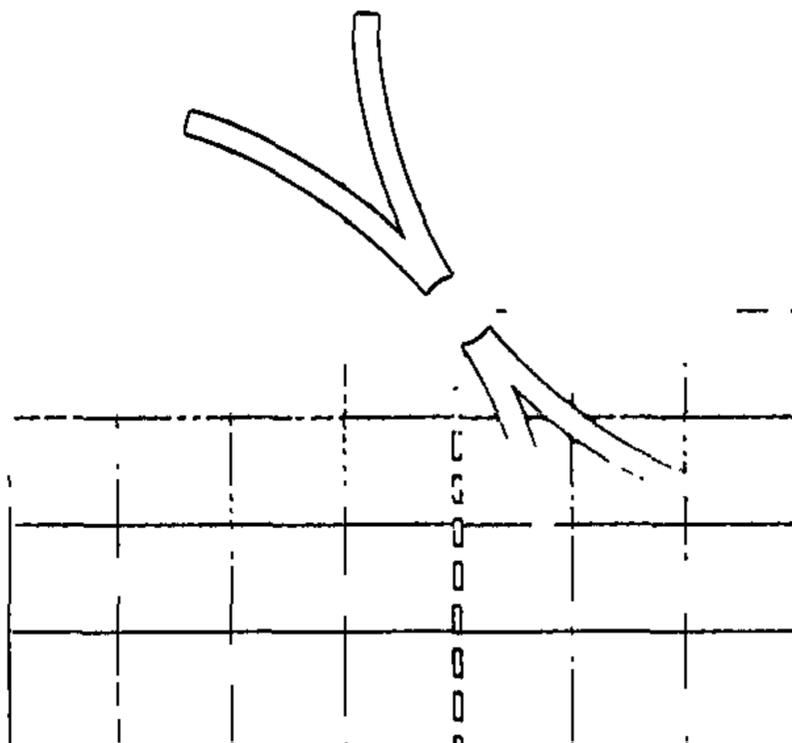


**Jobs versus Income Support:
Integrating Soviet Immigrants
into the Israeli Job Market**

by
Jack Habib
Brenda Morginstin
and
Allan Zipkin



No. 71



National Insurance Institute
Research and Planning Administration

**Jobs versus Income Support: Integrating
Soviet Immigrants into the Israeli Job Market**

by

Jack Habib

Brenda Morginstin

and

Allen Zipkin

Jerusalem, December 1998

This publication was originally prepared as a paper for presentation at the ISSA 2nd International Research Conference on Social Security, held in Jerusalem In January 1998.

We would like to thank Shmuel Be'er and Yitzchak Shnoor of the Brookdale Institute and Gideon Yaniv and Orna Varcovitzky of the National Insurance Institute for their professional input and assistance.

Contents

Introduction	1
Assistance to Immigrants	4
Social Security Benefits for Immigrants	4
The Integration of Immigrants into Employment	9
Background Characteristics Related to Employment	9
The Integration into Employment	10
Income Support Benefits	16
Income Support Recipients from the FSU and Non-Immigrants, 1995	17
Main Groups of Recipients of Income Support and Family Composition	21
Major Groups of Recipients by Reason for Receipt	22
Employment and Income Support	26
Patterns of Utilization of Income Support Benefits	28
Discussion and Summary	31
Appendix	39
Bibliography	43

Introduction

Israel in the 1990's experienced a new wave of massive immigration. The mass immigration began at the end of 1989 and reached a peak in 1990 and 1991 but has continued at high rates. A total of 756,000 immigrants arrived over the seven-year period 1990-1996. By 1996, immigrants from the Former Soviet Union (FSU) were 87% of all arrivals, for a total of 656,000 over the period.

Table 1. Number of Immigrants Arriving, by Year, Total and FSU

Year	Total Immigrants		Immigrants from FSU	
	Annual	Cumulative	Annual	Cumulative
1990	199,516	199,516	185,227	185,227
1991	176,100	375,616	147,839	333,066
1992	77,057	452,673	65,093	398,159
1993	76,805	529,478	66,145	464,304
1994	79,844	609,322	68,079	532,383
1995	76,361	685,683	64,847	597,230
1996	70,605	756,288	58,878	656,108

Source: CBS

As with other countries, one of the basic challenges was to integrate this population into the labor force as early as possible in order to prevent long-term dependency. However, another very important goal was that of promoting the optimal use of the skills and potential which the immigrants brought with them.

One of the factors influencing the labor force experience of the immigrants was the nature of their educational and occupational background. Immigrants from the FSU were highly educated and highly over-concentrated in academic occupations.

The integration of immigrants into the labor force is influenced by a number of factors in addition to the background and personal characteristics of the immigrants, such as the fit between labor force opportunities in Israel and the occupational composition of the immigrants, overall macro economic conditions, etc. However, another set of influences relates to the nature of government interventions. These include those that

are specifically designed to ease the transition into employment as well as those that are designed to provide support to immigrants who have difficulty integrating into employment.

This report examines the degree to which the immigrants became dependent on the most basic component of the safety net of income maintenance programs-the residual income support (IS) program that provides a minimum income to those not able to provide for themselves and who are not eligible for other programs. This question is examined in light of the degree of success of the Israeli society in integrating the immigrants into employment. The report provides an initial descriptive analysis of the relationship and takes advantage of several unique data sets. It is designed to raise questions and stimulate more in-depth research.

In this report, a number of key issues are examined:

- a) Israel has a relatively accessible IS program administered through social security. To what extent did the immigrants turn to the IS system and to what extent did they integrate into the labor force?
- b) What is the nature of the residual group of immigrants who were in the system as of 1995? Who are the main groups of immigrants who became dependent on the income support system and how did the characteristics of immigrants change over time and in comparison to non-immigrant recipients?
- c) What is the role that the IS system played? To what extent did the income support program serve as a substitute or supplement to income from employment? To what extent were those receiving IS still part of the labor force? Did immigrants use the income support system as a temporary, intermittent or as a long-term source of support?
- d) Did the immigrants use the system to a greater extent than non-immigrants and in different ways?

The analysis focuses on immigrants from the Former Soviet Union (FSU) who immigrated from 1990 to the end of 1995, because of their dominant place in the current wave of immigration. The analysis focuses on 1995 as this is the latest year for which we could obtain data from the IS system and on employment. Data on the trends over time in income support recipients are also analyzed, using data available for all immigrants.

The next section describes the IS system for immigrants. Section 3 contains an analysis of the integration of the immigrants into the labor force, followed by an examination of the extent and pattern of participation in the IS system, with its relation to the pattern of employment. A discussion and summary of the findings concludes the report.

Assistance to Immigrants

The program of assistance to immigrants can be divided into two periods. During the first year a basic level of economic support, basic household equipment and loans are provided to all immigrants from economically depressed countries, based on age and family composition. Immigrants receiving old age benefits from social security are not eligible for income support.

This initial program of assistance to immigrants in Israel was a fairly generous one which provided in broad terms for an initial moratorium during the first year following immigration, on the expectation that the immigrant participate in the labor force, with an interest in particular that he focus on language training.

