



Report of the State Comptroller of Israel | May 2022

Systemic Topics

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# Care and Education of Toddlers in Daycare Centers and Nurseries





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### Background

Infants and toddlers aged three months to three years in Israel are for the most part cared for by nurseries (frameworks for a small number of toddlers) or by daycare centers (frameworks for a significant number of toddlers), unless they stay at home or with the family. There are "Semel frameworks" (subsidized frameworks), where the price is controlled, the parents can receive State subsidies for the tuition fees, and the organizations operating them are bound by the operation conditions stipulated by the Daycare Centers and Nurseries Department at the Labor Branch (the Department); and there are privately-owned and independently-run frameworks (non-subsidized frameworks – private frameworks).

Under the Toddler Daycare Supervision Law, 2018 (the New Supervision Law), and its Regulations from 2021, all frameworks attended by seven or more toddlers – both Semel and private frameworks – must obtain a license from the Department and comply with minimal threshold conditions concerning safety, the ratio between the number of staff members and the number of toddlers, staff training, lack of a criminal record for whoever comes into contact with the toddlers, minimum space per toddler and more. The law and the regulations also regulate the Department's supervision methods and enforcement measures.

By the audit end date, the Department is responsible both for the Semel frameworks (about 2,030 daycare centers and about 3,600 nurseries) determining their operation criteria and standards, supervision, enrolment, and acceptance and the determination of tuition fees subsidy eligibility. It is also responsible for the implementation of the New Supervision Law and its regulations regarding all the frameworks attended by seven or more toddlers. The approved budget for the Daycare Centers Department for 2020 was NIS 1.68 billion. According to Government Decision 133 from July 2021 and Government Decision 951 from January 2022 (passed after the end of the audit period) the responsibility over the daycare centers will be transferred to the Ministry of Education (subject to Knesset approval), excluding the tuition fees subsidy and the supervision over Semel nurseries mechanisms, which will remain the responsibility of the Labor Branch. Knesset's approval for the procedure has not yet been granted as of the audit completion date.



## Key figures

**548,200**  
**toddlers**

in Israel aged zero to three years in 2020; about 52% of them live in communities in socio-economic clusters 1–4

**27%**

of the toddlers in Israel attended Semel frameworks in 2020 (about 147,400) – about 78% of them were entitled to some subsidy; 35% attended private frameworks (about 190,800); 38% stayed at home (about 210,000)

**8%**

of the subsidy budget for toddlers in Semel frameworks were allocated in 2020 to Arab toddlers, constituting 24% of the toddlers in Israel, and about one-half of them live in poverty; in 2019, the rate of employment of Arab women of working age was about 37%

**at least**  
**1,000**

private daycare centers have not yet submitted a request for preliminary approval under the New Supervision Law, so the Department has no information about them; only 6% and 1% of the requests from the private daycare centers were submitted by daycare centers in the Arab and ultra-Orthodox communities (respectively)

**at least**  
**20 years**

will be required at the present rate of training to diminish the gap between the professional training required under the New Supervision Law from the teachers-carers and the current situation

**over 50%**

of the Semel, daycare centers employees leave during their first year of work, according to the eight largest operating organizations' document from 2019, causing a significant staff turnover

**20%**

of the Semel daycare centers in Israel do not serve a population that receives a subsidy, and likely serve a population of a high socio-economic status, not eligible for a subsidy but enjoys a controlled price, which for the most part is lower than the market price in its residential area

**in 80%**

of the parents requests for a tuition fees subsidy in the Semel frameworks, required to submit five or more documents; for about 3,600 toddlers, the parents were required to submit 25 or more documents



## Audit actions



From January to November 2021, the Office of the State Comptroller examined the care of toddlers aged zero to three years in the various frameworks, the supervision and subsidy arrangement, and the regulation implementation over the private and Semel frameworks. The audit was conducted at the Daycare Center and Nurseries Department at the Labor Branch and the Early Childhood Council. Supplementary examinations and data collection were conducted at the Professional Training and Manpower Department at the Labor Branch, at the National Insurance Institute (NII), at the Ministry of Welfare and Social Affairs, at the Ministry of Education, in several local authorities (Tel Aviv-Yafo, Jerusalem, Sakhnin and Petah Tikva), in an external company operating the hotline determining the subsidy eligibility for the Department and in several organizations operating Semel daycare centers.

