



The Hebrew University of Jerusalem
The Center for the Study of Civil Society and Philanthropy in Israel

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The Paul Baerwald School of Social Work and Social Welfare

Israeli Welfare Organizations: A Snapshot

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Policy Paper No. 03.2018

Jerusalem, July 2018

Taub Center for Social Policy Studies in Israel

The Taub Center was established in 1982 under the leadership and vision of Herbert M. Singer, Henry Taub, and the American Jewish Joint Distribution Committee. The Center is funded by a permanent endowment created by the Henry and Marilyn Taub Foundation, the Herbert M. and Nell Singer Foundation, Jane and John Colman, the Kolker-Saxon-Hallock Family Foundation, the Milton A. and Roslyn Z. Wolf Family Foundation, and the American Jewish Joint Distribution Committee.

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 Internet edition

Israeli Welfare Organizations: A Snapshot

Shavit Madhala, Michal Almog-Bar, John Gal*

Abstract

Civil society organizations and nonprofits play a major role in the Israeli welfare state, and that role has clearly been growing in recent years. Organizations active in the welfare field constitute 15 percent of all civil society organizations, and their annual activity volume amounts to NIS 13.8 billion. These organizations provide a broad range of social services to diverse target populations as outsourcers for the Ministry of Labor, Welfare, and Social Services. They also engage in other activities, relying on donations and the sale of services. The current study's findings, based on an analysis of the characteristics of 748 nonprofit welfare organizations with annual revenues exceeding half a million shekels, indicate that the donations made to these organizations increase Israeli welfare spending by NIS 3.45 billion, amounting to 28 percent of the country's total annual social welfare expenditure. Most welfare activity on the part of Israeli civil society organizations is focused on people with disabilities, the elderly, and the child/youth populations.

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We are grateful to Professor Avi Weiss and to Professor Mimi Ajzenstadt for their useful comments; to Shai Velmer of Guidestar Israel; to the Israeli Corporations Authority in the Ministry of Justice for its assistance in making data accessible; to Hila Azuz, Adi Hazut, Noya Hochwald, and Mika Wenkert for their assistance in data collection and coding; and to accountants Ran Milman and Ben Orion for their advice and guidance.

These organizations employ 370,000 people, two-thirds of them volunteers. Of the civil society organizations involved in welfare activity, only a small minority (7 percent) are active in the Arab Israeli sector, though that sector accounts for a fifth of Israel's population. By contrast, nearly a quarter of the organizations are active in the Haredi (ultra-Orthodox) sector, a much larger proportion than the share of Haredim in the population as a whole. The study found substantial gaps between older and newer organizations, between large and small organizations, and between organizations active in Jewish society and those active in Arab Israeli society. For example, the largest and most veteran organizations receive most of the governmental (85 percent) and philanthropic funding that is available. These disparities are inconsistent with the need for service diversity, innovation, and tailoring for specific populations. Moreover, the dearth of organizations active in Arab Israeli society, and the sector's limited share of the resources available to civil society organizations, limit Arab Israeli citizens' access to social services to an even greater degree, despite the sector's many existing needs.

Introduction

In social policy discourse, there is a tendency to focus on welfare state systems and to assess the way in which they address social needs, help safeguard social rights, and contend with poverty and inequality. In this dialog, there is little mention of non-governmental entities. Remarkably, the role of nonprofit and civil society organizations, i.e., organizations that engage in not-for-profit social welfare activity, is perceived as unimportant.¹ These organizations are generally associated with charitable activity and with assistance to specific subpopulations. Beyond that, some civil society organizations are regarded as an arm of the government, providing outsourced services and nothing more.

However, civil society organizations, in fact, play an ever-greater and more varied role in the social welfare sphere, and they constitute a major component of the Israeli welfare state. This is reflected in data on the extent of their service provision to the Ministry of Labor, Welfare, and Social Services (Madhala-Brik and Gal, 2016), and in research data on social welfare nonprofit organizations (Almog-Bar and Ajzenstadt, 2015). Nevertheless,

¹ The terms nonprofits and civil society organizations are used interchangeably to signify Third Sector organizations, including those that are termed Public Benefit Companies by the Israeli Corporations Authority.

no comprehensive data is available on the characteristics of civil society organizations active in the Israeli welfare sphere. The extent of their activities is unclear, as are their modes of activity and target populations. Moreover, there is no information on funding sources or the degree of their dependence on the state. Finally, little is known about the differences between Israel's population groups regarding nonprofit organization activity.

If civil society organizations are indeed playing a substantial and growing role as service providers on behalf of the state, or as entities active in areas where the state is not involved, this is an issue that merits attention on the part of policy makers. On the one hand, these are organizations that, by virtue of their proximity to the population groups they serve, are more attentive to their needs. Moreover, civil society organizations are capable of earning greater client trust, recruiting volunteers for their activity, and finding funding sources outside the state budget. On the other hand, these organizations enjoy a large degree of autonomy with regard to the modes and objectives of their activity, meaning that they do not necessarily adhere to existing social welfare policy and may prioritize certain populations or needs over others. In some cases, nonprofit organization paid staff and volunteers are not subject to the norms and rules that apply to state employees, making regulation of their activity difficult. Also, the financial status of these organizations tends to be less stable than that of government entities, which may negatively impact their service users.

In light of this, a comprehensive, substantiated and up-to-date picture of the Israeli nonprofits and civil society organizations active in the social welfare sphere will contribute to a better understanding of the role played by civil society in Israeli welfare activity. This will be undertaken through an examination of the characteristics and modes of operation of organizations that provide social services or that engage in advocacy.

In this study we seek to answer the following research questions:

- Who are the civil society organizations active in Israel's social welfare arena?
- What features characterize civil society organizations' involvement in Israeli social welfare?
- How do civil society organizations contribute to the welfare state?

1. Background: nonprofits and civil society organizations

Civil society organizations around the world

Civil society is defined as “the sphere of institutions, organizations and individuals located between the family, the state and the market in which people associate voluntarily to advance common interests” (Anheier 2004). Civil society is perceived as an alternative public space in which different parties can collectively discuss issues of common interest, create new services, and exert an influence on government policy.

Although civil society comprises different forms of activity, incorporated organizations are a central and active element of it. These organizations, often referred to as “third sector organizations” or “nonprofit organizations,” are formally incorporated and exhibit a certain degree of institutionalization, regularity, stability, and continuity. They differ institutionally from the public sector and are not subordinate to governmental agencies. They do not engage in profit-sharing, and if the organization makes a profit from its activity, this is invested in the organization, to advance its objectives. These organizations are administratively autonomous and not controlled by free-market entities. Moreover, they have volunteerism and donation inputs (Salamon and Anheier 1997). Legally, in Israel these are organizations that are incorporated as associations, public-benefit companies (PBCs), and *hekdeshot* (foundations).

