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# The "Road Map" - A National Program to Promote the Integration of the Ultra-Orthodox Population in the Israeli Economy

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Economy

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This project is based on the recommendations outlined in "**Israel 2028 – Vision and Strategy for Economy and Society in a Global World**", a report prepared in part by **The Samuel Neaman Institute** during 2006-2008, as well as on research projects and interviews with a variety of experts in this field (see list in **Appendix 1**).

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## Executive Summary

The "Road Map" is an off-shoot of the "**Israel 2028: Vision and Strategy for Economy and Society in a Global World**" report. Its goal is to outline solutions for one of the major problems concerning the Israeli economy that is identified in the report: **the low rate of participation of the Ultra-Orthodox community in the labor market.**

The "Road Map" describes a series of initiatives designed to accelerate the integration of the Ultra-Orthodox population into wider circles of employment and to **improve its economic situation – without affecting its special character.**

The activities outlined in the "Road Map" are not intended to replace political and private initiatives in this field, but rather to organize and concentrate them in three major tracks, or lines of action, with 19 associated "tasks", as outlined below:

**A. Strengthening the connection between the Ultra-Orthodox community, employers and employment-related organizations** (private and public).

1. Map existing and potential employment options, over as broad a spectrum as possible
2. Map existing and potential employment options within the Ultra-Orthodox community
3. Initiate projects targeted at human resource managers to encourage the employment of the Ultra-Orthodox
4. Expand the existing national vocational orientation and placement system to guide Ultra-Orthodox employees
5. Create an advertising campaign to "market" employment success stories of Ultra-Orthodox community members.

**B. Promoting vocational training and academic education among the Ultra-Orthodox population.**

6. Conduct an internal survey in the Ultra-Orthodox community, to understand needs, satisfaction levels, expectations and trends in the field of education
7. Map all the frameworks for vocational training and general education that already exist in the Ultra-Orthodox community
8. Analyze case studies from the samples taken from these frameworks

9. Perform follow-up studies of graduates of existing vocational training programs/frameworks
10. Encourage the enrollment of Ultra-Orthodox in higher education institutions
11. Convene an expert committee to discuss ways to encourage academic education and to include English, computers and mathematics studies in Ultra-Orthodox curricula
12. Establish an information team to encourage the expansion of vocational and general education among community members
13. Convene an expert committee to change the acceptance criteria for positions in the public service sector.

**C. Improving the effectiveness of existing levers for entry into the labor market**

14. Conduct follow-up and evaluation studies of graduates of Civic-National and Military Service
15. Submit recommendations to amend the Tal Law and expand Civic Service
16. Identify ways to significantly expand the recruitment of Ultra-Orthodox (in general) and Yeshiva scholars to the IDF
17. Explore implementing the "enabling system", that encourages women's participation in the labor market, in the Ultra-Orthodox community
18. Re-examine "The Program to Reorganize Israel's Economy" (2003) and validate its research findings
19. Submit recommendations for fiscal measures that will encourage the integration of the Ultra-Orthodox population in the labor market.

All the activities outlined in the "Road Map" will be performed in full coordination and close cooperation with the relevant government offices, the Ultra-Orthodox leadership, private entrepreneurs and research organizations in Israel. The Samuel Neaman Institute will serve as a coordinator and catalyst of the "Road Map" initiatives, through an extended Expert Forum and a limited Steering Committee. These two teams already began their initial activity in July 2010.

## Introduction

About 60 experts and public figures worked in several frameworks during 2006-2008 to develop the program known as **"Israel 2028: Vision and Strategy for Economy and Society in a Global World"**<sup>1</sup> The program was managed by a public committee chaired by Mr. Eli Hurvitz and the ensuing report was edited by Mr. David Brodet. A considerable part of the research work was done at the **Samuel Neaman Institute (SNI)**. The strategic plan outlined in the report was adopted by the Prime Minister Ehud Olmert and on May 4<sup>th</sup>, 2008 it was presented to the entire government, which unanimously supported the program. At that time Prime Minister announced his intention to adopt it as a national strategic program.

**"Israel 2028"** presents a **national vision and strategic goal** to make Israel, over the next 20 years, **one of the 15-20 leading countries in the world** in terms of GDP per capita, with the participation of all segments of the population and a more equitable distribution of wealth.

The plan also points to a series of impediments Israel faces in reaching the set goals, including among others: the existence of a binary economy - one consisting of the high-tech sector which is advanced and world-class, and the other consisting of conventional industries and services, which are less productive and hence incompatible with the challenges of globalization, and conducive to large income gaps and a polarized society; the lack of insufficient national preparation for becoming leaders in the next waves of high-technology; the diminishing quality of public education and inter-sectorial differences in education; excessive governmental bureaucracy; inadequate physical infrastructure and environmental neglect; and finally and most importantly unacceptable low participation of ultraorthodox men and Arab women in the workforce.

**This Road Map focuses on the difficult and nationally crucial issue of the low participation of ultra-orthodox men in the workforce and outlines a national plan to remedy the situation.**

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<sup>1</sup> David Brodet (Ed.) "Israel 2028 – Vision and Strategy for Economy and Society in a Global World ", 2008.

In 2008, the Ultra-Orthodox population consisted of 637,000 people, which is 8.8% of the total Israeli population. Of these, 63.4% were under 20 years of age.<sup>2</sup>

According to the "Israel 2028" report, if no drastic changes take place in Ultra-Orthodox fertility rates, in 2028 the Ultra-Orthodox will account for more than a fifth of the Jewish population in Israel.

The problem lies not only in these demographic data but in their implications for Israel's **economy, security and society**. In terms of economy and security, the secular Israeli society is 'carrying the Ultra-Orthodox on its back'.

The participation rate in the labor market among Ultra-Orthodox men is about half that of Israeli Jewish men; the rate of employment of Ultra-Orthodox women is also less than that of other Israeli Jewish women, affecting the growth rate of Israel's economy. In addition, the financial support given to the Ultra-Orthodox sector by the State represents a significant drain on the country's limited economic resources, further slowing the growth rate. And on the subject of security - of the cohorts recruited to the IDF, almost 15% (of the men) "serve" in Yeshivas, rather than in the military, because "their studies constitute their livelihood" ("*Toratam Omnutam*").

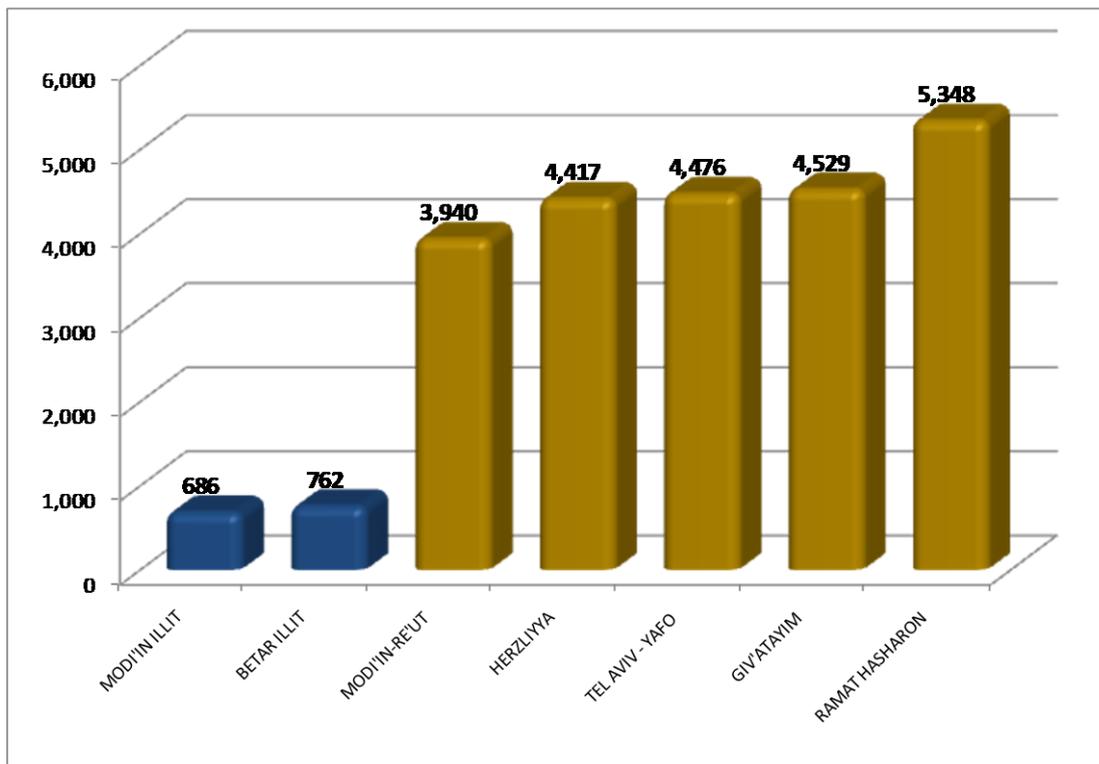
Thus, a vicious circle is created: a low rate of participation slows down the economy, while the quickly increasing size of the population needs continuously increasing levels of support. Furthermore, the need to support an increasing segment of the population affects the state's ability to invest in development and infrastructure and this in turn slows down the growth rate of the economy.

The limited participation of the Ultra-Orthodox in the labor force also has grave **social implications**, which are no less severe than the economic ones. First, it dooms the Ultra-Orthodox community to a life of grinding poverty. This can be seen from Figure 1, which presents the income per capita in "non-religious" towns (Ramat Hasharon, Giv'ataim, Hertzliya, Modi'in, Macabim, Reut) and in predominantly Ultra-Orthodox towns (Modi'in Ellith, Beitar Ellith).

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<sup>2</sup> Regarding the methods used to identify and quantify the Ultra-Orthodox population, see Appendix 5

**Figure 1: Mean income per capita in NIS, by local authorities**



Source: CBS, Characterizing local authorities and their classification according to the socio-economic level of the population in 2006 – data compilation (11.2009)

Other social problems have emerged as a result of the fact that, over the decades, the state has attempted to solve the poverty problem among the Ultra-Orthodox population by granting extensive subsidies to its members. This policy has engendered a sentiment among taxpayers outside of this sector that "the Ultra-Orthodox are living at our expense" and that they are using their political power to secure economic resources. Conversely, the Ultra-Orthodox fear that the non-religious are trying to enforce a life style on them that contradicts their tradition, and to use their economic power to gain political control over them.

It is obvious that this situation creates a fertile breeding ground for feelings of discrimination, hatred and alienation between the sectors. A review of the development of the relationships between the Ultra-Orthodox and the non-religious sectors in recent years points to political radicalization, polarization and social rift, and to a growing wave of verbal and even physical violence.

