



JERUSALEM LETTER

No. 9 - Nisan 23, 5738/April 30, 1978

FREE HIGH SCHOOL EDUCATION COMES TO ISRAEL

On April 5, the Israeli Knesset enacted legislation providing free public education for all Israelis from kindergarten (age 5) through the 12th grade (usually age 18) beginning with the coming school year. In addition, the new statute makes education compulsory from age 5 to 16. Thus the new Likud-led government, with a National Religious Party member as Minister of Education and Culture (hereafter referred to simply as Minister of Education), achieved within the first year of its incumbency a goal - free high school education - that had been sought by many for years, but which had never received the support of a succession of Labor Party-led governments.

The Compulsory Education Law of 1949 provided for immediate compulsory and free public education from ages 6 through 11. For the 1951-52 school year the period was extended to ages 5 through 13. So it remained until 1969 when a major amendment to the law was adopted to provide free and compulsory education for 14-year olds (through 9th grade). The extension was to be introduced in stages in various parts of the country, by order of the Minister of Education, but was to be effective throughout the entire country no later than the 1971-72 school year. Free and compulsory education for 15-year olds (through 10th grade) was also to be introduced gradually starting in the '72-73 school year, to be effective throughout the country no later than '74-75. It was later felt, however, that this timetable for the gradual introduction of free and compulsory education for 14- and 15-year olds could not be met and in July 1971 the Knesset extended the deadline for 14-year olds from 1971-72 until the next school year, and for 15-year olds until the 1976-77 year. The first extended deadline was met, but again it was felt necessary to extend the second deadline. As recently as December 1976 the time for providing free and compulsory education for all Israeli 15-year olds was extended until the 1981-82 school year. At the time of the adoption of the new legislation providing for free public education from kindergarten through 12th grade, the 10th grade was free for only about 25% of Israeli children, those living in Jerusalem, the development towns, and border settlements.

This is not to say that prior to the new legislation the government did not contribute to the support of high school education. Indeed, approximately 75% of the costs of non-free high school education were borne by governmental authorities, with approximately 25% borne by parents in the form of tuition payments. These tuition payments were set on a sliding scale determined by family income. In recent years increasing parental and public concern was expressed about these tuition payments, which were

approaching I.L. 6000 a year per child, a very substantial burden for working and middle class parents. The government's response to this concern, however, had always been expressions of sympathy coupled with the assertion that Israel just could not afford faster or further reductions.

This log-jam was broken by the proposal of the new Minister of Education, Zevulun Hammer, that the cost of increasing governmental support for high school education from 75% to 100% be borne by adding a 0.4% special increase to the National Insurance tax on wages for an interim period of two years, after which time the funds would be provided from the general budget. The Israeli National Insurance tax - which provides for welfare, unemployment, retirement insurance payments, etc. - is collected in a manner similar to that of the American Social Security tax, i.e. a flat percentage levy on salaries up to a determined salary ceiling.

The Minister of Social Welfare and Labor, Israel Katz, whose ministry is responsible for collecting this tax and which supervises most of the welfare services funded by it, initially opposed the Hammer proposal on the grounds that the National Insurance system should not be used for this purpose and that other social welfare budgetary needs, particularly those directly involving the poor, had greater priority than did that of free high school education. However, the overwhelmingly affirmative press and public response to the Hammer proposal and the rapid and almost unanimous Knesset approval of the new statute clearly showed that in Israel free public education from kindergarten through high school was an idea whose time had come.

There was, however, a small current of dissent, both in the press and in the Knesset. Some of this dissent was clearly misplaced, but some was well-taken. The bulk of the dissent focused on the assumption that free high school education would benefit primarily the middle and upper income groups, whose children attend high school in proportionately greater numbers than those of the poorer economic and social classes and who had previously paid the highest tuition fees based on the sliding scale. Moreover, since the extra government funds required to support free high school would be raised, at least for the next two years - - and there were those who doubted that such a tax levy would ever be rescinded despite Mr. Hammer's good intentions - - by a non-progressive increase to the National Insurance tax, this extra burden would be borne by the lower, as well as the middle and upper, income groups.

