

A Master Plan for Ultra-Orthodox Employment in Israel

Policy Paper 11E

Gilad Malach | Doron Cohen | Haim Zicherman

Are the current public policies for integrating ultra-Orthodox Israelis into employment effective? What barriers are faced by ultra-Orthodox Israelis seeking to join the labor market? Should public efforts be invested only into encouraging employment for ultra-Orthodox men, or should they also target women? Should the emphasis be on training, guidance, or placement? Despite the impressive gains made in establishing training and placement platforms, the ultra-Orthodox sector remains mired in poverty. The mean and median salaries of ultra-Orthodox

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The Israel Democracy Institute
4 Pinsker St., P.O.B. 4702, Jerusalem 9104602
Tel: (972)-2-530-0888
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Online Book Store: <http://tinyurl.com/en-idi-store>
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Dr. Gilad Malach is head of the “Ultra-Orthodox in Israel” program at the Israel Democracy Institute, and a lecturer at the Department of Political Studies in Bar-Ilan University. He is an expert in public policy planning for the ultra-Orthodox population.

Doron Cohen served as head of the “Master Plan for Ultra-Orthodox Employment” team at the Israel Democracy Institute, and is a former director-general of the Ministry of Finance. A qualified accountant, he is currently chairman of the Israel Broadband Company and chairman of the board of directors of the ORT Braude Academic College of Engineering.

Dr. Haim Zicherman, formerly a researcher at the Israel Democracy Institute, is a member of the faculty of law at Ono Academic College. He is an expert in public law and in relations between religion and the state, and is a researcher of ultra-Orthodox society.

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Abstract

This master plan for ultra-Orthodox employment has two main goals, which it seeks to achieve by putting in place suitable policies: integration of ultra-Orthodox Israelis into higher-quality segments of the labor market; and continued increase in the rate of employment in the ultra-Orthodox sector. The plan analyzes the existing situation and policies, identifies barriers to change as well as opportunities, and proposes a number of policy steps and new solutions for promoting more and better employment of the ultra-Orthodox in Israel.

1. Introduction

Ultra-Orthodox Jews (Haredim) accounted for 11% of the population of Israel in 2014, and this figure is expected to rise to 18% by 2034. The consistent demographic growth of this sector has economic ramifications both for its members and for the country as a whole. Consequently, ultra-Orthodox employment has become a key issue in Israeli public discourse and policymaking over the last decade.

As a result of the low employment rate and low income levels that characterize this sector, most ultra-Orthodox households are below the poverty line. Given the continuing growth of this community, ultra-Orthodox poverty has macro effects on tax revenues, benefit payments, consumption, and GDP.

IDI's master plan for ultra-Orthodox employment in Israel recommends that the State of Israel revise its employment policy for the ultra-Orthodox sector for the coming decade, shifting its focus to include the objective of increasing employment in fields that offer higher-paying jobs, rather than focusing simply on integrating ultra-Orthodox Jews into the workforce and increasing their rate of employment. This change would ensure that entering the work force will actually enable ultra-Orthodox Israelis to earn a decent

wage and live comfortably. In addition, it would contribute to increased productivity and a more equitable distribution of the tax burden, which would benefit Israel's economy and society as a whole.

2. Current Data on Ultra-Orthodox Employment

Over the last decade, tens of thousands of ultra-Orthodox Israelis have taken advantage of the services of employment centers and programs that have been set up with their specific needs in mind. As a result, between 2003 and 2015, the share of ultra-Orthodox men in employment rose from 36% to 50%, thus indicating that ultra-Orthodox society is undergoing a shift from a “society of learners” to a “society of workers and learners.” During the same period, the share of ultra-Orthodox women in employment rose from 51% to 73%. (This compares with national rates of employment of 86.5% for non-Haredi Jewish men and 81% for non-Haredi Jewish women in 2015.) Due to the prevalence of part-time and low-paying jobs for members of this sector, however, the average monthly wage of ultra-Orthodox employees was less than 72% of the average wage across the labor market as a whole.

3. Ultra-Orthodox Employment Targets for 2025

In 2010, the Israeli government set 63% as the desired rate of employment for ultra-Orthodox men and women by the year 2020. IDI's master plan recommends revising the objectives for the next decade (through to 2025) to go beyond employment rates and to include reference to fields of employment and to outputs. We recommend that the target rate of employment for ultra-Orthodox Jews in 2025 be set at 67% for men and 78% for women. The government should also aim to bring the average salary of ultra-Orthodox workers into line with the overall average salary in Israel.

* “Haredi” is the adjective used in Hebrew to describe ultra-Orthodox Jews; “Haredim” is the plural noun. These terms are now increasingly used in the English-language media, and in English-language articles, journals, and books, and will be used in this document interchangeably with “ultra-Orthodox.”

Diversifying fields of employment, an increase in work hours, and higher hourly wages would have a positive effect on three levels:

- (1) **Government:** Increased tax revenues, as a result of better-paying jobs
- (2) **Society and the Economy:** Higher GDP, stronger growth, and a more equitable division of the tax burden
- (3) **Ultra-Orthodox Individuals and Families:** Higher income, greater economic security, and an intergenerational transfer of capital and assets.

4. Barriers and Opportunities

In order to meet work productivity targets for the ultra-Orthodox community, policy makers must overcome a number of obstacles and take advantage of several opportunities.

Barriers to employment in the ultra-Orthodox sector include:

- (1) **Knowledge barriers:** A lack of general studies, matriculation certificates, and professional qualifications.
- (2) **Cultural barriers:** Large family size, relatively late entry into the labor force, and reluctance to work in a mixed-gender and mixed religious-secular environment.
- (3) **Barriers to better-paid employment:** Limited demand for ultra-Orthodox workers on the part of employers, obstacles to entry into the civil service, a preference for part-time employment among workers, a lack of information about employment possibilities and job openings, and poor occupational training.

Opportunities that could be utilized include:

- (1) **Resolution of the conscription issue:** The government's exemption of tens of thousands of ultra-Orthodox yeshiva students aged 22 to 28 from military service now allows young men in this age group to leave the yeshiva and legally enter the workforce.
- (2) **Changes in awareness:** Deepening poverty has forced the ultra-Orthodox community to recognize that real change is necessary.

- (3) **Internal initiatives:** Many initiatives to promote higher quality employment have already been launched within the ultra-Orthodox community itself.
- (4) **Government support:** The Israeli government is willing to invest in ultra-Orthodox employment far more heavily than in the past and increasingly understands the importance of steering the ultra-Orthodox towards better-paying jobs.

5. Policy Recommendations

We recommend three growth engines that can increase income levels, lead to longer work hours, and improve the ability of ultra-Orthodox employees to receive promotions. These include expanding occupational training and academic programs, improving vocational counseling services, and encouraging employers to hire ultra-Orthodox workers. These recommendations are detailed below.

A. Quality Training for Employment

Recent years have seen a substantial increase in the number of occupational tracks offered by ultra-Orthodox seminaries for women, the number of ultra-Orthodox high schools for boys that include secular studies in their curriculum, and the number of ultra-Orthodox applicants to college and university programs in computer science and engineering. These programs all provide extensive preparation for entering the workforce. What is important now is to ensure that training focuses on better-paying employment. This can be accomplished by the following:

- (1) Developing programs for distance learning in key subjects, such as English and mathematics.
- (2) Creating new programs that will make it possible for graduates of the ultra-Orthodox education system, both male and female, to complete the requirements for a matriculation certificate.
- (3) Allocating earmarked funds for new ultra-Orthodox boys' high schools that include secular subjects in the curriculum.

- (4) Support for expanding and improving alternative study tracks (which are not teacher-training programs) at seminaries for ultra-Orthodox women.

B. Improved Vocational Counseling and Training

The vocational counseling currently provided by the government-sponsored employment development centers for the ultra-Orthodox sector sees entry to the workforce itself as the goal, without considering salary levels. College and university programs for ultra-Orthodox Jews do not emphasize job placement, which makes it difficult for graduates to find work. The current study also found that ultra-Orthodox employees who do manage to break through the glass ceiling into better-paying jobs encounter cultural barriers in their new workplaces.

The following steps are recommended in order to shift the focus away from vocational counseling and training alone and towards better-paying employment:

- (1) Creating a system of incentives to motivate vocational counseling centers to direct ultra-Orthodox jobseekers toward average-income and high-income jobs, train ultra-Orthodox candidates for a wider variety of occupations, and help ultra-Orthodox Jews who are already working obtain promotions or better jobs.
- (2) Encouraging academic programs designed for the ultra-Orthodox sector to prepare students for the work force by means of special courses, student jobs, and placement services linked with ultra-Orthodox employment development centers.
- (3) Devising a program to prepare and place ultra-Orthodox employees in the civil service, business, and academia, which will include a fund to encourage ultra-Orthodox social and business entrepreneurship.

C. Increasing Demand for Ultra-Orthodox Employees in High-Wage Sectors

The negligible number of ultra-Orthodox employees in important sectors, notably hi-tech, is a challenge that requires special attention as well as a commitment by employers to hire ultra-Orthodox employees. Employers

allege a market failure, claiming that the vocational counseling and training provided to ultra-Orthodox Jews are incompatible with the needs of the market. For its part, although the government does provide incentives to those who employ ultra-Orthodox workers, it fails to stipulate salary levels; as a result, most ultra-Orthodox employees are paid only the minimum wage.

The following measures will promote better-paying employment for ultra-Orthodox Jews, particularly in the business sector:

- (1) **Drafting a covenant in which employers will undertake to hire ultra-Orthodox workers.** This covenant, which will be signed by leading figures in the business community and launched under the auspices of the President of Israel, will include provisions for counseling, monitoring, and oversight of the process of hiring ultra-Orthodox workers for well-paying jobs.
- (2) **Improving coordination between employers, vocational counseling centers, and the government** in order to align supply and demand in preferred areas of employment.
- (3) **Developing a system of grants** that will motivate employers to hire ultra-Orthodox Jews in highly productive occupations and pay them average and high salaries.

6. Conclusion

Integrating Israel's ultra-Orthodox Jews into the upper rungs of the labor market is a national priority that poses a challenge for policymakers and for Israeli society as a whole. Despite the impressive success in getting members of the ultra-Orthodox sector to enter the labor market and increasing employment rates among ultra-Orthodox men and women in recent years, current policies have not been able to extricate the sector from poverty. The salaries of ultra-Orthodox workers remain low and do not provide real economic and social security.

Setting objectives for better-paying employment, and pursuing these goals by implementing the full set of recommendations presented above, could increase the labor productivity and wages of Israel's ultra-Orthodox

workers. This new chapter in the integration of ultra-Orthodox Jews into the Israeli economy would benefit the ultra-Orthodox community, Israel's economy, and Israeli society as a whole.

Introduction

During the last decade, Israel's ultra-Orthodox (Haredi) sector has moved towards center-stage in public discourse, for two main reasons. The first is its rate of natural increase. The number of Haredim in Israel has doubled over the past 20 years. As a result of this rapid growth, in another 20 years, every third Israeli child will be ultra-Orthodox (Ben Moshe, 2011). By 2034, ultra-Orthodox Jews, once a small and relatively insular group, will be a major force in Israel, accounting for 18% of the country's population (Paltiel et al., 2011).

In addition to the demographics, there is also an economic factor. The traditional ultra-Orthodox "society of learners," in which ultra-Orthodox men are expected to spend their entire lives studying religious texts, has produced a poverty rate of 53% in this sector; the mean income of an ultra-Orthodox family is half the national average. In order to qualify for OECD membership, Israel placed great emphasis on drawing up a comprehensive employment policy for the ultra-Orthodox sector. The ultra-Orthodox and Arab sectors were identified as the two main groups that need specially devised plans in order to penetrate the Israeli labor market.

These two factors—the demographic and the economic—have created a burning social issue that demands serious attention. In recent years, Israeli governments have introduced far-reaching changes in national policy in all matters related to the ultra-Orthodox, especially with regard to Haredi men. These changes are concentrated in three areas:

- (1) **Military service:** The enactment of a new compulsory military service law granted a one-time exemption to all Haredi men above age 22 and defined mechanisms to promote the employment and conscription of men who are under that age
- (2) **Education:** Encouraging the acquisition of knowledge in elementary school (through the study of a core curriculum) and high school

(matriculation certificate), and through vocational training and academic institutions catering specifically to the ultra-Orthodox sector

- (3) **Employment:** The establishment of job counseling and placement centers and the introduction of other policy tools coordinated by the Ministry of the Economy.

Alongside economic changes and rapid demographic growth, ultra-Orthodox society has also experienced a major upheaval whose causes fall into three categories: first, changes in the community's leadership—the lack of strong and dynamic spiritual leaders alongside the emergence of elected local officials; second, cultural changes, including the proliferation of the Internet, the trend to acquire professional academic training, and a burgeoning consumer culture; and third, global and local economic developments that exacerbate the sector's economic disadvantages. All these factors have expanded the cracks in the wall of ultra-Orthodox insularity.

In Israel, these changes have generated an increasing group of what can be called “ultra-Orthodox integrationists”—ultra-Orthodox men and women who choose to train for a useful occupation and find their place in the Israeli labor market. The numbers speak for themselves: military conscription and volunteering by the ultra-Orthodox have grown fivefold in the span of only a few years, and the number of post-secondary ultra-Orthodox students has quadrupled during the same period (from only 2,000 in 2005 to some 9,100 in 2015).¹ This is a significant change, which is gaining mainstream consensus with the silent consent of the leadership.

In 2010, a government resolution set numerical employment objectives for the year 2020 for specific sectors of the population, including the ultra-Orthodox.² These objectives, which guide the activities of government ministries regarding ultra-Orthodox entry into the labor market, set a target

1 These figures pertain only to undergraduate degrees. See the Central Bureau of Statistics' press release on higher education in 2014–2015: “Higher Education in Israel: Selected Data to Mark the Start of the 2014–2015 Academic Year,” CBS website, retrieved October 14, 2015.

2 Government Resolution 1994, July 15, 2010.

employment rate of 63% for both ultra-Orthodox men and ultra-Orthodox women aged 25 to 64—an ambitious goal, which for the first time created a clear reference point for the government and its partners in the third sector and private sector. On the other hand, the objectives suffered from several drawbacks and inaccuracies. There were two reasons for this: (1) the lack of a reliable statistical basis for defining Israel's ultra-Orthodox population and measuring the target employment rates for this heterogeneous sector, with its indistinct social boundaries; (2) the exclusive focus on entering employment, without taking into account indicators such as appropriate wage levels, occupational diversity, and the development of educational programs for outstanding ultra-Orthodox candidates.

Indeed, in 2015 a change took place in Israel. For the first time in decades, the employment rate of ultra-Orthodox men reached 50%. The significance of this is that ultra-Orthodox society is undergoing a shift from a “society of learners” to a “society of workers and learners.” Among ultra-Orthodox women, the rate of employment reached 73% in 2015. Nonetheless, the integration of the ultra-Orthodox into the labor market remains a complex process that faces many challenges. Some of these challenges are faced by ultra-Orthodox individuals, who must leave the sheltered environment of their yeshiva or seminary and join the track taken by other Israelis by means of military service (for men), acquisition of occupational skills, and finding employment. This requires adapting to a different social environment, closing achievement gaps, obtaining occupational qualifications in a field for which there is demand, and actually finding a job. Policymakers face other challenges, notably coping with the obstacles involved in the training, placement, and labor productivity of the ultra-Orthodox men and women who enter the job market. It seems that despite the efforts and accumulated experience of recent years, the government has yet to fully overcome these challenges. In this context, it's important to note the unique nature of the barriers affecting demand for ultra-Orthodox workers among employers (see the discussion below). These barriers seriously impede the process of ultra-Orthodox entry into the labor market and diminish its effectiveness.

Thus, there seems to be a need for detailed central planning, from a macroeconomic and social perspective, of an overall policy to bring the

ultra-Orthodox into the job market, based on collaboration and pooling of resources by three main forces: government ministries, the business sector, and the third sector. Although initial work of this sort was undertaken by Hagai Levin of the National Economic Council in 2009 (Levin, 2009), a re-examination of this issue is urgently needed.

To this end, this policy paper offers a master plan for integrating the ultra-Orthodox into the labor market, as well as a correlating comprehensive program that addresses the challenges mentioned above. The document paints an overall picture of current policy, with its achievements and drawbacks, and proposes a set of policy measures and solutions to the national problem of employment for the ultra-Orthodox sector. We should emphasize that even though the issue of ultra-Orthodox penetration of the labor market is tied to other domains of Israeli government activity, this document does not make recommendations regarding the inclusion of a core curriculum in ultra-Orthodox education or military service by ultra-Orthodox men, which will be addressed in a separate study. The master plan presented here focuses exclusively on an innovative employment policy for the ultra-Orthodox sector.

We recommend that in the coming decade, employment policy for the ultra-Orthodox sector broaden its focus from an emphasis simply on entrance into the job market to include an emphasis on particular employment sectors and employment quality, while preserving the numerical objectives. Ultra-Orthodox men and women do not need to move from welfare allowances that perpetuate poverty to low-paying jobs that leave them in poverty; rather, holding down a job must guarantee them the possibility of a decent living and a comfortable life. An approach that emphasizes well-paid employment will benefit the Israeli economy and Israeli society in general, both by increasing GDP and consumption and by expanding the tax base.

This document has four chapters. The first maps the programs and resources in the field of ultra-Orthodox employment which are currently operated by the Israeli government and its partners in the third sector and private sector. The second chapter proposes a quantitative and qualitative update of the employment objectives for 2025. The third chapter surveys the main employment barriers that stand in the way of achieving these objectives, with an emphasis on productivity and compensation; while the fourth chapter

proposes various ways to overcome these barriers in order to achieve the proposed objectives.

This report represents the fruits of labor of the research team in the Israel Democracy Institute's Program on the Ultra-Orthodox in Israel, in cooperation with the National Economic Council of the Prime Minister's Office, under the leadership of IDI's Doron Cohen, former director-general of the Ministry of Finance, and Prof. Eugene Kandel, chairman of the National Economic Council. Mr. Asaf Malchi was also a member of the research team. The researchers worked for over a year on a report that provides an up-to-date professional look at the issue of ultra-Orthodox employment. The group conducted roundtable meetings with representatives of the Ministry of Finance, the Ministry of the Economy, the Ministry of Education, the Prime Minister's Office, the Council for Higher Education, and the Bank of Israel. These sessions contributed greatly to the working group's ability to understand the issue thoroughly, devise multiyear objectives, and analyze tools that the government can use to attain these objectives. We would like to thank the regular members of these roundtable discussions: Dr. Haggay Etkes, Mr. Yoel Ben-Or, Ms. Shira Berliner-Poleg, Mr. Asaf Geva, Mr. Oren Cohen, Mr. Ravid Omessi, Ms. Michal Tzuk, Mr. Ran Ridnick, and Mr. Meir Shimoni.

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Chapter 1

Government Programs to Promote Employment in the Ultra-Orthodox Sector

1.1 Introduction

The transformation of Israel's ultra-Orthodox community into a "society of learners" reached its peak in the last two decades of the 20th century, when most of its adult men became Torah scholars who did not hold gainful employment. Many households in this sector depended on government allowances, on donations and charity from the community in Israel and abroad, and on the limited earnings of ultra-Orthodox women (Ben-David, 2010; Berman, 2000). In view of the sector's rapid demographic growth and increased political power, researchers concluded that reliance on state support by such a large group, which did not take an active part in the labor force or perform military and national service, would eventually lead to an economic and social crisis (Dahan, 1998; Flug and Kasir, 2001; Levitan, 2003; Gottlieb and Kasir, 2004; Berman and Klinov, 1997). Economic calculations reveal that the low employment rate of ultra-Orthodox men costs the Israeli economy some NIS 8.25 billion a year (Malach, 2012).

Calls for change came from within the ultra-Orthodox sector as well. The increased diversity of ultra-Orthodox society and its reduced income from transfer payments and charitable contributions from abroad generated many internal initiatives to create programs for advanced education and employment for ultra-Orthodox men who could not or did not want to continue full-time Torah study (Lupo, 2003; Cohen, 2005; Brown, 2011).

Over time, government policymakers also became increasingly aware of the need for a change in policy towards Israel's ultra-Orthodox community.

In the late 1990s, and more intensely during the following decade, various tracks designed specifically for the ultra-Orthodox were created in the Israel Defense Forces (IDF), in higher education, and in employment. In addition, the state increased demand for ultra-Orthodox workers (especially women) by subsidizing salaries for jobs in special employment zones. The state also tried to incentivize the ultra-Orthodox to go out to work by reducing transfer payments, with the most severe cut made to child allowances.

A thorough survey of current government policies related to ultra-Orthodox employment, as well as an understanding of the tools and means of assistance that support these policies, is necessary for devising a new and comprehensive program. In the following analysis, we will examine the areas in which there have been changes in ultra-Orthodox employment policy, with regard to both content and numbers. This review will focus on jobs, but will also include four relevant areas that influence employment in the long and short term:

- (1) Military and civilian service
- (2) College and university studies
- (3) Elementary and secondary education
- (4) Support payments and allowances

In each of these areas, we will review the policies that were in effect for many years and the changes made to them, especially in recent years, with regard to the following:

- a. The social norms and policy that generally became entrenched in the 1980s and 1990s.
- b. Government decisions, legislation, and High Court rulings that changed the situation.
- c. Structural changes and programs initiated since the late 1990s (including outcomes and achievements).
- d. Problems and challenges that confront policymakers today.
- e. Programs implemented in 2013–2014 by the 33rd government of Israel (the third Netanyahu government), the 19th Knesset, and other policymakers.

