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**Education Finance Policy of Culturally
Diverse Societies:
Equity Analyses of School Finance Policy
in Israeli Ultra-Orthodox Primary Education**

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Abstract

Education Finance Policy is focus on examining the resources allocated to the education system (the extent of and the method by which these resources are allocated). Recent studies find a positive causal relationship between equitable funding and the improvement of academic achievement, future economic and social welfare, especially for disadvantaged groups (Baker, 2018; Baker & Welner, 2011; BenDavid-Hadar, 2018a; Jackson, Johnson & Persico, 2015, 2016; Johnson, 2015; Lafortune, Rothstein & Schanzenbach, 2018). The importance of equity in education funding for children from disadvantaged groups, was the motivation for this study.

The 21st century is characterized by the movement of various ethno-cultural groups from one place to another (Banks, 2014), so that the population mix varies in a way that impacts the mix of student population in the country. Israel, like many democratic countries, is characterized by a wide range of ethno-cultures, and the education system encompasses this diversity, through education subgroups' according to ethnic and cultural characteristics (BenDavid-Hadar, 2018a). One of the ethno-cultural groups suffering from particularly high rates of poverty is the ultra-Orthodox society, which has established the central religious value of Torah study on a broad and intensive scale to all educational institutions (Almog & Perry-Hazan, 2011; Brown, 2015; Hakak & Rapoport, 2012; Kahaner et al., 2017; Perry-Hazan, 2013a, 2013b, 2015a, 2015b). The multiplicity of education subgroups' in the Israel poses a challenge for education funding policy makers. This challenge takes on deeper significance when focusing on the government education allocation for education of disadvantaged children, ultra-Orthodox children's' in Israel. which is why it forms the core of the current research.

This study has four objectives. First, analysis the education finance policy of ultra-Orthodox primary education in Israel during 2014-2018. Second, analysis the process of shaping the education finance policy of ultra-Orthodox education in Israel. Third, estimating the equity and equality in government allocation for ultra-Orthodox children compared to the various ethno-cultural education subgroups in Israel. Finally, analysis the trends of equity and equality in education finance during the years. With the aim of enabling an in-depth examination and analysis of education funding policy, the research method is Mixed-Methods, which combines qualitative research with quantitative research. The purpose of combining the two approaches is to deepen the insights that emerge from

the findings of quantitative research through the insights gained from the qualitative research.

The data analysis in the qualitative approach was done using the 'Value-Critical Policy Analysis' method, which offers government policy analysis according to the field of education finance (Schmidt, 2000, 2013). The research data includes funding documents for ultra-Orthodox education during 2013-2018. Sampling of the education finance policy documents was carried out through government databases. This analysis recognizes the "actor" that shape the education finance policy of ultra-Orthodox primary school, and the "voices" (the arguments and core values) that contribute to shaping the policy, and how these voices merge to form a finance policy.

Central findings have reveals that the finance policy of Israeli's primary education is got from the school's legal status. As a result, the finance policy of ultra-Orthodox education isn't uniform, but varies according the school's legal status. Furthermore, the finance policy of ultra-Orthodox education, who anchored in vague, complex and exhaustive legislate, so that no clear funding policy can be pointed out. In addition, education finance policy makers shaped by two gropes of "actors" (main actors and secondary actors), but they work in a contradictory ways. While the "voices" of the main actor call for strengthening public education and weakening private education; the "voices" of the secondary actors claim discrimination religious groups and disadvantaged populations, impaired ability exist of non-public schools, and more. As a result, in most cases the voices of the actors are aligned with disharmony, so the finance policy is characterized by discordance amongst the actors' voices.

The data analysis in the quantitative approach includes estimation of equity in resource allocation for education estimated by the conceptualization coined by Berne & Stiefel (1984; 1999). In this study, three concepts were used: Horizontal Equity, Vertical Equity, Fiscal Neutrality. In addition, the data analysis includes the estimation of equality in the allocation of resources to education in Israel. Equity explains a different resources allocation that compensates disadvantaged students, for example by social and economic characteristics. In contrast, Equality explains equal resource allocation for all students (Cameron et al., 2018). The study sample includes the research reports of entire primary schools in Israel without special education classes, including all the ethno-cultural groups and all the legal status during 2014-2018. The quantitative analysis was performed in different cuts according to an ethno-cultural characteristic, consisting of different

combinations of legal status and type of supervision. A total of 11 educational subgroups were coded.

