

POLICY BRIEF

Implementation of the Elalouf Committee Recommendations

The State of Affairs

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The Committee for the War Against Poverty in Israel (the Elalouf Committee) was established in November 2013 at the initiative of the Minister of Social Affairs and Social Services, MK Meir Cohen. The Committee, headed by MK Elie Elalouf, sought to formulate a comprehensive, long-term plan to alleviate the economic distress affecting a substantial portion of the Israeli public, and to address the country's worsening levels of inequality. The Committee represented a unique effort to examine Israel's poverty problem in a comprehensive manner, to propose clear objectives for dealing with it, and to draw up concrete recommendations for attaining those objectives. No attempt of this kind had been made since the early 1970s, when the Prime Minister's Commission on Children and Youth in Distress set the tone for Israel's welfare state. Developments in welfare policy since that time, widening social gaps and a large increase in the incidence of poverty underscored the need for a new and broad-based approach if the situation is to change. Accordingly, the Committee for the War Against Poverty set ambitious goals, among them a drastic decline in Israeli poverty figures within a decade. The aim was to bring Israeli poverty rates down to the OECD average – i.e., a 50% drop in the poverty rate, from one-fifth to one-tenth of Israeli families (Figure 1).


The Committee was active for half a year. Most of its work took place in the plenum framework and in subcommittees devoted to specific diverse topics. During this period, the 50 Committee members drew up a long list of recommendations at both the national and local levels. A major focus of the Committee's cross-services approach was to enable citizens to realize their rights and create access mechanisms in areas of governmental activity, to ensure that people living in poverty receive the services and benefits to which they are entitled. The Committee notably strove to

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It has been two years since the Committee for the War Against Poverty submitted its recommendations. This brief examines the implementation of those recommendations and presents in detail their effects on expenditure.

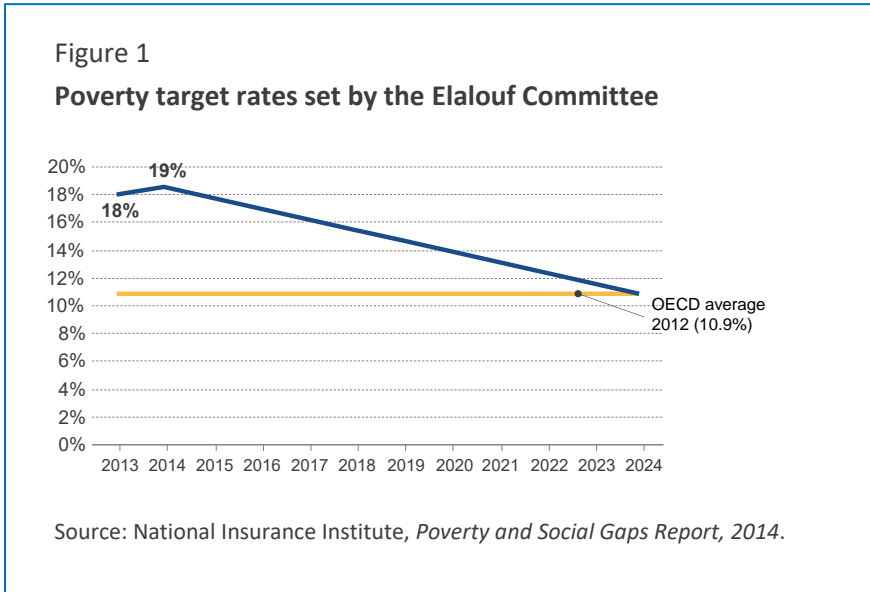
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place the issue of poverty at the center of public debate and governmental effort, and emphasized the need to devote greater resources to it. Thus, some Committee recommendations focused on making poverty a central area of Israeli governmental activity, and on creating a cross-ministerial system to advance programs for fighting poverty. The assumption was that a special department would be established under the auspices of a major government ministry.



The Committee formulated specific recommendations in several areas: social security, personal social services, housing, education, and health.

