

# Israel's Social Welfare System After the COVID-19 Crisis: An Overview

**John Gal, Shavit Madhala, and Ori Oberman**

## Introduction

Looking at social expenditure in 2021 and the developments in social policy during 2022, it appears that the welfare system in Israel is still in a period of transition: a transition from an era of harnessing the social security and social welfare systems to deal with the social and economic consequences of the epidemic on individuals, families, and communities, to an effort to return to expenditure and policy patterns of the pre-crisis era. In 2021, social expenditure was still considerably higher than in the pre-crisis period, but there was a clear trend toward a decrease in expenditure and a return to the low levels of expenditure that characterized the Israeli welfare state in the past. This trend continued in 2022 as well. During this period, many of the changes introduced in the social security system during the crisis to ease access to unemployment benefits were terminated. Although during part of the period reviewed here the struggle with the consequences of the pandemic was still ongoing, it is clear that policy makers sought to return to dealing with the social problems that preoccupied them before the COVID-19 outbreak. At the center of these efforts were the elderly and people with disabilities. At the same time, initial steps were also taken to formulate tools to deal with new problems that arose with the passing of the crisis.

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Not only did the COVID-19 crisis shape the developments in this period; economic and political processes also exerted an impact. The end of the crisis led to rapid economic growth and a rapid transition to full employment. Nevertheless, these developments also brought in their wake a widening of income gaps, especially in some sectors of the labor market. It is apparent that the growing wage gaps and the difficulty to adapt social policy tools to this reality have contributed to increased inequality and poverty levels. Increasing prices that characterized the period made it even more difficult to deal with the new reality, especially among those with low incomes. The changes in the political system and the establishment of the *government of change* gave new impetus to the formulation of social policy in several areas, and even though the end of this government's term in mid-2022 interrupted some of the social policy initiatives, its activity had several positive policy results.

## Social expenditure in 2021

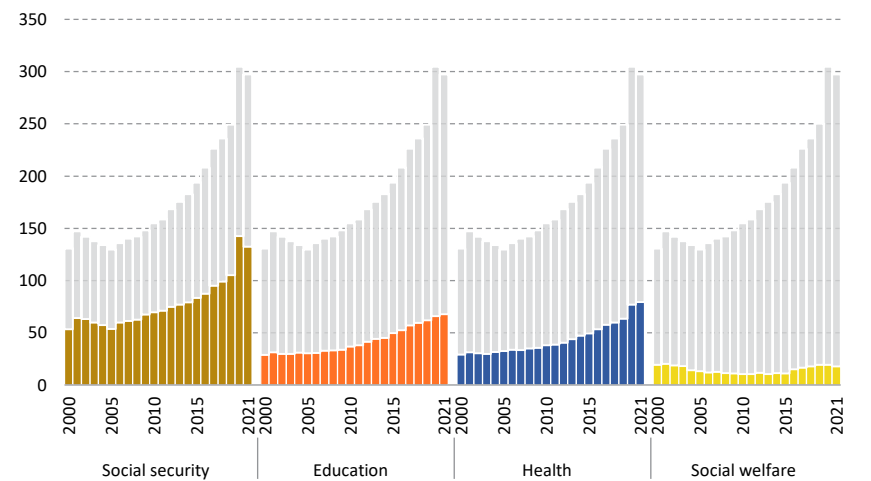
Israel's social expenditure, which consists of expenditure on health, education, social welfare, and social security, was NIS 297 billion in 2021 (Figure 1), a decrease of NIS 7 billion compared to the previous year. As such, expenditure comprised 59% of total government expenditure, which totaled about NIS 500 billion.<sup>1</sup> As can be seen in Figures 1–5, the changes in social expenditure in 2021 reflect different aspects of dealing with the epidemic. While social security expenditure, which was a central tool in dealing with the economic aspect of the crisis, decreased in 2021 by approximately NIS 10 billion compared to the previous year, expenditure on health, which increased in 2020 by approximately 21% (compared to 2019), continued to grow and was higher than the expenditure in 2020 by about NIS 2 billion. In the second component of welfare expenditure — expenditure on social welfare, which

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1 Government expenditure includes the entire state budget (not including debts and interest expenditure), the expenditure on the National Insurance Institute (with part of this expenditure offset from the state budget), and the amount transferred to the health funds through the health tax. Expenditure on social security is measured as the total expenditure by the National Insurance Institute, the Authority for the Holocaust Survivors' Rights Authority, the Ministry of Defense's expenditure on family benefits and rehabilitation, and the expenditure on the work grant. Expenditure on social welfare is measured as the total expenditure of the Ministry of Welfare and Social Affairs, the Directorate General of Labor in the Ministry of Economy and Industry, the Ministry of Construction and Housing, the Ministry of Immigration and Integration, and the Ministry of Social Equality.

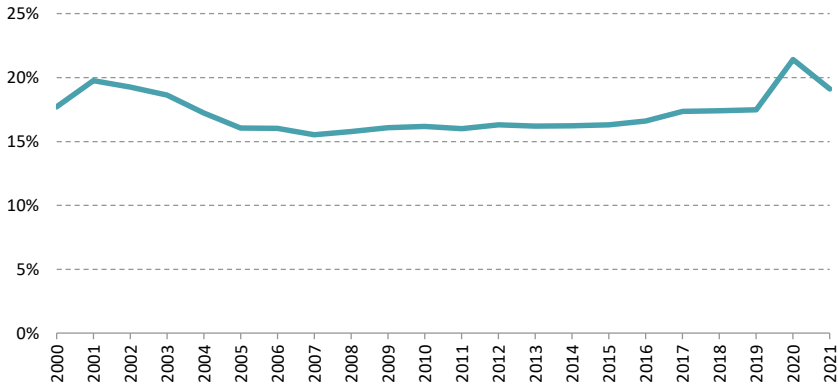
includes welfare services and non-cash benefits — a decrease of about NIS 2 billion has been recorded compared to the previous year. This decrease is mainly due to a reduction of expenditure on housing and a reduction in the Ministry for Social Equality's budget. The Ministry for Social Equality's budget was NIS 180 million, an amount that represents a cut of almost half of the 2020 budget. The expenditure on housing in 2021 was about NIS 4 billion, a decrease of about NIS 1 billion compared to 2020. No significant changes were recorded in the other items of expenditure on social welfare.