Thus, contrary to the optimistic vision of "Israel 2028", the situation described here could potentially lead to the collapse of Israel's society and economy in 20 years, turning Israel into a third world country, with a deteriorated economy and growing disrespect for human rights. According to some extreme scenarios, this could even lead to the division of the country or to civil war. As one journalist recently observed – "It happened elsewhere, it could also happen here."

Such a terrible decline is not inevitable and is certainly seen as undesirable by anyone living in the State of Israel. The solution for avoiding such a "horrific scenario", however, does not necessarily imply that the Ultra-Orthodox have to stop being Ultra-Orthodox, but rather that, along with their religious lifestyle, they should become integrated into the labor market, as has been the case for many years among the Ultra-Orthodox communities in London, Brussels and New York.<sup>3</sup>

Acknowledgment of this assessment is increasing among wide strata in both the Ultra-Orthodox and non-religious populations and among policy makers as well. Thus, in March 2009, the **National Economic Council** in the Prime Minister's Office published a report on the subject of employment among the Ultra-Orthodox population.<sup>4</sup> The following assumptions underlie this report:

- **The existence of a thriving and independent Ultra-Orthodox community is an essential part of the Jewish character of the State of Israel, and therefore steps should be taken to preserve and strengthen its foundations, avoiding any move that may undermine these foundations.**
- **The poverty and increasing dependence of the Ultra-Orthodox community on allowances and contributions weaken the community and affect its robustness. Therefore, steps should be taken to enhance the independence and economic solidity of this community, mainly by encouraging employment.**

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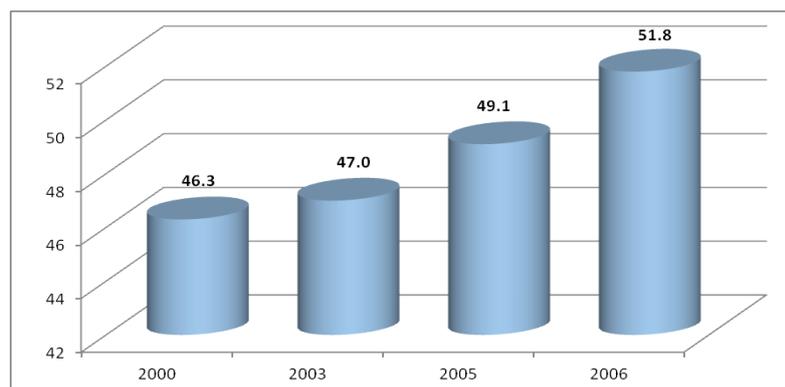
<sup>3</sup> Gonen Amiram, From the Yeshiva to work – the American experience and lessons for Israel, Floersheimer Institute for Policy Studies, 2000; Between studying the Torah and Making a Living: The Studying and Providing Society in London, Floersheimer Institute for Policy Studies, 2005.

<sup>4</sup> Hagai Levin, The Ultra-Orthodox sector: Empowerment through integration in employment. The National Economic Council, Prime Minister's Office, March 2009.

- Encouraging employment among the Ultra-Orthodox community is a major tier in the effort to prevent an exacerbation of the economic gaps and deepening of the poverty in the Israeli society.
- The Ultra-Orthodox society is characterized by high learning capabilities and a methodical and responsible attitude, and therefore is a reservoir of huge economic potential. Assistance in finding high quality employment, and by doing so realizing this potential, will not only benefit the Ultra-Orthodox population, but will also constitute a significant contribution to the economic development of the entire state.

In parallel, there are signs indicating that a change is taking place among the Ultra-Orthodox community as well. In recent years there has been a steady increase in the number of Ultra-Orthodox men and women who are applying to vocational training centers catering especially to this public.<sup>5</sup> For example, more than 7000 Ultra-Orthodox have participated in MAFTEACH programs (development centers for Ultra-Orthodox employment) and a similar number were placed in various jobs as part of the TEVET project ("leverage in employment") – two programs that are operated by JDC-Israel and the Israeli government.<sup>6</sup> Furthermore, during the past few years, the percentage of Ultra-Orthodox joining the work force has increased significantly (see Figure 2).

**Figure 2: Participation rates of Ultra-Orthodox in the labor force<sup>7</sup>**



Source: Bank of Israel

<sup>5</sup> See, for example, Ya'akov Lupo, "A change in the Ultra-Orthodox society: Vocational training and higher education". Floersheimer Institute for Policy Studies, 2004.

<sup>6</sup> See: <http://www2.jdc.org.il/category/Mafteach-center-for-haredim-employment>

<sup>7</sup> "Participation rates" are the rates of people who are willing to work, of the total population aged 25-64 years. <http://www.bankisrael.gov.il/press/heb/040705/040705b.htm>

However, as can be seen from Figure 2, despite the positive trends, the percentages are still very low. Furthermore, in subsequent years (2007-2010) the participation rate of the Ultra-Orthodox in the labor market dropped (see further on), bringing it back under the 50% line.

In the present Israeli reality, long-established patterns of behavior, such as the low representation of the Ultra-Orthodox sector in the labor market, are known to everyone – to policy makers, to the Ultra-Orthodox leadership and to the general Ultra-Orthodox population. The relevant government offices have also become "accustomed" to this reality.

Only recently, over the last two-three years, has there been a renewed willingness to re-examine this phenomenon, on the part of both civil organizations and government offices. However, over the long years during which the Ultra-Orthodox were almost completely detached from the Israeli economy, a wide variety of obstacles and barriers were created that not only interfere with the Ultra-Orthodox's ability to join the labor market, but also limit the government's ability to enact policy that encourages their participation in the Israeli economy. As a result, the practical steps taken in this direction are still incomplete.

**Today, even when an Ultra-Orthodox youth wants to join the labor market, instead of facing a wide and clear path, he is left to follow a convoluted trail, at best.**

Thus, the purpose of this document is to draw a "Road Map", offering several **tracks** that are all directed toward one major goal: **promoting the integration of the Ultra-Orthodox population into the Israeli economy**. This document does not re-map the problems, barriers and influencing factors. All these have already been extensively studied and reviewed by the best researchers in Israel, and references to their findings are given throughout the document. The main emphasis of this document is to outline a series of "**actions**" that should be taken as soon as possible to attain the major objective. While some of these actions will be performed by researchers and scholars, others are the full responsibility of the different government offices and some will be performed by inter-institutional teams – all this, according to the "specifications" presented below. All the actions mentioned in the "Road Map" are aimed at achieving objectives that are not only attainable but also **quantifiable and assessable**.

We divided these actions into three tracks, which will be presented in this paper in three separate chapters, as follows:

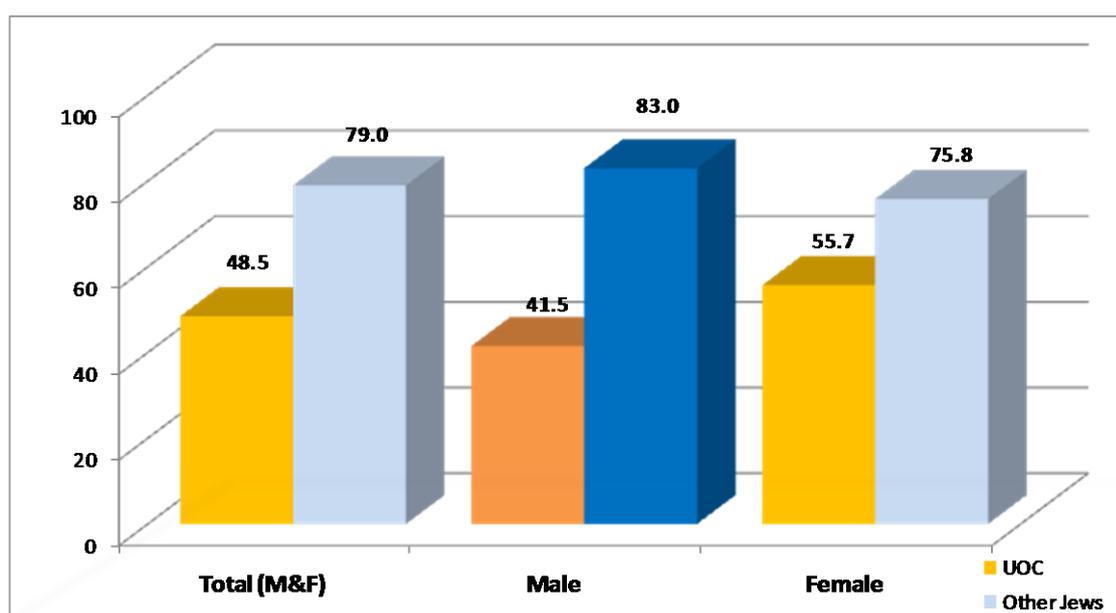
1. Strengthening the connections and opening the lines of communication between the Ultra-Orthodox community, employers and employment-related organizations (private and public).
2. Promoting vocational training and academic education among the Ultra-Orthodox population.
3. Improving the effectiveness of existing levers for entry into the labor market.

These three tracks are, of course, interrelated, and following them requires coordinated and combined action. The following chapters detail the required activities under each track, defining their goals and recommending organizations or researchers to implement them.

## Chapter One: Strengthening the connection between the Ultra-Orthodox community, employers and employment-related organizations

In September 2009, the results of a survey that mapped Ultra-Orthodox workers, their employers and areas of employment in the business sector were published by a researcher at the Ministry of Industry Trade and Labor, Asaf Malkhi.<sup>8</sup> This study and additional research reports presented several alarming findings.

**Figure 3: Participation rate in labor force – Ultra-Orthodox vs. other Jews**



Source: The Ultra-Orthodox in Israel – A profile of the population and employment characteristics, Malkhi, 2009<sup>9</sup>

As can be seen from the comparison with data from the Bank of Israel, a regression has occurred in recent years in the participation rates of the Ultra-Orthodox population in the labor force. Similar data are also found in the analysis of social surveys by the Central Bureau of Statistics (CBS).<sup>10</sup>

<sup>8</sup> Asaf Malkhi, "Mapping Employers and Employment Branches of Ultra-Orthodox Employees in the Business Sector in 2008", Research and Economy Administration, Ministry of Industry, Trade and Labor, September 2009.

<sup>9</sup> Asaf Malkhi, The Ultra-Orthodox in Israel – Profile of the Population and Employment Characteristics, Research and Economy Administration, Ministry of Industry, Trade and Labor, September 2009.

