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# **Supporting Local Authorities in the Provision of Social Services: A Model for the Identification of Suitable Local Authorities**

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# Abstract

This study suggests a model for the identification of local authorities (LAs) that could benefit from support to improve their provision of social services. The model focuses on two major LA services: Education and welfare. Three indices were developed for the model to characterize an LA, as follows: (a) its capacity to provide education; (b) its capacity to provide welfare; and (c) its financial-economic status. Each index consists of several quantitative parameters to characterize an LA in these areas. Out of Israel's 255 LAs, indices of economic stability and professional functioning were constructed for 217 in the area of education, and for 244 in the area of welfare. The construction of the indices made it possible to divide these LAs into four groups, by economic stability (high or low), and by level of functioning in the area of service provision (high or low). According to the model, support for an LA is a suitable tool to improve services for the group of LAs that are economically stable but low functioning in the area of the relevant service. As a result of measurement, 41 LAs were found suitable to receive support in the area of education (16% of Israel's total LAs), and 45 – in the area of welfare (18% of Israel's total LAs). The findings reveal a strong association between economic stability and LA functioning in every area of service. Similarly, a strong association was observed between an LA's economic stability and its functioning in the areas of education and welfare. Furthermore, a strong association was found between an LA's socio-economic status and its levels of stability and functioning in the areas of education and welfare.

# Executive Summary

## Background

This study was conducted in 2020 at the request of the Budget Department of the Ministry of Finance. It focused on the construction of a model to identify local authorities (LAs) that could benefit from a program of accompanying support to improve the quality of their social services. Suitable LAs in this respect are those that command reasonable managerial-functional competence, but have difficulty operating their education and welfare services.

## Study Goals and Methodology

The goal of the study was to develop indices to characterize the functional level of the various LAs in the areas of education and welfare, as well as an index of economic stability.

To this end, three separate indices were developed – one, to characterize the economic-financial status of an LA; another, to characterize an LA's capacity in the area of education; and a third, to characterize an LA's capacity in the area of welfare.

The financial stability index comprised two parameters:

1. Financial strength (based on the document of the Ministry of the Interior on differential regulation for LAs)
2. Cumulative debt (the sum of the deficit and loan burden) as a percentage of the revenues in the regular budget

The functional level index for education comprised five parameters:

3. Percentage of collection of local residential taxes out of the total charge for these taxes in the regular budget
4. Percentage of an LA's own expenditure on education per student
5. Number of positions in education per student
6. Percentage of students eligible for matriculation meeting university requirements out of the total 12th-graders – deviation from the mean within the socio-economic cluster
7. Percentage of school dropouts in the LA – deviation from the mean within the socio-economic cluster

The functional level index for welfare comprised three parameters:

8. Percentage of collection of local residential taxes out of the total charge for these taxes in the regular budget
9. Percentage of an LA's own expenditure on welfare per client
10. Number of positions in welfare per client

For each LA, a standard score was calculated for every parameter. Based on the standard scores, an integrated index was constructed, composed of two dimensions in which each LA received a final score. The final score in the first dimension – financial stability – was calculated as an average of standard scores for parameters 1-2. The final score in the second dimension – functional level in the area of education / welfare – was calculated as an average of the standard scores for parameters 3-7 for education, and 8-10 for welfare.

## **Findings**

Out of Israel's 255 LAs, indices of economic stability and of professional functioning were constructed for 217 LAs in the area of education, and for 244 in the area of welfare. These LAs were divided into four groups representing their functional level and readiness to receive accompanying support, while distinguishing and separating the areas of education and welfare. The four groups were:

1. Stable LAs at a high functional level
2. Unstable LAs at a high functional level
3. Stable LAs at a low functional level
4. Unstable LAs at a low functional level

According to the study definitions, the group that could benefit from accompanying support to improve service provision was stable in terms of budget but professionally low functioning (Group 3). In the area of education, 41 such LAs were found, 16% of Israel's total LAs, and in the area of welfare – 45 were found, 18% of Israel's total LAs.

Other findings yielded by the application of the model:

- Budgetary stability was found to be associated with functional level. Thus, most of the LAs belong to Group 1 (budgetary stability and high functional level) and to Group 4 (budgetary instability and low functional level). This finding is not surprising since financial stability enables high functioning and is impacted by an LA's general functional level, which corresponds to its functioning in the areas of welfare and education.

- Functional level in education is associated with functional level in welfare. Most of the LAs defined as high functioning in education were also high functioning in welfare. The reverse was also true: Most of the LAs that were low functioning in education were also low functioning in welfare.
- An LA's socio-economic level is associated with its levels of stability and functioning. Most of the LAs that rated high on the Socio-Economic Index of the Central Bureau of Statistics were economically more stable and at a high level of functioning in the areas of education and welfare. On the other hand, most of the LAs rated low on the Socio-Economic Index were less stable and at a low level of functioning.