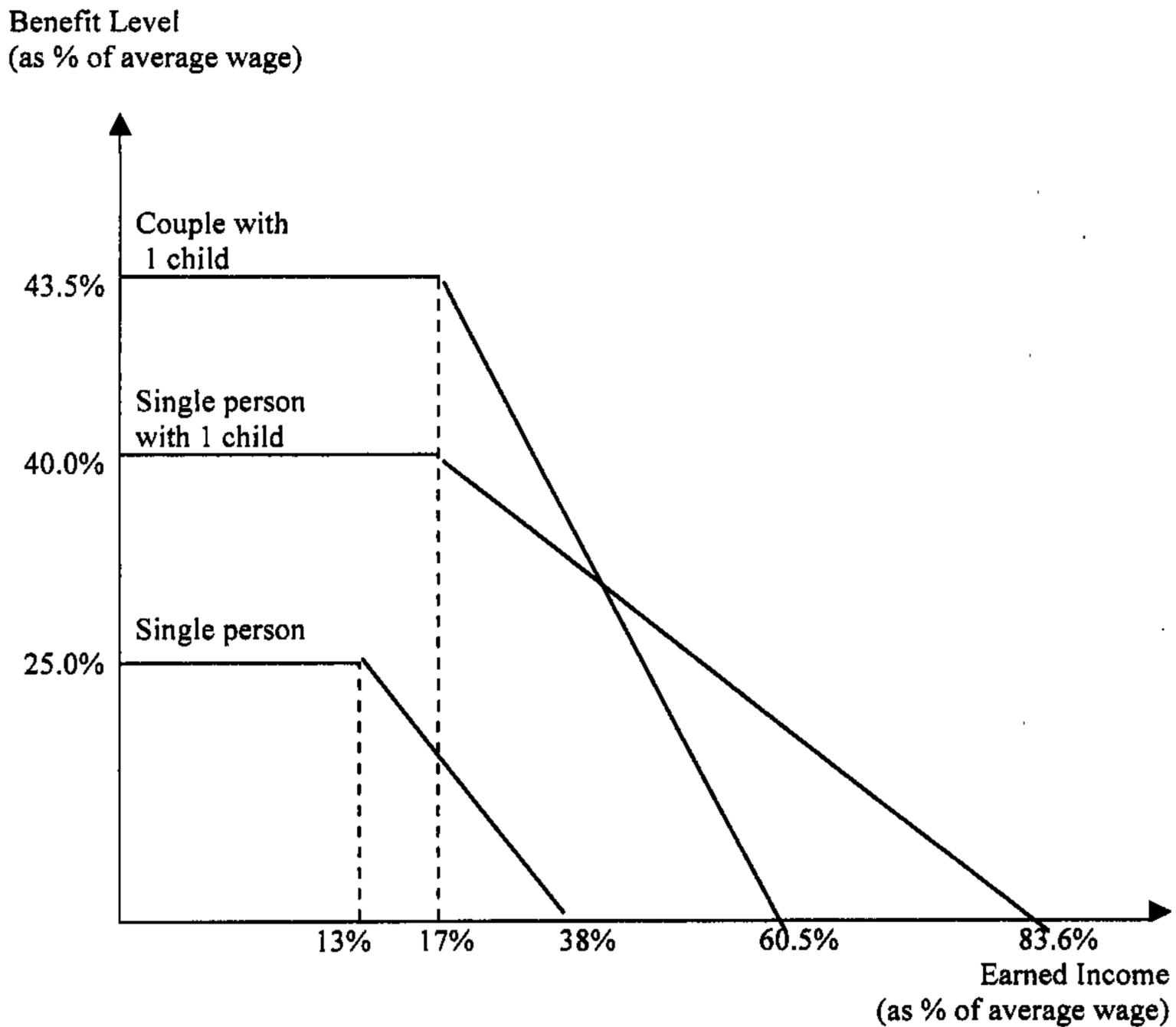
The initial program of assistance is available to all immigrants during their first year under a special program funded through the Ministry of Absorption and, in part, by non-governmental sources. After one year, immigrants may become eligible for the income support program subject to more stringent eligibility conditions: an employment test and income test. Subsequently, under income support, immigrants are entitled to restricted forms of support to which all Israelis are entitled under social security. The first category includes those benefits which are specifically designed to ease the transition into employment, while the latter includes general income support benefits which become available to those immigrants who, after the first year of immigration, continue to have difficulty integrating into employment.

Social Security Benefits for Immigrants

The Income Support Program provides an economic safety net of last resort for the population of working age. It assures a minimum income level for those who are unable to earn sufficient income for temporary or long-term periods and who are

ineligible for any other social security program (such as Disability or Unemployment Insurance).⁶ See Figure 1.

Figure 1 - Income Support Benefit Levels as a Function of Earned Income



⁶Eligibility for Unemployment Benefits is limited to 138 days for individuals under age 45 or having up to two dependents and 175 days for individuals over age 45 or having three or more dependents. Upon completion of obligatory army duty, soldiers are eligible for 70 days.

Income Support Benefit as a Function of Earned Income Eligibility for income support is determined by a family income⁷ test and, with limited exceptions, an employment test which means registering for employment with the labor exchange. Moreover, eligibility is contingent on not owning an automobile. Every applicant is defined in terms of a qualifying condition which defines the reason for which he is eligible for benefits. Qualifying conditions include seeking work, certification of being unemployable due to social, mental or physical handicap (but not severe enough for eligibility for disability benefits) or age (55-59 for women and 60-64 for men), substance abuse, temporary illness, mothers of small children and others. In addition, if a person is subject to an employment test, and he is working at a low paying job, his qualifying condition is defined as low wages and he becomes eligible for an income supplement as part of the same program.

Qualifying conditions are divided into those which require an employment test and those which do not. The major exclusions for the employment test are mothers of small children (less than 7 years of age), drug addicts and persons with illnesses. Qualifying conditions which are subject to employment tests include seeking work, low wages, unemployability and age . Each adult in the nuclear family is subject to an employment test and a qualifying criterion. In other words both the applicant and his spouse have to meet a qualifying criteria.

The maximum benefit level is defined as a given proportion of the average wage and is a function of family size, with a supplement paid for each of the first two children.⁸ The benefit ranges between 20% of the average wage for a single person to approximately 50%⁹ for a single parent family with two children. Single parent families are eligible for relatively high benefits since the introduction of the Law to Reduce the Scope of Poverty in 1994 and 1995.

⁷ Including income from work or self-employment, pensions, rents, dividends, etc. Savings are factored into income by a special formula.

⁸ In addition, the family receives a child allowance for each child in the family.

⁹ The official percent is 52.5% minus the value of the Israeli child allowance for the first child.

Individuals are ineligible for benefits if their income is higher than a set ceiling as defined by law for each family size. If the individual has income which is lower than the ceiling, he receives a benefit which is equal to the difference between the full benefit and his income. In order to create a work incentive, for those with income from work there is a disregard equal to 13% of the average wage for a single person and 17% for a family.

Above the disregard, the effective marginal tax on each additional earned shekel is 100%, except for single-parent families, for whom the marginal tax is 60%. As a result the potential earned income under the program for a single parent with one child, for example, reaches 83.6%, compared to 60.5% for a couple with one child (see Figure 1). Thus, the Israeli system provides more generous assistance to one-parent families.

People who receive income support benefits are eligible for various other benefits such as significant reductions in municipal tax, lower health insurance premiums and various services in-kind.

Because of the large numbers of immigrants during the 1990-1995 period, a number of measures were taken to facilitate the provision of social security benefits to eligible immigrants. One type of measure provided for a shift from separate provision of benefits through the Ministry of Absorption (as well as the Jewish Agency) to integrating the immigrants into the benefit programs for the general population, either immediately or at an earlier stage. In addition, these measures included more efficient administrative procedures as well as special amendments to the social security law to enable uptake of rights with shorter insurance periods.

In general, immigrant women at age 60 and men at age 65 become eligible for the basic old age benefits and to child allowances immediately upon immigration. In order to facilitate application processing, a special computerized system was set up to enable registration and payment of these benefits immediately upon arrival at the airport.

For all other benefits, immigrants were subject to the usual application process at local branches of the National Insurance Institute (NII). However, amendments to the Social Security Law in 1992, under agreement with the Ministry of the Treasury, speeded up provision of benefits to new immigrants with special needs by reducing insurance period requirements.

a. Severely disabled immigrants requiring help with activities-of- daily- living became eligible for disability benefits and attendance allowances after a period of three months instead of the usual two-year waiting period.

b. Dependent elderly requiring home care services under Long-Term Care Insurance became eligible for these services immediately upon immigration instead of after a year's waiting period.

c. Immigrants of employable age (18-59 for women and 18-64 for men) who were unable to find employment after the first year of support by the Ministry of Absorption became eligible for income support benefits after one instead of two years.

d. In contrast, the conditions for receiving unemployment insurance were tightened during this period: Until 1992 immigrants were required to have worked only three months compared to six for non-immigrants. In 1993 the law was changed to require six months for all applicants as part of an effort to introduce greater work incentives.

For most immigrants who were unable to integrate into the labor market, these changes in eligibility requirements enabled a smooth transition into the general system of income support following the first year of benefits provided under less stringent eligibility conditions by the Ministry of Absorption.