<sup>10</sup> See CBS data, the Social Survey 2008: 20+ According to Participation in the Labor Force and According to Selected Traits, Social Survey by the CBS 2008 and leading data in previous surveys.

Malkhi's report<sup>11</sup> presents other problematic findings: in more than 150,000 workplaces sampled in the business sector, only 12,821 positions are filled by Ultra-Orthodox employees (not *kashrut* supervisors). In other words, close to 92% of the employers in the business sector in Israel do not employ Ultra-Orthodox personnel!

Analysis of this important fact reveals a surprising paradox: on the one hand, an absolute majority of the employers surveyed (95%<sup>12</sup>) indicated that "no Ultra-Orthodox has come to my business in recent years." On the other hand, the CEO of Manpower Israel, Ms. Orna Segal, noted with amazement that "20,000 unemployed Ultra-Orthodox are registered in the pools of the Ultra-Orthodox branch of Manpower. Since its establishment, the company has succeeded in placing only 5,000 of them."<sup>13</sup>

One of the conclusions resulting from these findings is that **communication between the Ultra-Orthodox who want to join the labor market and the employers who are interested in recruiting employees is deficient. Here lies a major difficulty, mostly unknown, that could be seriously impeding the integration of the Ultra-Orthodox into the labor market.**

Several barriers interfere in the communication between the supply side (unemployed Ultra-Orthodox) and the demand side (employers) in the labor market. Most of them are related to lack of information or disinformation. These can be divided into the impediments that prevent the integration of Ultra-Orthodox employees into the labor market and those that prevent employers from approaching the Ultra-Orthodox public.

#### ***THE OBSTACLES PREVENTING THE INTEGRATION OF ULTRA-ORTHODOX EMPLOYEES INTO THE LABOR MARKET:***

- **Lack of accessible information about workplaces that are suitable for the Ultra-Orthodox:** The Ultra-Orthodox have special requirements in their workplaces related to work hours, work conditions, geographical location, and so on. Some companies can meet these requirements easily, and some can't. As can be seen from the findings of the Research and Economy Administration at the Ministry of Industry, Trade and Labor, today most Ultra-Orthodox prefer to work in public administration, educational institutions, health, and community

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<sup>11</sup> Asaf Malkhi, "Mapping...", p. 3

<sup>12</sup> Several reasons could be mentioned, so that the sum of all the responses was higher than 100%.

<sup>13</sup> [http://www.bhol.co.il/news\\_read.asp?id=16755&cat\\_id=3](http://www.bhol.co.il/news_read.asp?id=16755&cat_id=3)

services, **within the Ultra-Orthodox community** (45.1% of the employed men and 72.1% of the employed women<sup>14</sup>) and in smaller companies of up to 5 employees (about 45.9% of the total employees in the business sector). These companies happen to be mainly Ultra-Orthodox-owned.<sup>15</sup> There could be other workplaces, outside the Ultra-Orthodox community, that meet Ultra-Orthodox requirements, but until now, there is no "employment map" of existing and potential workplaces that are suitable to the Ultra-Orthodox population by branch, company size, geographical location and so on,

- **Lack of information about professions in demand:** Every year, about 5,000 women enroll in Ultra-Orthodox teaching seminars.<sup>16</sup> Is the whole economy (not just the Ultra-Orthodox community) capable of absorbing so many teachers? Many Ultra-Orthodox who opt for academic training choose to study business management (at Ono Academic College, Bnei Brak Ultra-Orthodox College and other colleges that meet their special needs). Is there in fact such a high demand for graduates in this field? The answers to these questions and others are usually not accessible to members of the Ultra-Orthodox community who are exploring career possibilities outside the Yeshiva walls.
- **Lack of skills needed to enter and function in the labor market:** In the labor market, just as in any other system, there are certain skills and norms of behavior that most employment seekers possess. These include writing a CV, performing during a work interview, understanding work ethics, and so on. In many cases, Ultra-Orthodox seeking employment have not acquired these skills, which makes their integration into the labor market outside the community borders more difficult.

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<sup>14</sup> Beni Peperman and Asaf Malkhi, Employment Characteristics in the Ultra-Orthodox Sector Report, Research and Economy Administration, Ministry of Industry, Trade and Labor, presentation before the Foreign Affairs and Defense Committee, January 12, 2010.

<sup>15</sup> Asaf Malkhi, "Mapping Employers and Employment Branches of Ultra-Orthodox Employees in the Business sector in 2008", Research and Economy Administration, Ministry of Industry, Trade and Labor, September, 2009.

<sup>16</sup> Hagai Levin and Roni Hacoen, "Methods to Quantitatively Identify and Characterize the Ultra-Orthodox Sector", The National Economic Council, Prime Minister's Office, 2010.

***THE OBSTACLES PREVENTING EMPLOYERS FROM APPROACHING THE ULTRA-ORTHODOX PUBLIC:***

- **Lack of information about Ultra-Orthodox employees:** For a considerable portion of potential employers, the Ultra-Orthodox public is an enigma. Employers do not view the Ultra-Orthodox as a reservoir of labor and usually do not approach manpower agencies that specialize in placing Ultra-Orthodox employees.
- **Lack of information about the needs of Ultra-Orthodox employees:** The second popular reason for the non-employment of Ultra-Orthodox in the above mentioned survey<sup>17</sup> was "lack of organized partitioning between men and women in the workplace." 94.1% of the employers noted this reason in their responses and considered it the first and foremost factor preventing them from employing Ultra-Orthodox workers. Surprisingly, the Ultra-Orthodox themselves do not attach much importance to this issue; in only 8.2% of the businesses that employ the Ultra-Orthodox does such partitioning exist. This example indicates the extent to which lack of information about the real needs of Ultra-Orthodox employees could block their entry into the labor market.
- **Lack of information about government policy:** Information about government programs aimed at encouraging the employment of the Ultra-Orthodox (such as the program introduced by the Ministry of Industry, Trade and Labor in 2009) is limited. Many employers are unaware of the existence of such programs and do not use them.

It should be noted that there are several organizations today that are dedicated to improving communication between employers and potential employees from the Ultra-Orthodox community. The most salient is MAFTEACH (Development Centers for Ultra-Orthodox Employment), which currently provides counseling and orientation services to employment seekers in six localities with large Ultra-Orthodox communities: Jerusalem, Beitar Ellith, Ashdod, Haifa, Elad and Bnei Brak. It also reaches out to employers to interest them in recruiting Ultra-Orthodox employees. MAFTEACH Centers are the outcome of an initiative by JDC Israel that, in partnership with the Israeli government, established the TEVET organization, "leverage in employment." The

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<sup>17</sup> Malkhi, 2009

activity of MATI (the small and medium sized business development centers) and the programs of several hi-tech companies that are intended to promote employment among the Ultra-Orthodox, and several programs of other organizations (see Appendix 2) are also worth mentioning.

However, these efforts, as described above, are only the beginning and are not sufficient to narrow the employment gap. Some of them should be increased, expanded and improved, along with other necessary activities.

In light of this succinct review of the **impediments and obstacles preventing communication between the Ultra-Orthodox community and potential employers**, we can point now to **a series of actions that should be taken in order to facilitate the introduction of the Ultra-Orthodox population into the labor market.**

**Actions:**

- 1. Update mapping of existing and potential workplaces, including a survey of employers' attitudes toward Ultra-Orthodox employees in the general labor market.**
- 2. Update mapping of existing and potential workplaces in the internal Ultra-Orthodox labor market.**
- 3. Promote projects among employers/manpower agency managers that encourage the employment of the Ultra-Orthodox – conventions, workshops, personal instruction.**
- 4. Expand the system of vocational orientation and placement centers to guide the Ultra-Orthodox workers to areas where they are in demand, providing them with the required "tool box" to succeed in finding employment.**
- 5. Create an advertising campaign to "market" success stories (in employment, training, higher education, Civic Service, etc.) of Ultra-Orthodox community members.**

### **Targets for action:**

1. Prepare an "**employment map**" that shows workplaces according to their suitability to the Ultra-Orthodox, by location, branch, company size, etc.
- 2-3. **Improve** potential employers' attitudes towards recruiting Ultra-Orthodox into their businesses: **participation** of 100 employers/manpower agency managers in conventions, workshops and programs; **adding** about 50 business clients to the pools of the manpower agencies specializing in Ultra-Orthodox placement; **delivering** about 500 CV's of potential Ultra-Orthodox employees following meetings with employers.
4. **Expand the network of MAFTEACH Centers** by another 5 centers, over 5 years.
5. **Change the public's attitude** to Ultra-Orthodox employees (the change will be evaluated using surveys conducted at the beginning of the project and at its end among the Ultra-Orthodox and non-religious populations).

## Chapter Two: Promoting Vocational Training and Academic Education among the Ultra-Orthodox public

"Acquiring education is a key factor in the successful integration of the individual in the modern society and the highway leading to socio-economic mobility. Acquiring education increases the participation rate in the labor force, yielding positive returns in terms of earning power, narrows the prospects of unemployment and poverty, contributes to improving the health situation, making educated decisions (economic and others) and more. As a result, not only the individual enjoys the fruits of the investment in education but also the economy and society, increasing social welfare. Extensive government involvement in funding and provision of education services is desirable not only because of the positive external effects of acquiring education, but also because of the individuals' difficulties in financing the investment and the need to secure the quality of education. The goals of education are plenty and varied – imparting universal values, knowledge and skills required by adults, increasing equal opportunities, and so on."<sup>18</sup>

In many aspects, the Ultra-Orthodox public is segregated from and unique among all the populations in the Israeli society. However, this segregation and uniqueness is perhaps most strongly expressed in its **separate education system**, which extends from nurseries to higher Yeshivas. This segregated approach to education has its roots in a decision made by Prime Minister David Ben-Gurion at the time of the establishment of the state.

The Ultra-Orthodox education system currently consists of two streams: the Haredi-Ashkenazi education system ("**independent education**") and the Sephardi education system of SHAS ("**Spring of Torah Education**"). For our purposes, the differences between the two streams are not substantial. The important point is that neither one is **under the direct control of the Ministry of Education, or funded by the usual budgets** of the state and state-religious education systems. All Ultra-Orthodox educational institutions are funded by donations and by state funds that are transferred through **special channels**. Furthermore, these schools set their own **curricula** according to their own agenda. This situation circumvents two major elements of state control: the budgeting for education, and the content of curricula that are taught.

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<sup>18</sup> Bank of Israel Report (2008), Chapter 8: Issues in Welfare Policy (p. 310).

