

**Research and Development at the Ministry of Economy**

**מועד אחרון להגשה – 17.11.2016**

**Migration Costs Survey**

Proposal submitted to the CIMI – Center for International Migration & Integration

**Abstract**

**ייכתב בסוף**

**Background**

The migration of workers to Israel is part of the recent expanding global phenomenon of international labor migration. This migration follows the principles of supply and demand, with an asymmetric flow of workers from poor countries, where there are limited opportunities for economic and occupational mobility, towards more developed countries, in an effort to improve their economic conditions. In industrialized nations there is demand for labor in low-status professions that do not require high levels of skill, and labor migrants tend to find employment in positions where the rewards, in terms of pay and status, are very low. Foreign migrant workers’ level of income tends to be lower than that of local workers with comparable human capital. Nonetheless, their income is higher than what they could earn in their countries of origin (Semoyonov & Gorodzeisky, 2004). In Israel, the sector employing the largest number of foreign workers is caregiving. The recruitment of foreign workers for this sector has created a new occupational niche with distinct characteristics, and encompasses the possibility of employing workers who live in the homes of the employers they are caring for (Reichman, 2009, cited in Population and Immigration Authority & CIMI, 2016).

**The Growing Need for Foreign Workers in the Caregiving Industry**

The rapid aging of Israel’s population, the increase in life expectancy, increase in quality of life, and the elderly’s preference to stay in their homes, have created a significant increase in the demand for caregiving services for the elderly, including at-home nursing care. Professional opinions today support keeping the care receivers in their communities rather than institutionalization, and the elderly requiring support, together with their families, prefer to remain at home with round-the-clock care. This has led to expanded demand for foreign workers (Ophir et. al, 2000; Mechtinger, 2010; Shoshani, 2014).

Another group enjoying the services provided by foreign caregivers are eligible disabled persons, including juvenile and adult disabled persons receiving special services allowance, disabled veterans and survivors of terrorist attacks, and those disabled in work accidents. These two populations, the elderly and the disabled, must have a permit allowing them to employ a foreign caregiver, while the worker must have a specific work permit for the caregiving industry (Moshe, 2013)

The employment of foreign workers in the caregiving industry is a solution with a number of key advantages: it is convenient for elderly (or disabled) receivers of care and their families, since the foreign worker is available at all times of the day and night; the State is relieved of the responsibility to care for the elderly beyond supplying the care benefits; the foreign workers receive an income higher than could be earned at home; and various placement agencies and labor brokers in both countries make a handsome profit from fees (Ophir et. al., 2000).

**Elderly Requiring Care in Israel**

At the end of 2014, the elderly population of Israel (ages 65 and above) was 900,000, or 11% of the overall population. According to the Central Bureau of Statistics, this segment of the population is growing at 2.3 times the rate of overall population growth, and thus, the number of elderly is expected to increase by 85% within 20 years—to 14% of the population by 2035. About one fifth of all elderly are entitled to nursing care benefits: in 2014, about 159,000 elderly persons. As a result of these processes the demand for foreign workers in the caregiving industry continues to grow (Mashav, 2015). The budget allocated by the State of Israel to the Long-Term Care Insurance Law is at present NIS 3.5 billion, and is expected to increase dramatically as a consequence of the rising life expectancy of elderly requiring care (Mechtinger, 2010).

**Scope of Demand and Supply of Foreign Labor in the Caregiving Industry**

As of September 2016, there were 81,329 legal foreign workers and about 16,736 illegal foreign workers residing in Israel (Abrams, 2016). Of these, 47,488 were employed legally and 12,221 were illegally employed in the caregiving industry. Foreign workers must comply with two conditions in order to be considered legal: First, their employer must have a valid employment permit specific to the caregiving industry; and second, the foreign worker must have a valid working permit in the industry and be registered with the employer for whom the permit was provided.

According to Population and Immigration Authority data, the percentage of permits to employ foreign workers in caregiving which have been realized is 75%-80%. The remainder of those receiving permits report that they are employing an unreported foreign worker (and thus, an illegal worker), or that they have obtained a permit in advance to prepare for more difficult times. Most of those receiving permits to employ foreign workers are 80 years old and above. In May 2013, quotas for foreign workers were increased, but the actual number of foreign workers who consequently arrived in Isreal was lower than the quota number. Thus, about 6,000 foreign workers came to Israel in 2014 (Shoshani, 2014).

