



The Israeli Welfare Reform: A Gender Perspective Written by Yael Hasson for the Women's Budget Forum *July, 2006*

In the year 2000, the government of Israel decided to launch a program for integrating recipients of income support benefits into the job market. The resulting program, "From Dependency to Self-sufficiency," or *Mehalev* [From the Heart] in Hebrew, is modeled on welfare reforms in the U.S. and is a vehicle for privatizing government employment services. It was legislated as part of the Budget Arrangements Law of 2004 as a temporary order for assimilating government benefit recipients into the work force. Scheduled to run for three years, *Mehalev* operates employment centers in four Israeli cities: Nazareth, Jerusalem, Ashkelon, and Hadera. The centers are jointly operated by private companies – Israeli and foreign – selected through competitive bidding. The total number of participants has ranged between 17,589 in August 2005 to 14,407 in April 2006. Rather than frequenting the Government Employment Offices in search of jobs, the participants spend 30 to 40 hours per week at the *Mehalev* centers "until a job appropriate to their state of health and physical fitness is found" (Website of the Ministry of Industry, Trade and Labor: www.moit.gov.il).

In this paper, the **Women's Budget Forum**, which promotes gender-equitable economic policies, examines the *Mehalev* program – its goals, the tools and resources at its disposal, and its implementation – from a gender point of view.

The Importance of a Gender-based Analysis

The underlying premise of a gender-based analysis is that every economic decision has different implications for men and for women. Accordingly, this approach examines the effect of economic policies on the status of women in society and indicates areas in which greater resources are needed to promote the status of women generally, and the status of female minority-group members in particular.

Gender-based analyses gained recognition and momentum following a 1997 decision by the European Union requiring its member nations to implement strategies and methodologies for gender mainstreaming in the programs and budgets of government ministries and public institutions. In accordance with the requirement, government officials are required to determine the consequences of their policies – laws, regulations, budget allocations, and social projects – for the status of women in their countries. The result is that gender-based analyses of budgets and policies have become a tool for promoting equality between women and men in both developed and developing countries.

"From Dependency to Self-sufficiency": Aims and Goals

The *Mehalev* program, in operation since August 2005, has two major goals: to reduce income support benefits and to increase the participation of income support recipients in the job market.

1. Reduction of income support benefits

In 2004, some 150,000 Israeli households received income support benefits. Approximately 65% of the recipients were women (Swirski, 2006).

The four *Mehalev* centers are operated by private companies whose profits are contingent on their success in lowering government expenditures on income support benefits – by 30% within four months and by 35% within seven months. A reduction of less than 35% seven months after the program's inception was to yield no profit whatsoever for the companies (National Insurance Institute, 2003).

According to National Insurance Institute data (May 2006), in December 2005 alone, the benefits of 1,516 program participants were terminated. Another 1,703 lost their benefits because they never came to the centers (*Mehalev* administration, 2005). In April 2006, the benefits of 1,311 participants were terminated, as were the benefits of 516 "no-shows." Among the active participants who come to the centers, very few lose their subsistence benefits because they refuse job offers to which they are referred. More common reasons for discontinuation of benefits are "absences beyond the number permitted" and "lack of cooperation" (National Insurance Institute, 2006).

Neither the data published by the National Insurance Institute nor those recorded by *Mehalev* include breakdowns by gender, and therefore, we have no way of knowing the number of women whose benefits have been terminated.

2. Increase in the job market participation rate of income support recipients

To stress the importance of the program in promoting job market participation among income support recipients, the *Melhalev* administration notes that the participation rate in Israel's civilian workforce is significantly lower than the average for OECD¹ countries. In 2004, the participation rate for Israeli men in their prime working years (ages 25-54) was 83.2%, while the corresponding rate for OECD countries was 92.1%. On the other hand, the job market participation rate for Israeli women in the same age range and year was much higher than the corresponding rate for OECD countries: **70.4% as opposed to 69.2%** (Adva Center, 2006A). The 70.4% figure breaks down into 79.7% for Jewish women and 32.8% for Arab women² (Adva Center, 2006B).

Since the *Mehalev* administration data are based on figures reflecting the low rate of job market participation of **men**, it appears that the program should be focusing its efforts on men. However, the enrollment figures published by the administration itself paint quite a different picture.