The education system of the Ultra-Orthodox population includes institutions for all age levels:

- Nurseries for children up to 5 years of age;
- "Talmud Torah" for boys and schools for girls, from 5 to 13 years of age;
- "Small Yeshivas" for boys aged 13-16 years, often in boarding school conditions;
- Post primary schools for girls – the "Beit Ya'akov" network (offering in most cases training for teaching);
- "Higher Yeshivas" for boys – aged 17 until marriage, usually in boarding school conditions;
- "Kolels" –study institutions intended for married men ("Yeshiva students", or *Avrekhim*). Those who study in Kolels are defined as those "whose studies constitute their livelihood."

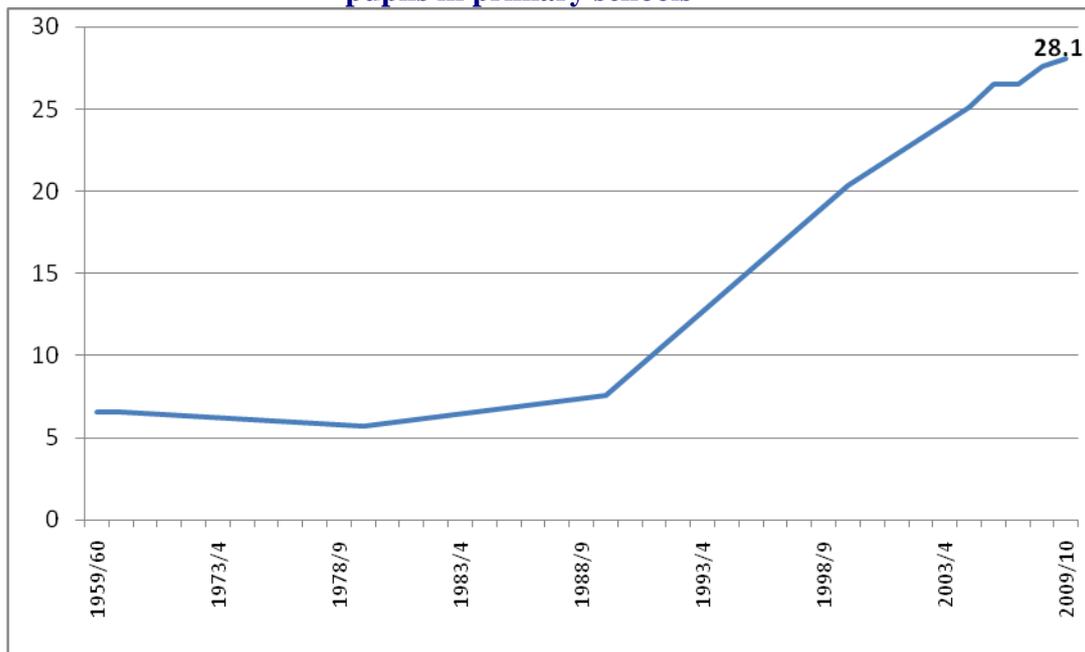
The percentage of Ultra-Orthodox students out of total students in Israel is constantly increasing. As can be seen from a report by the Taub Center,<sup>19</sup> Ultra-Orthodox students comprised 4% in 1980, increasing to 12% in 2000 and to 15% in 2009. The forecast for 2014 is 18%.

This rate is even higher at younger ages. As can be seen in Figure 4, since 2005 more than a quarter of primary school Jewish students were enrolled in the Ultra-Orthodox education system. This trend increased during the early 90's (and did not slow down, in spite of the immigration from the former Soviet Union, which is mostly non-religious). If this trend continues, the rate of Ultra-Orthodox pupils entering 1<sup>st</sup> grade within 10 years will reach about a third of all Israeli children, and in 20 years, to approximately 40%.

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<sup>19</sup> In: Dan Ben-David (Ed.), State of the Country Report – Society, Economy and Policy 2009. Taub Center for Social Policy Studies in Israel, Jerusalem, March 2010 (p. 147).

**Figure 4: Pupils in Ultra-Orthodox primary schools as a percent of total Jewish pupils in primary schools**



Source: SNI's processing of Central Bureau of Statistics' data

Another fact worth mentioning is that in recent years, a trend has emerged of pupil "leakage" from state-religious schools to Ultra-Orthodox institutions, for financial reasons or because of curricula preference. In any case, this phenomenon further increases the 'volume' of Ultra-Orthodox education as well as the number of pupils who are not exposed to a broad and general curriculum.

This demographic forecast – to quote the Metzilah Center Report, edited by Prof. Ruth Gabizon – "could have far reaching consequence on the socio-economic status of the entire Israeli population."<sup>20</sup>

At the core of the Ultra-Orthodox education system, at all its levels, is the study of the Torah and the Holy Scriptures. Acknowledging the importance of these studies for the continued existence of the Jewish nation led David Ben Gurion to authorize segregated Ultra-Orthodox education at the outset of the state. Naturally, the value of Torah studies has not diminished in recent decades; however, at the same time, the importance of the "**core curriculum**" (*Limudey Liba*) has increased considerably.

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<sup>20</sup> Uzi Ravhon and Gilad Mal'akh, Demographic Trends in Israel (Editor: Ruth Gabizon). Metzilah Center, 2008.

The "**core curriculum**" is one of the major recommendations of the Dovrat Committee, which was appointed by the government in September 2003. It defines the content, the learning skills and the values that pupils in the Israeli education system must acquire, which will provide them with a "tool box" for coping and succeeding in the modern world.

Nonetheless, there is concern among the leadership of the Ultra-Orthodox community that some subjects (such as civics and history) in the "core curriculum" actually promote a **socialization** agenda, whose goal is to teach certain values that are unacceptable to the Ultra-Orthodox public. Therefore, at a convention of the *Moetzes Gedolei HaTorah* ("Council of [great] Torah Sages") (held in October 2004), it was decided to **reject the "core curriculum", although such a rejection may lead to blocking the budgetary support** of the Ministry of Education. Since then, no change has occurred in this position.

At this point, another quote from the "Israel 2008" Report is in order:

"An education system that does not train its graduates for post-high school education and does not equip them with a tool box that is suitable for the global work market, **dooms its graduates to a life of poverty in the margins of society.**"<sup>21</sup>

According to the data presented above, more and more Israeli children graduate from school unprepared to compete and find their place in the labor market. This means a decrease in the quality of human capital – the primary resource of the State of Israel – damaging its economic strength, on the one hand, and further deteriorating the state of the Ultra-Orthodox community, on the other.

**How can the Ultra-Orthodox public be trained to compete in the modern labor market without affecting its special character?**

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<sup>21</sup> "Israel 2008 – Vision and Strategy for Economy and Society in a Global World", March 2008, p. 48.

We have devised several possible courses of action, which are presented here:

**IMPROVING VOCATIONAL AND ACADEMIC TRAINING**

**The first course of action is to improve the training and education opportunities that are available to Ultra-Orthodox youth following Torah studies.** This is already well underway and is developing at an encouraging pace. In recent years, a growing number of post high-school colleges and training centers have emerged, training Ultra-Orthodox youth in professions such as social work, computers, accounting, and so on.<sup>22</sup> (See Appendix 3: The list of colleges and vocational training centers designed specifically for the Ultra-Orthodox public). Furthermore, updated data from the Council for Higher Education indicate a gradual rise in the number of Ultra-Orthodox pupils who attend **academic training programs specially designed** for the Ultra-Orthodox. As can be seen from Table 1, within 4 years (from 2006 to 2009), their numbers increased fivefold. The allocations to these institutions also increased, correspondingly.

**Table 1: Ultra-Orthodox access to higher education: Data from the Council for Higher Education**

| <b>The number of students in programs designated for the Ultra-Orthodox</b> | <b>Yearly allocation (in thousands of NIS)</b> |          |
|---|--|----------|
| 375   | 14,459   | 2006/7   |
| 634   | 17,864   | 2007/8   |
| 876   | 23,179   | 2008/9   |
| 1,596   | 38,982   | 2009/10* |

\* Budget for activities in 2009/10

The establishment of these programs and their gradual expansion are the result of increasing demand within the Ultra-Orthodox community, and do not reflect any internal or outside pressure or coercion. Moreover, within the Ultra-Orthodox public there are **influential figures** who are actually promoting academic education among community members.

For example, Rabbi Mordehai David Noigershel, one of the prominent rabbis representing the Ultra-Orthodox in its dialogue with the non-religious sector, wrote in a

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<sup>22</sup> See, for example: Nichol Dahan and Uri Aviram, Making social work accessible to the Ultra-Orthodox sector in Israel – an experimental program by the Hebrew University to train Religious Women. *Social Security*, 82, March 2010, pp. 113-143; and also, Yokhai Hakak, Between the Holy and the Practical – Ultra-Orthodox Men are Learning a Vocation, Floersheimer Institute for Policy Studies, 2004.

letter to MK Ronit Tirosh: "... many (Ultra-Orthodox) men who have finished their studies cry out for decent work, they have skills and motivation and could easily acquire the knowledge. Let's welcome them..."<sup>23</sup>

One of the weaknesses of this strategy is **lack of information**. The non-religious educational institutions are not sufficiently prepared to absorb Ultra-Orthodox students. Furthermore, the expectations these students have about educational institutions, and their satisfaction with the existing ones are unknown. Similarly, emerging trends in education among the Ultra-Orthodox students are also unknown. Information on the absorption of graduates from academic and professional training courses into the labor market is very incomplete, making it difficult for candidates to decide what to study. Also, information on funding opportunities for studies is not concentrated in any one place and accessible to all those who are interested. This information should be incorporated into the "tool box" supplied to candidates for study at the vocational orientation centers (see Action 4 in the "Connection to the labor market" track).

**Financing for studies** is another weak point in programs for professional and academic training. As opposed to studying in a Kolel, where the Ultra-Orthodox student receives free tuition and a living stipend, by opting for professional or academic studies, that student not only loses these critical sources of income, but also incurs tuition fees. Most Ultra-Orthodox who need to provide for their families are unable to carry this burden.

### ***ENCOURAGING THE STUDY OF ENGLISH, MATHEMATICS AND COMPUTERS IN YESHIVA SCHOOLS***

**The second course of action calls for adding non-Torah study subjects to the Yeshiva curriculum.** There are already five **high school Yeshivas** in which Ultra-Orthodox boys study for a **full matriculation certificate**. The oldest of these is the "*Yishuv Hakhadash*" in Tel Aviv, where some of the country's outstanding rabbis studied (including the above mentioned Rabbi Noigershel). However, this phenomenon exists only in the margins of the Ultra-Orthodox world.