**Employment of Foreign Workers**

Foreign workers arriving in Israel receive a visa for a period of up to 63 months, which can be extended in cases where a social worker, doctor, or registered nurse provides a written report testifying to the patient’s reliance on the foreign worker and the relationship between them (Population and Immigration Authority, 2016). The elderly receive their long-term care benefits for employing a foreign worker through an “in-kind” contract with a caregiving agency, with the National Insurance Institute transferring the benefit funds the recipient is entitled to directly to the caregiving agency. The elderly care receiver and/or family members complete the worker’s salary and bear responsibility, together with the agency, for various other components of the foreign worker’s salary. Under Israeli labor laws, care receivers are the direct employers of the foreign workers in this industry (Zeira & Moshe, 2015). In recent years, as part of a pilot-program, it has become possible to elect to receive the long-term care allowance directly (in cash) instead of receiving the services provided. Only those ranked to receive the two highest levels of long-term care benefits (150% or 168%), as well as those receiving care for more than 12 hours a day, six days a week, from a caregiver who is not a family member (Israeli or foreign), are eligible. Under this program, eligible elderly receive the allowance directly and pay the foreign worker a salary as direct employers. In these cases, employment must be arranged formally in accordance with the laws pertaining to rights of foreign workers (National Insurance Law 1995, 1997; National Insurance Institute, 2016; Moshe, 2013; Shoshani, 2014).

**Foreign Workers’ Employee Rights and Employment Costs**

The Population and Immigration Authority publishes on its website comprehensive information pertaining to the rights of foreign workers (Authority website, 2016. Also see the Kol Zchut [All Rights] website) including information on labor agreements, the legal obligation to have a written contract detailing the terms of employment, the legal obligation to employ the foreign worker full-time, salary, health and transportation benefits, income tax, national insurance payments, living conditions, rest, vacation and holidays, termination of the work relationships, and more.

Official cost components of employing a foreign worker include (beyond National Insurance payments) the following:

* A weekly rest period of at least 36 consecutive hours, an annual vacation commensurate with years of employment, and, after three months of work, paid leave for non-Jewish holidays (or for Jewish holidays, according to the worker’s wishes). A worker who is employed during holidays is entitled to compensation at a rate of 150%.
* Accumulated sick days: a day and a half for each month of work, and payment for sick leave beginning on the second day.
* Various insurance payments: health insurance, national insurance, and pension insurance.

In addition, an elderly patient wishing to employ a foreign caregiver must pay fees to the Bureau of Employers for house calls made in order to carry a dependency test, and for the forms requesting a permit to employ foreign worker.

A report by the Knesset Research and Information Center (Nathan Gilad, 2010)reveals that the cost of employing a foreign worker includes, in addition to the payments and fees stipulated by law, a range additional payments that compensate for the discrepancy between the needs of the employer and the number of legal working hours stipulated by law; for example, the cost of employing a replacement during the worker’s weekly day off or during holidays, weekly allowances, the costs of their living at the home, and monthly fees paid to the caregiving placement agency. Consequently, there is a discrepancy between formal assessments of the costs of employing a foreign worker and the actual outlay by employers, as well as a lack of clarity as to the payment rates in these areas.

**Characteristics of Foreign Workers**

A joint report by the Population and Immigration Authority and the Center for International Migration and Integration (2016) provides a summary of the characteristics of foreign workers employed in Israel’s caregiving sector: Workers in the caregiving sector comprise about 60% of all legal foreign workers in Israel, and the majority of workers in this sector (about 85%) are women. Most of the legal caregiving employees arrive from the Philippines (15,200 workers), and substantial portions also come from India (9,998), Moldova (7,765) and Sri Lanka (5,061). Most of the illegal foreign workers in this sector are from the Philippines, Nepal, and Romania. The majority of the male foreign workers in the sector are in the 31-40 age range and are employed in Israel for a period of three years. Female foreign workers are usually employed for longer periods, of over six years, and are older. A large proportion of these women are married, and do not live with their partners (according to the terms of employment, they are forbidden to bring their partners or children to Israel from abroad).

