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# How the 2000 Budget Affects Women in Israel

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## **THE EFFECT OF THE BUDGET ON WOMEN'S EMPLOYMENT OPPORTUNITIES**

In recent years, the ideology of downsizing the state has been the dominant trend in Israeli fiscal policy. Whereas in the past, the state was the motive force in the country's economic and social development, the government is now being asked to hand over its role in economic and social development to the private sector. This is translated into a constant drive to reduce the national budget.

Indeed, the share of the budget in Gross Domestic Product (GDP) has been declining, from 70 percent in the 1980s to 49.6 percent in 1995 to 45.5 percent in 2000.

The budget-cutting policy is reflected, among other things, in cutbacks in the Public Service. Each year's budget proposal stipulates the total number of government posts. The table below shows that this number, after having risen in the first half of the 1990s, from 64,800 in 1990 to 69,800 in 1996 - to accommodate mounting demands on the state apparatus due to the mass immigration from the former Soviet Union, has been steadily decreasing since then, to 55,000 in 2000.

Had the number of posts continued to rise at the average 1990-1996 pace, it would have reached 73,300 in 2000. In other words, the budget cuts have resulted in the loss of 18,300 jobs. Sixty percent of employees in government offices are women. Assuming that this proportion would remain unchanged, the budget-cutting policy has meant 11,000 fewer jobs for women.

Women have lost potential civil service jobs not only because the number of posts was not increased but also because it was not left at its 1996 level. The cutback from 69,800 posts in 1996 to 55,000 in 2000 means the loss of 14,800 jobs-including those of 9,000 women.

### Government Posts, 1996-2000

1990	64,753
1991	65,332
1992	65,863
1993	66,573
1994	68,114
1995	68,906
1996	69,750
1997	68,868
1998	55,306
1999	55,125
2000	54,982

**Source:** Ministry of Finance, *Main Provisions of the Budget*, various years.

It stands to reason that at least some of the posts were eliminated by removing them from the civil service standard and farming them out to so-called temporary help agencies. The budget books give no information about the number of people whom government offices employ by means of such companies. In 1998, the Minister of Labor and Social Affairs, Eli Yishai, stated that about one-third of personnel in government offices were employed in this fashion.

### REDUCING UNEMPLOYMENT COMPENSATION

Paragraph 2b of the Economic Arrangements Bill for 2000 reduces the period of time that one may receive unemployment compensation. In view of the high proportion of women among the unemployed, this clause will have an adverse effect on a large number of women.

The proposal (which was approved) cuts unemployment compensation payments by reducing the maximum term of eligibility for jobless persons up to age 35, as follows:

Those with three or more dependents will be eligible for unemployment compensation for a maximum of 138 days instead of 175; those up to age 35, except for demobilized

soldiers and national service volunteers, will be eligible for unemployment compensation for a maximum of 100 days instead of 138. For any consecutive four-year period, eligibility for compensation will be limited to a period not exceeding, cumulatively, 180 percent of the maximum term for unemployment compensation set forth in the law (175 days for jobless persons aged 45+ or heads of household with at least three dependents, 70 days for demobilized soldiers, and 138 days in all other cases). For any period that exceeds, cumulatively, the maximum term for unemployment compensation, the compensation entitlement will be limited to only 85 percent of the payment due for each day exceeding the maximum term.

In 1998, women accounted for 44.2 percent of the civilian labor force but 47.3 percent of the unemployed.

The unemployment rates that year, as a percent of the civilian labor force, were 9.2 percent among women and 8.1 among men.

Unemployment is especially severe among women in development towns and Arab localities.

### **USING CHILD-ALLOWANCE MONEY TO PAY FOR UNEMPLOYMENT COMPENSATION**

The Cabinet asked the Knesset to allow it to fund the deficit of the National Insurance Institute (Social Security) Unemployment Division by transferring the appropriate sum from the Child-Allowance Division, which has a current surplus (Economic Arrangements Bill for 2000, Paragraph 2a). It should be pointed out that this surplus exists because child allowances have been eroding steadily since 1975.