At the end of each section, a shaded box presents the changes that were part of the coalition agreements signed by the Likud and the ultra-Orthodox parties following the elections to the 20th Knesset in 2015.

1.2 Vocational Training and Employment

1.2.1 Background

The norm of prolonged study in yeshiva (religious seminary for young men) and kollel (religious seminary for married men) drastically altered the structure of ultra-Orthodox society in Israel. In 1979, 40% of ultra-Orthodox men in their prime working years were enrolled in yeshiva or kollel; by 1996, the figure had risen to 60%. Among ultra-Orthodox women, the stay-at-home rate of women of prime employment age remained stable over many years (about 60% of women aged 35–54, in 1979–2000). This significantly increased the gap between ultra-Orthodox women and other Jewish women, as the non-employment rate of non-Haredi women plummeted from 50% to 20% in the same period (Ben-David, 2010).

The religious and cultural worldview of the Haredi community encourages ultra-Orthodox men to continue in Torah studies indefinitely. Furthermore, the military deferments granted to young men and the inadequate education in ultra-Orthodox schools (which lacks core subjects such as English and mathematics) erected a barrier that made it impossible for Haredi men to enter the labor market. While ultra-Orthodox women did receive an education that could lead to employment, this training channeled them into jobs within the community, mainly as teachers (Levin, 2009).

1.2.2 Government Decisions

Several government decisions taken between 2003 and 2011 were intended to lower the barriers to ultra-Orthodox entry into the job market. These decisions fell into two categories:

Decisions Related to Military Service

The first category of government decisions lowered the hurdle of compulsory military service for men:

- a. **The 2003 economic plan:** The economic plan of 2003 broke the longstanding link between military deferments and exclusion from the labor force for the first time. From this point onwards, yeshiva students over the age of 23 were allowed to hold jobs during the hours they were not in the study hall.³
- b. **The 2011 decision on military exemption age:** In 2011, the Israeli government lowered the age of military exemption for ultra-Orthodox men to 28. This immediately enabled more than 11,000 kollel students to enter the labor market.⁴
- c. **The “Conscription Law” of 2014:** The Defense Service Law (Amendment 19) 5774-2013, which was passed in 2014, mandated compulsory conscription of most ultra-Orthodox men at age 21, starting in 2017. It also granted an immediate exemption from military service to ultra-Orthodox men who were aged 22–28 at the time of the law’s enactment, freeing over 20,000 Haredi men from having to serve. This legislation may encourage some of them to seek employment. The age of permanent exemption from service for ultra-Orthodox men was set at 24 and mechanisms were instituted to encourage military service and employment at a younger age. These included the possibility of acquiring higher education and occupational qualifications in tandem with yeshiva studies.

Decisions that Enhanced the Appeal of Employment

The second category of government decisions made the transition from welfare to employment more attractive. Several of these measures were specifically intended to encourage the ultra-Orthodox to enter the job market.

- a. **Income supplements (“negative income tax”):** The Income Supplements Law, which provides a cash refund to low-wage earners, is designed to increase the labor-force participation rate and “on-the-

3 Economic Recovery Law 5763-2003, §100.

4 Government Resolution 2698, January 9, 2011.

books” employment, including in the ultra-Orthodox sector.⁵ The law, which was first introduced in 2008 and fully implemented throughout the country in 2012, provides a larger grant to families with three or more children. The share of ultra-Orthodox Jews who take advantage of this benefit is very high, and in 2013 stood at 70% of all eligible ultra-Orthodox families.

- b. **Daycare centers for children of working mothers:** The State of Israel has operated subsidized daycare centers for children of working women for many years. In 2009, it increased its grants for the establishment and support of such facilities greatly,⁶ and between 2006 and 2011, this budget line increased by 161%, from NIS 407 million to NIS 1.04 billion a year (Almagor-Lotan and Schwartz, 2012). Subsidized day care helps ultra-Orthodox and Arab women in particular, because it is based on a per-capita income metric.⁷
- c. **Employment track for the ultra-Orthodox:** In 2004, the government approved the establishment of Haredi employment zones for women in Modi’in Illit. The project’s success spawned government support for employment zones in three other ultra-Orthodox localities: Beitar Illit, El’ad, and Immanuel.⁸ A total of 2,011 Haredim were working in these zones in 2005–2007, almost all of whom were women (Tamir *et al.*, 2010; Deutsch and Malchi, 2012). Over the years, this government support expanded and was extended to any employer who hired a new group of ultra-Orthodox workers in specific fields, no matter where the business was located. This support by the Ministry of the Economy is known as “the Employment Track,” and is an important government mechanism for encouraging demand for ultra-Orthodox workers.

5 Law to Increase the Labor-Force Participation Rate and Reduce Social Disparities 5768-2007.

6 Government Resolution 602, July 19, 2009.

7 For the purposes of subsidies for government-certified daycare, the state considers kollel students to be employed. This increases the subsidies granted to working ultra-Orthodox women.

8 Government Resolution 3716, June 9, 2005.

In addition to the above decisions, and as part of an overall employment policy for vulnerable populations, in 2010 the government set an employment objective of 63% for the ultra-Orthodox sector for the year 2020, for both men and women.⁹ The employment objectives for men are based on research on employment rates for ultra-Orthodox men in London conducted by Hagai Levin (Levin, 2009).

1.2.3 Government Programs and Other Policy Tools

- a. **Occupational Training in Seminaries for Women:** Since the 1960s, a majority of the graduates of the Beit Yaakov high schools for ultra-Orthodox girls have continued their studies in teacher-training seminaries. The rapid growth of the ultra-Orthodox educational networks ensured them jobs. Since the 1980s, however, the education market has been saturated.¹⁰ In response, the seminaries introduced new vocational tracks in a variety of fields, including computing, bookkeeping, graphic design, multimedia, marketing, and tax consulting. These subjects are studied in addition to the curriculum in education, and students receive both professional certification and a teacher's certificate upon completion of the program.

In 2005, a new program designed to train engineers (the Chen program) began in ultra-Orthodox seminaries for women, as an alternative to teacher-training. This program is supported by the Ministry of the Economy and the Ministry of Finance, and is run by the Joint Distribution Committee's Tevet Employment Initiative. The young women enrolled in this program, most of whom are single, are not required to take courses in education and participate in a course that leads to certification as an engineer by the Government Institute for Technological and Scientific Education. As of 2013, the program was operating in nine of the 40 seminaries of the Beit Yaakov network. It has a high rate of job placement for its graduates (approximately 73%), and the average salary

9 Government Resolution 1994, July 15, 2010.

10 The share of ultra-Orthodox women aged 35–54 employed in education rose from 41% in 1979 to 60% in 2011 (Regev, 2013).

of graduates who find work in this field exceeds that of their peers who go into teaching (Goldfarb, 2013).

- b. **Vocational Training Centers:** The first vocational training center for ultra-Orthodox men opened in Jerusalem in 1996, as an internal initiative within the sector. This center devoted itself to providing occupational training in secular fields without religious studies. Around the same time, the Ministry of Labor and Social Affairs (and subsequently the Ministry of Industry, Trade, and Employment and the Ministry of the Economy) and the Joint Distribution Committee began providing support to separate vocational training tracks for ultra-Orthodox men.

As part of a policy of promoting employment in sectors that are underrepresented in the labor market, in 2005, the Ministry of Industry and Trade and the Joint Distribution Committee established the Tevet Employment Initiative. Tevet introduced placement programs specifically intended for ultra-Orthodox men. It also launched several vocational training programs, including “Tzofia” for women, “Parnassa Bechavod” (literally: An Honorable Living) for men, and “Bracha B’asakim” (A Blessing in Business), a business entrepreneurship program for both men and women (Ullman, 2012).

In addition to these programs, dozens of vocational training programs for the ultra-Orthodox have been launched in the last decade, some of which are recognized by the Ministry of the Economy. These programs provide training in a wide range of fields, including technology and computing, bookkeeping, investment consulting, counseling and therapy, graphic design, communications, and education. The most notable schools and networks in this domain are the Lomda Institute, Achiya, the YNR Institute, and Prog College. Those enrolled in these programs receive financial support from the state or from the Kemach Foundation for promoting Haredi employment (Malchi and Barel, 2012). In 2008–2015, for example, the Kemach Foundation supported vocational courses for 4,450 ultra-Orthodox students, of whom 75% were men.¹¹

11 The data for the program are updated through March 2015.

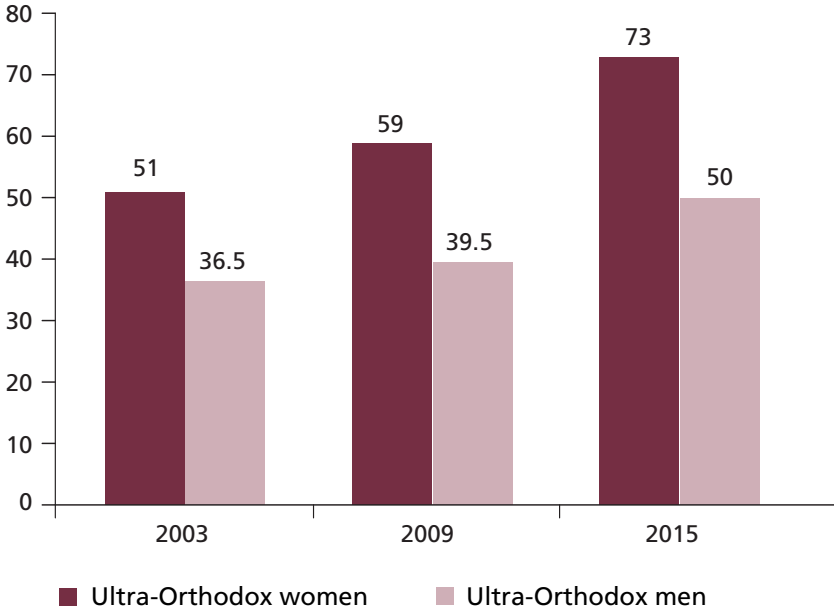
- c. **Counseling and Placement Centers for the Ultra-Orthodox:** In late 2006, Tevet and the Ministry of Industry, Trade, and Employment (now called the Ministry of Economy) established “Mafteach” (an acronym for “Employment Development Centers” in Hebrew), a program that operates counseling and placement centers for jobseekers from the ultra-Orthodox sector. These centers are tailored for an ultra-Orthodox clientele, with strict gender separation, an ultra-Orthodox staff, and content suitable for the sector. By 2013, Mafteach had eight branches in ultra-Orthodox population centers all over the country. Some 8,119 clients passed through these centers between 2007 and 2012, 68% of whom were women (Malach, 2013).

In the wake of the accumulated experience of the Mafteach centers, municipal job counseling centers were opened in Jerusalem and Bnei Brak in 2013 and 2014. Based on the one-stop center model, they provide most of the services and job-counseling tools needed by ultra-Orthodox men and women. The Jerusalem and Bnei Brak job counseling centers go beyond the services provided by the Mafteach centers and provide additional services such as vocational training at the center itself and grants to employers. By mid-2014, some 3,000 Haredi women and men had been clients of these centers, and about 45% of them had found jobs. In addition to Jerusalem and Bnei Brak, Tevet operates eight Mafteach placement and counseling centers in cities with large numbers of ultra-Orthodox Jews, which served over 25,000 Haredim in 2005–2014.

There are also a number of organizations and nonprofit groups engaged in job placement for the ultra-Orthodox sector—notably Manpower Bereshit, Atid KaHalacha, ORS, and Temech.

Since 2003, the many programs and tracks to train ultra-Orthodox men and women and help them find jobs, the increased incentives for them to go out to work, and social changes in the sector have altered employment patterns among the ultra-Orthodox. Between 2003 and 2015, the labor-force participation rate of ultra-Orthodox men aged 25–64 increased by 37%, and the rate for women increased by 43%. Since 2009, the growth in employment has accelerated among both men and women.

Figure 1 Employment of Ultra-Orthodox Men and Women, 2003–2015 (percent)



Source: The Central Bureau of Statistics quarterly report on the attainment of the government employment objectives by years and sectors. The definition of “ultra-Orthodox” is that of the National Economic Council.

1.2.4 Problems and Challenges

An analysis of the barriers to ultra-Orthodox entry into the labor market must distinguish between barriers faced by individuals (both men and women) when they go out to work, and barriers resulting from the manner in which the government addresses the issue of ultra-Orthodox employment. The obstacles faced by individuals will be analyzed separately and at greater length in Chapter 3.

Until recent years, the government's handling of these problems suffered from the lack of a systematic approach. Most of the Haredi employment programs were local initiatives, which received support from Tevet if they proved successful. The Ministry of the Economy, whose mandate includes encouraging employment, never drafted a comprehensive plan for ultra-Orthodox employment. As a result, it evaded necessary decisions about priorities in matters such as training versus placement, academic studies versus vocational training, and the relative merits of encouraging employment of women or of men. All the same, the definition of government employment objectives for the ultra-Orthodox sector (in addition to other sectors) in 2010, and internal changes in the Ministry of the Economy, led the ministry to draft a comprehensive program on the subject, which has been implemented since 2013.

1.2.5 Current Government Programs

The government program to promote ultra-Orthodox employment, spearheaded by the Ministry of the Economy, reformed the structure and scale of assistance to ultra-Orthodox men and women who want to enter the job market. In 2013, the ministry launched a five-year plan for ultra-Orthodox employment, with a budget of NIS 500 million. This plan comprises the following four components:

- a. **Establishment of One-Stop Employment Centers for the Ultra-Orthodox Sector:** The employment centers for Haredi Jews combine counseling, screening, initial training, job placement, and follow-up assistance for jobholders. The assumption is that these centers will significantly increase the number of ultra-Orthodox Jews who seek advice and employment counseling. The first center opened in Bnei Brak in October 2013; the second, in Jerusalem in March 2014.
- b. **Support for Vocational Training Programs:** Since 2013, the Ministry of the Economy has provided ultra-Orthodox men and women with almost full funding for vocational training programs. The funding is provided through vouchers, which hundreds of Haredim use each year. These vouchers cover 85% of the cost of the course for ultra-Orthodox men, and provide them with a job placement grant of NIS 2,000; for

ultra-Orthodox women, the vouchers cover 75% of the course tuition and provide a job placement grant of NIS 1,500.

In addition, the ministry subsidizes the wage costs of on-the-job training for ultra-Orthodox men to the tune of NIS 12,000 for a full training period, as part of a program that also provides a special grant to employers who hire workers at the end of the training period.

- c. **Program for Men Exempted from Military Service:** The “Equal Burden” Law exempted more than 20,000 kollel students aged 22–28 from compulsory service in the IDF. Two companies submitted winning bids to the Ministry of the Economy to establish and run special vocational counseling and job placement centers for this group. The way in which these centers will operate is currently being reviewed by the Minister of the Economy and his ministry.
- d. **Ultra-Orthodox Employment in Hi-Tech:** The Chief Scientist of the Ministry of the Economy promotes the entry of ultra-Orthodox Jews into the hi-tech sector through a program that supports ultra-Orthodox start-ups and an R&D academy for entrepreneurs. In addition, the ministry provides a subsistence grant to ultra-Orthodox men who are enrolled in vocational training courses in technological fields. In 2016, the Ministry is planning to run a program called Talpiot, which will provide comprehensive support for outstanding ultra-Orthodox men and women in hi-tech.

One of the provisions of the 2015 coalition agreements between the Likud and United Torah Judaism and between the Likud and Shas calls for the Ministry of the Economy to set up a unit to encourage Ultra-Orthodox employment. This unit will track, encourage, and promote full-time and well-paying employment for Haredim.

The agreements also stipulated that, since both parties are interested in promoting ultra-Orthodox integration into the employment market, programs in fields other than education, integrated with Jewish studies, will be opened in ultra-Orthodox women’s seminaries, with their directors’ consent.

1.3 Military and Civilian Service

1.3.1 Background

Over the decades, long years of study in yeshiva and kollel became the ultra-Orthodox alternative to military service and gainful employment (Friedman, 1991). Avoiding the draft required that Haredi men declare themselves as “professional Torah learners,” which subsequently deprived them of any legitimate opportunity to gain employment or acquire vocational training.¹² The quota that limited the number of full-time yeshiva students, which prevailed until Agudat Israel joined the Likud-led coalition in the “turnabout” of 1977, was eliminated. The growing number of men who received military deferments became the driving force behind the decrease in the employment rate of ultra-Orthodox men from the late 1980s through the start of the new century. The sector’s rapid demographic increase produced a sharp rise in deferments in each annual cohort. For example, in 1977, 3.1% of all 18-year-old males received a deferment. Two decades later, in 1997, the figure was 8%, and by 2007 it had jumped to 12%.¹³ In absolute terms, the number of deferments increased from 8,260 in 1977 to 55,000 in 2007 (Plesner, 2012).

1.3.2 Government Resolutions, Legislation, and High Court Rulings

After the High Court of Justice struck down the deferment arrangement for yeshiva students in 1998, a public committee (the Tal Commission) was established to devise an appropriate mechanism for the conscription of Haredi men (Knesset, 2000). The Knesset developed the committee’s recommendations into the “Tal Law” (the Deferment of Military Service Law for Yeshiva Students Engaged in Full-time Torah-Study, 5762-2002).

12 The employment rate for ultra-Orthodox men aged 25–64 was 41.5% in 1995; less than a decade later (in 2003), it had fallen to 36.5% (Central Bureau of Statistics, *Labor Force Survey, 1995–2012*).

13 HCJ 3267/97, Rubinstein v. the Minister of Defense; HCJ 6298/07, Resler v. the Knesset et al.

This legislation made it possible for yeshiva students to continue their Torah studies, but also provided a track for civilian national service for the ultra-Orthodox sector (Knesset Foreign Affairs and Defense Committee, 2011).

A challenge to the constitutionality of the Tal Law was submitted to the High Court of Justice, but a panel headed by Chief Justice Barak dismissed the petition in 2006, despite finding that the law discriminated between different groups. The ruling stipulated, however, that the continued implementation of the law would be subject to future review by the court.¹⁴

In January 2011, under pressure from the High Court of Justice, the government set five-year numerical objectives for military and civilian service by ultra-Orthodox men. It offered unmarried yeshiva students or childless kollel students the option of performing military or civilian service as early as age 22, and permitted kollel students to complete just three months of military service when they reached age 26. In the same decision, the government lowered the effective age of full military exemption to 28, thereby immediately releasing some 11,000 ultra-Orthodox men from the threat of conscription.¹⁵

1.3.3 Special Programs for Military and Civilian Service for the Ultra-Orthodox

Netzah Yehuda and Tomer

Even before the Knesset passed the Tal Law, the IDF established Netzah Yehuda, an ultra-Orthodox combat battalion within the Nahal Infantry Brigade, colloquially known as the “Haredi Nahal.” Soldiers in this track enjoy special concessions to their religious requirements (e.g., Talmud classes, an army base with an exclusively male logistics staff, and stricter observance of kashrut), as well as a trial year known as a “mission year,” during which they can complete their studies for a matriculation certificate and prepare for the job market. The number of soldiers in this battalion who are actually Haredi has changed over the years, with many soldiers who

14 HCJ 6427/02, Movement for Quality Government in Israel v. the Knesset.

15 Government Resolution 2698, January 9, 2011.

are “National Haredi” joining its ranks (known as “Hardal” for short, these are the more devout members of the religious Zionist camp). While Netzah Yehuda soldiers are no longer exclusively identified with ultra-Orthodoxy, in recent years the IDF has insisted that at least 70% of the battalion come from an ultra-Orthodox background.

In the first years of Netzah Yehuda, there were only several dozen conscripts each year; since 2009, however, the number has jumped to several hundred. In August 2013, the battalion contained 1,100 soldiers from ultra-Orthodox families.¹⁶ In 2014, a second ultra-Orthodox infantry battalion, Tomer, modeled on Netzah Yehuda, was established as part of the Givati Brigade. In November 2015, there were a total of 1,758 soldiers from ultra-Orthodox families in the Netzah Yehuda and Tomer battalions. In addition, in 2015, a total of 1,310 graduates of ultra-Orthodox schools were serving in regular units throughout the Israel Defense Forces. Netzah Yehuda has clearly helped its veterans find jobs: 91% of those who have completed their service in this track are currently working or studying in pre-employment programs (Zatkovetsky and Gal, 2012).

The Shahar (Ultra-Orthodox Service) Program

Since 2007, the IDF has run a program to enlist young ultra-Orthodox men, most of whom are married with children, into programs that combine vocational training and military duties. The program operates in the Air Force, Navy, Intelligence Corps, Home Front Command, and other branches of the military. The soldiers have conditions of service that accommodate their religious needs and receive family allowances based on the number of children they have. When they complete their service, which is 24 months in duration, they are equipped to enter the job market, having acquired a skill that is in demand and gained the necessary experience. The employment rate of men who have completed the Shahar tracks is 90%—very high compared to the employment rate for the ultra-Orthodox sector as a whole.

