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# Privatization in the Israeli School System: Selected Issues

Noga Dagan-Buzaglo

PO Box 36529, Tel Aviv 61364

Telephone: 972-3-5608871

Fax: 972-3-5602205

www.adva.org

advainfo@bezeqint.net

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# INTRODUCTION

## Privatization and its Social Implications

The Israeli school system still has a strong public infrastructure. Most of the teaching hours are financed from the public coffers and most teachers are employees of the Ministry of Education or the local authorities. However, over the past three decades privatization has made serious inroads, as parents, nonprofits, and commercial bodies – referred to as “market forces” – play a growing role.

Privatization is not only a product of the weakened public service network, but also a catalyst of it. With neo-liberal social and economic policies, and a dwindling of public investment in education, the private sector has stepped up its involvement in funding and shaping education. And because private sector activity is rooted in family, sectoral, or business interests, the ability of the state to maintain control over the format and content of education is further eroded.

Privatizing education reflects a process of commodification: The introduction of market principles changes education from what was formerly considered a fundamental civil right – one that helps foster equality of opportunity – to a commodity – to be produced by those with means and acquired by the highest bidder.

Privatization harms the universal infrastructure of public schooling as it undermines the ability of the Ministry of Education to address the needs of all schoolchildren. Privatization also fosters both ethnic and cultural class divisions.

### THE PRINCIPAL MANIFESTATIONS OF PRIVATIZATION IN EDUCATION ARE AS FOLLOWS:

- 1. Severe cutbacks in state allocations for education together with increased private funding of public schools:** Private funding leaves its mark on education by entrenching larger parental co-payments for all aspects of schooling; new curricula, special learning tracks, and smaller classes financed by parents; offering accelerated learning classes and matriculation preparation courses financed by parents; and supporting the establishment of “special” public schools that charge tuition.
- 2. Adoption of a free market model for the school system emphasizing the uniqueness, competitiveness, and marketability of schools:** As part of this approach, school registration areas were partially opened, giving parents the opportunity to choose their child’s school. A “self-management” system was introduced in which schools operate as closed financial systems that raise resources independently and allow for commercial use of the facilities. Fewer school hours, crowded classrooms, an over-burdened teaching staff, and lack of innovation in the public school system have led parents with means to create private educational initiatives for their children, accomplished with the open or tacit approval of the Ministry of Education.
- 3. Measurement and evaluation methods borrowed from the corporate world:** Just as corporate success is measured by profits to shareholders, so too schools are now being measured by their achievements. The need to

show achievements can be seen in the adoption of policies that stress the measurement of outputs, devolve responsibility for outputs from the Ministry of Education to the school, and shift the emphasis from education as an intrinsically worthy activity to education as training for the labor force.

**4. Private entrepreneurship:** The establishment of schools and school networks by parent associations and commercial bodies; a growing trend to operate schools by veteran networks such as ORT, Amal, and Amit; the addition of new networks such as Ma’ayan Torah Education; networks fully owned by businesses such as Tomashin, Atid, and Sakhnin College; and ideologically-oriented networks initiated by parents and educators such as TALI, No’am, Mofet, and the democratic and anthroposophic schools.

**5. Outsourcing and the commercializing of functions that had previously been performed directly by the Ministry of Education:** This includes the planning, managing, operating, and supervising of programs and projects by educational nonprofits and businesses. The outsourcing that began with supplementary learning now applies to what were once some of the Ministry’s core activities. Passage of the Mandatory Tenders Law in the early 1990s and the appearance of project management companies have expedited commercialization. Today entire areas of activity are no longer operated solely by the Ministry of Education: matriculation exams; many extra-curricular activities – enrichment courses, support programs for under-achieving students, and welfare

programs; as well as the supervision and financial oversight of schools and projects.

**6. Companies, nonprofits, and foundations operating within the schools:** These bodies offer programs external to the regular school curriculum; they also operate projects, donate equipment, and sponsor educational activities without central guidance from the Ministry of Education and with only partial supervision by it. These private bodies fill the vacuum of diminishing public resources and are therefore welcomed by schools and local authorities, especially in poorer communities. In the absence of Ministry oversight, however, there is no assurance of a fair division of resources, oversight of curricular materials, supervision of teachers and of curriculum continuity.

**7. The corporate ethos of “management flexibility” has fostered new employment arrangements for teachers, and recently also new training formats:** Teachers can be hired as civil servants or as local authority employees who are subject to collective wage agreements; or they can have personal contracts under better terms and conditions; or they can be hired on a temporary basis with inferior terms – working as subcontracted employees or the employees of municipal companies. With regard to teacher training, currently the main channel for raising the level of schools is to deprofessionalize teaching by creating short training programs for former hi-tech employees, who will no doubt work as teachers for only a short period of time and not regard it as their primary profession.<sup>1</sup>

The movement to privatize education is part of a political-economic worldview that seeks to constrain the involvement of the state against a background of weakened regulation. Under these conditions, there is no one to safeguard the public interest or the welfare of the citizens at large.<sup>2</sup>

Privatization is now the primary strategy for improving the performance of the Ministry of Education, and the main form of managing education. Underlying the privatization of social services is the view that a government ministry should serve primarily as an administrator, while the services themselves should be outsourced. This is also the view of the Ministry of Education.<sup>3</sup> But private bodies have accumulated enough power to undermine the ability of the Ministry to perform administrative functions and demonstrate leadership when it comes to educational policymaking.

A clear example of this is the burgeoning role of school networks: The continually growing number of schools in the privately owned networks is largely the product of educational problems in the periphery; at the same time, it is a way to deal with the failings of the Ministry of Education and the local authorities. The fact that the widespread existence of these networks did not narrow the gaps between students in disadvantaged and those in well-to-do communities has not led to a rethinking of the efficiency of this method.

Another example is the involvement of nonprofits and businesses in educational curricula. These bodies can sell to schools in poor communities almost any project in their repertoire, because the schools view their offerings as an opportunity to compensate for insufficient public funds and for the out-of-pocket payments made by parents in well-funded schools. The result is that ideological and commercial interests are gaining the ability to shape education, particularly where the system is weak. On the other hand, the Ministry of Education allows parents in wealthier communities to shape their children's education by introducing special courses or even special schools within the public school system funded by private resources, as this is perceived as the

last hope to prevent a mass exit of the wealthy to private schools (education fully funded by private bodies is almost non-existent in Israel).

The privatization of schools in Israel is unique in that there is no totally private school system here (with the exception of a small number of church schools and others), unlike the United States, England, and other countries. In Israel, hundreds of special schools, schools created by parent associations, and school networks are defined as "recognized but unofficial," entitling them to state funds – 60-90% of the allocation that official schools receive. In addition, however, these schools are allowed to charge tuition and raise private funds from other sources. To this should be added the "school-within-a-school" phenomenon – accelerated learning tracks paid for by the parents (courses and streams), which operate within the schools and make use of public infrastructure and state subsidies, not unlike the private health services that operate within public hospitals (*sharap*).<sup>4</sup> As a result, there are actually two separate education systems within the public schools: one for pupils from well-to-do families, which benefits from external funding, pedagogical innovation, and a high standard of scholarship; and the other for pupils from poor families, often marked by lower scholastic achievements, which relies on diminishing public funds and occasional philanthropy.

#### **IN THE SCHOOL REGIME DESCRIBED ABOVE, SEVERAL ACTORS PLAY KEY ROLES:**

1. The **Ministry of Education**, which concentrates primarily on the mandatory curriculum and monitoring scholastic achievements. Its influence can be illustrated by concentric circles: In the inner circle are schools in which the influence of the Ministry is strongly felt, and in the outer circle are schools in which its influence is barely noticeable. We find schools in the inner circle belonging to the state secular and state religious streams in the wealthier urban centers (known as "The Forum of Fifteen" plus several small, affluent townships). In the second circle are schools in the state secular and state religious streams located in communities with lower

socio-economic status. And in the outer ring are schools in Arab towns and the independent (ultra-Orthodox) school stream. Most changes promoted by the Ministry of Education – such as self-management, a core curriculum, computerization of the schools, and implementation of the New Horizon wage agreement – are carried out first and foremost in the inner circle, and to a much lesser degree in the outer circles.

2. **"Market forces,"** which promote specific sectors. There are two main forces:

Affluent groups that use private funding to establish selective, elitist schools or special innovative school tracks; and private bodies such as foundations, businesses, and nonprofits, some of which operate educational programs in the schools in accordance with their particularistic interests, worldviews, and the attractiveness to them of the specific student population, and others that provide services that are outsourced by the Ministry of Education. These services may include pedagogical, planning, and supervisory activities.

3. The **local authorities**, which play an important role in the distribution of educational resources. The trend to devolve educational policymaking to the local authorities benefits primarily well-to-do communities while undermining education in the poorer local authorities. Affluent municipalities add teaching hours and other services from their city budgets (such as dental care, operated in only a third of the local authorities; preparatory courses for the matriculation exam; payments for additional teaching hours whose purpose is to create smaller classes). These local authorities take an active role in managing the schools: They are involved in the schools run by networks and in the "recognized but unofficial" schools; they raise and distribute monies; and they maintain contact with nonprofits and businesses through "matching" funds (when project-contributed monies are matched by outside funding). Other local authorities, on the other hand, are beset by management and financial problems, rendering them incapable of supplementing the education budget, and unable to fully collect parental co-payments, which often result in their transferring school management to one of the

school networks. These local authorities are able to offer new educational programs primarily with the aid of philanthropy.

#### **ABOUT THIS REPORT**

This report is a sequel to *Separation, Inequality, and Faltering Leadership* (Swirski and Dagan, 2009), which deals with the growing phenomenon of separate frameworks within the school system, the structure of financing education, the role of market forces, the corporate model of school management, and the implications of these on teachers.

The present report focuses on the manifestations of privatization of the activities of the Ministry of Education itself, the role played by external bodies within the schools, the main subcontractors of education services (foundations, businesses, and school networks), and the implementation of a standards policy to replace school supervision.

The information in this document is drawn from Ministry of Education publications, State Comptroller reports, previous research, and information accessible on the Internet. In addition, interviews were conducted with school principals, heads of Ministry of Education departments, supervisors, Ministry of Education employees, and employees of school networks and projects, past and present. Most respondents asked to remain anonymous.

# CHAPTER 1

## The Curriculum Market

### A. OUTSOURCING CURRICULUM DEVELOPMENT

The school system in Israel has always been marked by a diversity of curricular materials, primarily because the system is split into several subsystems. Moreover, the State Education Law allows for integrating supplementary programs into the mandatory curriculum based on parental choice. Nevertheless, most curricula in the past were developed by the Ministry of Education, while additional programs funded by parents required Ministry approval. Curricula were written by the Curriculum Development Center, which had a curriculum committee for every subject, headed by a senior authority in the field. The Pedagogical Secretariat then developed the learning materials, and these were distributed throughout the school system.

In recent years, the budget of the Curriculum Development Center has been reduced to NIS 3 million, forcing it to cut back its work and undermining its ability to define goals and plan on a systematic basis.<sup>5</sup> In 2007, the Curriculum Planning and Development Department had 35 employees.<sup>6</sup> The State Comptroller noted the very slow pace of curriculum development and the absence of systematic supervision over the curricula taught.<sup>7</sup>

Today curriculum planning and development are carried out primarily by two bodies: The Center for Educational Technology (CET), a nonprofit jointly controlled by the State and the Rothschild Foundation; and the Science Teaching Center (STC), which is part of the Council for Higher Education. In recent years, curricula have also been developed by commercial bodies and nonprofits.

Some examples: the chemistry curriculum developed by Teva Pharmaceutical Industries Ltd.; the smart consumerism curriculum developed by the Blue Square conglomerate; the enrichment curriculum developed by the Mind Lab Group; the nutrition and sex education curricula developed by Prolog (a food, drugs, and cosmetics conglomerate); a curriculum on sustaining the quality of the environment developed by Derekh Eretz, a highway construction company.

Curriculum writing and textbook publication have been outsourced to private vendors. The Curriculum Planning and Development Department in the Ministry of Education writes school curricula only when the private market offers no alternative.<sup>8</sup>

### B. CURRICULA CREATED BY BUSINESSES, FOUNDATIONS, AND NONPROFITS

Most school hours are public and funded by the Ministry of Education and the local authorities. Nevertheless, the ongoing cutbacks in teaching hours, the emerging concept of “corporate social responsibility,” the growth of the third sector, and the encouragement of entrepreneurship and decentralization have all played a role in the entry of the corporate world and nonprofits into school programming and their operation on a routine basis. Outside initiatives were perceived by educators and pupils alike as a way to diversify and renew the curricula in light of the vacuum in the field of curricular enrichment, and therefore they have been generally well received. This education market operates in parallel to

the state system, relying on the entrepreneurship and marketing skills of bodies that run them, with virtually no supervision or guidance from the Ministry of Education. This is a “free market” with no planning about how to divide up the resources or disseminate the programs. Supervision by the Ministry of Education of new curricula paid for by parents is minimal: The process includes approval by parents and by the district supervisor concerning programs paid for by parents, and by a Committee for the Authorization of Commercial Activity in Schools concerning programs offered by commercial bodies.

Bringing outside programs into the schools reflects creeping privatization – the Ministry of Education tries to locate these initiatives, and when it does, its regulatory actions are retrospective and partial. The Ministry neither shapes policy nor promotes the rational use of private resources, but rather finds itself swept along by “market forces.”

Although some of these programs do enrich the curricula, they have no continuity and they are not universally taught. Because they respond to events on the ground rather than implement an overall policy, there is no way to ensure the egalitarian or just division of resources, the monitoring of commercial or ideological content, the supervision of teaching staff, or the continuity of the curriculum.