Civil society organizations fulfill a wide array of functions, including service provision, advocacy, civic involvement, and the promotion of policy change or social initiatives (Anheier 2004). Their unique features allow them to play a pioneer role, testing the waters in fields where no one has been active before, and working to develop new, innovative services for populations whose needs have not been adequately met by the government (Zychlinski 2010; Iekovich and Katan 2005; Schmid 2003). Their social mission includes articulating visions of justice, equality and wellbeing for individuals, groups, and communities; their work entails active and meaningful involvement on the part of volunteers, members and clients; and their organizational structure is democratic and participative (Zychlinski 2010; Iekovich and Katan 2005). Finally, civil society organizations are characterized by an ability to create social capital, defined as networks of cooperation between citizens (Putnam 1993).

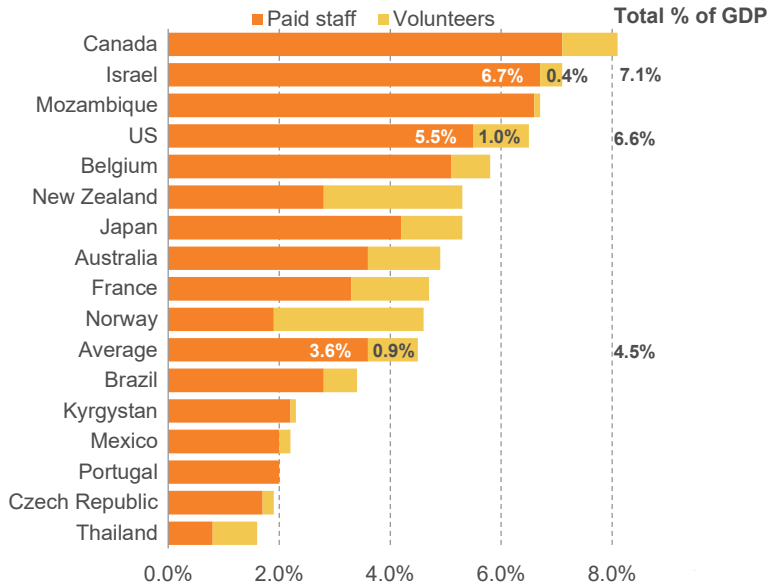
Israeli nonprofits and civil society organizations

Over the past two decades, both in Israel and abroad, civil society has become a major arena of social service provision, especially for marginalized and disadvantaged populations. Due to welfare-state cutbacks in social spending and services, as well as the increased needs of diverse populations that rely on state services, civil society has become an alternate and complementary framework for creating and providing social services, and for advancing social policy change in various spheres (Bode 2006; Kendall and Taylor 2009; Lewis 2004).

Israel's civil society is among the world's largest in terms of the number of organizations active in it relative to the number of residents, and in terms of the volume of the organizations' economic activity. In 2016, Israel had 43,000 registered organizations, compared with 17,000 organizations in the early 1990s. Over the past decade, between 1,500 and 1,700 new organizations have been registered each year. However, in 2016 only 20,000 organizations submitted annual reports, as required by law, to the Israeli Corporations Authority, the statutory body charged with supervision and registration in this sphere. Although no data are available on the organizations that did not submit reports, it can be assumed that most of them are inactive, as reports are a precondition for receiving a certificate of proper management. Thus, the number of active organizations is lower than the high registration rates would indicate.

Most of the organizations are active in the realms of religion (24 percent), education (19 percent), culture (16 percent), and welfare (15 percent) (Civic Leadership 2016). In international comparison, Israel has a notably high percentage of organizations oriented toward social service, broadly defined (welfare, education, health, cultural and religious services), in contrast to organizations involved in expressive activity (such as civil organizations, labor unions, and environmental/animal rights organizations). A 14-country study found that the share of organizations providing social services in Israel is higher than in most of the other countries examined, including Canada, France, Belgium, Portugal, Australia, and Brazil (Salamon, Sokolowsk, Haddock, and Tice 2013).

Regarding the scope of economic activity, Israel's civil society is one of the world's largest and most active (*ibid.*). Figure 1, which shows international comparison data published in 2013, indicates that, in Israel, the organizations' share of GDP is 7.1 percent (higher than in the United States, the European countries, Mexico, Australia, and New Zealand).

Figure 1. Nonprofit welfare organizations' share out of GDP

Source: Salamon, Sokolowsk, Haddock, and Tice 2013

In 2013, the number of paid staff in Israel's civil society organizations was 430,300, while the number of volunteers was 423,647. Most paid positions were concentrated in the areas of education and research (50 percent) and in healthcare (23.5 percent). In the social welfare sphere, the number of paid staff was 24,000 (5.6 percent of all employment in civil society organizations), though we may assume that the actual number is much higher due to the classification of some welfare service provider organizations under other categories (healthcare and education). Most civil society volunteers were active in welfare organizations — 114,000, amounting to 33 percent of all organization volunteers (Central Bureau of Statistics 2017). It should be noted that, over the past decade, the volume of civil society organization employment trended continually upward. A comparative study found that Israel's share of paid civil society organization staff among all employed persons to be the highest of the 13 countries examined, among them the US, Australia, Thailand, and the European countries (Salamon, Sokolowsk, Haddock, and Tice 2013).

In 2016, the total current revenue of Israel's civil society organizations was NIS 144.3 billion. In that year, 50 percent of all revenues were from government transfers, 33 percent from sale of services, 7.3 percent from foreign donations, 7.5 percent from local (Israeli) donations, and 2.2 percent from interest and property revenues (Central Bureau of Statistics 2017). The share of government funding in Israeli civil society is large compared with some countries (e.g., the UK, Canada, Australia, and Portugal), though it is small compared with others, such as Belgium. The share of funding from donations and from sale of services is relatively low in Israel compared with other countries (Salamon, Sokolowski, Haddock, and Tice 2013).

Recent decades have witnessed major changes in Israeli civil society: a steep rise in the number of active organizations and in the scope of their activity, the adoption of oppositional and challenging strategies, greater access to policy makers, and broader state recognition of their activity (Almog-Bar 2016).