16 These figures were provided by Major Amir Vaknin, head of the ultra-Orthodox service division of the IDF, and were updated as of November 2015. He was also the source of the other data about Haredi military service in this paragraph.

The number of soldiers in the different branches of the Shahar program has been growing rapidly since the establishment of the program. In November 2015, there were 1,779 ultra-Orthodox soldiers serving in this framework. Despite the lack of certainty that has existed at times regarding the future of the ultra-Orthodox conscription law, the number of Haredi soldiers in the Shahar program has continued to rise, although not at a high rate.

The employment rates for graduates of the Shahar program, as for graduates of Netzah Yehuda, is approximately 90% (Zatkovetsky and Gal, 2012). This track has also made a clear contribution to the integration of ultra-Orthodox employees into better paying jobs, as the average monthly salary for veterans of the Shahar program is NIS 6,250 per month (Malchi, 2013). In 2014, there were 2,100 ultra-Orthodox soldiers in all the special tracks devised for them in the Israeli military, an increase of only 5% from the previous year. This slight drop in the programs' growth rate stemmed from the tension between the community and the authorities as a result of the new conscription law. In 2015, there was a renewed increase in the number of ultra-Orthodox men who signed up for the military. As of November 2015, there were 5,000 ultra-Orthodox men serving in the IDF (see Figure 2).

Civilian Service

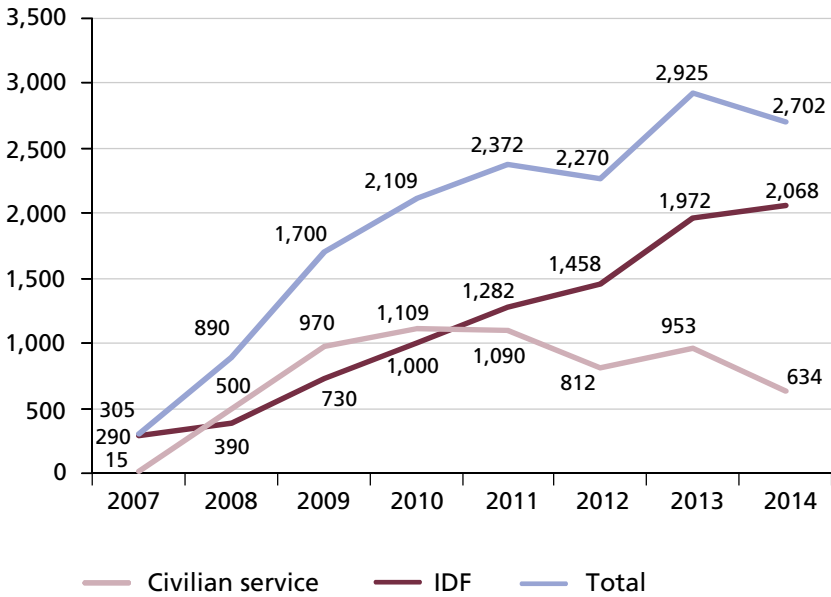
In the wake of the deliberations of the Committee to Establish a National-Civilian Service Administration in Israel (the "Ivri Committee"), which considered ways to promote civilian service (National Security Council, 2003), a special administration to oversee civilian service was established in 2007.

The civilian-service track for ultra-Orthodox Jews involves one year of full-time service (or two years of half-time service), and usually involves work within the community, in welfare, healthcare, rescue services, and similar services. It is intended for kollel students over age 22 who are married with children. Most of the men who complete this track then go out to work (48%) or enroll in advanced studies (14%), but at much lower rates than ultra-Orthodox men who have served in the army. The civilian service program for the ultra-Orthodox does not include vocational training; their service in the community makes it difficult for them to acquire skills needed for the general

employment market. As a result, the average starting salary of those who complete the civilian service track is only NIS 4,300 a month (Malchi, 2011).

From 2010 on, there was a period of stability in the number of participants followed by a slight decrease, which was a result of the fact that civilian service became a less attractive option when the new conscription law raised the amount of time required from one year to a year and a half. In 2014, only 634 ultra-Orthodox men performed civilian service.¹⁷

Figure 2 Number of Ultra-Orthodox Men Entering Military and Civilian Service Each Year, 2007–2014



Source: Knesset Foreign Affairs and Defense Committee, 2011; State Comptroller, 2012; The data for 2012–2014 were provided by the administrators of the various programs.

17 In 2015, there was an increase in the number of ultra-Orthodox men who applied for civilian service: in the ten-month period from January–October 2015, some 716 ultra-Orthodox men joined this service. This information was provided by the public relations coordinator of the National-Civilian Service Authority, and was updated as of November 2015.

In 2014, approximately 27% of the young men who completed the ultra-Orthodox educational system that year (not all of whom were ultra-Orthodox) opted for military or civilian service.¹⁸ Of those who chose to serve, 78% chose military rather than civilian service, because of the vocational training it provides for the labor market and because it is seen as a more significant contribution to society. The differences between the options is clearly reflected in the employment rates of those who complete the two tracks: the employment rate of those who complete the Shahar and Netzah Yehuda military programs is 90%, while the employment rate of those who complete civilian service is approximately 50% (Gal, 2012).

Pre-Military Tracks

In 2009, at the initiative of the IDF and in cooperation with ultra-Orthodox social entrepreneurs and the Ministry of the Economy, a number of programs were established for high-school age ultra-Orthodox youth who are not suited to yeshiva studies. These programs are intended to prepare their graduates for meaningful military service while safeguarding their religious observance. The teenagers who enroll in these programs are not allowed to subsequently defer their military service under the “professional Torah learners” arrangement. The most important of these programs are as follows:

- a. **Keren Yisrael for high school dropouts (formerly known as Shoher Tov):** This program, a collaboration between the IDF and two technological school networks (Amal and ORT), is intended for ultra-Orthodox youth who dropped out of their yeshiva frameworks. The students, aged 14–18, combine religious studies with vocational and technological courses, and then serve in regular IDF units. In 2015, some 856 boys in grades 9–12 were enrolled in Keren Yisrael.

18 This figure relates to those who satisfy the definition of the Defense Service Law (Amendment 19), 5774-2014. Some of those who are conscripted do not maintain an ultra-Orthodox lifestyle.

- b. **College deferments and the ultra-Orthodox student reserve:** In recent years, ultra-Orthodox youth have been offered the opportunity to enroll in college or university and receive an academic degree before doing their military service. Most of those who choose this track attend ultra-Orthodox academic institutions, such as the Haredi College of Jerusalem and the Bnei Brak College. In 2013, about 300 young Haredi men were enrolled in this program. Another program, an ultra-Orthodox student reserve, is run by the Jerusalem College of Technology (Lev Academic Center). Intended for Haredim who defer their service for at least two years, it had 40 young men enrolled in 2013.
- c. **Ultra-Orthodox pre-military academies:** Two pre-military academies for the ultra-Orthodox were opened in 2012–13, one of them in the Jordan Valley (Hararei Zion) and the other in Mevaseret Zion, near Jerusalem. Their students engage in religious studies as well as preparation for military service, which they begin after their year of studies. A total of 50 young men are attending these institutions.
- d. **Derech Haim (ultra-Orthodox hesder yeshiva):** In 2013, two programs for the ultra-Orthodox were launched in a format similar to that of the hesder yeshivas for the National Religious sector. These programs are made up of yeshiva studies, a shortened period of active military service, and a return to the yeshiva. One of these programs is at the Lev Academic Center in Jerusalem, and the other is in the Golan Heights. In 2015, about a total of some 100 students studied in these two frameworks.

Table 1 Summary: Military and Civilian Service Tracks for the Ultra-Orthodox

	Year Established	Target Age Group	Participants in 2015
High-School Age			
Technological high schools	2009	14–18	856
Conscription Age			
IDF: Netzah Yehuda battalion (Haredi Nahal)	1999	18–21	1,620
IDF: Tomer company	2014	18–21	138
IDF: Regular units			1,310
Ultra-Orthodox pre-military academies	2012	18–20	50
College deferments and academic reserve	2007	18–22	340
Ultra-Orthodox hesder yeshivas	2013	18–23	100
Adults			
Civilian service	2007	21–28	1,317
IDF: Shazar program	2007	22–28	1,779
Total ultra-Orthodox men in all tracks			7,510

1.3.4 Problems and Challenges

In February 2012, the High Court of Justice ruled that the implementation of the Tal Law had failed and that it would not be renewed when it expired in August. Among the “genetic flaws” it cited were the absence of any element of compulsory service for ultra-Orthodox Jews and the advanced age of those who would perform service. The High Court also noted aspects of the law and its regulations that had not succeeded or that had inherent problems, such as the decision year, the duration of civilian service, and the option for an extremely truncated period of service at an older age.¹⁹

19 HCJ 6298/07, Resler v. the Knesset et al.

In an attempt to draft an alternative law, the Knesset coalition established the Committee to Advance Equality in Sharing the Burden, chaired by MK Yohanan Plesner of Kadima, and containing representatives of the coalition and the public at large. The committee was disbanded when it failed to reach an agreement, and its final report was submitted by MK Plesner only. After the Kadima party quit the government and the Knesset elections were moved up, the problem of ultra-Orthodox conscription was left in the lap of the 19th Knesset.

1.3.5 Current Government Programs

In 2013, a ministerial committee chaired by Yaakov Perry drafted the Equal Burden Law. This law, which was approved by the government, by an ad hoc Knesset committee (the Shaked committee), and by the Knesset plenum, is in fact an amendment to the Defense Service Law (Amendment 19, 5774-2014). It stipulated that yeshiva students may defer their compulsory service until age 21, after which they will be conscripted for military or civilian service. Those who resist conscription will be subject to certain penalties (“criminal sanctions”). A quota of 1,800 students each year will be allowed to continue their Torah studies through age 26, after which they will receive a permanent exemption from military service.

The law stipulated a number of transitional provisions: ultra-Orthodox men who were aged 22 to 28 when the law took effect received an immediate exemption from the army, while those aged 18 to 22 would receive an exemption when they reached age 24. Full implementation of the law thus will apply only to those aged 18 or under and will begin in July 2017, and then only if the conscription objectives are not reached during the transition period. The law also calls for the government to raise the annual objectives for military and civilian service during the transition period. Positive and negative incentives to achieve these objectives are also to be set by the government. The law permits a large number of ultra-Orthodox men to receive an immediate exemption from military service and to acquire the skills and tools needed to enter the job market. According to forecasts, as many as 24,000 Haredi men could receive exemptions through 2017, some of whom may enter the labor market.

According to the coalition agreements between the Likud and United Torah Judaism and between the Likud and Shas in 2015, the Minister of Defense is to define annual objectives for ultra-Orthodox conscription, but the criminal sanctions to be imposed on those who do not serve will be abolished. The implication of this is that ultra-Orthodox men who are registered as yeshiva or kollel students will not be required to perform military service. In November 2015, the Knesset passed these changes into law.

1.4 College and University Studies

1.4.1 Background

One of the main elements that defined ultra-Orthodoxy in Eastern Europe in the 19th century was its sweeping resistance to the Jewish Enlightenment movement (Lupo, 2003; Friedman, 2006), and thus, for many years it seemed unlikely that members of the Haredi community would attend institutions of higher education (Domb, 2004). Yet despite this norm, ultra-Orthodox groups established two academic institutions in the 1960s: the Michlalah Jerusalem College for Women in 1964, and the Jerusalem College of Technology (JCT, now the Lev Academic Center or LAC) in 1969. In the former, the proportion of ultra-Orthodox young women in the student body over the years has been approximately 50% (Cooperman, 2000), although most of them were not pursuing an academic degree. In contrast, JCT did not attract ultra-Orthodox men because of widespread opposition to the institution and their lack of a suitable background for technological studies. The gender separation maintained in these institutions was later adopted by all of the academic programs specifically intended for the ultra-Orthodox.

1.4.2 Decisions by the Council for Higher Education to Promote Academic Studies for the Ultra-Orthodox

Responding favorably to requests by ultra-Orthodox groups that wanted to establish academic tracks for their sector, in 1999 Israel's Council for Higher

Education approved the establishment of two ultra-Orthodox campuses: the Haredi College of Jerusalem, and the Bnei Brak College. Initially, the academic programs and instruction on these campuses were under the auspices of recognized institutions (JCT/LAC and Bar-Ilan University), while responsibility for recruiting students and operating the campuses was given to the ultra-Orthodox groups that ran them. In 2003, the Council for Higher Education switched to a model in which the ultra-Orthodox campuses could collaborate with a different academic institution for each course of study. At the same time, the Council approved segregated programs for ultra-Orthodox students at institutions that do not receive state funding. The most prominent of these is the Haredi Campus at the Ono Academic College, which has become very popular for law and business administration studies (Malach and Cohen, 2011).

1.4.3 College-Level Programs Specifically for the Ultra-Orthodox

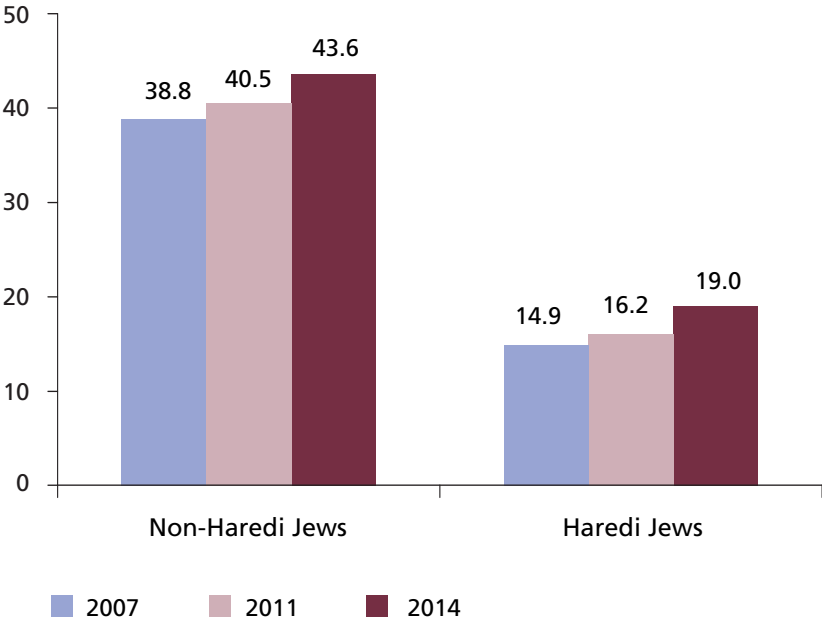
The first successful academic tracks for the ultra-Orthodox were based on existing programs for vocational training, such as JCT and the Haredi Center for Vocational Training in Bnei Brak. A decade later, college-level studies had spread in the ultra-Orthodox sector and more diverse options were available: programs under the auspices of several academic institutions (the Haredi College of Jerusalem and the Bnei Brak College); programs under the auspices of a specific academic institution (the Lustig Campus for women and the Naveh Campus for men, both affiliated with JCT/LAC); private institutions that do not receive state funding (Ono Academic College and Lander College); and independent academic institutions (the Open University). Most of the male students receive stipends from private foundations (which do enjoy government support), such as Kemach and Toronto Friendship.

The programs for ultra-Orthodox students have burgeoned in recent years, with their enrollment rising from 1,150 in 2002/3 to 9,100 in 2014/15.²⁰

20 Central Bureau of Statistics, "Higher Education in Israel: Selected Data to Mark the Start of the 2014–2015 Academic Year," CBS website, retrieved October 14, 2015.

Even though the share of college and university students and academic degree holders is much lower among the ultra-Orthodox than in the rest of the population, there is a significant growth trend in this sector. As can be seen in Figure 3, the proportion of degree holders and students pursuing an academic degree among ultra-Orthodox men and women aged 20+, which was only 14.9% in 2007, had jumped to 19% five years later. In 2013, ultra-Orthodox students could choose between no less than 19 institutions, up from only five in 2003 (Malach, 2014).

Figure 3 College and University Students and Holders of Academic Degrees among Haredi and Non-Haredi Jews in Israel, aged 20+, 2007, 2011, 2014 (percent)



1.4.4 Problems and Challenges

Despite the numerical success, the Planning and Budgeting Committee of the Council for Higher Education has identified certain problems with the existing ultra-Orthodox academic institutions, related mainly to the caliber of their courses. The desire to promote education among the ultra-Orthodox has led to these institutions having lower admission requirements than others and, in some cases, the level of the courses does not meet the standard of the courses in the parent organization. The physical distance from the main campus also affects the caliber of the lecturers and access to libraries, and limits the variety of courses offered. Other problems associated with the new tracks include an influx of students who are not ultra-Orthodox and a focus on occupations that are not currently in demand (Council for Higher Education, 2011). This situation has a negative effect on the job placement of graduates, especially in fields such as law and business administration, in which a large percentage of students currently enrolled are studying, despite the fact that the employment market in these fields is saturated.

1.4.5 Current Programs

In early 2012, the Council for Higher Education approved the Planning and Budgeting Committee's multi-year plan for the ultra-Orthodox sector, which aims to expand access to higher education in the Haredi community and to raise the level and range of the programs specifically intended for that sector. The plan's key mechanism is the establishment of ultra-Orthodox campuses in close proximity to state-funded universities and colleges. These institutions will bear overall and exclusive responsibility for the ultra-Orthodox students.

This multi-year plan envisions modular preparatory programs for varied fields of study. It mandates that a single academic institution be responsible for a program, and compensates institutions based on geographic proximity between the ultra-Orthodox campus and the parent institution, with a preference for fields that are in demand. This preference is also evident in the stipends for male students, which are fully funded by the Planning and Budgeting Committee.

The multi-year plan clearly defines "who is ultra-Orthodox," and bars students from other sectors from enrolling in programs for the ultra-Orthodox

sector. It also sets, for the first time ever, numerical objectives for ultra-Orthodox students in academia; by the 2015/16 academic year, their number is expected to double and reach 14,500 (Council for Higher Education, 2011). During 2013–2015, ten special campuses for academic studies for ultra-Orthodox students were established. These frameworks enhanced the fields of study available to ultra-Orthodox students.

According to the coalition agreement between the Likud and Shas in 2015, the government will increase its support for ultra-Orthodox college and university students by NIS 8 million a year, and encourage the operation of academic institutions in the ultra-Orthodox sector.

1.5 The Ultra-Orthodox School System

1.5.1 The Core Curriculum: Background

The State Education Law 5713-1953 assigned the Agudat Israel school system (also known as the “Independent” system) the status of “recognized and unofficial,” and required its institutions to teach basic subjects (mainly mathematics and English, which are known as the “core curriculum” in Israel). The Shas-affiliated Ma’ayan Hahinuch Hatorani network received the same status in 1991. For many years, “recognized and unofficial” schools received 75% of the funding of “official” schools.²¹ Since 1985, however, the Independent system, and later Ma’ayan Hahinuch Hatorani, have received 100% funding; in return they undertake to teach the full core curriculum (Weissblau, 2012). Other educational institutions, mainly for ultra-Orthodox boys, were designated “exempt institutions.” Until 1977, these institutions received no state support;²² since then, they have received reduced state

21 Until the 1970s, it was only 60% (Samet, 2005).

22 In 2013, 42.5% of ultra-Orthodox boys—the core of the ultra-Orthodox sector—attended such “exempt” institutions.

funding (55%) in return for teaching a limited (55%) core curriculum (Spiegel, 2011). In practice, some schools in the Independent system skimp on the core curriculum, as do most of the exempt institutions, but the Ministry of Education tends to turn a blind eye (State Comptroller, 2004).

1.5.2 Government Decisions and Legislation

In the wake of a petition to the High Court of Justice against the lack of a mandatory core curriculum of basic subjects in Israeli schools, between 2003 and 2007 the government drafted a core curriculum that is required in all schools in the country.²³ Under this arrangement, the Independent and Ma'ayan Hahinuch schools would be required to teach the full core curriculum, other recognized systems would teach 75% of it, and the exempt institutions would teach 50%.

Following a High Court petition against the failure of ultra-Orthodox elementary schools for boys to teach the core curriculum,²⁴ the Knesset passed the Unique Cultural Educational Institutions Act of 2008, which exempts ultra-Orthodox high schools from teaching the core curriculum and allows them to receive 60% of the funding allocated to state schools.

Israel's local authorities are responsible for funding approximately 15% of school budgets. In 2007, the Knesset passed the National Education Law (Amendment 7) 2007 (the "Nahari Law"), which required local authorities to provide 75% funding to "recognized and unofficial" schools. In 2012, this funding was estimated at NIS 100 million.

1.5.3 Government Programs

A High Court petition against the failure to enforce the teaching of the core curriculum by ultra-Orthodox schools forced the Ministry of Education to triple the number of inspectors for the "recognized and unofficial" system, from 13 in 2010 to 42 in 2012.²⁵ Schools that failed to meet ministry

23 HCJ 2751/99, Paritzky et al. v. the Minister of Education and Culture.

24 HCJ 4805/07, Israel Religious Action Center et al. v. the Ministry of Education et al.

25 HCJ 3613/10, Israel Religious Action Center v. the Ministry of Education et al.

requirements were fined NIS 36 million in 2011 and 2012. In contrast, there have yet to be any changes in the neglect of the core subjects by “exempt” institutions and in the government’s deficient supervision of these schools.