**Foreign Worker Employment Process**

The process of employing a foreign worker involves obtaining an employment permit from Israeli Population, Migration and Borders Authority (PIBA) and a residency and work permit from the Ministry of the Interior. The process entails several main stages: submission of a request for a permit to employ a foreign worker, receiving the employment permit from PIBA, contracting with a caregiving placement agency and the official recruitment of the foreign worker from abroad, obtaining a residency permit from the Ministry of Interior, and the employment of the worker through a placement agency or privately.

As the integration of foreign workers into the Israeli labor market expanded, advances were made in the regulation of this sector, while attempting to preserve a balance between the state’s needs, the needs of employers, and the maintenance of foreign workers’ rights. Of the existing regulatory mechanisms, the most prominent are bilateral agreements between Israel and a number of supplying states, which have resulted in a curtailment of foreign workers’ rights, the regulation of recruitment, and increased awareness by foreign workers of their rights. Bilateral agreements signed to date include those with Thailand (in 2010, for workers in the agricultural sector), and with Bulgaria (in 2011), Moldova (in 2012) and Romania (2014) in the construction sector. In 2015, a pilot bilateral agreement was signed for the recruitment and employment of care workers from Nepal, and negotiations over additional agreements with Moldova and Sri Lanka are ongoing. It is vital to extend these agreements to additional countries, particularly in the caregiving sector (Population and Immigration Authority and CIMI, 2016).

**Central Issues and Challenges to the Employing Systems and to Workers**

Over the years, the employment of foreign workers and the specific system of employment in the caregiving industry have been accompanied by deliberations over the most appropriate mechanisms for balancing patient needs, workers’ rights and the industry’s overall effect on employment and society in general in Israel (Shoshani, 2014; State Comptroller, 2015).

In 2015, The Center for International Migration and Integration (CIMI) conducted a face-to-face survey with 400 caregivers in Israel, as part of a series of national surveys on migration costs supported by the KNOMAD group in the World Bank and the Israeli Population, Migration and Borders Authority (PIBA). The project resulted in an analytical report presenting findings and policy recommendations.

**Objectives**

The study’s objectives are:

1. Generate evidence contributing to **reducing migration costs of low-skilled caregivers** living in Israel.
2. Enable better understanding of **migration corridors in the region** by presenting comparable results at the national and international levels.
3. Utilize survey findings to enhance the role of **bilateral labor agreements in reducing, monitoring and regulating migration costs** for low skilled workers.

מהן הסוגיות הכלכליות בהעסקת עובדים זרים ובתחום הסיעוד בפרט.

What are the economic issues of foreign labor and of the caregiving sector specifically?

Employment methods: transition to direct employment through a monetary allowance.

דרך ההעסקה, מעבר להעסקה ישירה על ידי קבלת מלגה כספית

Components of the cost of a foreign worker (wages) and are there portions than can be reduced?

מרכיבי עלות עובד זר (שכר) והאם יש דברים שיכולים להיחסך

**Methodology and Research Design**

In preparation for conducting this study, the Principle Investigator will participate in a workshop offered to all researchers on methodology, computerized questionnaires, and use of the research tools developed by the World Bank (as indicated in the call for submissions). Following the workshop, the questionnaires will be adapted and translated into the languages of the interviews, submitted for a test-run, and corrected based on the test-run. Interviewees will then be recruited in accordance with the determined criteria. Following the sampling process and the training of interviewers, 400 face-to-face interviews with caregivers from the Philippines and Moldova will be conducted between February and April, 2017.

**The study’s target population**: Caregivers from the Philippines and from Moldova, who arrived in Israel in the last two years.

The study will entail the following components:

**Training and conducting of the interviews**: the face-to-face interviews will be conducted using a structured questionnaire, by social-work or sociology Master’s students who will receive intensive training (in a six hour session). The training workshop will include instruction about the following topics: the study’s goals; the target population; the research tools which will be used; the most appropriate ways to identify the target population and to coordinate interviews; the appropriate location for interviews; and how to conduct the interview process.

As part of their preparations, the interviewers will watch an interview conducted by the principle investigator, second researcher, or training coordinator, and will then conduct their first interview accompanied by one of the researchers or the coordinator. Interviewers will receive ongoing guidance through individual meetings (by phone or face-to-face) with one of the researchers or the coordinator, and have access to ongoing consultation and feedback.

Undermine the effectiveness and fairness of the Israeli labor market.