The Integration of Immigrants into Employment

This section reviews the nature of the challenge facing the immigrants in integrating into the labor force, their degree of success and some of the contributing factors. This will set the stage for the analysis of the relationship between work and welfare in the next section. The story of the integration of the immigrants is a complex one. Only highlights of existing studies will be discussed.

Background Characteristics Related to Employment

There are several key background characteristics related to the employment prospects of the immigrants. The age and sex distribution of the immigrants from the FSU will now be considered. Due to the nonselective immigration policy, there is a high percentage of elderly: 16% of all immigrants are over age 65 and almost 19% are women. The percentage of ages 0-19 is low, 24%, reflecting the low fertility rates. Among the non-immigrant population in Israel, the percentage of elderly is only 8.9%, and the percentage of 0-19 is much higher, 40.1%. Table 2 presents the age

Table 2. Age Distribution of Immigrants and Non-immigrants of Labor Force, by Age (20-64), December 1995

Age	Non-Immigrants			Immigrants		
	Male	Female	Total	Male	Female	Total
20-24	17.4	17.9	17.6	14.3	13.2	13.8
25-34	28.1	28.8	28.5	24.1	25.4	24.8
35-44	24.7	26.4	25.5	26.0	28.7	27.4
45-49	10.8	11.8	11.3	13.5	14.6	14.0
50-54	7.1	7.8	7.4	5.6	6.3	6.0
55-59	6.3	7.2	6.7	9.5	11.7	10.6
60-64	5.5	-	2.8	6.9	-	3.4
Total	100	100	100	100	100	100

Source: CBS unpublished population estimations

distribution of those of working age (20-64 for men and 20-60 for women). It may be seen that the immigrants have a significantly older age distribution.

Another important demographic characteristic is the extent of single-parent families. The immigrants differ considerably from the non-immigrant population in this regard. The proportion of single-parent families is very low in Israel - only about 8%. Among the immigrants it is closer to 18%.

The Integration into Employment

The integration of the immigrants into the labor force is related to their educational and occupational backgrounds. The immigrants from the FSU have very high levels of education and were highly concentrated in academic occupations. Of the immigrants who came in 1990-91, a third had worked in academic and scientific occupations and a third in technical and professional occupations, compared to 12% and 19% for all Israelis in 1995.

The implication of these characteristics is that while they had much to contribute to the Israeli economy, their integration would require considerable upgrading, retraining, occupational shifts and probably imply downward job mobility for many. As a result, special efforts were required by the society, by employers and by the immigrants. The question was whether sufficient opportunities would be created and whether the immigrants would be willing to make the special efforts required of them to integrate into the labor market rather than apply for income support benefits.

In examining actual employment patterns, the focus in this report is on traditional measures such as the rate of labor force participation and unemployment rates, but also employment rates defined as a proportion of the total number of immigrants. The latter measure is important, since the interest in employment goes beyond those actually participating in the labor force. Many others may be temporarily out of the labor force by virtue of being discouraged workers who could be induced to return by a change in opportunities. Moreover, those searching for work may not all have a

serious commitment to actually finding a job. The work-related commitment of those not in the labor force shall be examined on the basis of a special longitudinal survey.

A second key point in evaluating the labor force experience of immigrants is to take into account the influence of length of stay (LOS) in Israel. As has been well documented, employment patterns change dramatically as LOS increases. It is therefore important to evaluate labor force data by LOS.

This analysis relies on four primary sources: the annual labor force surveys of the Central Bureau of Statistics and three major longitudinal surveys, of the CBS (CBS) of the Ministry of Absorption, and of the Brookdale Institute (Naveh et al., 1994, Lithwick et al., in press).

Following is a summary of the broad patterns:

1. The integration of the immigrants into the labor force had by 1995 succeeded beyond all expectations. First, the national unemployment rate was 9% in 1989 and rose to a peak of 11.2% in 1992, but then declined to 6.3% in 1995. In 1995 the rate was 5.1% for men and 7.9% for women. Within this overall context we find that the extent of labor force participation of immigrants by 1995 came close to that of the non-immigrant population and for those in the country for several years even exceeded that of non-immigrants.
2. The analysis by age and sex subgroups reveals that these overall patterns repeated in almost all groups. Overall labor force integration was lower for women than for men and declined considerably by age. However, in comparison with the non-immigrant population the extent of employment for immigrants was equal or even greater in 1995 for those who were more than 3 years in the country (see Appendix table).
3. The changes with LOS are significant and are of particular importance for older workers and for women who seem to require more time to integrate into

the labor force.

4. Single-parent families displayed lower rates of labor force participation in both 1992 and 1995; however, the gap declined significantly in comparison with other immigrants in 1995.
5. In general, immigrants are a group for which there has been a particularly active and targeted employment policy. This policy has not been based on the provision of public employment, but more on creating incentives for employment in the private market. These incentives included the provision and subsidization of a wide range of training and retraining opportunities. In addition, employment subsidies were provided to employers for particular types of employment and particular occupational groups and there was a general new employee subsidy for a period. A network of centers was established to provide for supplementary language instruction and focused placement efforts. Job fairs were also extensively employed as a strategy.

In 1993, a special program focusing on older workers was launched which included a special subsidy and a range of tailored instruments (see King, 1997 for an extensive review). The longitudinal survey of immigrants revealed that by 1995, 42% of all immigrants participated in a training course. For younger immigrants the rates are 43 for men and 63 for women. For older (45+) the rates are lower – 23% for men and for women. Most underwent training between the 1992 and 1995 surveys. Another major emphasis to promote integration in employment and society in general was the extensive availability of opportunities for Hebrew instruction at government expense. There was significant improvement in knowledge of Hebrew over time. In spite of the fact that older workers were much less successful in learning the language, the improvement over time is greatest for this group.

6. Another criterion for labor market integration that is the focus of much public attention in Israel is the utilization of the human capital potential of the immigrants. This translates into an examination of the nature of the jobs held

by the immigrants in relation to their educational levels and former occupations. This can be measured by analyzing the jobs of the immigrants in comparison with their jobs in the FSU in terms of the same occupation, occupations with related status and skill requirements, or in terms of the subjective evaluation of the immigrants themselves. The studies of employment patterns reveal that only about 30% of the immigrants continued in their same or similar professions even after several years in the country, although there was improvement over time. Thus many experienced considerable downward mobility and significant groups were also in unskilled or semi-skilled employment in industry or in the services. The percentage satisfied with their work was somewhat higher, reaching about 50% after several years, reflecting perhaps occupational shifts that were considered to be of a positive nature.

7. The Brookdale longitudinal survey made an effort to look at labor force attachment or commitment in greater detail. As indicated in Table 3, those not looking for work were further questioned about their intentions. The table illustrates the general improvement in employment and the particularly large improvement for women. However, it also indicates that many who are not in the labor force intend to look within the next three months. In 1992, the residual group without such intentions is only 5% of men but was more significant among women (27%). The magnitude of this group does not change between 1992 and 1997, although we would have expected an increase.

Table 4 enables a better understanding of the meaning of these intentions. It may be seen that there is no significant difference in subsequent labor force participation in 1995 between those who looked or intended to look in 1992 – for both groups over 70% are employed. Moreover, even among those who did not intend to look for work in 1992, 51% were employed in 1995, reflecting perhaps their response to changing opportunities. Some 43% of the group remained permanently outside the labor force, representing about 7% of the overall population.

Table 3. Employment Status in 1992 and 1995 for Longitudinal Sample, by Sex (FSU Immigrants Aged 18-61)

	1992			1995		
	Total	Male	Female	Total	Male	Female
Employed	52	72	37	77	87	70
Looking	19	19	21	4	4	4
Intends to look	11	6	15	3	3	3
Not intending	18	5	27	5	6	24

Source: Lithwick et.al. in press

Table 4. Employment Status in 1995, by Status in 1992 for Longitudinal Sample (FSU Immigrants Aged 18-61)

Status in 1992	Status in 1995			
	Employed	Looking	Intending	Not Intending
Employed	89	2	3	6
Looking	74	4	7	15
Intends to look	71	7	3	19
Not intending	51	5	1	43

Source: Lithwick et al., in press

This pattern would seem to confirm a strong degree of commitment to work among this immigrant group. On the other hand, the table also indicates that there are groups among whom employment as well as labor force attachment declines. 11% of those employed in 1992 were not employed in 1995 and between 6% to 19% of those employed, looking, or intending to look for work in 1992 had no such intentions in 1995.

