

**ISRAEL:  
A SOCIAL  
REPORT  
2010**



P.O. Box 36529, Tel Aviv 61364  
Telephone: 03-5608871  
Fax: 03-5602205  
www.adva.org  
advainfo@bezeqint.net

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## INTRODUCTION

**T**he countries of Europe and North America are still struggling with the consequences of the financial crisis that erupted at the end of 2008. Israel was also affected, since the United States and the countries of the European Union are its main trading partners and their adversity has a negative effect on Israeli exports.

However, Israel was less affected by the crisis than other countries. While Israel's rate of economic growth dropped to 0.7% in 2009 – after an average growth rate of 5% during the years 2004-2008 – and its unemployment rate rose to 8%, Israel made a quick recovery: in 2010, the economy is expected to register a 4% growth rate. By the middle of 2010, the unemployment rate had dropped to 6.3%. Israel has received many compliments for its macro-economic stability, in comparison with the emergency measures instituted by other countries, among them England and France, and in comparison with the even larger difficulties experienced by countries like Ireland and Greece. However, it should be remembered that Israel had already instituted similar emergency measures in 2001-2003, in the course of a deep recession brought on by the second intifadah: education and health services were adversely affected following cuts in their budgets; social security payments were also reduced; and the poverty rate jumped to a new level, where it has remained ever since. Moreover, the appearance of macro-economic stability conceals inequality that continues to grow in many areas: uneven economic

growth, the concentration of investments in limited sectors of the economy, widening income disparities, large gaps in educational achievements and college attendance, disparities in access to medical services and widening gaps in retirement savings.

Israel's current macro-economic policy focuses on maintaining stability and increasing economic growth. The data presented in this document point out how problematic this policy is, accompanied as it is by a continuous increase in inequality. Israeli society is in need of concerted social action to narrow existing inequalities and to compensate for the harm done to its social services and social safety net in the course of the past decade, as well as to ensure that future economic growth will encompass many more Israelis. Increasing the degree of equality and social justice requires active social policies designed to distribute collective resources fairly, stimulate full employment, ensure a living wage, re-institute public control over retirement savings, provide quality public education for all children, maintain public health services, and guarantee a reliable social safety net.

Most of the annual figures utilized in **Israel: A Social Report** are published by the Israel Central Bureau of Statistics (CBS) a year late. Thus the picture presented here is mostly for 2009. However, in most of the tables and figures, we also present figures for the past ten years, 2000-2009, so as to allow the identification of long-term processes.