1.5.4 Problems and Challenges

- a. **The neglect of core subjects and the failure to compel “exempt” institutions to teach them:** In recent years, there has been an attempt to supervise the level of core-subject instruction in the “recognized and unofficial” institutions, but there is no supervision whatsoever of the “exempt” institutions. Even if such supervision were in place, the amount of core curriculum instruction currently required of these schools—roughly one hour a day—is insufficient to provide students with a comprehensive toolbox for entering the working world later in life.
- b. **The weakening of the state education system:** As a result of the demographic growth of the ultra-Orthodox sector, the state systems have shrunk in recent years. From 2000 to 2012, the student population of the “recognized and unofficial” ultra-Orthodox schools increased from 19% to 26% of the total enrollment in elementary education in Israel. Throughout the world, the state gives priority to public schools; this is not the case in Israel, however, especially when it comes to the ultra-Orthodox school systems. What is more, until recently, supervision of the curriculum of ultra-Orthodox institutions was severely deficient.

1.5.5 Current Government Programs

- a. **Core subjects in elementary schools:** The economic plan for 2013–2014 stipulated that “exempt” institutions must provide 11 weekly hours of instruction in the core subjects; institutions that fail to meet this quota would receive only 30% support (as against 55% today). The Economic Arrangements Law for 2015, however, deferred the implementation of this provision.
- b. **Establishment of a “state ultra-Orthodox” school system:** The Education Ministry has begun setting up a “state ultra-Orthodox” school system, with

full government oversight and a level of funding similar to the current state systems. If the “independent system” chooses not to affiliate with this new state system, its funding would decrease to 75% of the state-affiliated systems (as against 100% today). In December 2013, the Shas Ma’ayan Hahinuch Hatorani system signed a contract with the Finance Ministry, in which it undertook to teach a full core curriculum and to accept full supervision, follow-up, and monitoring by the Education Ministry.

- c. **Repeal of the Nahari Law:** The Economic Arrangements Law for 2013–2014 stipulates that local authorities are entitled but not required to fund institutions of the “recognized and unofficial” stream. According to the transitional provisions, local authorities would be obligated to provide 60% of the previous year’s budget in the 2013–14 school year, but after that, would no longer have to fund these institutions.
- d. **Increasing the number of those eligible for matriculation certificates:** In 2012, only about 100 ultra-Orthodox young men who completed high school were eligible for matriculation certificates. In order to increase this number, the Education Ministry invited bids for a program to prepare up to 500 ultra-Orthodox students a year for the matriculation exams. The courses would be offered outside of schools, in a format similar to programs that prepare students for the psychometric exam or for completing their matriculation requirements, and would be intended for ultra-Orthodox adults as well.

In the coalition agreements between the Likud and United Torah Judaism and between the Likud and Shas in 2015, the ultra-Orthodox parties were promised that the Nahari Law, which requires local authorities to fund the ultra-Orthodox school networks, would be reinstated. In October 2015, the Knesset passed legislation formalizing this change. A more general commitment is specific legislation to ensure the sovereign status of the ultra-Orthodox school system for boys and girls of all ages.

1.6 Allowances and Stipends

The transformation of ultra-Orthodox society into a “society of learners” involved structural, socioeconomic changes which forced it to become dependent on allowances provided by the state and philanthropists and on women going out to work. Since 1977, when the ultra-Orthodox returned to the coalition—and to an even greater extent after the Shas party was formed and included in government coalitions—government support for the ultra-Orthodox sector in general, and for yeshiva and kollel students in particular, has skyrocketed. This section provides an overview of the most important subsidies and of how they have changed between 2013 and 2015. Table 1 in the Appendix at the end of this document shows the changes in the economic value of holding a job for the ultra-Orthodox over time.

1.6.1 Child Allowances: Background

Child allowances, which were introduced in 1959 as a tax deduction for large families, underwent a comprehensive reform in 1975,²⁶ which eliminated the link between the allowances and employment, and significantly increased the size of the allowances. After it took effect, ultra-Orthodox families (like all Israeli families) received an allowance that was almost three times the previous amount.²⁷ The support for large families increased even more: between 1975 and 1990, allowances for families with six children increased by 34%, while those for families with only two children stayed the same. Over the years, this benefit became an important component in the income of ultra-Orthodox families; this situation reached its peak in 2000, following the passage of the National Insurance Law (Amendment 41) (Assistance to Large Families) 5761-2000 (the “Halpert Law”).²⁸

26 Child allowances have been changed many times over the years. In some periods they also included a supplemental allowance for IDF veterans, an income test for the first and second child, and an allowance provided by employers. For a full historical survey of child allowances in Israel, see Mei-Ami, 2008.

27 NIS 1,405 per family after the reform, as against NIS 509 before it (in 2014 prices).

28 This amendment to the National Insurance Law, sponsored by MK Shmuel Halpert of

Since 2002, however, there has been a sharp cutback in allowances, as part of a declared policy to shift from dependence on allowances to productive labor (“from welfare to employment”). This reduction culminated with the approval of the Emergency Economic Program in 2003, which provided that every child born after June 2003 would be entitled to a uniform and reduced allowance, no matter how many children there were in the family. Increased allowances for the second, third, and fourth children were reintroduced in 2009.

1.6.2 The Current Government Program

The Economic Arrangements Law for 2013–2014 eliminated the larger allowances for the second through fourth child. It set the child allowance at NIS 140 for each child, whatever the size of the family. It also cut the allowance for children born before 2003. The table below summarizes the changes in the size of Israel’s child allowances over the years.

Table 2 Child Allowances in Israel for Families with Two and Six Children, 1965–2015 (in NIS, 2015 prices)

	2 Children	6 Children	Allowance for 6 children, as a percentage of the average national wage
1965	100	545	15.8%
1985	392	2,872	55.4%
2005*	294	1,219	14.0%
2015	280	1,068	12.4%

* The computation for 2005 and thereafter relates to a family with four children born before 2003.

Source: National Insurance Institute, *Statistical Monthly* (2015).

United Torah Judaism, stipulated an allowance for the fifth child and subsequent children in a family that was five times the size of the basic allowance.

The coalition agreement between the Likud and the ultra-Orthodox parties in 2015 mandates the restoration of child allowances to the level before the cut in 2013. In the agreement that was concluded between the Minister of the Economy and the ultra-Orthodox parties, which is included in the state budget for 2015–2016, it is stipulated that most of the amount that will be returned to child allowances will be deposited in a monthly savings plan for each child, which will remain closed until the child turns 18.

1.7 The Budget for Yeshivas and Kollels

1.7.1 Background

Between 1980 and 1997, the number of yeshiva students supported by the Ministry of Religious Affairs increased more than fourfold, from 46,000 to 193,000, and the budget for each student more than doubled (Swirski, Konur, and Yechezkel, 1998). In subsequent years, the number of yeshiva and kollel students increased at a more moderate pace, and their support remained more or less constant.²⁹ For example, the support for a kollel student, which was NIS 736 a month in 2002, remained at the same level, adjusted for inflation, in 2010 (NIS 828 a month).

1.7.2 The Current Government Program

The economic plan for 2013–2014 reduced the budget for Torah institutions from NIS 909 million a year in 2012 to NIS 650 million a year in 2013–2014. In addition, the support for National Zionist yeshivas that encourage their students to serve in the military was increased relative to the support granted to

29 According to the data of the Central Bureau of Statistics, the number of yeshiva and kollel students (excluding the hesder yeshivas) increased by 70% between 1998 and 2011 (Central Bureau of Statistics, 2012).

ultra-Orthodox yeshivas. As a result, in 2013 the support for an ultra-Orthodox yeshiva student declined to NIS 240, while support for a married kollel student fell to NIS 432—an almost 50% reduction from the level in 2010.

In accordance with the coalition agreements between the Likud and the ultra-Orthodox parties in 2015, the monthly budget for support of students in institutions of Torah study returned to the rates they were before the cuts. In 2016, this support totals slightly over a billion shekel. The monthly stipend for an unmarried yeshiva student is NIS 450, while the monthly stipend for a married kollel student is NIS 810.

1.8 Guaranteed Income for Kollel Students

1.8.1 Background

In 1982, a law guaranteeing income to kollel families in which neither spouse works came into effect. This was a blatant reversal of the Income Support Law of 1980, which stipulated that only families in which neither spouse was able to hold a job was entitled to a guaranteed income (Zwebner, 2010). Between 1986 and 2010, the number of kollel students entitled to this allowance increased fourfold. Its amount remained fairly stable during the first decade of the twenty-first century, and was NIS 1,040 per month in 2010 (Office of the Prime Minister, 2010).

Following a High Court ruling that the payment of guaranteed income payments to kollel students was discriminatory,³⁰ the Gabbay Committee proposed a series of reforms that were adopted by the government.³¹ They included: (1) setting a ceiling of NIS 127 million on the total annual budget for guaranteed income payments to kollel students; (2) capping the monthly payment to each kollel student at NIS 1,040, even if the number of kollel

30 HCJ 4124/00, Yekutieli v. the Minister of Religious Affairs.

31 Government Resolution 2614, December 19, 2010.

students decreases; (3) limiting the eligibility for such support to four years, except for a select group whose total support would not exceed NIS 20 million, and for kollel students who were over age 29 when the decision was taken.

1.8.2 The Current Government Program

The government's economic plan for 2013–2014 placed additional restrictions on guaranteed income payments to kollel students: (1) the maximum number of years of support would be counted from the date of the first such payment and not from the government decision of 2010, and (2) only kollel students aged 48 or older when the government took that decision would continue to receive their subsidies with no restrictions.³² This decision meant a significant reduction in the number of kollel students eligible for such support. In any case, in May 2014, the High Court of Justice unanimously struck down the constitutionality of these payments and ruled that they would cease in January 2015.³³

The 2015 coalition agreements between the Likud and the ultra-Orthodox parties call for finding a legislative solution that would restore the guaranteed income payments to ultra-Orthodox kollel students. A bill to this effect was passed by the Ministerial Committee for Legislative Affairs in October 2015.

1.9 Other Support Payments and Realization of Earning Capacity

1.9.1 Housing: Background

The Ministry of Housing helps various categories of eligible people purchase or rent an apartment. The following modes of assistance include those whose criteria were devised to fit the needs of the ultra-Orthodox sector.

32 Government Resolution 199, May 13, 2013.

33 HCJ 616/11, the National Union of Israeli Students v. the Government of Israel (published on the HCJ website, verdict handed down on May 25, 2014).

- (1) **“Mechir Lamishtaken”**: In 1994, the government introduced an affordable housing program in which land is sold to contractors whose bid offers the lowest price to buyers.³⁴ The price of apartments sold through this program is 15% to 25% lower than the market price. Between 2001 and 2007, around 21,000 apartments were marketed in this fashion, two-thirds of them to the ultra-Orthodox sector.³⁵ The basic eligibility criterion were non-ownership of an apartment, a certain number of years of marriage, and a certain number of children, which reflected a clear preference for ultra-Orthodox families, in which couples marry young and have many children.
- (2) **Mortgage assistance**: According to the Housing Loans Law 5752-1992, eligible parties can receive a Housing Ministry loan on better terms than are available in the private market. There are three criteria for determining Housing Ministry eligibility: number of children, number of siblings, and years of marriage. Again, these conditions grant an inherent advantage to ultra-Orthodox families. In practice, because interest rates have fallen, the number of people making use of this form of assistance has declined dramatically.³⁶
- (3) **A rent subsidy for a period of up to five years**: This grant comes to between 500 and NIS 1,500 a month for those earning the minimum wage, and to as much as NIS 7,000 a month for a family with two children. The condition for eligibility is realization of the full earning capacity of one member of the family.

1.9.2 The Current Government Program

In July 2013, a government resolution introduced a new eligibility criterion for “Mechir Lamishtaken” and other housing programs: realization of the earning capacity of both spouses.³⁷ Under this decision, full exercise of the

34 Government Resolution 3261, June 5, 1994.

35 See HCJ 2897/07, Israel Religious Action Center v. the Ministry of Housing et al.

36 Between 1999 and 2007, the number of those taking out such a loan fell by 67% (Tikvah, 2008).

37 Government Resolution 547, July 14, 2013.

family's income capacity is mandatory for 70% of the apartments; for the other 30%, which are set aside for the ultra-Orthodox and Arab sectors, satisfaction of this criterion will earn a large number of points.³⁸ A similar number of points will be granted to veterans of military or civilian service, in order to encourage such service by members of the minority sectors.

The use of Housing Ministry loans has continued to fall. In the first quarter of 2013, the number of borrowers was only a third of the figure in the parallel period in 2007. With regard to rental assistance, there has not been any change in the size of the grants and the criteria for receiving them.

1.9.3 Municipal Property Tax Discount: Background

In 1992, as part of the government's attempt to institute countrywide rules for municipal property taxes ("armona"), then-Minister of the Interior Aryeh Deri defined criteria for discounts. One of the most important criteria was per-capita household income. The property-tax discount can be as high as 90%. Indeed, as a result of this policy, in 2007 the collection rate in ultra-Orthodox localities ranged between 17% and 43%, as against 75% in the Jewish sector as a whole.³⁹ This disparity reflects the huge discounts given to residents of ultra-Orthodox localities, which lead to very low collection rates as compared to the original assessment. The low property-tax revenues force ultra-Orthodox localities to depend on balancing grants provided by the central government.

1.9.4 The Current Government Plan

According to a government resolution of May 2013, the property-tax discount based on family income would be contingent on the two spouses combined

38 The required realization of the couple's earning power would increase incrementally in the coming years, to 110% in 2013, 120% in 2014, and 125% from 2015 on.

39 Extracted from the data of a study of property taxes in Israel, conducted by the Knesset Research and Information Center (Agmon, 2009). The ultra-Orthodox localities with a collection rate of 17% are Beitar Illit and Modi'in Illit (cluster 1); those with a 43% collection rate are El'ad, Immanuel, Rechasim, and Bnei Brak.

working the equivalent of 125% full-time employment.⁴⁰ This change was to be implemented gradually over three years. Later, this decision was detached from the Economic Arrangements Law, was never enacted, and was eventually shelved.

1.9.5 Daycare Discount: Background

The daycare centers run by the Ministry of the Economy offer huge discounts to working mothers based on family income. Women in the ultra-Orthodox and Arab sectors are the main beneficiaries of this. The desire to encourage women to go out to work has increased state support for daycare centers. It rose, for example, from NIS 407 million in 2006 to NIS 1.04 billion in 2011. In 2007, the state also began subsidizing the cost of afternoon care in municipal preschools, as a function of family income, in localities in socioeconomic clusters 1 through 4 (the poorest). This is where the overwhelming majority of the ultra-Orthodox population lives (Almagor-Lotan and Schwartz, 2012).

1.9.6 The Current Government Program

The government decided to introduce a gradual transition to realization of the earning capacity of both spouses as a precondition for working women to receive a daycare subsidy.⁴¹ As of the 2014–2015 school year, a father, too, must work at least 10 hours a week in order for his family to enjoy subsidized daycare. The number of hours the father must work will increase gradually and reach parity with the mother by the 2017–2018 school year. However, kollel students who received a government subsidy through the 2012–2013 school year will continue to enjoy a daycare subsidy, with the amount of the subsidy diminishing progressively and reaching zero in the 2017–2018 school year.

40 Government Resolution 150, May 13, 2013.

41 Government Resolution 149, May 13, 2013.

According to the 2015 coalition agreements between the Likud and the ultra-Orthodox parties, the earning-power test for men as a condition for daycare and housing benefits will be abolished. This agreement was approved by a government decision in May 2015.

1.10 Summary

The policy measures intended to promote ultra-Orthodox entry into the labor market can be divided into three historical periods, which are distinguished by the public policy followed in each of them.

- (1) Comprehensive support for the “society of learners.”
- (2) The creation of new frameworks to help the ultra-Orthodox integrate into society and join the workforce.
- (3) Expanded government encouragement of ultra-Orthodox integration and reduction of budgetary support for the ultra-Orthodox “society of learners.”

In the first period, in the 1980s and 1990s, prolonged study in yeshivas and kollels became entrenched as the norm for ultra-Orthodox men. This inevitably led to very low labor-force participation rates. As a result, ultra-Orthodox society required ever-larger government support in order to satisfy its needs. In these years, state budgets for yeshivas and kollels ballooned, as did support for ultra-Orthodox families based on an income criterion.

In the second period, from 2000 to 2010, government frameworks designed specifically for the ultra-Orthodox were established, in order to promote integration into the military, higher education, and employment. The most prominent of these projects were the Netzah Yehuda and Shahar tracks in the IDF, civilian service for the ultra-Orthodox, diverse academic programs specifically for the ultra-Orthodox, programs for vocational training and job placement, and incentives to encourage employers to hire the ultra-Orthodox.

The common denominator of all these initiatives was their treatment of the ultra-Orthodox as a sector requiring tailor-made and separate systems, as well as the introduction of economic incentives for entering these tracks.

The third period, which began in 2012, was marked by expansion and intensification of government involvement in the socioeconomic integration of the ultra-Orthodox, coupled with limits on the ultra-Orthodox “society of learners,” imposed by High Court rulings and government policy. During this period, there was a sharp increase in government budgets for programs designed to attract the ultra-Orthodox to enter the IDF, higher education, and the job market. However, this government involvement was also evident in a policy that mandated military service for most ultra-Orthodox men, establishment of a state ultra-Orthodox school system, and supervision of core curriculum studies in the ultra-Orthodox sector, as well as a steep reduction in the economic support and special benefits given to the “society of learners.” Direct budget allocations to yeshivas and guaranteed income payments to the ultra-Orthodox were reduced, as were indirect means of support such as child allowances. And housing and daycare benefits were made dependent on the parents realizing more fully their earning capacity.

In conclusion: Over the years, public policy led to the establishment of frameworks specifically intended for the ultra-Orthodox. These were aimed at the inclusion of the Haredi community in the IDF (in the case of men), higher education, vocational training, and jobs. Tens of thousands of ultra-Orthodox men and women have passed through these programs in the last decade. One of the salient outcomes of this policy was an upsurge in the ultra-Orthodox employment rate between 2003 and 2015, from 36% to 50% for men and from 51% to 73% for women. Starting in 2012, all three branches of government—executive, legislative, and judicial—pursued new policies to promote integration of the ultra-Orthodox; some of these changes, however, were rolled back by the 34th Government, which took office in 2015. These rapid changes—in public policy, and in the ultra-Orthodox sector’s labor-force participation rate—require the definition of new qualitative and quantitative objectives for this sector, and a comprehensive system-wide view of the expected changes in ultra-Orthodox society.

Table 3 Summary: Tracks and Programs for Ultra-Orthodox Jews

	Government Programs and Other Programs (2000–2012)	Programs of the 33rd Government (2013–2014)	Programs and Future Programs of the 34th Government (2015-)
Military and Civilian Service	<ol style="list-style-type: none"> 1. Netzah Yehuda battalion 2. Shahar track 3. Civilian service 4. High schools for dropouts 5. Prior to military service: academization, deferment of conscription until after college, ultra-Orthodox pre-military academies, ultra-Orthodox hesder yeshiva 	<p>Conscription Law:</p> <ol style="list-style-type: none"> 1. Definition of quantitative objectives for the transition period, through 2017 2. Service for all at age 21, except for "serious students" 	<p>Conscription Law:</p> <ol style="list-style-type: none"> 1. Definition of quantitative objectives with no time limit and elimination of the quota for students 2. Abolition of the criminal sanctions for yeshiva students who refuse to do military service 3. No transition to a permanent arrangement
Academic Education	<p>Special academic tracks for ultra-Orthodox students established under the auspices of universities and colleges</p>	<ol style="list-style-type: none"> 1. Establishment of ultra-Orthodox centers adjacent to and under the auspices of existing academic institutions 2. Stipends for ultra-Orthodox male students as a function of their fields of study 	<p>A new 5-year plan to increase ultra-Orthodox access to higher education</p>

<p>Vocational Training and Employment</p>	<p>Government Programs and Other Programs (2000–2012)</p> <ol style="list-style-type: none"> 1. Training for various occupations in seminars and a training program in engineering 2. Vocational training centers for the ultra-Orthodox 3. Tivet programs for vocational training and Maftach centers for placement of ultra-Orthodox jobseekers 4. Employment zones for the ultra-Orthodox and incentives for their employers 	<p>Programs of the 33rd Government (2013–2014)</p> <ol style="list-style-type: none"> 1. Establishment of one-stop employment centers for the ultra-Orthodox 2. Vouchers for vocational training for men and women 3. A program for those granted an exemption from military service 4. Incentives for employers who hire ultra-Orthodox men 	<p>Programs and Future Programs of the 34th Government (2015–)</p> <p>Establishment of a unit in the Ministry of the Economy to promote full-time and well-paying employment of the ultra-Orthodox</p>
<p>Education</p>	<p>Expansion of enforcement of core curriculum in the Independent system</p>	<ol style="list-style-type: none"> 1. Compulsory basic studies (11 hours a week) as a condition for state funding 2. Establishment of a state ultra-Orthodox school system and reduction of the support to the Independent and Ma'ayan systems 3. Repeal of the Nahari Law that required local authorities to support the Independent and Ma'ayan networks 	<ol style="list-style-type: none"> 1. Enactment of a law enshrining the status of ultra-Orthodox education 2. Reinstatement of the Nahari Law



<p>↑</p>	<p>Allowances and Support Payments</p>	<p>Government Programs and Other Programs (2000–2012)</p> <ol style="list-style-type: none"> 1. A cut of 55% in child allowances 2. Maintaining budget allocations for yeshivas and kollels 3. Setting a ceiling for guaranteed income payments to the ultra-Orthodox (Gabbay Committee) 4. Assistance in purchasing an apartment through the “Mechir Lamishtaken” program 	<p>Programs of the 33rd Government (2013–2014)</p> <ol style="list-style-type: none"> 1. A further cut of 27% in child allowances 2. A 54% cut in the budget allocations to yeshivas and kollels 3. A reduction in the size of guaranteed income payments to the ultra-Orthodox 4. Introduction of full realization of a family’s earning capacity as a criterion for inclusion in the “Mechir Lamishtaken” program. 5. Gradual introduction of full realization of the husband’s earning capacity as a condition for eligibility for subsidized daycare 	<p>Programs and Future Programs of the 34th Government (2015-)</p> <ol style="list-style-type: none"> 1. Reversal of the most recent cut in child allowances 2. Reversal of the cut in the yeshiva budget 3. Restoration of guaranteed income payments to the ultra-Orthodox 4. Elimination of the earning power test for housing subsidies 5. Elimination of the earning power test as a condition for subsidized daycare
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Chapter 2

Ultra-Orthodox Employment Objectives for 2025

2.1 Introduction and Summary of Recommendations

In 2010, the government of Israel adopted a resolution setting employment objectives for the entire population to be achieved by 2020. This resolution focused in particular on the two sectors with lowest employment rates—the ultra-Orthodox and the Arabs—and set the target rate for employment for both ultra-Orthodox women and men at 63%, as opposed to a target rate of 83% among non-Haredi Jews.