Development of Israeli civil society over the last two decades

For the past twenty years, Israeli civil society organizations have enjoyed greater independence than in earlier periods, when they worked closely with the government. The change is reflected in large-scale citizen initiatives to create organizations active in a wide variety of spheres. In some cases the organizations relate directly to the needs of citizen activists; in others, the founders are motivated by a feeling that the issues at hand have been neglected by the public system (Yishai, 2003). Despite these changes, some researchers have argued that Israeli civil society still differs greatly from civil society in most developed Western nations: the relationship between the state and Israeli public life remains strong, and the pervasiveness of paternalistic or collectivist values makes it hard to establish an independent and pluralistic civil society (Ben-Eliezer 1999; Yishai 2003).

Since the 1990s, Israeli civil society has been characterized by two separate but complementary trends regarding social welfare activity. One is the growing number and influence of nonprofit organizations with ties to the state through their provision of a large proportion of existing social services, and their extensive reliance on government funding (Madhala-Brik and Gal 2016; Katan 2007; Schmid 2003). In an era of privatization, these organizations have amassed great power as exclusive providers of state social services; the government's dependence on them has grown, and major portions of the state welfare budget are transferred to them. The other trend is the establishment of a large and diverse group of nonprofit organizations

that are active in a wide variety of welfare fields but whose activity is not necessarily connected with state services or budgeted by the state (Gidron, Bar and Katz 2004).

A number of studies have found outsourcing to be influential in shaping the unique characteristics of the civil society organizations that provide social services in Israel. Schmid (2003) looked at nonprofit organizations in the nursing care, foster care, and adoption spheres, and found that they rely on government funding to a substantial degree. Their conformist stance toward government policy and standards assures them the flow of funds that they need in order to survive. These organizations displayed a striking element of professionalization, based on the acquisition of knowledge, expertise, and experience in their respective service areas. They did not exhibit innovation or creativity, nor did they prioritize the development of new programs or the use of novel service technologies. These findings are supported by other studies noting the nonprofit welfare organizations' near-exclusive reliance on state funding, and the fact that service provision constitutes the organizations' main or sole activity. At the same time, advocacy and the development of new services have been marginalized, and volunteer/member involvement and participation have declined (Zychlinski 2010; Iekovich and Katan 2005; Katan 2007). By contrast, organizations that relied less on government funding retained more of the unique attributes of voluntary organizations (Zychlinski 2010).

Studies of organizations active in welfare point to these organizations' major role in defining social problems, placing issues on the public agenda, and formulating alternatives to existing social policy, as well as creating and providing social services to disadvantaged populations, such as women victims of violence, children with disabilities, and people living in poverty (Almog-Bar and Ajzenstadt 2015; Bar 2004; Doron and Gal 2006; Yanai 2005).

To conclude, recent years have witnessed major changes in Israeli welfare policy, including large cutbacks in some National Insurance benefits, increased outsourcing of social services, and the creation of new services by partnerships between the government, the third sector, foundations, and the business sector (Doron, 2007; Madhhala-Brik and Gal, 2016; Katan, 2007; Almog-Bar, 2016). Against this background, an arena of activity has emerged for civil society organizations specializing in a wide array of welfare fields and providing a broad range of services to different populations. Despite the substantial widening of this arena, and the aforementioned changes' impact on the lives and wellbeing of citizens, clients and employees, current knowledge about these organizations' activity and its ramifications for the Israeli welfare state is minimal.

Methodology and definitions

The study population consists of nonprofit welfare organizations registered in Israel, with revenues exceeding NIS 500,000 per year — a total of 761 organizations. These are entities incorporated as associations [nonprofit organizations], public-benefit companies, and *hekdeshot* (foundations) registered with the Israeli Corporations Authority in the Ministry of Justice. The organizations are included in the GuideStar Israel database of Israeli nonprofits, from which we selected those classified as active in the welfare sphere or in whose activity descriptions the word “welfare” appears. The study subject selection was narrowed down further by including organizations whose main area of activity is welfare, and excluding those whose main area of activity is education or healthcare.

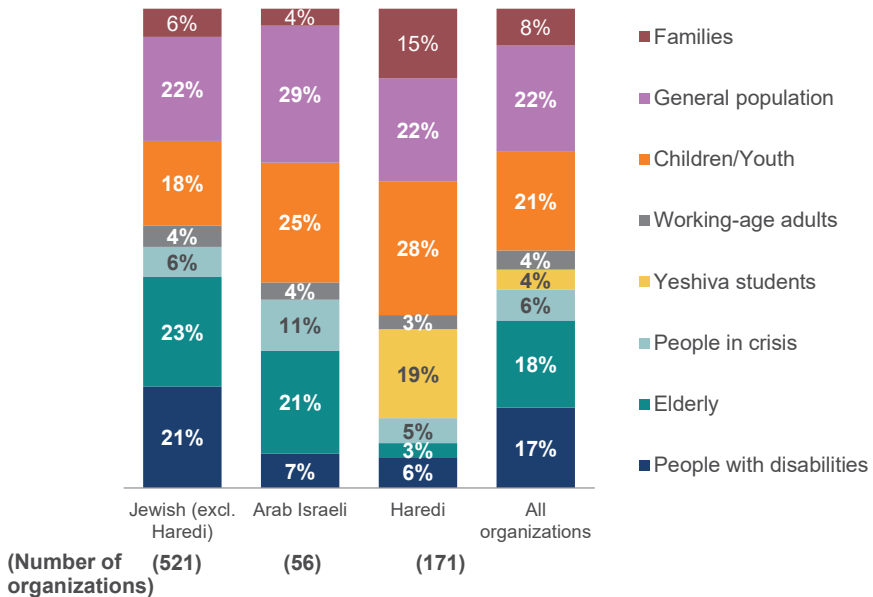
Of the 761 organizations that met the research criteria, 748 had relevant financial statements, and 687 had full and relevant written reports. The data collected are from the organizations’ Financial and Written Reports for 2013–2016; most of the statements (95 percent) are for the years 2014–2015. The data gathered from the financial reports indicated the organizations’ total revenues, which included the following: revenue from sale of services (from activity), revenue from public sources (government ministries, the National Insurance Institute, or other public institutions), revenue from donations (Israeli and foreign), in-kind donations, bequests and monies released for programs, and other revenues. The data collected from the written reports were the number of salaried staff and volunteers in the organizations. Other data, including organization area of activity, target population, the population group to which the organization offers its services (Jewish (not specifically Haredi)/Arab Israeli/Haredi), were gathered from several different sources: written reports, organization websites, and consultation with professionals familiar with the organizations.

Organizations were categorized by several criteria: population group (Jewish (not specifically Haredi)/Arab Israeli/Haredi), years of operation (operating for 15 years or more/less than 15 years), size (revenues of up to NIS 3 million per year/revenues of up to NIS 10 million per year/revenues exceeding NIS 10 million per year), target populations and geographic reach (organizations were classified as national if they had more than four activity centers). In all of the analyses, except for the section on organization personnel, “all of the organizations” refers to the 748 nonprofit welfare organizations active included in the study. In the section on personnel, the analyses presented refer to the 687 organizations that had complete written reports.