## THE DOUBLE JEOPARDY OF THE ISRAELI ECONOMY

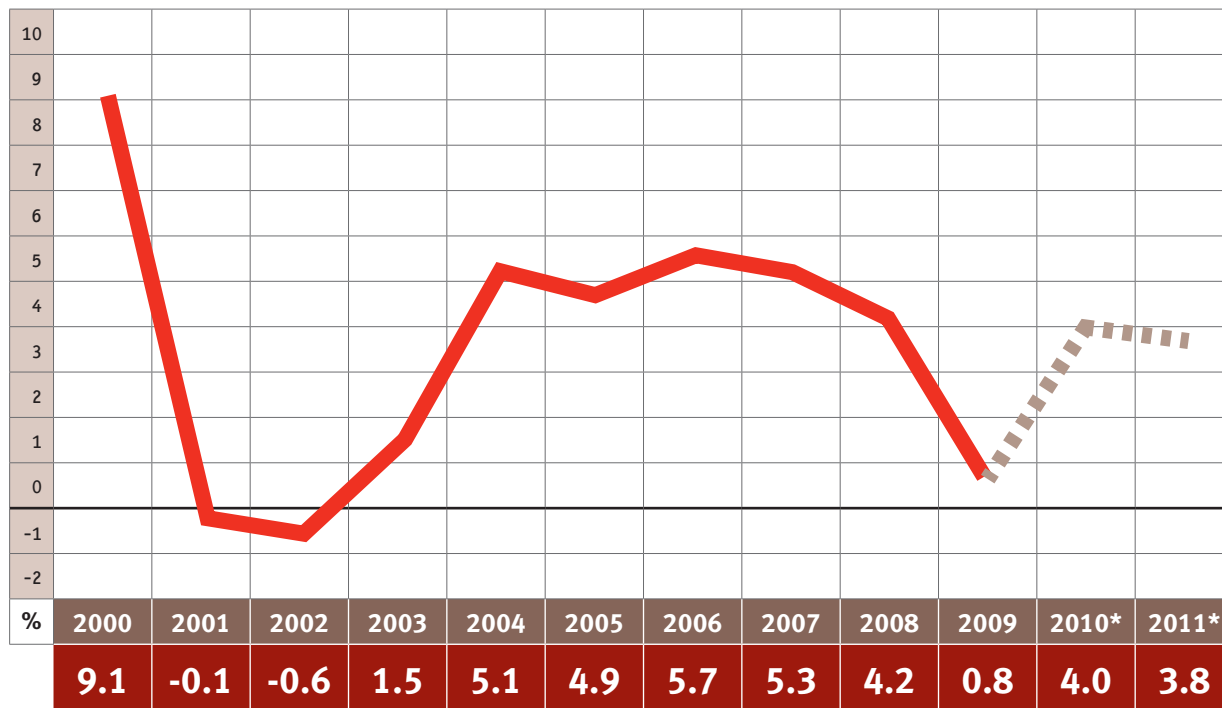
Israel's economy is subject to double jeopardy. Along with many other countries, it is subject to the threat of global economic crises, like the present one. But Israel is also subject to the threat of violent political conflicts due to the volatile situation in the region, and especially the absence of a political solution to the Israeli-

Palestinian conflict. In the past three decades, Israel experienced two Palestinian uprisings against its continuing occupation – the first and second intifadahs. The figure presented below clearly outlines the problem of double jeopardy. The first crisis occurred at the beginning of the present decade, with the outbreak of the

second intifadah; the second crisis occurred towards the end of the decade, with the global financial crisis. Between the two crises, Israel enjoyed five years of economic growth that averaged a healthy 5%. However, this period of growth did not compensate for the losses incurred during the two crises.

### Israel's GDP

2000-2009 and forecast for 2010 and 2011  
Annual change rates



Note: Figures for 2010 and 2011 are estimates.  
Source: Adva Center analysis of IMF, *World Economic Outlook*, October 2010.

## THE DOUBLE JEOPARDY RESULTS IN LOWER ECONOMIC GROWTH

Due to the double jeopardy that faces Israel, in the last decade it registered lower economic growth than many other countries.

The graph below presents annual average GDP per capita growth for selected countries, from 2000 through 2009, the last year for which there are complete figures. China experienced the largest economic growth: its GDP per capita increased by an annual average of 9.6%. India, too, grew by leaps and bounds – by an annual average of 5.2%. China and India are the most prominent countries of South East Asia, many of which experienced high growth rates. Another region that experienced

high growth was Eastern Europe, represented in our graph by Poland, whose average annual per capita GDP growth was 4.1%.

In contrast, Israel's average annual rate of growth of per capita GDP was 1.6%. This is a higher rate than some of the world's richest countries – the United States with 0.8% and Germany with 0.9% – but the per capita GDP in these countries is much higher than that of Israel: approximately \$41,000 in Germany and \$46,000 in the United States, compared with \$27,000 in Israel (2009).