At the inception of the *Mehalev* program, 64% of the participants were women. By April 2006, this figure had risen to 67% (nearly 10,000 women). Breakdown by marital status shows that 26% of the program participants in August 2005 were single mothers; by April 2006 that figure had risen to 29% (National Insurance Institute, 2006; *Mehalev* Administration, 2006). Thus, it is clear that the program's primary impact is on women.

¹ Organization for Economic Cooperation and Development: international association of 20 developed countries in North America, Western Europe, and the Pacific - later expanded to include Mexico and countries of Eastern Europe – "sharing a commitment to democratic government and a market economy."

² The 32.8% refers to a group defined by Israel's Central Bureau of Statistics as "Arabs and others" (among them non-Arab Christian women). The actual job market participation rate for Arab women is lower.

This aspect of the program is true for Arab participants as well as Jewish ones. In August 2005, a total of 4,073 Arabs were registered, 2,533 of them (over 62%), women. Half of the women were over 40 years of age, and a quarter of this group was over 50 (Sawt el-Amel, 2006).

A gender-based perspective on program participation highlights the importance of gender-based analyses in policy-making. This type of analysis raises two key questions about the *Mehalev* program:

- 1. Assuming the program's goal is to increase the participation of men in the job market (and given the fact that their participation rate is lower than that of their European counterparts), why are most of the enrollees women?
- 2. Given that women are the de facto target of the program, does *Mehalev* provide them with the means and resources that **women** need to be hired for salaried jobs?

Suitable Goals, Meager Resources, and Faulty Implementation

The ostensible goal of *Mehalev* is to "push" income support recipients into the job market. Assuming that this is a desirable goal, the resources devoted to achieving it are highly inadequate. For example:

- (1) The program has no real means of enforcing fair payment practices and working conditions, and it does not address the issue of impoverished female workers.
- (2) No serious effort is being made to place participants in steady, long-term jobs.
- (3) The program offers almost no opportunities for vocational training or completion of educational degree requirements.
- (4) The situation and needs of older women who have never worked outside of the home are not addressed.
- (5) The program offers women very few employment support services, such as childcare options for different age groups during working hours. Likewise, it offers no alternative form of care for family members now being cared for by the very women who are expected to enter the job market.

The following is a partial review of some of the elements that a welfare reform program focused on women needs to incorporate:

1. Opportunities for a fair salary and satisfactory working conditions

The "Rights and Obligations" handout distributed by the *Mehalev* administration explains that each participant will receive a personalized employment plan especially suited to his or her state of health and physical abilities. The handout makes no mention of the right to fair employment conditions. Moreover, although the law demands that workers be paid no less than the minimum wage, this fact does not appear in the handout, and, in fact, there is no real enforcement to prevent abuse of the law by employers.

It is no secret that women earn less than men. Per hour, the salaries of Israeli women are 84% those of Israeli men; per month, women earn 63% of men's salaries (Swirski and Konor-Attias, 2006A). Women constitute about two-thirds of Israel's low-income workers (Swirski and Konor-Attias, 2006B). In addition, two-thirds of those employed in part-time jobs are women. In its 2006 report on unemployment, the organization *Mehuyavut* (Commitment to Peace and Social Justice) noted that over 100,000 women working in part-time jobs in 2005 would have preferred full-time positions. For various reasons, they were forced to settle for part-time work. In fact, the report states, 75% of all those working part-time "against their will" were women. These findings indicate, among other things, the availability of jobs in the Israeli economy, particularly for women: there is a dearth of full-time positions for women.

Still worse, those who enter the job market do not necessarily escape the cycle of poverty: in 2004, 32.3% of salaried workers were categorized as poor according to their work income (before transfer payments and direct taxes) (Swirski and Konor-Attias, 2006A). That same year, 20.3% of Israeli families were under the poverty line; 31% of these families were Arab (Arabs and others). The poverty rate among single-parent families (97% of which are headed by women) was 31.4% (National Insurance Institute, 2005).

Mehalev does not examine the income of participants either before or after they enter the program. Likewise, it does not examine the effects of cuts in their income support benefits on the socioeconomic status of their families. Since poverty is more prevalent among women, particularly among single mothers and Arab women, their situation could deteriorate even further if the program ignores its effects on the poverty level of participants.