2. Characteristics of nonprofit welfare organizations

Nonprofit welfare organizations focus on, and provide services to, an array of population groups. A fifth of the organizations target the general public, while another fifth concentrate on children and youth. It appears that a lower proportion of civil society welfare organizations focus their activity on working-age adults, yeshiva students, or people in crisis (Figure 2).

Figure 2. Distribution of nonprofit welfare organizations by population group served and main target population



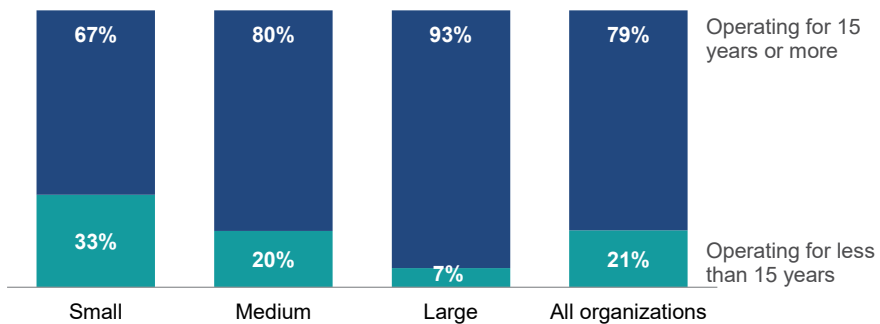
Source: Shavit Madhala, Michal Almog-Bar, and John Gal, Taub Center; The Center for the Study of Civil Society and Philanthropy | Data: Financial and Written Reports filed by nonprofit organizations

Out of all the organizations, 56 (7 percent) offer their services to the Arab Israeli sector, and 170 (23 percent) to the Haredi sector. Among the Haredi organizations the share of those that focus on service to the elderly is low; a larger share focus on yeshiva students, children/youth, and families. The share of Haredi and Arab Israeli organizations that focus on people with

disabilities appears to be small compared with the share of such organizations among the other group.

Among all of the organizations, a fifth are new, that is operating for less than 15 years. Among the small organizations with total annual revenues of less than NIS 3 million, the percentage of new organizations is relatively high, amounting to a third of these organizations. By contrast, among the large organizations (those with annual revenues exceeding NIS 10 million) only 7 percent are new (Figure 3). Among the organizations serving the Arab Israeli and Haredi sectors, the share of new organizations is larger than among all of the organizations.

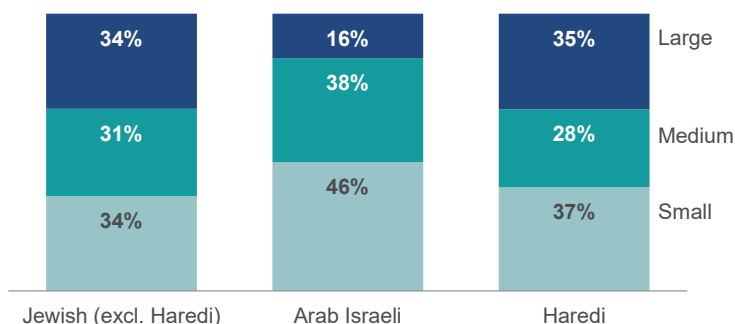
Figure 3. Distribution of nonprofit welfare organizations by years of operation



Source: Shavit Madhala, Michal Almog-Bar, and John Gal, Taub Center; The Center for the Study of Civil Society and Philanthropy | Data: Financial and Written Reports filed by nonprofit organizations

Regarding the total revenue distribution by population groups, 2 percent of the revenues of all civil society welfare organizations belong to Arab Israeli organizations (which account for 7 percent of all of the organizations), while 20 percent belong to the Haredi organizations (which account for 23 percent of all of the organizations). Figure 4 shows that, among the Arab Israeli organizations, the share of those classified as large is smaller than among the Haredi organizations and the Jewish organizations (16 percent, 35 percent, and 34 percent, respectively).

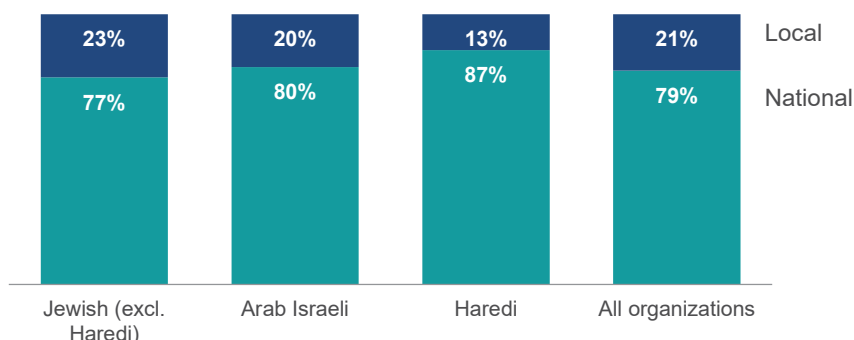
Figure 4. Distribution of nonprofit welfare organizations by size and population group served



Source: Shavit Madhala, Michal Almog-Bar, and John Gal, Taub Center; The Center for the Study of Civil Society and Philanthropy | Data: Financial and Written Reports filed by nonprofit organizations

A look at the geographic reach of nonprofit welfare organizations (Figure 5) shows that 20 percent of these organizations are national (more than four activity centers around the country). The lowest percentage of national organizations is found in the Haredi sector — 13 percent. In the Arab sector, 20 percent of organizations are characterized as national; among the non-national organizations serving this sector, 80 percent of the branches are concentrated in the Northern and Haifa districts. Among the large organizations (in terms of revenue), a slightly greater share (28 percent) of national organizations was found compared with the medium-sized (17 percent) and small (18 percent) organizations.

Figure 5. Distribution of nonprofit welfare organizations by geographic reach and population group served



Source: Shavit Madhala, Michal Almog-Bar, and John Gal, Taub Center; The Center for the Study of Civil Society and Philanthropy | Data: Financial and Written Reports filed by nonprofit organizations

3. Revenues and funding sources

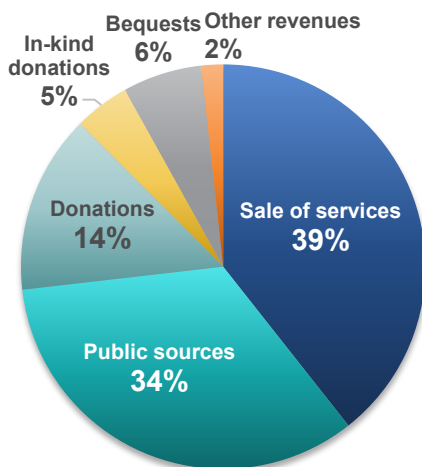
The total revenue of nonprofit welfare organizations amounts to NIS 13.8 billion. Out of all the welfare organizations, the highest revenues were recorded for those whose target populations are children and youth (23 percent of total revenues), the elderly (22 percent), and the general population (21 percent).