By the audit end date (November 2021), the Department is the responsible body. Following the Government decisions transferring the jurisdiction and responsibility in most of the fields of daycare centers to the Ministry of Education, the recommendations in the report are addressed to the Ministry of Education (apart from the recommendations in the fields of subsidy and nurseries, which were not transferred). However, it should be noted that some of the sections of the Government decision from January 2022 are subject to Knesset approval, and by the audit completion date, this had not yet been granted

## Key findings



**The care of toddlers and the financial significance for families – an international comparison** – an international comparison reflects a unique situation in Israel – a high reproductive rate (3 children per woman as opposed to an average of 1.6 in the OECD countries), a high rate of toddlers attending daycare frameworks (58% of the toddlers as opposed to an average of 36% in the OECD), 15 weeks of paid maternity leave (as opposed to an average of 18–54 weeks in the OECD), a high rate of employment of mothers of toddlers (76% as opposed to an average of 58% in the OECD), low public expenditure on frameworks for toddlers (about 18% out of all the expenses for these frameworks as opposed to about 71% in the OECD), and low-quality frameworks standards. Likewise, the economic burden imposed upon parents of toddlers



in Israel is relatively heavy. The Semel frameworks accommodate about 30% of the toddlers in Israel. Parents whose children are not in a Semel framework are required to bear a cost that is a considerable portion of their disposable family income.



**Layout of Semel frameworks for toddlers in communities in the low socio-economic clusters** – studies show that investment in early childhood potentially saves the investment of public funds in the long term and leads to a relatively high yield, especially for toddlers from families of low socio-economic status. In 2021 there were about 286,700 toddlers aged zero to three years, about 52% of the toddlers in Israel, in communities affiliated with low socio-economic clusters (1–4). 14% and 8% (respectively) of the toddlers in Israel lived in Arab and ultra-Orthodox communities<sup>1</sup>, and these are the two population groups suffering from exceptionally high poverty rates. In 2019, 48% of the Arab children and 60% of the ultra-Orthodox children lived in poverty. Currently, the national layout of the Semel frameworks does not provide an appropriate solution: for example, in the Jerusalem district, there is 2.3 times more population in the communities in clusters 1–4 than in the center, but the number of daycare centers in the Jerusalem district is lower by about a quarter; there are places in the Semel frameworks for 13% of the toddlers living in the Arab communities, and on the other hand, there are many Semel frameworks in the communities and neighborhoods in the high socio-economic clusters (for example, there are about 10,000 places in Semel daycare centers located in communities in clusters 9 and 10). The establishment of 350 Semel daycare centers in 2015–2020 is an insufficient solution for the gaps since more than one-half (53%) were established in communities in clusters 5–10.



**Eligibility for a subsidy for tuition fees** – Arab toddlers constitute about 24% of all the toddlers in Israel, and they suffer from high rates of poverty; only about 8% of the subsidy budget in 2020 was allocated for them, an increase of about 13% compared with 2013; the rate of Arab women employment of working age was about 37% in 2019. The subsidy for toddlers living in the low clusters (1–4) slightly exceeded their part of the population and was about 64% of the entire budget in 2020. About one-fifth of the subsidy budget is addressed to families in the relatively resilient communities, in clusters 7 and above. It was raised that the Government decision from 2007 regarding the provisions of vouchers for funding frameworks for toddlers of working mothers, as long as the framework is licensed and the mother passes the income tests, was not implemented, among other reasons due to the lack of a licensing system. Consequently, the distribution of the subsidy allocation alongside the dispersal of the Semel frameworks creates a reality where many families of low socio-economic status cannot send their toddlers to a daycare center or a nursery. This is likely to have implications both on encouraging parents to go out to work and on the quality of care received by such

1 There are other people belonging to the Arab and ultra-Orthodox populations who live in mixed cities. Likewise, in cities in higher clusters, there are neighborhoods belonging to the low clusters, but due to the limitations of the data it was not possible to analyze the Department's data at the neighborhoods level.



toddlers who will benefit the most from high-quality care. This is at a time when budgets are earmarked for subsidies, or the provision of a financial benefit in the form of a controlled price, for families of high socio-economic status.