The objectives that were set serve three main goals: (1) increasing per capita GDP and raising the standard of living; (2) helping the ultra-Orthodox sector by increasing its income and reducing its dependence on government allowances; (3) reducing the socioeconomic disparities in Israeli society. The importance of increasing the employment rate is linked, in part, to the gap in employment rates between Israel and the OECD countries.⁴² In light of the demographic forecasts presented below, an increase in the employment rate of the ultra-Orthodox population and especially of ultra-Orthodox men is the only way for Israel to maintain a satisfactory growth rate and decent standard of living for all its citizens.

The employment objectives set in the government resolution of 2010 need to be updated, for several reasons:

42 In 2014, the employment rate of Israeli men was 80.3%, as against 81% in the OECD countries. See the data for men aged 25–64 for 2000–2014 on the organization’s website, *OECD.Stat*, “LFS by sex and age: indicators.”

(1) **Recent developments in patterns of ultra-Orthodox employment:**

For example, the employment rate of ultra-Orthodox women was already 73% in 2015, much higher than the objective of 63% set out for 2020. Today, five years after the resolution was passed, it has become necessary to update and extend the objectives for another five-year period, through 2025, while setting interim objectives as well.

(2) **The policy and legislative changes introduced by Israel's 33rd Government and the changes that the current (34th) Government is expected to make:**

- a. The exemption from military service of thousands of ultra-Orthodox men, through an amendment to the Defense Service Law.⁴³
- b. Abolition of the subsistence allowance to kollel students.
- c. The Council for Higher Education's five-year plan to encourage academic studies in the ultra-Orthodox sector.

All these can be expected to influence labor-force participation patterns in the ultra-Orthodox sector.

- (3) **One-dimensional objectives:** The objectives set by the government refer only to employment rates for men and women. However, because ultra-Orthodox workers tend to be employed in low-paying jobs, any attempt to reduce socioeconomic disparities must also take account of the average monthly wage.
- (4) **Definition of "who is a Haredi?":** The current objectives are based on a definition of "ultra-Orthodox" that excludes people who have enrolled in colleges or universities or lengthy vocational training courses. As a result, they clearly need to be revised.
- (5) **Interim objectives:** The definition of interim objectives can set clear and realistic goals along the road to the long-term objective. Such objectives are missing from the government resolution of 2010. Setting

43 The number of men aged 22–28 receiving an exemption from military service could reach 41,000 by 2017.

such objectives would also influence the evaluation and measurement of employment policy in the coming years.

The most important innovation proposed in this document is the focus on increasing the wages, hours worked, and income of ultra-Orthodox households, to bring them in line with those of all Israeli households, in addition to a revision of the employment goals themselves. Increasing the average income of ultra-Orthodox households would have a manifold effect on three levels:

- (1) **The government** would see an increase in tax revenues, because of better-paying employment.
- (2) **Society in general** would enjoy a higher GDP, stronger growth, and a more equitable division of the tax burden.
- (3) **Ultra-Orthodox individuals and households** would have a higher income, greater economic security, and an intergenerational transfer of capital and assets.

Meeting these objectives will have costs both for the individual ultra-Orthodox man or woman and for the government. The costs to the individual are outlays for transportation, childcare, and taxes, as well as the loss of various benefits and discounts. The costs that the government will incur in order to increase ultra-Orthodox wage levels and productivity are related to the high cost of running assistance programs, vocational training for higher-paying fields, and specialized academic institutions, as opposed to providing minimal training followed by immediate job placement.

The wages of ultra-Orthodox graduates of substantial vocational training or academic training programs far exceed those of their peers who lack this background (Regev, 2013).⁴⁴ The large differential in incomes and consequently in tax payments, along with the reduced need for supplemental income grants

44 Eitan Regev found that the difference in wages between ultra-Orthodox men and women with academic degrees and ultra-Orthodox men and women without academic degrees are 80% and 71%, respectively (Regev, 2013). An analysis of the data of the social survey conducted by the Central Bureau of Statistics shows that 69% of the ultra-Orthodox men whose last educational institution was a yeshiva earn an income of less than NIS 6,000 a month, as compared to 51% of ultra-Orthodox men who have had some vocational training.

(negative income tax) for low wage-earners, makes the investment in training for well-paying jobs worthwhile in a cost-benefit analysis, especially over the long term.⁴⁵

As already noted, the last few years have seen major social and demographic changes that require us to draw up new and comprehensive employment objectives for integrating the ultra-Orthodox in the labor market. In order to enable tracking of these markers and any changes in them, we begin by presenting the data and trends that must be considered at every stage of the planning process, in order to devise policy and mechanisms of support that will enable ultra-Orthodox men and women to find their place in the labor force.

2.2 Measurement, Data, and Trends among Working Age Ultra-Orthodox Jews

2.2.1 The Size of Israel's Working Age Ultra-Orthodox Population

The ultra-Orthodox sector has expanded at the rapid rate of 4.1% a year, while all other sectors of the Israeli population, taken together, are growing by only 1.3% a year. As a result, the share of ultra-Orthodox Jews in the working age (20–64) population is expected to rise from 7.3% in 2010 to 11.4% in 2025. Because the ultra-Orthodox community is very young, within 15 years the number of working age ultra-Orthodox men and women will almost double

45 An ultra-Orthodox household in which one member has a job that pays between NIS 5,000 and NIS 6,000 a month receives a supplemental income grant of approximately NIS 6,000 a year, with no time limit. A similar annual investment in vocational training for a well-paying job or a three-year investment in a college or university education will in most cases generate an income level that eliminates the need for the supplemental income grant—not to mention income tax payments of between NIS 7,000 and NIS 35,000 a year, depending on the employee's tax bracket. Calculated for an average of 35 years in the workforce, the gap between the two options is enormous.

(an increase of 85%)— over a quarter of a million people—in contrast to 15% growth of that age group in the rest of the population. This is evident from Table 4 below.

Table 4 Population Forecasts 2010–2025, age 20–64 (thousands)⁴⁶

	2010	2015	2020	2025
Non-Haredi Jews and others	3,087.3 (74.3%)	3,136.1 (71.2%)	3,173.1 (68%)	3,247.9 (65.2%)
Haredi Jews	306.3 (7.4%)	376.8 (8.6%)	460.1 (9.9%)	565.9 (11.4%)
Arabs	761.6 (18.3%)	889.8 (20.2%)	1,029.1 (22.1%)	1,167.7 (23.4%)
Total	4,155.3 (100%)	4,402.7 (100%)	4,662.3 (100%)	4,981.5 (100%)

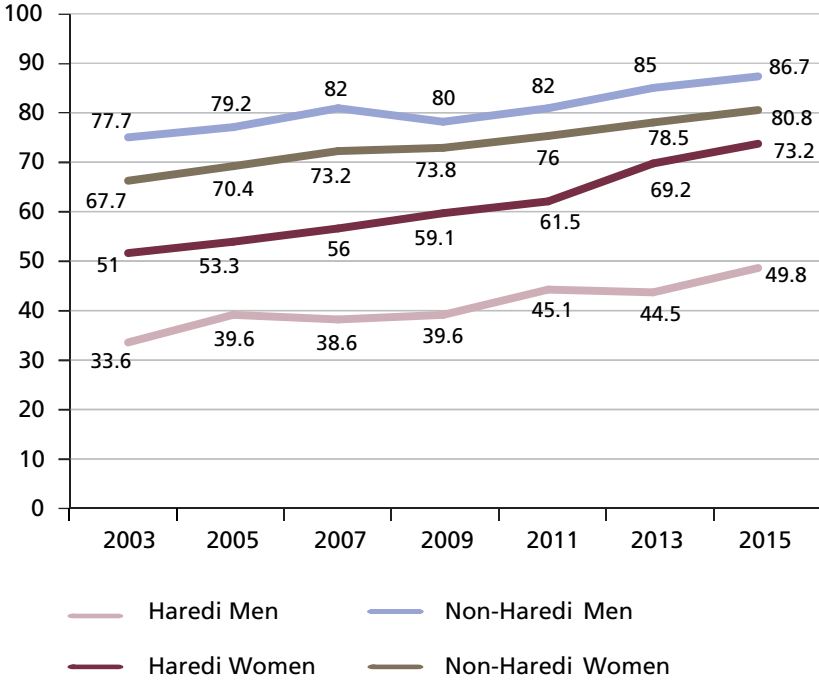
2.2.2 Changes in the Ultra-Orthodox Employment Rate

In 2008, ultra-Orthodox men had a 40% employment rate, while ultra-Orthodox women had a 57% rate. Among the rest of the Jewish population the employment rate was 82% for men and 76% for women.⁴⁷ Since 2003, there has been a consistent rise in the employment rate of ultra-Orthodox women and men. In 2015, the employment rates of ultra-Orthodox men and women were 49.8% and 73.2%, respectively.

46 All the data in this section have been processed from the forecasts of the Central Bureau of Statistics (Paltiel et al., 2011).

47 Bank of Israel, 2012.

Figure 4 Employment Rates of Working-Age Men and Women (25–64), 2003–2015 (by sex and sector; percent)



Source: Israel Democracy Institute processing of data from labor force surveys of the Central Bureau of Statistics, 2003–2015.

2.2.3 Who is Ultra-Orthodox? The Measurement Problem

Planning and measuring the employment rate of the ultra-Orthodox is complex, because there is no clear definition of the target population.⁴⁸ The need for such a definition is evident on three levels:

48 For a comprehensive discussion of the various methods for determining who is ultra-Orthodox, see the special publication by the Central Bureau of Statistics (Friedman et al., 2011).

- (1) **Problem definition:** A reliable estimate of the number of ultra-Orthodox in employment is essential for devising policy tools to increase Haredi labor-force participation.
- (2) **Employment objectives must be set** on the basis of precise data and clear definitions.
- (3) **Devising specific programs and tracks** for the ultra-Orthodox and evaluating their success requires clear criteria for admission.

The government resolution that set employment objectives for the ultra-Orthodox sector was based on an analysis by the National Economic Council of data taken from Central Bureau of Statistics labor force surveys. These data are also used by the Bank of Israel and the Ministry of the Economy, and are the main basis for assessing the current situation and devising future policy (Bank of Israel, 2013).

The labor force surveys conducted by the Central Bureau of Statistics define an ultra-Orthodox man as someone whose last educational institution was a post-secondary yeshiva. This definition, however, also covers many National Religious Jews as well. What is more, it does not count ultra-Orthodox men who are enrolled in other types of institutions of higher education. Consequently, these statistics leave out many ultra-Orthodox men who have entered the labor market in recent years, and the final picture does not correctly reflect the extent to which the ultra-Orthodox have been joining the working world in recent years. It may be assumed that the wages of ultra-Orthodox workers who opt for advanced secular studies exceed those of workers without such education. For this reason, too, the picture offered by the labor-force surveys is distorted.

The problematic nature of the methodology used for measuring ultra-Orthodox employment rates is particularly prominent with regard to men. Ultra-Orthodox women are defined as women whose husband's last educational institution was a post-secondary yeshiva; this leaves out some ultra-Orthodox women whose husbands attended colleges or universities or took vocational courses. But it is far from clear whether there is a difference in the employment rates of ultra-Orthodox women whose husbands are learning in yeshiva and those whose husbands are attending a college or university.

In light of these problems, in December 2014 the Central Bureau of Statistics added a new item to its labor force survey: respondents' religious self-definition. This inclusion is intended to solve most of the problems with the current system. It provides a reliable picture of both the size and the labor-force participation rate of people who see themselves as ultra-Orthodox. The updated government objectives for 2025 must be based on the revised survey and its new definition of "ultra-Orthodox."

The concern that respondents' answers may be biased can be dismissed if, as we propose, the self-identification item is used for statistical purposes only (macro measurement of labor-force participation and standard of living) and no economic benefits are associated with it. With regard to government economic assistance and support programs, which confer clear benefits, we recommend relying on the criterion of the type of secondary-school that the individual attended, or, for categories with lower cost, on broader definitions.

2.3 Employment Objectives for Ultra-Orthodox Men

We now present employment objectives for ultra-Orthodox men for 2025, relating to three areas: employment rate; full-time equivalent (FTE), or weekly hours worked; and hourly wage. The objectives are presented by gender and include interim objectives for 2017 and 2020. As a basis for discussion, we offer possible arguments in favor of these objectives. These arguments relate to ultra-Orthodox sociology, the labor market, and the implications of current policy. Along with these justifications, we also advance an ethical argument, which explains why we believe it is appropriate and necessary to invest in and provide incentives to achieve this particular objective.

2.3.1 An Analysis of the Employment Patterns of Ultra-Orthodox Men

According to a labor-force survey by the Central Bureau of Statistics, the employment rate of ultra-Orthodox men aged 25–64 increased from 40%

in 2008 to 49.8% in 2015. As discussed previously, changes were made to the labor-force survey in 2014, and the survey began to ask respondents to indicate their self-identification on a scale of religiosity. The data provided by the new survey indicate an even higher percentage of working Haredi men than in previous years—52% in 2015. This means that, for the first time in many years, the majority of all ultra-Orthodox men of working age in Israel are gainfully employed. The employment objective recommendations for ultra-Orthodox men in the present document are based on this measurement, and on the steady increase in the labor-force participation rate of ultra-Orthodox men over the last decade.

The emerging trend in the average income of ultra-Orthodox men indicates a widening disparity between their wages and those of other Jewish men.⁴⁹ In 2013–2014, the average income of all ultra-Orthodox men with a job was NIS 8,944 per month, or 72% of the overall average income of Israeli men, which was NIS 12,452 per month at the time. A segmentation by sectors shows a lower presence of ultra-Orthodox men in industry and commercial services (22%, as against 39% for the rest of the Jewish population).⁵⁰ The wages in these sectors are some 15% higher than the national average. These data lead to three main conclusions:

- (1) The employment rate of ultra-Orthodox men has risen consistently in recent years, and is even greater than the level in the official labor-force survey statistics published until recently.
- (2) The hourly wage gap between ultra-Orthodox men and other Jewish men in Israel is slightly higher than the gap in the number of hours that they work per week (17% and 13%, respectively). The employment objectives for ultra-Orthodox men, accordingly, should focus on

49 This gap increased by five percentage points between 2003 and 2011. See Bank of Israel, 2012.

50 This is based on special data processing by the Central Bureau of Statistics that makes it possible to track the implementation of the government decision on ultra-Orthodox employment.

hourly wage no less than they focus on the number of hours worked per week.

- (3) The low concentration of ultra-Orthodox men in industry and commercial services influences the average income of all ultra-Orthodox men.

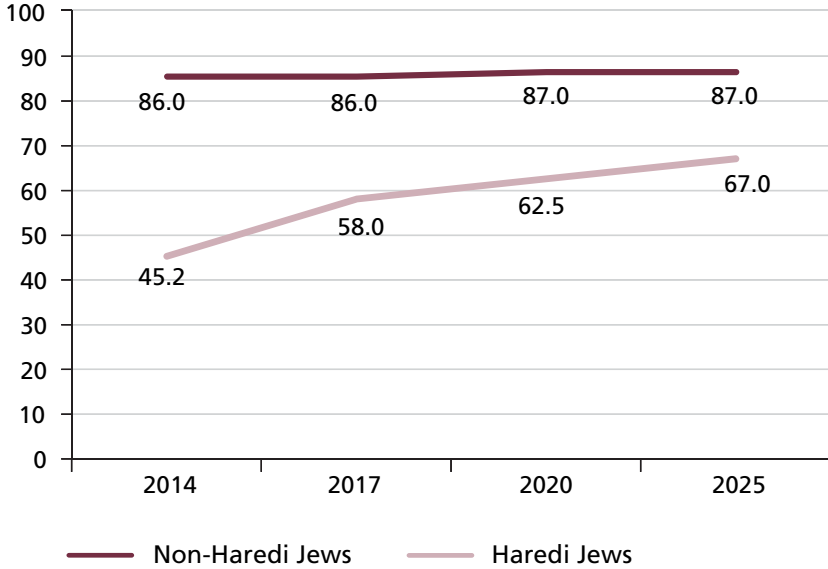
2.3.2 Employment Rates of Ultra-Orthodox Men: Objectives for 2025

According to the proposal outlined here, the employment rate of ultra-Orthodox men will continue to rise until it reaches 67% at the end of 2025. This figure is 15 percentage points less than the projected employment rate for non-Haredi Jewish men, as against a 37 percentage-point differential today. At the start of the period, the employment rate of ultra-Orthodox men should rise at a rapid pace of two percentage points a year; by its end, the annual increase will be only one percentage point.

The numerical implications of the proposed framework are an annual increase in the ultra-Orthodox male workforce of 8,250 between 2014 and 2020, and of 7,100 per year between 2020 and 2025. (For a computation of the number of ultra-Orthodox men and women in the labor force by years and sub-periods, see Tables 2 and 3 in the Appendix to this document.)⁵¹ We also propose defining the range in which the objective will be deemed to have been met as 64% to 70%.

51 Figures of the number of ultra-Orthodox men and women in the workforce by years and a breakdown into different periods can be found in Tables 2 and 3 in the Appendix at the end of this document.

Figure 5 Employment Objectives for Haredi Men, 2014–2025, Compared to Other Jewish Men (percent)



Arguments in Favor of the Proposal

(1) **Sociological considerations:** The labor-force participation rate of ultra-Orthodox men in a heterogeneous ultra-Orthodox town in New York State (with both Hassidim and non-Hassidim) is 17.6% lower than overall male employment rate in that state.⁵² In light of the expected

52 The employment rate for ultra-Orthodox men in Monsey, NY is 57%, or 17.6% less than that the employment rate for the general male population of New York State. In Hassidic towns such as Kiryas Joel, New Square, and Kaser, however, the rate is actually slightly higher than the rate for New York State as a whole (70.8% and 69.2%, respectively). See United States Bureau of the Census, American Fact Finder, Selected Economic Characteristics: 2008–2012, American Community Survey 5-Year Estimates.

changes in the conscription model of the ultra-Orthodox sector in Israel, the ultra-Orthodox community in the United States could serve as a model for its counterpart in Israel. In this model, which can be proposed as an objective for 2025, one-third of the men study Torah full-time and two-thirds work.

- (2) **Trends in the ultra-Orthodox labor market:** Currently, more than one-third of ultra-Orthodox men above age 35 in Israel do not work; the bulk of the changes in the ultra-Orthodox labor market involve younger men. The employment objectives must accordingly take into account the probability that only a limited group of older kollel students will wish to or be able to join the labor force.
- (3) **Current Policy:** (a) Eliminating the obstacle posed by compulsory military service, as stipulated by the Equal Burden Law, would make it possible for large numbers of ultra-Orthodox men to enter the job market in the short term. (b) The figures provided by the revised labor-force survey offer a higher and more realistic estimate of the percentage of ultra-Orthodox men who are working.
- (4) **The desired objective:** (a) Changes in the structure of ultra-Orthodox society should be a process. Aiming for a two-thirds employment rate among ultra-Orthodox men within a decade balances the economic needs that face the government against the sociocultural profile and needs of ultra-Orthodox society. (b) Setting a target of 67% employment for ultra-Orthodox men will bring about an overall Israeli employment rate of 80.7%, which is on a par with the OECD average of 80.6%.