Women and immigrants over age 45 continued to experience particular difficulties in obtaining employment. Those who in 1992 searched or intended to search for employment but gave up by 1995 were for the most part women and older workers.

8. The improvement in employment prospects over the period was also paralleled by an increase in family income and in wage rates which increased at a much higher rate than that of the general population. However, the longitudinal data reveal that there was also a significant group whose income declined over this

period.

Many of the immigrants who were employed were earning the minimum wage or less. Among those searching for work whether they were employed or not at the time of the first interview, difficulties with finding employment associated with age or with non-professional employment opportunities, were compounded by reported low wages. The proportion of those who reported that only low-wage employment was available to them rose from 33% to 53% over the four-year survey period.

So it is clear that:

1. Many of those not in the labor force are still interested in work and indeed we see that over time this interest is realized. This high rate of change in labor force participation over time could lead to shifts out of IS.
2. There is also departure from the labor force and from intentions to work. These groups could be those who enter IS at a later stage.
3. A large percentage of those looking for work in both periods who were ages 45-61 cited age as a barrier to finding work.

Income Support Benefits

We begin by indicating the representation of the immigrants in selected social programs. Table 5 shows the growing proportions of immigrant families of the total number of families receiving various types of social security benefits from the NII since 1993. In all years, there are high proportions of immigrants among recipients, compared to the proportion of immigrants among the elderly or in the labor force with the exception of disability benefits.

Table 5. Percent of Immigrants Out of Total Recipients of Selected Social Security Benefits, by Year

Year	% Immigrants out of Total Unemployment Benefit Recipients	% Immigrants out of Total Disability Benefit Recipients*	% Immigrants out of Total Recipients of Old Age Benefits with Income Supplement**	% Immigrants out of Total Income Support Recipients**
1993	20	4		34
1994	22	6	35	36
1995	23	8	39	39
1996	24	10	44	41
1997	24	11	47	42

note: includes immigrants from all countries of origin

* individuals ** families

Source: Social Security Data

Although this report deals only with income support benefits, it is important to point out that recipients of disability benefits are also a working-age population which has not been successful in integrating into the labor market.

We now focus on Income Support recipients. Individuals include persons applying for the benefit and their spouses. Because immigrant families tend to be smaller than non-immigrant families the proportion of individuals out of total recipients is smaller than the proportion of families.

Table 6 shows that the number of individuals receiving income support benefits has been steadily increasing. In 1992, a large group of immigrants were absorbed into the system, due to the above-mentioned shortening of insurance period requirements, such

that the total number of recipients rose from 51,842 in December 1991 to 90,697 in December 1992. Subsequently, the number has been rising steadily, with the proportion of immigrants increasing from 31.4% of all individuals receiving income support in 1992 to 39.1% in 1995. The number of non-immigrant Israelis receiving income support during this period has remained largely static, with a sudden increase in 1996.¹⁰

Table 6. Individuals Receiving Income Support Benefits, and the Share of Immigrants, 1992-1996

Budget Year	Total Recipients	% Immigrants out of Total	Turnover Ratio* for Immigrants	Turnover Ratio* for Non Immigrants
1992	90,697	31.4	1.56	1.41
1993	93,572	33.2	1.58	1.52
1994	95,118	35.7	1.42	1.47
1995	100,674	37.8	1.36	1.38
1996	109,174	39.1	1.32	1.37

note: Includes immigrants from all countries of origin

Source: Social Security Data

*The ratio of the number of individuals who received IS benefits for at least one month during the year to the number of recipients in December of each year.

Income Support Recipients: Immigrants from the FSU and Non-Immigrants, 1995

The major focus of our analysis will be on the immigrants from the FSU in 1995. Separate data on this group were obtained for this year. 1995 represents a strategic vantage point as the bulk of the immigrants have already been in Israel for 3 or 4 years and macro unemployment rates had declined considerably after their increase due to the massive immigration. The total number of immigrants receiving IS benefits in 1995 is 30,951 for the ages 18 to 64. We turn to an analysis of the rates of receipt of IS benefits overall and by age and sex. In Table 7a + 7b the total number of recipients in this table is only 30,825 as we have excluded those aged 18-19 (Table 7a, 7b).

¹⁰ The total number of IS recipients shown in these and following tables does not include a number of married men aged 60-64 who arrived in Israel over age 60 and are provided income support benefits under old age insurance for administrative reasons. These should have been included in the population eligible for IS benefits. The number for 1995 was almost 3000, of whom 2370 came from the FSU. Their spouses, over age 60 are not included in the population eligible for IS benefits.

**Table 7a. Immigrant IS Recipients and Total FSU Immigrants, by Age + Sex,
December 1995**

	20-24	25-34	35-44	45-49	50-54	55-59	60-64*	total
Total								
IS	918	4,354	6,022	3,445	2,400	8,126	5,560	30,825
Percentage	3	14	19	11	8	26	18	100
Total imm.	43,300	78,000	86,200	44,200	18,800	33,400	10,600	314,500
Rate of IS out of total imm.*	2.1	5.6	7.0	7.8	12.8	24.3	52.5	9.8
Male								
IS	154	542	707	419	395	1,759	5,560	9,536
Percentage	2	6	7	4	4	18	58	100
Total imm.	22,000	37,000	39,900	20,700	8,600	14,600	10,600	153,400
Rate of IS out of total imm.	0.7	1.5	1.8	2.0	4.6	12.0	52.5	6.2
Female								
IS	764	3,812	5,315	3,026	2,005	6,367		21,289
Percentage	4	18	25	14	9	30	0	100
Total imm.	21,300	41,000	46,300	23,500	10,200	18,800		161,100
Rate of IS out of total imm.	3.6	9.3	11.5	12.9	19.7	33.9		13.2

* Males aged 60-64 include 2,370 married men receiving IS benefits under the old age benefits scheme, for administrative reasons.

Table 7b. Non-Immigrants IS Recipients and Total Non-Immigrants by Age + Sex, December 1995

	20-24	25-34	35-44	45-49	50-54	55-59	60-64	total
Total								
IS	4,024	17,393	18,732	6,889	6,062	5,540	2,794	61,434
Percentage	7	28	30	11	10	9	5	100.0
Total								
non-immigrants	442,400	714,600	640,900	284,200	186,300	168,700	71,600	2,508,70
Rate of IS out of non-immigrants	0.9	2.4	2.9	2.4	3.3	3.3	3.9	2.4
Male								
IS	794	5,340	6,955	2,368	2,343	2,333	2,794	22,927
Percentage	4	23	30	10	10	10	12	100.0
Total								
non-immigrants	224,500	362,600	318,100	139,600	91,400	81,200	71,600	1,289,00
Rate of IS out of non-immigrants	0.4	1.5	2.2	1.7	2.6	2.9	3.9	1.8
Female								
IS	3,230	12,053	11,777	4,521	3,719	3,207		38,507
Percentage	8	31	31	12	10	8	0.0	100.0
Total								
non-immigrants	217,900	352,000	322,800	144,600	94,900	87,500		1,219,70
Rate of IS out of non-immigrants	1.5	3.4	3.6	3.1	3.9	3.9		3.2

* Source: CBS unpublished population estimates, Social Security Data

9.8% of the immigrants are IS recipients. However, the rate among women is twice that of men: 13.2% vs. 6.2%. There are also very significant differences by age for both men and women. For men, the rate rises from less than a percentage point to 52.5% at age 60-64. The rise in the rate begins at age 50. The rate for women is higher at all ages, and rises from 3.5% to 33.9% at age 55-59. There is a steady increase in the rate, with a significant jump at age 55.

The highest rate for women (at age 55-59) is lower than that for men (60-64). This could reflect in part that even though this is the pre-retirement age for women in Israel, women still maintain more of their work capacity at this age than men do at 60-64.

We now look at the weight of the different age groups in total IS recipients. We see that among men, 19% are under age 50, so there is a clear concentration among older age groups. Among women, by contrast, almost 61% are under age 50.

We next examine the rate of IS recipients among non-immigrants. The basic pattern of *an increase in the rates of participation with age and the higher rates for women than men* are similar to that of the immigrants from the FSU.