The Committee estimated the total annual cost of implementing its recommendations at NIS 7.4 billion (with a small portion of this cost earmarked for existing programs or programs already in the planning stage). This sum does not include small one-time expenditures for the establishment of advocacy centers, or already-budgeted expenditures on day care center construction, nor does it include various other recommendations that appear in the subcommittee reports but were not included in the plenum report. The sum included a 4% increase in total annual expenditure for social services (relative to 2014), and a rise in expenditure equivalent to 0.66% of the GDP for 2014. The largest expenditure items were those of operating the “Empowerment Grant” program for children (“A Savings Account for Every Child” program), increasing income support benefits, and supporting labor market participation through negative income tax.

Two years have passed since the Committee report was submitted to the Minister of Social Affairs and Social Services, and this policy brief looks at the practical consequences of implementing its recommendations. It should be noted that, a short time after the recommendations were submitted, the Knesset was dissolved, which prevented the adoption of a new state budget. Some of the Committee recommendations were indeed implemented in 2015, but only in August 2015 did the government decide to adopt policy measures for addressing poverty based on the Committee's recommendations. The current government included some of the recommendations in its work plans, the budget, and in the Economic Arrangements Law for 2016, as well as in the proposed budget for 2017-2018. This brief focuses on budgetary expenditure and looks at the data in the state budget books and the

proposed state budget for 2016 (meaning that proposals not entailing direct budgetary expenditure were not examined here).

This is a review of implementation of the main recommendations included in the Committee's report.¹ Overall, about half of the recommendations were implemented, in part or in full. A few major recommendations, such as the Savings Account for Every Child program, are slated for implementation in early 2017. It should be noted that one of the Committee's central recommendations – that of concentrating poverty-fighting efforts in a central agency under the auspices of one of the major government ministries – has yet to be implemented, and it is highly doubtful whether it will be realized in the near future. Nevertheless, the Committee may be credited with making the issue of realizing rights a more pressing one in governmental discourse, and highlighting the need to relieve the distress of people living in poverty a more prominent concern of the Ministry of Social Affairs and Social Services.

Welfare and Social Security

Recommendations implemented²

- **Develop an array of services to enable citizens to realize their rights, and expand family social worker services (reducing the number of families handled by each social worker):** 150 family social worker job positions have been added.
- **Introduce intervention programs – multidimensional programs for families living in poverty, aimed at improving areas such as household financial management and employment:** there was an increase in the relevant budgetary expenditure items in 2015 and in the proposed budget for 2016.
- **Increase income support for needy elderly:** beginning in January 2016, the benefit was increased by amounts ranging from NIS 130 to NIS 175 for individuals, and by NIS 510 to NIS 540 for couples. According to the proposed budget for the coming years, additional increases are expected in 2017 (increasing the expenditure by NIS 350 million) and in 2018 (NIS 200 million).
- **Expand flexible individual budgets:** there was an overall increase for budget items for assistance to distressed families in the community (in the framework of the Family Empowerment Initiative) and to seniors, both in 2015 and in the proposed budget for 2016.

Recommendations in the process of being implemented

- Find debt settlement solutions for people living in poverty
- Empowerment Grant (“A Savings Account for Every Child”). Slated to begin in January 2017.

¹ In addition to the sources that appear in the text itself, the information presented in the review was provided to the authors via personal correspondence with Professor Varda Soskolne (Head of the Subcommittee on Health).

² Partial or full implementation.

Recommendations not implemented

- Increased income support to the level of two-thirds of the poverty-line income (defined as half of the median household disposable income).

Economy and Employment

Recommendations implemented

- **Expand the work grant (negative income tax), especially for single parents working at low wages:** a bill was passed that expands grant eligibility for single-parent families, people with disabilities and the self-employed. The change is expected to increase the number of those eligible by 55,000, at a cost of NIS 130 million.
- **Expand the array of vocational training courses:** the number of participants in training courses increased over the past year by 20% (Ministry of Economy, 2016). Accordingly, there was an increase in the relevant budgetary expenditure items in 2015, and an even more substantial increase in the proposed budget for 2016.
- **Increase the supply of publicly subsidized day care centers for children of working parents:** there was a 6% increase in the relevant expenditure items in the 2015 budget and a 30% increase in the relevant items in the proposed budget for 2016.
- **Implement employment programs for populations with difficulties integrating into the labor market and for people with disabilities:** there was an increase in the relevant expenditure items in the 2015 budget, and a more substantial increase in the proposed budget for 2016 – twice the 2014 expenditure.