Programs brought in from the outside are essentially an extension of “gray education” born in the 1980s – teaching hours funded by parents to make up for study hours cut by the Ministry. Over the years, the Ministry of

Education anchored the procedures in law and Director-General circulars, which allow external curricula paid for by the parents. These programs were accorded legitimacy under the rubric of “additional study programs” selected by the parents<sup>9</sup> or the “voluntary acquisition of services” by parents.<sup>10</sup> The “additional study programs” first served to introduce curricula that were compatible with the worldview of the community – such as expanded classes in Jewish studies or supplementary classes in the basic subjects. Over time, initiatives were added from the third sector and commercial companies, offering their curricula under the rubric of “additional study programs” or the “voluntary acquisition of services.”

Until the mid-1990s, these programs were introduced to the schools primarily by nonprofits or philanthropic foundations; research from 1993 indicates the presence of nonprofits in schools, but mentions almost no commercial enterprises.<sup>11</sup> Fifteen years later, most of Israel’s major corporations were operating programs or enrichment classes in Israeli schools.

The many different entities that operate in schools make contact directly with the schools, the local authorities or the Ministry of Education. Some provide full funding for the programs, and others make them contingent upon the receipt of matching funds from the Ministry of Education, the local authority, or the school itself.

In the current situation, the Ministry of Education does not have a full roster of these external entities or the scope of their activities, and thus it finds it difficult to supervise the programs. Perhaps because these involve

primarily enrichment programs rather than the teaching of basic subjects with measurable results, the Ministry of Education does not evince much interest in supervision, preferring to rely on “free market mechanisms.”

### **SURVEY OF THE PRIVATE BODIES OPERATING IN SCHOOLS**

In 2006, the Ministry of Education charged a team headed by Dr. Ilana Zeiler to fix criteria for allowing outside bodies into the school system. The team submitted a report<sup>12</sup> that reveals the lack of transparency in the activity of these entities as well as the pedagogical and budgetary distortions resulting from their activity. The report indicates that companies and nonprofits often pressure school officials to place their programs in the schools. As a result, public employees are faced with questions of dual loyalty, which may undermine pedagogical considerations. The Zeiler team recommended that uniform procedures be implemented for authorizing these external programs based on criteria set in advance, through an authorizing body that would be established in the Ministry of Education. This recommendation has still not been implemented, despite the fact that the Ministry of Education has since conducted a survey of the external bodies operating in schools – in accordance with the Zeiler Report recommendations – and despite the fact that the Knesset passed a bill that sets limits on commercial activity in schools.

The only advance was a database of external programs created by the Institute for Entrepreneurship in Education, which has yet to be made public. The very existence of this database could facilitate public monitoring based on transparency; it would not ensure Ministry of Education supervision: A new company or entity desiring to work in the schools would be required to register with the database, and the screening would be done by the schools and the parents.

In the past decade two surveys were conducted of external bodies operating in schools. The first was conducted by Dr. Gili Schild, director of the Evaluation Department in the Office of the Director-General of the Ministry of

Education. This survey found 675 entities or “programs” operating in the school system in the 2003-2004 school year. An average of five programs operated in every elementary school, and seven in each middle school, among those participating in the survey.<sup>13</sup>

The second survey was conducted by the Institute for Entrepreneurship in Education of Beit Berl College. Published in 2009, this survey sampled 449 schools as well as nonprofits and businesses. The findings reveal that in 90% of the schools sampled, several external programs were operating – on average, three programs per school. Most of the programs focused on strengthening fundamental learning skills, enrichment, and teaching life skills. In schools with pupils from low-income families, assistance for under-achieving students and programs for developing life skills were more common, while in affluent schools, enrichment programs were more common. Fifty-eight percent of the program instructors were not professional teachers, but employees of the program operator. The main funders were the entities operating the programs and the pupils’ parents. Local authorities funded some 13% of the programs, and the Ministry of Education participated in funding 4.8% of the programs.

In affluent localities, most of the funding comes from the local authorities and the parents, enhancing the influence of parents and schools on the nature of the supplementary programs. In disadvantaged towns, the funding is primarily philanthropic, which enhances the influence of the philanthropists.<sup>14</sup> Most of the programs have no built-in evaluation component within the schools, which makes it difficult to assess their success.<sup>15</sup>

The funding structure of the external programs suggests the main reason for their mass entry into the school system – the opportunity through private or philanthropic funding to make up for the teaching hours that were eliminated as a result of cutbacks in the education budget.

A follow-up study on the impact of the economic crisis on these programs carried out by the Institute for En-

trepreneurship in Education indicates the downside of replacing public teaching hours with private funding: In times of economic crisis, these programs are significantly reduced, and therefore the main victims are children in low-income schools (particularly in the Arab sector), which rely to a greater extent on donations and less on funding from parents or the local authorities.<sup>16</sup>

The entities that operate school programs fall into three groups:

1. **Philanthropies**, which include some major foundations such as the CRB Foundation (known as the Karev Program) and the Sakta-Rashi Foundation, each of which operates large-scale projects, some in response to tenders issued by the Ministry of Education. These foundations will be discussed below in the context of the main subcontractors of school programs. Other foundations make grants to subcontractors or to specific projects, such as the IDB Foundation, the Azrieli Foundation, the Youth Renewal Fund (YRF) for Innovation in Education, the Israel Venture Network, and the Yuvalim Human Capital Fund. Another type of foundation seeks to instill a specific worldview through its programs and curricula. Examples are the Leviev Foundation’s program “Journey Time” to expand Jewish studies or the “Essence of Life” program funded by Shari Arison.

2. **Nonprofits**, which include third sector organizations that work on behalf of ideological education (such as educating for democracy, Judaism, human rights, protecting the environment), or offer support programs for under-achieving pupils, programs to improve learning skills and life skills, or enrichment courses in various subjects, especially the sciences. The nonprofits directly implement school programs within the framework of the “additional study programs” or on a voluntary basis.<sup>17</sup> According to the Monitoring Report on Teaching Hours written by Ruth Klinov, third sector organizations are predominantly active in the middle schools, where they account for 10% of the teaching hours, as opposed to just over 1% in elementary schools.<sup>18</sup> This is presumably a function of the severe cuts in teaching hours at the middle school level.

In addition, some veteran nonprofits were founded to provide educational services, such as the Association for the Promotion of Education and the Branco-Weiss Institute, which have served as subcontractors of the Ministry of Education for many years, as well as networks that operate schools such as ORT, Amal, and Amit.

3. **Commercial companies**, which operate programs in their fields as part of their efforts of branding, public relations, and “giving back” to the community. These include cell phone companies, banks, industrial firms, and especially hi-tech companies.

### **C. REGULATING COMMERCIAL ACTIVITY IN EDUCATIONAL INSTITUTIONS**

#### **WHAT DO BUSINESSES DO IN THE SCHOOLS?**

Commercial companies become involved in educational institutions through several avenues: doing advertising, making donations, introducing study aids, conducting one-time presentations, providing curricula, and sponsoring events.

The primary concern of the Ministry of Education is overt commercial advertising, and this is what the Ministry regulates.

Regulating commercial activity in schools is the mandate of the Committee for the Authorization of Commercial Activity in Schools, which operates in accordance with the Prohibition of Commercial Advertising Law. This committee has managed to eliminate at least some of the overt advertising in schools, but it appears unable to keep out latent commercial agendas that underlie programs believed to have educational value.

Business activity in schools is not unique to Israel; indeed it is common in the United States. Naomi Klein describes the strategy that allowed large American corporations, including Coca Cola and McDonalds, into the schools: The corporations framed their school activity as helping the schools enter the electronic age, opening channels of communication with students who ostensi-

bly resist traditional learning methods and helping students learn vital technological skills they will need for the work force. Public schools lacking in resources allowed in corporations that brought hi-tech with them as part of these schools' efforts to compete with the affluent private schools. From the perspective of the schools, defending public school space against commercialization was perceived as less important than the immediate benefit of new funding sources.<sup>19</sup>

Critics note that corporate market interests thwart the teaching of critical thinking as they obfuscate the harmful aspects of corporate activity, such as damage to the environment or exploitation of workers. Furthermore, corporate activity promotes a consumer culture at the expense of a humanistic culture, and it reduces the autonomy of teachers to decide on educational content.<sup>20</sup>

## REGULATION

In 2000, for the first time in Israel, a circular issued by the Director-General of the Ministry of Education noted that commercial advertising in schools would be conditioned upon the approval of a special committee established for this purpose – the Committee for the Authorization of Commercial Activity in Schools. This committee is composed of representatives from the Ministry of Education, the Ministry of Industry, Trade and Labor, local authorities, school principals, and parents. The committee issues authorizations to the companies, but it does not decide in which schools a particular program will be implemented: the right to choose remains with the school principals.

In 2007, the Prohibition on Commercial Activity in Educational Institutions Law was passed, prohibiting the posting of advertisements in schools, the distribution of promotional material or gifts, marketing or sales activity, as well as obtaining identifying information from the students. The law does not prohibit the introduction of school programs on condition that the business receives permission from the Committee for the Authorization of Commercial Activity in Schools. In 2009, the committee approved only 20 out of 200 requests from

commercial bodies.<sup>21</sup> The large number of applications to the committee indicates that Israeli businesses are very interested in working in schools, and this presumably does not stem from educational motives but rather from the desire to brand and advertise.

A study that monitored the work of this committee found that it tended to approve activities that, in its opinion, had added educational value, i.e., school curricula or lectures. In this study, Stein analyzed the activity of the Blue Square conglomerate in the schools and, based on this, noted that even curricula perceived as having educational value were tainted with commercial interests, primarily efforts to ensure brand recognition of company products. In addition, the curriculum, defined as “educating for smart consumerism,” is rooted in values that promote the products of this conglomerate, such as price comparisons, and does not address value questions related to consumerism which might arouse criticism of the company, like factory conditions where the products are manufactured, the gap between product costs and the markup, and nutritional considerations in buying its food products.<sup>22</sup> Similar criticism appears in research conducted by the Institute for Entrepreneurship in Education, which notes, “The approach of business firms to school activity, in comparison with that of the philanthropies and nonprofits, stems from organizational interests and not just from the desire to address educational needs.”<sup>23</sup>

The Committee for the Authorization of Commercial Activity in Schools has only a limited mandate. It cannot engage in effective supervision of the commercial firms involved in the school or the content of their activities, for several reasons:

- After authorizing a business, the committee does not ensure that it complies with the constraints issued, nor does it supervise the curriculum authorized. Supervision falls upon the school principals and parents.
- There is no system of sanctions for violating committee directives or entering the school without

authorization, other than being prevented from future activity. The absence of sanctions motivates commercial bodies to try to enter the schools, as the only risk is calling a halt to this activity at a later date. In other words, there is no price tag for delinquency regarding commercial enterprises in the schools.

As a result of the committee's limited mandate, many programs contract with schools without first applying to the committee. Information about their presence arrives only after complaints are made to the committee by parents or principals.

Based on complaints and investigative journalism, programs that operate without committee authorization have come to light, some of which included direct advertising. Examples are the open and aggressive advertising of the “Coca-Cola Village” on the Wingate Institute campus; the activity of the daily newspaper *Ma'ariv* in schools, using student contact information to solicit subscriptions; and donations by cell phone companies that bear the company logo.<sup>24</sup>

## D. LACK OF REGULATION OF PROGRAMS RUN BY FOUNDATIONS AND NONPROFITS

With respect to non-commercial bodies such as foundations and nonprofits, an oversight mechanism exists only for curricula that are subject to parental payments in the framework of “additional study programs” and the voluntary acquisition of services. When a program is privately funded by the entity operating it, or jointly funded by the operating entity and the local authority, no data are collected and no screening or supervision is carried out. Officially, all school programs must be authorized by the Pedagogical Council and the District Supervisor. In practice, this is not done.

### PROGRAMS FUNDED BY PARENTS

Programs run by external entities that are funded even partially by parents fall into the category of “addition-

al study programs.” The cost for these programs has gradually increased, some authorized by the Ministry of Education and some implemented in the framework of “gray education.” Any curriculum classified as “additional study programs” must have the approval of parents, the local authority, and the Ministry of Education through the District Supervisor. Operation of the program is conditional upon its funding by the parents or the local authority.<sup>25</sup>

With respect to large organizations that work regularly with the Ministry of Education, such as the Karev Program, supervision includes municipal steering committees. Jewish Studies curricula in state secular schools must be approved by a body called the Shenhar Staff.<sup>26</sup> Programs to bolster the study of Judaism in state religious schools are considered “additional study programs” and the voluntary acquisition of services. Since November 2009, the Ministry of Education has allowed the addition of up to five weekly hours of “intense additional study programs of Torah” in the state religious schools, financed by parents at a cost of up to NIS 5,000 a year.<sup>27</sup> In the state secular schools, the Ministry of Education allows for “additional study programs” comprising up to fifteen percent of the normal weekly school hours as of the 2009-10 school year, and there is a move to increase this to at least five weekly hours.

Payment for the “additional study programs” is part of the parental co-payments that must be approved by the Knesset Education Committee. The required approval process within schools, which requires the written consent of a majority of parents, is only partially implemented.

In practice, “additional study programs” that have become routinized go through the process of parental approval (sometimes only via the Parents' Committees) once every few years, and as long as no complaints are heard from teachers or students, they continue for years without re-examination. Some programs are chosen by the students or teaching staff, and a few special programs are even chosen by the parents – the original intention of the “additional study programs” arrangement.

## CURRICULA NOT FUNDED BY THE PARENTS

Curricula not initiated or paid for by parents do not undergo the approval process required of “additional study programs.” Most of these are funded by a foundation or nonprofit, or jointly by the local authority and the operating entity. In these cases, the screening is carried out by the contracting party – the school, the school network, or the local authority. The parents are generally not informed of the curriculum, and they usually do not distinguish between external curricula and enrichment curricula created by the Ministry of Education or the local authority. Indeed, no public database exists of all the curricula and external entities operating in the schools, while the partial database created by the Institute for Entrepreneurship in Education has still not been made public. The work of screening, to the extent that it takes place, relies on informal data.