Nonetheless, there are many rabbis who would not object to the study of English and mathematics being introduced to the curricula at their Higher Yeshivas or Kolels, as long as it does not affect Torah study. These subjects are not "contaminated" by the load of "secular-moral education" and on the other hand help with integration into the labor

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<sup>23</sup> <http://www.mnoy.net/actual.asp> - in the site of "Judaism from a different angle."

market. According to experts who are intimately acquainted with the Ultra-Orthodox public, a dialogue in this channel is possible, and looks quite promising.

A study conducted by the Jerusalem Institute among Kolel students reveals that about 80% of the subjects were interested in enriching their knowledge of English and computers, and 63% would be interested in doing so in parallel with their study at the Kolel.<sup>24</sup> Therefore, it could be assumed that a program that encourages the study of these subjects would be supported by the students as well.

### **OVERCOMING THE LIMITATIONS PLACED ON ULTRA-ORTHODOX EMPLOYMENT SEEKERS**

The two above mentioned courses of action deal only with one aspect of the problem: the willingness and ability of graduates from the Ultra-Orthodox education system to enter the labor market. However, there is another aspect that must be considered: **rigidity in the state system that prevents integrating Ultra-Orthodox graduates into the Civil Service system.**

Studies (*Limud*) constitute an integral part of normative life in the Ultra-Orthodox community.<sup>25</sup> The mean years of study among the Ultra-Orthodox stand at 14.2, compared to 13.3 among non-religious and traditional Jews. The gap is even larger among men – 14.8 vs. 13.2, respectively.<sup>26</sup> Although Yeshiva studies are not academic, they certainly develop many skills that are needed in the labor market, such as the ability to learn, discipline, analysis and data processing skills, among others.

Yet today, most job tenders, including those issued by government offices, require an "academic education" at the undergraduate level at least. The academic title does not necessarily have to be specifically related to the required job; it simply indicates a high level of education. Yet for most Yeshiva graduates, even those who completed 8 years of rabbinical studies to achieve the title of "High Torah Education", these studies are not recognized as an "academic education".

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<sup>24</sup> Asaf Malkhi, Betzalel Cohen and Dan Kaufman, "Anxious for their Future: Attitudes and Barriers regarding Higher Studies in the Ultra-Orthodox Sector", The Jerusalem Institute for the Study of Israel, 2008.

<sup>25</sup> Prof. Menahem Friedman, the senior researcher of Ultra-Orthodox society, defined this community as "a learners' society."

<sup>26</sup> The Ultra-Orthodox Sector in Israel, The Ministry of Industry, Commerce and Employment, September 2009.

If the criteria of public job tenders were changed so that graduation from the Ultra-Orthodox education system would satisfy the requirement for an academic education in employment tenders, the integration of the Ultra-Orthodox in the business sector would improve.

**The window for promoting these initiatives is fast closing.** In about a decade, the generation of school children described at the beginning of this chapter will be ready to enter the labor market. Now is the time to prepare the "tool box" that will allow them to effectively integrate into it.

**Actions:**

- 6. Conduct an internal survey** in the Ultra-Orthodox community to identify needs, satisfaction levels, expectations and trends - **in the field of education.**
- 7. Map** all the frameworks for **vocational training and general education** that **already** exist in the Ultra-Orthodox community.
- 8.** Analyze **case studies** from samples taken from these frameworks.
- 9.** Perform **follow-up studies** of **graduates of existing vocational training programs/frameworks.**
- 10. Work with the Council for Higher Education/Budgeting and Planning Committee** to encourage enrollment **of the Ultra-Orthodox** in higher education institutions.
- 11.** Convene an **expert committee** that includes representatives from government offices, Ultra-Orthodox education and academia to discuss ways to encourage academic education and include **English, computers and mathematics** in the curricula of Yeshivas and/or Kolels.
- 12. Establish an information team** comprising influential figures in the Ultra-Orthodox community to encourage the expansion of professional and general education among the community members.
- 13. Convene an expert committee** that includes representatives from the civil service, Ultra-Orthodox education system and academia **to change the acceptance criteria** (higher education qualifications) for public service positions.

### **Targets for action:**

6. **Prepare a report** about trends in and expectations from education in the Ultra-Orthodox sector.
7. **Map** data on general education institutions that operate in the Ultra-Orthodox community, study tracks, enrollment numbers and subjects studied.
8. **Prepare a report** including the results of the analysis.
9. Prepare a "**lever index**": examining the influence of the different training programs and of military service and National Civic Service on integration into the labor market (see also objective no. 14).
10. **Make recommendations** for the absorption of the Ultra-Orthodox. Discussion with the head of the universities and colleges on the subject.
11. **a) Develop a program** to promote academic studies and present it to decision makers.  
**b) Develop a program** for the study of English, computers and mathematics and testing it in at least one Yeshiva.
12. **Improve the attitudes** of the Ultra-Orthodox population regarding academic studies, that will be reflected in increased enrollments.
13. **Increase the rate** of Ultra-Orthodox **employed in the public sector as a result of the newly changed criteria.**

## Chapter Three: Improving the Effectiveness of Existing Levers for Entry into the Labor Market

Encouraging the integration of different sectors in the labor market is not a problem that is unique to Israel alone. Broad participation of citizens in the labor market guarantees the robustness of any economy, yet, in many countries there were (and still are) sectors that are traditionally underrepresented in the labor market. This has led, over the past fifty years, to the development of special programs to address this specific problem.

In Israel, there are two areas under the auspices of the state that could be used as levers to encourage employment among the Ultra-Orthodox public: the first is **military and national-civic service**, and the second is **economic policy**, as expressed by incentives and supports. A third area that has not yet attracted sufficient attention is the employment of Ultra-Orthodox **women**.

### **MILITARY SERVICE AND NATIONAL-CIVIC SERVICE**

One of the main levers used by the government to integrate the Ultra-Orthodox into the military has been the Tal Law, which offers a special military or civic service track to the Ultra-Orthodox public. Today, almost ten years after its legislation, many summarize the implementation of this Law as "a decade of failure."<sup>27</sup> At the same time, others consider it to be the beginning of a positive process.<sup>28</sup> It seems that a more detailed examination of the subject is in order.

Many countries use military service as a lever for entry into mainstream society. The most salient example is naturally the United States, where military service – through the **G.I. Bill**<sup>29</sup> – is a popular way for members of the weaker strata to gain an academic education and improve themselves socio-economically.<sup>30</sup>

From the start, the **Tal Committee** (or under its proper name "The Committee to Consolidate the Proper Arrangement on the Subject of Recruiting Yeshiva Students")

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<sup>27</sup> "Tal Committee – A Decade of Failure", Shahar Ilan, *De Marker*, 6.4.2010

<sup>28</sup> "The Tal Law Created a Revolution in the Ultra-Orthodox Sector," Channel 7, 7.6.2009, <http://www.inn.co.il/News/News.aspx/190241>

<sup>29</sup> See, for example, <http://www.gibill.va.gov/>

<sup>30</sup> See, for example, Meredith Kleykamp, M. A Great Place to Start?: The Effect of Prior Military Service on Hiring. *Armed Forces & Society*, January 2009; vol. 35, 2: pp. 266-285

did not intend to solve the employment problem of Ultra-Orthodox society. It did not even aspire to find an absolute solution to the problem of the inequality of the Ultra-Orthodox community. The goals the Committee set (through interpretation of its formal letter of appointment) were:

1. Finding an **applicable and practical** solution (to the problem of recruiting Yeshiva students), not a theoretical one.
2. Creating a **trend** of reducing the existing **alienation and polarization** between the non-religious and the Ultra-Orthodox (my emphases – R.G.).

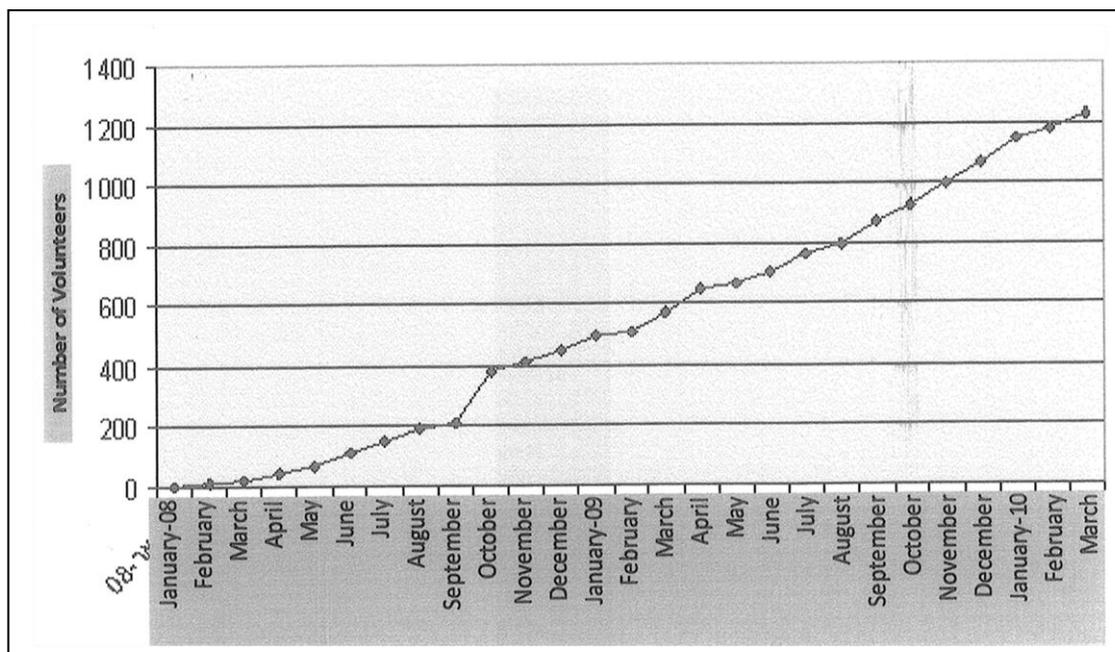
Accordingly, the Committee recommended (and its recommendations were put into Law) that when a Yeshiva student under the status of "his studies constitute his livelihood" is 22 years old, he will be given a decision year, during which he will be able to choose whether to continue with his studies or go to work. Those who choose to work are able to decide between shortened military service (of one year and four months and reserve service according to the military needs), and national-civic service of one year, without pay and with the possibility of being employed elsewhere at the same time. In addition, the Committee recommended extending the frameworks of military service, such as *Nahal Haredi* (a separate infantry battalion designated for Ultra-Orthodox soldiers) and enforcing the law more strictly on those who have this status.

