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Benefits: Activities and Trends

The Income Support Benefit - General

The Income Support Law is intended to provide a last safety net for families who have no income from work or other sources, or who have very low incomes. The law, which came into effect in 1982, combined in a uniform framework the relief support paid in the past by the Ministry of Labor and Welfare and the social benefit payments paid by the NII to the elderly and survivors. Both payments are financed by the State Treasury.

Conditions of Eligibility

The income support benefit is intended for residents of Israel aged 20 and above, who have no means of subsistence, or whose income does not reach the level defined in the law, and it is paid to a family (single people or couples, with or without children). Usually the benefit claimant and his/her spouse (if any) are required to seek work through the Employment Service, in other words to meet an employment test, unless the law exempts them from this.

The amount of the benefit is determined in percentages of the **basic amount**¹, in accordance with family composition and number of children. Families with children are paid an increment for one child or two or more children - with the income support benefit, and for three children or four or more children - with the child allowance.

Benefit rates increase from the age of 55 until retirement age. The benefit for those who have reached retirement age and those receiving an old-age, survivors' or dependents' pension under National Insurance Law is paid to them according to age groups (see the old-age and survivors' chapter).

In 2016 there was a continued significant decrease in the number of families receiving the income support benefit and their number amounted to some 91 thousand on average per month – a decrease of 7.5% from 2015. Considering the natural growth in the population (of approximately 1.8% per year), the real decrease is even greater.

1 See note 14 in Chapter 1.

Legislative Changes

In January 2017 there was a change in the means test for single parents (single-parent families) receiving an income support benefit. The setoff rate of income from work beyond the amount that is unaccounted for decreased from 60% to 25% for a gross salary of up to NIS 3,270. Beyond this sum, setoff rate remained 60%. The program is being operated as a temporary order for two years, in order to examine the effect of this policy change on employment and income rates among single-parent families. Single parents entitled to income support benefit may receive a work grant from the Income Tax Authority only if the rate of the benefit supplement resulting from this change is lower than the work grant. The difference will be paid in a work grant by tax authorities.

Additional amendments to Income Support Law concerning retirement-aged benefit recipients are set out in the old-age and survivors' chapter.

Evolution of the Number of Benefit Recipients

The period from June 2003 to December 2008 shows a steady falling trend in the number of income support benefit recipients. This trend began with the implementation of stricter legislation in June 2003², and continued due to the ongoing effect of the decrease in the maximum income for eligibility for the benefit, as well as the improved employment situation in the economy in the years 2004-2007 and half of 2008. The operation of employment centers as part of the Mehalev program in August 2005 and Lights for Employment in August 2007 accelerated the trend. In 2009 there was a turning point: the number of families receiving the benefit rose at the beginning of the year and stabilized at a higher level in the second half, apparently due to the economic crisis and the increase in the unemployment rate in that year (Table 1). Since 2010 the decrease in the number of recipients resumed and, except for a one-time increase in 2013 which arose inter alia from legislative changes (extension of eligibility to vehicle owners), the drop continued and intensified in 2015 and again in 2016, and the average number of families fell to its lowest since 1997. The reasons for the decrease in the benefit are mainly related to recent years' increase in employment rates, a decrease in the percentage of immigrants among working-age population (see below) and the erosion of the benefit level.

In the first three quarters of 2014 the number of benefit recipients fell, but rose in the last quarter (as a result of sanctions in the Employment Service³), whereas in 2015

² The changes are described in detail in *Annual Survey 2002-2003*.