This proposal, which Finance Ministry officials have aired repeatedly in recent years, undermines the operating principles and the very autonomy of the National Insurance Institute. Most benefits that the Institute pays are based on the principle of insurance, i.e., the total national insurance contribution, remitted by workers and employers, is divided into various sublines-child allowances, old-age pensions, and so on. Each subline is autonomous and meant to pay for a specific benefit.

The Finance Ministry proposes to infringe upon the spirit of the National Insurance Law by placing all collections in one basket, in disregard of the divisional distinctions. This intention, if endorsed by the Knesset, will endanger the long-term stability of each separate benefit. Furthermore, the aggregation of all benefits will transform national insurance contributions into an ordinary tax, such as income tax, instead of an insurance premium for specific purposes.

Finally, the child allowance is a benefit transferred directly to mothers' bank accounts, and in many cases it provides mothers with an important independent source of income for childraising. Thus, the proposal in the Arrangements Bill may be considered especially detrimental to women.

## **AN EXPERIMENT THAT MAY HAVE AN ADVERSE EFFECT ON THOUSANDS OF FAMILIES**

Israelis who cannot assure themselves a basic income through the labor market are eligible for income maintenance. Now, to reduce its income-maintenance outlays, the Cabinet proposes forcing persons eligible for income maintenance to return to the labor market that rejected them in the first place. In 2000, the government will conduct an experiment in the spirit of Wisconsin Works, under which recipients of Aid to Families with Dependent Children are steered into the labor market by private placement agencies. Participants are eligible for government assistance for five years. Afterwards, the aid is terminated and the clients are expected to make do on their wages only.

Wisconsin Works has attracted considerable criticism in the United States: most placements have been in low-wage temporary jobs that do not assure a reasonable income in the long term. In many cases, the participants earn less from their labor than they had from income maintenance and related benefits. Consequently, the clientele of public kitchens and welfare organizations has been growing. There are fears that when the experiment ends-five years down the line-thousands of people will be left without income from work *and* without income maintenance benefits (The Institute for Wisconsin's Future, June 1998).

Since 56 percent of income-maintenance claimants are women, most of the cutbacks in income maintenance benefits will be made at women's expense (National Insurance Institute, *Recipients of Benefits from the Income Maintenance Service in 1995*, Table 7).

## **HEALTH SYSTEM- EROSION OF FUNDING FOR PUBLIC HEALTH SERVICES**

Women have a direct interest in all aspects of the health system, as *consumers* of health services and/or as *employees* of the system.

In most households, it is the women who see to the health of family members.

The health system is one of the largest employers of women: in 1998, 135,000 women in Israel-more than 15 percent of all working women-worked in the health services.

In its meeting on September 7, 1999, the Cabinet ruled that in 2000 the package of insured services would cost NIS 17.555 billion (in 1998 prices). This sum represents a 3 percent increase relative to the corresponding figure in 1999, but the increment does not cover the growing needs stemming from increases in the population at large and in the proportion of the elderly population, along with changes in medical technology.

The 3 percent increase includes NIS 170 million earmarked for medicines and new treatments to be added to the package of insured services. Since this sum is far from

sufficient, many life-saving drugs cannot be included. They include Herceptin, for the treatment of breast cancer, and Evista, for osteoporosis. {Update: Thanks to consumer advocacy, the budget for new medicines and medical procedures was increased to NIS 255 million, and both Herceptin and Evista were added to the benefits package.}

Another negative development in the public health system is the rising burden of co-payments for health services. This is especially onerous for women, who are bigger consumers of health services than men. Those most seriously affected will be elderly women, mothers of young children, and ill women of all ages.

## **MINISTRY OF EDUCATION: PROTRACTED BUDGET EROSION**

Women have a direct interest in all aspects of the education system, as *consumers* of education services and/or as *employees* of the system.

In most households, it is the women who see to children's education.