The assumption underlying the work of the Tal Committee members was that the **implementation of the law would gradually lead to increased recruitment of Yeshiva students to military or civic service and, as a result, the possibility of joining the labor market would be open to them and they would be even more exposed to and integrated into mainstream Israeli society.** Recognizing that their compromising recommendations did not stand the test of equality and absolute justice, the committee members themselves noted that "*The Committee's recommendations should be viewed as the beginning of a long walk... and only at its end will the desired outcome show up - and be accepted by everyone - of involvement also on part of the Ultra-Orthodox public in all spheres of life, defense and work.*"

The application of the Tal Law was also very gradual: in the first five years after it was passed in the Knesset, the Law remained practically a "dead letter". Neither the IDF nor the relevant government offices took any actual initiative to implement it. Only towards the end of 2007 (which was also the end of the 5 years allocated to this Law) did the

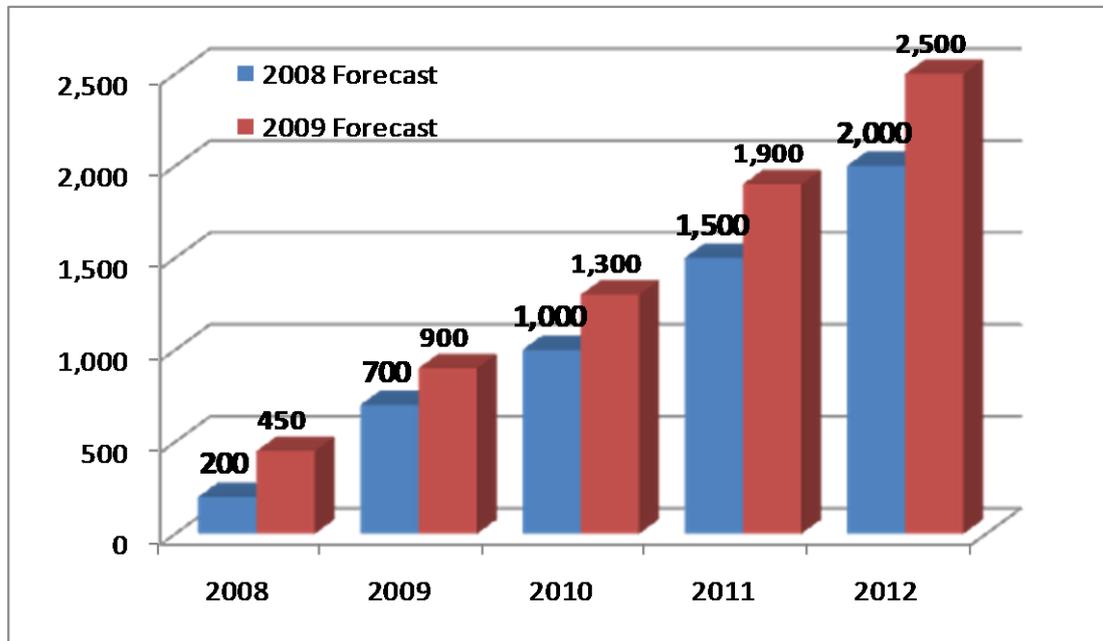
government make a significant step by establishing the **National-Civic Service Administration** at the Prime Minister's Office. In parallel, the Knesset extended the term of the Tal Law for another five years. Within two years from the establishment of the NCS Administration, more than 1,200 Yeshiva students (formerly belonging to the category of "his studies constitute his livelihood") joined the Civic Service (see Figure 5).

**Figure 5: The number of Ultra-Orthodox youth who volunteered for National-Civic Service, from January 2008 to March 2010.**



These figures considerably surpassed the preliminary forecasts, as presented by the undersigned (R.G.) to the Knesset's Foreign Affairs and Defense Committee on June 2007, before the establishment of the Administration. Then, it was estimated that 200 Yeshiva students would join the NCS in 2008 and a maximum of 700 by the end of 2009. As a result of the success in attaining the original objectives, the forecast was changed by the Administration personnel, and stands today at approximately **2,500** Ultra-Orthodox men who will actually serve (and another 4,550 who have already served) by **2012** (see **Figure 6**). Compared to the annual cohort of Ultra-Orthodox "whose studies constitute their livelihood" and are aged 22 years (the age at which they are allowed the "year of decision") – we are talking about **42% of all those who are defined as "their studies constitute their livelihood" who will serve within the framework of Civic Service!**

**Figure 6: A forecast of the number of Ultra-Orthodox volunteers ("Tal Law") enacted in July 2008 and amended in July 2009<sup>31</sup>**



Looking at the types of Civic Service chosen by the Ultra-Orthodox, it can be seen that about half of them choose the "divided" route: two years of service with 20 weekly hours of volunteering, in contrast to the "short" route of one year of 40 weekly hours of volunteering. The main reason for this is that the students plan to use this year (or two) of service to acquire education, learn a profession and prepare themselves for joining the labor market. To date, most of them do so on their own initiative, and without a guiding hand. However, with proper planning by the Civic Service system, augmented by additionally recruited resources – whether government funds or from other sources – this term of service could become a powerful lever that will prepare thousands of Ultra-Orthodox for employment. In addition to **acquiring skills** (both "soft" and professional) from the jobs they perform during their service, graduates could be eligible for **scholarships** after successful completion of their service term.

A preliminary follow-up<sup>32</sup> of **the first 172 Yeshiva students who completed their term of Civic Service** (by April 2010) , while inconclusive, nonetheless points to some

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<sup>31</sup> The two forecasts, both the original (2008) and the amended (2009) – were prepared by the National-Civic Service Administration.

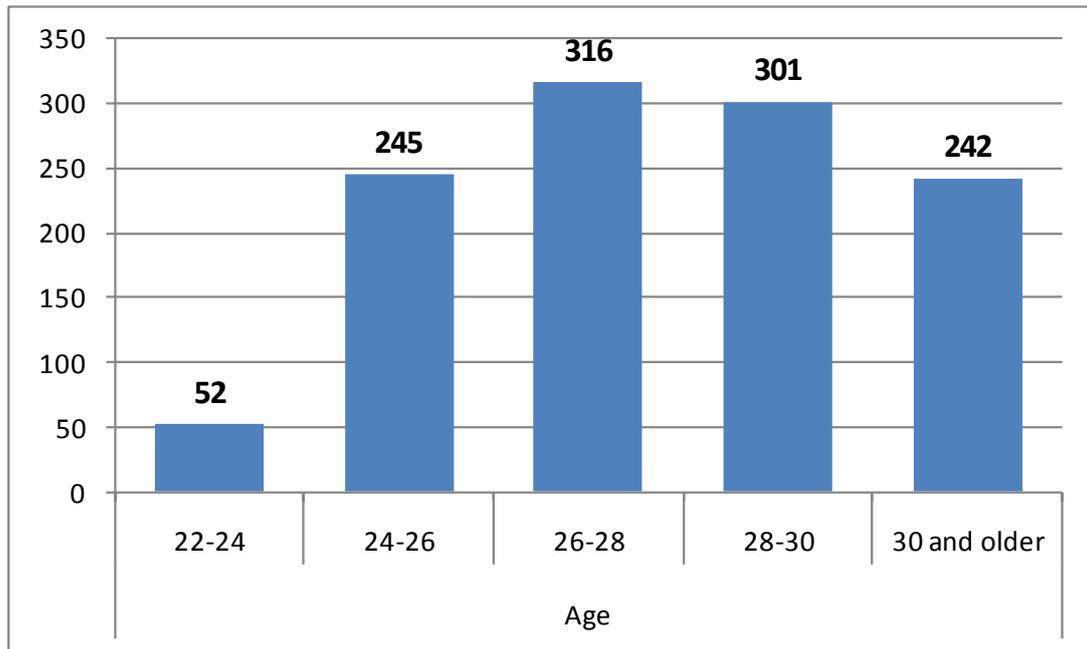
interesting findings: the rate of Yeshiva students who completed a year of Civic Service and **who already found a job and are working full-time stands at 58%** (as mentioned already, the overall rate of employees among Ultra-Orthodox men is only 41.5%!); the others are not working yet or are still looking for work. The major areas of employment are education (23%); 'white collar' professions (law, banking, architecture, journalism) (20%); clerical work (13%); sales, religious services (12% each); and management (8%). Another finding is that there are another 335 Yeshiva students (who are not included in the aforementioned follow-up and are in the "divided" route of two-year service instead of one), who are working in various places, in part-time jobs, concurrently with their Civic Service. [It should be noted that, while under the status of "their studies constitute their livelihood" Ultra-Orthodox men are strictly forbidden to work]. Regarding higher education, 74% of Civic Service graduates declared their intention to study, while 20% are already studying for an academic degree, or have even graduated.

One of the main shortcomings of the Tal Law results from the fact that it was not geared to encourage employment: as mentioned before, it allows Yeshiva students "whose studies constitute their livelihood" to take a "decision year" only from the age of 22 years. This fact creates an undesirable reality. As can be seen from **Figure 7**, only 4.5% of those who serve are between the ages of 22 and 24 years. The great majority (about 75%) are over 26 years of age and some are over 30. Almost all of them (97%) are married ("*Avrech*" as the Ultra-Orthodox community calls them) and about two thirds (64%) already have two children or more. Only 4% are still single, without children. Clearly, the older the Yeshiva student who joins the Civic Service is, and the more children he has, the more limited is his ability to use this year of service to acquire a profession. On the other hand, earlier introduction into the labor market would benefit both the Yeshiva students and the state's economy.

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<sup>32</sup> The data were collected by the Arevim Society, operated by the Civic-National Service Administration in the Ultra-Orthodox sector.

**Figure 7: Distribution of Civic Service participants according to the Tal Law by age groups (Jan-2010)**



Source: The Civic-National Service Administration

Another weakness inherent in the Tal Law results from the fact that the year of Civic Service is not used directly for professional training, acquiring a matriculation certification, or developing a viable career choice. Although Civic Service involves the development of work habits and exposure to the world of employment, this is only a byproduct and not its major goal.

In light of the data presented here – both the initial achievements of the Tal Law and its deficiencies – there is room to **re-examine the Tal Law**, and to recommend possible amendments that would turn it into an efficient and practical lever for integrating Ultra-Orthodox men into the labor market. Such recommendations could involve lowering the age for the "decision year", changing the nature and composition of the **incentives** given and **types of service**, adding **training and employment orientation** programs during the service year, and considering a possible **reserve service system**, among others.

