

October 2016

King David Annual Fee Review: 2017

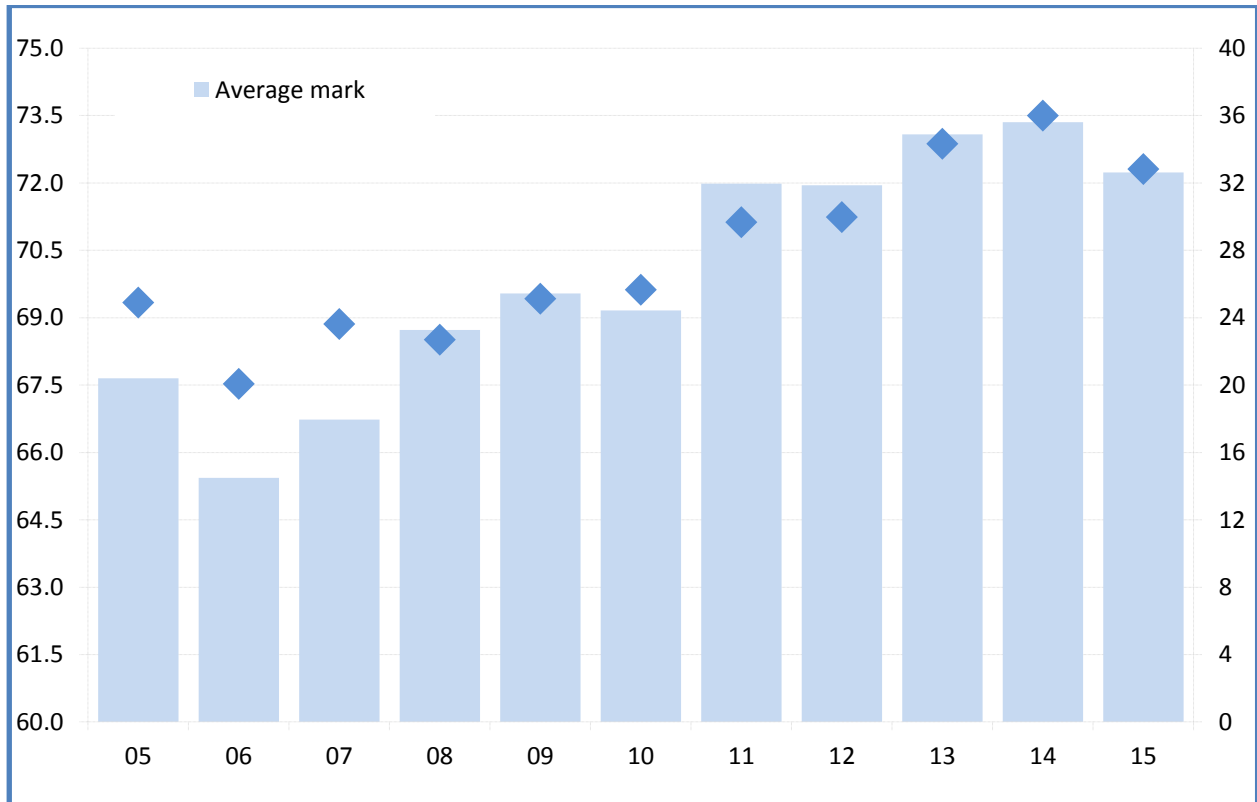
The SA Board of Jewish Education is pleased with the progress made during 2016 and would like to take this opportunity to inform you of the King David Schools fee structure for the 2017 academic year, as well as some of the thinking that has informed the decisions taken. Due to a consistent long-term strategy being pursued much of what we share in this letter will be in line with previous letters and on-going communications. Material changes will be highlighted in the letter.

The schools have set out the aspiration for all pupils to become successful learners, confident individuals and integral members of the community. We do this by continuing to ensure excellence in education in an environment that supports pupils in learning. This is evidenced by:

- **A sound financial position:** The ethos of financial prudence and good governance has yielded good results, with the schools generating a narrow operating surplus despite the challenging economic environment. Key factors influencing the financial position and budget over the past number of years include:
 - Collections at over 98.5%.
 - Maintaining the correct class sizes and teacher pupil ratios whilst ensuring that teacher salaries remain competitive and fair.
 - Looking carefully at the current and future offerings in the high schools such that each offering has a viable number of students to justify the expenditure whilst ensuring there is a wide enough variety of subject choice.
- **A broad community reach:** The King David Schools are a key pillar of the community and the SABJE takes its role seriously in ensuring as much accessibility to its schools as possible. This includes a focus on managing the cost base and fee levels as well as sustaining the subsidy programme within the allowed limits. In difficult economic times, as we have experienced over the past few years, the subsidy programme has been an invaluable asset in maintaining access to the King David system for many families – this is managed within clear guidelines. Close on 481 students have benefitted from the subsidy programme in the past year, 40 of whom come from families fully dependent on communal welfare. In the current year we anticipate this support to reach R27,3m.
- **An uncompromising focus on academic quality:** The academic results of our schools continue to be excellent.
 - The schools achieved a 100% IEB pass rate in 2015 including a total of 620 distinctions.
 - The average matric mark attained was over 70% (Excluding Life Orientation) for 2015 across 225 pupils.
 - 16% of King David Students were on the Outstanding List (top 5% in whole country in 6 subjects or more).
 - 10% of the top students in SA were King Davidians.
 - In the last six years King David has seen 3419 distinctions achieved by 1292 learners.