It appears that the chief concern of *Mehalev* is to place participants in jobs as quickly as possible, without thoroughly examining – and without overseeing – the type of job, the employment conditions, and the salary. In its study of the program, the Yedid organization found that 90% of the placements made at the Ashkelon center were for part-time, minimum-wage positions doing manual labor (Yedid, 2005).

Studies of various welfare reform plans in the U.S. reveal that five years following enrollment in these programs (a presumably sufficient period for examining long-term results), few participants were holding steady jobs. Most experienced alternating periods of employment and unemployment. Moreover, the effect of the programs on income was nil: participation in the program did not lead to employment at a living wage.

One notable exception was the program implemented in Portland, Oregon. There, many of the participants (both men and women) found steady jobs and even increased their earnings (Bloom and Michalopoulos, 2001). Two aspects of the program were crucial to its success. First, it used a "mixed" approach (a mix of work-first and training-first), in which advisors strove to create a tailor-made program for each participant. Some were offered a "job first" option – to begin working and only later receive training; others, particularly those lacking education and training, were given opportunities for completing their education before taking on jobs.

A second successful aspect of the Portland program was the effort it made to find jobs with higher-than-minimum wages and suitable benefits. The employment advisors hired by the program cautioned participants not to take the first job offered to them. Rather, they were advised to wait for offers that included both a decent salary and an opportunity for long-term employment.

Any serious effort to assist unemployed men and women should take into account the positive lessons of the Portland program.

2. Vocational training and opportunities for completing one's education
Budget data published by the *Mehalev* administration mention no items relating to
vocational training for either men or women participating in the program. One reason
for excluding this item is to prevent the companies operating the program from using
government funds for vocational training, beyond the 5% of the budget provided to
each of them for "removing obstacles." That is, the operating company itself must pay
for vocational training, should it so desire (Yedid, 2005). As a result, participants
have no opportunities for vocational training or completion of educational
requirements. Instead, the program offers inexpensive alternatives, such as workshops
on "Learning Good Work Habits," conducting job searches, and writing curriculum
vitae.

Female participants are sometimes offered an additional "training" day devoted to personal grooming. The session is conducted by a commercial cosmetics firm, and participation is mandatory. Any woman refusing to attend risks having her income support benefit withheld for a month or more.

One of the obligations of the *Mehalev* administration is to attempt to remove obstacles that prevent participants from entering the job market. Requiring women to attend cosmetics workshops does nothing to break down barriers to employment. Furthermore, it is degrading not only to the female participants but to the program itself. Workshops on good working habits are similarly irrelevant. Research based on interviews with income support recipients found that the main challenge they face when trying to enter the job market is not a lack of job search skills. The respondents, who had never held salaried jobs, stated that educational advancement and professional training opportunities were much more important in their efforts to enter the job market (King et al., 2001).

Funds should be allocated for serious training and retraining opportunities for women in areas of high demand in the job market, and the abilities and ambitions of the female participants should be taken into account.

3. Efforts should not be made to "push" older women who have never worked outside the home into the job market.

As mentioned, many of the female *Mehalev* participants are older women; most (one-quarter of those over age 50) are Arabs. Most of the persons in this group either lack any formal education or finished grade school only, and have never worked outside the home (Sawt el-Amel, 2066).

Those who insist on pushing older women who lack training or education into paid employment ignore the fact that the job market in Israel **does not** welcome job seekers over the age of 45 – and certainly not women, who are affected by age discrimination at even earlier stages in their lives. The Government Employment Service, itself, used to categorize women over 50 and men over 55 as "unplaceable" (State Comptroller's Office, 2000: 454). While one of the goals of *Mehalev* is to find jobs for those previously defined as "unplaceable," no one has bothered to explore whether this goal is, indeed, attainable. It is unreasonable to assume that long hours spent at one of the program's centers are likely to make the goal any more attainable. Age bias appears to be confirmed in data published recently by the National Insurance Institute (2006) showing an increase in the percentage of older participants (age 51 and above), from 33% at the start of the program to 38.3% in January 2006. In other words, it was mainly younger participants who found paid employment and left the program.

It should be noted that female participants, including those ages 51 to 60 who never worked outside the home, are required to come regularly to the *Mehalev* centers to guarantee that their households remain eligible for government benefits (Sawt el-Amel)³.

