

The Finances of Orthodox Jewish Life: A Nishma Research Study

Summary of Key Findings

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Introduction

This has been an emotionally difficult topic – but one long overdue. The community is economically fragmented and, while many are doing fine, many others are struggling mightily. One goal of this study was to give the latter a voice, with the hope that this can spur communal consideration of the issues.

It appears that the “threat” to people’s religious lives and observance is not very large, as people are coping and drawing strength from their beliefs, practices, families and communities. Still, reading through the survey results and especially the verbatim responses makes the struggles of many real and daunting! We all need to be sensitive to the challenges facing many of our coreligionists on a day-to-day basis.

There is important “bad news” here but also important “good news.” We don’t believe in minimizing or hiding problems and we respect our thoughtful community’s ability to consider and discuss the issues raised.

Q. There are a lot of issues confronting Orthodoxy. Why was the finances of Orthodox Jewish life selected as the focus of this study?

In Orthodox community research, the issue of cost has often surfaced as a problem. For example, a broad 2017 Nishma Research survey of the Modern Orthodox community had the cost of Jewish schooling

rated as a serious problem by 89% of respondents, ranking it the #1 problem among 27 issues listed; 56% rated the cost of maintaining an Orthodox home as a serious problem, placing it #4 on the list.

Q. Before we get into the results, what do we need to know about the survey?

This was an online survey and we reached the community through shuls. Our 2,306 respondents (1,334 Modern Orthodox and 972 Haredi) were generally a few years younger on average than other demographic studies have shown for the broad community, and the reason is that we heard back from fewer retirees. The topic of finances resonated more with younger, working members of the community, those with children at home, and the survey results mostly represent that group.

Q. This survey gathered interesting metrics for Orthodoxy, such as the median (mid-point) levels of household earnings, savings, retirement savings, home equity, and even how Orthodox Jews invest their money. Could this be of value to those who want to see where they stand relative to the community?

While the median figures provide a profile of the community (for example, median annual total household incomes of \$188K for Modern Orthodox and \$136K for Haredi; and we also have medians for general savings, retirement savings and home equity), we caution against comparing one’s personal household finances against the communal data. Every family is

different, and significant factors such as age, the geographic areas where people live, how many school-age children they have, etc., would need to be taken into account before someone can even start to assess where they stand relative to the overall Orthodox community.

Q. What are people paying for their children’s education, and are they able to get support through scholarships and other sources?

Jewish education is a significant expense, and the report breaks out the educational cost findings for the U.S. Modern Orthodox and Haredi communities (all survey questions are broken out for these two main sub-groups of Orthodoxy).

Among families with children in grades K-12, the median amount they pay is: Modern Orthodox \$31K a year (41% get tuition assistance, median of \$7K per child;) and Haredi \$20K a year (52% get tuition assistance, median of \$3K per child). Additionally, a significant number (although fewer than the K-12 families) have children in college or gap year studies.

Does this affect the perceived importance of Jewish education? In response to the question “Might you in the next five years consider taking a child out of their current Jewish day school, with finances being a significant factor in such a decision?,” we see a strong continuing commitment: 7% of Modern Orthodox and 1% of Haredi respond that there is a “good chance they would consider this.”

Q. How should we define “cost of Orthodoxy” and what are those costs?

In addition to Jewish schooling, we asked how much households spend on shul expenses, donations, religious articles, food, simchas, and many other areas, including the perceived additional cost due to kosher food and the neighborhoods where people live. How much of these should be viewed as a “cost of Orthodoxy”? Our subjective base for comparison is the incremental costs, compared to U.S. non-Orthodox families.

We view these incremental costs as having three broad components. First, there are assorted expenses in the range of \$4,200 for Modern Orthodox and \$6,000 for Haredi.

Second, the cost of kosher food. This study did not seek to quantify households’ incremental spending for kosher food, but we offer some observations. U.S. Department of Agriculture data suggest median annual household food expenditures of \$8,000. Anecdotal data and conversations suggest that Orthodox families often spend \$1,000 to \$1,300 monthly, or \$12,000 to \$15,600 annually (and we invite readers to provide data on this, especially if you maintain a spending diary). Some of this is due to the higher cost of kosher food, while some is due to larger family size and Shabbat meals.

One in six families, both Modern Orthodox and Haredi, said that the higher cost of some kosher food has a

significant negative impact on their household budget. Also, one in six said that Shabbat and Chagim (Yom Tov) have a significant negative impact on their household budget.

A third, very significant factor is where people live. A connection to shul is near universal among Orthodox, and halachah prohibits driving on Shabbat and therefore requires people to be within walking distance of shul. The laws of supply and demand take effect in housing markets, and many Orthodox neighborhoods are quite expensive. One-third of Modern Orthodox and Haredi said that where they live has a significant negative impact on their household budget, and another one-third said it has a somewhat negative impact.

Q. What are the biggest financial worries?

There is a large spectrum across all responses; there are struggling and then there are those that are not. While relatively few (12% of Modern Orthodox and 17% of Haredi) have concerns about their income covering expenses, many more are concerned about their ability to save money, especially retirement savings. Fewer than half (48%) of the Modern Orthodox, and fewer than one-third (29%) of the Haredi, are comfortable that they will have enough retirement savings when they retire.

Q. How do Orthodox Jews feel about all this? Happy? Sad? Angry? Anxious? Accepting?

The survey asked two questions that try to get at this. First: “Do you agree with the statement: Orthodoxy has costs, but the additional costs are worth it.” We see disagreement with the statement as representing the view that costs are burdensome enough that they detract from one’s religious life. Those feeling this way ranged from lows of 2% (Yeshivish) and 3% (those ages 55+), to highs of 15% (those with incomes under \$50K and those who live in more expensive neighborhoods). Overall, though, a small minority feels this way ... the vast majority say the cost is worth it, given all they get from their Orthodox life and community.

The survey also asked a somewhat more direct open-ended question: “Are the financial costs of Orthodoxy affecting your religious feelings, either in a positive way or in a negative way?” A majority state that it has no effect on them religiously, but a notable minority explain how cost does affect them negatively, at least to some respect.

Q. The survey asked people if they had any advice on handling the cost of Orthodoxy. Were there common responses?

The advice most often given is to live within one’s means, resist the perceived need to “keep up with the Joneses,” move to a less expensive community, if possible, don’t be shy about asking for help, and pray, give charity and otherwise draw sustenance from Judaism and its beliefs and practices.