The Israel education system is one of the largest employers of women: in 1998, 189,000 women in Israel-about three-fourths of personnel in the education system and 21 percent of all working women-worked in education services.

The Education Ministry budget has been frozen for four years and will be identical in 2000, in real terms, to the 1996 budget-even though the pupil population will have grown by 7 percent during that time. Consequently, there will be less money available per pupil.

The erosion of the education budget makes it impossible to implement new programs including several that are enshrined in legislation, such as the Long School Day and free education from the age of three. The budget slippage rules out the possibility of instituting far-reaching reforms designed to narrow the scholastic gaps between pupils in disadvantaged urban neighborhoods, Jewish development towns, and Arab localities, on the one hand, and their counterparts in affluent neighborhoods, on the other.

The erosion in the Education Ministry budget is also affecting the employment opportunities of women graduates of teachers' colleges. In the course of the Cabinet's budget deliberations, Education Minister Yossi Sarid contended that "The system is hiring an unusually small number of new and young teachers this year, and thousands of teachers who completed their training in recent years are not finding jobs" (Education Ministry Website, August 29, 1999).

In 1997, 3,800 former employees of the education system were unemployed; in 1998, this figure climbed to 6,300 (Central Bureau of Statistics, *Labor Force Surveys 1998*, Table 12).

## **MINISTRY OF CONSTRUCTION AND HOUSING GOVERNMENT HOUSING LOANS CONTINUE TO ERODE**

The total budget for assistance in homebuying has been decreasing in recent years. Although the decline reflects the fact that a majority of recent immigrants have already taken up the government mortgages to which they are entitled, it may also trace to the erosion that has occurred in the real value of government housing loans. Despite an upward adjustment in August 1998, these loans continue to account for a declining share of the total credit that homebuyers take to purchase homes. In 1994, government housing loans accounted for 38 percent of the total credit (government loans plus commercial bank loans) needed to purchase a dwelling. This share fell to only 25 percent in 1997 and remained at that level in 1998. The declining level of government housing purchase assistance constitutes a severe impediment to all would-be homebuyers.

The Housing Ministry budget does not include allocations for the implementation of two public housing bills: the Entitlements of Public Housing Tenants Bill and the Public Housing (Purchase) Bill. The former requires the companies in charge of public housing units to maintain the units at a higher maintenance level, and the latter enables households living in public housing units to purchase their apartments at greatly reduced prices. This lack of funding will affect the many single-parent households headed by women who live in public housing.

## **MINISTRY OF LABOR AND SOCIAL AFFAIRS**

### **ROUTINE TREATMENT OF RISING UNEMPLOYMENT AND VIOLENCE**

The 2000 budget proposal does not include an increase in funding for vocational training, despite the long-term uptrend in unemployment.

One of the most urgent measures at this time of rising unemployment is the creation of programs for the completion of basic schooling, especially since unemployment is particularly prevalent among the poorly educated. The Vocational Training Division of the Ministry of Labor and Social Affairs, and the Authority for the Advancement of Women's Status in the Prime Minister's Office, receive many requests from women in Arab localities and Jewish development towns who are interested in participating in basic-education programs.

At the time of writing, the 2000 budget contains no resource allocation to implement the recommendations of the Inter-ministerial Committee for Prevention of Violence Against Women. The cost of implementing the recommendations is estimated at NIS 180 million, to be apportioned among the relevant government ministries, including Education, Construction and Housing, Public Security, and Labor and Social Affairs. The committee's recommendations include, but are not limited to, funding for the construction of two new battered women's shelters-one for women with disabilities and one in an Arab locality; a telephone hotline for Bedouin women; the development of a mobile treatment center for Bedouin localities in the south; and the stationing of social workers at police stations. [Update: A Ministry of Social

Affairs official informed Adva Center that an additional amount of money - about NIS 12.5 million - would be allocated in 2000 for prevention of violence against women. It was not yet clear to which budget lines the allocation would be devoted.]