

# FEDERATION UPDATE: JUNE 2020

## INTRODUCTION

Birthright Israel's goal is to strengthen the Jewish people by building identity and connection through a peer-group educational experience in Israel. The program has resulted in unmatched reach and impact throughout the world. Since inception, Birthright Israel has welcomed 750,000 young adults from 68 countries. Birthright Israel has grown from 9,000 annual participants in 1999 to reaching 45,777 participants in 2019.

We recognize the challenges that the Jewish community is facing during these very difficult times and understand the huge burden being placed on the Federation system. We also know that you, our partners, believe as we do that every eligible young Jewish adult should have a spot available when they are ready to claim their birthright. We thank you for your ongoing support which is fundamental to this effort.

## OVERVIEW

With the rapidly changing circumstances, we are keeping daily watch and make strategic decisions as things evolve. The information contained herein and attached is a snapshot in time, based on what we know today and using current working assumptions with which to plan. Everything is subject to change, and we are hopeful but realistic about what lies ahead. It is with this in mind that we are eager to work with the Federations as valued stakeholders and to ensure clarity and transparency in our discussions.

## BUDGETARY IMPLICATIONS 2020

- Our original projection for number of participants for 2020 was 45,500 participants.
- Our actual forecast is 12,550.

	Jan - March	Summer	December	Total
Plan	8,500	31,750	5,250	45,500
Actual/Forecast	7,500	0	5,000	12,550

- Trip Organizers with postponed groups received \$250 per intended participant to offset costs incurred related to out of pocket expenses (marketing & recruitment, staff recruitment and interviews etc.). The total amount paid was \$5 million (based on anticipated participants for Summer 2020)
- Birthright Israel placed 25% of staff on three months leave as of April 1st and all staff received between a 7 - 15% salary reduction (depending on salary range).
- Birthright Israel Foundation had salary reductions of between 6.5% - 20%. (15% - 20% additional for executives). Additionally, the foundation issued an immediate hiring freeze on eight open positions and terminated five staff members. Total salary & benefits and discretionary savings is 20%.

## BUDGETARY IMPLICATIONS 2021

- We have concerns about long-term losses in revenue from institutional and individual funders in both 2020 and 2021. For example, The Jewish Agency for Israel, which has consistently given \$5 million annually, has frozen funding for Birthright Israel this year. We anticipate reduced funding from the Israeli Government, whose support comprises nearly a third of our annual budget. Given the tremendous economic burden facing the United States, we expect reductions in funding from both institutional and individual donors. We anticipate these reductions to total \$22 million in 2021.

- Based on additional social distancing costs - estimated additional costs for future trips will be between \$800 - \$1,000 per participant. We are anticipating that these additional costs will increase our budget through August 2021 by \$28 million.
- Due to the seasonality of our programming, Birthright Israel must begin to plan and make commitments for 2021 during the 2020 calendar. Birthright Israel Foundation needs a commitment of funds available from all funding partners for the additional costs related to social distancing and expected funding reductions. These funds need to be in-hand by year-end 2020 so that we may assure Birthright Israel that funding will be available.

## **CORONAVIRUS IMPACT**

Birthright Israel is aiming to return to operation as soon as possible while maintaining a trip, which is inspirational and provides educational value as per our mission and vision. The safety and security of participants remains our number one priority and trips will resume only when basic conditions are met.

We are planning and cautiously optimistic that we will see a resumption of trips beginning in December of 2020 with an estimated 10,000 participants January and February 2021 and 25,000 in the summer. Accordingly, Birthright Israel is working closely with Israel's Ministry of Health, special health advisors and a newly formed Taglit Medical Advisory Committee to prepare logistical changes to allow for trips to safely resume in accordance with best practices and social distancing requirements. These adaptations to program standards may include:

- Smaller group composition (15 – 20 rather than 40 per bus).
- Reduction from three to possibly one person per hotel room.
- Direct-only flights to Israel from home country gateway cities with no international stopovers;
- Changes to itineraries to avoid heavily trafficked tourist sites and allow for adequate social distancing.

The additional cost of providing 35,000 participants with social distancing adaptations is projected to be at least \$28 million.

As Birthright Israel accounts for significant increases in program costs, we also anticipate reductions in funding. Many funding sources have been significantly impacted by the economic realities of the pandemic.

Therefore, Birthright Israel estimates a cumulative reduction of \$22 million from a variety of our partners as indicated above.

Increased social distancing costs combined with the anticipated decreased revenue will create a \$50 million additional budget burden on Birthright Israel precisely as it seeks to resume operations

We are sensitive to the fact that the financial impact of these times will affect segments of our donor base including our Federation partners and their capacity to support us this year.

Our goal is to be completely transparent and share up-to-date information. We hope we can rely on your support today so we can run our program next year. We welcome meaningful conversations with our funding partners, and are available to have individual discussions with you as requested. For more details about the impact on future trips, please refer to the full presentation. For a detailed overview of proposed trip changes please refer to the additional attachments

With gratitude and prayers for health, safety and peace.



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