Unlike Civic Service, which is a relatively new program (as mentioned, the National-Civic Service Administration was established in January 2008) – **military service** has always been open to the Ultra-Orthodox public. Contrary to the prevailing conception (all Ultra-Orthodox evade military service!), not all Ultra-Orthodox youth automatically enter the category "their studies constitute their livelihood"; some of them enlist in the

IDF when they turn 18, like any other Israeli youth (and then serve for the full 3 years), or at an older age, when they already have a family, for a shorter period. For example, between 2002-2007, about a third (32% on a perennial average) of Ultra-Orthodox men aged 20-64 years served in the military (even if not full service), compared to 84.9% of non-religious men. The gap between Ultra-Orthodox and non-religious men in the 20-29 year age group who serve in the army has increased significantly: the rate of Ultra-Orthodox men who served in the military in this age group stands at only 11.2% compared to 90.7% of non-religious men.<sup>33</sup> However, **although the numbers (and percentages) of Ultra-Orthodox who serve in the army is low, one has to remember that military service is a viable option, in terms of the existing worldviews in Ultra-Orthodox society.**

Indeed, the extension of the Tal Law in 2008 and the opening of the Civic Service track led to an increase in the **recruitment rate of the Ultra-Orthodox to the IDF**: in 2009 about 800 enlisted for army service, four times more than two years earlier. They were recruited into two major tracks: the **Nahal Haredi** regiment and the **Shachar Track** ("Ultra-Orthodox Service") – professional recruitment tracks designated mainly for married men.

The **Blue Shachar** track, operating within the Israeli Air-Force, offers more than 20 technical vocations, from construction personnel to programmers and electrical technicians. The great importance of this track (apart from the direct benefit to the squadrons and Air Force bases) lies in the professional training acquired by the Ultra-Orthodox youth, which could help them find work and provide for their families after their military service. Some evidence that this is being achieved is the fact that, out of the 400 Ultra-Orthodox men who serve in **Blue Shachar**, there are already seven officers and another 15 who joined the career army.<sup>34</sup>

However, a major question remains concerning **scope**: taking into account its potential to redress the unequal distribution of military service in Israeli society, as well as the value of vocational training and professional experience gained during three years of military service (compared to only one year of Civic Service), there is a compelling rationale for a **major expansion** of the recruitment of Ultra-Orthodox youth, including

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<sup>33</sup> Asaf Malkhi, Volunteering and Military Service in the Ultra-Orthodox Sector, Research and Economy Administration, the Ministry of Industry, Labor and Trade, 2009.

<sup>34</sup> Aluf Ben, "Putting on uniform, keeping the Shtreimel", *Ha'aretz*, (Hashavu'a), 7.5.2010

Yeshiva students "whose studies constitute their livelihood" to the IDF. The main responsibility in this matter lies with the IDF. A special command force of Ultra-Orthodox men in the IDF could be established that would develop expertise and experience in handling this special population.

Presently, we still lack accurate data on the integration rate of the "graduates" of these two tracks (civic and military service) in the labor market, or some indication of the expansion of their higher education or the civil integration of these graduates. However, it can be assumed that this data will soon be gathered. There is certainly room to conduct regular **follow-ups** on this population.

### ***FISCAL POLICY***

The most useful tools at the government's disposal to encourage entry into the labor market are fiscal, **that is, using a system of incentives and benefits**. However, in Israel today, these tools work mainly to discourage it. At the moment, most of the funding for a Yeshiva student in an Ultra-Orthodox Kolel comes from several sources: income support benefits paid by the Social Security Administration; assurance of minimal income to Yeshiva students paid by the Ministry of Religion (the "their studies constitute their livelihood" allowance); and, in addition, financial support for Yeshiva students studying in higher Yeshivas, which differs from one Yeshiva to another. To this, one has to add property tax discounts, and discounts on day care centers and children's nurseries. All these funds (which generally add up to at least the minimum wage) are taken away from the Yeshiva student who goes out to work. Actually, at the present, **for many Yeshiva students, the price of entering the labor market means a loss of income**. The current fiscal policy perpetuates this absurd situation.

This status quo was disrupted by the "**New Economic Policy**" initiated by then Minister of Finance Netanyahu (2002-2003), which included a cut in the Yeshivas' budgets and child allowances.

A report by the Bank of Israel (2008)<sup>35</sup> notes explicitly that *"in the past two years a change has been noticed in the Ultra-Orthodox population: Programs designated to encourage employment in the Ultra-Orthodox sector together with a considerable cut in the transferred payments led to an increase in the participation rates and employment*

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<sup>35</sup> Bank of Israel Report (2008) Chapter 8: Issues in Welfare Policy.

*among them (mainly among the women) and contributed in 2006 and 2007 to a significant decrease in the incidence of poverty and its severity" (p. 301).*

The Report continues: "*Limiting the transferred payments designated for weak populations, including child allowances to large families, and greater observance, as required, of the criteria for receiving an income assurance pension... these steps contributed also to an increase in the participation rates and employment of the weaker populations" (p. 296).*

In addition to this "evidence" of the effectiveness of economic steps taken in the past in creating changes in the labor market, we have the support of the study of Sami Kehunai<sup>36</sup>, who outlined in her report on "Integrating the Ultra-Orthodox Sector in the Labor Market – Present Situation and Implications" (in 2002) a future scenario for 2012:

p.55

To examine the influence of the Ultra-Orthodox integration in the labor market on the economy, we developed a scenario, within the framework of the economic estimates, of the gradual integration of the Ultra-Orthodox population in the labor market. For this purpose, we assumed that the gap between the participation rate of the Ultra-Orthodox of work age and the participation rate of the general population, which stands today at 41% for men and 18% for women, would decrease within 10 years by 50%. Such an assumption implies the entry of several thousands of workers into the labor market each year, from about 2,000 people in 2003 up to 4,000 people in 2012. Also, we assumed that the unemployment rate among the Ultra-Orthodox would be slightly higher than the unemployment rate among the general population. In parallel, we assumed that government support would be decreased gradually over this decade, although at the time the cut in supports will be relatively small in comparison with the scope of those who join the labor market. This assumption reflects the realization that the dependence on government supports will decrease significantly only after the creation of a large mass of Ultra-Orthodox providers who will be able to support the community's institutions. The integration of the Ultra-Orthodox population in the labor market will also require government investment in training towards the entry into the labor market.

According to Kehunai's estimate, if the participation rate of the Ultra-Orthodox population from the main employability ages (25-54) in 2012 would be similar to the

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<sup>36</sup> Sami Kehunai, "Integrating the Ultra-Orthodox Sector in the Labor Market Present Situation and Implications", The Knesset, Research and information Center, 2004.

participation rates of the total Israeli population, Israel's GDP would grow by almost five billion NIS (about 1% of the GDP); the addition in income tax revenues would be 140 million NIS, the addition in Social Security and Health Tax revenues would add another 150 million NIS and the additional collection of municipal taxes would stand at about 42 million NIS. In another study recently conducted by the Finance Ministry (2010), similar findings are presented: the non-participation of the Ultra-Orthodox in the labor market will cost 5 billion NIS in 2010, due to the loss in production and direct and indirect taxes.<sup>37</sup>

As we all know, the participation rates of the Ultra-Orthodox are still very far from the estimate/vision outlined by Sami Kehunai; however, considering the changes that have already taken place, and the imminent approach of 2012, perhaps it is time to **reexamine and validate the model** she proposes.

As already mentioned, reforms initiated by the New Economic Policy ("The Economic Reorganization Program") of 2003 led to some changes, but they were incomplete and did not successfully address most of the barriers to the Ultra-Orthodox integration into the labor market. Worse than that: most of these reorganizational steps have since been cancelled.

In our view, there is an urgent need to **create a new fiscal policy** that, on the one hand, will be based on a system of **incentives for those who join** the labor force, and that will **encourage employers** who invest in training and employing Ultra-Orthodox manpower on the other. Such a policy should consider all the aspects characterizing the integration process of the Ultra-Orthodox population in the labor market. Only then would such a policy serve as an efficient lever to promote the employment of the Ultra-Orthodox public.

### ***ENCOURAGING WOMEN'S EMPLOYMENT***

Traditionally, encouraging the **integration of women into the labor market** is one of the major objectives of employment-encouraging policies in many Western countries. The Ultra-Orthodox community in Israel is different from most of the communities in the world (and also from the non-religious population in Israel) in that women actually

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<sup>37</sup> Eldad Shidlovsky, Head of the Economy and Research Department at the Ministry of Finance, 30.6.2010

outnumber men in the workforce (see Figure 3 in Chapter One, above). This is possible due to the existence of an extensive support system within the Ultra-Orthodox community that allows a woman to both hold a job and maintain a household with a large number of children.

According to a report by the National Economic Council at the Prime Minister's Office, published in 2009<sup>38</sup>, the participation rate of Ultra-Orthodox women in the labor force is 54%. This figure is relatively high compared to other Ultra-Orthodox communities abroad. For this reason, Hagai Levin – the author and editor of the above report – does not recommend increasing the scope of Ultra-Orthodox female employment, but rather focusing on "*an increase in the rate of Ultra-Orthodox women who work in high quality professions in areas other than education.*"<sup>39</sup> With this in mind, the actions suggested in this area are to locate and map workplaces and "high quality" professions that are appropriate for Ultra-Orthodox women. The field of education in the Ultra-Orthodox sector, as noted in Chapter One, is already saturated with Ultra-Orthodox women.

It should be noted that representatives of the Ultra-Orthodox community also recognize the need to encourage the continued integration of women in the labor market. For example, according to Rabbi Noigershel: "Thousands of Ultra-Orthodox women are crying out for profitable work. Let's arrange it and use the government system to help them."<sup>40</sup> We assume that this issue should be explored further.

In light of the above, there is room for the following actions:

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<sup>38</sup> Hagai Levin, "The Ultra-Orthodox Sector in Israel, Empowerment through Integration in Employment", National Economic Council, Prime Minister's Office, 2009.

<sup>39</sup> Ibid, p. 8.

<sup>40</sup> Kikar Hashabat site, Rabbi Noigershel in a personal letter: "You want core curriculum? We have conditions'. 12.05.10.

### Actions:

14. Conduct **follow-up and evaluation studies** of the **graduates of Civic-National and Military Service**: Employment rates, earnings, standard of living, higher/general education.
15. Convene a team of experts that will write recommendations **to amend the Tal Law**, to lower the age of entry into the IDF, Civic Service and the labor market, restructure incentives, including training courses and education completion, and explore the possibility of integrating the Ultra-Orthodox into reserve service.
16. Convene a team of experts to identify ways to **significantly expand the recruitment of Ultra-Orthodox** (in general) and Yeshiva scholars **to the IDF**.
17. Examine the "**enabling system**" in the Ultra-Orthodox community that encourages **women's participation in the labor market, and extend it to support** high quality professions.
18. **Re-examine and validate** (in retrospect) "**The Economic Reorganization Program**" (2003) and **Sami Kehunai's** report.
19. Convene a team of experts, including representatives from the Prime Minister's Office (policy planning; the National Economic Council) to write a "**policy paper**" with recommendations on **fiscal measures** that will encourage the integration of the Ultra-Orthodox population into the labor market.