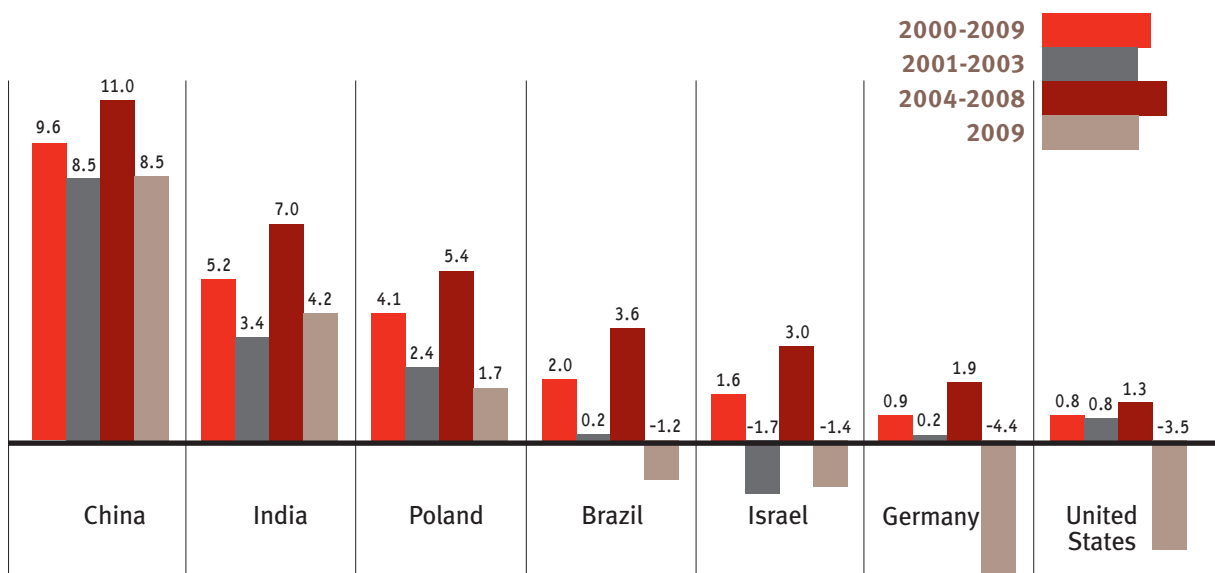
If Israel aspires to a per capita GDP similar to that of Germany and the United States, it needs to grow at a

much faster rate for a long period of time. In the years 2004-2008, the per capita rate of economic growth was 3.0%. However, during the intifadah years, 2001-2003, instead of growing, per capita GDP decreased by an average annual rate of 1.7%, and in 2009, following the global economic crisis, it shrunk once again, by 1.4%; as a result, Israel's average annual per capita growth in 2000-2009 was only 1.6%. Many countries are paying a heavy price for the global crisis. Israel pays this plus the cost of the absence of a political solution to the Israeli-Palestinian conflict.

### GDP Per Capita

Selected countries, 2000-2009

Average change rates in per capita GDP, constant prices, in local currency



## BUSINESS-LED GROWTH IS NOT ENOUGH

Israel's economic leadership puts all its eggs in the business sector. Thus, for example, it reduced government outlays in order to avoid competition with business over sources of credit; it privatized retirement savings funds so that they could be put at the disposal of big business; and it reduced corporate taxes to attract foreign corporations to Israel. These measures were taken under the assumption that the growth stimulated by the business sector would be sufficient to respond to all the needs of Israeli society. The measures did strengthen the business sector, but they did not lead to economic growth benefitting the whole population of Israel.

To illustrate: During the past decade, the highest rate of economic growth was registered in the hi-tech and banking-insurance-provident funds sectors. Hi-tech is the pride and joy of Israeli business: it accounts for about half of Israel's manufacturing exports. However, the hi-tech sector, together with the banking-

insurance-provident funds sector, employs no more than 13% of the Israeli workforce. Moreover, most of the employees in those sectors of the economy have college degrees. This is at a time when most Israeli youngsters – almost three-fourths – do not go on to college within eight years of high school graduation (See page 24). Remuneration in these sectors of the economy is high, but very atypical. Finally, these sectors are located in the center of the country and in the case of banking-insurance-provident funds, in the city of Tel Aviv.