2.3.3 Weekly Hours Worked and Hourly Wages of Ultra-Orthodox Men: Objectives for 2025

2.3.3.1 Weekly Hours Worked

The proposed policy framework recommends a moderate rise in the number of hours worked by ultra-Orthodox men—from 41 hours a week in 2013–2014 to 44 hours in 2025. Meeting this objective would lead to an increase in the work productivity of these men, and to a rise in their wages. The weekly

work hours gap between ultra-Orthodox men and other men in Israel, which is currently 13%, would be eliminated almost completely and would drop to just 4% by the end of the period.⁵³ Note that the average work week of all Israeli men, 45.9 hours, exceeds the official definition of a full-time position (45 hours a week). This average is unusual in relation to the norm in the OECD as well.⁵⁴

Arguments in Favor of the Proposal

- (1) **Sociological considerations:** The lower number of hours worked per week in the ultra-Orthodox sector is the result of social conventions that will change over the decade as part of the changing employment trends in this sector. On the other hand, we expect that the phenomenon of kollel studies combined with a part-time job will continue to exist, though to a lesser extent, such that the labor-force participation rate for Haredi men will remain slightly lower than for non-Haredi Jewish men. In addition, many ultra-Orthodox men see their job purely as a source of livelihood and not as a main dimension of their lives—the notion of career development is an unfamiliar one—and they therefore devote a limited amount of time to it.
- (2) **Trends in the labor market:** The process of Haredi men entering the labor market is also gradual with regard to the number of hours they work. Ultra-Orthodox men who started working in recent years can be expected to increase the extent of their employment in the coming years. In contrast, should there be a mass entry of Haredi men into the labor market, some of them will work only part-time.
- (3) **The desired objective:** The gap in incomes between ultra-Orthodox men and the rest of the male population stems from their lower number

53 These figures have been extracted from the 2013–2014 income survey by Israel’s Central Bureau of Statistics. The comparison to the population as a whole includes the Arab and ultra-Orthodox sectors.

54 In 2011, the average workweek in these countries was 41.3 hours. See “Average Annual Hours Actually Worked per Worker,” *OECD.Stat*.

of working hours and lower hourly wage. Without increases in their working hours and wages, it will be impossible to reduce the economic disparities between the sectors in Israel and to diminish the acute economic inequality. The proposed objective for ultra-Orthodox men does not exceed the definition of a full-time job, even though the average Israeli male currently works slightly longer than that.

2.3.3.2 Hourly Wage and Employment Sectors

The master plan recommends a continuing moderate rise in the hourly wages of ultra-Orthodox men. By the end of the period, their hourly wage, which is currently 17% lower than the overall average among Israeli men, will be brought into line with that average. The plan also calls for an increase in the percentage of ultra-Orthodox men employed in industry and commercial services, to one-third (up from 23% in 2011).

Arguments in Favor of the Proposal

- (1) **Sociological considerations:** In recent years, vocational training for jobs in high demand and higher education have both gained broad legitimacy among various ultra-Orthodox communities. As a result, graduates of such programs will have the possibility of higher incomes in the coming years. On the other hand, the Haredi preference for jobs within the community will tend to moderate this advantage somewhat.
- (2) **Labor market trends:** A longer work week could push ultra-Orthodox men into more senior positions with a higher hourly income. On the other hand, until recently there was an erosion in the wages of ultra-Orthodox workers as compared to all workers, whose hourly incomes have risen. One must also take account some erosion in the salaries of all college and university educated employees in Israel.
- (3) **Current policy:** A large proportion of the many ultra-Orthodox men who are now entering the working world or who will do so in the next few years are unskilled; accordingly, their wages will be low. In addition, rapid penetration of the labor market by ultra-Orthodox men within the span of only a few years will tend to depress their income levels.

- (4) **The desired objective:** Well-paying employment, as a result of an ultra-Orthodox shift to occupations that are in demand, will promote the growth of the entire Israeli economy. Therefore, vocational training and counseling is necessary to encourage the employment of ultra-Orthodox men in industry and commercial services. A balanced employment pyramid will help consolidate a stable ultra-Orthodox middle class that can preserve the unique character of the ultra-Orthodox sector in Israel.

Table 5 Wage and Work Hours Objectives for Ultra-Orthodox Men (as a percentage of the national averages)

	National Average for Working Men, 2013–2014	Ultra-Orthodox Men, 2013–2014	Objective for 2017	Objective for 2020	Objective for 2025
Number of hours per week	45.9	41.1	42	43	44
Hourly wage as percentage of national average		87%	92%	96%	100%
Diversification of employment sector (percentage in industry and commercial services)	34% (2011)	23% (2011)	28%	31%	34%
Total average monthly wage of ultra-Orthodox men (percentage of national average)		72%	80%	88%	96%

Source: Israel Democracy Institute processing of data from the Central Bureau of Statistics.

2.4 Employment Objectives for Ultra-Orthodox Women

The employment rate of ultra-Orthodox women has risen sharply in recent years. Between 2008 and 2015 alone, the employment of Haredi women gained 17 percentage points, rising to 73%. In contrast, there is a significant gap between the average income of ultra-Orthodox women and that of other Jewish women. In 2013–2014, ultra-Orthodox women wage-earners earned an average of NIS 5,862 a month, or 71% of the average monthly income of all women in Israel that year (NIS 8,260 a month).⁵⁵

The wage differential between ultra-Orthodox women and other Jewish women stems primarily from the lower number of hours worked by Haredi women. Ultra-Orthodox women work an average of 29 hours a week, whereas non-Haredi working women average 36 hours a week. Some 34% of ultra-Orthodox women work 35 hours a week or more, as against 62% of other Jewish women.⁵⁶ The discrepancy in the number of work hours of ultra-Orthodox women and of other women in Israel is 20%, which exceeds the differential in their hourly wage, which is 10%. A breakdown by occupational sectors reveals the low presence of ultra-Orthodox women in industry and commercial services (13%), as against 21% for all working women.⁵⁷ The income level in those sectors is some 15% higher than the national average.

We may draw three conclusions from the figures cited above:

- (1) The employment rate of ultra-Orthodox women has climbed dramatically in recent years.

55 In 2003, in contrast, a Haredi working woman made 81% of what a non-Haredi Jewish woman earned (extracted from data of the Central Bureau of Statistics, 2014).

56 Extracted from the data of the 2014 social survey by the Central Bureau of Statistics. For example, in 2003, 27% of Haredi working women worked more than 35 hours a week, whereas the corresponding figure for non-Haredi women was 64%.

57 This is based on special data processing by the Central Bureau of Statistics to make it possible to track the implementation of the government decision on ultra-Orthodox employment.

- (2) The monthly wage gap between ultra-Orthodox women and other Jewish women is very large and stems primarily from the lower number of hours and lower hourly wage of ultra-Orthodox women.
- (3) The small percentage of ultra-Orthodox women in industry and commercial services influences the average income of all ultra-Orthodox women.

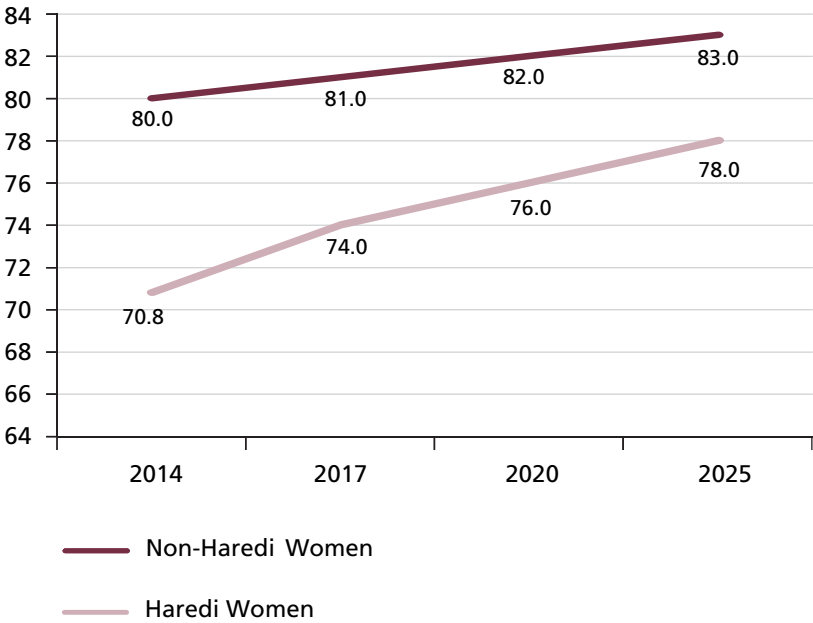
It follows that the government objectives for the employment of ultra-Orthodox women must focus on their hourly wage and their number of work hours per week, and not on their participation rate. Policy objectives must be set such that the monthly wage differential between ultra-Orthodox women and all working women derives primarily from their number of work hours and less from a lower hourly wage. The fact that this population's current employment rate is already much higher (73%) than the government objective set for it in 2020 (63%) attests to the clear need to define additional employment objectives for ultra-Orthodox women, beyond their participation rate. Such objectives would help the government and the ultra-Orthodox sector strengthen ultra-Orthodox households and create a solid economic footing for the many ultra-Orthodox families in which the woman is the chief breadwinner.

2.4.1 Employment Rate of Ultra-Orthodox Women: Objectives for 2025

According to the plan proposed here, the employment rate of ultra-Orthodox women will continue to climb at a moderate rate and reach 78% at the end of the period, in 2025. This would still be five percentage points lower than the projected employment rate of all Jewish women in the country, but less than the current gap of eight percentage points. At the beginning of the period, the employment rate of ultra-Orthodox women should rise more quickly than at its end (1.0 percentage point a year vs. 0.4 percentage points per year). Nevertheless, this will be a slowdown as compared to the past decade, when the percentage of ultra-Orthodox working women rose by two percentage points a year.

In terms of absolute numbers, this would mean an annual increase of 6,050 in the ultra-Orthodox female workforce between 2014 and 2017, of 6,300 each year in 2017–2020, and of 5,150 per year in 2021–2025.⁵⁸ We also propose defining the range in which the objective will be deemed to have been met as 76% to 83%.

Figure 6 Employment Objectives for Haredi Women, 2014–2025, as Compared to Other Jewish Women (percent)



58 About 80% of this increase (4,530 women a year) is needed to preserve the current employment rate (71%).

Arguments in Favor of the Proposal

- (1) **Sociological considerations:** The penetration of the labor market by ultra-Orthodox women, which was an important factor in sustaining the ultra-Orthodox “society of learners,” has become unavoidable in recent years, because of growing economic pressure. On the other hand, the size of ultra-Orthodox families and the burden of childcare frequently causes women to leave the job market early.
- (2) **Labor market trends:** The employment rate of ultra-Orthodox women has risen rapidly in recent years and will continue to do so in the coming years, because of pressing economic needs. However, when an increasing percentage of ultra-Orthodox men join the workforce, the pressure on women to find jobs at any cost may diminish.
- (3) **The desired objective:** The investment in promoting entry to the labor market has the highest payoff of all in terms of output. A government decision to focus preferentially on ultra-Orthodox men is liable to impede the penetration of industry and the business sector by ultra-Orthodox women. On the other hand, too large an investment in getting women into jobs could deter ultra-Orthodox men, with their higher potential for productivity, from going out to work.

2.4.2 Weekly Hours Worked and Hourly Wages of Ultra-Orthodox Women: Objectives for 2025

2.4.2.1 Weekly Hours Worked

The policy framework proposed here recommends an increase in the work week of ultra-Orthodox women, from only 29 hours a week in 2013 to 34 hours in 2025. The gap between the number of weekly hours worked by ultra-Orthodox women and by all women in Israel, currently 20%, will narrow to only 6% by the end of the period, and will be almost completely closed.

Arguments in Favor of the Proposal

- (1) **Sociological considerations:** The traditional responsibilities of the ultra-Orthodox mother, and the large number of children in ultra-Orthodox families (average of 4.5 at a given point in time), demand a relatively low number of work hours per week. However, the ultra-Orthodox labor market is changing, and the diversification of employment sectors and entry into the general labor market may lead to the adoption of the norms of the general labor market.
- (2) **Labor market trends:** The growing economic pressures that have pushed ultra-Orthodox women into the labor market will force many of them to work more hours than in the past.
- (3) **The desired objective:** The main reason for the disparity between the incomes of ultra-Orthodox women and all women in Israel is the difference in the weekly number of hours they work. This is where the main thrust of the government effort must be directed. The objective proposed in this plan is similar to the average number of hours in the work week of women in OECD countries.⁵⁹

2.4.2.2 Hourly Wage

This master plan recommends seeking to bring the hourly wages of ultra-Orthodox women up to the general level among Israeli women, in contrast to the current situation, in which the hourly wage for ultra-Orthodox women is approximately 10% lower than the overall average for Israeli women. Eliminating the hourly wage differential would reverse the trend of 2003–2013; at the start of that decade, the hourly wage of ultra-Orthodox women was comparable to that of all working women in Israel. The plan also anticipates an increase in the percentage of Haredi women employed in industry and

59 For the 2014 data, see “LFS by sex and age: indicators” on the “Average annual hours actually worked per worker” page on the *OECD.Stat* website: <https://stats.oecd.org/Index.aspx?DataSetCode=ANHRS>.

commercial services, until it reaches the national average for non-Haredi Jewish women (21% of Haredi women in 2025, up from 13% in 2011).

Arguments in Favor of the Proposal

- (1) **Sociological considerations and the labor market:** The ultra-Orthodox employment market is experiencing a generational change in which young ultra-Orthodox women are abandoning traditional fields such as teaching for other sectors that pay better, such as computers and engineering.
- (2) **Current policy:** The focus today is on vocational training and higher education in higher-paying fields.
- (3) **The desired objective:** In order to attain the goal of higher hourly wages, it is essential that ultra-Orthodox women work in employment sectors that are in high demand. This requires vocational training and counseling to encourage ultra-Orthodox women to seek employment in industry and commercial services, and means overcoming the preference of many ultra-Orthodox women for jobs in education and in an ultra-Orthodox environment, where salaries are lower.

Table 6 Wage Objectives (as Percentage of National Average) and Work Hour Objectives for Haredi Women

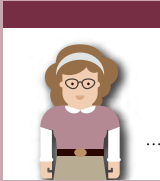
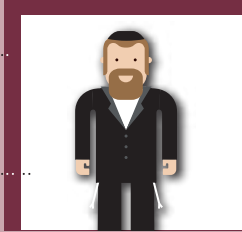
	National Average for Working Women, 2013–2014	Haredi Women, 2013–2014	Objective for 2017	Objective for 2020	Objective for 2025
Work hours per week	36	29	30	32	34
Weekly wage of Haredi women as percentage of national average		90%	93%	96%	100%
Percentage employed in industry and commercial services (indicates diversification of employment sector)	21% (2011)	13% (2011)	15%	18%	21%
Monthly wage of Haredi women as percentage of national average		71%	77%	85%	94%

Source: Central Bureau of Statistics, 2015.

Ultra-Orthodox Employment Targets for 2015

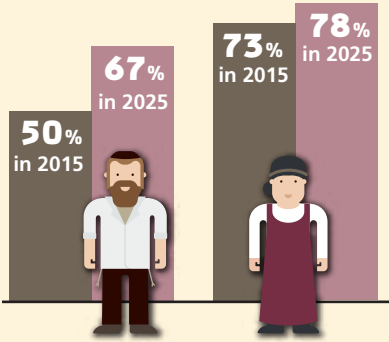
Increase Hours Worked (hours per week)

44
hours a week
in 2025
as against
41
in 2013-2014



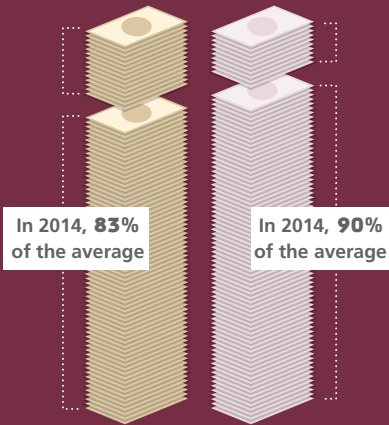
34
in 2025
as against
29
in 2013-2014

Increase the Labor Force Participation Rate



Equalize the Average Hourly Wage to that of the Population as a Whole

Ultra-Orthodox Men Ultra-Orthodox Women

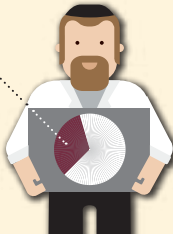


Greater Occupational Diversity



23%
of the women
will be employed
in industry and
commercial services
as against **13%**
in 2011

33%
of the men
will be employed
in industry and
commercial services
as against **23%**
in 2011



Chapter 3

Barriers to Employment and Opportunities for Change

3.1 Introduction

The “society of learners,” the flagship project of Israeli ultra-Orthodoxy since the founding of the State of Israel, demands that Haredi men spend their entire adult lives in the study of Torah. Many ultra-Orthodox men are engaged in full-time study in a kollel, a yeshiva for married men, which pays them a tiny stipend of between NIS 1,000 and NIS 2,500 a month.

This means that the burden of supporting the family falls on ultra-Orthodox women. For many decades, most Haredi women were trained to be teachers, a suitable form of employment because it meant working convenient hours within the community. When the demand for teachers declined, ultra-Orthodox young women began studying various other occupations, mainly related to computers and bookkeeping (including accountancy, bookkeeping, and tax consulting).

On the income side, the ultra-Orthodox economy is influenced by three main factors that distinguish it from Israeli and Western norms: (1) the small number of men who are in the labor force; (2) the low remuneration of ultra-Orthodox workers; (3) the large family size, which means that the already small family income must feed more mouths. It is no surprise, then, that the poverty rate in the ultra-Orthodox sector exceeds 50% (National Insurance Institute, 2013).

In Chapter 2, we explained the importance of setting employment objectives for the ultra-Orthodox sector in 2025 that also incorporate a qualitative aspect, specifically: work hours, occupational diversity, and wage levels. The current chapter addresses the various obstacles to attaining these objectives, divided into four categories:

- (1) **Going out to Work:** Mental and cultural barriers that deter the ultra-Orthodox (mostly men) from entering the job market
- (2) **Education and Training:** Educational barriers that prevent the ultra-Orthodox from acquiring the knowledge and skills need for well-paying job
- (3) **Integration to the Workplace:** Social and cultural barriers that make it difficult for ultra-Orthodox men and women to enter the workplace and fit in there
- (4) **Earnings Barriers:** Obstacles that limit the earnings of Haredi employees.

At the end of the chapter, we will also examine a number of processes within ultra-Orthodox society and changes in public policy that could facilitate the conceptual change proposed in this document; namely, a new emphasis on well-paying employment.

3.2 Barriers to Going out to Work

A number of barriers make it difficult for ultra-Orthodox men to leave the kollel or for ultra-Orthodox women to work outside the home. The most important of these barriers are reviewed below.

3.2.1 Religious and Cultural Barriers (Men)

In the ultra-Orthodox worldview, Torah study is the highest-ranking precept, and the individual is expected to act according the Talmudic dictum that “the study of Torah is equal to all of them [i.e., all other concerns]” (Shtadler, 2003). For an ultra-Orthodox man, the decision to leave the kollel, his natural habitat, means resigning himself to a non-ideal life in which he has given up on the main purpose in his life. What is more, ultra-Orthodox men are taught that the survival of the entire world, in a very real, physical sense, rests on their shoulders. They are taught to see themselves as the elite vanguard, personally responsible for ensuring the wellbeing of the world by means of their Torah study. If that is the case, how can they betray their mission, abandon the Torah study that protects the world, and allow the ship to sink?

Moreover, taking employment outside the ultra-Orthodox enclave holds the additional fear of a decline in one's spiritual level. A young ultra-Orthodox man who leaves the sheltered hothouse of ultra-Orthodox education and is exposed to the allure of the secular lifestyle is risking disaster. With regard to his identity, he must cope with the challenge of finding his niche in the secular world, with all its wealth and rewards, while remaining faithful to the insular and ascetic ultra-Orthodox lifestyle. Is it possible to preserve the warmth of the Torah in the secular world?

3.2.2 Social and Communal Barriers (Men)

A Haredi man who considers leaving the “society of learners” to join the working world and the Israeli street, while remaining in the ultra-Orthodox community, knows that he will henceforth be tagged with the disparaging label “baal bayit” (“householder”), and relegated to the status of a second-rate ultra-Orthodox Jew. He can anticipate the social difficulties he will encounter in his community, the problems he will face in getting his children into good schools, and the problems he will have in finding a respectable match for his sons and daughters.

There is also social pressure exerted by extended family and rabbis, who wish to keep students in the kollel. This may prevent young Haredi men from going out to work even if they really want to.

3.2.3 Family and Childcare Barriers (Women)

Even though the ultra-Orthodox model of the “society of learners” expects women to shoulder the financial burden of supporting the family, the average ultra-Orthodox woman bears 6.9 children, and many have 10 or more. The large family size and lack of significant assistance with housework often leaves Haredi women at home. Women who have had several children and returned to work between pregnancies may eventually decide not to return to work at the end of their maternity leave and stay home for a longer period. Subsequently, returning to the routine of work after a longer period at home caring for children becomes even more difficult.