An examination of civil society welfare organizations' funding sources (Figure 6) shows that these organizations' revenues come primarily from sale of services and public sources (39 percent and 34 percent of total revenues, respectively). Beyond these two main funding sources, 14 percent of the organizations' total revenue comes from financial donations, with another 5 percent coming from in-kind donations.² It should be noted that, in some cases, welfare organizations' financial statements report funds received from government ministries as revenue from sale of services, and not as revenue from public sources. A cross-referencing of Ministry of Labor, Welfare, and Social Services data on financial transfers to external organizations that provide social services (outsourcing) showed a 5 percent deviation in favor of revenue from public sources.³ We can therefore estimate that the nonprofit addition to Israeli welfare spending, including revenue from various kinds of donations, constitutes at least 25 percent of total civil society revenues (revenue from donations and bequests and monies released for activity), that is, NIS 3.45 billion. This sum increases total governmental welfare spending (which in the year examined amounted to NIS 12 billion) by 28 percent.

2 It should be noted that the study findings regarding social welfare organizations' funding sources differ from the data provided by the Central Bureau of Statistics. According to the CBS, whose data are based on a sample, 53 percent of all social welfare organizations' revenues between 2014 and 2016 came from the sale of services, 9 percent from the government, 22 percent from Israeli donations, 15 percent from foreign donations, and 2 percent from interest and property (Central Bureau of Statistics, 2017). The difference appears to be due to the fact that social welfare organizations are defined differently in this study and in the CBS sample.

3 The share of revenue from public sources is 5 percent larger than reported in the organizations' financial statements. Apparently, these sums are reported in the statements as "revenues from sale of services."

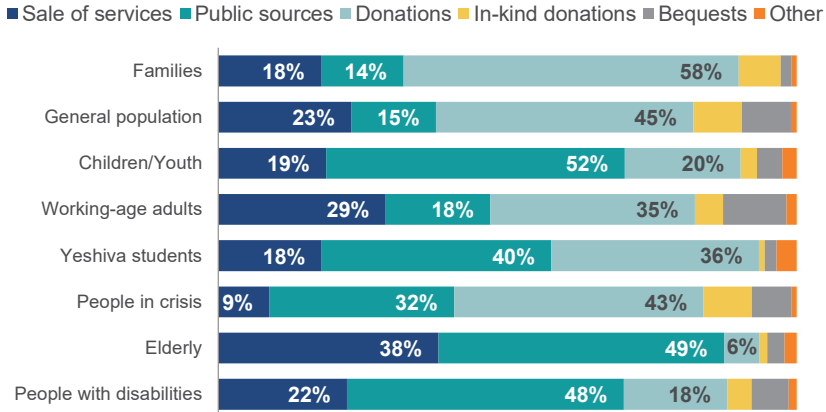
Figure 6. Distribution of revenues of nonprofit welfare organizations by revenue source



Source: Shavit Madhala, Michal Almog-Bar, and John Gal, Taub Center; The Center for the Study of Civil Society and Philanthropy | Data: Financial and Written Reports filed by nonprofit organizations

Organizations of differing characteristics are also distinguished by the distribution of their funding sources (Figure 7). In the case of organizations that focus on people with disabilities, the elderly, and children/youth, half of the revenues come from public sources. For organizations that focus on the elderly, another major share of revenue comes from the sale of services, while an exceptionally small share comes from donations. By contrast, for organizations that work with families, people in crisis, and the general public, the share of revenue from donations is high. Similarly, a comparison of advocacy organizations with other types of service-provider organizations shows that half of the advocacy-organization revenues are from donations, and only 16 percent from the sale of services.

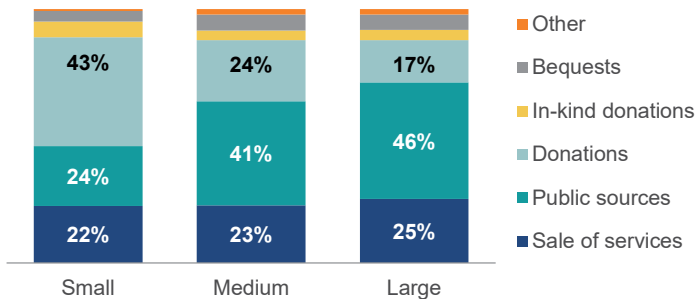
Figure 7. Distribution of revenues by funding source and target population



Source: Shavit Madhala, Michal Almog-Bar, and John Gal, Taub Center; The Center for the Study of Civil Society and Philanthropy | Data: Financial and Written Reports filed by nonprofit organizations

Figure 8 shows funding sources by organization size. For large organizations, the most revenue is from public sources (46 percent), followed by the sale of services (25 percent). Medium-sized organizations also show a high share of public funding (41 percent), while for small organizations the largest share of funding is from donations (43 percent).

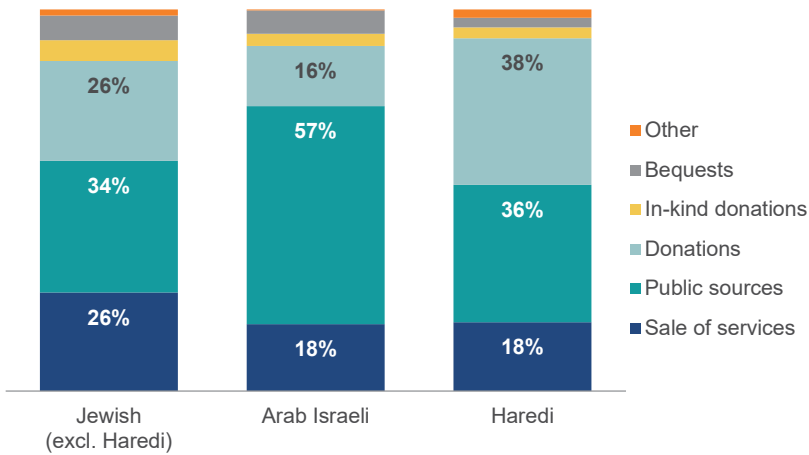
Figure 8. Distribution of revenues by funding source and organization size



Source: Shavit Madhala, Michal Almog-Bar, and John Gal, Taub Center; The Center for the Study of Civil Society and Philanthropy | Data: Financial and Written Reports filed by nonprofit organizations

The revenue-source distribution by population group reveals that organization may be differentiated by funding source composition (Figure 9). For Arab Israeli organizations in particular, a major share of revenue appears to come from public sources (57 percent), while for Haredi organizations the share of funding from donations is strikingly large (38 percent).

