

January 14, 2015

Report by the Israel Committee for the War on Poverty

Brief Summary

Introduction:

- The commission on poverty was appointed by Mr. Meir Cohen, Minister of Social Affairs and Social Services and initiated its work in November 2014. The minister appointed Mr. Eli Alalouf, former director of the Rashi Foundation, as chair of the committee.
- As stated by the minister, the motivation for establishing the commission was that "the dimensions of poverty and of the social gaps in Israel impose extreme hardship on many Israeli citizens and have a very negative impact on the society's cohesion and solidarity."
- The tasks of the committee, as defined by the minister were as follows:
 - To examine the programs and strategies to address poverty in Israel and around the world
 - To recommend a set of actions to enhance Israel's efforts to address poverty
 - To recommend a national organizational framework that will make it possible to conduct a comprehensive effort to reduce poverty.
- The report of the committee was submitted to the Minister of Social Affairs and to the government on June 23, 2014. The minister fully accepted the recommendations. However, there has not yet been a formal government resolution in response.
- The committee received wide public attention during its proceedings and with the issuance of the report.
- Consistent with the definition used by the OECD, poverty is defined in Israel in relative terms: the income of the family from all sources including earnings, property and income support (disposable income) adjusted for family size is below the median income in society.
- However, at the cornerstone of the committee's work was the adoption of a broader concept of poverty that not only focuses on income but on the broader concept of multi-dimensional

poverty. This concept emphasizes the importance of looking beyond family incomes and the inclusion of a number of additional parameters, including:

- Financial capital, such as property or savings and debts that impinge on the families purchasing power on the other
- The various dimensions of the standard of living, such as nutrition, adequacy of housing or the neighborhood environment
- Health problems and social problems in the family
- The lack of a social network and of social support
- Lack of knowledge of and opportunities to realize their rights and eligibility for assistance
- The family's incapacity to cope actively and deal effectively with its problems.

The goals of the effort to reduce poverty:

The committee, defined a number of overall goals:

1. Reduction of poverty according to disposable income. The goal is to assist significant numbers of families to emerge from poverty and reduce the depth of poverty among those remaining below the poverty line.
2. Assisting poor families in achieving economic independence by enhancing their earnings capacity through more and better employment.
3. Reduction of multi-dimensional poverty –strengthening the capacity of the service system to deal with the range of problems arising from poverty. To reach this goal, it is necessary to expand the range of available services to deal with the various needs and to create the organizational structures that will make it possible to address the problems of the family in an integrated manner.
4. The reduction of inter-generational poverty- weakening the link between the family's economic resources and their children's educational achievements, with the aim of strengthening the quality of life for children living in poverty and increasing their chances of fulfilling their personal potential and emerging from poverty in the future.

Structure of the Report and the Recommendations:

- The report of the committee includes an extensive review of income poverty in Israel as well as of the indicators of multi-dimensional poverty.

- The recommendations of the committee were published in an overall report as well as in a series of much more detailed sub-committee reports. The subcommittees addressed the major dimensions of poverty in greater depth.

The recommendations are divided into two groups:

- Cross-cutting recommendations.
- Specific recommendations with respect to the major dimensions of poverty such as the social services; income support; employment and earnings; educational opportunity; health and housing.

1. Cross-cutting recommendations:

Consistent with the multi-dimensional definition of poverty, the guiding principle of the committee was to develop an integrated approach to assisting families in poverty that relates to all of the inter-related dimensions. This principle is to be implemented on an inter-ministerial basis, within each ministry and within the local systems that directly provide services to the poor.

National level:

- The creation of a unit in the Prime Minister's Office that will coordinate the national effort to address poverty. The unit will be responsible for the coordination of the national program and of the detailed plans for its implementation as well as for ongoing monitoring of the progress in achieving its goals.
- Creating a stable guaranteed budget for at least the first five years of the programs.
- Each ministry will mobilize to carry out its part in the national effort. This will include:
 - A defined program with specific targets
 - A ministry-wide coordinator
 - A program of training for relevant staff within the ministry
- Annual reporting by each ministry to the prime minister's office on the progress in implementing the program.

Local level:

- The establishment of a parallel local organizational platform led by a municipal coordinator responsible to the Mayor.
- The establishment of a local “round table”, with the participation of all the relevant sectors.
- The establishment of a network of local information centers to assist the poor in accessing the benefits and services that are available to them to provide legal aid and financial advice.

Recommendations by major domain

We highlight the major recommendations of each domain and indicate the estimated annual cost of their full implementation.

Personal Social Services

The programs for focused intervention dealing with the individual, the family and the community operated by social service departments, constitute a major infrastructure for addressing the needs of the poor.

Recommendations:

1. Strengthening the work of the personal social services with families in poverty. This was to be achieved by developing integrated, intensive case management for families in poverty by specially trained social workers and expanding the specific service programs from which the families can benefit. The case managers would also have at their disposal a small flexible budget to meet exceptional and urgent needs of the families.
2. Developing special assistance to families in dealing with the effective management of their household budgets and reforming the system that deals with the plight of families that face serious levels of debt they cannot meet
3. This effort will be supported by the network of local information centers that will be implemented in cooperation with the social services

The overall cost of the recommendations was estimated to be 1.3 billion NIS per year

Income Support System

The increase in poverty since 2000 is related in large part to the reduction in the level of income support. The reduction focused particularly on families with children. This reduction was motivated by interest in expanding work incentives and reflected a shift to an emphasis on employment-based support for the poor. The committee felt that the cutbacks had been too severe and therefore recommended an expansion in income support.

