

ISRAEL: A SOCIAL REPORT 2016

מרכז אדפה מרכז אדפה
Adva Center

Information on Equality and Social Justice in Israel

Adva Center
P.O. Box 6136401
Telephone: 972-3-5608871
Fax: 972-3-5602205
www.adva.org
contact@adva.org

Board of Directors

Professor Yossi Dahan, Chair
Ms. Gilberte Finkel (M.A.), Treasurer
Professor Ismail Abu-Saad
Dr. Nitza Berkowitch
Professor Dani Filc
Professor Rachel Kallus
Professor (Emeritus) Hubert Law-Yone
Professor Shosh Madmoni
Professor Uri Ram
Professor Rivka Savaiya
Professor Oren Yiftachel

Audit Committee

Ms. Ruti Gur
Ms. Hanna Langer

Staff

Ms. Barbara Swirski, Executive Director
Dr. Shlomo Swirski, Academic Director
Ms. Ety Konor-Attias, Research Coordinator
Attorney Noga Dagan-Buzaglo, Researcher
Dr. Yael Hasson, Researcher and Gender Expert
Ms. Valeria Seigelshifer, Advocacy and Gender Expert
Ms. Maytal Strul, Community Action Worker
Ms. Areen Hawari, Community Action Worker
Mr. Yaron Hoffmann-Dishon, Researcher and Outreach Coordinator
Ms. Aviv Lieberman, Research Assistant
Ms. Mira Oppenheim, Office Manager and Press Liaison
Mr. Roi Maor, Financial Advisor
Ms. Efrat Ya'ari, Partnerships and Resource Developer

Translation: Gila Svirsky

This report was produced thanks to a grant from

MAZON: A Jewish Response to Hunger

The Adva Center is supported by the following:

Ted Arison Family Foundation
Jacob and Hilda Blaustein Foundation
Heinrich Boell Foundation
Sally Gottesman
Barbara and Eric Dobkin
Friedrich Ebert Stiftung
Gandy Foundation
Hadassah Foundation
Jewish Women's Foundation of Metropolitan Chicago
Jewish Women's Foundation of Greater Palm Beaches
Levi Lassen Foundation
Rosa Luxemburg Foundation
MAZON: A Jewish Response to Hunger
New Israel Fund
Sam and Bella Sebba Charitable Trust
Alan B. Slifka Foundation
Tikkun Olam Women's Foundation
USAID/United States Embassy
Women's Amutot of the Greater Miami Jewish Federation
Zabar Family Foundation

WAGES BEGAN TO RISE AGAIN – BUT GAPS REMAIN LARGE

The past few years have seen a rise in wages which is the result, inter alia, of wage agreements signed by the government with the teachers' unions ("Ofek Hadash" and "Oz Letmura") and public sector employees — as well as an increase in the minimum wage.¹

Yet, wage disparities persist and are significant. In 2015, the gross monthly income of households headed by wage-earners was NIS 4,644 in the lowest decile and NIS 58,293 in the top decile. The top two deciles (9 and 10) were responsible for some 43.9% of total household

income, while the other eight deciles shared the remaining 56.1%. It is important to note that income differences within the top decile between the uppermost one percent and the others were huge.

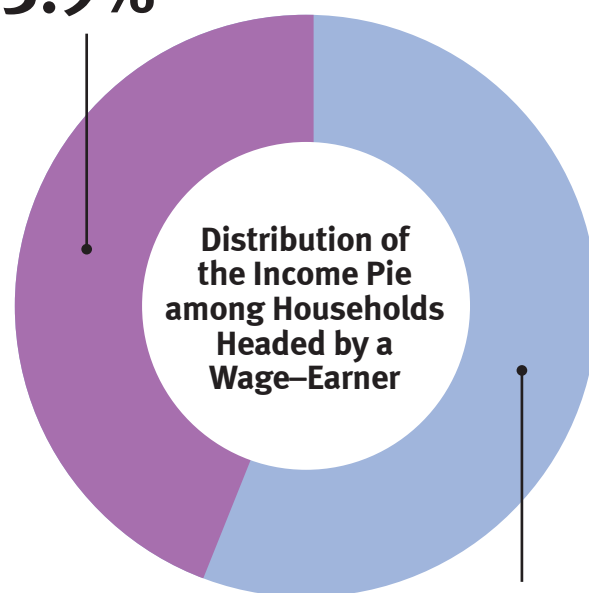
Gross Income of Households Headed by a Wage-Earner, 2015

By income decile, gross household income, in NIS at current prices

Decile	Income in NIS	Share of each decile in the income pie
1	4,644	2.2%
2	7,660	3.6%
3	10,259	4.8%
4	12,825	6.1%
5	15,326	7.2%
6	18,515	8.7%
7	22,206	10.5%
8	27,290	12.9%
9	34,716	16.4%
10	58,293	27.5%

Deciles 9–10

43.9%



Deciles 1–8

56.1%

Source: Adva Center analysis of data provided courtesy of the Consumption Department, CBS, January 2017.

WAGE DISPARITIES REMAIN SIGNIFICANT

The standard response of politicians and economists to the problem of low wages is that Israel needs to encourage economic growth: more and more growth.

During the last eight years, since 2009 – one year after the global financial crisis – the GDP per capita has risen an average 1.9% annually.²

Yet, for three decades now, economic growth in Israel has been unrelated to wages. According to

figures from the National Insurance Institute, growth in GDP per capita during the two decades from 1968 to 1988 was paralleled by a concomitant rise in real wages for Israelis. In the early 1990s, however, the two began to follow different trajectories, with GDP per capita growing faster than wages, though both were rising. Then, through much of the 2000s, the gap widened, with GDP per capita accelerating more than real wages.

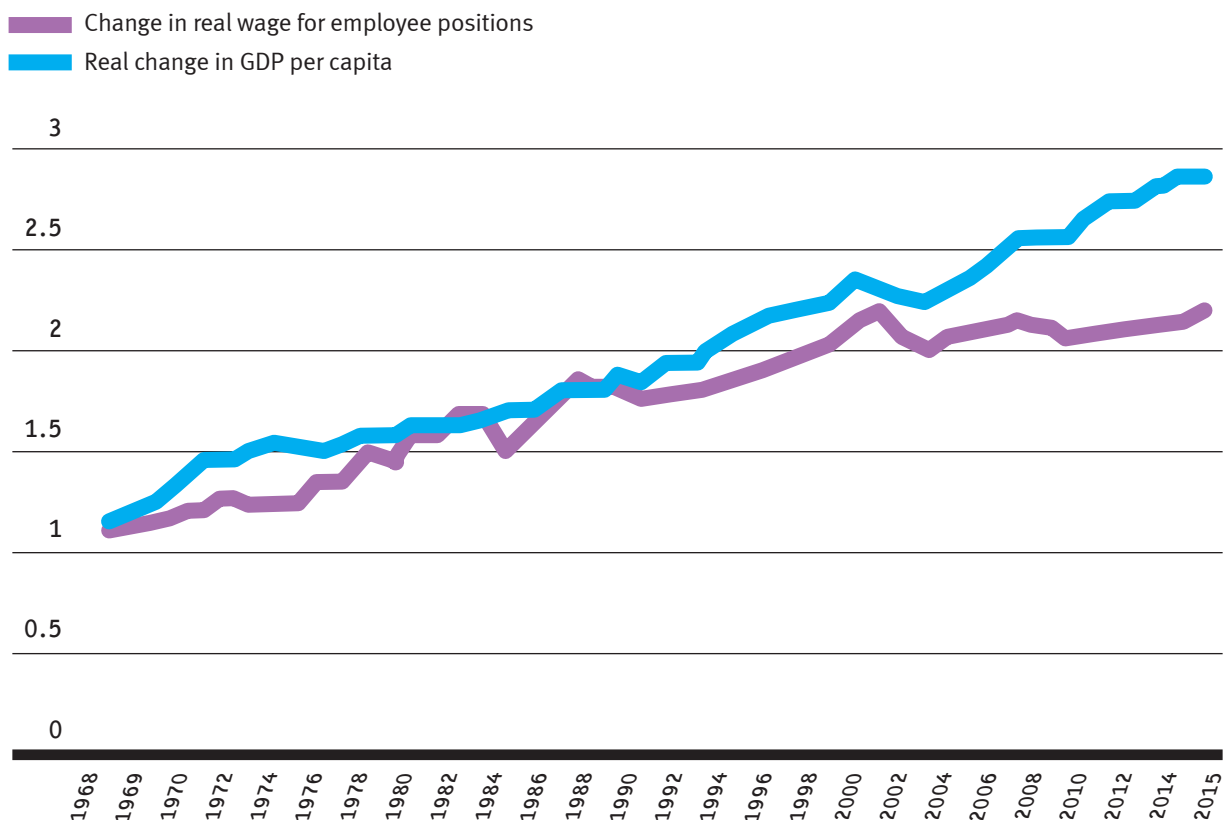
The rise in wages over the past year or two may suggest a positive turning point.³

The gap is still large, despite the rise in wages over the past two years.

Without suitable social policies – raising corporate taxes while increasing salaries and services – the fruits of this economic growth will continue to trickle mainly upwards.

Per Capita Economic Growth and Real Wages, 1968–2015

In percentages



Sources: Miri Endeweld and Oren Heller, *Wages, the Minimum Wage, and their Contribution to Reducing Poverty: Israel in an International Comparison*, National Insurance Institute, December 2014 [Hebrew]. Data for 2013–2015 were provided by the Department of Economic Research, Research and Planning Administration, National Insurance Institute.

SENIOR EXECUTIVE SALARIES FAR EXCEED SALARIES OF MOST ISRAELIS

While the median wage rose slightly, the salaries of executives in large corporations increased dramatically.

These salaries are made public thanks to the law that requires corporations traded on the Tel-Aviv Stock Exchange to publish the salaries of their five highest paid employees. We have no information about executive salaries in companies whose stock is not traded. The figures below, the most recent available, are from 2015.

Compared to 2014, the data from 2015 reveal a significant increase in the compensation of executives in the largest corporations. The table shows that this increase did not come from salary raises, but rather from stock options, while wages, management fees, bonuses, and "other" remained more or less stable.

The CEOs of the top 100 corporations traded on the Tel-Aviv Stock Exchange (the "TA-100 Index") cost their firms an average of NIS 5.1 million annually, or NIS 425,000 a month.

The average salary bill of the five most senior executives of these corporations came to NIS 4.0 million annually, or NIS 337,000 per month, on average.

Disparities in the remuneration of senior executives compared with other employees continued to be significant in 2015: **The average pay of CEOs was 44 times the average wage (NIS 9,592 for Israeli employees) and 91 times the minimum wage (NIS 4,650).**

Remuneration of Executives in Corporations in the "TA-100 Index" 2011-2015

In NIS thousands, 2015 prices

	CEO					Senior executive in the TA-100				
	2011	2012	2013	2014	2015	2011	2012	2013	2014	2015
Average monthly salary	467	380	387	369	425	349	291	330	301	337
Management fees	197	205	201	186	177	165	170	172	165	154
Grants	162	133	131	147	150	108	90	90	91	100
Stock options	188	119	129	97	201	127	82	96	90	162
Other	54	24	34	15	36	37	21	32	35	33

Notes:

- "Senior executive in the TA-100" – average of the five highest paid executives in the company.
- The data presented here were taken from the financial reports of the companies in the T-A 100 Index. This information is published under Amendment 21 of the Securities and Exchange Commission, "Remuneration of Interested Parties and Senior Executives."
- Analysis of the financial reports reveals that, in some cases, those holding the most senior position in a company are not among the five highest paid executives of that company or the company under its control.
- Data are for full-time employees in calendar years 2011-2015. Salaries of part-time employees were pro-rated to reflect a full-time position.
- Salary components: salary including social benefits, bonuses, stock equities, and other.
- For some executives, remuneration is given as management fees.

Source: Adva Center analysis based on data from the website of the Securities and Exchange Commission for 2011-2015. Data on this page were calculated and analyzed by the economist and accountant Safa Agbaria.

A THIRD OF SALARIED EMPLOYEES EARN MINIMUM WAGE OR LESS

The National Insurance Institute publishes data about wages at three levels: up to the minimum wage, from minimum wage to the average wage, and above the average wage. Unfortunately, these figures appear at a delay of two years.

During the economic crisis of the second Intifada, and with the beginning of the wave of growth that followed, the proportion of those

earning less than the minimum wage increased: In 2005, they comprised 32.7% of wage-earners, and by 2006, this had risen to 35.1%. Since 2010, the number has remained constant: In 2014, it was 31.3%

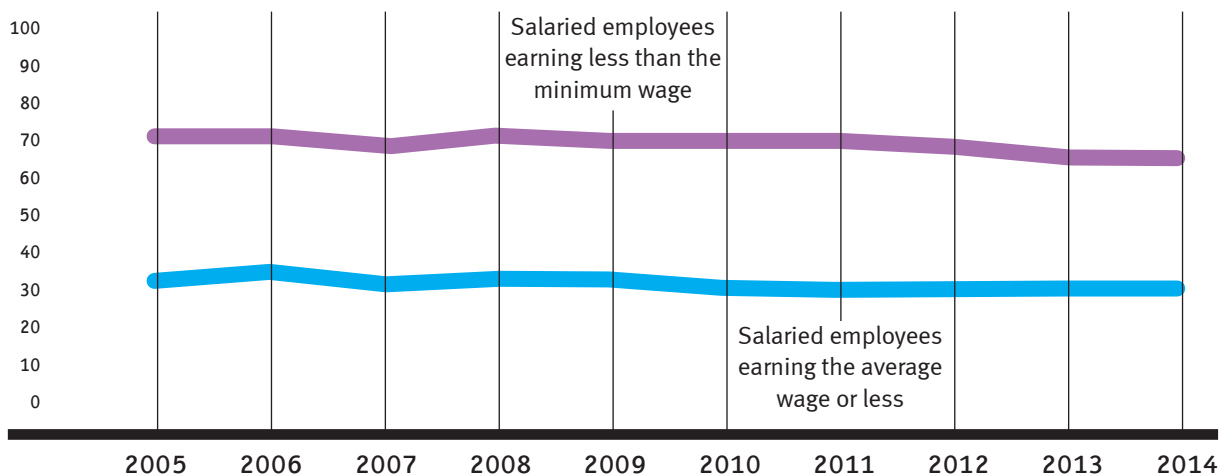
The proportion of those at the top of the table has grown, with those earning average wage or higher exceeding thirty percent for the first time. In parallel, the proportion of

those earning average wage or less fell to 69.3% in 2014.