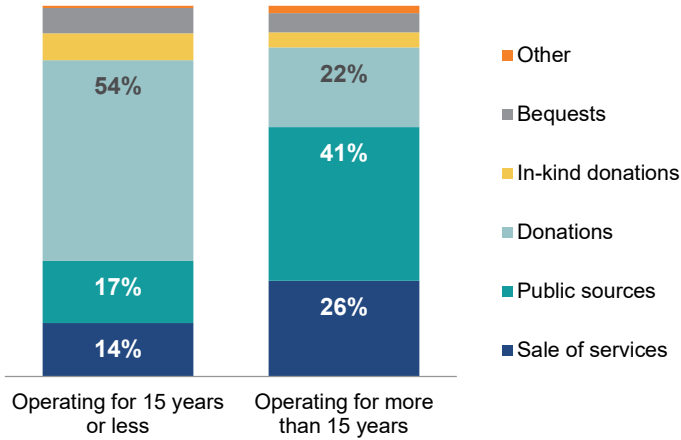
Figure 9. Distribution of revenues by funding source and population group served



Source: Shavit Madhala, Michal Almog-Bar, and John Gal, Taub Center; The Center for the Study of Civil Society and Philanthropy | Data: Financial and Written Reports filed by nonprofit organizations

Revenue distribution by years in operation indicates substantial differences between the funding sources of newer and more veteran organizations (Figure 10). Among older organizations, the largest share of revenue comes from the sale of services and public sources, while for newer organizations a major share of revenue comes from donations.

Figure 10. Distribution of revenues by funding source and the organization’s years of operation

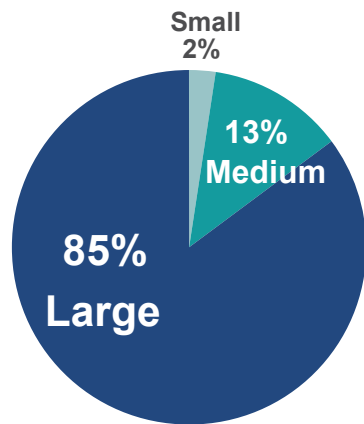


Source: Shavit Madhala, Michal Almog-Bar, and John Gal, Taub Center; The Center for the Study of Civil Society and Philanthropy | Data: Financial and Written Reports filed by nonprofit organizations

Revenues from public sources

Eighty-five percent of the revenues distributed to organizations from public sources goes to large organizations, which account for a third of all of the organizations (Figure 11). The remaining funding goes in large part to medium-sized organizations, with only 2 percent going to small organizations. Among the small organizations, half reported no revenue from public sources while among the medium-sized organizations, 22 percent reported no revenue and, among the large organizations, 20 percent reported no revenue from public sources.

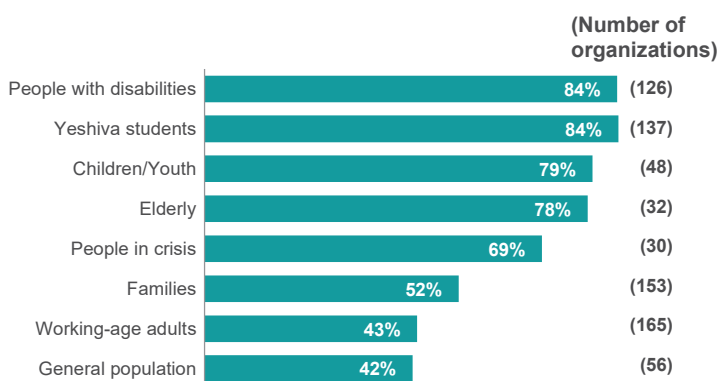
Figure 11. Organization size and distribution of revenues from public sources



Source: Shavit Madhala, Michal Almog-Bar, and John Gal, Taub Center; The Center for the Study of Civil Society and Philanthropy | Data: Financial and Written Reports filed by nonprofit organizations

A breakdown by target population shows that, in accordance with accounting statements, most organizations that focus on working-age adults receive no government support at all. By contrast, very few of the organizations that serve yeshiva students and people with disabilities receive zero public support (Figure 12). A comparison of veteran and new organizations indicates that 40 percent of the organizations that have been in operation for less than 15 years receive funding from a public source, versus 75 percent of the older organizations.

Figure 12. Share of nonprofit welfare organizations receiving government support, by main target population

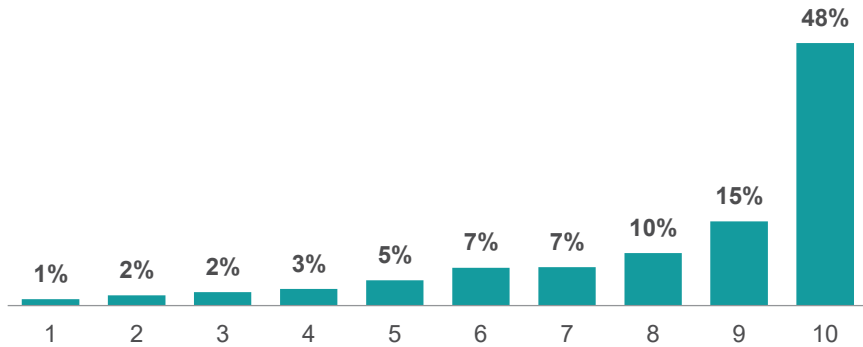


Source: Shavit Madhala, Michal Almog-Bar, and John Gal, Taub Center; The Center for the Study of Civil Society and Philanthropy | Data: Financial and Written Reports filed by nonprofit organizations

Revenue from donations

Organization's total revenues from donations can be broken down into Israeli and foreign donations. A look at total revenue from donations for all of the organizations shows that a small share of these funds reach the Arab Israeli organizations (2 percent, though these organizations account for 7 percent of all of the organizations), while a relatively large share goes to the Haredi organizations (30 percent, though these organizations account for 23 percent of all of the organizations). As shown in Figure 9, Haredi organizations have a high level of donation-based funding, especially compared to Arab Israeli organizations. The donation distribution by revenue deciles shows that half of the donation total reaches 10 percent of the organizations — the largest organizations (Figure 13).