However, the absolute rates are much higher for men and particularly women among the immigrants. Moreover, we find that the relative age differences in the rates are narrower. Among non-immigrant men the rate rises from 0.4% at age 20-24 and 1.5% at age 25-34 to 3.9 at age 60-64. In terms of the composition by age, 67% are under age 50 as opposed to 19% of immigrants. Among women the rates rise from 1.5% (ages 20-24), to 3.9% (ages 55-59). The percentage of women under age 50 is 82% as opposed to 61% among the immigrants.

The difference between the immigrants and non-immigrants in the total rate of IS recipients is influenced both by differences in the age composition and by difference in the age specific rates. In order to distinguish these different factors we simulated the overall rate for men and women, using the age distribution of the non-immigrants and the age specific rates for immigrants. We find that the rate for immigrant men would decline from 6.2 to 5.2, and for women from 13.2 to 11.9. Thus, although the gap would be significantly reduced if we adjust for age composition most of the differences between immigrants and non-immigrants is explained by differences in the age specific rates.

The differences between men and women is very much related to family composition which is the focus of the next section.

Main Groups of Recipients of Income Support and Family Composition

In this section we examine who are the major groups of immigrants who have become dependent on the income support system and what are their characteristics compared to non-immigrant recipients.

The analysis is based on the examination of family status in relation to age and sex (Table 8).

Table 8. Immigrants FSU and Non-Immigrants IS Recipients, by Age, Sex and Marital Status, Absolute Numbers

Age	Men			Women			
	Total	Single	Married	Total	Single	Single Parent	Married
Immigrants							
Total	7,195	2,573	4,622	22,796	7,508	10,649	4,639
18-24	183	153	30	861	222	532	107
25-49	1,668	733	935	12,153	1,637	9,243	1,273
50-54	395	137	258	2,005	956	538	511
55+	4,949	1,550	3,399	7,777	4,693	336	2,748
Non-immigrants							
Total	23,054	7,155	15,899	39,100	8,366	14,956	15,778
18-24	921	730	191	3,478	1,614	994	870
25-49	14,663	4,631	10,032	28,022	3,768	12,804	11,450
50-54	2,343	505	1,838	3,702	1,160	805	1,737
55+	5,127	1,289	3,838	3,898	1,824	353	1,721

There emerge several distinct main groups of recipients as shown in bold in Table 8.

a) Women comprise 76% of all immigrant recipients of benefits, (compared to 63% among non-immigrants). Of these the two largest distinct groups are single-parent women aged 25-49 and women over age 55, most of whom are single. By contrast, non-immigrant recipients have a large number of married women ages 25-49 in addition to single parents in this age group.

b) The largest group of immigrant men are over age 55 and married, followed by single men in the same age group. For non-immigrant recipients, the largest group of

men are married age 25-49, followed by a second non-immigrant group of single men in the same age group. On the other hand, there are many fewer older recipients among the non-immigrants.

In other words, immigrant recipients tend to be single parent women as well as older men and women, whereas non-immigrant recipients have a much higher proportion of prime-age families.

While the older groups of recipients, both men and women, are receiving benefits primarily due to the difficulties in finding work, single-parent women, by far the largest group of recipients among the immigrants may be in the system for additional reasons as well. Some are there in recognition by the society of their child care responsibilities. In addition as we elaborated in section 2 the benefit level for this group is higher, and earnings are permitted up to a level higher than for other recipient groups.

These factors will emerge more clearly in the next section as we turn to an analysis of the official reasons for IS receipt.

Major Groups of Recipients by Reason for Receipt

Table 9 presents the official qualifying conditions or reasons for receipt. Both the individual and the spouse require a qualifying condition. These have been separated into two major groups:

1. Conditions for those in the labor force which include looking for work and low wages.
2. Conditions for those not able or expected to participate in the labor force, which include unemployability due to a social, mental or physical problem (but not severe enough to be eligible for disability); age (60-64 for men and 55-59 for women) and a woman with a child under 7 (single-parent or married). In addition, there is the other category that includes those with substance abuse, criminal difficulties as well as caring for a sick child.

The table also presents the percentage with income from work, which includes all those in the system due to low wages as the primary qualifying condition as well as those with other qualifying conditions, such as a child under 7, who may work and have earnings.

Table 9. Reasons for Benefit Receipt as Linked to Labor Force Participation, by Age and Sex, for Immigrants, FSU

Age and Family Status	In Labor Force		Not in Labor Force			Other	Total Recipients	% with Income from Work
	Seeking work	Low wages	Unemployable	Age*	Child under 7			
<u>MEN</u>								
Under 49								
Single	37.4	4.3	36.2	0.0	0.0	22.1	720	6.7
Married	25.4	48.2	20.7	0.0	0.0	5.7	965	63.7
Over 50								
Single	7.1	1.6	39.2	50.5	0.0	1.6	1,592	7.0
Married	8.2	8.7	45.9	36.0	0.0	1.1	3,657	26.3
Total	13.3	13.2	39.3	29.6	0.0	4.6	6,934	25.9
<u>WOMEN</u>								
Under 49								
Single	45.8	21.9	26.2	0.0	0.0	6.2	1,827	32.9
Married	20.4	13.3	10.5	0.0	52.4	3.4	1,380	58.9
Single parent	11.3	40.3	5.1	0.0	42.0	1.2	9,775	53.9
Over 50								
Single	4.4	6.1	22.5	66.2	0.0	0.8	5,649	14.2
Married	4.0	5.7	21.1	65.9	0.0	3.2	3,259	23.8
Single parent	9.4	27.0	28.5	21.3	12.5	1.4	874	39.4
TOTAL	11.8	23.2	14.6	26.6	21.7	2.0	22,764	37.8

* Men aged 60-64 and women aged 55-59, who are not defined by the labor exchange as seeking work, are eligible for a benefit as unemployable due to age.

We first analyze the reasons for immigrants (see Appendix for parallel table on non-immigrants).

Among men the primary reasons for receipt of benefit fall into two categories: unemployable due to some social or physical handicap (39%), and unemployable due to age (30%). These add up to 70% of all cases. The other two categories relate to those still in the labor force, either working at low wages (13.2%) or looking for work (13.3%).

These reasons vary by demographic group. Among those under age 50, labor force related reasons are more significant: for those married (particularly low-wages) and for those single,(primarily looking for work). Still, even at these ages (below 50), a significant group has been defined as unemployable and among those single the other category becomes significant, which include substance abuse, caring for an ill child, and ex-convicts. All in all, we are talking about a very small group of young recipients – some 2,200 recipients.

For those above 50, labor force-related reasons become negligible. Only 8.7% for singles (mainly job search) and 17% for the married. The largest reason for those single is age (50.5%) and for the married, unemployable (46%).

Among **women** the pattern of reasons is quite different. This is first of all due to the addition of the criteria single-parent mother, which takes priority over all other reasons and accounts for 21.7% of all cases. Despite this, labor force-related cases account for 35%, which is higher than among men and is predominately low wages. Correspondingly, employability (14.6%) and age (26.7) account for 41%, much less than among men. Still, if single-parenthood is viewed as a category that is conceptually related to non-employability and age then the percentages are not so different than for men in terms of labor force participation and non-participation. Still, 38% of women as opposed to 26% of men have income from employment.

Among women, there is also significant variation in the reasons by sub-group. The single parent group includes all single-parents, not only those with a child under 7. Indeed, it may be seen that even for young single-parent families, having a young child is the reason for only 42%. 51.2% are still in the labor force and the primary reason is low wages (40.4%). Single-parent family heads who are older have a diverse set of reasons where having one child is only 12.5%, and age and unemployability account now for 50%.

Among older women, whether married or single, non-employability and age are really dominant – almost 90% and so very few in comparison to men are in the labor force.

By contrast, among the young who are single, most are in the labor force (looking for work is the dominant reason). For the married young having young children is dominant accounting for 42% and most of the rest are in the labor force. Both these groups are quite small, it should be noted.

The comparison between immigrants and non-immigrants reveals that men differ in two major respects. There is a higher percentage of non-immigrants in the labor force – 40% – than of immigrants (26%). However most of this difference is due to the older age structure of the immigrants. Within age groups we find actually higher labor force attachment among younger immigrants vis-a-vis non-immigrants although this reverses at older ages.