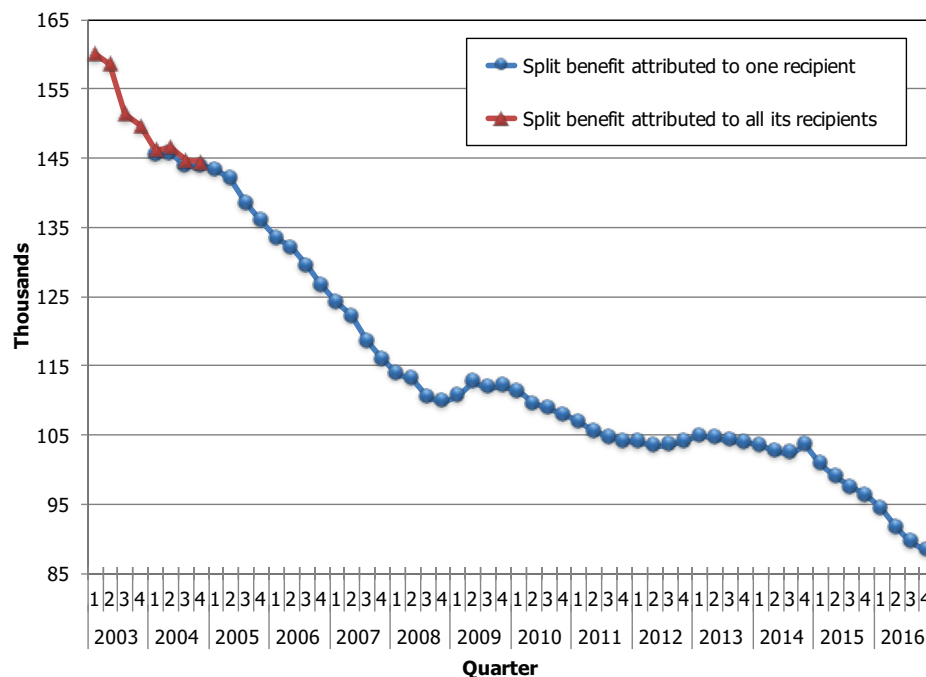
the decrease continued throughout the year, partly due to the technical increase in the number of recipients at the end of 2014, but even without this increase the decrease in the number of recipients accelerated in 2015 (Figure 1). In 2016 the decrease again intensified to a rate of 7.5% - the highest since 2008.

Table 1
Families Receiving Income Support Benefit, by Number of Years in Israel*
(Monthly Average), 2008-2016

Date	Total		Veterans		Immigrants	
	Absolute number	% change	Absolute number	% change	Absolute number	% change
2008	111,808	-7.0	78,011	-5.4	33,798	-10.4
2009	111,765	-0.04	79,461	1.9	32,304	-4.4
2010	109,407	-2.1	79,102	-0.5	30,304	-6.2
2011	105,292	-3.8	77,443	-2.1	27,849	-8.1
2012	103,766	-1.4	77,945	0.6	25,821	-7.3
2013	104,399	0.6	80,084	2.7	24,315	-5.8
2014	102,993	-1.3	80,262	0.2	22,731	-6.5
2015	98,347	-4.5	77,316	-3.7	20,982	-7.7
2016	90,934	-7.5	71,754	-7.2	19,181	-8.6

* The number of years in Israel is determined by benefit claimant's number of years as resident in Israel.

Figure 1
Families Receiving Income Support Benefit, by Quarter (Thousands), 2003-2016



An examination of the benefit recipients by number of years in Israel (which is determined according to the benefit claimant) shows that in 2009, alongside the continual but more moderate drop in the number of immigrant families, for the first time since 2004, the number of veteran families receiving the benefit rose (Table 1). In 2010 the trend changed again – the number of veteran families fell and there was an accelerated fall in the number of immigrant families compared to 2009. In 2010-2011 the downward trend continued for both veteran and immigrant families, but this was largely due to the decrease in the number of immigrant families receiving the benefit. By contrast, in 2012 and 2014 there was an increase in the number of veteran families receiving the benefit (by 2.7% and 0.2% respectively). Therefore the falling trend in the total number of families eligible for the benefit arises from a drop in the number of immigrant families, which was moderated by the increase in the number of veteran families. In 2015 and 2016 the number of veteran families decreased (at a rate of 3.7% and 7.2% respectively) and there was a further decrease in the number of immigrant families (by 7.7% and 8.6% respectively), a situation which led to the accelerated decrease in the number of recipients.

Benefit Recipients - Characteristics

Family Composition and Number of Years in Israel

The drop in the number of benefit recipients seen since mid-2003, the date of the big change in the benefit amount and in the stringency of eligibility conditions, was accompanied by a change in the composition of recipient families. The decrease occurred among single-parent families and couples with children, while the number of single recipients grew. Apart from the effects of legislative changes that also found expression in subsequent years, it is possible that not all recipients found employment in the growing economy, and these differences were also likely to affect the composition of the population receiving the income support benefit. Below are some data illustrating the changes in the composition of recipients which have occurred as a result of the legislative change⁴ (Table 2):

The percentage of single-parent families declined slowly, from 33.2% in early 2003 to 24.3% in 2014, but rose slightly since then to 25.1%.