**Figure 1. Social expenditure by area out of total social expenditure**  
NIS billion, 2020 prices

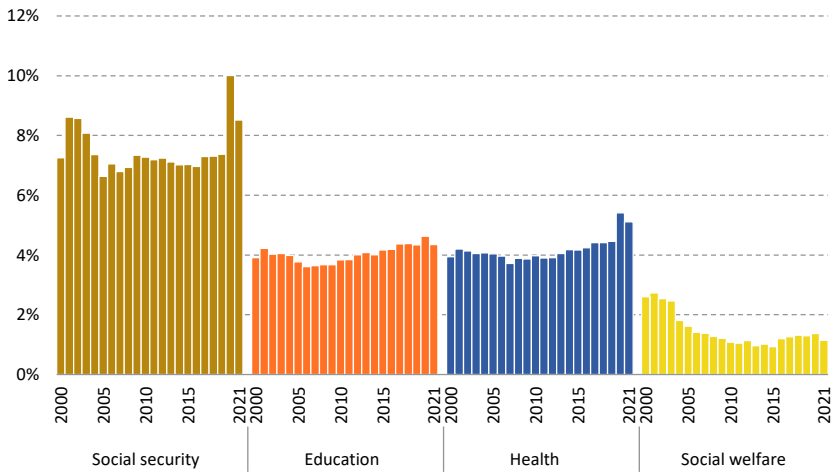


Source: John Gal, Shavit Madhala, and Ori Oberman, Taub Center | Data: Ministry of Health; Ministry of Finance; NII

Examining the share of social expenditure in GDP (Figure 2) shows that the decrease in total social expenditure in 2021 brings it back below 20% of GDP at 19%. This level of expenditure as a percentage of GDP is still higher than it was prior to the crisis, but there is a clear trend to reduce the total resources devoted to social issues. Figure 3 shows that the reduction applies to the share of all social expenditure components as a percentage of GDP.

**Figure 2. Social expenditure as a percent of GDP**

Source: John Gal, Shavit Madhala, and Ori Oberman, Taub Center | Data: Ministry of Health; Ministry of Finance; NII; CBS

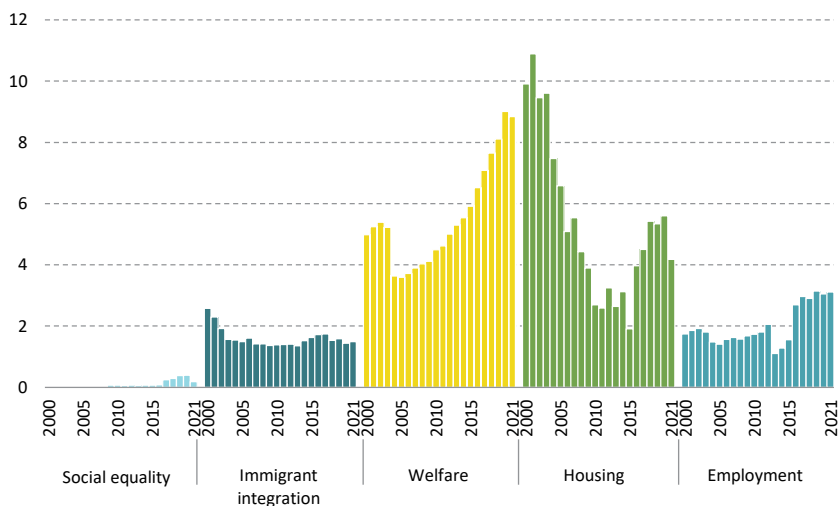
**Figure 3. Social expenditure by area, as a percent of GDP**

Source: John Gal, Shavit Madhala, and Ori Oberman, Taub Center | Data: Ministry of Health; Ministry of Finance; NII; CBS

When focusing on welfare spending, there are two distinct components — social welfare and social security. The data presented in Figure 4 indicate the various trends in expenditure on social welfare, which in 2021 was about NIS 17 billion. The Ministry of Welfare and Social Affairs is allocated a total of about NIS 9 billion — approximately 50% of all expenditure on social welfare. Smaller amounts were transferred to the other ministries: NIS 4 billion to the Ministry of Construction and Housing; NIS 3 billion to the Directorate General of Labor in the Ministry of Economy and Industry; NIS 1.5 billion to the Ministry of Immigration and Integration; and a relatively small amount of NIS 180 million to the Ministry for Social Equality. In the areas of social welfare where the budgetary expenditure increased relative to 2020 (the area of employment and the Ministry of Immigration and Integration), the increase was fairly small. In the other areas, the expenditure has been reduced, especially in the area of housing, where the reduction is partly due to cutbacks in expenditure on public housing.

**Figure 4. The budget allocated to social welfare, by area**

NIS billion

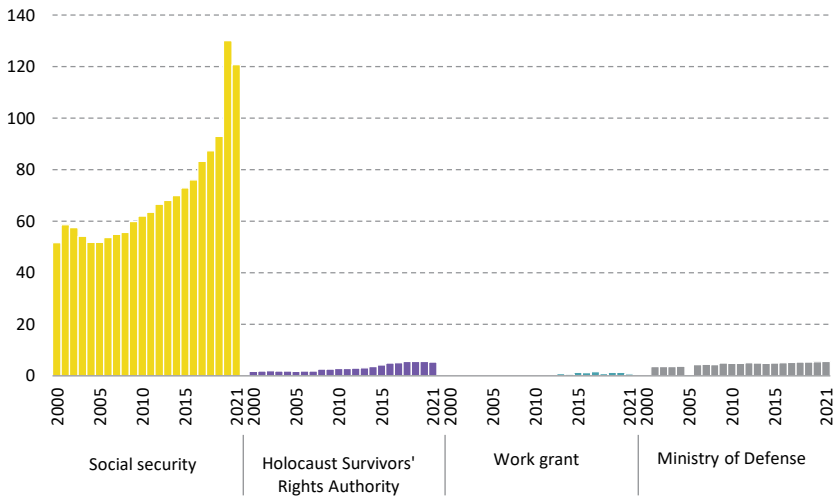


Source: John Gal, Shavit Madhala, and Ori Oberman, Taub Center | Data: Ministry of Finance

With respect to social security (Figure 5), the bulk of the expenditure is devoted in all years to financing National Insurance Institute (NII) cash benefits, especially during the crisis period. The other payments constitute a small part of the total expenditure, with the portion devoted to work grants being particularly small.

**Figure 5. The budget allocated to social security, by area**

NIS billion



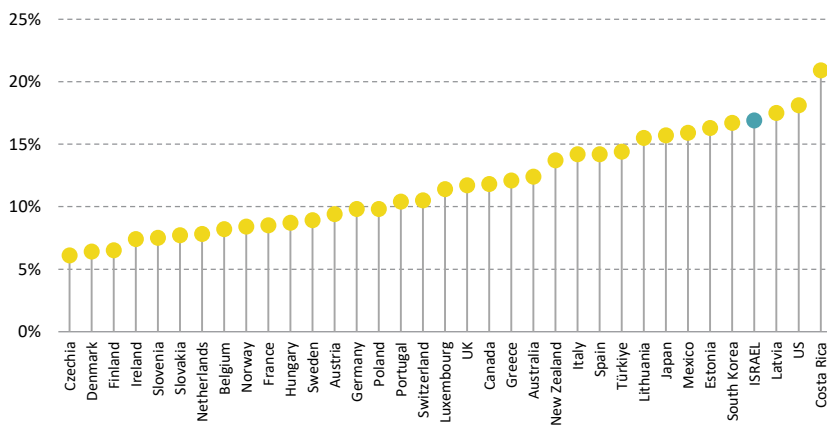
Source: John Gal, Shavit Madhala, and Ori Oberman, Taub Center | Data: Ministry of Finance; NII

## Poverty and inequality resulting from the COVID-19 crisis

Dealing with poverty and inequality is a key function of the welfare state. The massive investment in the unemployment insurance program, one-time grants, and financial aid to the self-employed made it possible to prevent the expansion of poverty during the crisis, in particular among those who were fired or placed on unemployment benefits. Although the return to normality enabled the unemployed to reintegrate into the labor market, the reduction in financial support for individuals and families, the transition to full employment, and the rise in inflation may lead to an increase in inequality and the incidence of poverty. The poverty figures reflect these concerns.