It may also be seen as quite ironic that the economic argument that government serviced provided free to all benefit the wealthy at the expense of the poor - - an argument often expressed by the well-known conservative American economist Milton Friedman to support his opposition to government provision of services - - was used here against the Likud government that has been accused of being adherents of "Friedmanism." Moreover, the argument was expressed by a number of people who view themselves as socialists, who vehemently reject "Friedmanism" and, indeed, generally espouse greater and greater government provision of services free for all. It must, however, be emphasized that this dissent was that of a

small minority, with the great bulk of the Labor opposition, including former Minister of Education and Culture and current chairman of the Knesset Education and Culture Committee, Aharon Yadlin, supporting the Hammer proposal.

Despite the numerically weak nature of this dissent, the government's sensitivity to its arguments was demonstrated by a number of significant changes and additions to his proposal which were accepted by Minister Hammer after consultation with the Knesset Education and Culture Committee. These included the provision that those who, for a variety of reasons, do not complete their high school education by age 18 may complete it at a later date at government expense; a provision designed to aid children of lower income families who drop out of high school at a greater rate than those of more prosperous socio-economic groups, and who may later desire to complete high school by participating in night school programs.

A second addition relates to the fact that it is estimated that the new National Insurance tax levy will raise annually some 50 million Israeli pounds more than previously had been raised by tuition payments. It was agreed that this surplus will be used directly and exclusively to benefit high school children from disadvantaged families by, among other things, relieving them of the burden of most "incidental" school expenses such as books, supplies, uniforms, expenses for school trips, and the like.

Moreover, despite the fact that the statute as adopted is based on the Hammer funding proposal of a flat 0.4% across-the-board levy on National Insurance tax payments, it was reported in the press that Minister Hammer has accepted the suggestion of the Education and Culture Committee that the same sum be raised by substituting a rise in the current salary ceiling on which National Insurance tax payments are imposed for the 0.4% levy; thus he announced to the committee that he would work toward amending the National Security Act to this effect by October 1. Such a change would mean that the entire burden of this extra tax revenue would be borne by those in the higher salary brackets. At this reading, however, the exact status of this change is not clear, as, despite the press reports of April 6 concerning Hammer's statements in the Knesset committee, in an April 11 newspaper column Hammer describes in detail the new statute and its objectives, including reference to the 0.4% levy without even suggesting that there are any changes contemplated during the interim two-year period.

Finally, in response to the well-taken view that, in terms of children from disadvantaged families, the pre-school years may be more significant than those of high school, Minister Hammer has promised the Knesset committee that, starting this coming school year, all nursery school education from age 3 would be free for residents of development towns, in which disadvantaged families are heavily concentrated.

In concluding this report, one final irony must be noted. Free high school education is being extended precisely in a period when the Israeli government is striving to hold down its expenses in an attempt to combat the exceedingly high inflation with which Israel continues to be faced. Prima facie it may seem that this increased governmental expenditure would be quite inflationary.

However, it appears that the opposite may be true: since the extra governmental expenditures will be provided by a new tax levy, they will not contribute to increasing the governmental budgetary deficit. In essence, there will occur only a shift in the form of payment for high school education. Instead of it being paid for by the Israeli populace through a combination of tax revenues and tuition payments, it will all be paid for by tax revenues. This shift, in itself, should not affect inflation one way or the other.

However, in a curious and perhaps unintentional way, this shift may actually serve as an anti-inflationary measure. The vast bulk of the Israeli labor force receives periodic cost-of-living wage increases based on changes in the cost-of-living index, an index which is based on price levels of a selected group of items. High school tuition fees were included in this index, but National Insurance taxes are not. Thus, it has been estimated that the cost-of-living index will drop by 0.5% as a result of the shift from tuition payments to a rise in the National Insurance tax as a means of payment for high school education. This reduction in the c-o-l index should reduce the c-o-l raises that Israeli workers will receive and thereby serve the governmental policy of attempting to hold down wage increases as a means of fighting inflation. It must, however, be noted that Histadrut Secretary General Yeruham Meshel is quite aware of this potential effect of the new free higher education scheme and will, no doubt, seek to prevent its occurrence.

Stephen Goldstein