⁴ With regard to the changes in family composition of benefit recipients in 2004-2007 see *Annual Survey 2008*.

The percentage of couples with children decreased from 24.4% in 2003 to 21% in 2010, and since then it has fluctuated within the limited range of 20.8% to 21.8% in 2016.

At the same time as the percentage of families with children in 2003-2012 decreased, that of single people rose significantly – from 36.5% in 2003 to 46.7% in 2012, and then fell in the last four years to 45.4% in 2016.

Table 2

Income Support Benefit Recipients, by Family Composition and Number of Years in Israel (Numbers and Percentages), 2003, 2013-2016

Family Composition	Numbers			Percentages		
	Total	Veterans	Immigrants	Total	Veterans	Immigrants*
January-March 2003						
Total	160,006	102,194	57,812	100.0	100.0	100.0
Single	58,331	38,000	20,331	36.5	37.2	35.2
Single + children	53,191	25,662	27,529	33.2	25.1	47.6
Couple	9,468	5,070	4,398	5.9	4.7	7.6
Couple + children	39,016	33,462	5,554	24.4	32.7	9.6
2013 average						
Total	104,399	80,084	24,314	100	100	100
Single	48,595	35,736	12,858	46.5	44.6	52.9
Single + children	25,216	17,091	8,125	24.2	21.3	33.4
Couple	8,129	5,909	2,220	7.8	7.4	9.1
Couple + children	22,459	21,348	1,111	21.5	26.7	4.6
2014 average						
Total	102,993	80,262	22,731	100	100	100
Single	47,379	35,327	12,052	46.0	44.0	53.0
Single + children	24,990	17,263	7,727	24.3	21.5	34.0
Couple	8,169	6,273	1,896	7.9	7.8	8.3
Couple + children	22,455	21,400	1,055	21.8	26.7	4.6
2015 average						
Total	98,298	77,316	20,982	100	100	100
Single	44,632	33,467	11,165	45.4	43.3	53.2
Single + children	24,265	17,045	7,221	24.7	22.0	34.4
Couple	7,992	6,357	1,636	8.1	8.2	7.8
Couple + children	21,408	20,448	961	21.8	26.4	4.6
2016 average						
Total	90,934	71,754	19,180	100	100	100
Single	41,285	31,074	10,211	45.4	43.3	53.3
Single + children	22,862	16,197	6,665	25.1	22.6	34.7
Couple	7,868	6,413	1,456	8.7	8.9	7.6
Couple + children	18,919	18,070	849	20.8	25.2	4.4

* Anyone who immigrated to Israel from 1990 onwards is defined as an immigrant.

The quite small percentage of couples without children rose gradually from 5.9% in 2003 to 7.7% in 2010, and has since then risen slowly to 8.7% in 2016.

The legislative changes, which mainly affected families with children, led to a sharp drop in their percentage and number from 2003 to mid-2005, a moderate drop until 2012 followed by a stabilization until 2015, and a renewed drop in 2016.

As stated, in 2016 there was a decrease in the percentage of both veteran and immigrant families. Among the veterans the percentage of couples with children dropped, while among the immigrants the percentage of single people with children increased slightly. These changes in family composition are expressed by a drop in the number of families with children among the total recipients.

Grounds of Eligibility

Continuing the demographic changes which became apparent in 2003, the following trends in grounds of eligibility were seen (Table 3):

A rise in the percentage of unemployed people among all recipients until 2013, and a fall in 2014, which intensified in 2015 and 2016. In contrast, from 2013 there was a rise in the percentage of those employed at a low salary, which intensified in 2016. The significance of these fluctuations is that from 2011 to 2013 there was a slight decrease in the average percentage of recipients necessitating an employment test (lack of employment and low salary), stabilization in 2014 and renewed decrease in 2015 and 2016 to a level of 76.6% of benefit recipients (compared to 80.1% in 2010). The percentage drop in unemployment-related recipients can also be attributed to the Employment Service's efforts in job placement. However, most benefit recipients still have to pass the employment test.

A fall in the percentage of mothers of small children until 2012, followed by a slow rise and stabilization.

A fall in the percentage of unemployable people aged 55 and over until 2014. In 2015 there were no longer any recipients in the system who were defined as unemployable.

A fall in the percentage of benefit recipients because of training and vocational diagnosis – from 2.5% in the first half of 2005 to 0.9% in 2010. In 2011 their percentage returned to the 2009 level – 1.1% of all recipients, and again fell in 2012. After stabilizing in 2014, their percentage of total recipients amounted to merely 0.4% in 2016.