The figures indicate considerable stability. Although it is generally agreed that maintaining a decent standard of living at minimum wage is difficult, the proportion of minimum wage salaries has not significantly lessened in the past decade.

Wage Earners in Israel, by Salary Level, 2005–2014

In percentages



	Up to minimum wage	Minimum wage to 50% the average wage	51%–75% the average wage	Up to the average wage	Average wage or less	Twice the average wage	Three times the average wage or more	Average wage or more
2005	32.7	8.2	20.4	12	73.3	17.7	8.9	26.6
2006	35.1	5.0	21.3	12.4	73.8	17.7	8.4	26.1
2007	32.8	5.9	20.9	12.3	71.9	18.4	9.7	28.1
2008	32.8	6.8	20.8	12.3	72.7	17.8	9.6	27.4
2009	33.2	5.6	20.7	12.4	71.9	18.3	9.7	28.0
2010	31.4	8.1	20.3	12.1	71.9	18.4	9.6	28.0
2011	30.5	10.6	19.9	11.7	72.7	18.3	9.1	27.4
2012	31.3	6.8	20.2	12.4	70.7	19.3	10.1	29.4
2013	31.3	4.8	20.2	13.0	69.3	20.1	10.5	30.6
2014	31.3	4.8	20.2	13.0	69.3	20.1	10.5	30.6

Note: The average monthly wage for a salaried employee in 2014 was NIS 9,939 at current prices. Minimum wage that year was NIS 4,300. Data for 2015 have not yet been published by the National Insurance Institute.

Source: Adva Center analysis of data from CBS, *Average Wage and Income by Locality and by Various Economic Variables*, various years.

ON THE SCALE OF LOW WAGES, ISRAEL RANKS HIGH

The OECD provides a comparative look at the scale of lowest salaries in Israel. It publishes annually the proportion of employees earning a

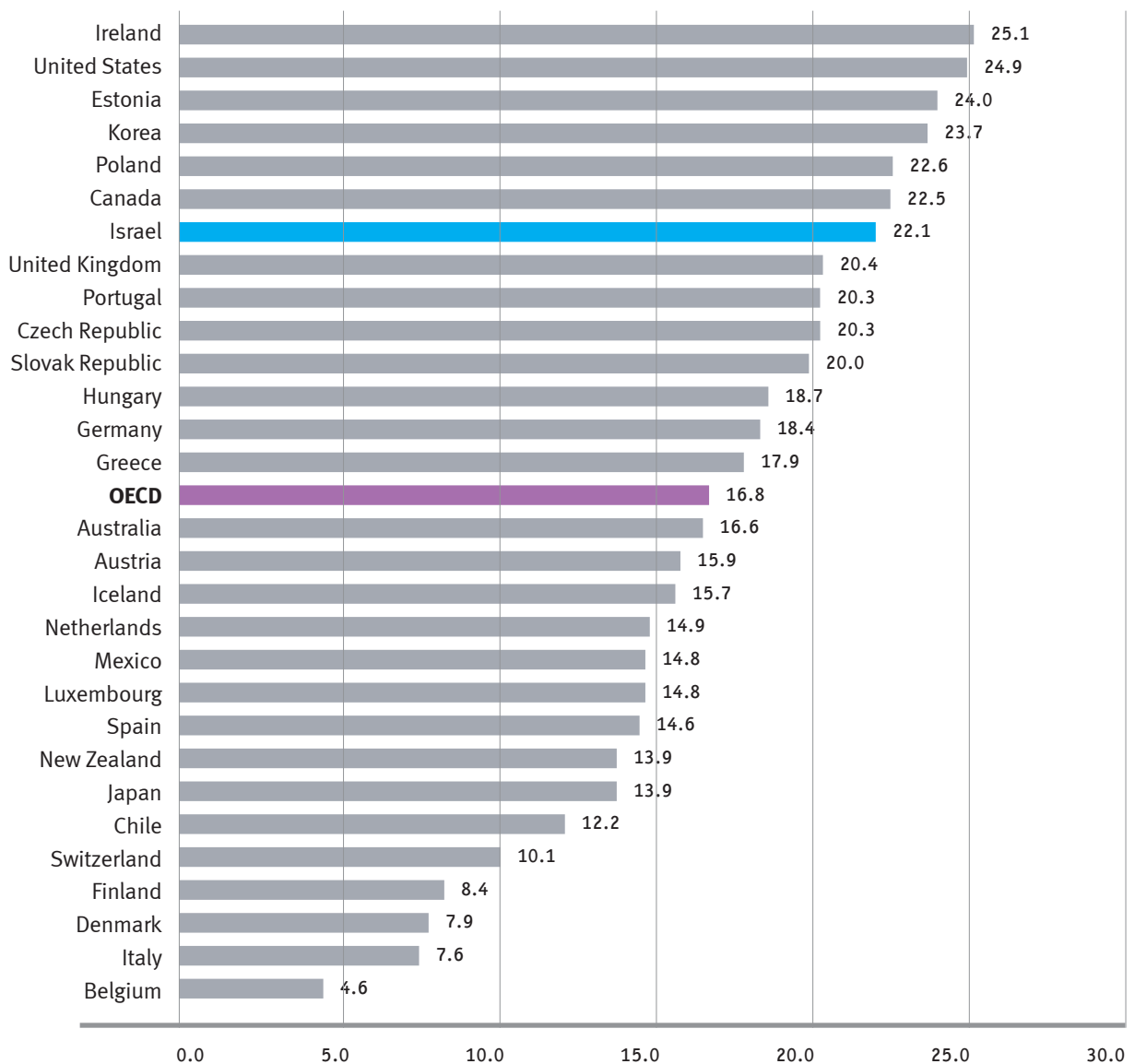
low wage, defined as no more than two-thirds of the median wage.

Israel "excels" in this international comparison: 22.1% of Israeli wage-

earners in 2014 were earning a low salary – one of the highest proportions of OECD countries.

Employees Earning a Low Salary, 2014

In percentages



Note: Wage-earners earning a low salary = wage-earners making less than two-thirds the median wage.

Source: http://www.keepeek.com/Digital-Asset-Management/oecd/employment/oecd-employment-outlook-2016_empl_outlook-2016-en#page239

NOT MUCH PROGRESS IN CLOSING GENDER WAGE GAPS

Women are over-represented in the lower rungs of the wage scale in Israel, according to figures published by the National Insurance Institute: In 2014, 30.9% of female employees earned no more than the minimum wage, compared to 16.8% of male employees. At the same time, 73.6% of salaried women earned the average wage or less, compared with 56.9% of salaried men.

These figures clearly demonstrate the gender pay gap, which remains rather stable, despite a slight improvement in recent years.

Below we present figures about monthly and hourly wages prepared by the Central Bureau of Statistics (CBS). Note that the data from

2012–2015 are from the Household Expenditures Survey in its revised format. We include them here because our main interest is the gender gap, rather than the amounts themselves.

With regard to monthly wages, the gender gap is particularly large here, for two main reasons: One is the occupational segregation between "male" occupations and "female" occupations.⁴ The second is that many women are employed in part-time or temporary positions (in 2015, 36.2% of women worked in part-time jobs, similar to 2014, while 18.4% of men were part-time employees).⁵ In 2015, the average monthly wage of women was 68.3% that of men's; the gap slightly

narrowed compared to 2005, when women's wages were some 63% those of men.

The gender gap is smaller for hourly wages. The average hourly wage of women is 84.9% that of men, and this has not changed much over the past decade.

Israel is not exceptional with regard to gender pay gaps. In international comparisons of hourly wages, Israel, with a gender gap of 16.3% (2014), ranks somewhere in the middle – between countries in which the gap is greater than 20% and countries in which the gender gap is lower than 10%.

Wage levels by gender, 2014

In percentages, monthly averages

	Male employees	Female employees
Up to the minimum wage	16.8	30.9
Minimum wage to 50% the average wage	5.7	7.1
51% of minimum wage to 75% the minimum wage	19.4	21.9
76% of minimum wage to average wage	15.0	13.7
Up to twice the minimum wage	25.6	20.1
Twice to three times the minimum wage	10.1	4.5
Three to four times the minimum wage	4.3	1.2
Four to five times the minimum wage	3.0	0.6
More than five times the minimum wage	0.2	-

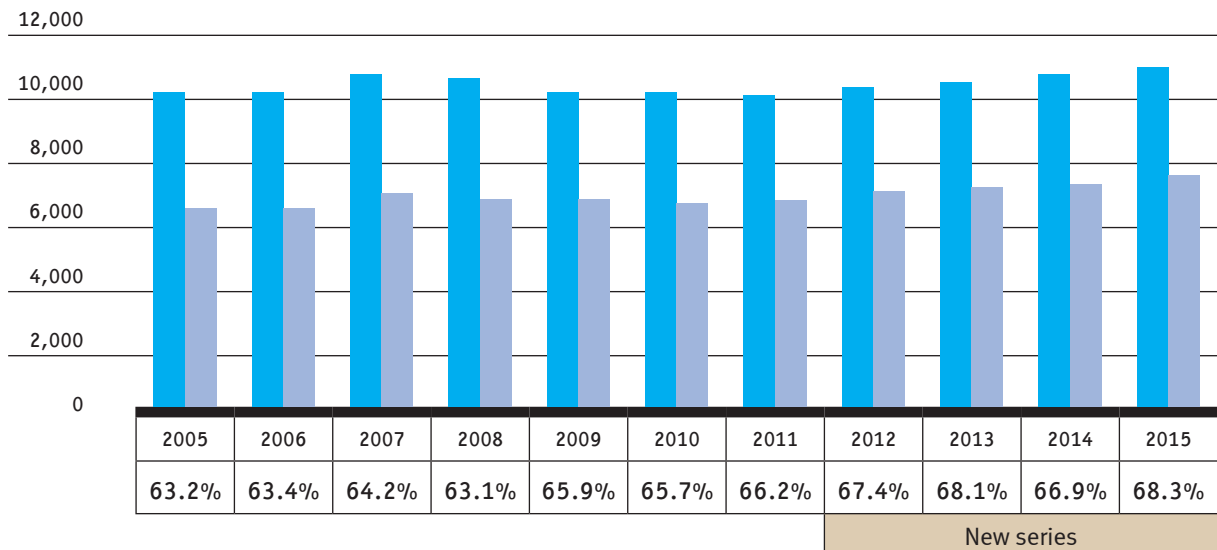
Source: National Insurance Institute, *Wages and Income from Work by Locality and by Various Economic Variables*, 2014, Mark Rosenberg, September 2016.