The quantitative analysis included: (a) A descriptive analysis of education funding in Israel (by using the mean and standard deviation). (b) Estimation of equity in education funding in Israel (by using the McLoone index, Verstegen index, 95:5 ratio, multiple regression and Spearman correlation). (c) Estimation of equality in education funding in Israel (by using the Gini coefficient). The dependent variable is the size of the average allocation per student at the school level, the independent variables are the wealth and welfare characteristic of the school community, and the ethno-cultural and legal status of the school.

The findings of the descriptive analysis of education funding in Israel indicate that there are significant gaps between de-facto funding compared the de-jure policy. The highest gaps of ultra-Orthodox public education in 2014 were shown for 'Ultra-Orthodox public school' and 'Ultra-Orthodox private school'. The average government funding per student analysis, even it interesting, doesn't properly reflect the actually government funding per student, so we need to estimate the equity and equality in government funding and its trend.

Central findings of quantitative analysis represent a low level of equity and equality in government funding for ultra-Orthodox education. More specifically, estimation of horizontal equity in the funding policy of ultra-Orthodox education shows that there is low level of horizontal equity in allocation for ultra-Orthodox education compared to 'Hebrew-speaking public schools', especially for 'Ultra-orthodox unofficial schools'. Estimating vertical equity in the funding policy of ultra-Orthodox education shows that there is low level vertical equity in the allocation for ultra-Orthodox education compared to 'Hebrew-speaking public schools', especially for 'Ultra-orthodox unofficial schools' and 'Ultra-orthodox private schools'. Estimating equity defined as fiscal neutrality in the funding policy of ultra-Orthodox education shows that there is low level of equity in allocation to ultra-Orthodox education compared to 'Hebrew-speaking public schools' especially for 'Ultra-orthodox unofficial schools' and 'Ultra-orthodox private schools'.

In order to examine to what extent, if any, the degree of equity and equality in education has grown over time, the trend has been analyzed over the years. Analysis of equity trends over the years 2014-2018 shows that there has been an increase in the level

of horizontal equity in the allocation to ultra-Orthodox education, except for 'Ultra-orthodox unofficial schools' and for 'ultra-orthodox Azmai'i schools'. Analysis of the vertical equity trend shows that there has been a decline in the degree of vertical equity in education allocation in Israel, but in ultra-Orthodox education there has been a slight increase in this trend. Analysis of the equity trend defined as fiscal neutrality in the funding policy of ultra-Orthodox education shows an increase in the equity trend in the allocation to ultra-Orthodox education, in comparison with the trend in 'Hebrew-speaking public schools'.

In addition, central findings of quantitative analysis represent a low level of equality in government funding for ultra-Orthodox education. Analysis of equality trends over the years 2014-2018 shows that there has been an increase in the level of equality in the allocation to ultra-Orthodox education.

This study is one of the first to conduct an in-depth analysis of the financing policy of education in Israel in general, and in ultra-Orthodox society in particular. The study's conclusions indicate tensions between de-jure and de-facto policies in education financing of ultra-Orthodox society. Because the inadequate formulation of ultra-Orthodox education funding policy, the way the "actors" (education funding policy makers) contributing of shaping the education funding policy, and the disharmonic in the activity of "actors".

In addition, there is a low level of equity and equality in the allocation for ultra-Orthodox education, although over the years there has been a slight increase in the level of equity and equality in allocation. These findings sharpen the need to formulate a well-designed explicit funding policy in a manner that ensures an adequate level of equity and equality in allocating resources to ultra-Orthodox education. Furthermore, the government policy strengthen the public education through reducing resources of another education subgroups is ineffective and even harms disadvantaged populations and children with equal educational rights. It appear that ultra-Orthodox parents prefer and choose culturally education compared public education, even the partly core-curriculum studies, the low level of government allocation, and the low equity and equality levels in allocations.

This inequity and inequality education funding for ultra-Orthodox education creates a significant conflict between the children rights to equity and equality government financing of education comparison their peers in the public education, and the ultra-Orthodox society rights to autonomy in choosing a culturally education, by the one hand;

And the common national obligation to development the local market, the ability to protect really society's independences, and the ability to improve social cohesion as a means of promoting Israel's competitiveness in the global market, in the other hand. Therefore, the ideal of democratic states adopting multicultural policies is being tested. While the culturally diverse societies seeking to preserve important cultural elements, by a unique education system that is incompatible with policy objectives. That is, these culturally diverse societies seek to enjoy equity and equality education allocation, but at the same time question their ability to return the state's education investment through the future labor market.