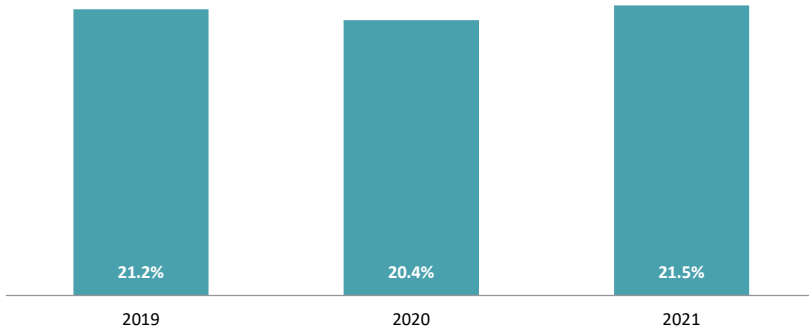
An international comparison in the period prior to COVID-19 (Figure 6) shows that the incidence of poverty (the share of the population below the poverty line) in Israel was among the highest among welfare states.

**Figure 6. Share of the population living below the poverty line in the OECD countries, 2019**



Source: John Gal, Shavit Madhala, and Ori Oberman, Taub Center | Data: OECD

In the absence of access to comprehensive current data from the Central Bureau of Statistics' (CBS) *Household Expenditure Survey* during the crisis, the NII measured the incidence of poverty using administrative data (NII, 2021). The authors of the poverty report based their work on survey data from previous years to impute data that do not exist in the administrative data. This method of estimation makes it difficult to conduct an international comparison or a comparison with the data of the previous years in Israel. Based on this measurement, following government intervention in 2020 through one-time grants and widening the coverage of unemployment benefits intended to help individuals deal with the economic crisis caused by COVID, the poverty incidence among households was 21.4% of households in the country versus 21.2% in 2019. According to the assessment of the researchers of the NII, the expectation is that in 2021 the poverty incidence according to this index will rise to 21.5% (Figure 7) (NII, 2021).

**Figure 7. Share of families living below the poverty line in Israel**

Note: The measurement was based on administrative data.

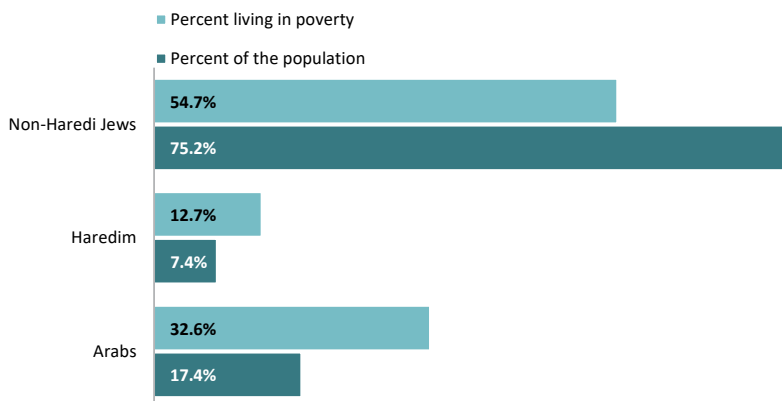
Source: John Gal, Shavit Madhala, and Ori Oberman, Taub Center | Data: NII

### The share of families living in poverty from different population groups among the overall population living in poverty and the population as a whole

Figure 8 shows one of the interesting figures emerging from the 2020 poverty report: the share of each of the three sectors in Israeli society — Jews (not including Haredim (ultra-Orthodox), Arabs, and Haredim — among the general population and the population living in poverty. Although Jewish families (not including Haredi families) make up 75% of all families in Israeli society, their share of the population living in poverty is only about 55%. By contrast, the share of families from the Haredi sector and from Arab society living in poverty is almost double their share in the general population. Haredi families constitute about 7.4% of all families in the general population, but among the families living in poverty their rate is 12.7%, while Arab families constitute one-third (32%) of all families living in poverty, although they constitute only 17.4% of Israel's population.

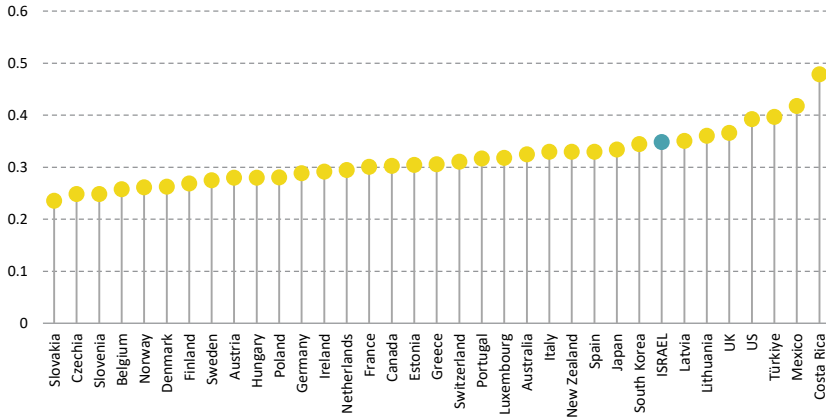


**Figure 8. The sectoral share from all families living below the poverty line, 2020**

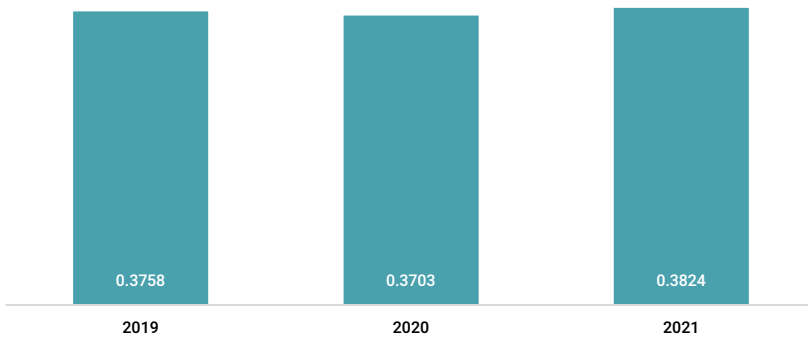


Source: John Gal, Shavit Madhala, and Ori Oberman, Taub Center | Data: NII

As in the case of poverty, Israeli inequality figures are also high compared to other welfare states (Figure 9). The predicted trend according to the estimates of NII researchers is a trend of greater inequality following the end of the COVID-19 crisis and the acceleration of economic growth. Although in 2020 there was a slight decrease in the Gini index of disposable income inequality compared to 2019 (due to government intervention through unemployment benefits and one-time grants) with an index rate of 0.3703, it is estimated that in 2021, there will be an increase in this index and it will stand at 0.3824 (Figure 10) (NII, 2021).