The lower the socioeconomic status of the school or local authority, the more likely it is to prefer curricula of-

fered by foundations over curricula that would require funding by the local authority. In such cases, pedagogical considerations are shunted aside in favor of the promised resources. Philanthropy, however, is subject to economic vicissitudes, Israeli or international, and holds the risk of discontinuation.

Another factor influencing geographic distribution is the agenda of the external entity, which selects schools or local authorities based on its own interests.

Thus there is an open market, and the students are a captive audience of external curricula, driven by motivations that are often more economic than educational.

Notwithstanding the above, there are several ways to manage the activity of external entities in the schools and to subject them to supervision:

1. Ensuring transparency and public accessibility to the information by making public a database containing

all the external entities operating in the school system and all the programs they operate. A database of this kind was begun by the Institute for Entrepreneurship in Education, but it is not available to the public as of this writing.

2. Establishing a unit in the Ministry of Education to supervise the external curricula, similar to what was proposed by the Zeiler Committee. With a small investment, a second committee could be established to authorize noncommercial programs, give teeth to the two committees, and define criteria to ensure pedagogical quality, hiring criteria, stringent screening of commercial content, and the like. Approval by one of the committees would constitute authorization, allowing the school or local authority to enter into agreements with the relevant entity.

3. Supervised distribution of the external curricula: The Ministry of Education could condition approval of

a program on its placement in schools that actually need it and a commitment to a minimum period of operation, as is already the practice for programs run by the large foundations.

4. Enhancing and expanding parental authority to approve or reject curricula. It should be mandatory for every school to obtain written consent from parents for every external entity wishing to operate in their school. A parental oversight mechanism could thus supplement the oversight of the Ministry of Education.

This being said, it should be emphasized that philanthropy cannot take the place of systematic state investment in education, especially in the basic subjects and in the support programs for under-achieving students. Indeed, the spread of philanthropy and private funding provides legitimacy to state policies of under-funding the school system.

## HI-TECH SHAPES EDUCATION FOR TECHNOLOGY

Many hi-tech companies create and run programs in Israeli schools that promote technology. In addition, the Manufacturers' Association of Israel has brought many companies together in the nonprofit “Ta’asiYeda: Education Towards Industry and Technology,” which operates in schools in conjunction with the Ministry of Education. This organization takes students to the “Visitors' Center” of Israeli industry and provides courses in entrepreneurship, marketing, hi-tech leadership, and related areas.

The companies engage in diverse activities in the schools – the donation of technological infrastructure

(computers and labs), lectures and lessons, mentoring by company personnel, curricula in the technological fields, teaching technological skills, enrichment courses for gifted students, booster classes for students in the social periphery, internships in manufacturing plants, and the like. Some examples:<sup>28</sup>

**Teva Pharmaceuticals**  
“The Nature of Chemistry” – chemistry curriculum.

**Applied Materials**  
Robotics curriculum.

**Philips – Israel**  
“Young Philips” – medical and photographic imaging.

### Intel Corporation

A range of programs in science and technology: “Partnership 2000,” “An Educational Odyssey,” “Seeing the Logic in It,” “Technology in the Classroom,” “Marathons in Math,” “A Window to Academics.”

### Motorola

Computer science for the matriculation program, booster courses in math and physics, mentorship for elementary school children, industrial courses for dropouts, a school adoption program.

### RAD Data Communications

Adoption of the Shevach School: courses, lectures by company employees, development of projects, donated computers, and establishment of Internet centers.

### IBM

Computer skills taught by company retirees, programs for hospitalized

children, mentorship, remedial lessons in math and English, donated computers.

### Microsoft

Donation of operating systems to schools, curriculum development and teaching of information technology – now a recognized subject for matriculation exams, technological teacher training.

### Ness Technologies

Operation and maintenance of the ORT schools' data systems, computer technician courses in ORT, mentorship, partner in the “Future of Industry” program.

### The Formula Group

Miftanim Project (for youth-at-risk) – the computer as a rehabilitation tool and computer curricula in schools for dropouts run by the Youth Department of the Ministry of Industry, Trade and

Employment.

### Cisco Systems

The Neta Program – training in hi-tech professions for youth from the periphery, teacher training, funding computer classrooms

**Tapuah – a nonprofit founded by IDB with donations from large companies (Bezeq, Barak, Telrad, Supersol, Clal Insurance, Eden Mineral Water, etc.)**

Partner in the Neta program – operating computer learning centers.

### Tadiran Communications

Technology-science summer camp for middle school children in Kiryat Shmona, programming courses for middle school students, donated computer classrooms in a Kiryat Shmona vocational high school.

### IntelECI TELECOM

Founding of a technological school in Ofakim, ongoing work with the school and internships of students in the company plants.

### Ormat Technologies

Helped establish and operate the Ormat-ORT School near the company plant, promoting technological studies.

### Carcom M.E.M. (1988)

Lectures in schools to attract youth to industry.

### Formula Systems

Technological education, donated computer classrooms to schools and to a hospital.

### HP – Hewlett-Packard

Donated computer classrooms to low-income neighborhoods, technology teaching projects and assistance to underachieving students.

# CHAPTER 2

## Outsourcing and Commercializing Ministry Functions

### A. FROM OUTSOURCING TO COMMERCIALIZATION: CORPORATIONS ENTER THE FIELD OF EDUCATION

For years the Ministry of Education allowed sub-contractors to provide educational services. These were generally nonprofits and foundations that specialized in education, such as the Association for the Promotion of Education, which ran pre-academic preparatory programs and boarding schools for gifted children from poor neighborhoods or development towns,<sup>29</sup> the Branco-Weiss “Second Chance” schools for dropouts, Karev’s school enrichment programs, Sacta-Rashi’s education and welfare projects, and the Association of Community Centers’ Youth Promotion Program.

The outsourcing of educational activity (as opposed to outsourcing activity not related to education, such as development and construction, which was also done in the past through outside vendors) gained momentum following the *Emergency Economic Stabilization Act* of 1985. Like other government bodies, the Ministry of Education began to outsource functions that until then had been performed in-house. In the first stage, a kind of partnership emerged between the Ministry of Education and several nonprofits specializing in education, which have, over the years, become the Ministry’s main subcontractors.

The second stage, of commercialization, began with enactment of the Mandatory Tenders Law (1992), after which the Finance Ministry pressured ministries to outsource more and more of their work. This happened in

parallel with the spread of corporate culture and its emphasis on economic and organizational efficiency. The ongoing cutbacks in ministry personnel led to the rise of companies for consultancy, management and logistics, often without specializations in any specific area, which began to compete for the management and operation of government projects in every field. Sight and Sound, for example, is a subcontractor for ten government ministries and twelve local authorities; it also operates in the commercial world; or Marmanet Organization and Project Management, which sells its services to some ten Israeli government ministries as well as to ministries of education in other countries.<sup>30</sup>

These companies generally employ a small core of regular staff and hire professionals on a per-contract basis. These are often the very same professionals who were previously employed by the Ministry of Education or by an educational nonprofit. In some cases, the companies themselves hire subcontractors.

Once the commercial firms were sub-contracted by the Ministry of Education, outsourcing expanded into other Ministry units, primarily supervisory ones: administrative oversight, budget control, supervision of schools and projects, and educational curricula. Another area of intense corporate activity is computerization of the school system, from technical aspects through training teachers and students in computer studies to developing curricula based on computer technology. In parallel, commercial companies began to compete with the nonprofits for implementing educational curricula and projects.

The Mandatory Tenders Law requires government companies to issue a public tender for any transaction involving the procurement of goods or services or the performance of any work (above a minimum currently set at NIS 45,000). The law allows the government to define preferences in the tenders, such as the acquisition of Israeli products or affirmative action for national priority areas.

The Mandatory Tenders Law, together with the Mandatory Tenders Regulations (1993) and their amendments, give clear priority to public tenders. Amendment 19 of the law (from 27 March 2008) limits the discretionary power of the government entity issuing the tender and sets preconditions for submitting a bid: years of experience, type of experience, and annual turnover. However, the amendments also provide exemptions – when a contract can be awarded without a tender or by a closed tender.<sup>31</sup> In other words, they do allow discretion to the Ministry of Education to give priority to educational considerations.<sup>32</sup>

The Mandatory Tenders Law seems to have created a situation in which the entire Ministry of Education budget that is not utilized for teaching hours or for direct, full-time personnel is subject to tender. The purpose of the Mandatory Tenders Law was to set clear criteria for state bodies to contract with work or service providers, to prevent discrimination or favoritism in the award of contracts, to increase transparency, and to foster efficiency by competition. Compliance with the law and its regulations by the Ministries of Finance and Education appear, however, to have expedited the trend toward

commercialization: Because of this law, educational nonprofits in the 1990s that had already been working with the Ministry of Education had to submit bids to compete with other nonprofits. A decade later, commercial bodies had begun to submit bids. The Ministry of Education did not use the regulations to give priority to bodies specializing in education; on the contrary, as part of the drive to cut costs, it encouraged bids from commercial firms specializing in management, consulting, and organization.<sup>33</sup> According to documents it published, the Ministry of Education currently gives 50% weight to quality and 50% to the financial aspects of the bid,<sup>34</sup> i.e., educational quality is not prioritized over financial considerations.

Following public criticism about transferring educational activities from nonprofits to commercial enterprises, and based on a decision of the Knesset Education Committee in December 2009, a bill was tabled in early 2010 that would authorize the Minister of Education – in consultation with the Finance Minister and the Knesset Committee for Education, Culture, and Sports – to issue regulations that would exempt select educational services from the Mandatory Tenders Law.<sup>35</sup> This resembles the regulations already passed in 2009 that exempt Israeli institutions of higher learning from the Mandatory Tenders Law and establish special arrangements for them. As noted above, even today priority can be given to pedagogical considerations by including them in the conditions of the tenders themselves, or by exempting a given entity from having to submit a tender for reasons of expertise, for example. The shift, therefore, is more about the perception of the management of education

as a social service or a commodity, and less about regulation.

## B. AREAS NOW OUTSOURCED AND SUBJECT TO TENDER

The information in this chapter is based primarily on information taken from the Ministry of Education's tender website.<sup>36</sup> Note that until 2007, the Ministry published the names of all those who won tenders, then suspended this practice, and today only the tenders themselves are published without the names of the winning bidders.

Areas that were outsourced and provided by tender include **most of the development and construction work, acquisition of equipment and teaching aids, computerization of the schools, and acquisition of auxiliary services** such as student transport. These services do not require expertise in education and have been performed for many years by outside vendors. Some areas of development and construction are massively funded by private donors: For example, although the state pays for most development work, a significant portion of construction is funded from outside sources, such as the State Lottery or private foundations.<sup>37</sup> In the area of computerization, considerable funding comes from foundations or companies like IBM, Microsoft, Cisco, and HP.

Beyond these, the primary areas subject to tender and outsourcing are **administrative activities and oversight**. Prominent examples are test management – assessments, matriculation exams, and oversight of them; database management for the Chief Scientist Bureau, and the Psychological Counseling Service; supervision and oversight of students in the care of truant officers; management of in-service training courses and stipends; management of curriculum databases, such as gender curricula; management of a database of textbook suppliers; and management of a five-year plan for the Arab sector. In the field of administrative oversight, examples include supervision and oversight of implementation of the educational curricula; administration of the Authority for Licensing Educational Institutions; data collec-

tion and management of in-service training courses for teachers; administration of payroll for teaching staff; administration of school attendance by teachers; data collection and dissemination in various subjects; oversight of auxiliary services such as the school lunch program; supervision of matriculation administration; tender preparation; and oversight of safety in educational institutions.

The Ministry of Education also outsources **Pedagogical Supervision and Budgetary Control**. In the area of supervision, the role of vendors in these areas is to implement reforms or introduce curricula: In 2005, the Taldor Company won a tender to implement the National Educational Program; in 2008, the M.A.N. Management Institute won a tender to implement the New Horizon reform; Tandu Technologies and Security Systems Ltd. won a tender to implement curricula and other school programs in the sciences and technology. Supervision and oversight of all the auxiliary programs – the school delegations to Holocaust sites in Poland, SHAHAR programs for youth-at-risk, academic preparatory programs, and gifted student programs – are now all outsourced. With regard to financial control, this refers above all to the teaching hours report in elementary and middle schools, oversight of tuition payments in high schools, supervision of parental co-payments, textbook revision, and administering resources for the Agents of Change school program in disadvantaged communities.<sup>38</sup>

In the area of **pedagogy**, tenders are issued for curriculum development. The Center for Educational Technology develops evaluation tests; various publishing houses translate textbooks into Arabic and adapt them culturally; a company called Audiosystems is writing a heritage curriculum for the lower grades; and the Technion operates the Administration for the Promotion of Science Curricula.<sup>39</sup>

Various **auxiliary and enrichment programs** are also outsourced by tender: educational services for youth who drop out of school and remain unemployed; the Cultural Basket program; supplementary enrichment curricula; study day programs; incremental learning programs to

prepare students for higher education; enrichment days in nature studies and geography; programs for children with special needs or the children of immigrants; courses to prepare students for the matriculation examination; and road safety curricula.

In 2009, tenders were issued for a series of projects for disadvantaged populations that, until then, had been operated by educational nonprofits:

- the 48 pre-academic preparatory courses in which some 12,000 students are enrolled, in operation for some 40 years;
- the PERAH program, founded in 1972, in which schoolchildren are tutored by university students in exchange for stipends;
- teaching services to hospitalized or home-bound students;
- the Steering Center for Ethiopian Immigrants, in operation since the 1990s, which gives support to immigrant students and operates a system of mediators in schools;
- Cultural Basket – a program that operates primarily in the periphery to expose students to culture and art.