The overall performance of the 2015 group was slightly down, yet well within the band of excellent results we have come to expect with more students in the top achievers than any other IEB school in the country.

Consolidated results - 2015



- The maths benchmarking we are doing in the primary schools and now in the high schools is indicating that together with teachers covering more material per year, the average results for each grade have continued to improve. In 2017 there will be further focus on grades 8-10.
- **Attracting and retaining the best teachers:** The SABJE recognises the profound and real impact which quality teachers can have on pupils and has thus set out to attract the best teachers to King David Schools by:
 - Benchmarking salaries to ensure teachers are on the correct salary scale.
 - Creating an effectiveness strategy over time that will make King David a desired place of employment and hopefully attract many more high quality teachers.
 - Embedding a teacher appraisal process that is linked to remuneration to ensure children continue to have excellent teachers and that each teacher is continually challenged to improve his/her teaching skills while being rewarded for doing so.
 - Continuing investment in academic excellence programmes and increasing budgets for teacher investment into the future.
 - Investing in the Master Maths initiative to further develop teacher delivery of mathematics
 - A substantial investment in teacher training by world renowned experts. 2016 saw King David hosting Dr Ban-Har, a leading expert in mathematics, Dr Hilla Kobliner, the brain behind the NETA Hebrew programme as well as world acclaimed artist, Hanoch Piven.
 - Investing in a long-term teacher learnership programme which already has over 20 teachers in the pipeline.
 - We started a process of “Building our own timber” and have invested in developing future potential leaders.

One of the extraordinary items in the 2017 budget is the investment in further teacher benefits. The competitive schooling environment has extended beyond salaries to teacher benefits. R1m has been allocated in the 2017 budget for a change in the maternity policy as well as a few other smaller changes. This investment will grow in the years to come due to competitive market forces.

- **Maintenance of school assets:** The schools apply funds to ongoing maintenance as well as to small and large projects. The ongoing maintenance figure has stabilised over the past four years and we expect costs to decrease slightly in 2017. The infrastructure spend has been very high largely due to specific donations made through the King David Schools' Foundation. Over the past 10 years R120m has been spent on buildings, vehicles, equipment and technology.

Projects completed in 2016:

- ❖ Sports pavilion for King David Senior Primary, Linksfield.
- ❖ Stage 2 of the King David Primary, Victory Park classrooms. All classrooms have now been refurbished.
- ❖ Three additional Pre-Primary School classrooms at King David Pre-Primary Linksfield.

It is our intention to continue investing in projects over the coming years at a similar rate due to the ageing infrastructure around our schools. We anticipate around R5m being spent on maintenance projects and a further R6.5m on Capital expenditure during 2016 excluding projects funded through donations to the Foundation.

- **Investment in technology systems and 21st Century Skills:** These continue to be improved with all schools enjoying a newly improved wireless environment for more effective teaching as well as many additions to the teaching tools in classrooms. Linksfield, Victory Park and Sandton now have direct fibre links to the schools and we have reached our short-term bandwidth goals which is providing access for all at very acceptable speeds. There is no doubt that this area will continue to be very costly as we move from traditional school structures to ones that incorporate blended learning. We anticipate the total spend on technology, which includes the on-going cyclical replacement of servers and the like to be well over R9,2m including capex of R1,5m which includes ongoing replacement of computers.
- **King David Schools' Foundation:** The SABJE successfully re-launched the King David Schools' Foundation 6 years ago so as to build an endowment and secure the future sustainability of the King David Schools. The Foundation continues to be successful in also securing donations to cover a portion of the subsidy programme, CAPEX projects and the many outreach projects across the schools. We are grateful to parents, alumni and community members who are donating to the Foundation and are assisting in making a real difference to the schools.