**Figure 9. Gini index of income inequality in the OECD countries, 2019**

Source: John Gal, Shavit Madhala, and Ori Oberman, Taub Center | Data: OECD

**Figure 10. Gini index of income inequality in Israel**

Source: John Gal, Shavit Madhala, and Ori Oberman, Taub Center | Data: NII

## The social security system

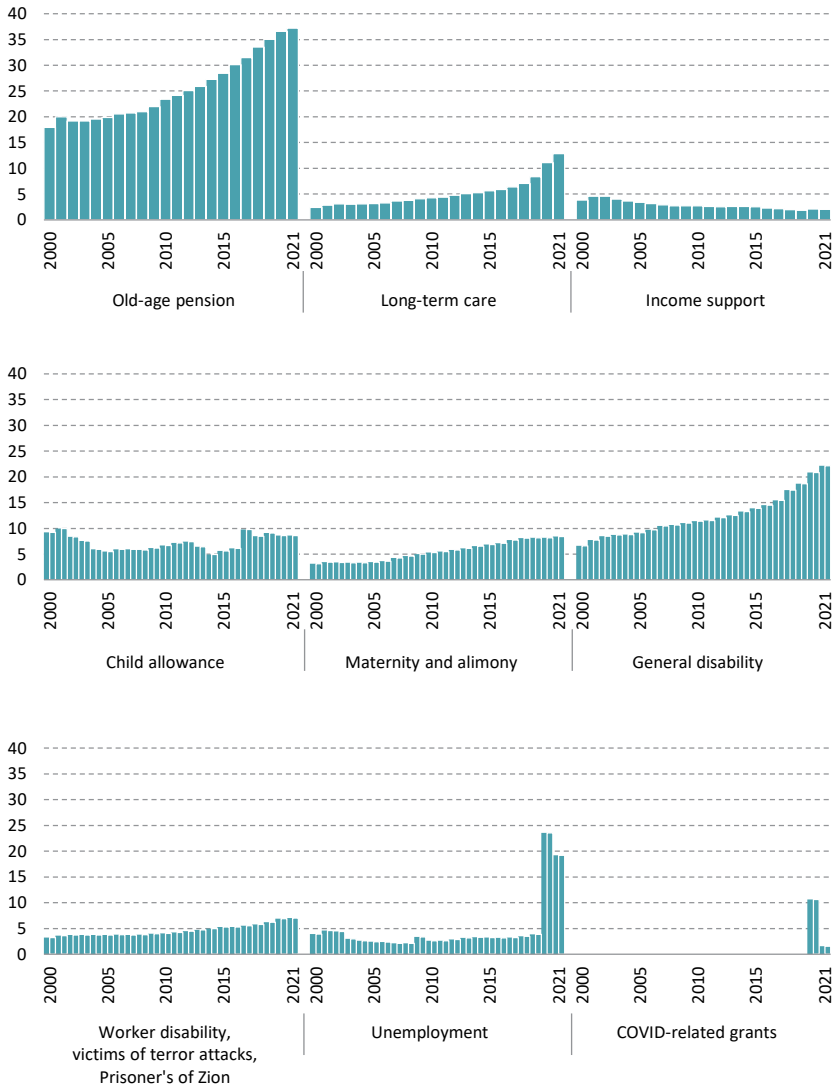
In Israel, as in other welfare states, the largest component of social spending is cash benefits paid to residents by the various agents of the social security system. Expenditure on social security in 2021 amounted to NIS 132 billion, a drop in spending on social security, following abnormal and unusual levels during the crisis. The decrease in expenditure in 2021 stood at NIS 10 billion compared to 2020, mainly due to a significant reduction in expenditure on unemployment benefits and grants paid during the crisis (Figure 11).

The main changes in the social security system were in the scope of benefits paid by the NII, and especially in the unemployment insurance program. Easing of eligibility requirements, extensions of the eligibility period, and the expansion of coverage for those on furlough led to a very considerable expansion of unemployment benefits. This policy tool was central in the government's fight against the impact of the epidemic on the labor market and on household incomes. This is clearly shown in Figure 12. Thus, in 2020, expenditure stood at about NIS 23.5 billion — more than five times the expenditure in 2019, which amounted to about NIS 4 billion. Even in 2021, more unemployment benefits were paid than usual, but the total expenditure on them, about NIS 19 billion, was about 20% lower than in 2020. At the beginning of 2022, unemployment expenditure constituted only about a tenth of the amount during the corresponding period in 2021 (NIS 247 million compared to about NIS 2.5 billion).

Figure 11 shows that along with the increase in expenditure on unemployment benefits, there has also been an increase in expenditure in other branches of the social security system in recent years. This is especially true for general disability, allowances for senior citizens, and long-term care insurance. The increase in expenditure on general disability reflects changes in the program based on an agreement between the government and representatives of people with disabilities in 2018 (see Gal & Bleikh, 2019), while the increase in expenditure in both programs for senior citizens is related to significant changes made in them, as will be discussed.

**Figure 11. Distribution of the National Insurance Institute expenditure**

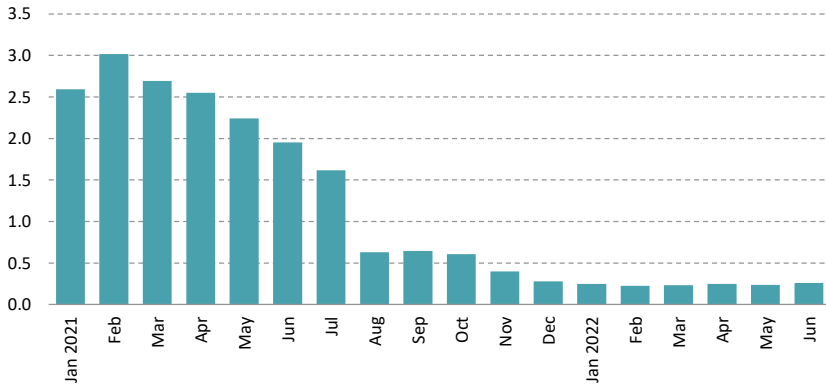
NIS billion



Source: John Gal, Shavit Madhala, and Ori Oberman, Taub Center | Data: NII

**Figure 12. Expenditure for the payment of unemployment benefits, 2021–2022**

NIS billion



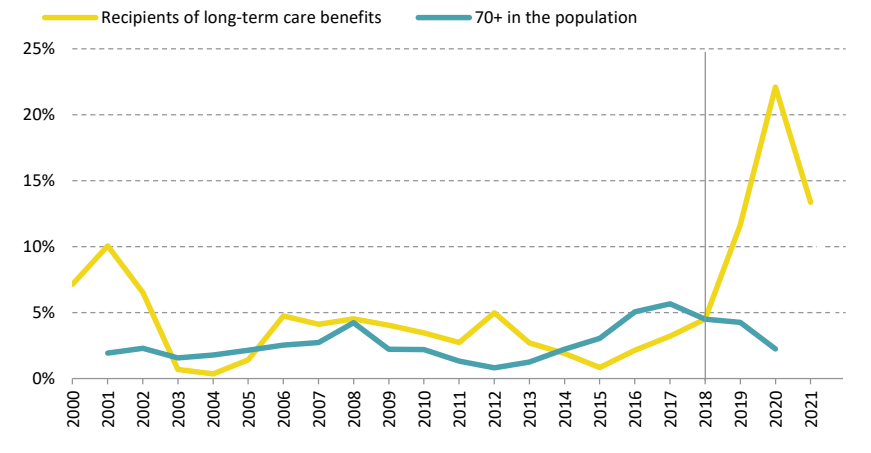
Source: John Gal, Shavit Madhala and Ori Oberman, Taub Center | Data: NII