These programs did not experience budget shortfalls or improper management, but when tenders give equal weight to pedagogical and financial factors, commercial bodies that bring down the costs are preferred. Public criticism led to a discussion about tenders in the Knesset Education Committee, and to pressure on the Minister of Education to exempt some services from tender. Currently the Tlalim Program (educational support for sick children) and the Steering Center for Ethiopian Immigrants has remained in the hands of nonprofits, after commercial bodies failed to win tenders for operating them. PERAH and the Cultural Basket have also applied for exemptions from the mandatory tender.

The story of the Cultural Basket program illustrates well the dynamics that underlie outsourcing and commercialization. Until recently, the Cultural Basket, which provides cultural enrichment programs, was operated

by the Ministry of Education in cooperation with the Association of Community Centers. In 2008, following criticism of politicization and preferential treatment in the choice of the cultural repertoire, a decision was made to change the way the service was run. Two directions were considered: removing it from the Association of Community Centers and issuing a tender to operate it; or establishing an independent Cultural Basket Authority that would manage the project.<sup>40</sup> The desire to issue a tender is puzzling, as it is not clear how this would shield the Cultural Basket from political and economic interests. On the other hand, establishing a separate authority for a single project is not a logical solution either, particularly since an independent authority could also be susceptible to political pressure (as in the case of the Broadcasting Authority).

Outsourcing also led to commercialization of the pre-academic preparatory programs, which for forty years had been operated successfully by the Association for the Promotion of Education; they were transferred to the Marmanet Company, which has no educational or pedagogical expertise. Marmanet was also given the authority to decide on the teaching staff in these programs as well as other aspects of pedagogical and academic supervision.<sup>41</sup>

Subcontracting the operation and supervision of educational programs has become such a matter of course that the option of placing the pre-academic programs directly into the public colleges under the aegis of the Council for Higher Education was never even considered.<sup>42</sup> Following an appeal by the Colleges Committee on the Pre-academic Preparatory Programs, submitted to the Planning and Budgeting Committee of the Council for Higher Education (the primary funder of these programs), a committee was appointed to examine this alternative.

Critics of commercialization point out that profit-oriented businesses tend to prefer financial considerations over educational considerations, avoid activities that incur financial loss, tend to cut the costs of supervision and staffing, and use hiring practices that are harmful

to employees in order to save money. At the end of the day, they steer the programs they operate into profit-making directions even if this undermines the overall educational goal.

### C. PRIVATIZING SUPPLEMENTARY SERVICES

In this chapter we examine briefly three cases of privatized supplementary services: school health and emergency health services, school delegations to Poland, and the book-lending program.

The reasons generally given for privatizing these servic-

es is to make them more efficient and less expensive. The three examples below reveal that the opposite has occurred, as is quite evident in the cases of privatizing the school health and emergency health services, and also the school delegations to Poland. With regard to the book-lending program, what we have is a clear example of what has been called “privatization by omission” through limited government activity<sup>47</sup>; the program was not intended to be outsourced or commercialized, but the vacuum created by its poor implementation allowed commercial firms to enter the field, and today the program is operated by both schools<sup>48</sup> and commercial firms.

### 1. HEALTH SERVICES OR EMERGENCY HEALTH SERVICES IN THE SCHOOLS

#### School Health Services

School health services are a vital part of preventive medicine, and they contribute significantly to the health of children and thence their learning ability, particularly children from poor families.<sup>49</sup> Recognition of this is what brought about the creation of school health services, and later their inclusion in the National Health Insurance Law. School health services are especially important in light of the increased household expenditures on health, and consistent survey findings that poor families often forego health care due to the cost of co-payments.<sup>50</sup>

School health services are provided in grades 1-9 and include immunizations, medical checkups (general, eyesight, growth), health education, counseling of students, teachers and parents on health issues, development of plans to promote health, supervision of health matters, and first-aid to students.

Over the past decade, the budget for school health services was reduced, resulting in a negative effect on the scope and quality of the program. Attempts were made over the years to provide these services through commercial firms, on the grounds that they would be less expensive. The first attempt to procure school health services from a private firm was made in the early 1990s,

## OUTSOURCING AFFIRMATIVE ACTION

### 1. THE FIVE-YEAR PLAN IN THE ARAB SECTOR – WHO PROFITS?

The five-year plans in the Arab sector that began in the 1990s were instituted as a form of affirmative action designed to narrow education gaps between Jews and Arabs.

For the five-year plan that began in 2001, the Ministry of Education chose to use private subcontractors. The companies Marmanet, Axioma Achievements in Education, and the Sakhnin College won the tenders “to operate pedagogical and administrative services.”<sup>43</sup> In 2007, the Ministry of Education extended the five-year plan by another three years.

The five-year plans allocate resources for teaching hours, teacher training, assistance for under-achieving students, and physical infrastructure. These are the main areas in which Arab education has suffered from discrimination for many years.

In light of the fact that this is a broad, multi-year, multi-disciplinary plan, it is hard to understand why the Ministry of Education would choose the option of creating separate programs that are time-bound and inexpensive, renewed periodically and operated by external

contractors, rather than increasing financial support for the programs which are organic to the Arab schools. The concern expressed by the Ministry of Education that the money would be swallowed up by the local authorities does not hold water, as it would also apply to other allocations made by the Ministry, which are not withheld.<sup>44</sup> According to principals of Arab sector schools, a significant portion of the budget is used to fund project overhead – the companies that operate it. For example, of the 800 effective hours allocated to one high school, some 150 are used for operating expenses. Furthermore, the system of allocation and reporting does not allow the school flexibility in use of hours, resulting in hours that are not utilized, raising the concern that the unutilized portion of the budget will remain with the subcontractors who operate the program.

The subcontractors appear to be the only clear winners of the five-year plan, which has thus far not significantly improved scholastic achievements in the Arab sector, as measured by evaluations or the results of matriculation exams.<sup>45</sup>

### 2. THE ETHIOPIAN NATIONAL PROJECT: COOPERATION OR RENEGING ON COMMITMENTS?

The Ethiopian National Project is a five-year plan (2008-2013) to benefit immigrants from Ethiopia to Israel, designed as a partnership among the Jewish Federations of North America (JFNA), the Israeli government, the Jewish Agency, the JDC, and community bodies. Initially the budget was set at NIS 870 million for five years. The money was to come from two sources – Israel and the JFNA. The project actually began, however, with an annual budget of only \$2 million (approximately NIS 8 million instead of the NIS 80 million planned for the first year), most of it from the JFNA. The project includes three programs, one of which concerns the education system: assistance for under-achieving students and matriculation preparation for students aged 13-18. The project is operated by subcontractors: ORT Israel, the Association of Community Centers, the Branco-Weiss Institute, and the Gideon Association for Ethiopian Jewry. The project itself serves as a subcontractor for existing programs such as Atidim.

Critics assert that the state has not allocated the promised funds, renegeing on its responsibility for sponsoring

the project. In the words of MK Shlomo (Neguse) Molla, “The project has completely strayed from the original vision, and I think we have to bring it to an end. The main reason is the absence of [government] funding. Programs for school dropouts, an extended school day, the school lunch program, booster classes for matriculation, social workers – all these are services that the state is obligated to provide students from weak socioeconomic backgrounds -- which is the case in the Ethiopian community. Today, there is no one to talk to about these issues. The project has become a fig leaf; everyone knows that. In the past we could sit down with the Director General of the Ministry of Social Affairs and ask him to add a social worker for the after-school childcare facility; today they send you to the National Project. The Ministry of Education funded matriculation preparatory courses before the project began. I know of some places, for example, where they sent students from the Matriculation Marathon of the Ministry of Education to the National Project Marathon. What will happen when the project ends? My forecast is gloomy. Because funding was withdrawn, the authorities are already shirking their responsibility and the community has no one to turn to.”<sup>46</sup>

but the effort failed and the state resumed responsibility for this service.<sup>51</sup>

Until 1997, health services were provided either by the Ministry of Education or by private firms engaged by the local authorities. In 1997, the Ministry of Health was charged with the responsibility for school health services.<sup>52</sup> Most of the services were then provided by nurses or doctors via the Association for Public Health (an independent, nonprofit founded in 1972 by the Ministry of Health for purposes of outsourcing some health services, and as a way to reduce the costs of some employees – nurses, “health trustees,” mental health workers, and others), with the Ministry maintaining overall responsibility for providing the service and training the personnel.<sup>53</sup> In 2006, the Finance Ministry decided to halt the provision of school health services by the Ministry of Health, and to enter into contract directly (exempt from tender) with the Association for Public Health, which would bear full responsibility for these services. A three-year contract was signed at an annual cost to the state of NIS 64 million.<sup>54</sup> In 2010, Natali Seculife won the follow-up tender, despite criticism of the company’s performance in providing emergency health services (see below).

As a result of privatizing the school health services, a nurse is no longer always on duty in every school; the school nurse has been replaced by periodic visits of nurses from the Association for Public Health, who give vaccinations and perform other medical duties, which have been cut back.

### School Emergency Health Services

Emergency services in the school cover first aid, performed in the past by the school nurse, and evacuation by ambulance upon decision by the school nurse, carried out by Magen David Adom by virtue of the Magen David Adom Law 1950. In light of the reduced presence of nurses in the schools, the Ministry of Health decided to acquire first-aid services from a commercial firm (in 2007-08 by contract with Magen David Adom and as of 2009 with Natali, which won the tender). It was also decided to teach first aid to teachers.

Since April 2009, emergency health services to schools – first aid and ambulance evacuation – have been provided by Natali. Payment is not related to the number of cases treated; hence the company saves money by treating fewer cases.

Complaints have already been filed about insufficient medical services in the south, as the distance makes it difficult to provide such services (leading to unreasonably long waits for a paramedic or ambulance<sup>55</sup>). Parent associations have claimed that the company tries to save money by not calling an ambulance when necessary. According to standard operating procedures, a Natali paramedic at the scene is the one who decides about the need to evacuate by ambulance. Complainants assert that in some cases Natali representatives did not authorize evacuation to the hospital despite the serious nature of the incident, and that parents were forced to order an ambulance at their own expense, and later had to arrange for reimbursement.<sup>56</sup>

The High Court of Justice rejected petitions against the Ministry of Education’s decision to buy health services rather than supply them directly<sup>57</sup> and expressed understanding for the financial constraints of the Ministry. At the same time, the Court stated that the Education Ministry had to establish a supervisory and monitoring mechanism to ensure the good management and efficiency of these services. No such mechanism has yet been established, other than charging someone in the Ministry with that task (the same person who also heads the Committee that authorizes commercial activities in the schools).

In parallel, a bill to amend the National Health Insurance Law that seeks to alter the legal situation and explicitly states that the Ministry of Health shall provide these services directly or via the local authority (and not by subcontractor) was tabled in the Knesset.<sup>58</sup> The Ministers’ Committee for Knesset Legislation decided in January 2010 to appoint a committee headed by Education Minister Gideon Saar, to investigate the issue. By the start of the 2010-11 school year, the committee had not yet submitted its recommendations, while health ser-

vices continued to be privatized.

### Privatizations Neither Save Money nor Increase Efficiency

Research by the State Comptroller and the Knesset’s Research and Information Center paint a picture of rising costs for school health services over the past decade and an ongoing decline in the quality of the services provided:

- The Ministry of Finance initiated and pressed for the outsourcing of school health services as early as 2007, despite the opposition of the Ministry of Health. The decision was finally taken by the Ministry of Finance and the Ministry of Health, without consulting with the Ministry of Education and without a professional assessment of alternatives.
- Just before the privatization, the budget for school health services was reduced from NIS 79 million in 2001 to NIS 60 million in 2006; the student population increased by 10% during that same period. The manifest goal of outsourcing is to save money, without taking into consideration the effects on the quality of the service. The Finance Ministry estimated that outsourcing school health services would save approximately NIS 7 million a year. It turned out, however, that purchasing services from the Association for Public Health, combined with purchasing first-aid services from Magen David Adom, actually increased expenditures by some NIS 20 million a year.
- A Ministry of Health report issued in September 2008 scrutinizes the activity of the Association for Public Health and notes problematic areas, primarily the low number of immunizations and examinations, inadequate supervision, and the lack of treatment continuity.
- Only 24.5 out of 39 positions were filled of those allocated by the Ministry of Health for supervising school health services in 2007.<sup>59</sup>

Today, the health services offered in schools after outsourcing to two subcontractors are more limited and less accessible than those available to schoolchildren

before the budget cuts and privatization. Services adversely affected include the regular presence of a school nurse, treatment continuity, and house visits to children with health problems. Eliminating the position of school nurse has an additional price: Because school staff members are not authorized to administer medicines to students, children are sent home from school for every small ailment.

### 2. TEXTBOOK LENDING PROGRAM

The Textbook Lending Law of 2000 was designed to facilitate the exchange of textbooks among elementary and middle school pupils for payment of an annual fee. This was an effort to reduce family expenditures on schoolbooks; the law does not obligate schools to participate in the program. Since passage of the law, the date when it would take effect was repeatedly delayed by the Budget Arrangements Law. Despite the postponements, the program is already operational in some schools, with the cooperation of the Ministry of Education. A Director-General Circular<sup>60</sup> sets down the principles of its operation, which include: agreement of at least 90% of the parents and a sliding payment scale based on income. The circular also gives responsibility for running the program to the local authority and the school, with the cooperation of the Ministry of Education. The program director in the Ministry of Education notes that after the initial investment by the Ministry, the program manages to sustain itself financially, and that proper management can even lead to profits for the school.<sup>61</sup>

Today some of the schools lend books with the assistance of the local authority, but several dozens have shifted that operation to private firms. Running the program by business principles circumvents the Director General’s circular by setting prices without regard to income level, taking a deposit, charging handling and cancellation fees in addition to the lending fee, and also selling non-re-usable workbooks in the framework of the program at full or only slightly discounted prices. In practice, the prices are based on the number of participants in the lending program in each school, and negotiations between the company representatives and

the parents' committee. The main operator is a company called "BookMarket," which specializes in the marketing and logistics of used textbooks. This company runs the program in about 70 schools<sup>62</sup> and was granted permission to continue to operate commercially in schools. In at least several schools where it operates, the used textbook bazaars initiated by parents are now a thing of the past.