Women's Wages as a Percentage of Men's Wages, 2005–2015, Monthly and Hourly

Men
Women

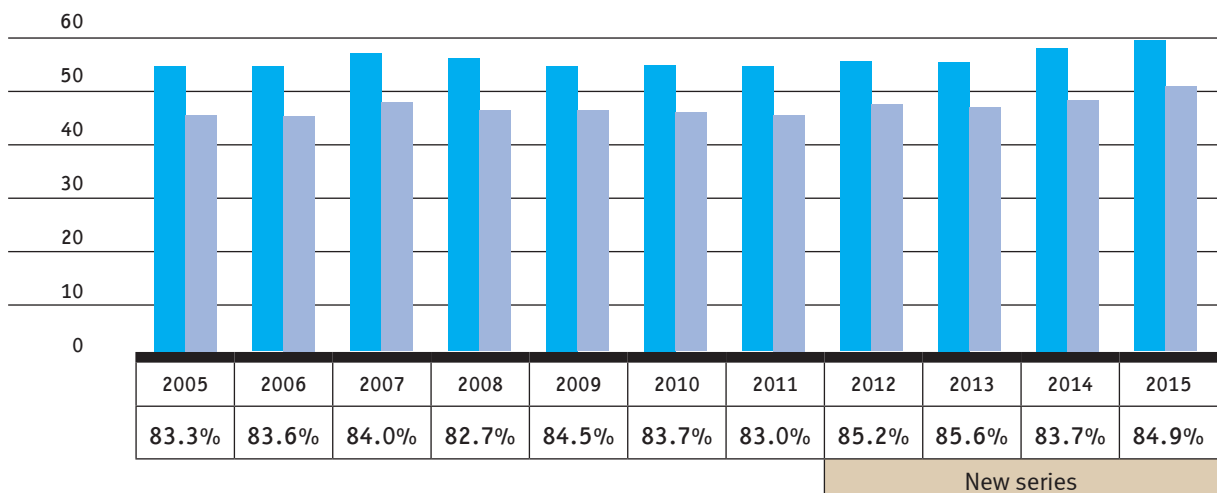
Monthly Wages in NIS

Monthly wages of women as a percentage of monthly wages of men



Hourly Wages in NIS

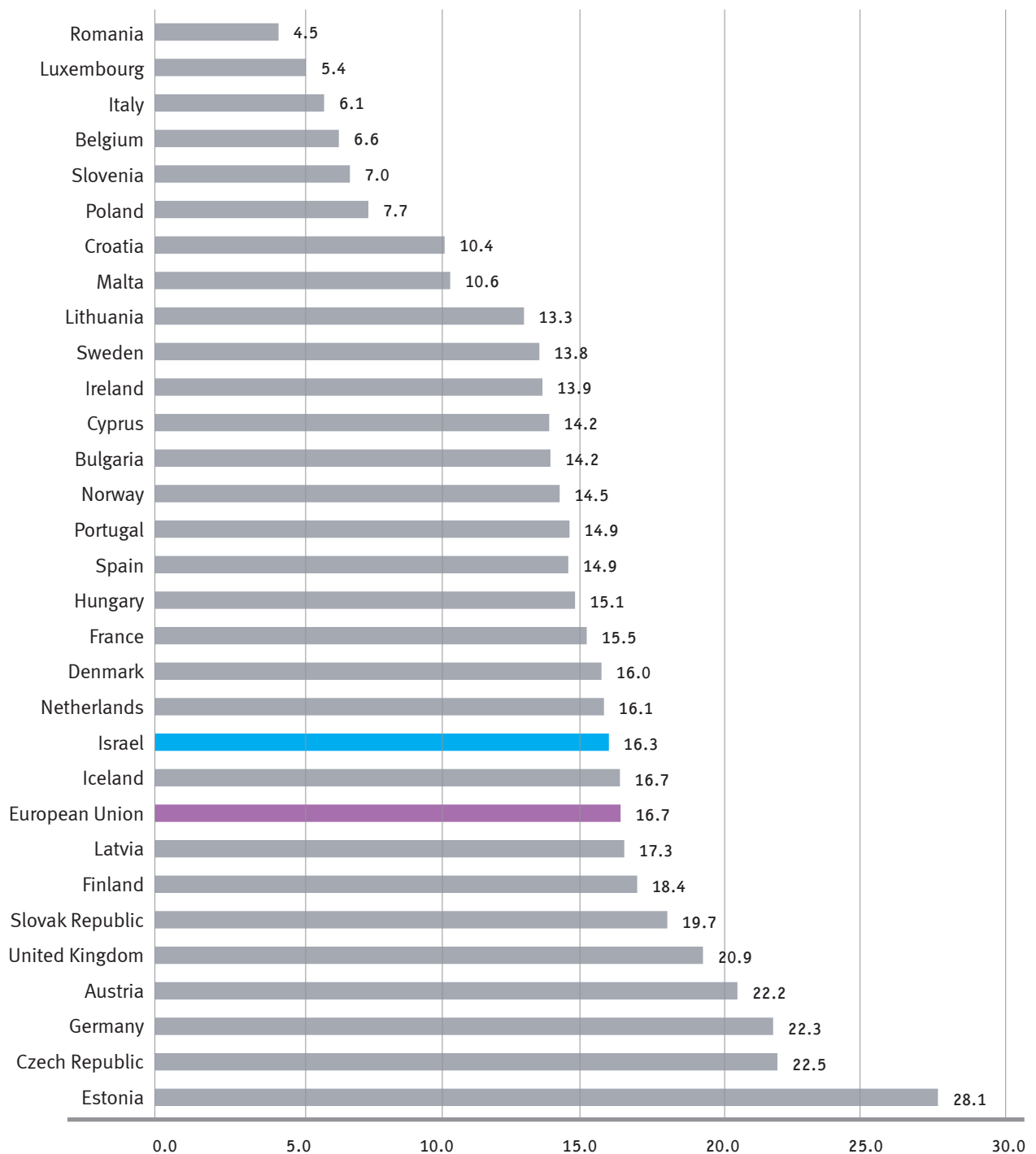
Hourly wages of women as a percentage of hourly wages of men



Sources: Adva Center analysis of CBS, *Income Survey*, various years; figures for 2015 were provided courtesy of the Consumption Department, CBS, November 2016.

Gender Gaps in Hourly Wages, Selected Countries, 2014

In percentages



Source: <http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&pcode=tsdsc340&plugin=1>

ASHKENAZIM, MIZRAHIM, ARABS, AND IMMIGRANTS FROM RUSSIA AND ETHIOPIA

Wage gaps between various groups in Israel are significant.

The figures below from 2015 are from the revised Household Expenditures Survey of the CBS.

In 2015, the wages of Ethiopian Israelis (whether born in Israel or not) were particularly low – just

half the average wages of all wage-earners in Israel. Low wages were also the lot of Arab employees, whose wage income was two-thirds the average of wage-earners in Israel.

The monthly wage income of Ashkenazi salaried employees was 31% above the average of all wage-

earners. Their Mizrahi colleagues earned 14% above the average. The monthly wage income of Israeli-born employees whose fathers were born in the former Soviet Union matched the level of the average Israeli wage-earner.

Average Monthly Income from Wages or Salaries, 2015

Ashkenazim, Mizrahim, native Israelis from FSU countries, Ethiopian Israelis, and Arabs

Average wage in NIS at current prices, Index: Total = 100

	Total wage-earners	Native-born to father born in Europe or America	Native-born to father born in Asia or Africa	Native-born to father born in the Soviet Union	Arab	Ethiopian Israelis: born in Israel or elsewhere
Salary in NIS	9,503	12,438	10,787	9,566	5,939	5,295
Base – total wage earners = 100	100	131	114	101	62	56

Notes:

1. Wage earners – all persons having income from wages or a salary in the three months prior to the survey.
2. Wage – remuneration for work carried out during the defined period; salary – a set wage received for work, usually monthly.
3. Income from wages or salaries – income from remuneration of employed individuals.
4. Ethiopian Israelis include first and second generation Israelis.

Sources: Adva Center analysis of data provided courtesy of the Consumption Department, CBS, December 2016.

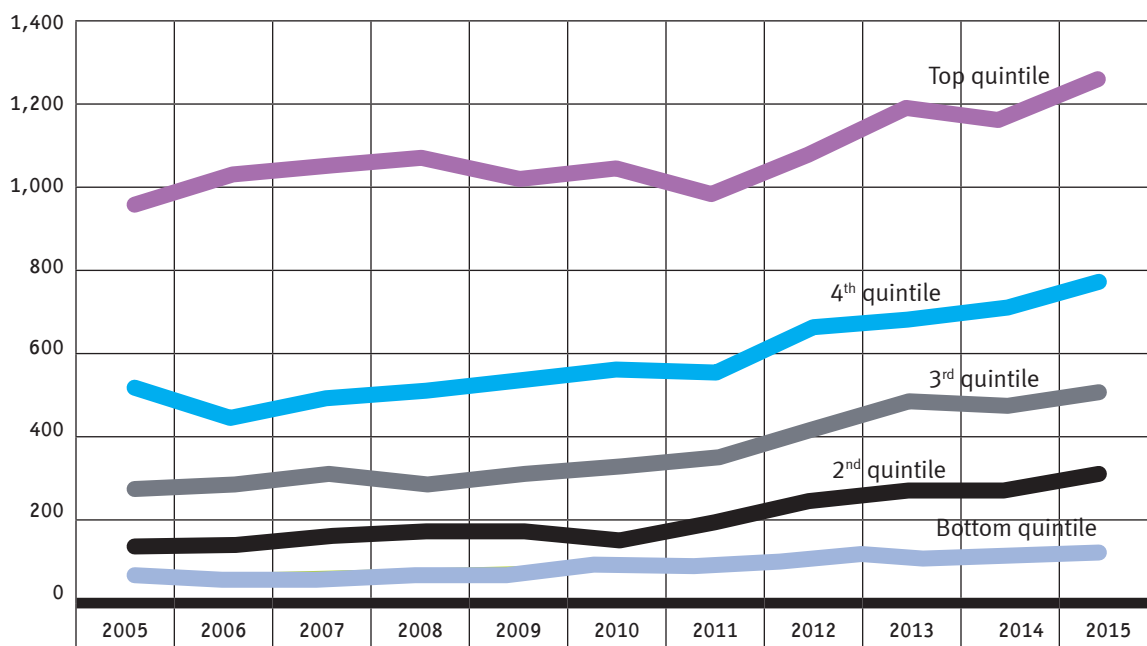
PENSIONS: INEQUALITY TO CARRY OVER INTO THE NEXT GENERATION OF SENIOR CITIZENS

In 2015, households in the top income quintile set aside an average of NIS 1,316 per month for retirement, 14 times more than households in the bottom income quintile – NIS 94, on average.

When they retire, the standards of living of these households will differ markedly from each other.

One should keep in mind that the average includes both those who save for retirement and those

who do not. Moreover, retirement savings are more prevalent among employees in the middle and upper classes than among low income earners, despite the fact that saving for retirement is supposed to be mandatory.



Average Monthly Retirement Savings of Households, by Income Quintile, 2005–2015

By net income per standard person, in NIS at 2015 prices

	2005	2007	2009	2011	New series	
					2013	2015
Bottom quintile	32	30	38	60	83	94
2 nd quintile	116	141	150	181	252	310
3 rd quintile	268	292	302	342	479	513
4 th quintile	516	500	537	553	704	797
Top quintile	1,007	1,102	1,065	1,021	1,241	1,316

Notes:

1. A quintile is two deciles.

2. Household expenditures on pension funds in 2012 were calculated based on the revised version of the Household Expenditures Survey.

Source: Adva Center analysis of *Household Expenditures Survey*, various years; data for 2015 were provided courtesy of the Consumption Department, CBS.

ONE OUT OF FIVE FAMILIES IS POOR

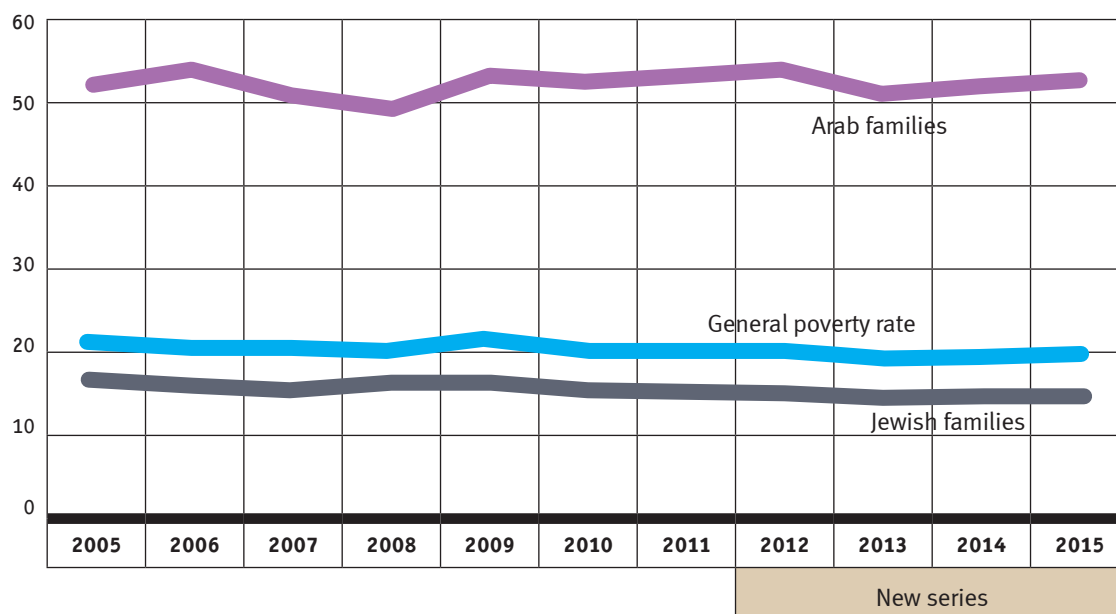
The income of nearly one-fifth of Israeli families places them below the poverty line, defined as an income of 50% or less of the median family income in Israel.

In 2015, the poverty rate in Israel was 19.1%, a slight increase from 2014 when it was 18.8%.

According to OECD figures for 2014, Israel "excelled" in poverty, as its poverty rate was 1.7 times the average poverty rate among OECD countries – 11%.⁶

The poverty gap between the Jewish and Arab populations of Israel is sizable: The rate among Arabs is about three times that of Jews.

Among Jews, the highest poverty rate – similar to that of Arabs – is found among ultra-Orthodox Jews. We have no figures about the poverty rate among Ethiopian Israelis, but the low wages of native Israelis of Ethiopian descent leave no doubt that their poverty rate resembles that of Arab and ultra-Orthodox Israelis.



Poverty Rates among Families in Israel, 2005–2015

After transfer payments and direct taxes, in percentages

	2005	2006	2007	2008	2009	2010	2011	New series			
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total poverty rate	20.6	20.0	19.9	19.9	20.5	19.8	19.9	19.4	18.6	18.8	19.1
Arab families	52.1	54.0	51.4	49.4	53.5	53.2	53.5	54.4	51.7	52.6	53.3
Jewish families	15.9	14.7	15.0	15.3	15.2	14.3	14.2	14.1	13.7	13.6	13.8

Notes:

1. Poverty rates for 2012–2015 are calculated according to the revised version of the *Household Expenditure Survey*.
2. The category of Jewish families includes non-Jewish families who are not Arab.
3. The poverty report for 2012–2015 does not include Bedouins residing in the Negev, who were not included in the household survey of the Central Bureau of Statistics.

Sources: National Insurance Institute, *Annual Report*, various years; National Insurance Institute, *Poverty and Social Gaps, Annual Report*, various years.

SUMMING UP: INEQUALITY IN ISRAEL IS AMONG THE HIGHEST AMONG OECD COUNTRIES

One figure summarizes the data presented in the preceding pages – the Gini coefficient.