Given the existing structure of the Israeli job market, the government should be considering alternatives, such as assistance to <u>some</u> women in establishing their own small home-based businesses. In this type of independent cottage industry, women may be able to take advantage of their individual skills and talents.⁴

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³ Yedid reported the following surprising fact: Some of these women were offered jobs in bars and gas stations, which, in some cases, paid less-than-minimum wage (Yedid, 2005).

⁴ For more information on what is needed to assist women to set up small businesses, see "How to Encourage Women's Participation in the Job Market and Assist Those Who Are Unemployed: Microcredit and Incubators for Small Businesses," Position Paper, Women's Budget Forum, March 2006.

4. The need to find solutions for mothers

Mehalev is guilty of "gender blindness" in its failure to respond to the needs of parents enrolled in the program. The consequences are significant since the majority of participants are women (some of them single mothers).

The program's employment centers do not take mothers' timetables into consideration, for instance, when scheduling job interviews. Meetings are often set at hours when children are at home with only their mothers to care for them (and, in fact, the law forbids leaving children under the age of six unsupervised at home). The problem is exacerbated when women are required to participate in workshops where they must spend long hours learning "good work habits," sometimes until late afternoon and early evening, after daycare centers and schools have closed their doors. *Mehalev* provides no solutions of its own for children during these hours.

Mothers are also required to take part in "community service" projects (mandatory work) at times of the day when their children are usually at home. Since their income support benefits are withheld if they do not participate in these projects, women have to choose between receiving subsistence allowances for themselves and their families and remaining at home to care for their children. Mandatory work without pay, it should be noted, is a job like any other (and participants hired for manual labor work sometimes replace paid employees). Participants continue to be assigned to these jobs despite the fact that the practice of mandatory work has proven ineffective in countries that adopted it, among them the U.S. and Sweden (Adva Center, 2006C).

Written agreements between the government and the private companies operating the *Mehalev* program leave the issue of employment support services to the discretion of the companies, which are not obligated to budget for them. The employment centers offer no childcare facilities or arrangements of any type. Approval for childcare rests with the employment advisor. The result in February 2006, for example, was that childcare arrangements were approved for no more than 172 children (amounting to

only 2% of all employment support services provided that month)⁵ (*Mehalev* administration, 2006). The operating companies claim that there is no demand for these types of arrangements. At the same time, many women in the program have complained that existing arrangements are unsuitable and that they must use some of their income support payments to pay for babysitters, for which they are not reimbursed.

In a few instances, the Hadera center partially subsidized after-school programs for the children of female participants who were hired for jobs. This assistance is gradually reduced, and after six months parents are responsible for the entire payment. In Jerusalem, parents who had previously received public welfare assistance for daycare stopped receiving these payments when they enrolled in the program.

Participants in Nazareth, in all, are parents to some 3,000 children under the age of 18. No suitable forms of care are available for these children. Given the fact that daycare centers and schools in the city are not extended-day facilities, the existing government-funded solutions do not adequately meet the need for afternoon frameworks.

Despite the absence of appropriate care facilities, or financial assistance for the use of existing facilities, women who bring their children to some of the centers (the one in Jerusalem, for example) are accused of being "uncooperative" and face the risk of having their income support benefit withheld for a month.

Gender considerations are also absent from the *Mehalev* administration's guidelines. The rules for participants stipulate that a parent is allowed one excused absence if a child is ill. Parents absent for any longer are considered "uncooperative," and their income support benefits are withheld for a month.

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⁵ Employment support services include childcare, transportation, medical care, equipment purchase, financial grants, and exercise classes. In February 2006, transportation accounted for 93% of the services provided to program participants (*Mehalev* administration, 2006).

Any program that targets women and aims to integrate them into the job market needs to devote appropriate resources to establishing childcare frameworks or subsidizing childcare costs.

Indices for Measuring Success

The success of the *Mehalev* program can be measured by its own yardsticks, which are, primarily:

- 1. A reduction in income support benefits. Each month, the benefits of several thousand families are terminated. Before the start of the program, women (its main target group) constituted 65% of all income support recipients in Israel. If the primary goal of the program was to reduce this government expense, it has clearly succeeded. However, this achievement has done nothing to remove women (and men) from the cycle of poverty and ensure that they earn decent wages.
- 2. **Job placement.** The program's administrators publish monthly reports of job placement data. In January 2006, for example, they reported that 6,374 participants had been placed in jobs, only 31% of them in full-time positions. In February of this year, jobs were found for 6,880 participants, only 18% of them full-time. The National Insurance Institute reported that between August 2005 and April 2006, a total of 8,195 job placements were made for 6,264 program participants. Of the placements made during this period, 2,457 were for the same participants, who either changed their places of work or altered their status (from part-time to full-time, for instance).