**Information on private daycare centers to which the New Supervision Law applies** – there are private daycare centers – in particular, in the communities and neighborhoods in the low socio-economic clusters and of the Arab and ultra-Orthodox society – about which the Department has no information, and therefore as of the audit completion date the New Supervision Law is not implemented in them. For example, only 19% of the requests for initial approval (the preliminary stage required by the Law on the route to licensing and supervision) were submitted by private daycare centers in clusters 1–4. Likewise, at least about 1,000 private daycare centers have not submitted requests for initial approval. Therefore, the Department has no information on them, even though their particulars appear in the NII systems. Among other things, these gaps may be identified among the ultra-Orthodox society, in communities in clusters 1–2, and the city of Jerusalem. An additional analysis concerning the staff in the private daycare centers showed that among approximately 32,800 salaried workers reported to the NII in January 2020 by private daycare centers employers, about 29% were reported to the Daycare Center Department within the initial approval proceeding, thus, among other things, there is no complete overlap between the frameworks that submitted a request for initial approval and the frameworks reported to the NII.



**Effective supervision** – as of the audit completion date, the supervision frequency over the Semel daycare centers was inconsistent with the Department's guidelines. The supervision resources of the Department – 25 inspector positions are too scant to properly handle all the 2,030 Semel daycare centers as required. Hence, it cannot conduct effective supervision with the increased number of daycare centers subject to control under the New Supervision Law. Even though the daycare centers for toddlers require at the very least the same level of supervision, training, and accompaniment as the Ministry of Education kindergartens, and possibly even more due to the starting point of most of them (untrained staff, for example), as of the audit completion date, the supervision resources over them were about one-half of the supervision resources of the Ministry of Education, and the threshold requirements from their inspectors are inconsistent with the threshold requirements from the Ministry of Education inspectors.



**Professional training for nursery teachers-carers in daycare centers** – over one-half of the nursery teachers-carers in the organizations whose data was examined have no formal training. Few of the new workers recruited in recent years had been trained. Only 5% of the nursery teachers-carers who require training every year in Israel – in Semel and private daycare centers – receive it. This rate is inconsistent with the actual needs and does not comply with the obligations imposed by the New Supervision Law. However, apart from developing an online course and incentivizing the organizations operating the Semel daycare centers, as of the audit completion date, the Daycare Centre and Professional Training Departments have not changed their professional training courses opening method. Given the blocks of accessibility to the courses,



difficulty in participating in online courses, and the difficulty of the carers to dedicate time to unpaid study, there is concern that the online course – even if it is implemented promptly and optimally – will not be sufficient for the required increase in the number of carers who have received professional training.



**Staff turnover in the Semel daycare centers** – there is a rising trend of rapid staff turnover – according to data from the organizations operating Semel daycare centers – during the school years 2018–2019, 2019–2020, and 2020–2021, between 35% and 48% of all the workers were replaced every year, and more than 50% of the workers left during the first year of their work. The organizations operating Semel daycare centers reported to the Office of the State Comptroller that they are identifying inferior quality care of the toddlers; the toddlers are likely to experience difficulties due to the lack of stability in the staff caring for them, and damage is also caused to the parents and the frameworks following the increased staff turnover; part of the reason for the turnover is the nursery teachers-carers' salary, which according to them was equivalent to the minimum wage with an increment of NIS 400 a month for trained staff.