### The Long-Term Care Insurance Law

One of the areas of expanding activity of the social security system in Israel in recent years is long-term care insurance for the elderly. In 2021, expenditure in the area of long-term care constituted one-tenth of total NII expenditure. The observed increase in expenditure on long-term care in the social security system is no accident, and as can be clearly seen in Figure 13, it does not reflect merely an increase in the elderly population, but rather policy changes that eased accessibility and the form in which the assistance is provided. This is a benefit to help finance long-term care for senior citizens who are living in the community and need assistance with activities of daily living. Responsibility for this program and its administration rests with the NII, but non-governmental agencies traditionally have a central role in its operation. Long-term care insurance includes various types of assistance, from services that are included in the service basket (panic buttons, activity centers for senior citizens, laundry services, and personal hygiene products) and provided by for-profit businesses and non-profits, to the financing of personal care for those eligible (also through for-profit agencies or non-profits), including (partial) financing of a foreign caregiver. Until recent years, the benefit was in-kind, apart from

special cases with the benefit being transferred from the NII directly to the service providers. However, in 2018, after a pilot program, a reform in this area was launched. The reform brought about significant changes in the patterns of use of the Long-Term Care Law, and as a result, both the number of those entitled to assistance under it and the budget directed to this area increased substantially.

**Figure 13. Rate of change in the number of long-term care benefit recipients and the number of people aged 70 and over in the population**



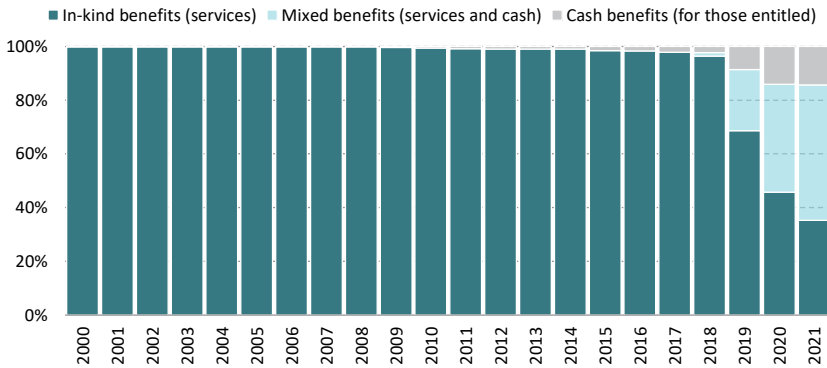
Note: The vertical line marks the beginning of reforms in long-term care benefits.

Source: John Gal, Shavit Madhala, and Ori Oberman, Taub Center | Data: NII; CBS

The reform of the long-term care insurance program included several components. Regarding program accessibility, the changes that were adopted included easing of the eligibility determination process and a change in the dependency test procedure that determines the extent of care provision. In more than 80% of claims, the examination is based on medical documents and a telephone interview with the claimant, and does not involve a personal visit by a nurse to the claimant's home. In addition, the amount of a fixed benefit can no longer be reduced following a new examination. Lastly, unlike in the past, family members may be considered caregivers and receive payment for their work. As part of the reform, the number of benefit levels has been reduced from six to three. Moreover, there has been a fundamental change

in the way the benefit is paid to beneficiaries. In the past, the benefit was paid directly to the service provider. Although the benefit recipients and their family members could participate in the decision on the type of service and the identity of the service provider, generally speaking they were not given cash. The reform transferred the choice of assistance, in whole or in part, in the form of a cash benefit or service in-kind, into the hands of the beneficiary (NII, 2022).

These measures are intended to remove bureaucratic barriers that existed in the long-term care insurance program, to facilitate access, and to ease the application for extension of assistance should the condition of the beneficiary worsen. Indeed, as a result of these measures, the number of those entitled to assistance under long-term care insurance increased considerably: from 176,000 in 2018 to 197,000 in 2019, to 240,000 in 2020, to 273,000 in 2021, and, in the middle of 2022, the number has already reached about 301,000 — an increase of 71% compared to the number of those eligible in 2018. As can be seen in Figure 13, this increase in the number of those eligible is not proportional to the increase in the population at the relevant ages — 70 and over. This population grew by 4% in 2019 and by only 2% in 2020, while the number of those eligible for long-term care assistance increased by 11% and 22% respectively. With the growth in eligibility, the annual expenditure on long-term care insurance has also greatly increased: from an expenditure of approximately NIS 7 billion in 2018 to roughly NIS 13 billion in 2021 — an increase of 86% (Figure 11 above). The reform of the long-term care law is reflected not only in the number of eligible but also in the patterns of benefit use, as is clearly seen in Figure 14. While in 2018 only 3% of those eligible received a cash benefit, three years later there has been a dramatic change in usage patterns, and, in 2022, 65% of all those eligible received a cash benefit or a combination of services and money.

**Figure 14. Long-term care benefit recipients, by benefit type**

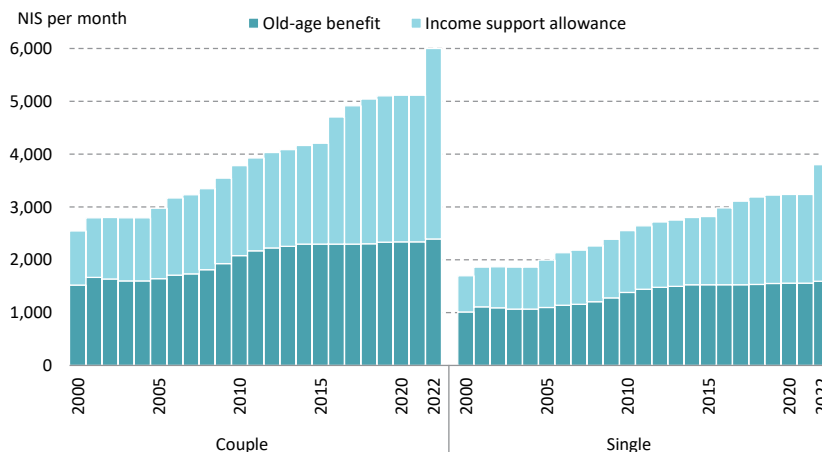
Source: John Gal, Shavit Madhala, and Ori Oberman, Taub Center | Data: NII

### Income support for senior citizens

Another significant change in the social security system in recent years is the increase in the level of income support, that is, the supplement given to recipients of an old-age or survivors' benefit whose income is still low. The supplement is paid following a means test (unlike the universal old-age benefit) and is intended to ensure a reasonable standard of living for senior citizens whose sole or main source of income is the old-age benefit. Following recommendations made by the Committee for the War Against Poverty (the Elalouf Committee) in the middle of the previous decade, the benefit was increased in an attempt to significantly reduce poverty among senior citizens. In the middle of 2021, it was decided to further increase the benefit and to also increase the amount of earnings that permissible without affecting eligibility. As can be seen in Figure 15, from January 2022, the amount paid (including the universal old-age benefit) to a single beneficiary increased from NIS 3,237 to NIS 3,799, while couples entitled to income support receive an amount of NIS 6,002 compared to NIS 5,117 before the raise. In 2022, total income support benefits amounted to NIS 4.4 billion — an increase of 47% relative to 2021. Despite concerns following the step, the rise in this expenditure is not the result of an increase in the number of recipients, but represents an increase in income itself to benefit recipients.