A conversation with a former employee at the *Mehalev* centers casts doubt on the accuracy of the program's placement data. The figures include instances in which participants found jobs on their own, without the help of the centers. In either case, alongside data on the number of placements, there is no report on the number of newly hired participants who lost their jobs after a short period. Likewise, there is no follow-up to determine whether participants are earning a living wage.

Since expanding the pool of available jobs in the Israeli job market was not one of the program's goals, the result is that greater numbers of men and women are competing for the same number of positions. Thus, the situation is ripe for enhancing the

bargaining power of employers. It is also reasonable to assume that, given the limited number of available jobs, some of the participants hired may be replacing employees who were fired from those positions. In addition, *Mehalev* refers participants to temp agencies as a source of jobs. In several cases, participants were referred to an agency providing . . . security guards for *Mehalev* employment centers. These guards are employed for a period of nine months, after which they are fired (Maan, 2006). The program, therefore, not only fails to ensure that its participants benefit from fair employment practices; it takes on the role of an employment contractor supplying cheap, short-term labor.

The rise in the number of female participants since *Mehalev's* inception is a clear indication that most of those who exit the program and enter the job market are men. Needless to say, no data have been published (or perhaps even collected) that categorize placements by gender. As a result, we do not know the number of women placed in jobs, the types of jobs in which they were placed, and the wages and working conditions of those positions.

Based on the data presented here, we can conclude that the number of placements reported by the program's administrators cannot serve as a measure of success. A successful placement is one that takes into consideration criteria such as salary level, working conditions, number of hours worked, and job stability.

While the *Mehalev* program helps to reduce government spending on benefits, it does not invest resources for developing skills, support services, or tools that can enhance women's success in the job market. The *Mehalev* administration offers no gender-based data on the salaries and jobs in which participants have been placed. Therefore, it is not clear whether the program simply reflects the patterns of the Israeli job market or manages to remove some of the obstacles inherent in that market. In the absence of gender-based data, we cannot examine alternatives for encouraging the employment of women. Nor can we take steps toward reducing gaps in the salary and working conditions of men and women.

Conclusions and Demands

- 1. The Women's Budget Forum demands that the *Mehalev* program be discontinued. In its present form, the program does not achieve its stated goal of integrating recipients of income support benefits into the job market. The program's main goal, as revealed in written agreements with private companies, is to cut government benefits. Evidence for this is the compensation paid to the companies for reducing benefit expenditures. No compensation is provided for placing participants in jobs or improving their skills.
- 2. Most of the program's participants are women not because of their low job market participation rate, but because many of them (with low-paying and/or part-time jobs) are eligible for income support. As mentioned, one reason women hold these types of jobs is that they are charged with caring for their children and other family members. If we really want to help women earn a living in the job market without dependence on income support payments, we need to provide appropriate care frameworks for children and other family members.
- 3. Investments must be made to provide women with training in accordance with the current demands of the job market. For some time, grass roots organizations have been working in the field, and they now have the experience and expertise needed to implement programs for improving women's chances of employment. For example, they assist mothers who have never before worked outside the home to find jobs appropriate to their skills and needs, and they provide long-term, individualized mentoring. The government has much to learn from the experience that these organizations have accumulated.
- 4. Recipients of income support benefits are not a homogeneous group; they are people with very different characteristics and needs. The government needs to invest in employment programs that are planned and budgeted according to the distinct characteristics and needs of different population groups. Here, the government can build on the British "New Deal" programs to encourage employment, which were designed with separate tracks for young adults, single parents, and persons over the age of 50.

- 5. Given current job market conditions in Israel, there is little sense in encouraging older women, who have never worked outside the home, to take on paying jobs. In the absence of an employment program especially designed for their skills and needs, these women should be left to work in their homes.
- 6. The government of Israel needs to allocate funds to locate, create, and constantly improve places of work that are appropriate to women.
- 7. Finally, any program designed to encourage employment must allocate resources for ensuring and enforcing fair working conditions.

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