Recommendations not implemented

- Reduce the number of foreign workers.
- Change the structure of pension funds to prevent pensioners from sliding into poverty.

Housing

The Committee identified housing as a major focus in the effort to combat poverty. Accordingly, many of its recommendations had to do with public housing and with expenditures that would help vulnerable populations find adequate housing.

Recommendations implemented

- **Increase the amount of rental assistance provided:** the amount of rental assistance given to those eligible was increased by NIS 600-900 per month. Accordingly, there was an increase in the budgetary items related to rental assistance in the 2015 budget and in the proposed 2016 budget.
- **Assistance with long-term housing:**³ there was an increase in the relevant expenditure items in the 2015 budget, but not in the proposed budget for 2016.

³ The long-term housing program is a supplementary program to public housing, in which increased rental assistance is provided for 10 years, for residential units not owned by the state.

- **Increase the supply of public housing:** as of August 2016, 806 residential units had been added to the public housing supply, and an agreement was signed with the Jewish Agency for the construction of 2,650 residential units for senior citizens (Ministry of Construction and Housing, 2016). Accordingly, the relevant expenditure items increased in the 2015 budget, and there was a substantial increase in the proposed 2016 budget.
- **Increase the public housing maintenance budget:** there was a small budgetary increase for the item in 2015, and in the budget proposal for 2016.

Recommendations not implemented

- Expand eligibility for rental assistance.
- Create an income scale for varying levels of rental assistance.
- Establish assistance eligibility for seniors whose families provide them with support.
- “A Worthwhile Neighborhood” (Shchuna Shava) program – neighborhood renewal programs in underprivileged neighborhoods with available land, featuring improved infrastructures, investment in the public spaces, social investment, educational programs, jobs creation, and community organizing.

Health

Recommendations implemented

- **Publicly subsidize dental care for seniors over the age of 75 who receive income support:** departmental work has begun in cooperation with the Ministry for Social Equality.
- **Pupil health services under the auspices of the Ministry of Health:** pupil health services reverted to the authority of the Ministry of Health in the Southern district. In the Northern district, services will revert in January 2017, while in the other districts an agreement was signed with Natali (Healthcare Solutions) for the provision of health care services for an additional four years. However, the recommendation to improve the ratio of one nurse to 1,500 pupils was not implemented.
- **Publicly fund dental care for children up to age 14, and in the coming years up to age 18:** as of January 2016, treatments are covered for children to age 14, while plans call for funding increases for an additional age cohort each year.

Recommendations under consideration

- Establish health promotion and disease prevention centers for the elderly to be assessed as part of the health care system’s preparation for an aging population (in addition to measures such as the long-term care funding reform and expanding the array of home-based services).
- Create information centers in hospitals.
- Reduce co-payments for medications and medical services.

Housing was identified by the Committee as a central issue. Many of its recommendations dealt with the issue of public housing and public expenditures to help vulnerable populations find appropriate housing. Among the recommendations that were implemented: increased rent subsidies and moves to strengthen public housing.

The additions to budget lines related to the Committee's recommendations amounted to NIS 434 million in 2015 and about NIS 1.9 billion in 2016. This is in contrast to the NIS 7.4 billion per year allocation that the Committee recommended to fund its recommendations

Recommendations not implemented

- Finance travel expenses for medical treatments for people living in poverty.

Education

Recommendations implemented

- **Increased differential budgeting:** NIS 100 million per year were added towards study hours in schools serving socioeconomically weak populations.