In July 2010, the Knesset approved an amended Textbook Lending Law, which budgets the project at NIS 5.5 million (up from NIS 1.9 million previously), and allows the program to operate with the consent of only 60% of a school's parents. The amended law also allows for the allocation of additional state assistance to the schools beyond the initial budget that allows for purchase of a stock of books.<sup>63</sup>

### 3. HIGH SCHOOL DELEGATIONS TO POLAND

Since 1988, Israeli students have participated in visits to Nazi concentration camps in Poland as part of their high school studies about the Holocaust. The program is under the auspices of the Poland Directorate, Youth and Society Administration, in the Ministry of Education.<sup>64</sup> The rules about organizing these trips, the adult escorts, the content, and the process are detailed in a Director-General Circular from 2005<sup>65</sup>, and are updated on the website of the Poland Directorate.

This is a type of enrichment program with official delegations funded by the Ministry of Education, and school delegations funded primarily by parents.<sup>66</sup> The high costs lead to financial selection – those who can

participate in the program and those who cannot afford it. In 2007, over 27,000 Israeli teens went to Poland on this program, 74% of them from schools ranked as affluent.<sup>67</sup>

Since 2003, the program has been conducted by the Ministry of Education via airline companies and travel agencies chosen by tender. The maximum price set in a tender by the Ministry of Education for the years 2003-2007 was \$1,132 per pupil, with every school entitled to negotiate with the vendor to lower the price. A new tender from 2008 raised the maximum price to NIS 5,700-6,700 per pupil.

In March 2008, Minister of Education Yuli Tamir appointed a committee to examine the options for lowering the price of the trips. In keeping with the recommendations of the committee, the Ministry issued a tender designed to reduce costs, for example by shortening the duration of the journey by two days and choosing one or two vendors to execute the trips. The Ministry also tried unsuccessfully to raise funds for the preparatory process. In light of the disappointing results of the tender, which did not lower the cost of the journey, the Ministry cancelled it and decided to continue to allow schools to independently send their pupils on the delegation.<sup>68</sup>

There are differences of opinion about the usefulness of these trips to Poland as a way of teaching about the Holocaust.<sup>69</sup> Furthermore, not all parents and pupils want to participate in them. Nevertheless it is clear that the decision about participation must be taken based on substantive and not financial considerations.

## CHAPTER 3

# The Primary Subcontractors of Education Services: Nonprofits, School Networks, and Businesses

### A. NONPROFITS AND FOUNDATIONS AS SUBCONTRACTORS

For years, the Ministry of Education has participated in what it calls "partnerships" with several nonprofits and foundations that serve as subcontractors, primarily in programs for disadvantaged populations and projects that integrate education and welfare. The principle "partners" are Yad Hanadiv, the Karev Program for Educational Involvement, the Sacta-Rashi Foundation, the Branco-Weiss Institute, the Association of Community Centers, and the Association for the Promotion of Education.<sup>70</sup> To these should be added the JDC and the Jewish Agency, which have been involved for years in social services in Israel, including education.

In general, the foundations are motivated by a desire to advance educational goals. And yet, as revealed by the State Comptroller report about the Sacta-Rashi Foundation<sup>71</sup> and other funding sources, the relationship between the Ministry of Education and these subcontractors is not free of problems, and not always consistent with the public interest:

1. The initial contract with the foundations stipulates their obligation to finance 50% of the project in exchange for an exemption from the tender and tender competition with other subcontractors. In some cases, the Ministry of Education interprets the 50% to include additional costs such as parental co-payments.<sup>72</sup> Over the years, the portion paid by the foundations shrank while that paid by the local authorities and parents increased, and still the foundations continue to be exempt

from bidding for a tender; the Karev Program is a clear example of this.<sup>73</sup>

2. The Ministry of Education does not regularly scrutinize the foundations' budgets or activities, or even the channeling of funds from one project to another. Many foundation programs were originally intended for pupils from disadvantaged areas, but over time, for financial reasons, these budgets and others have been used for programs in affluent communities. Diverting resources intended for disadvantaged populations suggests that public education interests have retreated in the face of the foundation's interest in maintaining itself.

3. When outsourcing activities, the Ministry of Education retains control and supervision; in contracts with nonprofits, on the other hand, the nonprofits themselves take on the responsibility for planning, operation, and supervision, thereby lessening the involvement of the Ministry. In this way the Ministry of Education divests itself of ministerial authority and transfers it to subcontractors.

4. When foundations are responsible for planning and supervision, they establish pedagogical and administrative mechanisms similar to those of the Ministry of Education. These mechanisms divert funding from the program itself, which then needs at least partial support from the state coffers. Furthermore, as soon as these mechanisms exist, they must be supplied with work, requiring the foundations to expand into other fields: The Karev Program, for example, developed an evaluation mechanism, and it now markets itself as an expert

in that field; the Sacta-Rashi Foundation opened child-care centers, and then – based on this expertise and the mechanism it developed – became a subcontractor to implement the long school day and the school lunch program, which the foundation had been involved in promoting.

5. The foundations and their subcontractors employ thousands of persons in the field of education. Some are employed under personal contract with terms and conditions more favorable than those for persons employed directly by the Ministry of Education; others work on a part-time basis at minimum wage; and some, even professionals, are employed on an hourly and temporary basis under inferior working conditions with no job security. In this way, the foundations have contributed to the worsening of the employment conditions of persons working in the field of education; they bear partial responsibility for fostering a widening class of contract workers.

6. The subcontractors have been conducting these programs for so many years that the Ministry of Education has either lost its ability to run them on its own (cases in point are the SHAHAR programs for youth-at-risk, the courses for underachieving students, and the matriculation preparation programs), or it has simply relinquished responsibility for them (in the case of the enrichment programs).

To illustrate, we focus below on two foundations – Karev and Sacta-Rashi. In both cases, the activities of the foundations have expanded over time into many fields, enhancing their administrative and pedagogical power.

### **KAREV PROGRAM FOR EDUCATIONAL INVOLVEMENT**

The Karev Foundation was founded in 1986 by businessman Charles Bronfman as a philanthropic enterprise to provide enrichment programs for children in Israel's periphery. In 2003, Karev registered as a nonprofit; since then it has been operating the “Karev Program for Educational Involvement” countrywide, providing

enrichment lessons in over one hundred Israeli localities. The program is conducted in cooperation with the Ministry of Education. Karev also operates other programs, including the long school day program in public preschools.<sup>74</sup> As noted, Karev was officially founded to provide enrichment to disadvantaged pupils whose parents could not afford after-school programs for them; in practice, Karev launched its school programs in the wake of major cutbacks in education and as part of the effort to supplement school hours with the financial support of parents. Today the program operates as much in affluent as in poor towns. In affluent towns, such as Herzliya and Rehovot, the program is funded by the local authority and the parents, without any subsidy from the foundation itself. In poor towns, the foundation participates in the funding, and the Ministry of Education also contributes.

When Karev first contracted with the Ministry of Education, it undertook to pay 30% of the cost of the program; according to 2008 data from the Ministry of Education, however, the Ministry pays 36%, the local authorities and parents pay 56%, and Karev pays only 8%.<sup>75</sup>

Over the years, Karev's activity has expanded, and its sources of income have become more diversified. Today, the foundation operates its own pedagogical, R&D, and evaluation units. It also conducts evaluations in schools, engages in evaluation research of educational projects, and also offers consulting and internal evaluation services to boards of education in local authorities.<sup>76</sup>

As a result of the increased volume of Karev's activity, the foundation began to implement some of its activities through subcontractors: Marmanet and Manpower. For Karev's operations, it employs four regional managers, 40 coordinators, some 4,500 teachers and instructors, and about 50 employees of other programs.<sup>77</sup> The instructors are hired on temporary contracts at low wages and for eight months of work a year.<sup>78</sup>

The Karev Program operates under the rubric of “additional study programs,” and its school activities ostensibly require the approval of parents, in accordance with the procedures outlined in the Director-General Circular. In

practice, the approval of parents and pupils is not solicited, and the program is generally introduced into schools after negotiation with the local authority. Thereafter it is difficult for the school to replace it with another program, even if the parents and students so desire.<sup>79</sup> The degree of entrenchment of the Karev Program in the school system has led many schools to conduct these activities during regular school hours, rather than at the end of the school day, as required for “additional study programs.” This places serious limitations on the choices of parents and students who are not interested in the program.

### **THE SACTA-RASHI FOUNDATION**

The Sacta-Rashi Foundation is the primary external operator of supplementary educational programs. Founded in 1984, Sacta-Rashi defines itself as a private foundation that works to assist disadvantaged populations in Israel, with an emphasis on youth and populations with special needs.

Sacta-Rashi works in cooperation with many other bodies – government ministries, local authorities, other foundations, Jewish federations and funders from all over the world, nonprofits, businesses, and others.

The foundation runs projects that supplement the regular school curriculum – scholastic programs in the social periphery, sports programs, summer science camps, science programs, and day-care centers. It is also a partner to the Azrieli Institute for Educational Empowerment. The foundation works as a subcontractor for the Ministry of Education in implementing the long school day and the school lunch program in preschools and elementary schools, the MILAT (extended school day) program that replaced boarding school programs, and others.<sup>80</sup> Sacta-Rashi also invests in the construction of educational institutions.<sup>81</sup>

The two examples below – the School Lunch Program and MILAT - Enriched School Day Program – illustrate how the economic interests of the foundation affect their educational work and undermine the policies of the Ministry of Education.

### **THE SCHOOL LUNCH PROGRAM**

Sacta-Rashi first began to provide school lunches in 1994 as part of its Enriched School Day Program in disadvantaged communities.

In 2004, just before the decision was made to launch a government school lunch program, Sacta-Rashi conducted an experimental school lunch program. A year later, a law was enacted calling for the provision of a daily meal wherever schools have a long school day. Subsequently, the Ministry of Education issued a tender won by Sacta-Rashi. According to the foundation website, in the 2009-10 school year, the foundation ran the government's school lunch program for 122,000 children in preschools and elementary schools through a subsidiary nonprofit called the Tafnit Program (for Accelerated Learning), founded in 2004.

Sacta-Rashi won the tender based on its commitment to provide \$6 million a year for three years to the School Lunch Program, with the option of reducing the grant if the number of pupils legally entitled to the meals was reduced. In the 2006-07 school year, the foundation provided approximately NIS 13 million, at the time equivalent to approximately \$3 million, not \$6 million; the following year, too, the actual donation was lower than the commitment.<sup>82</sup>

The State Comptroller found that only about 60% of the students eligible for a hot meal actually receive one. He also found that the program was conducted only where the foundation was able to elicit the agreement of the municipality to participate in its funding. As a result, among the disadvantaged municipalities eligible for the School Lunch Program, only about a third actually receive it, while the program operates in all the more prosperous towns eligible for it.

This history of the School Lunch Program demonstrates the problem of running national programs through outsourcing and donations. The scope and location of the program appear to be affected by the economic considerations of the non-governmental operator no less than the public interest.

## THE ENRICHED SCHOOL DAY PROGRAM

The Enriched School Day program, in operation since 1995, provides an educational after-school framework for children in disadvantaged communities. The children remain in school until four in the afternoon, receive a hot meal, participate in enrichment activities, and receive help with their homework. The program was operated by Sacta-Rashi from 1999 to 2006, based on a tender-exempt contract with the Ministry of Education.

An audit by the State Comptroller revealed a disturbing picture of inadequate or non-existent supervision of this program by the Ministry of Education, both on the pedagogical and financial levels: The Ministry allowed the foundation to determine the localities where the program would operate and to decide on the division of funding between the local authority and the parents. As a result, programs intended for disadvantaged populations were conducted in more prosperous communities. The Ministry exerted no financial supervision. A one-time, independent audit conducted in 2001 revealed over-budgeting and the diversion of surpluses to other projects. The result here, too, is the diversion of resources originally intended for disadvantaged communities.<sup>83</sup>

## B. COMMERCIAL COMPANIES AS SUBCONTRACTORS

The companies that subcontract for the Ministry of Education have expertise in organization and operation, not in the field of education; hence they run the educational projects by hiring professionals in each field or by outsourcing. These operating companies have flourished in the increasingly neoliberal climate of Israel, which favors concepts like “job flexibility” and “streamlining the public sector.” It was also nourished by a campaign delegitimizing the public sector, presenting it as ineffective.

The companies apply for a range of government tenders in various fields. While they have a core group of management and operational personnel, most others are hired per project on a subcontracted basis. Once

## PROFESSIONALIZING PRIVATE INITIATIVES TO ESTABLISH SCHOOLS

As early as the 1980s, separatist networks charging tuition began operating in Israel within the state secular and state religious schools, funded by the Ministry of Education. Some examples: Noam-Tzvia, TALI, Aleh High School for Sciences and Music, Anthroposophic schools, democratic schools, Shuvu, Morasha, Hand in Hand, and others. Most of these school networks were initiated by parents who wanted quality schooling for their children, or schooling with a specific ideological bent.

The system offers several administrative options to parents who wish to found a school:

1. The State Education Law allows parents to introduce elective programs into the public schools with parental funding;
2. There is a framework for experimental schools;
3. There is another framework of special schools that are “recognized but unofficial.”

Over the years, private educational initiatives have been professionalized: A group of parents may receive advice from a legal firm or a consulting company that has developed this specialization over time.<sup>96</sup> Recently, a “Forum for Choices in Education”<sup>97</sup> was founded to provide support for institutions that seek Ministry of Education recognition.

the company wins one or two government tenders, the systems and experience are in place to submit bids for others. Although the companies discussed below specialize in management and operational services, they also bid for tenders to carry out educational activities – conducting school programs or supervising programs operated by other subcontractors.