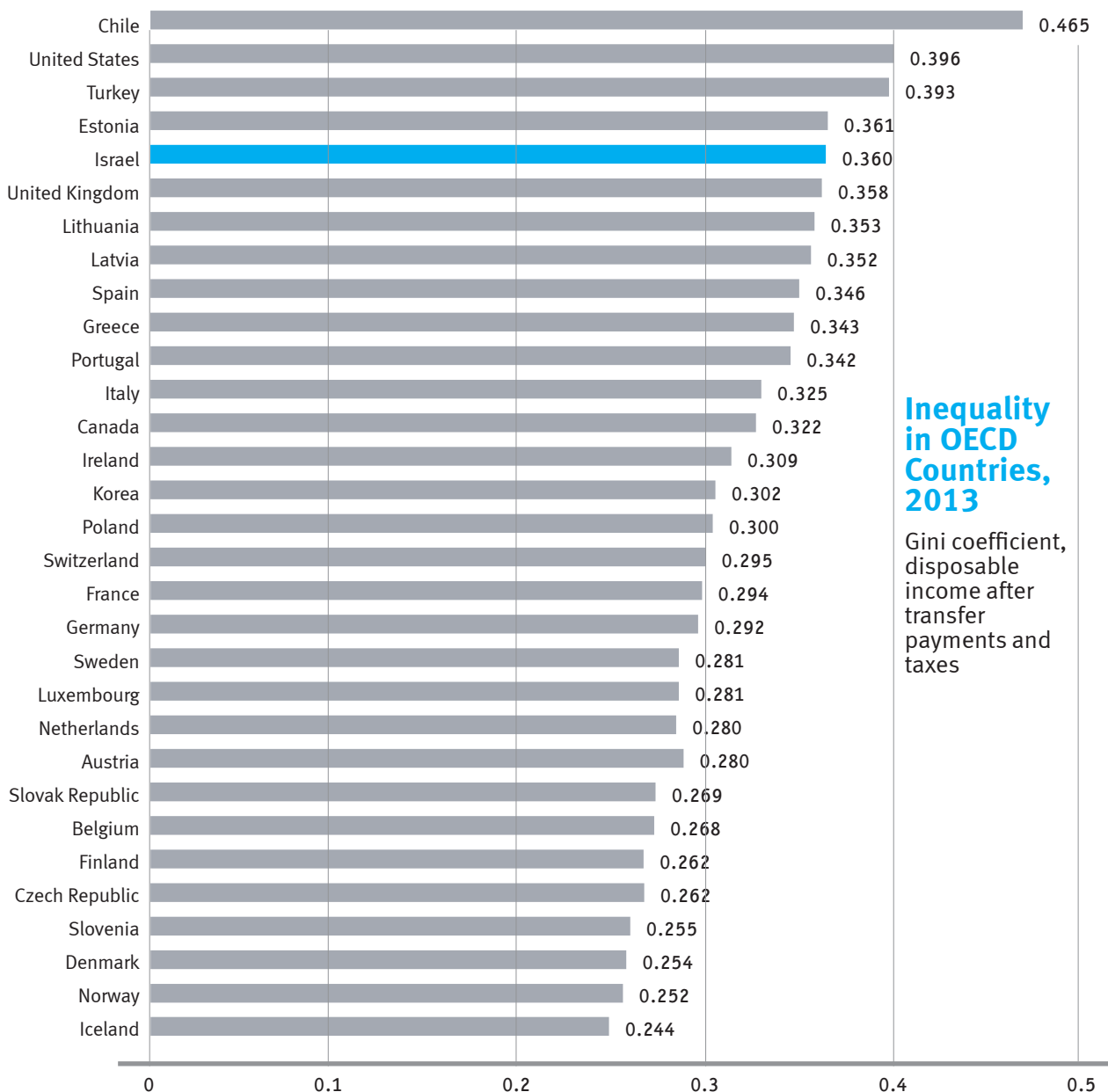
The Gini coefficient examines the degree of inequality in countries on a scale between 0 and 1: Zero reflects a state in which income divides up equally, while 1 reflects a state in

which all income is concentrated in the hands of one person. The closer the index gets to 1, the greater the inequality.

The Gini coefficient in Israel is among the highest among OECD countries: In 2013, Israel, with a coefficient of 0.36, ranked fifth

highest among 31 countries.

Since the middle of the 1980s, inequality – as measured by the Gini coefficient – increased in OECD countries by an average of 5.3%. In contrast, it increased in Israel by 10.4% – from 0.326 to 0.36.⁷



UNEMPLOYMENT IS A POVERTY TRAP

The average current unemployment rate in Israel is low – 4.6% in November 2016.⁸ This compares favorably with the unemployment rate in countries of the European Union, where the average rate is almost double – 8.3%.⁹

However, Israel's national unemployment rate conceals large gaps among localities and population groups. Unemployment affects mainly the weaker sectors of society: It is much higher in Arab localities than in Jewish localities, higher in Jewish development towns than affluent Jewish cities and towns, higher among women than men, and higher among Arab women than Jewish women. Unemployment affects those for whom the education system has failed to provide a decent education. It also affects young people who

have not yet gained a foothold in the labor market and older adults who were laid off and cannot find new employment.

The table below presents figures on job seekers by locality from November 2016, published on the website of the Employment Service of the Ministry of the Economy.¹⁰ Job seekers are defined as persons who registered at government Employment Service offices. However, many of the unemployed do not register, either because there is no office near their home, they returned empty-handed in the past, they have despaired of finding work, or for other reasons. A fuller picture of the scope of unemployment can be found in the CBS figures on unemployed persons (rather than job seekers), but these numbers are not available by locality. We present

below the figures on job seekers, as they enable us to examine the differences among localities and population groups.

At the top of the unemployment table are Arab localities, led by Bedouin localities in the Negev. The Bedouin locality Ar'ara Banegev had an unemployment rate of 26.0% in November 2016. Several large Arab localities in the north registered somewhat lower rates, though still well above the national average – Sakhnin (14.7%), Umm al-Fahm and Arrabe (14.6%) and Buq'ata (14.3%).

Although job seekers comprise less than 5% of the workforce in most Jewish towns, several development towns record much higher figures, such as Akko (10.4%) and Mitzpe Ramon (9.5%).

Percentage of Job Seekers by Locality, November 2016

In percentages of the workforce, in descending order

Locality	Job-seekers as a percentage of the workforce
Ar'ara Banegev	26.0
Kuseife	22.1
Lakiya	18.0
Tel Sheva	17.8
Sha'ab	16.5
Hura	15.2
Segev Shalom	14.9
Maghar	14.8
Sakhnin	14.7
Arrabe	14.6
Umm al-Fahm	14.6
Rahat	14.4
Buq'ata	14.3
Jadeidi Makr	12.9
Deir Hanna	12.9
Ma'aleh 'Iron	12.8
Kaukab abu al-Hija	12.2
Mas'ade	11.2
Abu Sinan	10.5
Akko	10.4
Ilut	10.4
Tamra	10.3
Tuba Zangariyye	10.2
Kabul	10.1
Kafr Manda	10.0
Bi'ina	10.0
Bir al-Maksur	9.8
Kafar Qanna	9.6
Mitzpe Ramon	9.5
Basma	9.4
Dimona	9.3
Ghajar	9.3
Shefar'am	8.9
Iksal	8.8

Locality	Job-seekers as a percentage of the workforce
Majdal Shams	8.8
Yeruham	8.6
I'billin	8.5
Kafr Yasif	8.4
Nazareth	8.3
Safed	8.2
Zarzir	8.1
Yarka	8.1
Ein Mahil	8.1
Abu Ghosh	7.9
Mazra'a	7.7
Reineh	7.7
Shibli Umm al-Ghanem	7.7
Majd al-Kurum	7.7
Bu'eine-Nujeidat	7.6
Julis	7.5
Bet She'an	7.5
Daburiyya	7.4
Nahef	7.4
Tur'an	7.4
Yafi'a	7.2
Mashhad	7.1
Ofakim	7.1
Sderot	7.0
Beit Jann	7.0
Rameh	6.9
Ka'abiyye-Tabbash Hajajre	6.8
Ar'ara	6.6
Qiryat Malakhi	6.6
Deir al-Assad	6.6
Eilabun	6.4
Tayibe	6.4
Netivot	6.4

Locality	Job-seekers as a percentage of the workforce
Ma'alot-Tarshiha	6.3
Sajur	6.3
Tirat Carmel	6.2
Tiberias	6.0
Afula	6.0
Migdal HaEmek	5.8
Kiryat Gat	5.8
Kiryat Yam	5.8
Nahariyya	5.6
Nazareth Illit	5.6
Hazor Hagelilit	5.6
Daliyat al-Karmel	5.5
Shlomi	5.5
Kisra-Sumei	5.5
Fureidis	5.4
Kiryat Shmona	5.4
Karmiel	5.3
Be'er Sheva	5.3
Jisr az-Zarka	5.3
Arad	5.2
Baqa Al-Gharbiyye	5.2
Basmat Tab'un	5.2
Zemer	5.1
Fassuta	5.0
Lod	4.9
Qiryat Atta	4.9
Isfiya	4.9
Ashdod	4.8
Ashqelon	4.8
Qalansawe	4.8
Yavne'el	4.8
Kafar Qara	4.8
Yanuh-Jat	4.8
Peki'in	4.7

Locality	Job-seekers as a percentage of the workforce
Or Akiva	4.6
Katzrin	4.6
Emmanuel	4.4
Betar Illit	4.4
Qiryat Bialik	4.3
Hadera	4.2
Rekhasim	4.1
Ramla	4.1
Hurfeish	4.0
Qiryat Ekron	4.0
Jerusalem	3.9
Bet Shemesh	3.9
Jatt	3.8
Qiryat Motzkin	3.8
Qiryat Ye'arim	3.7
Mi'ilya	3.7
Netanya	3.7
Pardes Hanna-Karkur	3.7
Haifa	3.7
Kafar Kama	3.6
Jish	3.6
Bat Yam	3.5
Yoqne'am Illit	3.5
Or Yehudah	3.4
Yavne	3.3
Rehovot	3.3
Bene Ayish	3.3
Modi'in Illit	3.3
Bet Dagan	3.2
Bnei Brak	3.1
Rosh HaAyin	3.1
Nesher	3.1
Ma'ale Adummim	3.0

Locality	Job-seekers as a percentage of the workforce
Ariel	3.0
Rishon Leziyyon	3.0
Qiryat Arba	3.0
Eilat	2.9
Petah Tikva	2.9
El'ad	2.9
Holon	2.9
Tel Aviv-Yafo	2.9
Kefar Yona	2.9
Be'er Ya'akov	2.8
Rosh Pinna	2.8
Gan Yavne	2.7
Gedera	2.7
Kadima-Tzoran	2.7
Giv'at Ze'ev	2.7
Azor	2.6
Nes Ziyvona	2.6
Binyamina-Giv'at Ada	2.6
Jaljulye	2.6
Kafar Qasem	2.5
Ramat Gan	2.5
Alfe Menashe	2.5
Zikhron Ya'akov	2.5
Givatayim	2.4
Tel Mond	2.4
Mevasseret Ziyvon	2.4
Even Yehudah	2.4
Yehud	2.3
Ganei Tikva	2.3
Mazkeret Batya	2.3
Beit El	2.3
Herzliyya	2.2

Locality	Job-seekers as a percentage of the workforce
Hod Hasharon	2.2
Ramat Yishai	2.2
Kiryat Ono	2.2
Karnei Shomron	2.2
Oranit	2.2
Kfar Saba	2.1
Qiryat Tiv'on	2.1
Pardesiya	2.1
Meitar	2.1
Givat Shmuel	2.1
Kfar Veradim	2.0
Harish	2.0
Modi'in-Makkabim Re'ut	2.0
Kedumim	1.9
Kfar Tavor	1.9
Beit Aryeh	1.9
Elkana	1.8
Ra'anana	1.8
Tira	1.8
Shoham	1.7
Ramat Hasharon	1.7
Lehavim	1.7
Kokhav Ya'ir	1.6
Efrat	1.5
Omer	1.4
Kfar Bara	1.4
Har Adar	1.4
Savyon	0.9

Source: Employment Service website,
<http://www.taasuka.gov.il>

THE STATE FAILS TO REDRESS THE IMBALANCE RESULTING FROM ECONOMIC GROWTH

The socio-economic situation is not divinely ordained. Salaries can be raised and poverty can be reduced.