Figure 13. Distribution of revenues from donations by revenue decile



Source: Shavit Madhala, Michal Almog-Bar, and John Gal, Taub Center; The Center for the Study of Civil Society and Philanthropy | Data: Financial and Written Reports filed by nonprofit organizations

4. Personnel in nonprofit welfare organizations

The personnel employed by nonprofit welfare organizations comprise paid staff and volunteers.⁴ The personnel total amounts to 370,000 people, 66 percent of whom are volunteers (243,000 people).

Table 1 shows the personnel distribution for these organizations by target population. A substantial percentage of volunteers work in nonprofits that focus on families and working-age adults (31 percent and 17 percent of the volunteers, respectively). A very large share of these volunteers are active in two specific organizations: Chasdei Naomi, which has 200 paid staff and 58,000 volunteers, and whose target population is “families;” and WIZO, which has 5,000 paid staff and 40,000 volunteers, and whose target population is “working-age adults.” When these two nonprofits are excluded, the share of volunteers serving in organizations serving families is 12 percent, while for nonprofits focused on working-age adults the figure is just 1 percent. With regard to paid staff, the highest number was for organizations serving the elderly: 33 percent of all those working in nonprofit welfare organizations serve in organizations focused on the elderly.

⁴ As noted above, personnel data were gathered from the written reports, meaning that this section contains data only for the 687 organizations that had complete written reports.

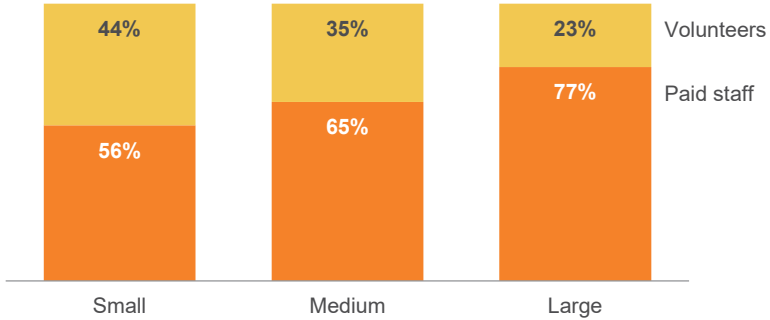
Table 1. Paid staff and volunteers in nonprofit welfare organizations, by target population

	Paid staff	Share out of all paid staff	Volunteers	Share out of all volunteers
Elderly	41,842	33%	30,731	13%
Children/Youth	28,457	22%	24,530	10%
General population	20,307	16%	25,865	11%
People with disabilities	18,331	14%	24,901	10%
Working-age adults	11,556	9%	42,165	17%
People in crisis	2,326	2%	18,384	8%
Families	2,130	2%	76,381	31%
Yeshiva students	2,094	2%	353	0%
Total	127,043	100%	243,310	100%

Source: Shavit Madhala, Michal Almog-Bar, and John Gal, Taub Center; The Center for the Study of Civil Society and Philanthropy
 Data: Financial and Written Reports filed by the organizations

Most of the personnel — 87 percent — are employed by organizations classified as large. When the two outliers — WIZO and Chasdei Naomi — are omitted, we find that 82 percent of nonprofit organization personnel are affiliated with the large organizations. When we look at the correlation between organization size (in revenue terms) and number of volunteers, we find a particularly weak relationship (correlation of 0.13), meaning that large organizations do not necessarily have a larger number of volunteers. Figure 14 shows the personnel distribution by organization size. On average, small organizations appear to have a larger percentage of volunteer personnel.

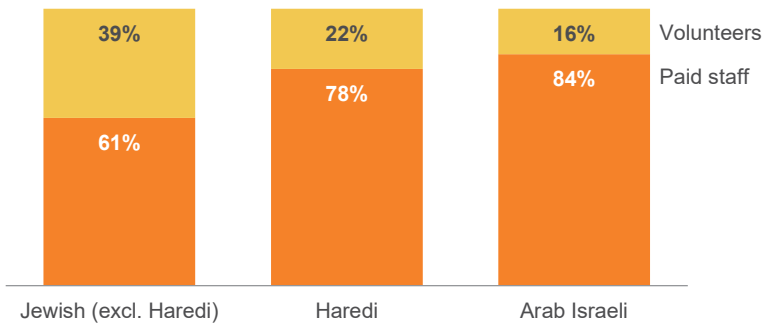
Figure 14. Distribution of nonprofit welfare organizational personnel, by organization size



Source: Shavit Madhala, Michal Almog-Bar, and John Gal, Taub Center; The Center for the Study of Civil Society and Philanthropy | Data: Financial and Written Reports filed by nonprofit organizations

Just 1 percent of the personnel in all of the organizations work or volunteer in Arab Israeli sector organizations, while 11 percent are in Haredi sector organizations. Personnel distribution within the organizations shows, on average, a higher percentage of paid staff in the Arab Israeli sector – especially compared with non-Haredi Jewish organizations, whose average share of paid staff amounts to 60 percent of the personnel complement, with volunteers accounting for the remainder (Figure 15).

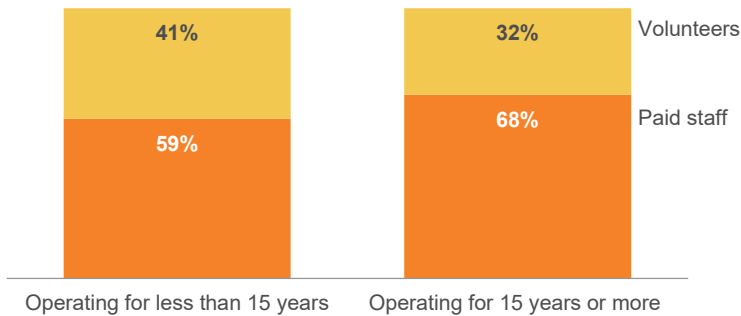
Figure 15. Distribution of nonprofit welfare organization personnel, by population group served



Source: Shavit Madhala, Michal Almog-Bar, and John Gal, Taub Center; The Center for the Study of Civil Society and Philanthropy | Data: Financial and Written Reports filed by nonprofit organizations

The more veteran organizations have 94 percent of personnel, paid staff or volunteers (91 percent when WIZO and Chasdei Naomi are excluded). A look at the personnel distribution within the organizations (Figure 16) shows that the younger organizations have a larger share of volunteers relative to more veteran organizations (41 percent versus 32 percent, respectively).