In economic terms, the use of subcontractors by the

Ministry of Education does not necessarily save public money, as these are profit-oriented companies that hire subcontractors who also share in the profit. Furthermore, one common characteristic of education projects is their incomplete operation: When the executing agency is the Ministry of Education, unspent budgets return to the state coffers; when the executing agency is a private contractor, unspent budgets often remain in their hands. Some claim that this arrangement is an incentive for under-performance, a claim reinforced given the weak supervisory mechanisms of the Ministry of Education.

## MARMANET ORGANIZATION AND PROJECT MANAGEMENT LTD.

Marmanet is a member of the corporate groups Mertens-Hoffman Management Consultants and Amanet Management & Systems.

Mertens-Hoffman, founded in 1978, is a management and organizational consulting firm that engages in project management, logistics, and evaluation research. Among its clients are Israeli government ministries, government corporations, and many local authorities. Most of its work for the Ministry of Education is carried out by its subsidiary, Marmanet.<sup>84</sup>

The Amanet group, founded in 1994, defines itself as a “multidisciplinary” company that engages in “consulting and engineering, logistics, and outsourcing.” Amanet is traded on the Israeli stock exchange and has holdings of twenty subsidiary companies, most in the same fields. In 2008, it had NIS 362 million in revenues.<sup>85</sup>

Marmanet specializes in project organizing and management through outsourcing. In 2007, the company had some 4,500 employees and a turnover of approximately NIS 300 million. Among its clients: most departments in the Ministry of Education: the Science and Technology Administration, Department of Elementary School Education, Education and Welfare Services Department (SHAHAR), Department of Adult Education, Professional and Continuing Training Administration, Youth and Society Administration, Telecommunications

and Information Administration, Department of Examinations, Department of Boarding School Education, Security Department, Chief Scientist Bureau, Department for the Organization of Education, Department of Immigrant Absorption, Department of Educational Entrepreneurship in the Pedagogical Secretariat, Department of Human Resources in Education, and the Development Administration.<sup>86</sup>

In recent years, Marmanet has provided a range of services to the Ministry of Education:

- Operation and management of programs and resources – informal supplementary programs, programs for teen dropouts, administration and management of the Karev Program, database management for the Chief Scientist’s Bureau and the Psychological Service, administration of the Authority for Licensing Educational Institutions, resource administration for the Change-Seeking Schools Program and the Cities and Towns in Distress Program, grant administration of the stipends and prizes for school and college students, educational activities to encourage youth to go on to college, test administration for Ulpan students, and adult programs.
- Data collection and dissemination – data collection on school dropouts, management of the database of the student population and staff, database of the in-service training of the teaching staff.
- Coordination and oversight of programs conducted by other subcontractors – supervision of the Enriched School Day program, the school lunch program, and the student delegations to Poland program.<sup>87</sup>

In 2010, Marmanet won a tender to operate the pre-academic preparatory programs, which had been founded by a nonprofit – the Association for the Promotion of Education – and operated by them for years. Note that this tender was not just for management and operation, but for pedagogical and academic supervision and the authority to select the teaching staff.<sup>88</sup> Award of this tender to Marmanet evoked considerable criticism concerning the granting of authority for patently pedagogical

matters to a commercial, profit-oriented company that lacked experience or expertise in education. Concerns were raised that economic considerations would lead to higher tuition, a lower level of teaching, and poor quality of service. It was also argued that this program had been functioning well, and the only reason for issuing a tender and transferring it to Marmanet was to lower costs.<sup>89</sup>

### SIGHT AND SOUND GROUP

The companies comprising the Sight and Sound Group, founded in 1969, engage in the provision of organizational solutions for businesses – needs assessment, human resources development, developing training processes, and the like.

This Group manages educational and logistical projects for government ministries and local authorities. It has an annual turnover of tens of millions of shekels, employs 1,100 persons, and conducts training sessions and in-service training courses for over 300 educational institutions. Its courses include introduction to computers, computerized graphics, animation, touch-typing, and computer programs for pre-school, schoolchildren, and teachers.

Two companies in the Sight and Sound Group serve as subcontractors for the Ministry of Education:

**Sight and Sound Education Ltd.**, which specializes in training and integrating computer software. It serves as one of the main subcontractors of the Ministry of Education in teaching children how to use computers.

**Axioma Achievements in Education Ltd.**, which engages in the development and teaching of curricula in formal and informal settings. Axioma runs high school learning centers in over 160 locales in Israel on behalf of the Ministry of Education, local authorities, and the Ministry of Housing.

In recent years, the Sight and Sound Group has operated the pre-Atidim project – incremental learning pro-

grams to prepare students for higher education – on behalf of the Pedagogical Authority. The company also provides pedagogical and administrative services for implementing the five-year plan in the Arab and Druze sector. It conducts matriculation preparatory courses for soldiers, and it plans and runs some of the main programs for youth-at-risk in the Ministry's Education and Welfare Services Department (SHAHAR).<sup>90</sup>

### TALDOR

Taldor engages in the provision of business and technological solutions in the fields of software, hardware, and communications. The company is traded on the Tel Aviv stock exchange: 71.95% of its shares are held by DBSI (a private investment company) and the rest are publicly owned.<sup>91</sup>

In recent years, Taldor won the following tenders:

- Field control of the transport of students and education personnel in local authorities and schools;
- Administration, screening, and assessment of applications for student loans and grants;
- Establishment and operation of an administration to assist in coordinating and implementing the education element of the Ethiopian National Project;
- Establishment and operation of an administration for integrating computerized management in the Ministry of Education;
- Organization and administration of the external matriculation exams;
- Supervision of equipment acquisition in the fields of science, technology, and computerization; and supervision of computer maintenance in the school system;
- Establishment of an administration to manage the database of suppliers of approved textbooks to educational institutions;
- Supervision of programs of the Department for Gifted Children;
- Provision of technical and logistical support for conducting tests, questionnaires, and evaluations of educational projects.

## “JOB FLEXIBILITY” FOR EDUCATORS

The privatization trend brought in its wake a variety of contractual arrangements for hiring teachers and other education personnel, arrangements that circumvent the collective agreements achieved by teachers' unions and the wage agreements relevant to civil servants. While some educators are employed under personal contract under favorable terms and conditions, most are hired through private intermediaries under inferior working conditions.<sup>98</sup>

The most common arrangements:

1. Employment through municipal or private companies that emerged with the transition to self-management (such as the René Cassin Association in Jerusalem, Yuval Education in Tel Aviv, and Gevanim Hadrachot Ltd.); employment by foundations through projects and programs operated on behalf of (or in partnership with) the Ministry of Education (such as the Karev Program, in which employees are hired by subcontractors of Karev, or the matriculation preparatory programs, in which teachers are hired at about five times the hourly rate of regular teachers); employment by nonprofits or companies that run external school programs (see Chapter 2); or employment by school networks. Most of these employees are hired under working conditions that are inferior to those of teachers whose employment conditions are subject to collective wage agreements.
2. Employees of the supplementary programs sponsored by the Ministry of Education, who are hired by Ministry subcontractors or the local authorities on a per-project basis or for a set period (e.g., eight months a year). Over the years, these workers have often moved from one employer to another, depending upon the tender results. These include teachers, childcare workers, counselors, coordinators, substitute teachers, test proctors, and teachers of remedial classes.

3. Supervisors, principals, and administrative employees under personal contract with the school networks, large institutions, or foundations that have an independent supervisory or administrative apparatus.

4. Ministry of Education employees: The Ministry itself employs many administrative workers on a temporary basis, under special contract for a defined period of time, or via employment contractors. In practice, a pattern of temporary employment (which should not exceed five years, according to the Civil Service Personnel Code) becomes permanent. In 2007, for example, about half the Ministry's administrative employees in the Tel-Aviv and Central Districts were employed under special contract – some for over ten years.<sup>99</sup> This was also true for the Telecommunications and Information Administration, most of whose staff are subcontracted employees: Half have been subcontracted employees for over five years and a fifth, for over ten years.<sup>100</sup> Another employment practice of the Ministry is for departments to use the allocation for training days instead of hiring regular employees. In 2009, the State Comptroller found that this was common practice in Ministry of Education departments. In 11 out of 31 Ministry of Education departments, most of the positions were filled by education workers doing “training days”; only a minority had regular positions.<sup>101</sup> Employment by special contract does bring down the costs of the employer, but when special contracts are made with senior officials, it allows the Ministry to circumvent collective wage agreements and pay a higher wage. Thus, the State Comptroller found that a large group of subcontracted workers in Telecommunications and Information Administration were hired at much higher wages than regular Ministry employees – over NIS 30,000 a month.<sup>102</sup>

Financial data about the extent of the contracts between Taldor and the Ministry of Education or about its profit have not been made public. An estimate of this can be derived from newspaper accounts, which report tens of millions of shekels a year per project: For example, for handling the logistics of the evaluations carried out by the National Authority for Measurement and Evaluation in Education, Taldor received NIS 51 million for three years (2005-08); based on company-published estimates, the profit would have been about 5%, i.e., NIS 2.5 million a year. In October 2008, Taldor won another tender for providing technical and logistical support for testing, survey questionnaires, and project evaluation, at NIS 23 million a year for four years.<sup>92</sup>

### C. SCHOOL NETWORKS AS SUBCONTRACTORS IN STATE SECULAR AND STATE RELIGIOUS SCHOOLS

Since the 1960s, the Israeli school system outsourced some high schools in immigrant and Arab communities, particularly vocational high schools, to nongovernmental school networks. For many years, vocational education was perceived as the residual alternative to academic secondary school education, especially for the children of immigrants from Muslim countries. Most schools belonging to the main school networks – ORT, Amal, and Amit – are located in development towns and immigrant neighborhoods in the urban centers; and over the years, new school networks were created, including for-profit school networks (for example, Atid, Tomashin, Sakhnin).<sup>93</sup>

Over the past two decades, rivalries emerged between the networks, as they became business competitors in every sense of the word: They competed with one another for contracts for the operation of schools and projects outsourced by the Ministry of Education. Even the veteran networks, and certainly the new ones, operate as “education businesses” that expand with the demand for their services, market themselves aggressively, and generally offer a whole range of services – technological

colleges, elementary and secondary schools, preschools and daycare centers, boarding schools, enrichment programs, preparatory courses for the matriculation and psychometric exams, and vocational training courses. The areas of activity and geographic distribution of the school networks are a function of business considerations, identified opportunities, and successful competition for tenders put out by the Ministry of Education.

A whole industry has also developed of schools and institutes for youth who drop out of the public school system.

Public frameworks include the HILA program (supplementary studies towards matriculation), Miftan rehabilitation schools, apprenticeship schools run by the Ministry of Industry, Trade and Employment, and school networks such as the Branco-Weiss and Dror Schools.

Along with these, another development has been the creation of an industry of private, external networks that charge full tuition and offer educational services like matriculation preparatory courses, psychometric exam preparation, and professional courses, e.g., Ankori High School, Ron High School, Mishlav, Tel-Aviv High School, Yoel Geva, and others. These networks meet the needs primarily of high-school-age dropouts from well-to-do families or adults who can afford the high costs of completing their own high-school education.

Networks that operate state schools are financed directly by the Ministry of Education or the local authorities. Most also have a separate fundraising arm that helps finance their overhead, which meets the needs of towns that cannot raise money for further educational outlays. For low-income local authorities adversely affected by the large cuts in balance grants from the Ministry of the Interior, the school networks are an attractive solution.

Although contracts between the networks and the local authorities carry detailed information about administrative and financial matters, they do not necessarily discuss the curriculum or the network’s commitment to pedagogical quality and scholastic achievement. The

network takes responsibility for admitting and expelling pupils, and also for decisions about the tracks – in some cases after consulting with the local authority. Although the networks are subject to Ministry of Education supervision and procedures, the pedagogical and administrative policies in each school are set by the management of the network.

The contracts stipulate that the school networks will receive the Ministry of Education allocation intended for the school, the subsistence allocation of the local authority, and any other school income, such as parental payments and donations. In every educational institution, the networks can also charge 5-8% of the school budget, on average, for administrative overhead. This combination – lack of commitment to a specific pedagogical input and guaranteed high overhead – is what makes running schools a lucrative business venture. It sometimes provides incentive for the reduction of educational services in order to increase network profits.

When a local authority is sufficiently strong, it can supervise and even intervene in the management of a

network school by a local steering committee. When the authority is weak, economically or administratively, the network often enjoys considerable freedom. The Ministry of Education does not generally interfere in contracts between local authorities and school networks, or in the financial management of the networks.

Since the mid-1990s, the school networks have spread to the Arab sector not by setting up new schools but by working within existing schools. Schools operated by the networks in the Arab sector are comprehensive or vocational, usually in weak local authorities or those administered by an appointed mayor and town council. School networks are introduced as a solution to financial distress, as a way to cope with delays in the transfer of education funds. The networks gain entry into schools by various means, including the offer of high salaries to principals and sometimes material inducements to other relevant parties.<sup>94</sup>

In addition to managing schools, networks make money by winning tenders issued by the Ministry of Education.<sup>95</sup>

## CHAPTER 4

# The Decline of Pedagogical Supervision and the Rise of Output Measurement

One characteristic of privatized social services – education, welfare, and health – is the adoption of free enterprise principles, especially the business ethos. Thus, the realization of social goals now defers to economic and organizational efficiency as the key measures of success. This is the reason the school system is overly focused on measuring outputs and on the personal responsibility of the principal and teaching staff. Schools are now required to operate as “profit centers” in terms of mobilizing and utilizing resources (money and staff) and producing outputs that can be quantified and ranked.

These principles have moved to center stage in the management of education in Israel. In the previous chapters, we saw how, as part of the business ethos of efficiency and competition, aspects of management and teaching have undergone outsourcing and commercialization. As a result, the influence of private entities on education and its content has grown, while the education leadership of the state falters and retreats.

One manifestation of this, to be discussed below, is the shift in emphasis from pedagogical supervision and scrutiny of the resource allocation in education, to the monitoring of “performance outputs.” Student achievement on tests is now the main yardstick on which educational quality is measured.