**Incentivizing private nurseries to maintain basic safety conditions** – the New Supervision Law concerns daycare centers attended by seven or more toddlers, and the Department also supervises approximately 3,600 Semel nurseries. However, there are also private nurseries in Israel attended by six or fewer toddlers, which no Government body has information about the number of children they care for, and neither about the identity of their carers, their training, their criminal record and their safety conditions. Despite the importance of the the toddlers welfare, the Department has not developed nor advanced any incentives nor considered a specific supervision model ensuring basic physical safety in the private nursery businesses, employing carers with no criminal records who passed a basic course in first aid.



**The bureaucratic burden and the complex proceeding to obtain the subsidy grade in the Semel daycare centers** – it was found that the process the parents of toddlers are required to undergo to obtain an eligibility grade for a tuition fees subsidy in the Semel daycare centers is ineffectively and imposes a bureaucratic burden on the parents. The proceeding includes many actions (five and more actions in 11% of the cases) and several documents submission (five and more documents in 80% of the cases) and involves the parents' difficulty in understanding the proceeding and the documents they are required to attach. Parents are also required to complete an application for a subsidy every year for every toddler separately, also when the parents know they will not be eligible for any subsidy whatsoever. Furthermore, it was found that the Department does not know the period from the submission time to obtain an eligibility grade for a subsidy to the time the grade is approved since it does not collect relevant data, and therefore the period noted by the Department for handling the applications for a subsidy – about four and a half months – is mere conjecture, and maybe even longer. To ease the burden, the Department has established an ASK ONCE system, which will input most of the data required for examining the subsidy application





without the parent being required to provide this data. Yet, by the audit completion date, all the relevant bodies have not approved transferring the information to operate the system, and the technological infrastructure has not yet been set up vis-à-vis most of the bodies.



**The Department's supervision over eligibility for subsidy determinations by the external company** – the telephone hotline and the subsidy eligibility decision-making array is operated by an external company on behalf of the Department. It was found that the Department does not have any work procedure specifying the directives and actions required from the external company for determining the subsidy eligibility and that the Department had not conducted any supervision and control over the activity of the external company and the service provided to the parents, nor is it able to determine quality indices, draw conclusions and improve the service. Neither did the Department demand the external company to collect data and information about its activity or the service it provides. Furthermore, the primary sources of information about the management of the applications for a subsidy are found at the external company and not at the Department, which is authorized to provide the subsidy and the daycare centers' services and supervision over them.



**The Department implementation advancement of the New Supervision Law** – to incentivize the daycare centers to fulfill their obligations to obtain initial approval under the New Supervision Law; the Department proposed a training day for first aid and safe conduct to all their staff, free of charge. Furthermore, at the beginning of the 2021–2022 school year, the Department adapted its website to the new statutory requirements, held round tables with the heads of the organizations operating Semel daycare centers and organizations representing private daycare centers, and created a campaign with external bodies to raise public awareness.

**The Department's activity to ease the bureaucratic burden on parents of toddlers in the Semel daycare centers** – there is a decrease in the number of actions parents were required to perform upon enrolment: the rate of the parents needed to perform five and more actions after submitting the initial application for a subsidy has dropped from 26% when enrolling for the 2018–2019 school year to 11% when enrolling for the 2020–2021 school year. The Daycare Centers Department has begun to establish a computerized system to collect most of the relevant data required for the subsidy application examination submitted by the relevant public bodies, without the parent's involvement (the ASK ONCE system). Once it has been completed, this system substantially reduces the number of details and information the parent is obliged to provide and the number of documents he is obliged to submit.



## Key recommendations



**The implications of the New Supervision Law on the subsidy model and the layout of the Semel frameworks** – it is recommended that the Department and the Ministry of Education, in conjunction with the local authorities, improve the layout of frameworks to allow the unique advantage high-quality frameworks for toddlers in a low socio-economic status to be utilized, particularly in the Arab society. In consultation with the NII, it is also recommended that the Labor Branch and the Ministry of Finance consider the subsidy model to remove its distortions and improve its effectiveness, giving preference to families in a low socio-economic status. Following the New Supervision Law, private frameworks will also be supervised by the State and be obliged to comply with the basic conditions, but the as subsidized frameworks (Semel frameworks) serve about 27% of the toddlers in Israel, it is recommended that the Labor Branch consider, together with the Ministry of Finance, vouchers or another subsidy program, for eligible families – from the income and employment aspect – regardless of the framework they attend (as long as it is a supervised framework – Semel or private), including determining appropriate subsidy grades.