Among non-immigrants not in the labor force a key difference is the importance of the “other” category which reflects for the most part individuals who have some kind of social deviance as a basis for unemployability. By contrast, the role of age is smaller even among those over 50, indicating less attention to this as a reason per se among non-immigrants.

Among women, we find a somewhat different pattern of differences. First of all non-immigrant women participate much less in the labor force. Overall the difference is 23 versus 32 but within some age and family size groups the gap is even greater such as young single parent women: 27% of non-immigrants and 52% of immigrants. In addition 38% have some income from work as opposed to only 27% of non-immigrant women. Among these not in the labor force, being a single parent woman with a child under 7 predominates much more among non-immigrants, representing 47% of the reasons for all women. This is despite the fact that single parent women are a smaller proportion of non-immigrant women. Apparently, among immigrants there is a much greater tendency for single-parent women to require or turn to income support even if they do not have a child under 7.

Some broad patterns may thus be observed. In comparison with non-immigrants, immigrant women are more one-parent, but older with fewer children under 7 and are more in the labor force and more on IS due to low-wages.

Immigrant men are older, less married, and less in the labor force but with much less social deviance and much more age as a basis for non-employability.

The implications are that the immigrants would appear to be in categories that reflect more their vulnerabilities as immigrants and less more general social vulnerabilities. It therefore could also be the case that targeted employment efforts could be more effective in helping them to become more independent.

Employment and Income Support

As we have seen, employment rates are lower for older immigrants and for older women in particular as well as for single-parent families. Moreover, these groups take more time to enter the labor force.

Table 10. Comparison of the Number and Rate of Income Support (IS) Recipients to the Number and Rate of Immigrants Not Employed and Not in the Labor Force, FSU, Ages 18-64

	IS	NE	NLF	IS/NE	% IS	% NE
Total	30,951	113,203	93,173	26.5	9.8	39.5
Male						
18-24	183	14,503	13,112	1.3	0.7	54.6
25-34	542	5,589	3,916	9.7	1.5	16.1
35-44	707	5,355	3,118	13.2	1.8	13.6
45-54	814	4,856	3,051	16.8	3.1	18.3
55-64	7,319	10,747	9,432	68.1	16.6	48.9
Total	9,565	41,050	32,629	23.3	6.2	27.5
Female						
18-24	861	13,534	11,972	6.4	3.5	55.6
25-34	3,812	12,979	10,295	29.4	10.4	35.3
35-44	5,315	11,871	7,854	44.8	13.0	29.1
45-54	5,031	10,293	7,958	48.9	17.4	35.7
55-59	6,367	11,761	11,255	54.1	33.9	79.7
Total	21,386	60,438	49,334	35.4	13.2	41.5

*IS- income support

*NE- not employed

*NLF- not employed and not looking for work

Table 10 compares the number and rate of IS recipients to the number not employed and not in the labor force. There is a complex relationship between the rate of IS and the rate of NE. At 18-24 non-employment is particularly high and IS receipt is low. This is due to the fact that most of those not employed are in the army or studying. The rate of non-employment does not vary a great deal between ages 25-54 and is low for both men and women. Yet the rate of IS receipt steadily increases with age reflecting perhaps the growing difficulties of those not employed to find employment. At age 55-64 for men and 55-59 for women there is a significant jump in non-employment and in benefit receipt.

We compare the absolute number of IS recipients and non-employed as expressed in the ratio IS/NE. IS recipients represent only a fraction of all those not employed: 23% for men and 35% for women. The implication is that many of those not employed do not seek or are not eligible for IS. This percentage itself rises dramatically with age. *For women we find a pattern of entry at earlier ages. Already at age 35-44, 45% of NE are receiving IS. Among men, however, a high ratio is found only among those over age 55.*

In reality these rates are biased upwards particularly among the younger ages. This is because the number of recipients includes those who are still working: 26% of the men and 38% of the women. Thus non-employed IS recipients in relation to non-employed immigrants would be lower by those percentages on average and even more at the younger ages where the employed recipients are concentrated.

There are several explanations for those patterns. First of all the higher rate of receipt among these not employed among women at earlier ages is influenced by the rate of single-parent families at these ages. Thus IS recipients alone in these age groups (18-49) include some 9,775 single parents (75% of all women under age 50 receiving benefits) and account for these high percentages. Unfortunately the labor force data are not available by family status. A second factor of course is the availability of alternative family sources of income such as earnings of the spouse. This is obviously

very significant for women and for men as well, as significant numbers of non-employed male immigrants have spouses that work.

Of course still another factor is that some of the non-employed are looking for work. We can see this in the difference between NE and NLF. Thus a significant group of some 20,000 are looking for work and may be receiving unemployment benefits. Another group may be receiving disability benefits. There are some 8,000 recipients of disability benefits (in 1995) among adult immigrants who account for another part of the difference. In any case, above age 55 for men and 35 for women, IS plays a very significant role in supporting those who are not employed.

Patterns of Utilization of Income Support Benefits

We now turn to an analysis of the pattern of utilization of income support benefits and the role they played for the immigrants. There are various patterns of the utilization of the welfare system that we can identify: the first is periods of welfare dependency followed by participation in the labor force; the second is a long-term utilization of the welfare system; third is periods of work followed by utilization of the welfare system as the worker gets older and finds it more difficult to remain in employment. These patterns may be influenced to a large degree by age at immigration, by the nature of the family situation and living arrangements, as well as by labor market conditions and opportunities, cut-backs in government subsidies for employing immigrants, etc.

We begin by examining the composition of the immigrants in 1995 by year of immigration. The group of immigrants receiving income support benefits in 1995 was a varied group in terms of year of immigration. Fifty-nine percent of the recipients in 1995 immigrated between 1990 and 1992, while 41% were relatively recent immigrants who arrived in Israel in 1994-5. This parallels the proportions among all immigrants from the FSU. Several patterns of utilization of the system are suggested. Most of the recent immigrants who are recipients must have entered the system soon after immigration, having been unable to integrate into the labor market.

In any case, we can already conclude from this table that the utilization of the system is not confined to temporary spells by newcomers. Earlier arrivals are also continuing to make use of the system 4-5 years after their arrival. We expand this picture by trying to understand the degree to which the earlier arrivals are those who entered the system upon immigration, and remained, or those who entered the system after a period of employment or a period in which they chose not to look for work.

Table 11. FSU Immigrants in 1995, by Sex and Year of Immigration

Year of Immigration	Total	Men	Women
Total	29,991	7,195	22,796
	100.0	100.0	100.0
1994	22.1	26.7	20.7
1993	18.6	19.6	18.3
1992	15.4	14.8	15.5
1991	25.6	23.4	26.3
1990	18.4	15.5	19.2

The length of the last spell in the system by year of immigration is shown in Table 12.

The last spell is defined as the number of consecutive months of income support receipt.

Table 12. Length of Last Spell in IS by Year of Immigration, for FSU Immigrants in 1995

Year of Immigration	Total	Less than 1 Year	1-1.99 Years	2.99-3 Years	3.99-4 Years	Over 4 Years
Total	29,991	5,497	9,462	5,802	3,588	5,642
1992	4,605	867	594	1,047	2,097	—
1991	7,670	1,532	1,049	788	1,075	3,226
1990	5,505	1,182	822	689	416	2,396

It may be seen that in each of the LOS groups a significant proportion have relatively short spells and a significant proportion have long spells. This implies that both patterns of utilization are common. In addition, we see that the more chronic group

represents about a third of all immigrants. Women had longer spells than did men and the length of the spell rises with age.

Data presented in Table 6 show that there is also considerable annual turnover as reflected in the ratio of total annual recipients of income maintenance benefits to the recipients in December each year. For both non-immigrant and immigrant groups the turnover rate decreases over time. For immigrants it seems that the population has become relatively more stable than for non-immigrants, in that their turnover rate is lower in 1996. Still, the findings on turnover confirm the fact that there are varied patterns of utilization among the immigrants and many are not using the system on a chronic basis.