For about a decade, the Israeli Ministry of Education has leaned toward adopting a policy of standards, familiar primarily in the United States. This policy assumes that the setting of measurable objectives – primarily

achievements – can be the main tool for shaping education and supervising the work of teachers. Although the American system of standards has not been fully adopted in Israel, it has gained traction in recent years, to some extent as part of Israel’s efforts to be accepted into the Organization for Economic Cooperation and Development (OECD). Just as Israel strives to position itself economically to raise its international credit rating, so too it strives for an OECD seal of approval for having a progressive system of education, based on the achievements of its pupils in international tests.

A system of education based on the monitoring of achievements dovetails well with market principles. It encourages competition between students and between schools as a way to raise the achievement level of the entire system. This is the context for the efforts to make educational institutions more attractive to parents and pupils by opening separate or unique educational tracks and streams. While the emphasis in the past was on student achievement in the matriculation exams, for the past ten years it has been on comparative achievement tests at every stage of learning. Needless to say, this contributes nothing to improving the supervision of teaching quality, the quality of the courses studied, or the proper allocation of resources to weaker schools: A system that monitors performance is focused on results, not pedagogy or resources. The race for achievements separates students into homogeneous categories (schools, streams, classes, courses, and ability groupings), and creates enormous pressure on the teachers and parents to produce high achievements at any price – pedagogical and financial.

One of the manifestations of an achievement-oriented education system is the anchoring of core studies – for the first time – in the Director-General Circulars of the Ministry of Education.<sup>103</sup> These directives call for a mandatory curriculum in the basic subjects for every school, as well as for the idea of linking implementation of the core curriculum with the level of funding for each school. In practice, however, there are significant differences between the schools in the curriculum studied.<sup>104</sup> Nevertheless, insistence on a core curriculum at this time reflects the desire to create a base line for monitoring and measuring student achievements and improving the performance of Israeli pupils in international tests. The core curriculum will enable application of a performance-monitoring system in the ultra-Orthodox sector, where it is now absent, and it will simultaneously open options for integrating ultra-Orthodox young people into the labor force.

### A. THE DECLINE OF SCHOOL SUPERVISION

The decline of school supervision is a classic privatization story: First, supervision suffered from shrinking budgets, which made an already difficult task impossible. This led to a decision to outsource some of the supervision. Outsourcing created supervision that was primarily technical; it further undermined Ministry control, and it contributed to preferring the measurement of “outputs” over testing the content and teaching methods.

The school supervision mechanisms in the Ministry are

designed to examine what the students are actually learning, and to monitor the scope of teaching hours. The agency responsible for this is the Pedagogical Council, under whose aegis the subject-area supervisors operate. In the past, supervision was carried out by dozens of subject-area supervisors in every district, who visited the schools. After the drastic budget cuts, only 70 supervisory staff remained for the entire country, of which a minority are inspectors and most are subject-area supervisors and district advisors, each responsible for several hundred schools. The supervisors give support, advice, and instruction, without the authority to submit binding recommendations or dismiss teachers.

An audit carried out by the State Comptroller in 2008 reveals a chaotic picture of school subject supervision: The Comptroller found that the Ministry of Education does not have one exhaustive list of all the subjects taught in schools, that the same topics recur in various subjects, and that the committees organized by the senior subject-area supervisors are inactive and do not meet. As a result, notes the report, the schools are not teaching some of the mandatory subjects, learning continuity does not exist in some subjects, many subjects are not studied at the level set by the Ministry, and the Ministry does not apply sanctions to schools that do not provide the requisite number of teaching hours.<sup>105</sup>

In 2009, the State Comptroller examined the extent to which teaching hours are utilized in the middle schools, and he found many schools not in compliance and a lack of uniformity between schools and districts. He also found that because the instructions from the Ministry

of Education were vague concerning the use of extra hours to narrow achievement gaps, this resource was often channeled for use by the entire student body.<sup>106</sup> Researchers who examined the scope of subjects actually studied in middle schools and high schools reached similar conclusions.<sup>107</sup>

Because there are now fewer subject-area supervisors, some of the supervision over subject areas was shifted to the general supervisors. General supervision consists of the supervisors in each district – based on the level of schooling, school system, and the special education supervisors. These are headed by a district supervisor. The general supervisors are responsible for implementing Ministry of Education policies, integrating educational initiatives and curricula, instructing and evaluating the teachers and principals, liaising among various arms of the Ministry of Education, the local authority, and the school, and attending to the complaints of parents and pupils. The burden on the general supervisors is enormous, both in terms of areas of supervision and the ratio of supervisors to schools. In preschools, a general supervisor is responsible for some 100 preschools. In other schools, each supervisor is responsible for 25-30 schools.<sup>108</sup>

### **THE NATIONAL AUTHORITY FOR MEASUREMENT AND EVALUATION: MONITORING BY SUBCONTRACTORS**

Pedagogical supervision for the Ministry of Education is outsourced; it is in the hands of two key bodies:

1. The National Authority for Measurement and Evaluation (known by its Hebrew acronym, RAMA), which is not part of the Ministry. RAMA extols the value of measurement and seeks to establish policies that would use a student's scholastic achievements as the basis for evaluating the education provided by the school;
2. Monitoring by subcontractors, i.e., by the same companies and nonprofits that also operate the schools and educational projects, thereby producing a conflict of interests, at least in some cases.

RAMA is an independent authority and a subsidiary of the Ministry of Education. Most of its activity focuses on evaluations using Israeli and international tests. School testing is outsourced (to Taldor), while RAMA itself outsources the test designs and evaluations to academics. RAMA also evaluates projects for the Ministry of Education. These have included the New Horizon wage agreement, immigrant absorption programs, and the five-year program for the Arab and Druze sectors. The emphasis in RAMA evaluations is on the contribution of the program to raising the students' scholastic achievements.

The Ministry of Education also issues tenders to evaluate programs under its aegis; the major companies that conduct some of these programs and projects also submit bids. Some examples: a tender for evaluating the services provided by the Department for Gifted Children (awarded to Taldor in 2007); an audit of the school delegations to Poland (awarded to Marmanet); an audit of the SHAHAR programs for youth-at-risk (awarded to the Sight and Sound Group); and an audit of the enrichment education programs (also awarded to Marmanet).

## **B. MEASURING OUTPUT IN EDUCATION**

### **STANDARDS-BASED EDUCATION**

Standards-based education currently dominates discussion about the quality of education. This discussion revolves primarily around achievement on international tests; it is not concerned with the wide gaps between sectors and classes in Israel.<sup>109</sup>

In the words of Professor Michal Beller, head of RAMA, "The system applies pressure to do testing ... The Israeli system of education is one of the most sensitive to performing tests ... partly because of the need of those who head it to know where they stand in comparison with others."<sup>110</sup>

The Ministry of Education seems to have given up on any real effort to ensure a fair distribution of resources or to supervise teaching methods and content, concentrating instead on monitoring student grades on internal

exams, the GEMS (Growth and Effectiveness Measures Scale), and international tests. The schools and their teachers are judged, first and foremost, on the achievements of their pupils. In effect, this also means shifting the responsibility for the level and quality of education from the Ministry of Education to the schools.

The problem, however, is that decentralizing responsibility for the schools leads to larger education gaps. It even serves the interests of schools whose pupils come from well-educated, affluent families, as it allows the parents to finance private lessons and supplementary programs over and above the programs supported by public funding. Decentralization also benefits the strong local authorities, which are able to add resources to the budget received from the Ministry of Education.

The emphasis on test scores increases the use of screening by schools. It puts a strain on parents, who find themselves investing more and more time and money to ensure a level of achievement that will get their children into the desired institutions, particularly in the transition to middle school. In high school, the pressure to obtain high test scores paves the way for subcontractors to offer expensive matriculation preparatory courses. An investigation carried out by a teachers' union in 2007 found that over 600 companies in Israel were offering services to help students improve their matriculation scores.<sup>111</sup>

The policy of basing education on uniform standards has evoked considerable criticism. Some challenge the reliability of the tests and indicators: Doubts emerged, for example, about the validity of the international comparisons. Some claim that the international achievement rankings are primarily a reflection of the demographic and economic situation in that country. Another claim relates to the fraudulent techniques used by some schools to meet their goals – keeping weak students away from the exam, spending hours preparing them for the test, even helping students during the exam. Some critics point to the marginalization of traditional goals such as educating for good citizenship and social solidarity, encouraging curiosity and a love of learning. Others assert

that the standards policy fosters the belief that scholastic achievement consists of a test score, not the ability to study and engage intellectually. Finally, some scholars note that a focus on achievements narrows and waters down the curriculum in a way that harms all students, especially those from disadvantaged backgrounds, whose education is now oriented toward raising test scores in specific subjects, while neglecting the infrastructure required for general knowledge.<sup>112</sup>

Teachers interviewed for this report describe an unreasonable pace of tests and constant reporting requirements about the progress of the pupils, especially in math, science, and language skills. Others report that the demand for achievements leads teachers to pressure parents to hire private tutors or transfer their children to other schools. Finally, teachers complain about the lack of time to deal with social issues or to develop personal relationships with pupils.

These findings have been corroborated by the Monitoring Report on Teaching Hours 2007-2008, as it (first) appeared in the newspapers: The Monitoring Report found a trend in about 75% of the schools investigated of transferring hours intended for social studies (homeland, history, geography, etc.) to subjects that appear in national evaluation tests – math, language, and the sciences.<sup>113</sup> Similar findings appear in the report of the Expert Committee on Guidelines for Revising the System of Education Indicators.<sup>114</sup>

### **COMPETITION WITHOUT TRANSPARENCY**

As noted, the National Authority for Measurement and Evaluation (RAMA) is responsible for measuring achievement in education.<sup>115</sup> RAMA conducts a series of comparative tests, together with a survey of the school climate that provides the context of the GEMS. The results of the achievement tests are classified, and officially not shown to the parents or students. RAMA publishes data only on the national level, with breakdowns by a number of variables. A status report of each and every school is disclosed only to the principal. Paradoxically, the Ministry of Education's stated reason for this confidential-

ity is the fear of creating an elite league of schools with high achievements that parents and children will want to attend. The paradox is that the Ministry encourages competition between schools for purposes of upgrading them (by opening school registration areas, creating unique schools, self-management, and marketing the school's wares) – despite the fact that this competition has already caused a great degree of class-based separation; on the other hand, the Ministry conceals from parents and the public the results of the competition. Unlike the United States and England, which instituted a free market policy accompanied by transparency about the school's achievements, in Israel there is competition without the attendant transparency.

## SUMMARY

The evolving privatization of Israel's school system has far-reaching consequences: It hastens the decline of public education and the faltering of the leadership of the Ministry of Education; it entrenches the diminished state investment in schooling and bolsters the role of the private sector in financing and shaping education; it replaces learning with competition for test grades in the basic subjects; and it widens cultural and class-based gaps, thereby deepening inequalities in education.

This report examined some of the dynamics underlying the process of privatization. We saw how the massive introduction of commercial and philanthropic bodies into the school system created a curriculum market run by entrepreneurs, one that lacks regulation of its ideological and commercial content. This is a two-tiered market – in the affluent schools, most programs are funded and controlled by the parents, while in the disadvantaged schools, many programs draw their lifeblood from philanthropy, which largely shapes the educational content.

Privatization can also be found in the commercialization of Ministry of Education activities, which are increasingly carried out by subcontractors. At first these were limited to specific areas of activity performed by several nonprofits that specialized in education; over time, however, outsourcing expanded to all aspects of administration, supervision, and pedagogy, with a concomitant devolvement of authority and responsibility to the subcontractors.

In this report, we reviewed the main companies, non-profits, and school networks that operate in the field of education and make their living from it. We examined how the weakness of the regulator – the Ministry of Education – when combined with the interests of the subcontracted operators, has often led to prioritizing economic considerations over social and educational aims. Here, too, the main victims are the poor, as school networks and outsourced programs are concentrated in low-income communities. The trend to reduce costs and hire staff via contractors also fostered new models of employment for teachers, often under conditions of employment inferior to those set in the collective wage agreements.

We also saw how the Ministry of Education shifted its emphasis from pedagogical supervision to the monitoring of “outputs.” The new measurement regime is evident primarily in the growth of measuring tools: the proliferation of assessment tests, test-oriented learning, and even the establishment of an autonomous authority for outsourcing measurement and evaluation. The demand for measurable results increases the screening of students while driving teachers and parents to get high marks at any price – pedagogical or economic. Outsourcing and commercialization of the educational enterprise, together with the measurement regime, are two sides of the same coin – integrating the free market concepts of economic and organizational efficiency into the system of education.