Figure 16. Distribution of nonprofit welfare organization personnel, by organization's years of operation



Source: Shavit Madhala, Michal Almog-Bar, and John Gal, Taub Center; The Center for the Study of Civil Society and Philanthropy | Data: Financial and Written Reports filed by nonprofit organizations

Conclusion

The findings of this study indicate that nonprofit and civil society organizations active in the welfare sphere serve a wide variety of population groups with varying welfare needs. The more prominent of these groups are people with disabilities, the elderly, and children and youth. While most Israeli welfare organizations have been in operation for a long time (15 years or more), the share of new organizations (in operation for less than 15 years) in the Arab Israeli and Haredi sectors is greater. This finding may indicate that these groups, which are Israel's more socioeconomically disadvantaged populations, have witnessed over the past two decades the establishment of numerous nonprofit organizations offering services that complement those provided by the state. The share of Haredi welfare organizations (23 percent) is larger than the Haredi sector's share of the Israeli population (12 percent). A fifth of the Haredi organizations provide services to the yeshiva-student population, i.e., they offer services specifically focused on the Haredi population. The current study found that, in the Haredi and Arab

Israeli sectors, only a minority of nonprofit organizations are focused on people with disabilities, compared with organizations active in the Jewish sector that do not cater specifically for the Haredi community.

Nevertheless, only 7 percent of all registered welfare organizations are Arab Israeli, an especially low share relative to this group's share in the Israeli population as a whole (21 percent). This finding may indicate that the Arab Israeli population relies on other welfare resources, including extended family, religious organizations, and communal frameworks that are not formally incorporated.

The gap between Jewish/Haredi and Arab Israeli welfare organizations widens when we look at the organizations' revenue figures: just 2 percent of the revenues go to Arab Israeli organizations, versus 20 percent to Haredi organizations, with the rest going to Jewish organizations.

Of revenues to welfare organizations, 39 percent comes from government sources, and 34 percent from the sale of services. Donations account for 19 percent of organizational revenues – some monetary and some in-kind (14 percent and 5 percent, respectively). The remaining revenues (8 percent) come from bequests and other sources. Although some areas show a striking dependence on revenue from public sources, in the context of service outsourcing to external organizations (people with disabilities, the elderly, children/youth), the share of revenue from donations is relatively large for organizations providing services to families, to people in crisis, and to the general population. Moreover, the share of donations for small organizations amounted to 43 percent, a much greater proportion than for the large and medium-sized organizations.

These findings point to the added value of philanthropy in Israel's social service arena. Philanthropy is a major funding source is estimated to account for the equivalent of 28 percent of all Israeli government welfare spending, supporting the development and maintenance of nonprofit welfare services, alongside government-funded welfare services. It is an even more meaningful funding source for smaller and younger organizations, which enjoy less public support. However, half of the donation total went to 10 percent of the organizations – the larger organizations. This finding underscores the need to encourage philanthropic giving to smaller and younger organizations. Not only that, but the share of donations is relatively large for organizations serving the Haredi sector, and relatively small for organizations active in the Arab Israeli sector. This indicates a need to encourage and develop philanthropy in the Arab Israeli sector, and to channel a larger proportion of foreign and Israeli donations to Arab Israeli organizations. The aim should

be to develop welfare organizations in the Arab Israeli sector, which is characterized by a high degree of social distress.

It is also interesting to note that government funding for nonprofit welfare organizations is distributed unequally and channeled toward a relatively limited number of organizations. Large welfare organizations — about a third of all the welfare organizations — receive 85 percent of public funding, while just 2 percent goes to small organizations and 13 percent to medium-sized organizations. It seems clear that government support focuses on the larger, more veteran organizations, and is less oriented toward assisting and supporting the development of smaller and younger organizations. This finding may have ramifications for the development of new and more varied services in Israeli civil society. Larger and older organizations that are dependent on government funding tend to be less innovative and more conformist in their activity, compared with smaller and newer organizations, which tend to be more innovative and flexible (Schmid 2003).

An examination of personnel patterns in nonprofit welfare organizations reveals large numbers of paid staff and volunteers. Most of the paid staff are found in the bigger, older organizations, and in those providing services to the elderly and to children and youth. The prominence of volunteers, as opposed to paid staff, was striking in the smaller organizations and in the younger organizations. Additionally, in Arab Israeli and Haredi organizations, the percentage of volunteers is relatively small (16 percent and 22 percent, respectively). These findings highlight the need to encourage volunteering, a major resource for welfare organizations that could be of benefit to Haredi and Arab Israeli organizations.

Over the past few decades, Israel's nonprofit organizations have become major players in the provision of welfare services (Gidron, Bar and Katz 2003; Doron 2007; Madhala-Brik and Gal 2016; Almog-Bar 2016). The large number of organizations and the diversity of their target populations and of the services they offer testify to a developing space for social welfare activity in civil society. High revenue and employment rates, and the added economic value that complements existing government welfare services, attest to the scope and substantial economic value of nonprofit welfare organizations.

Beyond their target population, service diversity, and economic clout, there are major disparities among nonprofit welfare organizations. Firstly, there are disparities between the larger and more veteran organizations, which receive most of the available government and philanthropic funding, and the smaller, younger organizations. The bigger and the older organizations were also found to have most of the paid and volunteer staff. Of course, large, veteran organizations have many advantages, and

it is understandable why the state is interested in contracting with and supporting them. Nevertheless, the need for service diversity, innovation and services tailored for, and accessible to, different populations makes it imperative that smaller and newer organizations be encouraged and invested in.

There are additional disparities between the Arab Israeli and Jewish (both Haredi and non-Haredi) welfare organizations. The percentage of Arab Israeli welfare organizations is lower than the sector's share in the total population, testifying to Arab Israeli underrepresentation among nonprofit welfare organizations. Also, the relatively low revenues and limited philanthropy received by the Arab Israeli organizations, and their low rates of volunteering, indicate the weakness of these organizations relative to their Jewish counterparts. It is clear that strengthening and developing welfare organizations in the Arab Israeli sector could potentially lead to services that are better equipped to address the many social difficulties this population sector faces.

The study findings underscore the important function fulfilled by civil society in the Israeli welfare state. Nonprofit organizations play a major role in the operation of welfare systems for the government, and in areas where the government is not active or where its activity is limited. The nonprofit sector increases Israeli welfare spending by at least 28 percent and provides a source for recruitment of volunteers, who enlarge the welfare field's personnel. However, the study findings also point to large gaps in nonprofit welfare activity — between larger, more veteran organizations and smaller, newer, ones and, especially, between the Jewish and the Arab Israeli sectors. Rather than helping to close social welfare gaps between population groups, these gaps among nonprofit welfare organizations are liable to widen the already existing social disparities between them.

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