### Objectives for action:

14. **Prepare a "group profile"** of those who complete Civic and Military service and publish a report that analyzes the differences between them and Yeshiva students who did not enlist in the army in terms of socio-economic status. Prepare a "lever index", see Objective 11.
15. **Make recommendations** to amend the Tal Law.
16. **Make recommendations** to expand the recruitment of the Ultra-Orthodox to the IDF.
17. **Make recommendations** to expand the scope of women's employment in the Ultra-Orthodox community and to increase the rate of women employed in high quality professions.
18. **Prepare reports** on the "implications of **The Economic Reorganization Program** on the integration of the Ultra-Orthodox public in the labor market" and validate the recommendations in Sami Kehunai's report.
19. **Draft a "policy paper" and its presentation to decision makers.**

## Chapter Four: Concluding Remarks

### **STRUCTURE**

In the present report, which is a continuation of the **Israel 2028** project, we tried to point to **three main tracks** in which timely action should be taken in order to integrate the Ultra-Orthodox public into the Israeli economy in the optimal way. These three tracks are:

1. Strengthening the connections between the Ultra-Orthodox public, employers and employment-related organizations (private and public).
2. Promoting vocational training and academic education among the Ultra-Orthodox.
3. Improving the effectiveness of existing levers for entry into the labor market.

In order to follow these tracks, we suggested **19 actions** (or tasks, or projects). In the attached tables we detailed the operative goals of these actions as well as possible organizations or individuals who could carry them out. **[The latter were not included in this English translation].**

To offer a broader perspective which is not based on the three tracks, we also present these 19 actions in a different order, according to their characteristics (the numbers refer to the original listing):

### **Surveys, mapping and follow-ups:**

1. Updated **mapping** of existing and potential **workplaces**, including **a survey of employers' attitudes** toward Ultra-Orthodox employees, in the **general labor market**.
2. Updated **mapping** of existing and potential **workplaces** in the **internal Ultra-Orthodox labor market**.
6. An **internal survey**, conducted in the Ultra-Orthodox community, to measure needs, levels of satisfaction, expectations and trends **in the field of education**.
7. **Mapping** all the frameworks for training and **general** education (not Ultra-Orthodox!) that **already** exist in the Ultra-Orthodox community.
8. **Case study** analyses of samples taken from these frameworks.

9. **Follow-up** studies of the **graduates of existing vocational training programs/frameworks.**
10. Work with the **Planning and Budgeting Committee/Council for Higher Education in Israel** to encourage **absorption of Ultra-Orthodox** students in **higher education institutions.**
14. Conducting **follow-ups and evaluation studies** of the graduates of **Civic and Military Service:** employment rates, earnings, standard of living, higher/general education.
17. Exploring the "enabling system" in the Ultra-Orthodox community that encourages **women's participation in the labor market.** Finding ways to improve its operation.
18. Re-examining "**The Economic Reorganization Program**" (2003) and reexamination and validating (in retrospect) the work of Sami Kehunai.

**Committees and expert teams:**

11. An expert committee that includes representatives from government offices, Ultra-Orthodox education and academia to discuss **ways to encourage academic education** and the **inclusion of English, computers and mathematics** in the curricula of Ultra-Orthodox Yeshivas or Ultra-Orthodox Kolels.
12. Establishing an information team that includes influential figures in the Ultra-Orthodox community to **encourage the expansion of vocational and general education** among the community members.
13. An expert committee that includes representatives from the Civil Service Commission, Ultra-Orthodox education and academia to **change the acceptance criteria** (pertaining to higher education degrees) for **public service positions.**
15. An expert team to write recommendations to **amend the Tal Law** so that it will become an efficient lever for integration into the labor market.
16. An expert team to **locate ways to significantly expand the recruitment of Ultra-Orthodox** (in general) and Yeshiva scholars to the IDF.
19. A team of experts, including representatives from the Prime Minister's Office (policy planning; the National Economic Council) to write a "**policy paper**" on **fiscal measures** that will encourage the integration of the Ultra-Orthodox population in the labor market.

### **Projects in the field of providing information:**

3. **Projects** among **employers/manpower agency managers** that encourage the employment of Ultra-Orthodox, via conventions, workshops and personal instruction.
4. Expanding **the national system of vocational orientation and placement centers** to guide Ultra-Orthodox workers towards areas where there is a demand for them, and providing them with the required "tool box" to succeed in their search for employment.
5. An **advertising** campaign to "**market**" **success stories** of Ultra-Orthodox community members (in employment, training, higher education, Civic Service).

Whether we look at this list of tasks according to **areas** or according to **characteristics**, it is clear that they are all interrelated and interact with each other. The execution of these tasks requires, as was mentioned at the beginning of this report, a coordinated effort by people from different "sectors": some involve **academic-research** and will be executed by researchers; others will be assigned to government offices and will require **governmental budgets** and making **political decisions**; and some will require action by **public figures** and organizations (associations, institutions) of **civil society**.

To coordinate the different tasks and maintain ongoing control over their execution, an **Expert Forum** will be necessary to assist with counseling, information and guidance; and a **Steering Committee**, to deal with the execution of the tasks, supervision and control. The Expert Forum will include representatives from the different "sectors" mentioned above, and will consist of between 15 and 20 members, while the Steering Committee will be much more limited and will include, based on our recommendation, representatives from the **Prime Minister's Office** (to be decided by the CEO of the Prime Minister's Office) and of the **S. Neaman Institute**, making up a team of 4-5 people.

## TIMETABLE

We have further divided the 19 actions into three categories:

- **Projects for immediate execution:** These include most of the surveys and studies, since their findings will serve as a basis for practical measures in the future.
- **Projects for immediate launch – that will extend into the medium term:** These include most of the actions in the categories of "committees and teams" and "information supply". These projects will require an immediate "start", in terms of composing the staff and preparing the activity; however, the work of the teams will extend over time (up to two years), based in part on the findings obtained from the surveys and studies.
- **Strategic projects:** These include projects that concern sensitive, complicated and "political" subjects. Dealing with them will be gradual and extended (up to 3 years).

### Projects for immediate execution:

| Time table                                     | Name of project  | #  |
|--|--|----|
| Survey – months 1-6;<br>mapping – months 6-18. | Mapping workplaces in the general labor market   | 1  |
| 1-18 months                                    | Updated mapping of workplaces in the internal Ultra-Orthodox labor market                    | 2  |
| Months 1-12                                    | Internal survey on the field of education – satisfaction, expectations, etc.                 | 6  |
| Months 1-3                                     | Mapping the frameworks of general education and training in the community                    | 7  |
| (continuation of project 8)<br>months 2-12     | Case study analyses on a sample of those frameworks  | 8  |
| 1-10 months                                    | Occupational follow-up of the graduates of training programs                                 | 9  |
| 1-10 months                                    | Working on encouraging the absorption of the Ultra-Orthodox in higher education institutions | 10 |
| Months 1-10                                    | General follow-up of graduates of the Civic and Military Service                             | 14 |
| Months 1-11                                    | Follow up study on the effects of the government's policy                                    | 18 |

## Projects for immediate launch and medium term execution:

| Time table   | Name of project  | #  |
|--|--|----|
| Beginning – 6 months (receiving the findings of survey 1) – continued for 24 months.               | Encouraging employers to employ the Ultra-Orthodox   | 3  |
| Immediate beginning - continued for 24 months.   | Advertising project to "market" success stories  | 5  |
| Immediate beginning - continued for 24 months.   | Establishing an information team to encourage the expansion of general education in the community. | 12 |
| Immediate beginning - continued for 24 months.   | An expert committee to change the criteria for acceptance to positions in the public service.      | 13 |
| Immediate beginning - continued for 12 months.   | An expert team to change the Tal Law   | 15 |
| Immediate beginning - continued for 12 months.   | Establishing a team to find ways to expand the recruitment of the Ultra-Orthodox to the IDF        | 16 |
| Immediate beginning – receiving the findings from projects 1, 2 and 7 and continued for 24 months. | Studying the "enabling system" that encourages the entry of women into the labor market.           | 17 |

## Strategic projects:

| Time table | Name of project   | #  |
|------------|---|----|
| 3 years    | Expanding the system of orientation centers that provide a tool box for job hunters.  | 4  |
| 3 years    | An expert committee to find ways to encourage general education and the introduction of math, computers and English studies into the Torah studies. | 11 |
| 2 years    | An expert team to prepare a system of fiscal steps that will encourage employment.  | 19 |

## ***INTEGRATING INTO EXISTING PROCESSES AND PROJECTS***

The "Road Map" presented here does not start from zero; it also does not pretend to "reinvent the wheel." **Programs and frameworks** operating in the Ultra-Orthodox sector have **existed** for several years now. Most of them are mentioned and quoted in this paper (see also the Appendices). The different government offices – mainly the Ministry of Industry, Trade and Labor, the Prime Minister's Office and the Finance Ministry – are extensively involved in these activities. However, the level of

**coordination** between them all (governmental, civil and academic) is low. Accordingly, we offer here an **inclusive framework** that synergistically incorporates all the elements that relate to the Ultra-Orthodox integration in the Israeli society.

This report also offers a series of **actions**, 19 in total, whose execution will advance the goal of such integration. Some of these actions are not totally new: some of them have already been executed but need to be updated; others have just started and need to be promoted; still others emerged in different places as ideas and were translated here into operative tasks. However, to the best of our knowledge, this is the first report that unites all these activities 'under the umbrella of one report', offering a coordinated and combined plan for their execution.

Finally, this report stresses the need to establish a **central mechanism of supervision and control**, to operate with the encouragement of the **CEO of the Prime Minister's Office**, in full coordination with the **National Economic Council** and other government offices (especially the Ministries of Finance, Industry, Trade and Labor, Welfare, and Education) and with the academic-professional guidance of the **S. Neaman Institute staff**. This staff will have both the **responsibility** and the **authority** to **initiate** the different activities, to **coordinate** them and to **monitor and supervise** their execution.

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Note:

*This English version does not include the Appendices mentioned throughout the report as they have not yet been translated into English.*

*They will be added in future versions, or be presently furnished (in Hebrew) upon request.*

# Society



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