Discussion and Summary

The challenge

1. As a migrating population, the immigrants to Israel were caught between two forces – the pull of the labor force and the pull of income support. Each posed opportunities and each required an effort to gain access and posed various degrees and kinds of obstacles to access. Each offered benefits and costs, both material and social / psychological.
2. The danger of massive growth in income support rolls was a very real one. High macro unemployment rates, the prospect of significant downward mobility, major difficulties to overcome related to the technological and cultural incompatibility of their skills and job search experience, the language barrier, the age factor, were all significant barriers and sources of frustration that could discourage the immigrant from trying to integrate into the labor force.
3. It should also be noted that there were a number of factors which seem to suggest that IS was an accessible option for the immigrants. One basic factor is that it is provided within the context of social security which is much less stigmatic than separate welfare frameworks. Moreover, the rate of application to other types of social security benefits was quite high. In part, this reflects the ideology and efforts of the social security administration to provide information about rights and to facilitate access. It should also be emphasized that the employment test of the labor exchange is not viewed as very effective or stringent. This was even more the case when the labor exchanges were overwhelmed by the massive increase in their clientele. Moreover, rather than tightening up eligibility for immigrants of IS and other income support programs during this period, the eligibility rules were broadened. All of these factors could have contributed to the development of dependency.

Evidence of a Strong Work Commitment

4. Given the high rates of integration into employment and also the large numbers of immigrants working in low-skilled and low paying jobs, it is clear that for the vast majority of immigrants income support was not viewed as preferable to employment.
5. The improvement in employment over the period was dramatic as the rates in 1995 are very close to non-immigrants and exceed them in all sex and age groups for those over three years in Israel.
6. Other findings of this report support this contention. Even among groups which would find it relatively easy to gain eligibility such as men over 60, the majority preferred employment. Furthermore, the vast majority of IS recipients were among groups with special difficulties in integrating into the labor force: 70% of male recipients were over age 50. Among women, most recipients were either old or single parent with a young child. For this group there was also a societal determination that they could legitimately remain at home.
7. For many immigrants IS was used as a temporary measure with turnover quite high in the initial years, although it declined over time. It is clear that for many immigrants the early periods of dependency were only a stepping-stone to subsequent employment. This is consistent with the increase in employment with the number of years in Israel.
8. Most of those who are not working are not taking advantage of welfare, clearly many would not be eligible but others may be hopeful of obtaining employment. This is also further reinforced by the subjective data on the labor force attachment of those who have dropped out of the labor force and their still high commitment.
9. There are basic differences in the pattern of use of IS by immigrants and non-immigrants. Whereas non-immigrants are dominated by 2-couple families with children, the immigrants are largely one-parent families and older workers and are predominately women. Moreover there are many more employed recipients with

low wages among the immigrants, and immigrant women have a particularly high rate in the labor force. These groups are different than the classic IS recipients that have been common in Israel. There does not seem to have emerged a significant group of prime working aged individuals among the immigrants who were able to get themselves defined as non-employable. There are far fewer that are receiving benefits related to unemployability that has its sources in deviance.

10. The rate of IS should also be considered against the background of the availability of alternative forms of support. Thus, unemployment benefits are available for only six months in Israel and do not provide any long-term support for older workers, as is the case in some countries. Moreover, general disability benefits provide only for a minimum income and have stricter eligibility criteria than in some countries where programs have become part of a solution for unemployment or early retirement. The rate of receipt by the immigrants of disability benefits does not exceed that of the general population, even though there is survey evidence that they tend to be less healthy and somewhat more disabled. Therefore, the IS program was the major option of support for non-employed immigrants unless they were really disabled.
11. The problem of many of the immigrants could be viewed as temporary as many of them are older, and younger cohorts of immigrants would be expected to have lower rates as they age. It is also probably unlikely that the current receipt of IS will be transmitted to future generations as their children should have an easier time in integrating into the labor force.

The Role of Income Support

12. The IS system played various roles. For some there was immediate entry as soon as they became eligible and they remained throughout the period under study. Still others became early recipients but later left as they gained employment. Others joined at later stages after having looked for work or after having lost their initial jobs.

13. An analysis of data on changes over time in the characteristics of immigrants reveals a rise in the percentage of women and single-parents between 92-96 and a rise in the % with low wages which accompanied a decline in those looking for work. Relatedly there is a significant increase in the % with income from work among all family types. One factor was a change in the eligibility rules and benefit levels for one-parent families which became more generous in 1994.
14. These patterns of IS are mirrored in the data on the pattern of change in employment. From the longitudinal data we see that entry into the LF grew dramatically over time as opportunities were extended. At the same time, there was a group that never entered the LF. And finally, there was a group, who entered at an early phase, but later left employment. It has emerged very clearly from the LF analysis that older and female immigrants entered the labor force at a later stage. This in part reflects the nature of opportunities but it also reflects factors such as the tendency of women to give priority to the employment of their spouses.

Areas for concern

15. There is overrepresentation of immigrants among the welfare beneficiaries. Part of the explanation is the different age composition and the difference in the prevalence of one-parent families. However, the major factor is that even within age sex groups, the rates are much higher for immigrants. This reflects the greater difficulties of the immigrants in finding employment as well as their ability to more easily meet other eligibility requirements: fewer have cars or savings, fewer have non wage income, etc. Their higher rates of receipt account for an additional 20 thousand recipients approximately.
16. Work incentives were also influenced by the link between IS and other benefits such as reduction in municipal taxes. On the other hand access to subsidized housing loans was linked to employment and provided a positive work incentive.

17. The higher rates of IS among immigrants led to significant growth in the IS program. This is due to the large size of the immigration in general, and the large percentage increase in vulnerable groups in particular. Moreover, these vulnerable characteristics interact with the process of immigration. This is reflected in the fact that the gap in the age-sex specific rate of IS receipt between immigrants and non-immigrants is highest for these vulnerable groups.

Towards the Future: Policy Issues

18. A general factor affecting the integration of all immigrants into the LF is the investment in training and in language acquisition. A very considerable effort was made to invest in the immigrants and this certainly contributed to preventing further increases in IS. Indeed it should be noted that many economists were sure that very few older workers would find employment. If this were to be the case the earlier consequences would have been much greater for the IS program. One of the reflections of this point of view, was a very strong reluctance to invest in training and other such programs at the outset. The dramatic shift in this policy, was one of the factors that contributed to the dramatic improvement in their LF participation over time. For example, if 7,500 immigrant women aged 55 to 59 had not found jobs, the IS rolls would have increased by more than 3,500, or by over 10% of the total IS recipients.
19. The question remains as to what could and should be done to reduce the rate of IS, enhance independence and avoid future growth. One can promote these goals by enhancing opportunities for employment or by making IS less accessible. While this is not the focus of this report, we shall raise several general points that need to be considered.

There has not yet been in Israel a focused effort to create employment opportunities targeted on IS recipients. Such a program could provide a second opportunity of a more positive nature. It would seem that the immigrant recipients may be a group among which targeted employment and skill upgrading efforts would have higher chances of success as these are groups that have demonstrated high interest in employment.

Another way of targeting employment efforts is by sub-groups. For example among the immigrants from the FSU those from Southern Russia (Caucasus, Buchara) have been shown by a recent study by the Brookdale Institute to have much lower rates of employment. An interministerial committee is developing a special employment initiative as has been done in the past for immigrants from Ethiopia.

A second basic issue is the relatively lenient exemption of single parent families from employment tests. Given the increase in the size of this group and the possible disincentive effects on family formation, there is room for reconsideration. Moreover the high income cut-off for single-parent families is of course another factor that extends the number of recipients in this group. We do not know to what extent the labor incentives have induced more women to work and raise their earnings or has simply expanded the number of women included in the program. This raises the basic question of the nature of the commitment of society to this group and the degree of evaluation of their special hardships.

It should be emphasized that this group is not characterized by teenage mothers or births out of wedlock but primarily divorced and widowed women. It is not necessarily an under-class phenomenon and certainly not among the immigrants. There is thus a reasonable basis to believe that for this group as well programs to provide child care and to expand earnings potential could be cost effective. Moreover this group is relatively young and thus has a long-time horizon to benefit from enhanced employment opportunities.

20. This report has provided an initial descriptive analysis of the relationship between immigration and IS. It is designed to take advantage of several unique data sets to provide some initial understanding of the patterns and their interaction with demographic characteristics and labor market conditions. It is designed to raise questions and stimulate more in-depth research. Among these questions is that of the generalizability of these findings and their general message: How specific are they to the Israeli context or the specific ethnic group under consideration? Given the results, did Israel make the right choice in leaving the door open to IS for

immigrants? The cost was a significant increase in the IS rolls and possible disincentive effects on employment and on single-parent family formation. The benefits took many possible forms, including the prevention of individual and family breakdown, with its associated costs, as a result of either short-term or long-term support and, of course, reducing income poverty among the immigrants.