Ethos of the King David Schools: An area which has received the ongoing focus of the Board's attention and a fair amount of funding for the past two years is that of the Jewish Ethos. Stemming from the student survey done in 2014, we have engaged in a number of ethos projects which include:

- Bringing out highly qualified Hebrew teachers from Israel as shlichim for our high schools.
- Young shinshinim fresh out of school in Israel will be doing community service in our high schools. These near peers will be actively involved in Israel education, Hebrew studies and informal education based on a "near peer" model.
- Expansion of the Jewish SOUL team. To expand our Jewish educational reach a team has been put in place.
- Teacher trips to Israel – Over the next 5 years all permanent full-time staff will benefit from an online course about Israel as well as an actual education trip. The pre-school teachers were the first group while the high school teachers will go in 2017. We see this as a deeply important investment in our Zionist ethos.
- Security – While we have always taken security seriously, there has been a major shift in our approach to every element of our strategy. The modus operandi of attacks across the world has caused all Jewish communal installations to reflect on their readiness. As you are aware through ongoing communication and appeals, the Board heightened procedures and brought on additional highly trained individuals together with the CSO. We thank all those parents who contributed to these efforts. The 2017 budget includes an additional R3m in security costs that were not in previous budgets.

KEY STRATEGIC CHANGES AND INVESTMENTS

The Board took a number of strategic decisions during 2016 which will have both immediate and long-term effects:

- Yiddish Folk is being closed and the income from the sale of the property will be used to cover the cost of the new classrooms at King David Pre-Primary, Linksfield.
- The Board has signed a long-term agreement with Waverley Shul and has now taken over Rosabelle Klein Nursery School in Waverley. The full merging of all aspects of the school will take place from January 2017.
- The Board announced its intention to start a Jewish Remedial School in 2018. The budget for 2017 includes initial operating costs linked to the set-up of the school to the value of R2m. Initial models indicate that set-up costs should be recouped over time.

SCHOOL FEES

The SABJE is pleased with the strong foundation built over the last number of years and in determining the fee increase is confident that the schools are moving forward from a position of strength.

School fees for 2017 will increase by 8.5%.

(Your attention is drawn to the attached fee schedule for 2017 and the natural step ups in certain grades which are a feature of all schools and should be budgeted for by families)

It is important to note that the schools always aim for a break-even budget. Going into 2017 the SABJE retains its commitment to both prudence and excellence. In determining the fee increase, the SABJE continues to take a prospective view of four key components:

1. General levels of consumer price inflation
2. Maintenance and infrastructure
3. Sustainability
4. Cutting back in costs

1. Consumer Price Inflation

Referencing the September 2016 report on CPI numbers, general inflation measured at over 6% for the past year. The trend of education being one of the highest contributors to the inflation figures continues to be the case. Educational inflation has consistently run above the average CPI and is expected to be between 8% and 8.5% for the year.

As 75% of school costs are comprised of teacher and staff salaries and other outsourced work such as cleaning and security, salary increases continue to be the biggest driver of fee increases for 2016. The SABJE anticipates an average salary increase of 7.5% across the range of employees.

2. Maintenance and Infrastructure

Another meaningful driver of additional costs across all of the schools is that of school maintenance. Given their age, the schools require significant maintenance and the upkeep is growing each year. The Board relies on the services of BROLL Facility Managers; a specialist in this field to manage the ongoing maintenance of the grounds as well as the many projects budgeted for 2017. As a Board we do anticipate this investment quantum to reduce in 2017 and in future years. There will be further substantial development emanating from Foundation funds.

3. Structural Sustainability

In balancing the need for innovation and continual investment in the many new initiatives, we have managed to keep the fee increase at 8.5% due to cost cutting in other areas. The 1% between salaries and the increase does not provide a large space for manoeuvring and yet we believe that this level of increase will still guarantee the strong viability and future sustainability of the schools.

- **Note:** The IEB matric examination fee of R5270 has once again been charged in January for Grade 12 and parents can pay it off over 6 months rather than in a shorter period to the school as has been the case in the past. It is our hope that this is of great help to the parents. As mentioned in previous letters, the IEB exam has been central to a higher level of education and assessment and is proving all the more necessary in light of the instability in the public education sector. It must be emphasised that children cannot be registered to write their exams if these fees are not paid by June.
- The decision was also taken to include the Shabbaton fee in the school fee for grades 6-10. These events will be compulsory as of 2017 being that they are key to the school's ethos and educational programme. Rather than having to pay the amount in one payment, parents will be able to pay over 12 months, something many parents have been requesting and in turn taking the burden of collections off the DIJE. A portion of the Encounter fee is included as such there will be an Encounter charge yet less than in previous years.

