ Here is where it gets complicated
 - ⇒ Old Profit = Exp'd Tuition - Exp'd Costs
 - ⇒ New Profit = Real Tuition - Real Costs
 - ⇒ Tuition is #Students x Price
 - ⇒ Does not take into account scholarship
- ⇒ Subsidy = Old Profit - New Profit
- ⇒ Subsidy is paid to school as tuition is paid by parents

Examples: 70 student baseline

	70 students	90 students	120 students
Old Tuition	$70 \times 12.9K = 903K$	$70 \times 12.9K = 903K$	$70 \times 12.9K = 903K$
New Tuition	$70 \times 6.9K = 483K$	$90 \times 6.9K = 621K$	$120 \times 6.9K = 828K$
Cost of Growth	0	78K	250K
Cost/Student	\$6,000 (\$420K)	\$4,000 (\$360K)	\$2,708 (\$325K)

Part Four: Raising Subsidy Fund

- ⇒ If Subsidy > Donor Fund, Donor Fund must borrow from Kohelet Foundation
 - ⇒ Program terminated if Donor Fund runs too large a deficit, regardless of funding sources
- ⇒ Fund deficit is offset by Subsidy Fund
 - ⇒ Parents who can afford full tuition encouraged to donate back for deduction
 - ⇒ Scholarship fund-raising diverted to Subsidy Fund (only as a last resort)

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New Tuition	$70 \times 6.9K = 483K$	$90 \times 6.9K = 621K$	$120 \times 6.9K = 828K$
Cost of Growth	0	80K	350K
Subsidy Fund	0	100K	150K
Cost/Student	\$6000 (420K)	\$2900 (262K)	\$2300 (275K)

Some More Details

- ⇒ Initial goal is to fill up all Gan classes and create a waiting list...
 - ⇒ ...unless Subsidy Fund supports new section
- ⇒ Renewal of pilot determined by Kohelet Foundation and school executive committee on year-to-year basis
 - ⇒ Renewal criteria related to efficiency of growth and total cost of program



Extending the Pilot

- ⇒ Pilot: 3 cohorts, K-5, over 8 yrs
- ⇒ After year three, pilot can be extended to more cohorts, if:
 - ⇒ Efficient growth allows fund to last longer
 - ⇒ Growth of school improves financial picture
 - ⇒ Additional donors sustain fund