**Figure 15. The average old-age benefit and income support benefit**  
Current prices



Source: John Gal, Shavit Madhala, and Ori Oberman, Taub Center | Data: NII

## Work grants

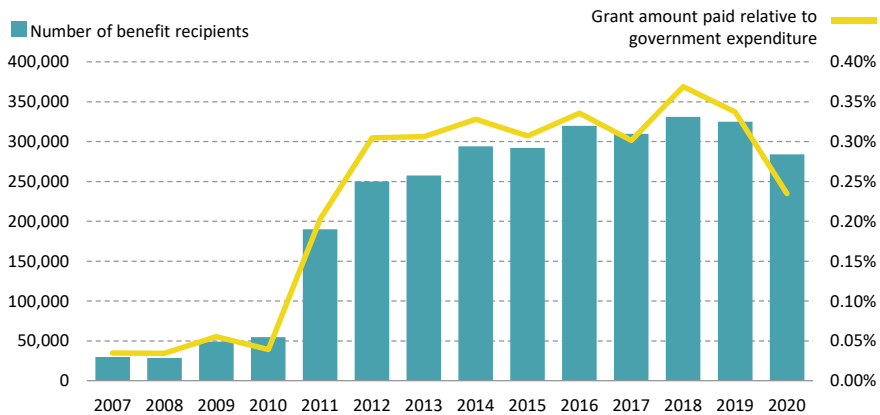
The work grant is intended to increase the income of low-wage workers and to encourage their labor market participation. A pilot of the use of this benefit began in several local authorities in 2007, and, since 2011, it has been rolled out nationwide. According to a Tax Authority's report, approximately 325,000 workers received a work grant in 2019, and the total amount of grants paid was NIS 1.4 billion, an amount equal to approximately 0.34% of total government expenditure in 2019 (Figure 16). The 2020 data indicate a decrease in the total number of grant recipients and in the total number of payments,<sup>2</sup> however, this decrease may be the result of fewer working hours due to COVID-19 restrictions. The grant is not given automatically but requires workers to be aware of the entitlement and to apply. As a result, the

2 These data are not final as at the time of the writing of this report not all of this year's applications had been processed.

take-up rates of the grant are not high and in recent years were about 70%. Among the Arab population and people with disabilities, take-up was even lower (State Comptroller, 2020).

Over the years, several changes have been made to this grant. In May 2022, the Knesset approved a series of amendments that should benefit those entitled to a work grant. These amendments include: an increase of approximately 40% for those entitled in 2022; 30% advance for 2021 (at the expense of the grant for 2022); payment of the grant and the advance in one installment for those eligible for 2021 (instead of four installments spread out until February 2023); allowing a work grant for 2022 at a rate of 40% for those employed by a relative (in contrast to the normal situation, where employment by a relative disqualifies candidates from receiving a work grant); lowering the eligibility age for a work grant for the years 2022 and 2023 from 23 to 21. It is expected that these changes will increase the number of those eligible for the grant and the total government expenditure dedicated to this area in the coming year.

**Figure 16. The number of work grant recipients and the grant amounts paid, as a percent of overall government expenditure**



Note: The data for 2020 are not yet final.

Source: John Gal, Shavit Madhala, and Ori Oberman, Taub Center | Data: Tax Authority

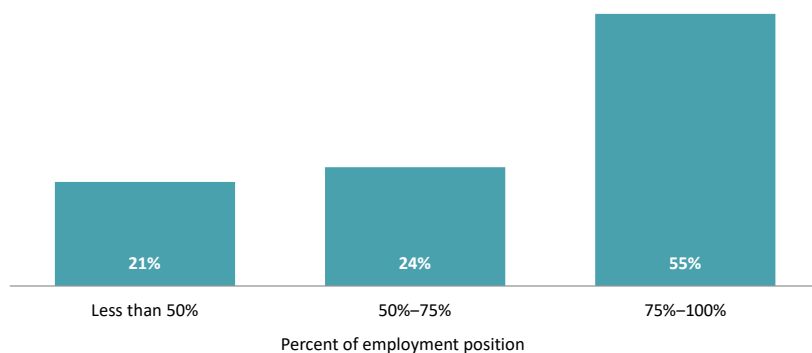
## Social welfare

### The wage agreement with social workers

Social workers are the central professional component in the social welfare system. There are no precise data on the number of active social workers, but estimates vary between 20,000 and 30,000, about 90% of whom are women. The Israel Union of Social Workers estimates that 60% are employed by government agencies (government ministries, local authorities, and the NII) and the rest by non-profits and businesses that provide outsourced welfare services, mainly for the Ministry of Welfare and Social Affairs. About 12,000 social workers are members of the Israel Union of Social Workers. These are mainly civil servants, although in recent years an effort has been made to organize social workers employed in the non-government sector as well.

Despite the continuous increase in the number of graduates from social work schools each year, many social workers are leaving the profession. The trend is evidenced in the large number of vacancies in the welfare services. Among the positions financed by the Ministry of Welfare and Social Affairs, one-tenth of those in the local authority social service departments are not staffed — 558 positions in total (State Comptroller, 2021). The Union of Social Workers estimates that 1,500 social work positions are not filled. The difficulty in staffing social work positions in the public sector is evident: 24% of all those hired in local authority social service departments leave their positions in their first year of employment (Ministry of Welfare and Social Affairs, 2021). There are various reasons for this mass exit. Some of them are related to social worker salaries, which are lower than salaries for most university graduates. Another reason is the common phenomenon of part-time employment in this field. As shown in Figure 17, this is a widespread phenomenon that characterizes most civil service jobs in this profession.

**Figure 17. Distribution of government-employed social workers, by percent of employment position (full- or part-time), 2021**



Source: John Gal, Shavit Madhala, and Ori Oberman, Taub Center | Data: Ministry of Welfare and Social Affairs; State Comptroller

The expansion of the privatization of many areas of welfare activity also contributes to the phenomenon, since in many cases it means a lack of job security and adequate protection of working conditions. Other reasons that add to the dissatisfaction among social workers are the heavy work load, the poor physical working conditions in many places, feelings of a lack of personal security following increasing violence from service recipients, and the erosion of the profession's status (Arazi et al., 2020; Tal Spero, 2015). It can be assumed that in a period of full employment, the demand for social workers in other sectors of the labor market and the wage increases in them also have encouraged social workers to leave the public sector government contractors.