The main agent that can redress the imbalance is the state, first, because it is the largest employer and as such can improve the remuneration of its own employees – either directly or through government contractors – and thereby set an example for the rest of the economy. Second, the state also determines the scope of funding of the social safety net and thus the extent of poverty. In this way, the state can distribute the fruits of economic growth more

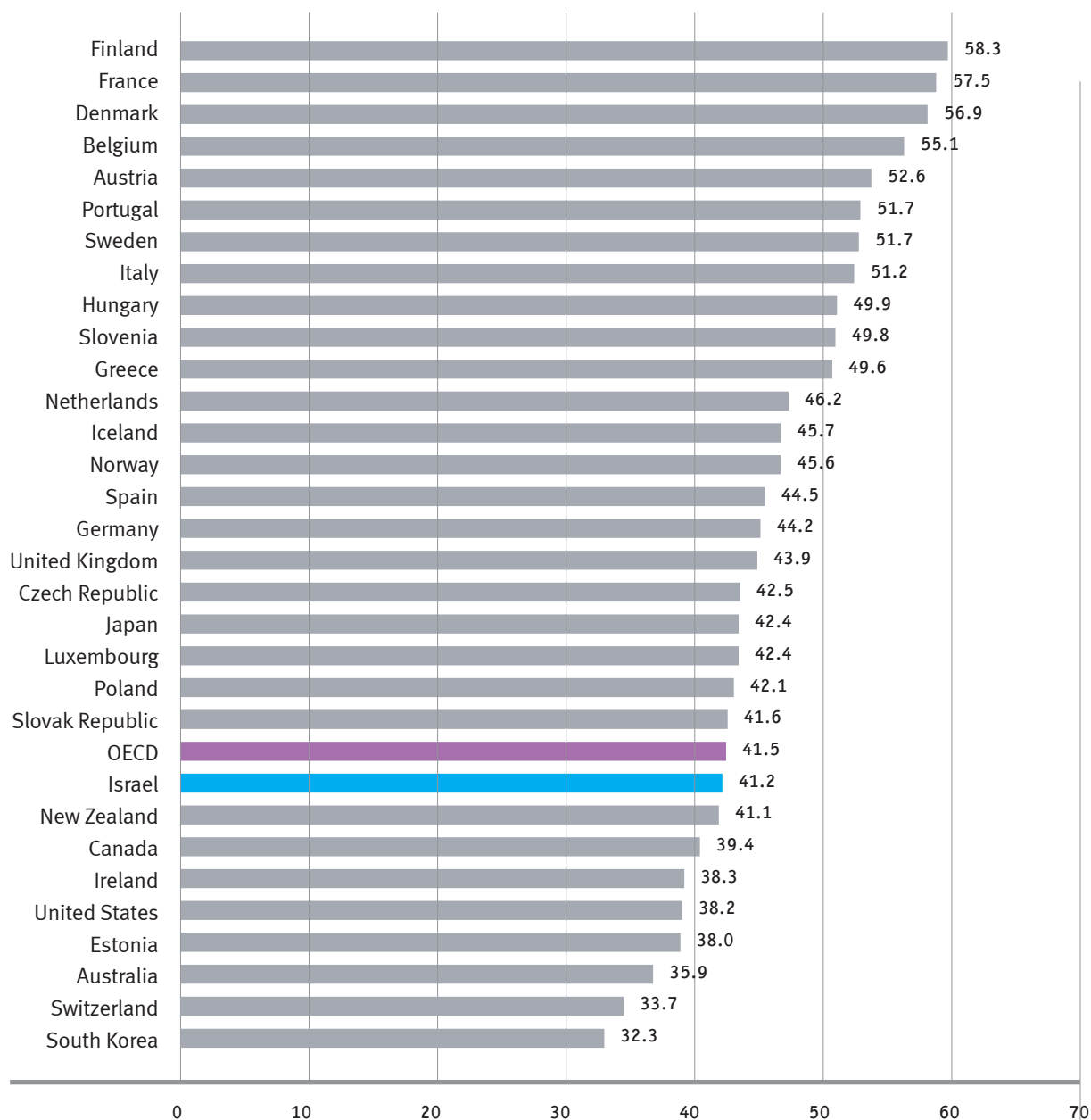
equitably.

During the past three decades, however, the driving economic principle of successive Israeli governments has been to reduce state intervention in the market in order to strengthen it. In the first decades after 1948, the state was the primary economic and social actor – for economic development, employment, the integration of immigrants, housing, and education – while, in recent decades, the state has worked to reduce its involvement, cut its budgets, and shift responsibility and resources to

the business sector.

The result has been a weakening and shrinking of the social services that the state provides – schools, higher education, health, social welfare, and social security. Total government expenditure (including that of local authorities) in 2014, which constituted 41.2% of GDP, placed Israel in the company of eastern European countries and others with a tradition of low government spending, like New Zealand and Canada (which spend much less on defense than Israel).¹¹

Total Government Expenditure as a Percentage of GDP, 2014



Note: Total government expenditures include outlays made by the government, the local authorities, and the National Insurance Institute.
Source: OECD *Economic Outlook 98* database.

SCHOOLS SERVE TO REDUCE ECONOMIC INEQUALITY? NOT NECESSARILY

The high road to a better future for the individual and for society at large requires significant improvement of the schools and more students attending institutions of higher learning. Today, the system leads only a minority of young people to the pinnacle of university studies. If we want a prosperous economy, higher wages, and a better standard of living, we need to place schools and higher education at the head of our national priorities. This is not the case today.

By 2015, only 29.3% of young people who were 17 years old in 2007 had enrolled in an Israeli

institution of higher learning.

The road to higher education can be compared to the steps of a pyramid-shaped structure: The entire age group begins together at the base, but with each step up, the size of the cohort decreases. Only a minority reach the pinnacle – pursuit of a college degree.

Recreating these steps, we find that only 81.8% of those who were 17 years old in 2007 had been enrolled in a track leading to matriculation exams. Fewer – 46.3% – passed the exams. Among those who passed, not all qualified for college

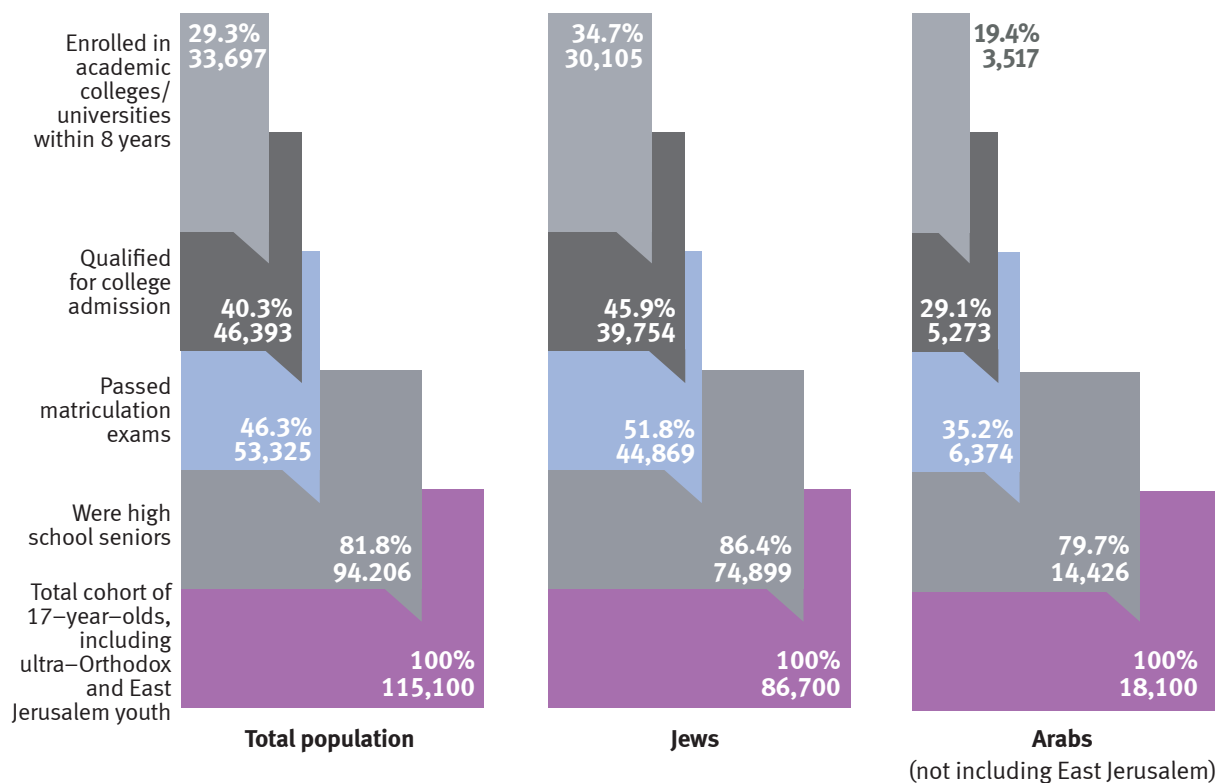
admission – only 40.3% of the age cohort held matriculation certificates that qualified for admission. Ultimately, only 29.3% enrolled in an institution of higher learning in Israel.

As in the field of wages, so too with respect to higher education: The proportion of Jews going to college in Israel is double that of Arabs. However, many Arab young people go to college abroad, in the Palestinian Authority or in Jordan, where several thousand Israeli students are studying.¹²

The above figures are for universities and colleges under the supervision of the Council on Higher Education and are based on admission criteria set by that Council. Therefore, they do not include the Open University or the teachers' seminaries. The Open University does not have admission criteria and includes students of many ages.

The teachers' seminaries are under the supervision of the Ministry of Education, and their admission criteria vary. If we add first-year undergraduates at teachers' seminaries to the figures of high school graduates who enrolled in institutions of higher learning in Israel, the figure for those going on to college within 8 years of high school graduation increases by 5.3%.¹³

The Cohort of 17-year-olds in 2006 and the Climb to College Entrance by 2015



Notes:

1. Percentages were calculated on the basis of the total number of 17-year-olds within each group.
2. Arabs – includes Christian and Muslim students.
3. Higher education – students in universities (not including the Open University) as well as public and private academic colleges.

Sources: Adva Center analysis of CBS, *Statistical Abstract of Israel*, various years; Ministry of Education, Culture and Sports, Examinations Department, "Matriculation Figures," various years.

SUCCESS IN THE MATRICULATION EXAMS

The reason only a third of the age cohort goes to college is that too few take and pass the matriculation exams.

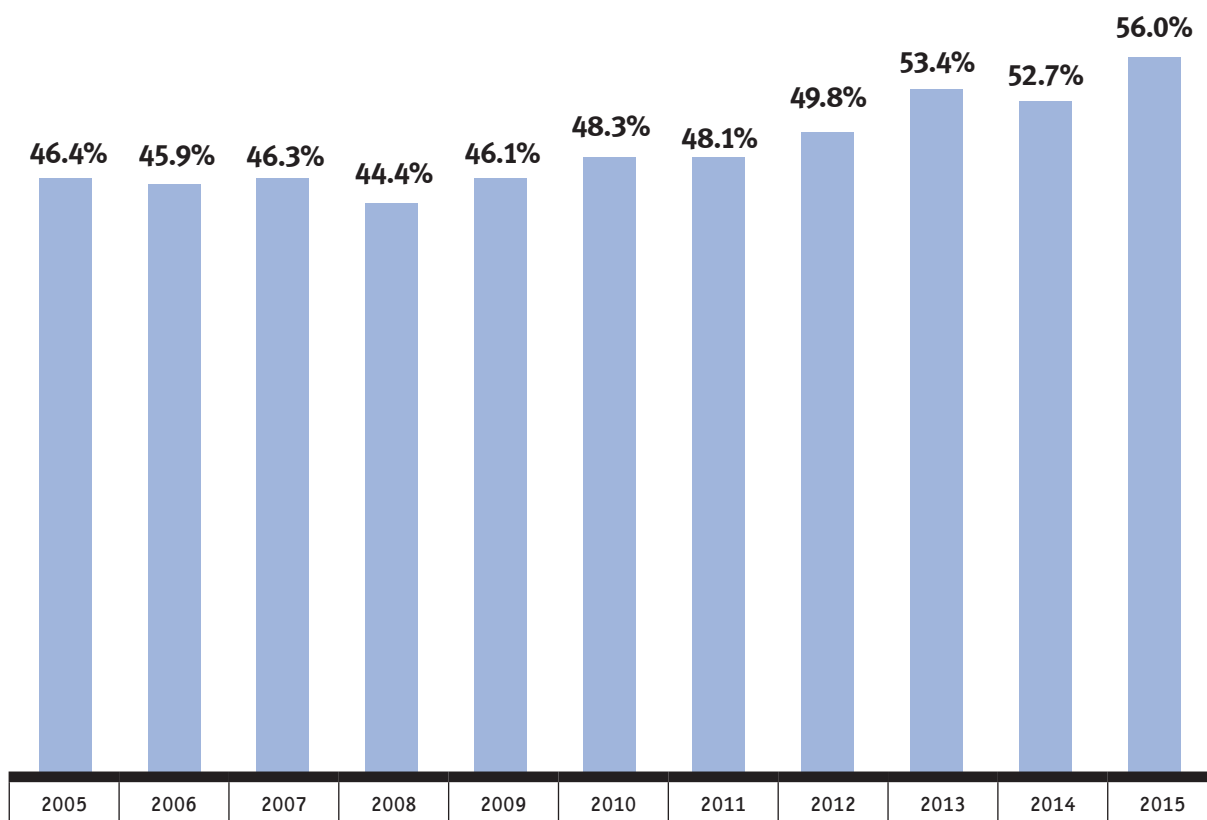
During the 1980s and 1990s, the success rate in the matriculation

exams rose by 10 percent each decade – from 20% in 1980 to 30% in 1990 to 40% in 2000. In the first decade of the twenty-first century, the success rate experienced ups and downs. Only in 2013, for the

first time, did the success rate exceed 50%, going up to 53.4%, and in 2015 rising again to 56%.

Attempts to explain the high poverty and low-wage levels in Israel must begin with these figures.

Percentage of 17-Year-Olds Passing Matriculation Exams, 2005–2015



Note: The cohort of 17-year-olds includes students in ultra-Orthodox and East Jerusalem schools.

Sources: Ministry of Education, PowerPoint presentation, State of Secondary School Education, national figures, 2014–2015; Ministry of Education, "Matriculation Exam Figures," various years.

HIGH SCHOOL VOCATIONAL TRACKS

In recent years, some Israelis, particularly industrialists, have demanded that high school vocational education be increased. This demand creates the impression that vocational education is a thing of the past. While it is true that vocational education is not as extensive as it was in the 1990s, when roughly half of all high school students studied in vocational tracks, it is still significant today (2015–2016), with 36% of Jewish and 45% of Arab high school students enrolled in vocational tracks.¹⁴

Furthermore, vocational tracks are still the main course of study available in high schools in Jewish development towns, poor neighborhoods, and Arab localities. Often vocational tracks are found in so-called comprehensive high schools that include one or two academic tracks as well.