## FOOTNOTES

- 1 For examples of privatization in the Israeli school system, see Dahan and Yona, 1999; Dahan and Yona, 2005; Yogev, 2007; Ballas, 2005; Michaeli, 2008; Levi-Faur et al., 2009; Swirski and Dagan, 2009; Fishbein, 2009; Ichilov, 2010.
- 2 Levi-Faur et al., 2009.
- 3 Ministry of Education, Culture and Sports, January 2009.
- 4 In court cases about schools, the courts have encouraged parental choice and separation as part of “the right to education” (see Michaeli, 2008: 31), while private hospitalization plans in the health system were declared unlawful by the High Court of Justice on the grounds of discrimination. See HCJ 4325/02 (“the Physicians Case”) and HCJ 4253/02 (“the Civilian Case”), decision dated 17 March 2009.
- 5 Chen, 2010.
- 6 State Comptroller, 2008: 829-831.
- 7 Ibid.
- 8 The website of the division: [http://cms.education.gov.il/EducationCMS/Units/Tochniyot\\_Limudim/Portal/Odot/Tafkidim.htm](http://cms.education.gov.il/EducationCMS/Units/Tochniyot_Limudim/Portal/Odot/Tafkidim.htm).
- 9 State Education Regulations (Supplementary Curricula and Additional Curricula) 1953.
- 10 Director-General Circular 2001/8b lays down the principle of parent-funded scholastic reinforcement programs in high schools. Every year, a parent co-payments circular is issued stating the amount approved for the “voluntary acquisition of services,” which today is also allowed in elementary schools and includes the purchase of equipment.
- 11 Cohen and Kaiser, 1993.
- 12 Ministry of Education, Pedagogical Council, 5 July 2006, p. 6.
- 13 Ministry of Education, Pedagogical Council, 5 July 2006, p. 3.
- 14 This emerged from interviews with school principals and heads of education departments, who described how financial insecurity and pressure to upgrade school resources leaves them little choice among pedagogical considerations.
- 15 Weinhaber et al., 2009.
- 16 Ben-Nun, 13 October 2009, Follow-up Survey. Presentation at a conference of experts at the Institute for Entrepreneurship in Education, Beit Berl College.
- 17 For examples of nonprofits in schools, see Weinhaber et al., 2009: 25-26, 30.
- 18 Klinov in Shiffer et al., 2010: 8.
- 19 Klein, 2000.
- 20 Stein, 2010: 269.
- 21 Kashti, 23 September 2009.
- 22 Stein, 2007.
- 23 Weinhaber et al., 2009: 65.
- 24 See, for example, Porush, 10 January 2008; Stein, 2007.
- 25 State Education Regulations (Supplementary Curricula and Additional Curricula) 1953; Director-General Circular 2002-03, 3a.
- 26 These curricula are written by private bodies such as the Shalom Hartman Institute, the Schechter Institute of Jewish Studies, Sadnaot Israel, the Movement for Progressive Judaism, the AVI CHAI Foundation, and others.
- 27 Director-General Circular 2009-10, 3a.
- 28 The data are taken from the company websites and media reports.
- 29 The Association for the Promotion of Education, previously a subsidiary unit within the Ministry of Education, became an independent, nonprofit association in the 1970s.
- 30 <http://www.sightandsound.co.il>; <http://www.mertens-hoffman.com>.
- 31 When only one vendor can perform the service (either by law or in practice), when the entity is a not-non-profit organization and funds at least 50% of the said service (this allows the Ministry of Education to use the services of foundations like Sacta-Rashi and engage in cooperative projects with the JDC), or when work or professional services require expertise, specialization, or personal trust. Situations relevant for education appear in Regulation 3, paragraphs 29-30 enacted in 1998, 2000, and 2009, and in Regulation 5.
- 32 Regulation 6(b) states, “Participation in the tender can be made conditional upon additional matters, including the relevant experience or abilities of the vendor, the annual turnover, compliance with relevant Israeli standards, importance of the venue of his business activity, and recommendations submitted by others.” This sweeping regulation allows the Ministry of Education to give priority, for example, to nonprofits specializing in education over businesses that offer management, consulting, and organization services, but have no expertise in education. In 2009, a directive was added to the regulations that allows for contractual relations with a vendor without a tender process upon approval of the Ministry Exemptions Committee (Regulation 3a(c)).
- 33 Sigalit Sayag, Deputy Accountant General, Meeting of the Knesset Education Committee, 7 December 2009.
- 34 <http://www.info.gov.il/LAPAM/Tenders/hinuch>, various tenders.
- 35 Proposed Mandatory Tenders Bill (Ministry of Education Amendment) 2010 (2086/18/P).
- Select education services would include creating scholastic or cultural curricula, operating and overseeing its use, hiring, training, supervising, and dismissing teachers, and testing and screening students.
- 36 <http://www.education.gov.il/MICHRAZIM/michrazim2.asp>.
- 37 For example, the Ministry of Education’s budget proposal for the 2009-10 school year called for the construction of 2,850 classrooms, funded as follows: 1,970 classrooms by the Ministry of Education, 370 classrooms by the State Lottery, and 500 classrooms by outside funders.
- 38 <http://www.education.gov.il/MICHRAZIM/michrazim2.asp>.
- 39 Ibid.
- 40 A National Cultural Basket Authority Law was tabled in 2010 (2038/18/P); an identical proposal had been tabled in the Seventeenth Knesset (3798/17/P) and Eighteenth Knesset (796/18/P).
- 41 According to MK Zevulun Orlev in a meeting of the Knesset Education Committee on 7 December 2009.
- 42 See, for example, the proposal of Yoram Raz, Chair of the Committee of College Directors, on the subject of the pre-academic preparatory courses. Van Leer Jerusalem Institute Conference on the Privatization of the Pre-academic Preparatory Courses, 3 March 2010.
- 43 <http://www.info.gov.il/LAPAM/Tenders/hinuch>.
- 44 Kashti, 6 September 2007A; Kashti, 6 September 2007B; Kashti, 30 November 2007.
- 45 National Authority for Measurement and Evaluation in Education, July 2007; Kashti, 6 September 2007; meeting of the Knesset Committee for Education, Culture and Sports from 28 July 2009, Protocol No. 56; Swirski and Dagan, 2009: 18-23.
- 46 Fishbein, 2008: 12-14; Sharvit, 24 August 2008.
- 47 Barak-Erez, 2008.
- 48 Each school individually, or on a city-wide level with the help of the Municipality or the Association of Community Centers.
- 49 Berliner and Biddle, for example, in their analysis of the effect of poverty on scholastic achievement.
- 50 Gross et al., 2009.
- 51 Hasson, 2007.
- 52 National Health Insurance Law 1994, Amendment 6, Article 21A.
- 53 As of 2004, the Ministry of Education is not allowed to charge parents for school health services, except for dental care (Director-General Circular, 2004 1(A) dated 1 September 2004).
- 54 State Comptroller, January 2010: 343-364.
- 55 Flora Shoshan, Mayor of Mitzpe Ramon, 6 June 2010, at a conference on privatization of the school system, Academic Center for Law and Business.
- 56 Complaints that reached HILA for Equality in Education and the national parents organization; also see, for example, [www.ashdodnet.com](http://www.ashdodnet.com), 6 May 2010.
- 57 HCJ 1083/07 submitted by the Israeli Medical Association and the Association of State Physicians; HCJ 3217/09 submitted by the National Parents Association and the Association of the Disabled.
- 58 1522/18/P, National Health Insurance Bill (Amendment – Preventive Medical Services and School Health Services), 2009.
- 59 State Comptroller, 13 January 2010; Vergen, October 2007.
- 60 2002-03/8A, 1 April 2003.
- 61 Yaniv, November 2006.
- 62 <http://www.bookmarket.co.il>.
- 63 <http://www.cms.education.gov.il>.
- 64 A tender in 2006 for organizing and coordinating the flights and supervising the teen trips to Poland was won by the Marmanet Company, indicating that the Poland Directorate is also outsourced.
- 65 2004-05/4B from 1 December 2004.
- 66 In recent years, the Ministry of Education has annually allocated stipends of approximately NIS 1,000 a pupil to some 800-900 pupils.
- 67 Vorgan, January 2008. *Student Delegations to Poland*, the Knesset Research and Information Center.
- 68 Zelicovitch, 9 September 2008.
- 69 See Feldman, 2001; Shahar and Katan, 2001.
- 70 The Association of Community Centers is a government corporation under the Ministry of Education; the Association for the Promotion of Education became an independent body in the 1960s.
- 71 State Comptroller, 2007: 139-164.
- 72 In deliberations about the Mandatory Tenders Regulations held in the Constitution, Law and Justice Committee of the Knesset on 24 June 2008 (Protocol 580), Atty. Yoel Brice of the Finance Ministry, with reference to the Karev Program of violin lessons for gifted children, describes this as a recurring pattern.
- 73 Fishbein, 2009.
- 74 <http://www.karev.org.il>.
- 75 Fishbein, 2009.
- 76 <http://www.karev.org.il>.
- 77 Fishbein, op. cit.
- 78 <http://www.karev.workers.org.il>; <http://www.blacklabor.org>.
- 79 In the Nitzan School in the Hof Ashkelon regional council, for example, parents who were unhappy with the Karev Program sought to replace it. After a difficult struggle, the Parents Committee decided to operate its own alternative enrichment program. The alternative program runs only at the end of the school day, with the same scope of activity, at a lower price.
- 80 <http://www.sacta-rashi.org>.
- 81 <http://www.rashi-foundation.org.il/hebrew>.
- 82 Fishbein, 28 March 2009.
- 83 State Comptroller, 2007: 139-164.
- 84 <http://www.mertens-hoffman.com>.
- 85 <http://www.amanet.co.il>.
- 86 <http://www.marmanet.co.il>.
- 87 From the company website <http://www.marmanet.co.il> and the tender website of the Education Ministry <http://www.education.gov.il/MICHRAZIM>.
- 88 According to MK Zevulun Orlev at a meeting of the Knesset Education Committee, 7 December 2009, Protocol 110.
- 89 Knesset Education Committee, 17 December 2009, Protocol 110; HCJ 10505/09 National Student Union et al. vs. Ministry of Education; Segal, 22 December 2008.
- 90 <http://www.sightandsound.co.il>.
- 91 <http://www.taldor.co.il>.
- 92 Levi, 2 August 2004.
- 93 Most ultra-Orthodox schools are run by networks (Agudat Yisrael, Ma’ayan Hahinuch Hatorani, etc.), and accorded independent status within the school system. Because this old and voluntary arrangement is not related to the process of privatization, it will not be discussed here. Private church schools have also continued to run schools in the Arab sector, and these will also not be discussed here.
- 94 Based on conversations with school principals and activists in parents’ committees, primarily in the Arab sector.
- 95 For example, Ankori Enterprises Ltd. won a tender to operate a matriculation preparatory program in the summer; ORT – Israel won tenders for programs to improve eligibility for the matriculation; Atid won a tender to conduct in-service training courses and conferences. From: <http://www.education.gov.il/MICHRAZIM/michrazim2.asp>.
- 96 For further information, see Swirski and Dagan, 2009: 43.
- 97 Under the auspices of a nonprofit called “The Israeli Center for Social and Economic Progress,” which advocates an extreme free market economy.
- 98 See Swirski and Dagan, 2009: 24-28; Davidov, 2010: 145-174.
- 99 Data are taken from legal proceedings concerning the right of those employed under personal contract to vote or be elected to the workers’ committee, with representation from the Law and Welfare Clinic, Tel-Aviv University.
- 100 State Comptroller, May 2010, 843-860.
- 101 Ibid.
- 102 Ibid.
- 103 Director-General Circulars 2002-03/10A, 2002-03/10C, and 2007-08/3A.
- 104 Swirski and Dagan, 2009: 14-16.
- 105 Ibid.
- 106 To make classes smaller or split them, for example. State Comptroller, May 2010: 733-778.
- 107 Resh and Ben-Avot, 2004; Livne, 2006; for details see also Swirski and Dagan, 2009: 14-15.
- 108 From a conversation with Dalit Stauber, Director of the Tel-Aviv District in the Ministry of Education, 29 July 2010.
- 109 Yogev, Livne, and Feniger, 2009.
- 110 Fishbein, 2010: 25.
- 111 Vorgan, January 2007.
- 112 Yogev et al., 2009; Feniger, 2010; Fishbein, 2010; Sadovnik A.R. et al., 2008: chap. 18; LaFever, 2009:27.
- 113 Kashti, 8 April 2010.
- 114 Justman et al., 2010: 15-16.
- 115 This authority was founded following a recommendation by the Dovrat Committee and despite opposition of its Subcommittee for Measurement and Evaluation, which resigned in the wake of disagreement with this recommendation.

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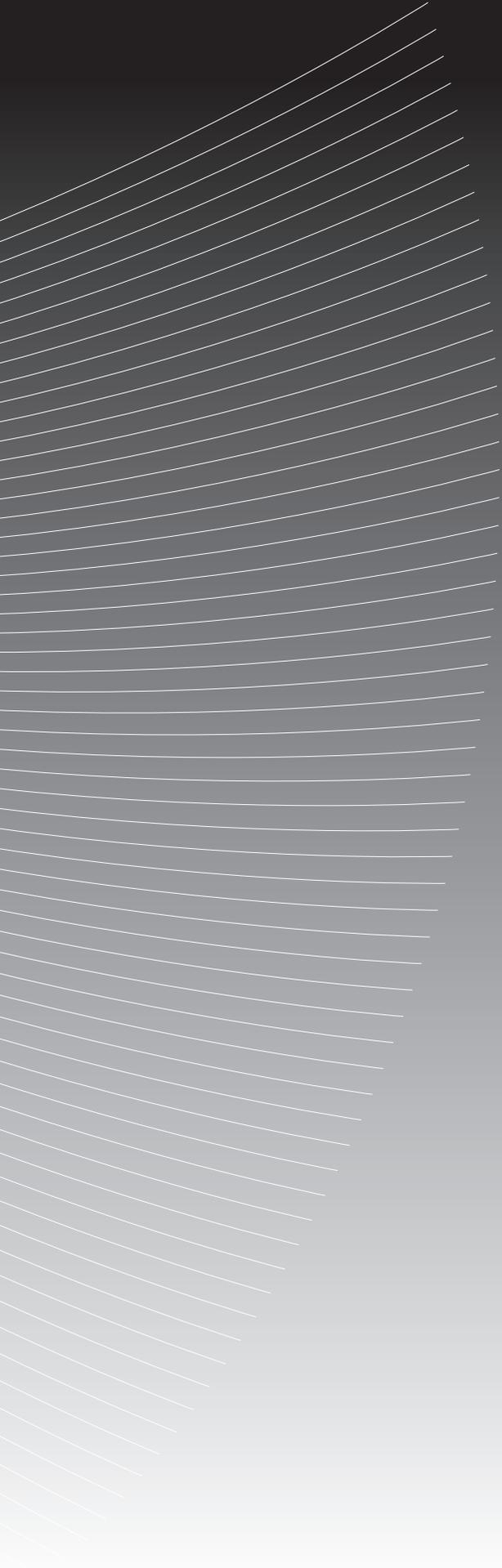
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