3.3 Education and Training Barriers

After taking a decision in principle to go out to work, ultra-Orthodox men and women must surmount a second hurdle: occupational training. Without it, there is only a restricted range of jobs available to them, primarily within the community. Many ultra-Orthodox men and women do prefer to hold jobs within their community, in a small range of relevant positions that do not require extensive formal training. There are two inherent problems with this approach. The first is weak demand. There is a limited number of jobs within the community—teachers at elementary schools for boys, ritual slaughterers, Torah scribes, secretaries, and the like. The second is that these jobs tend to pay poorly and frequently do not offer tenure or a pension. The alternative is to undergo some kind of formal training. This choice, however, also involves a number of major obstacles.

3.3.1 Lack of a Basic Education (Men and Women)

Most members of the ultra-Orthodox sector have never received a basic educational foundation. Ultra-Orthodox elementary schools for boys teach secular subjects for a limited number of hours and at a level that does not provide a suitable basis for the modern labor market. Most of the ultra-Orthodox (both men and women) do not obtain a matriculation certificate, and thus find it difficult to gain entry to regular institutions of higher education. Instead, they must apply to institutions that are designed specifically for them, or, alternatively, must fill in the gaps in their education, which extends the duration of their schooling before they can find a job.

Today, most ultra-Orthodox leaders do not forbid acquiring advanced education, after marriage (in the case of men) or even before marriage (in the case of women), provided that the study is conducted in frameworks specifically designed for the ultra-Orthodox sector. But there are still some communities in which formal academic studies are considered taboo.

3.3.2 Vocational Counseling and Mixed-Gender Studies (Men and Women)

In the absence of a cultural and social background that points them towards university or vocational studies, young ultra-Orthodox men and women tend to lack knowledge about the various employment sectors, their threshold requirements, the duration of training required for them, and their own suitability for that type of work. As a result, many Haredim who opt for vocational or academic studies are steered towards an occupation that does not suit their talents and abilities. Another problem is that, in line with their religious-cultural worldview, most ultra-Orthodox Jews are unwilling to attend an institution where men and women study together (as opposed to working in a mixed environment, which is not taboo). This rules out study in institutions designed for the general public; however, the choice of a specifically ultra-Orthodox institution means limiting oneself to the (less extensive) course offerings it provides.

3.3.3 Cost and Duration of Studies (Men and Women)

Israeli university tuition today ranges from NIS 12,000 a year to twice that. Private courses of study outside the universities may cost as much as NIS 20,000. Given their economic situation, many ultra-Orthodox Jews cannot allow themselves such a large outlay.

In addition, the duration of their studies, which may last several years (one year in a pre-academic program, followed by three years of college or university), delays their ability to earn a living and makes it more difficult to support their family. Consequently, many ultra-Orthodox Jews prefer to accept jobs that pay less but do not require long and expensive training.

3.4 Workplace Entry Barriers

After scaling the second obstacle—acquiring an education—the ultra-Orthodox must now pass the acid test: finding a job and integrating into

the Israeli economy. Here too they face many difficulties that are far from negligible.

3.4.1 Employers' Willingness to Hire Ultra-Orthodox Workers (Men and Women)

Researchers have found that most Israeli employers are reluctant to hire ultra-Orthodox workers, because they are concerned about having to modify the workplace so that the employee will be able to observe his/her own religious obligations; such changes would include kosher food and gender separation (Malchi, 2015). However, Asaf Malchi found that 16% of all employers reported having ultra-Orthodox workers, and reported having a positive experience with them. Evidently the fear that employers will have to make changes in the workplace is not borne out in reality, and most ultra-Orthodox workers fit in well. Another concern of employers relates to the high birth rate in the ultra-Orthodox sector, which may deter them from hiring ultra-Orthodox women.

Another reason for employers' reluctance is the education gap. Employers think twice about hiring ultra-Orthodox workers because of their relatively weak educational background. Even those Haredi applicants who do have a college degree are likely to have earned it, not at an elite institution of higher education, but at one of the ultra-Orthodox colleges, which are considered to be of a lower quality. Sometimes grade-point averages are also lower than desirable. As a result, initial screenings filter out most ultra-Orthodox applicants, who are not even invited for job interviews (Marciano and Kaufman, 2012).

3.4.2 Lack of Information (Men and Women)

Ultra-Orthodox job-seekers never become aware of many openings because they consume only sectoral media and live in segregated neighborhoods that tend to be detached from the global information stream. Many of the

ultra-Orthodox still do not use the Internet,⁶⁰ which has become the main resource in finding job listings today. In the absence of family connections and a social network within the job market, the ultra-Orthodox are less likely to receive word-of-mouth reports of available jobs or opportunities outside the sector.

3.4.3 Integration Difficulties (Men and Women)

Ultra-Orthodox elementary schools for boys do not teach most secular subjects, and especially English, civics, and computers. As a result, when the students grow up they find it difficult to navigate the modern global public space. Another obstacle is language: Yiddish remains the mother tongue of some Hassidic members of the ultra-Orthodox world, and even though most of ultra-Orthodox Jews in Israel do speak “Hebrew,” they do not speak “Israeli,” with all its modern cultural references, colloquialisms, and slang. Their ignorance of the ways and norms of the secular world makes it difficult for them to fit into the social arena.

3.5 Earnings Barriers

Many of the obstacles mentioned above are also obstacles to good wages. In other words, even after the ultra-Orthodox find a job, their income is likely to be low. This may be because they work only part time or because they hold jobs that are not in high demand. And sometimes it is because of discrimination: Haredim are paid less for the same job than non-Haredi employees.

3.5.1 Choice of Employment Sector

A key reason why ultra-Orthodox Jews are poorly compensated for their work is their concentration in certain employment sectors. According to data

60 According to the social survey by the Central Bureau of Statistics for 2014, some 59% of the members of the ultra-Orthodox sector do not use the Internet.

analysis by the Central Bureau of Statistics for 2011, more than 50% of ultra-Orthodox working women were employed in education. Because there is a limited number of positions in that field, many of them held part-time jobs with low monthly pay and no tenure. Most ultra-Orthodox women do not have a matriculation certificate and college degree, which rules them out as candidates when these are basic requirements for a job.

3.5.2 Part-Time Work for Women

Another reason for ultra-Orthodox women's low remuneration and low number of work hours is their relatively large number of children, which may undercut their ability to hold a job. As a result, even when ultra-Orthodox women go out to work, many of them have a very low income. If a woman is her family's sole breadwinner and has many children, poverty is almost unavoidable.

3.5.3 Occupational Discrimination against Ultra-Orthodox Workers

Studies have found large wage disparities between ultra-Orthodox employees and other employees in the same workplace. For example, a survey of women employed in telemarketing and bookkeeping found an hourly wage differential of 13.5% between ultra-Orthodox women and other women doing the same work (Rimon, 2012).

Table 10 Summary of the Barriers to Ultra-Orthodox Employment

Obstacle	Description	Sex affected	Barriers to Going out to Work	Education and Training Barriers	Workplace Integration Barriers	Earnings Barriers
Content barriers						
Torah study and the "society of learners"	Torah study is a religious obligation with religious and social priority over all other endeavors	Men	✓	✓		
Basic education	Failure to study core subjects (mainly English and computers)	Men		✓	✓	✓
Matriculation certificate	No matriculation certificate (only about 10% of ultra-Orthodox men and women have one)	Both		✓	✓	✓
Occupational barrier	Lack of a relevant occupation and education	Both			✓	✓
Children and housework	Many children and large households	Women	✓		✓	✓
Modesty and reluctance to be exposed to the secular world	Problems associated with working in a mixed environment	Both			✓	✓
Cultural patterns	Subordination to rabbinic rulings and the lack of an education that encourages going out to work	Men	✓			
Environmental barriers						
Demand by employers	Reluctance of secular employers to hire the ultra-Orthodox: only a quarter of ultra-Orthodox workers are employed by secular employers, and are employed in only 16% of all businesses in Israel today	Both			✓	✓

Obstacle	Description	Sex affected	Barriers to Going out to Work	Education and Training Barriers	Workplace Integration Barriers	Earnings Barriers
Excessive concentration in the public sector	Among those employed, 72% of the women and 45% of the men work in the public sector (mainly in education)	Both				✓
Part-time employment	Among those employed, only 53% of the women and 75% of the men work full time (as opposed to 75% and 89% of non-Haredi women and men, respectively)	Both				✓
Lack of information	Job listings are not available to the ultra-Orthodox, who consume mainly sectoral media	Both			✓	
Inappropriate choice of occupation	Most ultra-Orthodox Jews who choose a professional field choose one that is already saturated, such as law	Both			✓	✓
Wage discrimination	In many work places, ultra-Orthodox workers are employed on individual contracts at lower wages	Both				✓

Quality barriers

3.6 Opportunities for Change

As a result of developments within the ultra-Orthodox sector, as well as political changes and new policies, it is now easier for the ultra-Orthodox to find good jobs than it was in the past, despite the barriers described above. The cultural, behavioral, and economic changes we have discussed open the way for the ultra-Orthodox to go out to work at a younger age. Haredim in their twenties have greater options for extended studies that offer the potential for a high income, and there are indicators that many are interested in pursuing these options. If the state supports this new trend by investing in initiatives that yield well-paying jobs, the success of these initiatives will rise dramatically.

3.6.1 Increased Economic Value of Going to Work (Men)

The subsistence allowances and benefits that kollel students received until 2013 were relatively generous and could amount to several thousand shekels a month, directly and indirectly. Although this is not a large income, it provided a baseline that allowed kollel students to focus on their Torah studies and did not require them to work to support themselves. In 2009, Hagai Levin of the National Economic Council published data indicating that it was not economically worthwhile for kollel students to find a job. The total income of two ultra-Orthodox spouses who were not working was close to 70% of that of two working spouses; in absolute terms, the difference was only about NIS 2,000 a month (Levin, 2009).

In the years since this computation was made, government stipends and benefits to kollel students have been cut, and philanthropic support has also decreased. Moreover, the government enlarged the incentives for going to work by making subsidized daycare conditional on full realization of the family's employment potential and by introducing negative income tax.

Consequently, a more recent calculation conducted for the present study finds a totally different situation from that identified by Levin. Today, the total income of two ultra-Orthodox spouses who are not working is only 40%

of that of two spouses who are employed. In absolute terms, the difference comes to more than NIS 5,400 a month. The new calculation also shows that the income differential between families in which both spouses work and those in which only the wife is employed, which had been only 7%, has now grown to 24%, or NIS 2,150 a month. These calculations are based on the minimum wage. If one or both spouses are earning more, the difference is even greater. It is true that after the ultra-Orthodox parties joined the new coalition in 2015, the government restored some of the benefits to kollel students that were slashed by the previous government; but the difference in the incomes of ultra-Orthodox Jews who are and are not working will remain significant. (For the full computation, see the Appendix at the end of this policy paper.)

3.6.2 Removal of the Legal Barrier (Men)

In the past, many ultra-Orthodox men chose to remain in yeshiva because of their unwillingness to participate in compulsory military service, which they could defer for years on end as long as they maintained their status as “professional Torah learners.” Leaving kollel even in their mid-20s, after marriage and with a number of children, placed them at risk of conscription. In addition, the ultra-Orthodox leadership was vehemently opposed to military service, no matter what. Although cracks have appeared in this opposition in the last decade, many groups within the ultra-Orthodox sector remain adamant on the subject, and those who do perform military service are tagged as “deviants.” The 2014 Conscription Law triggered an aggressive campaign against those who joined the military, and temporarily reduced the number of ultra-Orthodox men who opted for military or civilian service.

Nevertheless, the new Conscription Law provides an opportunity for ultra-Orthodox men to join the working world. In the short term, it grants an exemption to all yeshiva and kollel students above the age of 22, thereby permitting more than 20,000 Haredi men to enter non-yeshiva studies and employment with no statutory restrictions. This reform has great potential for raising the employment rate of ultra-Orthodox men, but no less so for increasing what they earn from their labor. At a relatively young age, before the burden of family and children has become unsustainable, an ultra-

Orthodox man can enroll in a program of vocational training or academic studies that lasts for several years and leads to relatively high-paying jobs.

The new Conscription Law also permits students in yeshiva or kollel to engage in occupational training or other non-religious studies for up to 15 hours a week, which is included in their quota of 40–45 weekly hours in the study hall. This arrangement provides a path for young ultra-Orthodox men who would like to enhance their occupational prospects without having to serve in the IDF or leave the yeshiva.

3.6.3 The State's Willingness to Invest in Ultra-Orthodox Employment

In recent years, the promotion of ultra-Orthodox employment has been incorporated into many government programs, and its importance for the future prosperity of the State of Israel is now undisputed. What is more, well-paying employment for the ultra-Orthodox has also become an integral part of government policy, as evident in the current five-year plan of the Council for Higher Education, and in the initial steps taken by the Ministry of the Economy to have vocational counseling and employment centers encourage well-paid employment. Setting qualitative objectives is thus already a component of current government activity, and does not require any major readjustments by the public administration in Israel.

The state's willingness to invest in ultra-Orthodox employment is supplemented by that of other actors, such as academic institutions and NGOs that are involved in vocational training and job placement.

3.6.4 Ultra-Orthodox Workers' Willingness to Find Better-Paying Jobs

For many years, the classic ultra-Orthodox view of work as a necessary evil, rather than an opportunity for a career or self-fulfillment, was translated into scorn for all forms of vocational training and preparation for higher future income (Shtadler, 2003; Malach, 2014). Today, however, in addition to the ultra-Orthodox sector's increasing recognition that its members have to work for a living, there are those within the sector who emphasize the need

for occupational training and academic studies as a stage on the road to well-paying employment.

Groups of young ultra-Orthodox entrepreneurs are today working openly to promote high-paying jobs for members of their sector. The most conspicuous of these are Temech, Movilot, Me'oravut, Kama-Tech, and the Shluchei Tzibbur program at the Hebrew University of Jerusalem. Other figures, who for years were opposed to diversifying the occupational sectors and dealing with the needs of ultra-Orthodox workers, are also now adopting a different position. These include the directors of women's seminaries, who are taking steps towards diversifying their institutions' courses of study so that their graduates will be able to make a decent living.

In recent years, ultra-Orthodox politicians, too, have begun to speak about the entry of their constituents into every employment sector in the country.⁶¹ This approach was expressed in the coalition agreements that United Torah Judaism and Shas signed with Likud in 2015, which provide for the establishment of a unit within the Ministry of the Economy to promote full-time and well-paying employment for members of the ultra-Orthodox sector. The initiative by ultra-Orthodox politicians for affirmative action with regard to public-sector hiring, also included in the coalition agreements, likewise reflect an understanding of the need to expand the areas in which the ultra-Orthodox community is employed.

All of these factors, plus the ever-growing community of college-educated ultra-Orthodox men and women, make it easier to promote quality employment not just as a government initiative, but also as a response to the needs and desires of significant sections of the ultra-Orthodox community.

61 See, for example, the answers of ultra-Orthodox politicians to these questions in the conservative ultra-Orthodox newspaper *Yated Ne'eman* ("Speaking Frankly," March 10, 2015).

Chapter 4

Policy Recommendations

4.1 Introduction: The Challenge of Encouraging the Transition to Higher Incomes

The process of increasing workers' returns on their labor productivity is long and arduous, and its delay will exact a high price in terms of the economy and social welfare. Finding gainful and well-paying employment requires study and the acquisition of occupational skills (higher education and vocational training), basic employment qualifications, on-the-job experience, knowledge about the labor market, and the ability to network outside of the ultra-Orthodox community. In our view, however, the marketplace also must undergo complex change. In structural terms, it must adapt so that it can absorb ultra-Orthodox workers; in terms of awareness and attitudes, there must be success stories that highlight the ability of ultra-Orthodox workers to hold key positions in the economy.

Since 2005, Israeli government efforts to promote ultra-Orthodox employment, in tandem with processes internal to the sector, increased the ultra-Orthodox employment rate. The same period, however, saw no increase in the income or hourly wages of Haredi workers, because of the deficient occupational skills provided by the ultra-Orthodox school system. Their low earnings limit the benefits of their employment for the economy and social welfare, and do not do enough to help them escape poverty. These problems are liable to affect continued ultra-Orthodox entry into the labor market.

This chapter offers practical recommendations for increasing ultra-Orthodox earnings from labor. Our recommendations relate to three growth engines that can augment ultra-Orthodox workers' employment rates, wages, hours worked, and promotion prospects:

- (1) Improving the scholastic and vocational training of ultra-Orthodox men and women
- (2) Promoting a system of vocational guidance and job placement for the ultra-Orthodox, with an emphasis on well-paying jobs
- (3) Encouraging demand on the part of employers for ultra-Orthodox workers in fields that are in demand in the economy and that pay high wages

4.2 Detailed Recommendations

4.2.1 Quality Training Programs for the Labor Market

Most of the classroom studies by young ultra-Orthodox students, especially boys, do not correspond to the needs of the modern labor market. In recent years, however, there has been a notable increase in the number of vocational tracks in seminaries and some ultra-Orthodox yeshiva high schools, as well as an increase in the number of ultra-Orthodox students who register for academic studies and occupational training courses in computer science, engineering, and technology. All these institutions, which provide lengthy training for the job market, must be encouraged to focus their offerings on well-paying jobs. The master plan proposes a number of programs that would help Haredim acquire employment skills, via several avenues: completion of matriculation requirements; distance learning of basic subjects; and modifying the subjects taught in ultra-Orthodox seminaries for young women to suit the current needs of the labor market.

A. Helping Ultra-Orthodox High School Graduates Complete the Matriculation Requirements

The Problem

If the ultra-Orthodox are to find good jobs, they need to fill in the gaps in their knowledge so that they can begin academic studies. This is generally done in preparatory programs run by colleges and universities. Even though they are essential, these programs have a number of obvious disadvantages:

- (1) Completion of a preparatory program entitles students to a certificate that allows them to continue their education only in the college that runs the preparatory program.
- (2) The preparatory programs are tailored to the field that the student is planning to enter at the college or university, but most (male) students lack the background to decide what they would like to study.
- (3) The course load in the preparatory programs does not make it possible for students to hold a job or continue their Torah studies at the same time.

The Solution

We recommend setting up programs in which male and female graduates of the ultra-Orthodox education system can complete their matriculation certificate requirements. These programs would enable members of the Haredi community to acquire basic knowledge that broadens their educational options and allows them to make an intelligent decision about what they would like to study in the future. These programs would be conducted in special centers equipped with classrooms, a library, and a support system of tutorial sessions; they could also provide online instruction appropriate for some of the target population. All male graduates of the ultra-Orthodox education system would be entitled to vouchers enabling them to complete their matriculation studies for free. The online instructional platforms would also be suitable for those interesting in filling in basic gaps in core subjects (such as English and mathematics) at a lower level than required for the matriculation exams.

Recommendations

- Introduce a program to enable male and female graduates of the ultra-Orthodox education system to complete their matriculation certificate requirements.
- Encourage distance learning programs in basic subjects such as English.

B. Ultra-Orthodox Secondary Education

The Problem

Many ultra-Orthodox parents would like their sons to attend yeshiva high schools that also prepare their students for the job market. Unfortunately, tuition for a yeshiva high school that includes secular studies is higher than that for a regular ultra-Orthodox yeshiva (about NIS 45,000 and NIS 30,000, respectively). The higher cost, much of which must be borne by the parents, is a result of the format of these high schools, which provide dormitories, a long school day, more hours of frontal instruction, and teachers who specialize in many subjects that are not taught at regular ultra-Orthodox yeshivas. Parents who want their children to attend this type of yeshiva high school have to pay a heavy economic price that many of them cannot afford.

In addition, the first few years of operation of a new yeshiva high school are particularly expensive because of their small enrollments.

The Solution

A system should be established that provides dedicated organizational and financial support to new ultra-Orthodox yeshivas during their first five years. The financial conditions of these institutions should be equalized with those of yeshiva high schools in the National Religious sector, even though they are not part of the State Religious stream. Although this would not affect the bulk of the ultra-Orthodox boys who attend yeshivas that do not offer secular studies,⁶² it could help those ultra-Orthodox parents who see a yeshiva high school that includes secular studies as the appropriate educational solution for their sons.

Recommendation

- Provide dedicated support for new ultra-Orthodox yeshiva high schools that include secular studies in their curriculum.

62 According to the Special Cultural Institutions Law 5768-2008.

C. Seminaries for Young Women: Encouraging Employment-Oriented Subjects

The Problem

The oversupply of teachers for the ultra-Orthodox system has reduced the demand for the teaching certificate granted by the ultra-Orthodox seminaries; as a result, many ultra-Orthodox young women now opt for vocational training alongside their required coursework in education. This choice means a heavy scholastic burden and doubles tuition fees. More than twenty seminaries operate a “Chen Program” that trains students for various occupations without requiring courses in education.⁶³ Graduates of these programs work longer hours than graduates of teacher programs and earn 24% more (Goldfarb, 2013). The ministries of Education and Finance are planning a 70% reduction in the education quota in the seminaries for ultra-Orthodox women, so as to match the demand for teachers, and intend to require a college degree in education for those women who are planning to go into education.⁶⁴

The Solution

We recommend the gradual imposition of a quota limiting education majors, as is the norm in the non-Haredi teachers’ colleges. A change in the format of the seminaries’ programs could be accompanied by the introduction of the Chen Program in all ultra-Orthodox women’s seminaries. The new model would include funds for occupational counseling before the young women begin their studies, as well as workshops to prepare them for employment. However, we do not recommend that the seminaries be required to confer an academic degree, because the teachers they train work only in the ultra-Orthodox Independent school system.