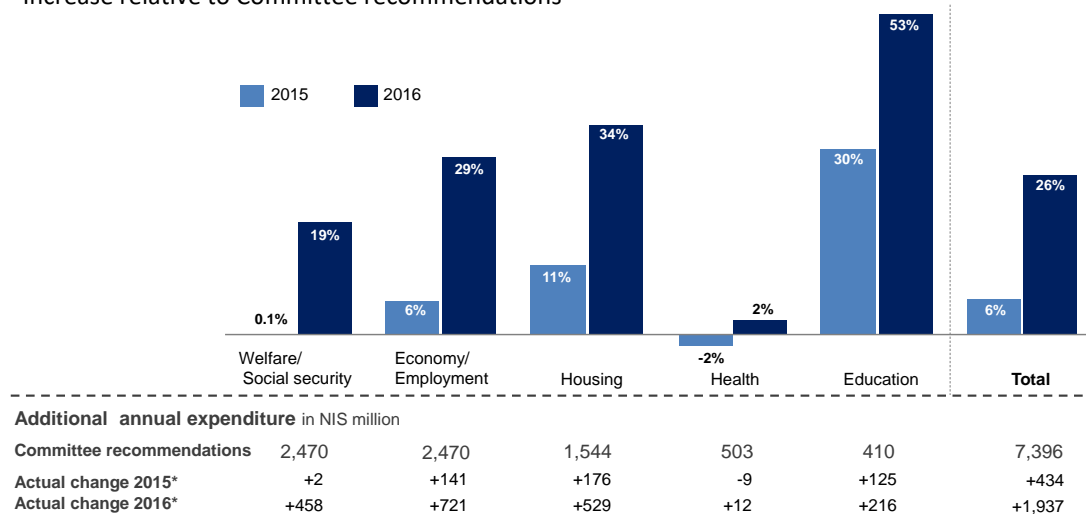
Recommendations not implemented

- Building and operating early-childhood centers.

Expenditures on Implementing Committee Recommendations

Figure 2 shows the total budgetary expenditure on implementing recommendations of the Committee for the War Against Poverty, by main expenditure areas and by expenditure year. The expenditure figures for 2014 refer to expenditure items that already existed when the Committee recommendations were submitted, and for which the Committee recommended increased funding. The 2015 expenditure is based on implementation data for these preexisting items and for new items that were introduced following the Committee's recommendation. The data for 2016 refer to the proposed budget; there are as yet no final implementation figures. The total added expenditure recorded in the budget items pertinent to the Committee recommendations is NIS 434 million for 2015, and NIS 1.9 billion for 2016, an addition of 6% and 26% respectively relative to the Committee recommendations.

Figure 2
Additional expenditure for those areas included in the recommendations of the Committee for the War Against Poverty
Increase relative to Committee recommendations



* Changes to the 2015 implemented budget and the 2016 proposed budget relative to the 2014 implemented budget.

Source: John Gal and Shavit Madhala-Brik, Taub Center. Data: National Insurance Institute; Ministry of Finance; *Report of the Committee for the War Against Poverty* (2014).

Conclusion

The study findings suggest that the Elalouf Committee has had an impact on Israeli social policy. On the theoretical plane, the Committee has succeeded in placing poverty on the public agenda, it has strengthened governmental involvement in the sphere of citizen's rights, and has contributed to the development of new systems for addressing the problem. On the practical plane, the Committee created change in an array of policy areas with potential for combating poverty, whether in the short or long term. Based on Committee recommendations, existing programs such as income support for senior citizens and work grants for single mothers were expanded, while new programs proposed by the Committee, such as the Savings Plan for Every Child program (slated for implementation in January 2017), were adopted. Despite implementation delays due to a governmental transition, this trend will clearly expand in the coming years.

Still, it is highly doubtful whether the measures taken to date, or those now in the planning stage, will suffice to attain the Committee's objectives, especially its central one: a major reduction in the incidence of poverty in Israel. The doubt is due partly to the fact that the government has not created a special departmental framework to handle the issue of poverty, making inter-ministerial activity in the war on poverty hard to coordinate. Furthermore, the actual addition to government anti-poverty expenditure so far amounts to NIS 1.9 billion (the difference between the 2016 and the 2014 budgets) – a sum that is far less than the NIS 7.4 billion expenditure increase recommended by the Elalouf Committee. The disparity is due to non-implementation of some of the Committee's main recommendations, such as increasing income support, and to insufficient allocation for programs such as work grants, vocational training and the purchase of new public housing units.

The Elalouf Committee recommendations have the potential to contribute meaningfully to Israel's anti-poverty effort. Unfortunately, the fact that these recommendations have yet to be fully implemented casts doubt on the government's willingness to regard substantially reduced poverty rates and alleviation of the distress suffered by people living in poverty as major policy objectives.

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