Recommendations:

1. Expanding income support for the elderly in order for them to reach the poverty line
2. Expanding income support to families with children. Assisting many families to emerge from poverty and reduce the depth of poverty for other families.

The overall cost of the recommendations was estimated to be 1.8 billion NIS per year.

Employment and Earnings

It is necessary to support the economic independence of families by expanding stable integration into the labor market and strengthening their earnings capacity.

The committee emphasized the insufficient integration of significant groups into the labor force, the need to enhance the earnings of low-income workers so as to enable them to achieve income above the poverty line particularly in families with larger numbers of children. It emphasized that enhancing the employment of the poor is critical to the overall development of Israel's economy by expanding the labor force and enhancing productivity.

Recommendations:

1. Enhancing the assistance to disadvantaged groups in securing employment
2. Better screening of work capacity in providing income support.
3. Enhancing vocational training opportunities in order to increase employability, productivity and earnings.
4. Providing government wage subsidies to low-income workers to raise the level of income above the poverty line.
5. Greater enforcement of the labor laws with respect to the minimum wage and social benefits.
6. Expanding the targeted employment assistance to groups with special needs (Arabs, Ethiopians, Haredim and disabled)
7. Expanding work supports services such as early childhood care
8. Creating broader synchronization and cooperation among all the government agencies addressing employment and earnings
9. Reducing the number of foreign workers so as to open up job opportunities for disadvantaged Israeli citizens.

The overall cost of the recommendations was estimated to be 2.3 billion NIS per year.

Educational Opportunity

Education is the key to creating opportunities for the children of the poor to escape poverty as adults. This requires expanding significantly the supplementary educational resources for the poor and to schools and school districts with higher proportions of disadvantaged pupils.

Recommendations:

1. Significantly reallocating educational budgets to support the poor and create much more transparency in the allocation of these resources
2. Broad training of educational personnel at the school level to address the special needs of children and families in poverty
3. Expansion of services to provide remedial assistance for children from families in poverty and particularly those that have dropped out or are in school but not really engaging in the learning process
4. Expanding the network of early childhood centers in poor neighborhoods to provide integrated services for children and their families.

The overall cost, external to the existing budget of education recommendations was estimated to be approximately 300-350 million NIS.

Health

Poor health is a major source of poverty, first because it limits labor force participation and it imposes cost on the families that are not covered by National Health Insurance. At the same time, the poor often have more difficulty in getting the care they need and have much more difficulty in complying with medical regimes. Thus, there is a vicious cycle in which inadequate access to health care impacts on health and poor health leads to even greater poverty.

Recommendations:

1. Expanded efforts to assist the poor in realizing their rights to Health Services and removing barriers to their utilization
2. Reducing the cost of accessing healthcare for the poor by reducing deductibles and subsidizing transportation costs for medical care
3. Special attention to the needs of the elderly and children by expanding access to dental care and expanding programs for health promotion in the schools and in the community
4. Expanding the training of health professionals to be sensitive to the special needs of families in poverty.

The overall cost of the recommendations was estimated to be 560 million NIS per year.

Housing

The dramatic increases in housing costs in Israel in recent years has significantly increased the difficulty of access to adequate housing by the poor. As a result, the poor also spend a much higher

proportion of their income on housing which leaves much less income to meet their other basic needs. Moreover, in recent years, there have not been efforts to expand the range of housing assistance. The committee recommends a substantial overhaul of all of the basic housing assistance programs so as to increase the adequacy and expand the eligibility to broader groups.

Recommendations:

1. Expanding rental subsidies
2. Expanding the availability and upgrading public housing
3. The good neighborhood program. This will focus on disadvantaged neighborhoods with vacant land on which new apartments can be built. The project will incorporate physical rehabilitation, investment in public spaces, social investment, educational programs, investment in employment and in community organization. New construction in these neighborhoods, together with the development of such services, will create a mixed population in the neighborhood; it will attract a new population and allow a rejuvenated population to remain in the neighborhood.

The overall cost of the recommendations was estimated to be 1.63 billion NIS per year.

In sum

The overall target set by the committee is for Israel to reach poverty levels similar to the average in OECD countries within 10 years and to reduce multi-dimensional aspects of poverty. In the view of the committee, the goal can only be reached if the Committee's recommendations are implemented in full within a period of some 3 to 5 years.

Adoption of the Committee's recommendations will oblige the State of Israel to allocate considerable additional resources to the war on poverty. It requires a major overhaul of systems in a range of fields, the adoption of new ideas and maximum coordination between government authorities at municipal and national levels. Dealing with poverty will also require the formation of significant partnerships between different sectors in society and their involvement in this effort. Implementation of the policies will require the mobilization and empowerment of those living in poverty. A successful war on poverty will require a concerted, ongoing and focused effort by the Government and Israeli society and the positioning of this issue as a national goal of the highest priority.