Appendix

**Table A1. Reasons for Benefit Receipt as Linked to Labor Force Participation,
by Age and Sex, for Non-immigrants, 1995**

**Table A2. Employment Characteristics of Immigrants from the FSU: Results of
a Longitudinal Study of a Sample of Immigrants in 1992 and 1995**

**Table A1. Reasons for Benefit Receipt as Linked to Labor Force Participation,
by Age and Sex, for Non-Immigrants, 1995**

Age and Family Status			Not in Labor Force			Other	Total Recipients	% with Income from Work
	Seeking work	Low wages	Unemployable	Age*	Child under 7			
<u>MEN</u>								
Under 49								
Single	24.9	3.5	23.4	0.0	0.0	48.2	4,928	4.9
Married	24.6	35.6	21.8	0.0	0.0	18.0	10,223	42.4
Over 50								
Single	9.2	4.7	47.3	28.9	0.0	10.8	1,652	7.5
Married	9.9	12.2	55.4	18.7	0.0	3.9	5,676	21.1
TOTAL	19.6	20.3	32.4	6.7	0.0	21.1	23,054	26.1
<u>WOMEN</u>								
Under 49								
Single	50.3	11.1	25.5	0.0	0.0	13.0	5,382	15.4
Married	5.3	3.5	10.3	0.0	78.0	2.9	12,320	39.8
Single Parent	10.0	16.6	9.1	0.0	61.0	3.2	13,798	25.6
Over 50								
Single	6.1	9.4	39.5	39.4	0.0	5.5	2,984	14.0
Married	3.1	5.7	48.6	30.4	3.8	8.4	3,458	16.7
Single Parent	6.9	22.2	45.2	14.0	8.2	3.5	1,158	26.7
TOTAL	13.0	10.3	18.5	6.0	47.0	5.3	39,588	26.7

* Men aged 60-64 and women aged 55-59, who are not defined by the labor exchange as seeking work, are eligible for a benefit as unemployable due to age.

Table A2. Employment Characteristics of Immigrants from the FSU: Results of a Longitudinal Study of a Sample of Immigrants in 1992 and 1995

	1992	1995	% change
% in labor force			
total	70	80	14
age 45-54	74	79	8
55-61	44	34	<u>-23</u>
men	86	91	5
women	56	70	25
men 25-44	87	97	11
45-61	82	79	-4
women 25-44	62	86	39
45-61	44	46	5
% employed			
total	51	76	49
age 45-54	46	72	57
55-61	28	33	18
men	68	87	28
women	36	66	<u>83</u>
men 25-44	72	95	32
45-61	58	72	24
women 25-44	43	82	93
45-61	22	43	95
% unemployed			
total	28	5	-82
age 45-54	38	9	-76
55-61	37	4	-89
men	21	4	-81
women	36	6	-83
men 25-44	18	2	-89
45-61	29	6	-79
women 25-44	31	8	-74
45-61	50	6	-88

source: Lithwick et al., Absorption of Immigrants from the Former Soviet Union: Findings From a Longitudinal Study, 1991-1995

Bibliography

- Arad, I. 1996. *The Contribution of the National Insurance Institute to Immigrant Absorption*. Israel National Insurance Institute, Survey No. 137, Jerusalem (Hebrew).
- Beenstock, M. 1993. *Learning Hebrew and Finding a Job: An Econometric Analysis of Immigrant Absorption in Israel*. Discussion paper 93-05. Maurice Falk Institute for Economic Research in Israel, Jerusalem.
- Borowski, A. 1993. *The Impacts of Immigration: Towards a Research Agenda for Israel*. Discussion Paper: D-203-93. JDC-Brookdale Institute, Jerusalem.
- Central Bureau of Statistics. 1997. *Households of Immigrants Who Arrived from the Former USSR in October-December 1993*. Current Briefings in Statistics, No. 26, Jerusalem.
- Central Bureau of Statistics. 1994. "Employment of Immigrants from the USSR Who Arrived in Israel in Oct.-Dec. 1990." *Monthly Bulletin of Statistics*, Supplement 45(4), Jerusalem.
- Central Bureau of Statistics. Annual Series, 1990-1993. *Immigration to Israel*. Volumes 944, 920, 912, 900, 877, Jerusalem.
- Chiswick, B. 1991. "Soviet Jews in the United States: A Preliminary Analysis of their Linguistic and Economic Adjustment." *Rivon LeKalkala* (Economics Quarterly). Special Issue: Third Annual Sapir Forum: Immigrant Absorption in the Nineties 148:188-235. (Hebrew)
- Chiswick, B. and Miller, P. 1990. "Language in the Labour Market" The Immigrant Experience in Canada and the United States." In: Paper Presented at the Conference on Immigration, Language and Ethnic Issues: Public Policy in Canada and the U.S. Washington, July 1990.
- Eckstein, Z. and Shachar, R. 1994. *On the Transition to Work of New Immigrants: Israel 1990-92*. Eitan Berglas School of Economics, Tel Aviv University, Tel Aviv.
- Eliav, T. et al. 1995. *New Immigrants Receiving Benefits from the National Insurance Institute*. Israel National Insurance Institute, Survey No. 127, Jerusalem (Hebrew).
- Flug, K. and Kassir, N. 1993. *Absorption in Employment of Immigrants from CIS - The Short Term 93(4)*. Research Department, Bank of Israel, Jerusalem (Hebrew).
- Friedberg, R. 1995. *You Can't Take it With You? Immigrant Assimilation and the Portability of Human Capital: Evidence from Israel*. Maurice Falk Institute Discussion Paper 95.02. Hebrew University, Jerusalem. December 1995.
- Habib, J.; Noam, G.; Ellenbogen, S.; Lithwick, I.; Naon, D.; Nirel, N.; Strosberg, N. and S. Be'er. Forthcoming. "Social Welfare Services for Immigrants." In: M.

Sicron (ed.), *The Absorption of Immigrants from the Former Soviet Union, 1991-1995* (Hebrew).

Lithwick, I. and Habib, J. 1996. *Absorption of Immigrants from the Former Soviet Union into the Labor Force*. Research Report. JDC-Brookdale Institute, Jerusalem (English).

Lithwick, I. and Naveh, G. 1995. *The Role of Age in Successful Immigrant Absorption: Pre-Retirement Immigrants from the CIS*. Research Report: RR-211-95. JDC-Brookdale Institute, Jerusalem.

Lithwick, I.; Noam, G.; Naveh, G. and J. Habib. Forthcoming. *The Absorption of Immigrants from the Former Soviet Union: Employment and Selected Measures of Integration - Findings from the 1995 Follow-up Survey*. Research Report. JDC-Brookdale Institute in cooperation with the Ministry of Absorption and Joint-Israel, Jerusalem (Hebrew).

Morginstin, B. and Tamir, Y. 1994. "Immigration to Israel: Economic and Social Security Aspects." Paper Presented at ICSW Conference, Tempera, Finland.

Morginstin, B.; Haron, T. and Zipkin, A. 1997. *Claimants and Entitled Persons in the Income Support System, 1988-1995*. Israel National Insurance Institute, Survey No. 145, Jerusalem (Hebrew).

Naveh, G.; Noam, G. and Benita, E. 1994. "The Employment and Economic Situation of Immigrants from the Former Soviet Union: Selected Findings from a National Employment Survey." In: Noam, G. (Ed.) *Immigrant Absorption in Israel: Selected Research Papers from the JDC-Brookdale Institute*. JDC-Brookdale Institute, Jerusalem.

Tamari, J. and Damien, N. 1977. *The Five First Years in Israel*. Division of Planning and Research, The Ministry for Immigrant Absorption,.

Zipkin, A. 1997. *Recipients of Income Support Benefits in 1995*. Israel National Insurance Institute, Survey No. 147, Jerusalem (Hebrew).

ניתן להזמין פרסומים במוסד לביטוח לאומי, מינהל המחקר והתכנון,
שד' ויצמן 13, ירושלים 91909, טל. 02)6709579