**Private daycare centers information regulated under the New Supervision Law** – it is recommended that the Ministry of Education locate the daycare centers not yet registered and include them under the New Supervision Law while contending with the barriers and difficulties of the daycare centers serving populations in a low socio-economic status and assisting them to submit the statutory applications. Furthermore, it is recommended to consider publicizing the process and making it accessible, including contending with linguistic and digital illiteracy accessibility barriers to the Internet and data analysis to improve the effectiveness of the implementation of the Law and to incentivize daycare centers to comply with the requirements.



**Incentivizing private nurseries to maintain basic safety conditions** – it is recommended that the Department, in consultation with the Ministry of Finance and the Centre for Local Government, periodically examine ways of incentivizing private frameworks owners with less than seven toddlers to comply with the basic requirements for preventing injuries and providing first aid and consider conducting training sessions for their carers similarly to the training sessions which the Department offers and funds for nursery teachers-carers in the daycare centers, for ensuring the welfare and proper development of the toddlers attending these frameworks.



**Effective supervision** – given the existing supervision resources – 25 inspectors from the Department for about 5,000 daycare centers – it is recommended that the Ministry of Education, as soon as possible, utilize its available tools to increase the number of inspectors and examiners for effective and permanent supervision under the New Supervision Law, and thus ensure the required quality level and safe in the daycare centers. It is also recommended that the Ministry of Education examine the issue of



supervision and its scope and adapt it to the Ministry's acceptable standards for early childhood supervision.



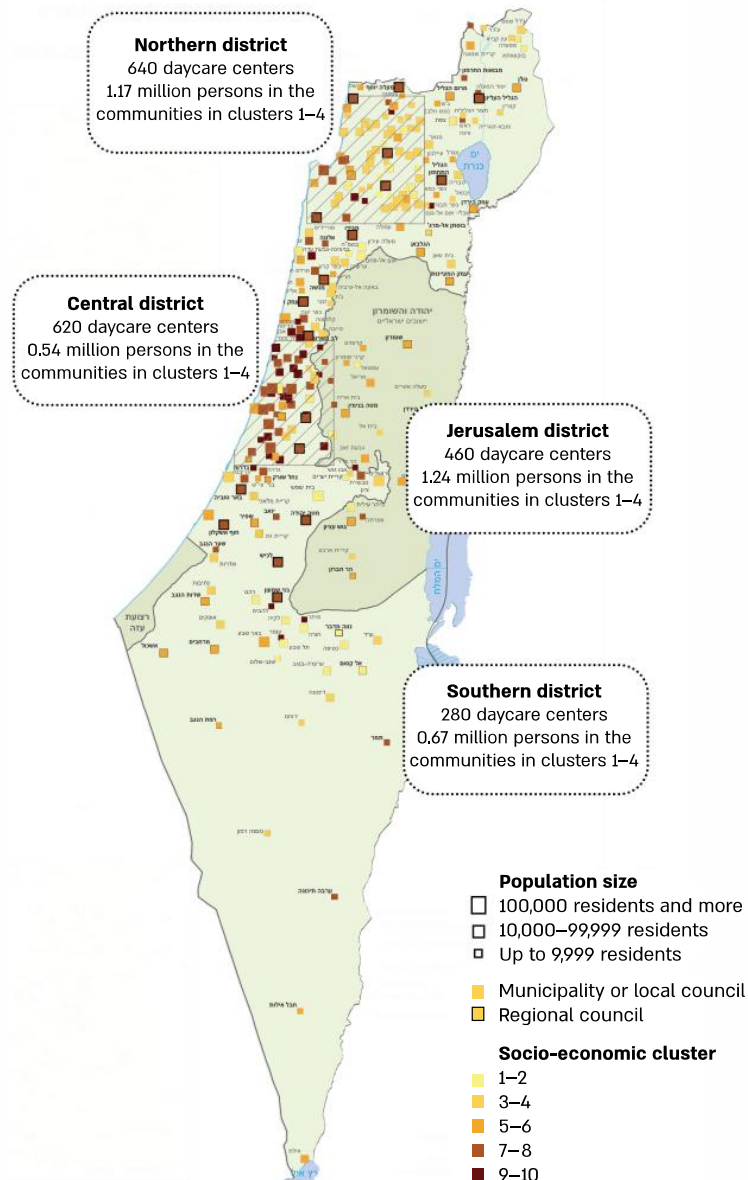
**Professional training for nursery teachers-carers in the daycare centers and staff turnover** – it is recommended that the Ministry of Education, in conjunction with the Professional Training Department and together with the Ministry of Finance, formulate additional models for increasing the extent of the professional training for nursery teachers-carers in the daycare centers, including financial incentives for the carers who have undergone training. Among other things, the assistance of the prominent organizations operating Semel daycare centers, significantly experienced, should be considered. This is necessary to significantly increase the number of trained carers and facilitate the daycare centers' compliance with the requirements of the new supervision regulations, thereby improving the quality of the care of the toddlers. It is further recommended that the Ministry of Education, in conjunction with the Ministry of Finance, consider improving the situation of the nursery teachers-carers to reduce their turnover and enhance the stability of the frameworks staff.