63 Chen is a training program in engineering, developed by JDC-TEVET, which is offered as an alternative to the teacher-training track within ultra-Orthodox women’s seminaries.

64 The demand in the ultra-Orthodox sector is for between 2,000 and 2,500 new teachers each year, whereas the annual seminary enrollment is 9,000 (see the Draft State Budget for 2013–2014).

Recommendation

- Support an expansion and enhancement of alternative programs in ultra-Orthodox women's seminaries.

4.2.2 Vocational Counseling and Special Programs Oriented towards Well-paying Employment

The vocational counseling provided by employment centers for the ultra-Orthodox community tend to focus merely on finding jobs for their clients, in spite of government incentives that also relate to the level of wages they receive. In addition to encouraging entry into the workforce, these centers must be encouraged to set objectives for diversifying employment sectors and targeting jobs that pay average or high salaries. These objectives can be promoted by providing counseling to students who enroll in occupational training or academic studies, establishing programs to help workers advance in the workplace, and offering incentives to the centers to direct their clients to well-paying jobs. In academic programs for the ultra-Orthodox, job placement components should also be developed, by means of courses that prepare students for employment, student jobs, and a closer link between the campuses and the vocational counseling centers.

Ultra-Orthodox men and women who break through the glass ceiling to well-paying jobs serve as role models for large sections of the ultra-Orthodox sector. Dedicated support during the training stage would help outstanding ultra-Orthodox candidates lead the way for Haredi integration into the civil service, academia, law, and business.

A. Vocational Counseling Centers

The Problem

The vocational counseling centers for ultra-Orthodox men and women are one of the most important instruments that have shaped ultra-Orthodox employment policy in the last decade. The operation of these centers in

Jerusalem (by an outside contractor, chosen by tender), as well as the operation of counseling centers for men who were granted exemptions from military service, underscore the importance of the investment in this framework and the willingness of the Ministry of the Economy to use it. Ultra-Orthodox jobseekers can rely on these vocational counseling centers at three different stages of their professional lives: the initial decision to enter the job market; their job search after they have received training; and their subsequent efforts to better their job situation. However, while the tools to promote ultra-Orthodox employment provide an incentive to enter the employment market, they unfortunately do not adequately encourage a focus on better-paying jobs.

The Solution

Setting objectives for well-paying employment for ultra-Orthodox Jews needs to be built into the incentives model of the vocational counseling centers. Incentives for good jobs may be set at the level of the individual, in the form of persistency bonuses for people who receive high wages or for women who hold full-time jobs. At the program level, consideration should be given to upgrading the centers' employment advancement efforts (helping clients advance to better and better-paid jobs), by improving training for employment advancement experts, increasing their work hours, or incentivizing their success. A third incentive might be appropriate for the operator of the vocational counseling center: When the centers are transferred to new operators (this has already happened in some cases), thought should be given to a special grant that would encourage them to direct their clients to study fields that offer well-paying jobs and appropriate job placement, beyond the norm in the current model.

The policy recommendations here do not seek to determine which of the incentive models proposed above would be the most effective in encouraging well-paying jobs; they do, however, recognize the need for a comprehensive study to support such a decision and the transition to an appropriate incentives model.

Recommendation

- Ensure incentives for vocational counseling centers that steer clients toward well-paying jobs, diversify the sectors in which ultra-Orthodox Jews work, and promote employment advancement for their Haredi clients.

B. Preparation for the Job Market as Part of Academic Studies

The Problem

Ultra-Orthodox students enter college or university at an older age than the average Israeli, and most of them are already married with children at the start of their studies. This reduces their ability to work while studying. In addition, ultra-Orthodox society is less oriented towards employment. As a result, ultra-Orthodox students take longer to find appropriate employment after graduation (Marciano and Kaufman, 2012).

The Solution

Preparation for entering the job market could be incorporated into academic studies in a number of ways:

- (1) Devising and teaching a combined theoretical and practical course to prepare people for the employment market. This academic workshop would be an integral part of the academic program in all of the ultra-Orthodox tracks.
- (2) Promoting jobs for students, in cooperation with Israel's Civil Service Commission and other bodies. Student jobs, even if extremely part-time, are a very effective way for students to find full-time employment in the same workplace after graduation.

The academic programs for ultra-Orthodox students currently provide some job placement assistance to graduates of academic programs, as do the vocational counseling centers (to a lesser extent). The academic centers, however, do not specialize in job placement, while the job placement

centers do not specialize in placing clients with college or university degrees. Better job placement requires greater synergy between the ultra-Orthodox campuses and the job placement centers. Improved collaboration between the two would lead the centers to expand their activities, based on the knowledge accumulated by the academic programs.

Recommendation

- Include preparation for the labor market in the academic programs designed for ultra-Orthodox students (in the form of a special course, student jobs, and a job placement system that works in tandem with the vocational counseling centers).

C. The Ultra-Orthodox in the Civil Service

The Problem

The percentage of ultra-Orthodox Jews in the civil service in Israel is very low, only about 1.5%.⁶⁵ This is due to the relatively low number of ultra-Orthodox men and women with a college or university education, and to the mutual estrangement between the ultra-Orthodox community and the institutions of the state. Proactive efforts by the Civil Service Commission to hire ultra-Orthodox workers would diversify the civil service workforce, improve government assistance to the ultra-Orthodox sector, reduce prejudice, and create models that can be emulated throughout ultra-Orthodox society (Malach and Cohen, 2014).

The Solution

One way to promote the inclusion of ultra-Orthodox Jews in the Civil Service is legislation that mandates affirmative action. That route, however,

65 According to the data of the Research Administration in the Ministry of the Economy. Note that the number refers to civil servants and not to all employees of the public sector (where most working ultra-Orthodox men and women are employed).

could be expected to trigger public criticism and political disagreements. Such legislation would also face problems in how to define the target population and would entrench the stereotype that the ultra-Orthodox sector is backward. Instead, we recommend activity based on administrative policy tools that are at the disposal of the Civil Service commissioner, which could be more effective than legislation. Israel's Civil Service Commission should do the following:

- (1) Train ultra-Orthodox cadets for the civil service in a new “Tevet” track and set quotas for ultra-Orthodox Jews in the civil service cadet programs.
- (2) Assign certain positions to be filled specifically by Haredim, by designating a chosen number of existing positions for this purpose for a three-year period.
- (3) Market the Civil Service Commission to the target population via educational institutions and ultra-Orthodox nonprofits that engage in job placement, and via the ultra-Orthodox online and print media.
- (4) Prepare the Civil Service Commission itself to absorb ultra-Orthodox Jews, by conducting seminars for senior officials. This would familiarize the officials with ultra-Orthodox society and the changes it is undergoing, and enable them to make modifications necessary for accommodating ultra-Orthodox workers in the civil service.

Recommendation

- Draft a comprehensive program for the training and inclusion of ultra-Orthodox Jews in the civil service.

D. Programs for Outstanding Candidates

The Problem

Ultra-Orthodox men and women who break through the glass ceiling to well-paying jobs can serve as a model for many ultra-Orthodox Jews.

However, being pioneers and engaging fully with Israeli society are difficult and problematic steps to take. Even initiatives to promote ultra-Orthodox employment that originate within the community itself do not succeed, because of the lack of familiarity with the public administration and the absence of a supportive social network.

The Solution

We recommend the establishment of programs for outstanding ultra-Orthodox men and women who can serve as role models for others in their community. These would include:

- (1) A leadership program for outstanding ultra-Orthodox graduate students, which would promote dialogue about Israeli ultra-Orthodox identity, ultra-Orthodox citizenship in the State of Israel, the limits of democracy, and other issues.
- (2) A mentoring program for ultra-Orthodox men with outstanding employment potential, in a format similar to the “Movilot” program for women, launched in 2014.
- (3) A special program to help ultra-Orthodox applicants find jobs in hi-tech.
- (4) A fund to support social and employment initiatives spearheaded by young ultra-Orthodox men and women. This fund would select outstanding proposals from young entrepreneurs and help them with personal empowerment, provide them with a sense of being part of a group, and assist them in working with government agencies.

Recommendation

- Promote programs for outstanding ultra-Orthodox men and women in business and academia, and establish a fund to encourage ultra-Orthodox social and employment initiatives.

4.2.3 Encouraging the Demand for Well-Paying Employment

The absence of ultra-Orthodox workers from major areas of the business sector, in particular hi-tech, is also due to employers' fears, and the difficulties they face, regarding the hiring of ultra-Orthodox workers.

In order to deal with these challenges, we recommend drafting an employer's covenant on integrating ultra-Orthodox workers into the labor market, to be drafted under the patronage of the President of Israel or the Minister of the Economy and signed by leading figures in the Israeli business world.

Another way to increase the demand for ultra-Orthodox workers in well-paying sectors would be a points system for providing financial grants to businesses that hire ultra-Orthodox workers, in which points are accrued according to employment sector and to the level of wages paid. This system would give preference to companies that hire ultra-Orthodox Jews for well-paying positions. Closer ties with employers would also facilitate up-to-date evaluation of supply and demand in various fields and help orient the vocational counseling and training systems to the needs of the national economy.

A. The Employers' Covenant

The Problem

An analysis of the barriers to ultra-Orthodox entry into the employment market indicates that employers are afraid to hire Haredim (Government Press Office, 2014).⁶⁶ Three main factors deter employers in well-paying sectors from hiring ultra-Orthodox employees:

- (1) Concern that major adjustments will be required in the workplace environment so that ultra-Orthodox Jews will feel comfortable there.

⁶⁶ Some 37% of employers are afraid to hire ultra-Orthodox men. Note that the percentage of employers who are afraid to hire ultra-Orthodox women with a family is lower—only 27% (Government Press Office, 2014).

- (2) The lack of Haredi candidates who have received appropriate training for high-paying jobs.
- (3) A lack of incentives for hiring ultra-Orthodox workers.

Hence, it is necessary to raise employers' awareness of the employment possibility and high caliber of the human resources in the ultra-Orthodox sector.

The Solution

We recommend drafting an employers' covenant on integrating the ultra-Orthodox sector into the labor market, under the patronage of the President of Israel or the Minister of the Economy, which will be signed by senior figures of the Israeli economy (from the Histadrut labor federation and employers' organizations), in the presence of representatives of government agencies, third sector organizations, and the ultra-Orthodox community. The covenant would increase employers' awareness of the importance of including ultra-Orthodox Jews in the labor force and would convey the message that this goal is a national, and not merely an ultra-Orthodox, interest. The signing of the covenant would be followed by a program to promote the hiring of ultra-Orthodox workers by businesses and hi-tech companies. This program would include support, follow-up, and regular reports to the President of Israel or the Ministry of the Economy.

Recommendation

- Senior figures in the Israeli economy should sign an employers' covenant on hiring ultra-Orthodox workers.

B. Ministry of the Economy Employment Tracks

The Problem

The Ministry of the Economy "Employment Tracks" (programs encouraging employment in certain sectors, run by the ministry's Israel Investments

Center) provide employers who hire ultra-Orthodox men and women with a subsidy of up to 35% of the workers' salary for a period of two and a half years. In the last tender run by the Israel Investments Center, the emphasis was on hiring ultra-Orthodox men as opposed to women. However, this arrangement does not provide a significant incentive to employers to hire ultra-Orthodox workers at a high salary; in many cases it actually encourages the employment of ultra-Orthodox women at far lower salaries than the national average.

The Solution

The wages paid to ultra-Orthodox workers are a function of their labor productivity. Incentives must be provided to encourage hiring ultra-Orthodox workers for well-paying jobs. With this in mind, the relevant tenders should award extra points to employers who offer average or high salaries to ultra-Orthodox workers. Such an incentive would encourage the trend to employ ultra-Orthodox Jews in well-paying jobs rather than as cheap and unskilled labor.

Recommendation

- Employment tracks for ultra-Orthodox Jews should award employers additional points towards grants for fields that are in demand and pay an average or high salary.

C. Closer Ties between Employers, Vocational Counseling Centers, and Training Programs

The Problem

The labor market is dynamic and marked by flexible demand. Hence, there are frequent disparities between workers' qualifications and the needs of the market. Although this problem is not exclusive to the ultra-Orthodox sector, it is liable to be exacerbated in this sector because of the conservatism of the

institutions in which ultra-Orthodox Jews receive their occupational training (such as women's seminaries).

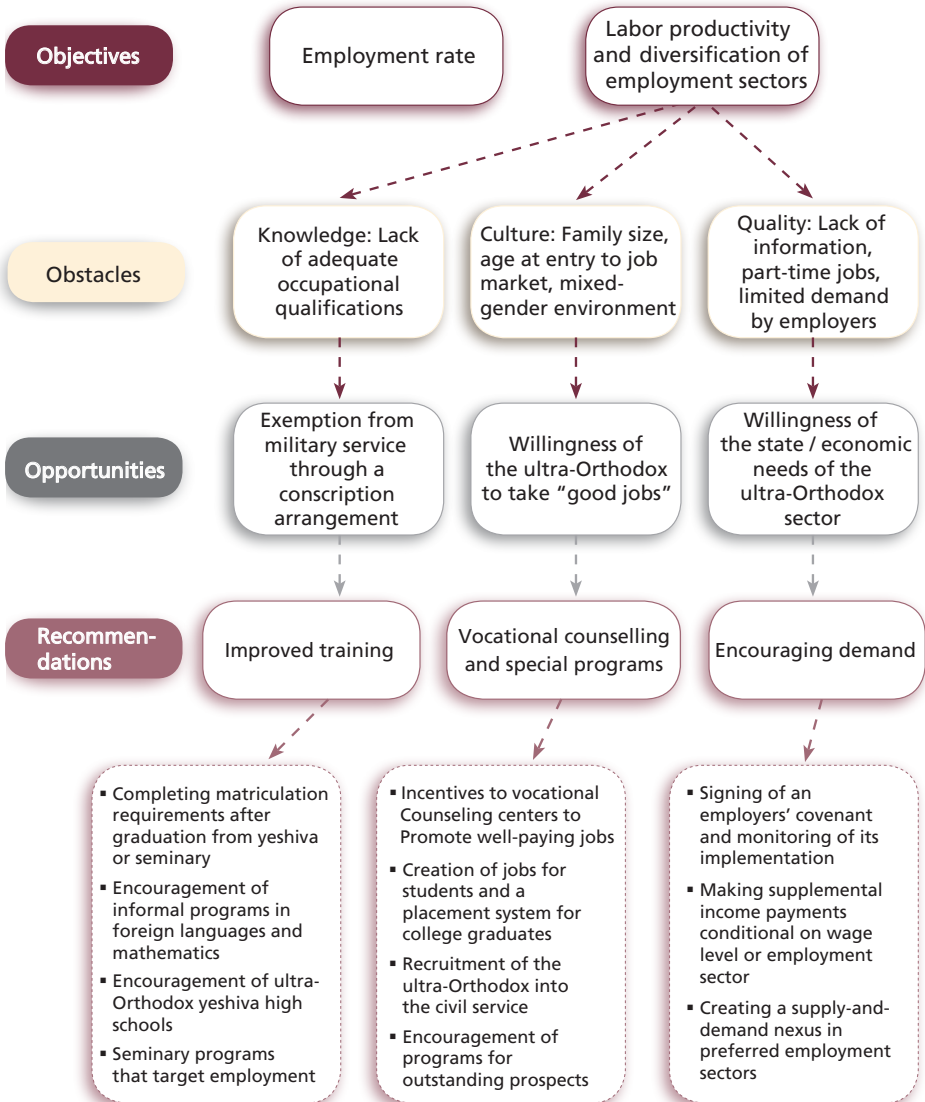
The Solution

The patronage to be given to the employment of members of the ultra-Orthodox sector by the President of Israel or the Minister of the Economy should be utilized to create a closer relationship among employers, the government, and the various training institutions. Closer ties could bring training programs up to date and stimulate alternative formats (such as classes in factories). These actions will benefit employers (a relevant workforce), the training institutions (up-to-date programs), and ultra-Orthodox workers (higher wages because of greater demand in the marketplace).

Recommendation

- Improve coordination between employers, vocational counseling centers, and training programs, in order to correlate supply with demand in preferred sectors.

The Master Plan



Conclusion

The integration of the ultra-Orthodox sector into the upper rungs of the labor market is a national priority that poses a challenge for policymakers and for Israeli society as a whole. Despite the impressive successes in recent years in getting ultra-Orthodox Jews to enter the labor market and the increased employment rate of ultra-Orthodox men and women, current policies have not been able to extricate the sector from entrenched poverty. The mean and median salaries of ultra-Orthodox workers remain low and do not provide them with them real economic and social security.

The time has come for a change. The importance of well-paid full-time employment of members of the ultra-Orthodox community has become increasingly evident to the relevant government ministries, politicians, employers, third-sector organizations, and, most importantly, young Haredim about to look for their first job. By the time the ultra-Orthodox political parties re-entered the coalition after the elections in 2015, their leaders had already accepted the need for promoting well-paying employment for their voters, and they incorporated this goal into their coalition agreements.

It is vital to take advantage of this favorable trend and promote a comprehensive program for integrating ultra-Orthodox Jews into the Israeli economy, with the emphasis on well-paying jobs. The master plan presented in this document calls for improving vocational and scholastic education, modifying the vocational counseling system to encourage better-paying jobs, and encouraging employers to seek out ultra-Orthodox workers in fields that are in demand and pay well. If the program is implemented in full, the difference between the employment rates of Haredim and non-Haredim will be reduced within a decade, and it will be possible to actually reach parity in terms of the number of hours worked, the sectors in which they are employed, and, of course, wages.

Setting objectives for better-paying employment for ultra-Orthodox Jews, and pursuing these goals by implementing the full set of recommendations

presented in the last chapter of this document, could increase ultra-Orthodox workers' labor productivity and wages. This new chapter in the integration of the ultra-Orthodox into the Israeli economy would benefit the ultra-Orthodox community, Israeli society in general, and the entire Israeli economy.

Appendix

Table 1A The Economic Value of Going out to Work for the Ultra-Orthodox Sector (February 2016, in NIS)

Type of Income/ Expenditure	Both Husband and Wife Working	Husband in Kollel, Wife Working	Husband in Kollel, Wife not Working
Income			
Income from job	9,300	4,650	0
Child allowances	1,010	1,010	1,010
Education Ministry kollel stipend	0	810	810
Kollel stipend from philanthropy	0	1,500	1,500
Vouchers from philanthropic organizations	0	300	300
Income supplement	920	460	0
Total income	11,230	8,730	3,620
Expenditures			
Daycare for children	1,150	1,350	0
Loss of discount on municipal property tax	250	0	0
Expenditures related to going to work	800	500	0
Total expenditures	2,200	1,850	0
Total income less expenditures	NIS 8,860	NIS 6,350	NIS 3,090

Table 2A Objectives for the Number of Ultra-Orthodox Men and Women in the Labor Force⁶⁷

	2014	2017	2020	2025
Ultra-Orthodox Men	138,500	159,175	179,400	220,220
Employed Ultra-Orthodox Men	62,600 (45.2%)	92,320 (58%)	112,125 (62.5%)	147,500 (67%)
Ultra-Orthodox Women	140,800	159,175	179,400	216,620
Employed Ultra-Orthodox Women	99,700 (70.8%)	117,790 (74%)	136,630 (76%)	162,470 (78%)

Table 3A Number of Ultra-Orthodox Men and Women who will Enter the Labor Market, by Sub-Period

	2014–2017	2018–2020	2021–2025
Ultra-Orthodox Men	9,900	6,600	7,100
Ultra-Orthodox Women	6,050	6,300	5,150

67 Based on the mid-range forecast of the Central Bureau of Statistics' population forecasts for 2059 (ibid., reference to files on page 79).

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Are the current public policies for integrating ultra-Orthodox Israelis into employment effective? What barriers are faced by ultra-Orthodox Israelis seeking to join the labor market? Should public efforts be invested only into encouraging employment for ultra-Orthodox men, or should they also target women? Should the emphasis be on training, guidance, or placement?

Despite the impressive gains made in establishing training and placement platforms, the ultra-Orthodox sector remains mired in poverty. The mean and median salaries of ultra-Orthodox employees are still low, and are not sufficient to provide economic security and social stability. Integrating ultra-Orthodox Israelis into the labor market is thus a national challenge of the utmost priority.

This master plan—a translation of a Hebrew paper first published in 2015, with a revised version published in 2016—analyzes public policy between the years 2003 and 2015 with regard to employment, military service, and social transfers for the ultra-Orthodox; and proposes employment targets for the coming decade, which include, for the first time, promoting high-quality employment for this population. In the long term, this would bring the income levels of ultra-Orthodox employees into line with those of the general population, and would ensure a continued rise in ultra-Orthodox employment rates. The potential benefits of these outcomes—for the ultra-Orthodox community, for Israel's economy, and for Israeli society at large—cannot be overstated.



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