In view of the dissatisfaction of many social workers and the tendency to leave the profession, several attempts have been made to deal with its causes. In 2018, the Ministry of Welfare and Social Affairs established a national protection division to handle employee safety in social service departments. In 2019, a division for the social work profession was established in the ministry, and steps were formulated to advance the status of social workers in Israel in collaboration with social workers and academics in the field (Ministry of Welfare and Social Affairs, 2021). At the same time, the professional struggle of the Union of Social Workers to improve their employment conditions was under way. Following a two-month strike in 2020, a new labor agreement was

drafted, which was formulated into a collective agreement and finally signed in May 2022. The agreement is intended to change conditions of social work professionals, including increasing their starting pay to NIS 8,500 per month, and a salary raise for all social workers of 5%–20%. A major emphasis in the agreement was placed on improving the mechanism for salary increases for social workers who are not in management positions, with consideration given to expertise, higher academic degrees, and fulfillment of other professional roles. An expansion order of the collective agreement, which would ensure that social workers who are not civil servants or local authority employees will also benefit from the agreement, is expected to be enacted in January 2023.

### **The regulation of facilities for people with disabilities**

The transfer of responsibility for the provision of welfare services to non-governmental agencies through outsourcing which began in the 1980s has been plagued with flaws and shortcomings from its onset. Even though the extent of outsourcing in the Ministry of Welfare and Social Affairs is especially large and reaches more than 80% of its budget (Madhala-Brik & Gal, 2016), there are still very disturbing issues related to the way in which these services are financed, the process of putting them out to tender, and their regulation (Benish, 2022). This is especially true in institutions for the approximately 17,000 people with disabilities, many of whom suffer from communication difficulties and are limited in their ability to report on the level of care they receive and their living conditions. Despite a regulatory system that is responsible for ensuring an adequate level of care in privatized institutions, and despite attempts to improve the selection process of the non-governmental service providers, no appropriate answers have yet been found to the problems related to outsourcing.

Over the last year, these problems were highlighted by serious incidents that took place in two of these institutions. At the Bnei Zion residence for people with intellectual-developmental disabilities, operated by the Elor non-profit agency, residents suffered from violence and humiliation by the staff treating them. Evidence of this became widely known at the beginning of February 2022, but apparently parents of residents reported this to the Ministry of Welfare and Social Affairs even before the events became public. As a result, a criminal investigation has been launched and four of its employees were arrested, and the Ministry of Welfare and Social Affairs terminated its engagement with the non-profit (Israel Today, 2022). At the Beit Dafna residence in Holon, three

residents died from suspected food poisoning at the beginning of May 2022. Beit Dafna is operated by the Beit Ekstein chain owned by the Danel company, one of the largest companies that provides outsourced services to the Ministry of Welfare and Social Affairs with services in a wide variety of fields (Kashti, 2022).

Following these two incidents and numerous reports of the poor conditions and improper treatment of service users in closed settings operated by non-governmental entities and under the responsibility of the Ministry of Welfare and Social Affairs, the Minister established a public committee to examine managing and operating methods of facilities for people with disabilities. The committee, chaired by Judge Shuli Dotan, was authorized to examine the Ministry's conduct vis-à-vis these institutions and methods to ensure the protection, quality of life, and rights of the service users living in these facilities. In the committee's letter of appointment, the necessity to review the methods of supervision of the institutions for people with disabilities, and the manner in which the Ministry's procedures are followed were emphasized. The committee's findings and recommendations have not yet been submitted.

# SPOTLIGHT

## The Equal Rights for Persons with Disabilities Law

The most significant legislation in the field of welfare in 2022 is the Equal Rights for Persons with Disabilities Law. This law, which was finally enacted on June 27, 2022, the last day of the 24<sup>th</sup> Knesset, aims to reshape the way the welfare system provides services to individuals with disabilities. The law is based on the UN Convention on the Rights of Persons with Disabilities (the CRPD), which Israel ratified in 2012, and on the Equal Rights for Persons with Disabilities Law enacted in 1988. The new law also reflects the concepts formed and the experience gained in other welfare states with regard to care for people with disabilities (Beresford et al., 2011). The target population of the law is large. Today the Ministry of Welfare and Social Affairs provides services to 59,000 people with disabilities, about 17,500 of whom are treated in institutional settings. According to professional estimates, the number of potential users of the Ministry's services may reach 320,000 (if it also includes those with intellectual disabilities who are currently treated by the Ministry of Health) when the law comes into effect in about a year and a half (Holler & Kraim, 2022).

The law seeks to lay new foundations for dealing with the needs of people with disabilities. These foundations concern perceptions of the nature of disability, the right of people with disabilities to receive services that will allow them to participate as fully as possible in society and live independent lives in the community, and their right to receive maximum freedom of

choice regarding the services they are entitled to. The law's point of origin is the social model of disability (Holler, 2022) which emphasizes the social context of disability and assumes that the difficulties faced by those with disabilities are not primarily due to a medical disability or their inability to cope with their condition, but are directly related to the way society and its systems treats them. Thus, responsibility for their social and economic integration falls primarily on the state.

The law also proceeds from the assumption that people with disabilities are an integral part of the community, therefore it anchors the concept that the appropriate welfare systems should strive for a dramatic reduction of their care in segregated institutions outside the community. According to this concept, it is preferable to care for the needs of people with disabilities within the community and it is possible to ensure that community frameworks will provide services and solutions that promote optimal performance of people with disabilities and their maximum integration in diverse areas of community life. Finally, the law assumes that people with disabilities, like all other citizens, have the right to autonomy and freedom of choice regarding their lifestyles. Therefore, the law sets in its articles an approach that emphasizes the right of people with disabilities to choose the services that suit them best and that will enable their personal development and social integration.

The law, which was adopted following a comprehensive consultation process with professionals, civil society organizations, and people with disabilities, seeks to create mechanisms that will ensure the fulfillment of these goals. It requires the Ministry of Welfare and Social Affairs to initiate a process to significantly reduce the number of institutions operating outside the community and the number of patients in their care. To this end, it is necessary to prepare for the target population's integration in the community by establishing



apartments, dormitories, and hostels, the number of residents in each of which is not to exceed 24. The law also requires the development of eligibility processes for services and the definition of the needs of the person with a disability according to their level of functioning. In the law itself and the discussions about it, it was emphasized that this process will not focus on the type of disability or the circumstances of the injury, but on the limitations that impair function and social integration.