**The bureaucratic burden and the complex proceeding for obtaining the subsidy grade in the Semel daycare centers** – it is recommended that the Department comprehensively examine the process of submitting applications for a subsidy and find ways of streamlining it. Among other things, this may be done within the framework of the Department's new engagement with an external company for determining the subsidy grades. It is recommended that the Department formulate a comprehensive model for supervision and control to ensure proper management, improvement of the service to the public and preservation of the knowledge, and the transfer of all the relevant information and knowledge in an orderly fashion to the relevant company. It is also recommended that the Department determine an operation method and clear uniform standards in the new engagement and demand ongoing data collection. The burden may also be eased by completing the computerized system for obtaining information from public bodies and examining the need for a demand to submit applications and attach documents in cases where there is no subsidy entitlement and when enrolling toddlers continuing for an additional school year.



## National layout of Semel daycare centers, according to the Labor Branch districts



According to data from the Labor Branch and the Central Bureau of Statistics, the Office of the State Comptroller processes them. Map source: The Central Bureau of Statistics, "Characterization of Geographical Units and their Classification according to the Socio-economic Level of the Population in 2017".



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## Summary

The audit raised that even though toddlers' education is a decisive stage in the creation of equality of opportunities, the layout and subsidy mechanism of the Semel frameworks prevent many families in a low socio-economic status to benefit from Semel frameworks where the price is controlled, and there is the possibility of a tuition fees subsidy; on the other hand, many Semel daycare centers serve the resilient socio-economic population, receiving a bonus in the form of a controlled price, which as a rule is lower than the market price of the daycare centers in their residential area.

It is recommended that the Department, in conjunction with the Ministry of Finance, examine the subsidy model under the effect of the New Supervision Law over the daycare centers market to allow more families in a low socio-economic status to provide their children with high-quality education-care from zero to three years. It is further recommended that the Ministry of Education, under which responsibility the daycare centers are due to be transferred after the completion of the audit (under a Government decision from January 2022), incentivize daycare centers in communities and neighborhoods in low socio-economic clusters to comply with the regulations and conditions of the New Supervision Law and provide higher quality education-care for the toddlers requiring it.

Finally, it is incumbent upon the Ministry of Education – under which responsibility this field is being transferred by the audit completion date – and also upon all the different bodies involved – the Labor Branch, the Early Childhood Council, and the Ministry of Finance – to realize the strategic change upon the implementation of the New Supervision Law and its regulations, and transfer most of the Department's activities to the Ministry of Education, while paying attention to the recommendations in this report, to elevate the quality of the education-care provided for toddlers from zero to three years, particularly toddlers in a low socio-economic status.