4. Cost savings

As more funds are being allocated so as to boost spending in the key strategic areas mentioned above, a concerted effort has been made to cut back in spending wherever possible. In most schools and units general expenses have been kept at 6% or less. The impact of this prudence and more focussed spending has allowed us to keep the fee increase lower than past years even within the current inflationary environment. It is worth noting that we anticipate numbers to be stable in 2017 across the schools.

Summary of key contributions to 2017 budget

In summary the key changes to the budget include the following major investments:

▶ Security	R3m
▶ Staff Benefits	R1m
▶ Remedial School	R2m

These items add up to 2% of the increase, indicating how much cost savings have been done to make such investments possible.

FEE PAYMENTS

Annual fees are due on 1 January each year and are payable either as a lump sum or in twelve monthly instalments commencing on 1 January 2017 and thereafter on the 1st of each month. Monthly statements for school fees and any extras are emailed to parents at the end of each month (statements will be posted by exception only).

Methods of payment:

- **Debit order:** This is the preferred form of payment and a debit order instruction form must be completed. If payment is made by debit order such debit orders, will be processed on the first day of each month. Should a debit order not be paid due to insufficient funds or any other reason, an administrative fee of R60 will be levied.

NOTE: Your debit order will automatically be continued and raised to the new fee applicable in 2017 unless you instruct the accounts department differently.

- **Cash:** For security reasons, parents are encouraged not to pay for school fees in cash. Due to FICA requirements whereby the SABJE is required to report any payment of over R20 000 in cash, you are encouraged to make all cash payments directly at any Standard Bank branch.

Credit Card payment

The administration behind receiving and processing credit card payments has resulted in a large financial burden which is costing the schools almost R2m a year. To put this into context, this amount could have paid for an additional 20 matric students for 2016. With this in mind, King David will no

longer be accepting payment by credit cards for all new applicants. The only exception to this will be for parents who pay the full years fees in advance. Those who are currently paying by credit card are encouraged to fill in debit order payment forms before the end of 2016 and will be contacted by the accounts department in order to facilitate this change. This measure will contribute to the management of annual fee increases in the future. For the families still on credit cards for monthly payments, the same card will automatically be used in 2017 and raised to the fee applicable in 2017 unless the finance department receive a specific notification in this regard.

Payment Options (please see attached annexure)

There are various payment options which the SABJE allows for. These include:

- Fees paid on or before 31 December 2016, by cash, EFT or cheque.
- Fees paid after 31 December 2016, but before 31 January 2017, by cash, EFT or cheque.
- Fees paid upfront by credit card – please see attached schedule.

The very strict and clear policy and processes for fee collections will continue in 2017. We can only offer excellence in education and keep to our commitments if all fees are timeously paid. Where a parent defaults on payment we are having to insist on debit orders being signed. Tight controls for collections will be maintained in 2017 and a copy of the credit policy is attached for your information. Should you have any queries with regard to the payment of accounts please contact either the credit controllers or our Financial Director, Mr Harding’s office.

Parents are also reminded that the application form signed at the time of their child’s enrolment requires a terms notice in writing, addressed to the head of school, if it is their intention to move their child from a King David school. Alternatively they are required to pay a terms fee in lieu of notice. Adequate notice allows for better planning at school level as every child impacts on the school budget.

Financial support programme provides the opportunity to make a difference

The broader Jewish community remains a key focus for the King David schools with Jewish children from diverse financial backgrounds attending our schools. This is made possible through the subsidy programme, donations, and the funds raised by the King David Schools’ Foundation. The need to include as many Jewish students as is possible is as critical to the future of our Jewish community as it has been for the past 68 years.

Our subsidy programme is run within extremely tight guidelines and is operating within the budget set.

We are registered as a Public Benefit Organisation under section 30 of the Income Tax Act and are also qualified to issue Section 18A certificates for donations. Jewish education is considered as part of one’s 10% donation to tzedakka.

We therefore make a heartfelt request to those parents who can afford to “sponsor a student” to please do so by either sending in a donation, or by including an additional amount with your monthly payment. There is space to indicate the amount of such donation on the new payment form. You are also welcome to contribute to one of the foundation’s initiatives by going online at www.kdsf.org

Bus fees

The bus fare for 2017 for those making use of the school bus are as follows:

Full ticket:	R3510.00
One-way ticket:	R1800.00
Casual ticket:	R50.00

These fees may be changed from time to time in the course of the year as they are dependent on a number of variables including the price of petrol.

As the third term draws to a successful close, we would like to thank you for your co-operation and support and look forward to an equally successful 2017.

Should you have any queries with regard to your own account please contact the finance department on 011 480 4700 or should you wish to comment on the above letter please address them to comments@sabje.co.za.

Yours Sincerely

A handwritten signature in black ink, appearing to read 'Kacev', with a long horizontal flourish extending to the right.

Rabbi Craig Kacev
General Director