The main critique of vocational tracks over the years has been that the educational achievements of these students fall below those in academic tracks. The table on the next page shows that 40.7% of high school

graduates in academic tracks in 2007 had begun academic studies by 2015, compared with 32.8% of high school graduates in vocational tracks.¹⁵

Vocational tracks are not run by the state, but rather by non-state networks that have specialized in vocational education. These networks became key providers of education in the early years of the state, when the Ministry of Education was hard pressed to provide suitable schools in the immigrant settlements and Arab localities. Schools in the new immigrant communities suffered from high dropout rates and a low proportion of students in high schools.¹⁶ In 1965, the Ministry of Education signed agreements with vocational school networks, mainly ORT and Amal, in an effort to increase the number of high school students. Underlying this was the assumption that vocational training was better suited to the abilities of the young people in these largely Mizrahi communities than an academic education, which was the standard for the children of largely Ashkenazi

veteran Israelis. In short order, vocational schools had become the mainstay of immigrant towns. Vocational schools entered Arab localities only in the 1990s, and today serve approximately half the youth there.

Note that vocational education has undergone many changes over the years. Today, one can study for a full matriculation certificate in a number of technological tracks; for example, one can study cosmetology and take the matriculation exam in this subject at a 3-unit level of difficulty. The matriculation exam also includes many more subjects at a 5-unit level of difficulty, which expands the options for admission to institutions of higher learning. The most recent development is the engineering track, which serves about a third of all students in the technological track, and these studies now include, in addition to technology courses, mathematics, Hebrew, and English at a level similar to that of academic schools.

High schools by ownership and type of locality, 2014

Networks operating four or more schools, in absolute numbers and percentages

	Total high schools		High schools owned by the local authority		High schools not owned by the local authority	
	Absolute numbers	Percentages	Absolute numbers	Percentages	Absolute numbers	Percentages
Total	624	100%	286	46%	338	54%
Forum of 15	191	100%	108	57%	83	43%
Arab localities	138	100%	73	53%	65	47%
Jewish development towns	79	100%	18	23%	61	77%
Jewish localities in socio-economic clusters 1–5	123	100%	53	43%	70	57%
Judea, Samaria, and the Golan	19	100%	2	11%	17	89%
Other localities	74	100%	32	43%	42	57%

Note: The figures do not include ultra-orthodox schools.

Source: Adva Center analysis of data from the website of the Ministry of Education, Teleprocessing and Data Systems Department, "Municipal Budget," May 2016.

WHO GOES ON TO COLLEGE?

Students who begin to study in institutions of higher learning do not proportionately represent the various groups in Israeli society. The table below presents the figures for those who graduated high school in 2007 and began university or an academic college within 8 years of their high school graduation, i.e., by 2015.

The highest percentages are for Jews residing in localities ranked in high

socio-economic clusters who were enrolled in academic tracks. The lowest percentages are for Arabs living in localities ranked in low socio-economic clusters.

Among Jews there is a significant difference between the proportion of those studying in universities and academic colleges coming from academic tracks – 40.7% – and those coming from vocational tracks – 32.8%. The proportion

of high school graduates from localities ranked in the three highest socioeconomic clusters – 52.4% – is double that of high school graduates from localities ranked in the four lowest socio-economic clusters – 23.8%.

Also, the proportion of women going on to college is higher than that of men: 38.4% compared with 29.7%.

High School Graduates of Class of 2007 Enrolled in Universities and Academic Colleges in Israel by 2015

By various characteristics, in percentages of total high school graduates in each row

Total	34.3%
Men	29.7%
Women	38.4%

Hebrew Education – total	37.9%
Men	32.8%
Women	42.8%
Graduates academic track	40.7%
Graduates vocational track	32.8%
Reside in localities in socio-economic clusters 1–4	23.8%
Reside in localities in socio-economic clusters 5–7	39.3%
Reside in localities in socio-economic clusters 8–10	52.4%
Arab Education – total	18.7%
Men	15.8%
Women	21.2%
Graduates academic track	18.8%
Graduates vocational track	18.8%
Reside in localities in socio-economic clusters 1–4	18.9%
Reside in localities in socio-economic clusters 5–7	35.8%
Reside in localities in socio-economic clusters 8–10	18.3%

Note: Most Arab localities are in socio-economic clusters 1–4.

Source: CBS, *Statistical Abstract of Israel 2016*, September 2016.

MOST UNDERGRADUATES HAIL FROM AFFLUENT LOCALITIES

Another figure that demonstrates the gaps in higher education is the proportion of undergraduates among the 20–29 cohort in the locality. We use this figure because it enables us to present a list of localities according to the proportion of undergraduate students who live there.

During the 2014/15 academic year, 21.5% of 20–29-year-olds from affluent Jewish localities were enrolled as undergraduates in universities or academic colleges in Israel. In the Forum of 15, that

number was slightly less at 17.2%.¹⁷ The corresponding figure for Arab localities was 9.1% – the lowest of all the categories of localities examined. In Jewish development towns, the rate of 12.6% was higher than the Arab localities, but still far from the affluent communities.

Differentiating between universities and academic colleges, it turns out that 11.0% of the age group from affluent Jewish localities were enrolled in universities, compared with 8.1% of the Forum of 15 localities and approximately 5%

of those from Jewish development towns or Arab localities.

For private academic colleges that do not receive state funding, the corresponding figures are 5.9%, 4.7%, 1.7%, and 1.2%. The figures for all academic colleges are disturbing in view of the fact that one of the paramount goals of some of them – the public ones – was to provide opportunities for residents of Israel's socio-economic periphery.

Undergraduates in Israeli Universities and Academic Colleges, 2014/15

By type of locality, percentage of 20–29 age group

Type of locality	Total	Universities	Academic Colleges – total	Thereof:	
				State-funded academic colleges	Non state-funded academic colleges
National average	14.0%	6.8%	7.2%	4.2%	3.1%
Affluent Jewish localities	21.5%	11.0%	10.5%	4.6%	5.9%
Forum of 15	17.2%	8.1%	9.1%	4.4%	4.7%
Jewish development towns	12.6%	5.3%	7.2%	5.5%	1.7%
Arab localities	9.1%	5.4%	3.7%	2.5%	1.2%

Notes:

1. The CBS publishes data only for localities having at least 30 undergraduates.
2. Localities included in the table have at least 2,000 residents. The table does not include localities belonging to regional councils.
3. The national average includes all students in all localities.
4. Academic colleges – all undergraduates in both public (state funded) and private (not state-funded) colleges.
5. The percentages in the table were calculated from the original data and therefore may show discrepancies up to a tenth of a percent.
6. Affluent localities are defined as those belonging to socio-economic clusters 8–10, all of which are Jewish.

Sources: Adva Center analysis of data on the CBS website, *Local Authorities in Israel – 2014*; data about undergraduates enrolled in universities and academic colleges provided courtesy of the CBS Higher Education Division, June 2016.

Undergraduates in Universities and Academic Colleges, by Residence, 2014/15

Percentage of 20–29-year-olds, localities with 30 students or more, in descending order

Locality	Total	Universities	Academic Colleges – total	Thereof:	
				State-funded colleges	Non state-funded colleges
National average	14.0%	6.8%	7.2%	4.2%	3.1%
Meitar	33.8%	18.3%	15.5%	12.5%	3.0%
Savyon	33.6%	15.5%	18.1%	5.1%	13.0%
Omer	33.4%	15.7%	17.7%	9.1%	8.5%
Kfar Shmaryahu	32.5%	11.3%	21.1%	4.1%	17.0%
Kokhav Ya'ir	32.1%	19.8%	12.3%	6.7%	5.7%
Lehavim	31.3%	18.9%	12.3%	8.6%	3.7%
Shoham	30.8%	18.7%	12.1%	4.6%	7.5%
Efrat	30.6%	20.6%	10.1%	6.7%	3.4%
Har Adar	30.6%	18.2%	12.4%	6.0%	6.5%
Kfar Veradim	30.5%	17.2%	13.3%	10.3%	3.0%
Kfar Tavor	30.5%	17.3%	13.2%	9.5%	3.8%
Modi'in-Makkabim-Reut	27.3%	14.8%	12.5%	6.1%	6.5%
Ra'anana	27.0%	14.5%	12.5%	4.9%	7.5%
Ramat Yishai	26.7%	13.1%	13.6%	10.8%	2.9%
Mazkeret Batya	26.7%	12.4%	14.4%	7.2%	7.1%
Pardesiya	25.9%	12.1%	13.8%	6.8%	7.0%
Kafr Kama	25.8%	10.9%	15.0%	14.2%	0.8%
Qiryat Ono	25.7%	12.2%	13.5%	3.8%	9.7%
Ramat Hasharon	25.3%	12.3%	13.1%	4.5%	8.5%
Elkana	25.1%	19.6%	5.5%	2.1%	3.4%
Oranit	25.1%	15.7%	9.4%	3.2%	6.2%
Givat Shmuel	24.9%	17.4%	7.6%	2.6%	5.0%
Metulla	24.5%	4.5%	20.0%	18.3%	1.7%
Even Yehuda	24.5%	11.8%	12.7%	6.0%	6.7%
Ganei Tikva	24.2%	12.2%	12.0%	4.7%	7.2%
Yesod Hama'ala	23.6%	9.6%	14.0%	12.0%	1.9%
Alfe Menashe	23.5%	14.6%	8.9%	4.0%	5.0%
Nesher	23.4%	16.6%	6.8%	4.6%	2.2%
Qiryat Tiv'on	23.2%	13.4%	9.8%	7.1%	2.7%
Nes Ziyonna	22.9%	10.6%	12.3%	4.9%	7.4%
Beit Aryeh	22.8%	14.4%	8.4%	2.8%	5.6%
Kedumim	22.6%	18.5%	4.2%	2.9%	1.2%

Locality	Total	Universities	Academic Colleges – total	Thereof:	
				State-funded colleges	Non state-funded colleges
Hod Hasharon	22.4%	12.4%	10.0%	4.2%	5.8%
Yehud	22.2%	9.7%	12.4%	4.2%	8.2%
Herzliyya	21.9%	9.0%	12.9%	4.4%	8.5%
Fassuta	21.8%	13.4%	8.4%	6.5%	1.9%
Rosh Pinna	21.6%	6.6%	15.1%	13.3%	1.8%
Kfar Saba	21.6%	12.2%	9.5%	4.5%	5.0%
Qiryat Motzkin	20.7%	11.5%	9.3%	6.8%	2.5%
Mevasseret Ziyon	20.7%	10.7%	10.0%	5.7%	4.3%
Gan Yavne	20.6%	7.5%	13.1%	8.4%	4.8%
Zikhron Ya'akov	20.4%	12.1%	8.3%	5.3%	3.0%
Tel Mond	20.4%	11.0%	9.3%	4.3%	5.1%
Givatayim	20.3%	9.8%	10.5%	4.6%	5.9%
Gedera	20.0%	8.8%	11.2%	6.7%	4.5%
Beit El	19.6%	9.0%	10.6%	8.0%	2.6%
Karmiel	19.6%	8.2%	11.5%	9.7%	1.8%
Mi'ilya	19.5%	11.2%	8.3%	4.9%	3.4%
Rishon Leziyyon	18.9%	6.8%	12.2%	4.4%	7.8%
Kadima-Tzoran	18.9%	9.6%	9.3%	5.4%	4.0%
Karnei Shomron	18.9%	13.6%	5.3%	2.9%	2.4%
Nahariyya	18.6%	10.1%	8.6%	6.0%	2.6%
Migdal	18.1%	4.3%	13.8%	9.0%	4.7%
Rehovot	18.1%	8.4%	9.7%	4.7%	5.0%
Petah Tikva	18.0%	10.3%	7.7%	2.8%	4.9%
Qiryat Bialik	18.0%	9.2%	8.8%	6.6%	2.2%
Ramat Gan	17.7%	8.4%	9.3%	4.0%	5.3%
Haifa	17.6%	11.5%	6.1%	3.7%	2.4%
Jish	17.6%	11.5%	6.1%	5.9%	0.2%
Rosh HaAyin	17.5%	10.7%	6.8%	2.7%	4.2%
Hurfeish	17.5%	7.7%	9.8%	7.9%	2.0%
Binyamina-Giv'at Ada	17.5%	9.6%	7.9%	5.8%	2.0%
Ma'ale Adummim	17.4%	7.6%	9.9%	6.9%	2.9%
Nazareth Illit	17.3%	7.7%	9.7%	7.5%	2.1%
Tel Aviv-Yafo	17.3%	8.2%	9.1%	3.8%	5.3%
Yoqne'am Illit	17.1%	8.6%	8.5%	6.6%	1.9%
Peki'in	16.6%	8.9%	7.8%	4.8%	3.0%