**Sample Strategy**

The strategy for sampling the study’s participants will include the following steps:

* Foreign workers who have arrived in Israel during the past two years will be selected.
* The cluster sampling will take the following key dimensions into account:
	+ Legal status: Foreign workers residing in Israel legally and illegally, according to their current estimated proportions in the population of caregivers (80% legal workers and 20% illegal workers), although the cells will be somewhat larger in order to allow for complex statistical analysis.
	+ Gender: Men and women, according to their current estimated proportions in the population of caregivers (85% women and 15% men), although the cells will be somewhat larger in order to allow for complex statistical analysis.
	+ Employment method: Foreign caregivers employed directly by the patients and those employed by placement agencies (about 10% directly by patients and 90% by placement agencies).
	+ Marital status: foreign workers with family (partners and children) abroad and those without family abroad.
	+ Length of stay in Israel: Those who are in their first six months in Israel, contrasted with those who have been here longer.

An effort will be made to create cells of 100 interviewees for each of the above listed dimensions. If this is not possible for the marital status dimension, we will ensure the creation of a cell with a minimum of 50 interviewees with families.

**Sample Bias and Other Challenges**

Researchers will face a number of challenges in conducting this study:

* In the sampling process: in ensuring reference to each of the dimensions defined as significant for analysis, while maintaining a reasonable cell size for quantitative analysis.
* In the interview process: The workers identified in the sample list must be located, interviewed under conditions that are comfortable for them, and using language that is compatible with their professional vocabulary and cultural conventions.
* In the data analysis: It is imperative to maintain proportional weights that reflect the existing weights among the actual population of foreign workers.

**Risks and Mitigation**

In the process of the study, several challenges must be dealt with:

* During the interview process: there is the possibility that the questions will not be understood, and that that the interview process will create a threat to the foreign worker or to the elderly care receiver and/or their family, and that it will create tensions between the caregiver and the care receiver and family members.
* In the data analysis: there is the possibility that findings will not be interpreted correctly because of differences in language and culture between interviewees and the study’s staff.
* In the presentation of the study’s findings: it is important to ensure a full understanding of the study’s findings and their significance, in order to bring about improvement and progress in the processes of employing foreign workers in Israel in a way that helps care-receivers, advances foreign worker rights and employment terms, and positively impacts the Israeli market as a whole.

Conflicts of interest between the key populations involved in the study – foreign workers, care receivers, placement agencies employing the workers, worker’s rights organizations and government representatives – may possibly emerge.

**Budget**

The study’s staff will include a principle investigator, responsible for the study and leading it; a second expert researcher; two consultants in the fields of economics and statistics; and a fieldwork and interview coordinator.

The costs of the study are as detailed in the table below:

|  |  |  |  |
| --- | --- | --- | --- |
| **Staff** | **Key responsibilities** | **NIS** | **$** |
| Senior researcher/ principle investigator | Supervise all stages of the study, formulate research tools, fieldwork, data analysis and writing of the report | 75,000  | 19,531 |
| Researcher  | Supervise all stages of the study, formulate research tools, fieldwork, data analysis and writing of the report | 50,000  | 13,021 |
| Statistical consultant with expertise in sampling | Consulting on sampling and data analysis processes | 17,500  | 4,557 |
| Expert in economic data analysis | Consulting on data analysis process | 14,000  | 3,645 |
| Fieldwork coordinator | Supervising all aspects of the fieldwork process, training interviewers, and monitoring data collection | 50,000  | 13,021 |
| Recruitment of interviewees | 400 X 50 ISH | 25,000  | 6,510 |
| Interviewers | 400 X 200 ISH | 100,000  | 26,042 |
| Research assistant | Statistical data analysis | 30,000  | 7,813 |
| Research assistant | Preparation of selected tables for presenting preliminary findings and for incorporation in final report | 30,000  | 7,813 |
| **Total** |  | **395,000** | **102,865** |

US$ value was calculated at an exchange rate of NIS 3.84 to US$ 1.

The Administration undertakes to fund 15% of the study’s costs.

**Timetable including a Gantt chart**

**The Operating Organization**

The Research and Development Unit at the Ministry of Economy works to promote research and development in Israel and to achieve economic objectives, as well as efficiency and fairness in the Israeli labor market.

The Unit deals with a wide range of issues that are of concern to the Israeli market, such as……….

**Researchers' CVs,** selected publications and other relevant information (about the Research & Development Unit)

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