A slight rise in the percentage of recipients because of rehabilitation or addiction (to drugs or alcohol), mostly in the number of addicts diagnosed as being unable to participate in rehabilitation programs.

Table 3
Income Support Benefit Claimants and Their Spouses, by Grounds of Eligibility, 2012-2016

Grounds	2012 average		2013 average		2014 average		2015 average		2016 average	
	Numbers	%	Numbers	%	Numbers	%	Numbers	%	Numbers	%
Total	133,800	100.0	134,528	100.0	133,618	100.0	127,699	100.0	117,723	100.0
Unemployed	88,843	66.4	89,701	66.7	88,294	66.1	80,477	63.0	69,827	59.3
In training or diagnosis	984	0.7	505	0.4	564	0.4	587	0.5	469	0.4
Low salary	17,952	13.4	17,340	12.9	17,524	13.1	19,041	14.9	20,367	17.3
Addicts	3,182	2.4	3,153	2.3	3,103	2.3	3,123	2.4	3,246	2.8
Unemployable (aged 55+)	765	0.6	260	0.2	89	0.1				
Mothers of small children	10,221	7.6	10,394	7.7	10,415	7.8	10,051	7.9	9,145	7.8
Other	11,853	8.9	13,175	9.8	13,629	10.2	14,419	11.3	14,669	12.5

Income

The decrease in number of income support benefit recipients from 2004 to 2008 was accompanied by a rise in the percentage of working families, from 25.5% to 28.6% (Table 4). In 2009 this percentage fell, then rose again until 2011. In 2012 their percentage decreased again to 26.8% in 2013. In 2014 the percentage of employed people increased again to 31.6% in 2016. This noticeable surge between 2015 and 2016 is also reflected in the trends analysis regarding the benefit grounds of eligibility. It should be mentioned that the increase in the employment rate in this period affected the entire economy, even those who did not receive the benefit.

Compared with 2015, the employment rate increased among all families (from 28.9% to 31.6%), especially among couples with children (from 37.4% to 44.3%). There was a drop in the percentage of families earning up to NIS 2,000 while that of families earning NIS 2,000-3,000 rose (Table 5). In other words, a larger proportion of the families receiving the benefit had income from work, and their salary level improved slightly, but was still low. Only 11.8% of all the families had a salary higher than NIS 3,500 per month. It should be remembered that many of those eligible for the benefit leave the income support system at that level of income.

Under the August 2012 amendment to the law, owners of vehicles worth up to NIS 40,760 may also receive income support benefits. In December 2016 there were some 9,900 families with vehicles – approximately 300 more families in comparison to December 2014 and 2015.

Table 4
 Percentage of Families with Income from Work, by Family Composition,
 2005, 2013-2016

Family composition	Total	
	Absolute numbers	Percentage of total families
January – July 2005		
Total	37,240	26.2
Single	9,261	15.2
Single + children	17,313	43.7
Couple	2,327	25.1
Couple + children	8,340	25.7
2013 average		
Total	27,957	26.8
Single	8,926	18.4
Single + children	9,919	39.3
Couple	1,984	24.4
Couple + children	7,128	31.7
2014 average		
Total	28,272	27.4
Single	8,895	18.8
Single + children	9,970	39.9
Couple	1,932	23.6
Couple + children	7,475	33.3
2015 average		
Total	28,445	28.9
Single	8,695	19.5
Single + children	9,933	40.9
Couple	1,801	22.5
Couple + children	8,015	37.4
2016 average		
Total	28,711	31.6
Single	8,534	20.7
Single + children	9,952	43.5
Couple	1,852	23.5
Couple + children	8,373	44.3

For most of them (approximately 67%, some 6,700 families) the amount of the benefit remained unchanged despite having a vehicle. The benefits of the remaining families were reduced by an average of NIS 217. Some 1,300 other families had a vehicle for medical needs in December 2016, compared to 1,200 in December 2015.