Locality	Total	Universities	Academic Colleges – total	Thereof:	
				State-funded colleges	Non state-funded colleges
Daburiyya	16.6%	8.9%	7.7%	4.5%	3.2%
Elyakhin	16.6%	6.5%	10.0%	5.7%	4.4%
Yavne	16.5%	6.4%	10.1%	5.2%	4.9%
Kiryat Shmona	16.2%	3.8%	12.4%	11.0%	1.3%
Bene Ayish	16.1%	6.9%	9.3%	5.2%	4.1%
Eilabun	16.1%	10.0%	6.1%	4.7%	1.3%
Rama	15.9%	9.7%	6.2%	5.5%	0.7%
Shlomi	15.7%	8.6%	7.1%	5.4%	1.7%
Ma'alot-Tarshiha	15.4%	7.9%	7.5%	6.4%	1.1%
Kafr Yasif	15.3%	10.4%	4.9%	3.0%	1.9%
Holon	15.3%	5.0%	10.3%	4.4%	5.9%
Qiryat Ata	15.2%	7.7%	7.5%	5.5%	2.1%
Ashkelon	15.1%	6.0%	9.1%	6.8%	2.3%
Giv'at Ze'ev	15.1%	6.3%	8.9%	5.7%	3.2%
Katzrin	15.0%	7.5%	7.6%	6.4%	1.2%
Azor	14.7%	4.6%	10.1%	3.3%	6.8%
Be'er Sheva	14.5%	6.0%	8.5%	7.1%	1.4%
Yafi'a	14.5%	8.8%	5.7%	4.2%	1.5%
Ashdod	14.5%	5.6%	8.9%	5.8%	3.1%
Kaukab abu al-Hija	14.4%	10.0%	4.4%	3.0%	1.4%
Qiryat Ekron	14.4%	5.7%	8.7%	4.3%	4.4%
Afula	14.3%	5.3%	9.0%	7.3%	1.7%
Qiryat Yam	14.3%	7.4%	6.8%	5.2%	1.6%
Pardes Hanna-Karkur	14.2%	6.7%	7.5%	5.0%	2.6%
Netanya	14.1%	5.7%	8.4%	3.5%	4.9%
Julis	14.0%	6.2%	7.8%	5.6%	2.2%
Be'er Ya'akov	14.0%	4.1%	9.9%	2.7%	7.2%
Qiryat Arba	13.9%	4.6%	9.4%	7.0%	2.4%
Akko	13.8%	7.9%	5.9%	4.1%	1.8%
Qiryat Gat	13.5%	5.6%	7.9%	5.8%	2.1%
Ghajar	13.3%	1.9%	11.5%	10.1%	1.4%
Beit Jann	13.0%	5.0%	8.0%	6.0%	2.1%
Maghar	13.0%	6.8%	6.2%	5.0%	1.2%
Kfar Yona	12.9%	5.4%	7.4%	4.0%	3.4%
Hadera	12.8%	5.5%	7.3%	4.3%	3.0%
Ariel	12.7%	10.6%	2.0%	0.9%	1.2%

Locality	Total	Universities	Academic Colleges – total	Thereof:	
				State-funded colleges	Non state-funded colleges
Bet Shean	12.7%	6.2%	6.5%	5.0%	1.4%
Beit Dagan	12.6%	4.7%	7.9%	2.4%	5.5%
Nazareth	12.5%	7.8%	4.7%	3.4%	1.3%
Tirat Carmel	12.5%	7.0%	5.5%	3.4%	2.1%
Sakhnin	12.4%	7.1%	5.4%	4.2%	1.2%
Migdal Ha'emek	12.3%	4.0%	8.4%	6.7%	1.7%
Or Akiva	12.2%	5.7%	6.6%	3.3%	3.2%
Safed	12.0%	5.5%	6.5%	5.6%	0.9%
Or Yehuda	11.9%	3.4%	8.4%	1.9%	6.5%
Jatt	11.6%	8.2%	3.4%	2.7%	0.7%
Tiberias	11.6%	5.6%	6.0%	4.4%	1.6%
Sderot	11.6%	2.4%	9.2%	7.8%	1.4%
Hatzor Hagelilit	11.6%	3.4%	8.2%	6.9%	1.2%
Majd al-Kurum	11.5%	7.6%	3.9%	3.2%	0.7%
Mitzpe Ramon	11.5%	4.1%	7.4%	6.0%	1.4%
Eilat	11.4%	7.6%	3.9%	2.3%	1.6%
Ma'aleh Efrayim	11.4%	7.5%	4.0%	2.2%	1.8%
Dimona	11.3%	4.3%	7.0%	5.6%	1.4%
Majdel Shams	11.2%	5.3%	5.9%	5.6%	0.3%
Arad	11.1%	5.2%	5.9%	4.8%	1.1%
Jdeidi-Maker	11.1%	7.8%	3.3%	2.3%	1.1%
Deir Hana	11.0%	5.2%	5.7%	4.0%	1.7%
Shibli – Umm al-Ghanem	11.0%	5.2%	5.7%	4.3%	1.4%
Yanuh-Jatt	10.8%	4.7%	6.1%	3.2%	2.9%
Yavne'el	10.7%	4.1%	6.5%	5.7%	0.9%
Sajur	10.6%	5.1%	5.6%	3.9%	1.7%
Bat Yam	10.5%	3.8%	6.8%	2.8%	4.0%
Kafr Kara	10.5%	6.1%	4.4%	2.0%	2.4%
I'billin	10.5%	8.0%	2.5%	1.6%	0.9%
Tamra	10.4%	8.0%	2.5%	1.3%	1.2%
Tira	10.4%	6.0%	4.4%	1.1%	3.4%
Kafr Kana	10.3%	7.3%	3.1%	2.1%	1.0%
Qiryat Malakhi	10.3%	3.6%	6.7%	4.7%	2.0%
Bi'ina	10.3%	6.1%	4.2%	3.7%	0.5%
Deir al-Assad	10.2%	4.9%	5.3%	4.1%	1.2%
Kabul	10.1%	8.1%	1.9%	1.4%	0.6%

Locality	Total	Universities	Academic Colleges – total	Thereof:	
				State-funded colleges	Non state-funded colleges
Qiryat Ye'arim	10.1%	2.2%	7.9%	5.4%	2.5%
'Arabe	10.0%	6.2%	3.8%	3.2%	0.6%
Nahef	9.9%	5.8%	4.1%	3.2%	0.9%
Isfiya	9.9%	6.9%	3.0%	1.3%	1.7%
Lod	9.9%	3.8%	6.1%	2.2%	3.9%
'Ein Qiniyye	9.8%	5.1%	4.7%	4.7%	0.0%
Yarka	9.8%	6.7%	3.1%	2.3%	0.8%
Ramla	9.8%	2.8%	6.9%	2.0%	4.9%
Daliyat al-Karmel	9.7%	5.4%	4.3%	2.0%	2.3%
Tur'an	9.7%	7.2%	2.6%	1.5%	1.0%
Shefar'am	9.7%	6.4%	3.3%	2.2%	1.1%
Kafr Kasem	9.6%	6.1%	3.5%	0.5%	3.0%
Mazra'a	9.4%	6.1%	3.4%	2.3%	1.0%
Yeruham	9.3%	4.1%	5.2%	4.0%	1.2%
Zemer	9.2%	5.5%	3.7%	2.2%	1.6%
Jaljulye	9.1%	5.2%	3.9%	0.9%	3.0%
Kfar Bara	9.1%	5.9%	3.2%	0.7%	2.5%
Iksal	9.0%	4.7%	4.3%	2.7%	1.6%
Abu Ghosh	9.0%	4.4%	4.6%	2.1%	2.5%
Netivot	8.8%	2.6%	6.2%	5.0%	1.2%
Ofakim	8.7%	2.4%	6.3%	5.6%	0.7%
Tayibe	8.4%	5.2%	3.3%	1.2%	2.1%
Ka'abiyye-Tabbash Hajajre	8.4%	4.5%	4.0%	2.8%	1.2%
Jerusalem	8.0%	3.7%	4.3%	3.0%	1.3%
Abu Sinan	8.0%	5.7%	2.3%	1.6%	0.7%
Bu'eine-Nujeidat	7.9%	6.2%	1.8%	1.3%	0.5%
Reineh	7.9%	4.6%	3.3%	2.6%	0.7%
Umm al-Fahm	7.9%	5.1%	2.8%	1.7%	1.2%
Mashhad	7.8%	5.7%	2.1%	1.6%	0.5%
Kisra-Sumei	7.7%	3.9%	3.8%	2.7%	1.1%
Bet Shemesh	7.7%	3.1%	4.6%	2.9%	1.6%
Mas'ade	7.7%	4.3%	3.3%	2.9%	0.4%
Baqa Al-Gharbiyye	7.5%	4.8%	2.7%	1.2%	1.5%
Basma	7.1%	4.2%	2.9%	1.7%	1.2%
Qalansawe	7.0%	4.4%	2.6%	0.8%	1.8%

Locality	Total	Universities	Academic Colleges – total	Thereof:	
				State-funded colleges	Non state-funded colleges
Sha'ab	6.8%	5.0%	1.8%	1.6%	0.3%
Ma'ale 'Iron	6.6%	3.6%	3.0%	1.7%	1.2%
Buq'ata	6.5%	1.8%	4.7%	4.6%	0.1%
Zarzir	6.5%	2.9%	3.6%	2.9%	0.7%
Ein Mahil	6.4%	3.9%	2.4%	1.7%	0.7%
Tuba-Zangariyye	6.0%	1.0%	5.0%	4.4%	0.7%
Basmat Tab'un	5.8%	3.6%	2.2%	0.9%	1.2%
Bir al-Maksur	5.7%	4.4%	1.3%	0.9%	0.4%
Ar'ara	5.7%	3.0%	2.6%	1.4%	1.2%
El'ad	5.5%	1.3%	4.2%	1.5%	2.7%
Kafr Manda	5.4%	3.6%	1.9%	1.4%	0.5%
Fureidis	5.1%	3.1%	1.9%	1.0%	1.0%
Lakiya	4.9%	2.5%	2.4%	2.0%	0.4%
Kuseife	4.2%	1.7%	2.5%	2.1%	0.4%
Tel Sheva	4.1%	1.4%	2.7%	2.1%	0.6%
Ilut	4.1%	2.5%	1.6%	1.3%	0.3%
Rahat	4.0%	1.1%	2.9%	2.6%	0.3%
Bnei Brak	3.9%	1.2%	2.7%	1.1%	1.6%
Hura	3.9%	1.8%	2.2%	2.0%	0.1%
Betar Illit	3.9%	0.8%	3.1%	2.0%	1.1%
Emmanuel	3.7%	1.0%	2.7%	0.8%	1.9%
Segev Shalom	3.2%	0.9%	2.3%	2.3%	-
Rekhasim	2.8%	1.2%	1.6%	1.2%	0.4%
Ar'ara Banegev	2.6%	0.9%	1.7%	1.5%	0.1%
Modi'in Illit	2.4%	0.7%	1.7%	1.1%	0.6%
Jisr az-Zarka	2.0%	1.2%	0.8%	0.3%	0.4%

Notes:

1. The CBS publishes data only for localities having at least 30 undergraduates.
2. Localities included in the table have at least 2,000 residents. The table does not include localities belonging to regional councils.
3. The national average includes all undergraduates from all localities in universities and academic colleges.
4. Academic colleges – all undergraduates in both public (state-funded) and private (not state-funded) colleges.
5. The percentages in the table were calculated from the original data and therefore may show discrepancies of up to a tenth of a percent.

Sources: Adva Center analysis of CBS, *Local Authorities in Israel – 2014*, on the CBS website; data about undergraduates enrolled in universities and academic colleges provided courtesy of the CBS Higher Education Division, June 2016.

Health and Income Level

HEALTH: DOUBLING THE BURDEN OF HOUSEHOLD PAYMENTS

We have seen that government expenditures in Israel are lower than those of western European countries. This is clearly evident in the area of health, where government funding for health services has eroded. As a result, the burden of household payments for health services has become much more onerous.

Those who purchase medical insurance in addition to national health insurance make use of these policies primarily to choose a surgeon or pay for medications that are not covered.

In 2000, the total burden of additional services paid out to health funds and private insurance companies was NIS 4.6 billion. By

2015, this had ballooned to NIS 13.0 billion.

How do we arrive at these figures? These sums represent the total income of health funds and insurance companies from the sale of supplemental insurance policies and, in the case of health funds, co-payments.

Income of Health Funds and Insurance Companies from Payments Made by Households

In addition to the health tax, 2000–2015
In NIS billions at 2015 prices

	2000	2002	2004	2006	2008	2010	2012	2014	2015 (estimate)
Health fund income from the sale of supplemental insurance	1.1	1.5	2.0	2.1	2.7	3.2	3.6	4.2	4.7
Health fund income from co-payments for medications and services	2.4	2.8	3.3	3.4	3.3	3.2	3.2	3.4	3.6
Insurance company income from the sale of health insurance	1.2	1.5	2.0	2.3	2.9	3.2	3.8	4.3	4.7
Total income of health funds (in addition to government transfers) and insurance companies	4.6	5.8	7.3	7.8	8.9	9.6	10.8	11.8	13.0

Notes:

1. Some of the increase shown here is due to a technical change: The figures above were issued by the Capital Market, Insurance, and Savings Department of the Ministry of Finance, and are higher than the figures used in previous years, issued by the Central Bureau of Statistics.
2. Health fund income from co-payments for medications and services includes Health Fund revenues received in the framework of the National Health Insurance Law (medications, doctors' fees, various quarterly payments) as well as for medications and treatments not included in the Health Law.
3. Does not include nursing care insurance or other insurance.

Source: Adva Center analysis of data received courtesy the Department of National Accounts at the CBS.

EROSION OF THE PRINCIPLE OF EQUITABLE AND UNIVERSAL SERVICE: MORE INCOME = MORE HEALTH SERVICES

Since households differ from one another in income, when the burden of financing is shifted from the state to the consumers of health services, the result is inequality in expenditures on health.

Everyone pays more, but families with high incomes can afford to purchase more medical insurance than families with low incomes.

In 2015, the share of medical insurance policies above and beyond national health insurance accounted for 34% of household expenditure on health.