Ensuring autonomy for those with disabilities to use community services that meet their needs will be done through a *personal budget*. This budget will be given to eligible individuals to fund services. This policy tool has already been developed in several welfare states around the world, and despite the complexity involved in its implementation, it is gaining success and support among service users (Holler & Kraim, 2022). The law clarifies that the personal budget is an addition to allowances and assistance that the individual may receive from other sources. After determining the amount of the personal budget the individual is entitled to based on their functioning level, with or without the help of family or professionals, they will be able to use the personal budget to choose services adapted to their needs and preferences from a basket of services provided in the community and to choose the service agent. The welfare services in the law include residential support services, employment rehabilitation services, transportation services, leisure services, personal caregiver, counseling, and services and counseling for family members. Also included in the law are various services intended to support integration into the community, including services for help with daily living skills, for the purchase of technology aids, and assistance in exercising their rights.

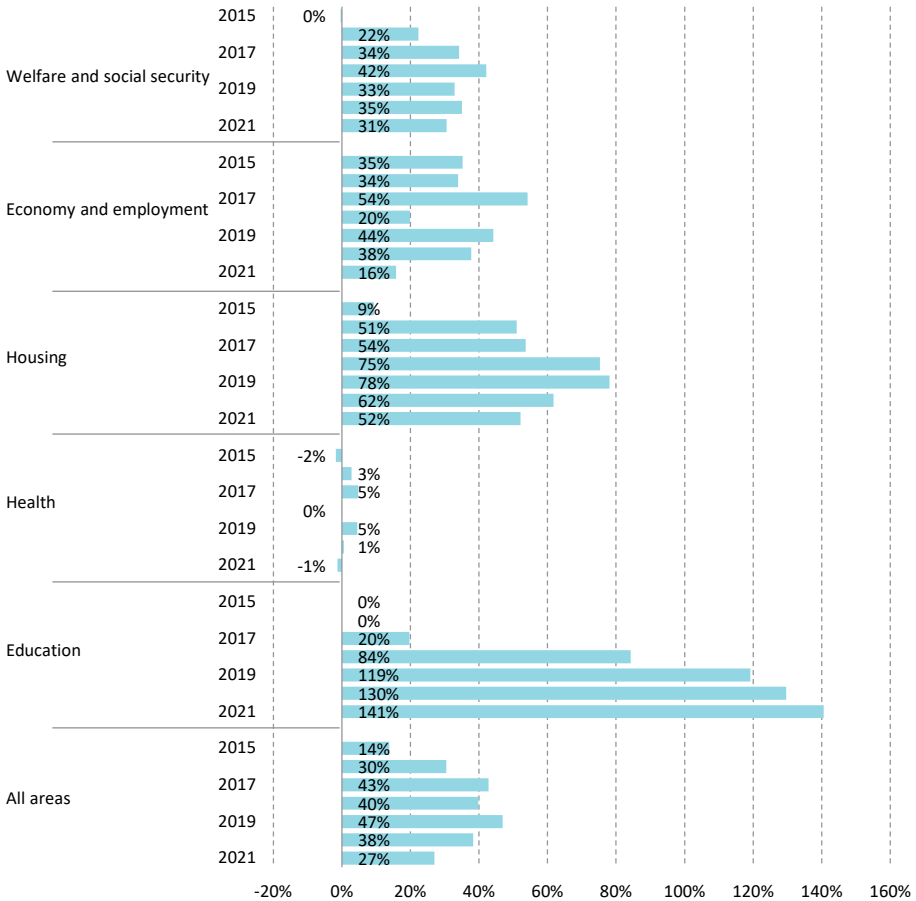
Organizations representing people with disabilities welcomed the Equal Rights for Persons with Disabilities Law. However, it is evident that the law's implementation poses many challenges

to policy makers and professionals alike. The law is budgeted in the amount of NIS 2.15 billion per year, which is an addition to the existing budget in the Ministry for people with disabilities. Nevertheless, if the estimates regarding the significant increase in the number of beneficiaries following the enactment of the law are realized, it will likely be very difficult to implement the law within this budgetary framework. Another challenge is integrating individuals with disabilities who are currently being treated in closed institutional settings into the community. This will require the establishment of many community housing settings and solutions. Engagement of professionals for the changes in the way welfare services are operated and switching the emphasis to the autonomy of the individual will also be complex, and will involve reducing the power and discretion of professionals. The process of determining service eligibility will require the establishment of a new system within the Ministry of Welfare and Social Affairs. Even more complex is the actual implementation of the personal budget and providing real options for choice. To this end, it is necessary to ensure that there will indeed be a selection of relevant services and providers within a reasonable geographic distance and effective mechanisms that will allow individuals to choose among these options. The international experience in this matter shows that the creation of this type of market and the activation of effective selection mechanisms are very complex processes, requiring monitoring and interventions by appropriate government authorities (Fleming et al., 2019).

## Monitoring the implementation of the Elalouf Committee recommendations

The Elalouf Committee for the War Against Poverty submitted its recommendations in 2014. The Taub Center has monitored the implementation of the committee's recommendations over the years, and examined the budget additions to relevant items that have been given since the committee's recommendations were adopted (Figure 18). The data of the last monitored year, 2021, indicate a reduction in the total expenditure on the budgetary items of the Elalouf Committee's recommendations. Along with an increase in the budgetary expenditure on the implementation of the recommendations in education, including the establishment of additional day care centers (urban centers that provide integrative services of various types: health, welfare, education, and enrichment), there were also significant decreases in the expenditure on items such as the expansion of the work grant and the expansion of the public housing stock and its maintenance.

**Figure 18. Additional expenditure on implementation of the Elalouf Committee recommendations for the War Against Poverty, as a percent of the budget recommendations of the committee**



Source: John Gal, Shavit Madhala, and Ori Oberman, Taub Center | Data: Ministry of Finance; State budget for various years; Ministry of Education; Ministry of Health

## Summary

The end of the COVID-19 crisis and the sharp drop in unemployment rates during 2022, the expansion of welfare state systems during the crisis, and the state's achievements in dealing with its health, social, and economic aspects created an expectation of far-reaching and long-term changes in social policy in Israel and prospects for dealing with the existing high levels of poverty and inequality. The establishment of the *government of change* heralded a greater willingness to adopt policies to deal with some of the social problems that existed prior to the crisis. This review of the social welfare systems shows that as the epidemic subsided and ceased to cloud the lives of most of the country's residents, some impressive steps were taken in various social fields, mainly in addressing the needs and rights of people with disabilities, in reducing poverty among senior citizens, in the care of senior citizens who have difficulties performing daily living activities, and in improving accessibility to work grants. Furthermore, there is a great willingness to promote actions to improve the status of social workers, the crucial professionals of the social welfare systems. However, political instability, trends that point to a renewed shrinking of the welfare state, processes in the labor market that create a basis for deepening inequality, and the threat posed to marginalized groups by rising prices raises concerns that the lessons of the COVID-19 crisis have not been learned, and that a return to normalcy also means a return to the limitations of the Israeli welfare state and its inability to provide sufficient solutions to the social problems faced by its residents. The available data on poverty incidence and inequality and the estimates regarding the increase in social gaps, all confirm this conclusion. It seems that after the crisis, some parts of the social welfare system have improved, but others have returned to their former limitations. Unfortunately, it is not at all clear if there is a willingness to take the necessary steps to deal with these issues in a better way than in the past, and if there will be the necessary political stability for this to happen.

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