Other benefits paid to families are regarded a source of income and taken into account for the means test. A monthly average of 6.8% of the families were eligible for other benefits from the NII in 2016, compared to 6.3% in 2015. The amount of the average

Table 5
Income from Work of Families Receiving Income Support Benefit,
by Family Composition, 2014-2016

Family composition	Income level (NIS)					
	1-1,000	1,000-1,500	1,500-2,000	2,000-3,000	3,000-3,500	3,500+
2014 average						
Total	11.7	21.6	18.6	31.0	6.4	10.7
Single	18.7	35.2	20.6	23.7	1.7	0.2
Single + children	9.2	14.1	15.4	33.9	9.4	18.1
Couple	11.9	24.6	20.8	28.4	6.0	8.2
Couple + children	6.7	14.6	19.9	36.6	8.1	14.1
2015 average						
Total	10.3	20.3	18.7	33.1	6.6	11.1
Single	16.7	33.0	21.9	26.3	2.0	0.2
Single + children	8.3	13.7	15.2	34.5	9.5	18.7
Couple	11.2	22.1	20.3	30.2	6.1	10.0
Couple + children	5.6	14.4	19.2	39.3	8.0	13.7
2016 average						
Total	9.0	15.8	20.0	36.5	6.9	11.8
Single	14.8	26.6	25.1	30.9	2.4	0.3
Single + children	7.3	11.0	16.0	36.4	9.7	19.6
Couple	9.1	17.2	21.4	34.0	7.0	11.3
Couple + children	4.9	10.2	19.4	43.1	8.1	14.4

monthly family income from these benefits (except for benefits in lieu of salary, which are calculated as income from work) was NIS 1,791 (similar to 2015 – NIS 1,785). About 9,800 families (10.8%) had income both from work and NII benefits. The total family income from both these sources was about NIS 3,264 on average.

Another possible income source is the yield from assets – financial assets, inter alia bank savings, and real estate. In December 2016 only some 2,300 families, constituting 2.6% of all families, owned a financial asset sufficient to reduce their benefits, compared to 2,400 such families in December 2015. The average income credited to a family whose benefit was reduced was NIS 87. Some 800 families had income from work and a credit of income from financial assets: income from work – approximately NIS 2,230 on average, and income from financial assets – NIS 63 on average (lower than the general average).

As with income from financial assets, income from real estate is also credited. In December 2016 there were about 2,900 families with real estate (compared to 3,000 in December 2015), constituting 3.3% of all families receiving the benefit. The average income credited from real estate was NIS 365. Only about 20 families were credited with income from real estate and financial assets and also had income from work.

Level of the Benefit

As a result of the 2002-2003 legislation, which considerably reduced income support benefit levels, the composition of families receiving the benefit changed considerably: the percentage of families receiving the benefit at the increased rate for those under 55 (“previously eligible”⁵) fell from 22% in 2008 to 3.6% in 2016, and among those aged 55 and above, it rose from 21% in 2004 to 30.3% in 2011 (Table 6). From 2012 to 2016 their percentage fluctuated between 29.2% and 33.4%.

The percentage of families receiving the benefit at the regular rate fell since 2013 and amounted to 39% in 2016. The percentage of single people among them rose until 2012, and fell since then. The percentage of couples with children rose until 2014 and fell to 15.3% in 2015, then rose again to 20.1% in 2016. The percentage of single-parent families (up to the age of 55) fell until 2012 and rose since then, reaching 21.7% in 2016.

Table 6
Income Support Benefit Recipients by Family Composition
and Benefit Rate (Percentages), 2012-2016

Family composition	December 2012	December 2013	December 2014	December 2015	December 2016
Total	100.0	100.0	100.0	100.0	100.0
Single person receiving regular rate	27.0	26.5	26.1	25.0	23.9
Single person receiving increased rate (under 55, “previously eligible” ^{**})	2.7	2.5	2.3	2.0	1.8
Single person receiving increased rate (55+)	18.7	18.7	18.9	19.9	21.2
Independent ^{**} mother (under 55)	20.8	20.9	21.1	21.4	21.7
Couple receiving increased rate (55+)	6.7	6.7	6.9	7.3	7.9
Couple + children receiving regular rate	14.5	15.4	15.7	15.3	14.2
Couple + children receiving increased rate (under 55, “previously eligible” ^{**})	2.9	2.5	2.2	1.9	1.6
Couple+ children receiving increased rate (55+)	3.8	3.8	3.9	4.1	4.3
Other	2.9	3.0	2.9	3.1	3.4

* Those who began receiving income support at this rate before June 2003.