That same year, the average monthly expenditure of households in the top income decile on medical insurance purchased from insurance companies was NIS 300, and the

average monthly expenditure on supplemental medical insurance policies purchased from the health funds was NIS 296. Thus, the total monthly outlay on extra insurance policies was NIS 596.

In contrast, the average monthly expenditure of households in the second lowest decile on medical insurance purchased from insurance companies was NIS 21, and the average monthly expenditure on supplemental medical policies purchased from the health funds was NIS 124, for a total of NIS 145 – 24% of the average expenditure of households in the top decile.

Note that the above figures are averages for each decile, while many households in the lower income

deciles purchase no additional medical insurance.

Extra insurance policies are harmful in the following ways:

First, they have an adverse effect on the universality of the public health system. Those with extra insurance policies receive priority when it comes to surgery.

Second, they result in senior physicians leaving public hospitals in the afternoon in order to perform private operations covered by extra insurance policies, resulting in waiting lists for surgery in the public health system.

A survey of accessibility to health services by income bracket would no doubt find large discrepancies.

Total Monthly Expenditure of Households on Extra Medical Insurance from Insurance Companies and from the Health Funds, Income Deciles 2, 6 and 10, 2005–2015

By income decile, net household income, in NIS at 2015 prices

	2005	2007	2009	2011	New series	
	2005	2007	2009	2011	2013	2015
Decile 2						
Total	71	83	89	114	130	145
Insurance company policies	8	18	11	22	21	21
Health fund policies	63	65	79	92	109	124
Decile 6						
Total	159	193	198	230	261	312
Insurance company policies	46	62	50	65	73	101
Health fund policies	112	131	148	165	188	211
Decile 10						
Total	368	370	424	539	530	596
Insurance company policies	205	182	215	285	246	296
Health fund policies	163	188	209	255	283	300

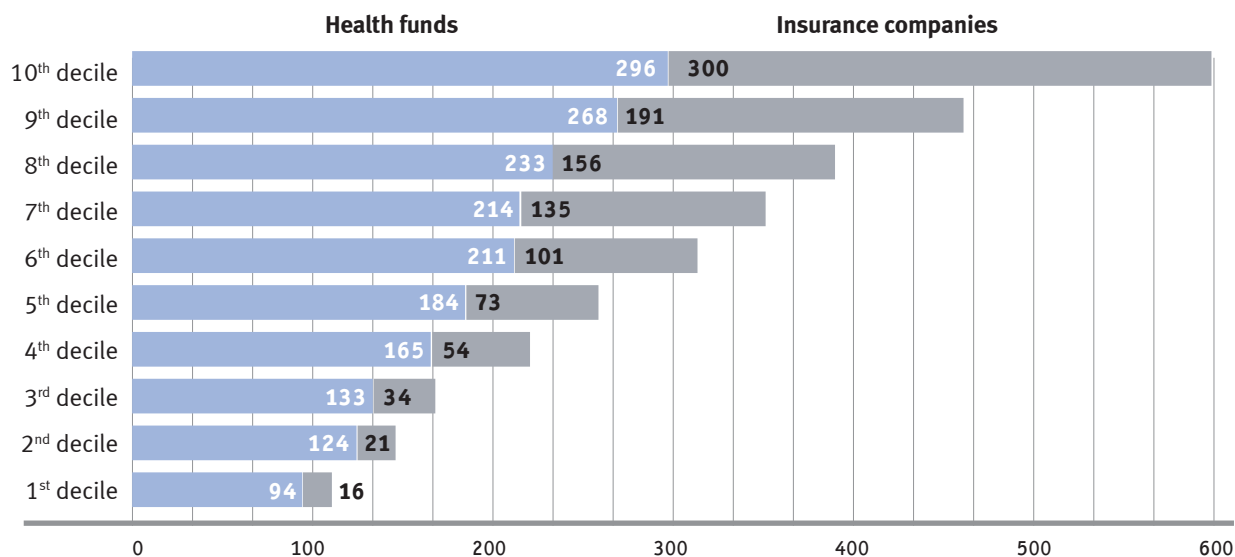
Notes:

1. Figures are rounded off and may show a slight discrepancy in the totals.
2. The calculation of expenditures on health insurance per household for the years 2013–2015 is based on the revised version of the Household Expenditures Survey.

Source: Adva Center analysis of data provided courtesy of the Consumption Department, CBS, January 2017.

Total Monthly Household Expenditure on Extra Medical Insurance from Insurance Companies and Health Funds, by Income Decile, 2015

By net income, in NIS at current prices



Source: Adva Center analysis of data provided courtesy of the Consumption Department, CBS, January 2017.

GAPS IN INFANT MORTALITY AND LIFE EXPECTANCY

We have seen that when the government retreats from fully funding health services, affluent families have more medical insurance than poor families.

Health, however, is not only a function of the financial ability to purchase extra medical insurance. Health status is a reflection of quality of life and general class-based differences – nutrition, environmental quality, place of residence, awareness of health hazards, quality of transportation and employment, distance from medical services, and more.

Differences in quality of life are

reflected in two main indicators, used throughout the world to demonstrate health discrepancies – infant mortality and life expectancy.

The figures published in Israel for these two indicators do not allow us to make distinctions beyond differences between Jews and Arabs. In 2014, average infant mortality in Israel was 3.1 per one thousand live births, placing Israel 15th among OECD countries. The infant mortality rate decreased sharply since 1970 among both Jews and Arabs.¹⁸

Today (2010–2014), however, infant mortality among Arabs – 6.4 – is still 2.6 times the rate among Jews.

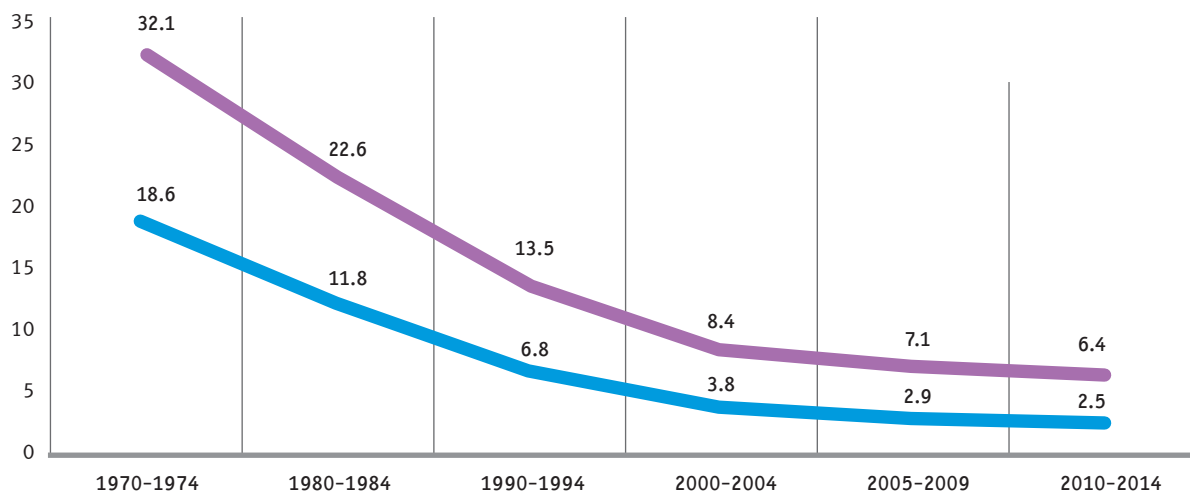
The same picture emerges with regard to life expectancy at birth: In 2014, the life expectancy of men in Israel was 80.3 years, placing Israel an impressive third among OECD countries. In contrast, the life expectancy of women was 84.1; while higher than men, it ranked Israel lower among OECD countries – in 12th place.

Life expectancy in Israel is continually rising. And yet, the life expectancy of Jewish men in 2015 – 80.9 – was higher than that of Arab men – 76.9; and the life expectancy of Jewish women – 84.5 – was higher than that of Arab women – 81.1.

Infant Mortality, by Ethnicity

Number of deaths within a year per 1,000 live births

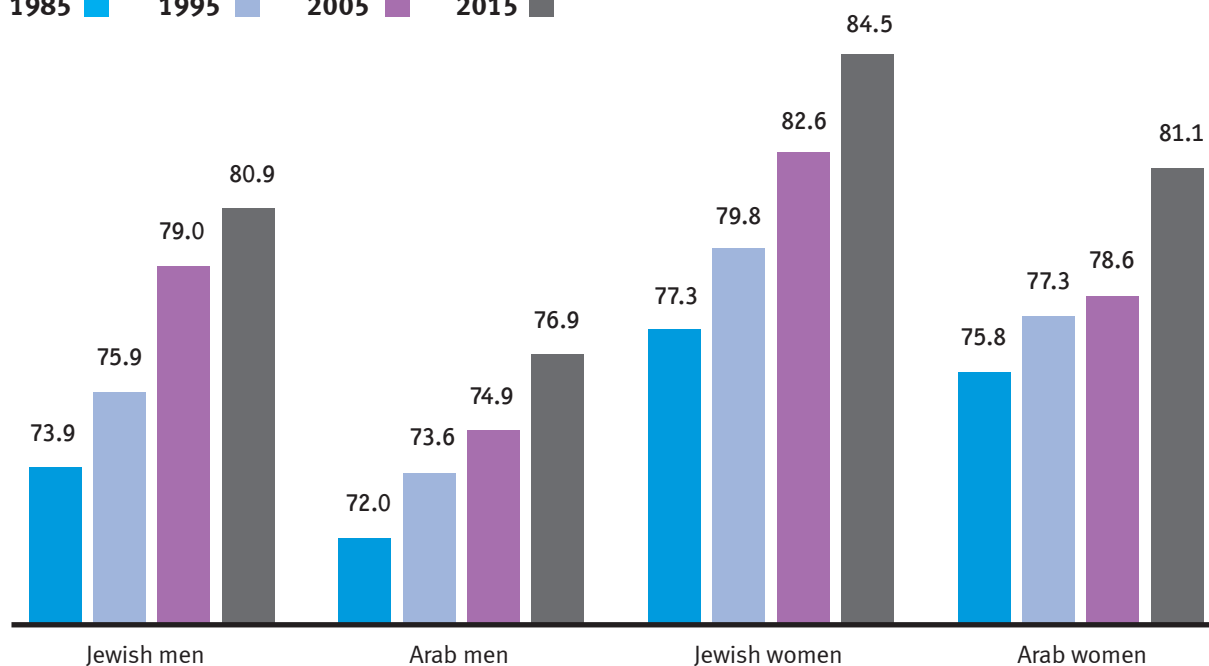
Jews
Arabs



Source: CBS, *Statistical Abstract of Israel* 2016.

Life Expectancy at Birth, by Ethnicity and Gender, 1985–2015

1985 ■ 1995 ■ 2005 ■ 2015 ■



Sources: CBS, *Statistical Abstract of Israel*, various years; CBS, "Mortality and Life Expectancy" on the CBS website.

Endnotes

1. Bank of Israel, *Report 2015*, March 2016.
2. In the years 2009–2016. Adva Center analysis of the Central Database of the CBS.
3. Miri Endeweld and Oren Heller, *Wages, the Minimum Wage, and their Contribution to Reducing Poverty: Israel in an International Comparison*, National Insurance Institute, December 2014 [Hebrew].
4. Adva Center, *Gender Salary Gaps in Israel* by Yael Hasson and Noga Dagan–Buzaglo, December 2015.
5. CBS, *Labor Force Surveys Monthly*, November 2016.
6. National Insurance Institute, *Poverty and Social Gaps – 2014*, December 2015 .
7. Calculations by the Adva Center based on data in *OECD Stat*.
8. In January 2012, the CBS changed its system of calculating unemployment to conform to OECD requirements. Now data are collected monthly and include not just the civilian work force, but also persons serving in the military as conscripts or professionals. Hence, the unemployment figures are higher than those reported previously. CBS, Media Release, *Workforce Survey Data from November 2016*, 22 December 2016.
9. 8.3% in October 2016. Source: http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=une_rt_m&lang=en
10. The system of calculating job seekers by locality was changed by the Employment Service, hence some of the figures published here about job seekers by locality do not conform to the trends presented in previous publications.
11. The government budget for social services (expenditures designed to support households and individuals at times of distress, such as pensions, allowances, services for infants, the elderly, and the disabled, and tax benefits) was 16% of the GDP in Israel (2015), near the bottom of the scale of OECD countries (Adva Center, *Israel: A Social Report 2014*). Source: http://stats.oecd.org/index.aspx?datasetcode=socx_agg.
12. See Khalid Arar and Kussai Haj–Yehia (2010), Emigration for higher education: The case of Palestinians living in Israel studying in Jordan. *Journal of Higher Education Policy*, 23, 358–380; CBS, *Higher Education in Israel*, Press Release, 9 October 2013.
13. CBS, *Statistical Abstract of Israel 2016*, Table 8.48.
14. CBS, *Statistical Abstract of Israel 2016*, Table 8.19.
15. CBS, *Statistical Abstract of Israel 2016*, Table 8.48.
16. Swirski, Shlomo. 1990. *Education in Israel: Schooling for Inequality*. Tel–Aviv: Breirot .
17. The Forum of 15 are fifteen local authorities that are independent and do not receive balance grants from the government. These are Ashdod, Be'er Sheva, Givatayim, Hadera, Haifa, Herzliyya, Holon, Kfar Saba, Netanya, Petah Tikva, Ra'anana, Ramat Gan, Rehovot, Rishon Leziyyon, and Tel Aviv–Yafo.
18. <https://data.oecd.org/healthstat/infant-mortality-rates.htm>.



מרכז אדפה מרכז אדוה
Adva Center
Information on Equality and Social Justice in Israel