** Single (also father).

5 Those who began receiving income support at this rate before June 2003.

Payments

Benefit Level

In 2016 benefit amounts remained the same as in 2014 and 2015, because the index (which was determined according to the ratio between the November 2015 index and the November 2014 index) decreased. The benefit level rose by 0.5% in real prices, but in average salary terms it decreased by 2.2% (Table 7).

The child allowance paid to families with children increases their income level. As part of the benefit, families with three or more children are eligible for an additional allowance for the third and fourth child, which is paid with the child allowance. So for example, an independent (single) mother under the age of 55 with three children, who by law should receive 39% of the basic amount, which is 35.3% of the average wage – actually received 41.9% of the average wage together with the child allowance and the increment for families with three children.

Table 7

Income Support Benefit in Fixed Prices and as a Percentage of Average Salary*, by Family Composition, 2012-2016

	Single person				Independent mother** with two children		Couple with two children			
	Regular rate		Increased rate				Regular rate		Increased rate	
	2016 prices (NIS)	% of average wage	2016 prices (NIS)	% of average wage	2016 prices (NIS)	% of average wage	2016 prices (NIS)	% of average wage	2016 prices (NIS)	% of average wage
The eldest in the family is under the age of 55										
2012	1,688	19.1	1,898	21.4	3,290	37.2	2,827	31.9	3,290	37.2
2013	1,685	18.9	1,897	21.2	3,287	36.8	2,823	31.6	3,287	36.8
2014	1,710	18.9	1,923	21.2	3,333	36.8	2,863	31.6	3,333	36.8
2015	1,721	18.5	1,935	20.8	3,355	36.0	2,881	31.0	3,355	36.0
2016	1,730	18.1	1,946	20.3	3,373	35.3	2,897	30.3	3,373	35.3
At least one member of the family is over the age of 55										
2012	2,110	23.8	2,110	23.8	4,255	48.1	4,177	47.2	4,177	47.2
2013	2,107	23.6	2,107	23.6	4,265	47.7	4,171	46.7	4,171	46.7
2014	2,137	23.6	2,137	23.6	4,348	48.0	4,231	46.7	4,231	46.7
2015	2,150	23.1	2,150	23.1	4,376	47.0	4,258	45.7	4,258	45.7
2016	2,162	22.6	2,162	22.6	4,400	46.0	4,281	44.8	4,281	44.8

* As measured by the Central Bureau of Statistics

** In past legal language – single mother (also refers to a father)

Total Payments

In 2016 income support benefit payments amounted to NIS 2.27 billion – a real decrease of 8.6% from 2015, due to a sharp decrease in the number of recipients (7.5%) and a small one in the average benefit (0.2%) (Table 8).

Table 8

Income Support Benefit Payments (Without Administrative Expenses, Millions of NIS), 2012-2016

Year	Current prices	2016 prices
2012	2,493	2,513
2013	2,583	2,565
2014	2,593	2,562
2015	2,494	2,480
2016	2,266	2,266

Appendix: Figure Data

Figure 1 Data
Families Receiving Income Support Benefit, by Quarter (Thousands),
2003-2016

Year	Quarter	Split benefit attributed to one recipient	Split benefit attributed to all its recipients
2003	1		160.01
	2		158.63
	3		151.36
	4		149.68
2004	1	145.35	146.19
	2	145.69	146.58
	3	143.77	144.70
	4	143.83	144.45
2005	1	143.32	
	2	141.98	
	3	138.48	
	4	135.98	
2006	1	133.46	
	2	131.97	
	3	129.38	
	4	126.54	
2007	1	124.21	
	2	122.23	
	3	118.52	
	4	115.92	
2008	1	113.86	
	2	113.05	
	3	110.46	
	4	109.87	
2009	1	110.62	
	2	112.60	
	3	111.81	
	4	112.03	
2010	1	111.36	
	2	109.49	
	3	108.82	
	4	107.97	
2011	1	106.90	
	2	105.54	
	3	104.67	
	4	104.06	

Figure 1 Data (*continued*)

Year	Quarter	Split benefit attributed to one recipient	Split benefit attributed to all its recipients
2012	1	103.99	
	2	103.42	
	3	103.58	
	4	104.07	
2013	1	104.90	
	2	104.58	
	3	104.24	
	4	103.87	
2014	1	103.53	
	2	102.54	
	3	102.35	
	4	103.55	
2015	1	100.75	
	2	98.94	
	3	97.47	
	4	96.23	
2016	1	94.36	
	2	91.53	
	3	89.54	
	4	88.31	