In contrast, the lowest growth rates were registered in the traditional industries. In fact, the activities of those industries shrank throughout the decade. In principle, one could view this phenomenon as a positive indication that the Israeli economy is leaving low-tech behind in favor of a more profitable hi-tech. In reality, the shrinking of traditional industries leaves numerous workers without a source of livelihood. Hi-tech is not an option for them, either because

it requires a college education or because it is located in the center of the country, while the low-tech industries are concentrated in the Galilee and the Negev.

Against the background of these figures, it is clear that Israel's leaders should not be content with economic growth per se and certainly not with economic growth that takes place mainly in the center of the country and benefits a relatively small stratum of the labor market. Rather, they should aspire to economic growth that benefits a broad spectrum of society. This can be achieved, on the one hand, by a technological upgrade of low-tech industries, and on the other, by offering continuing education and vocational training to the relevant parts of the Israeli work force. This requires a concerted effort on the part of the state. It cannot be left to the business sector, because the latter is not motivated by a broad social perspective but rather by the short-term profit considerations of each individual business concern.



## INVESTMENTS CLUSTER IN A NARROW SECTOR OF THE ECONOMY

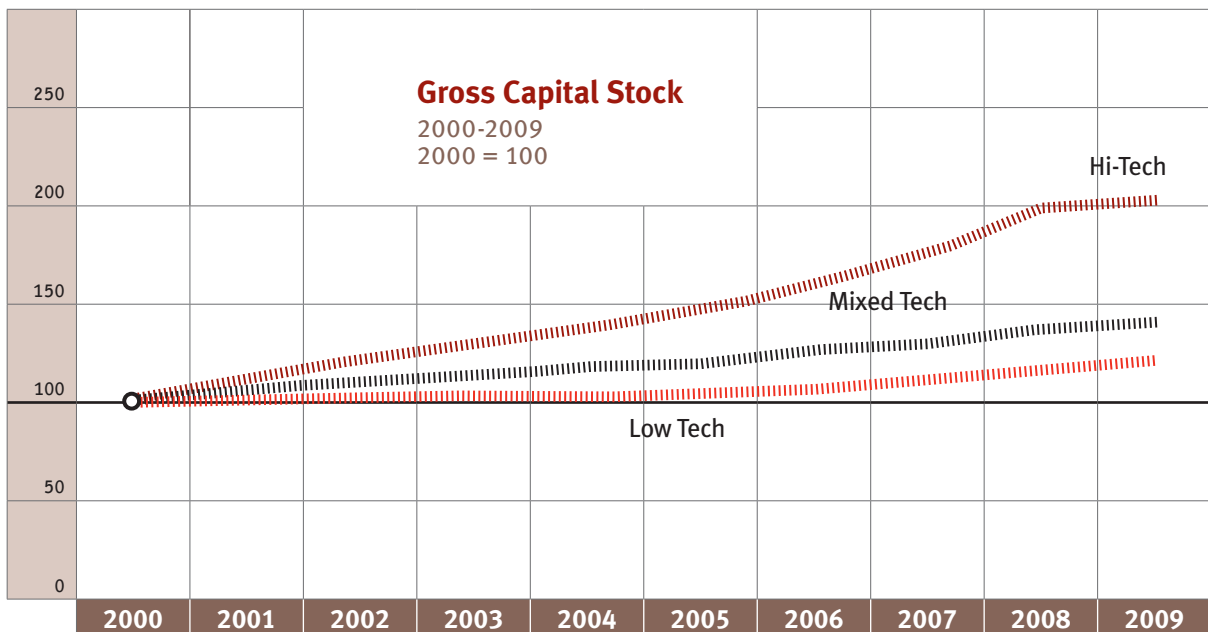
Investments are necessary to stimulate economic growth. To stimulate economic growth that will benefit more and more Israelis, it is necessary for investments to be made in different sectors of the economy and in different parts of the country. During the past decade, investments were concentrated in very few sectors of the economy and in a limited area of the country.

The graph below presents investment figures for the manufacturing sectors of the

economy only. In 2009, the last year for which complete figures are available, hi-tech manufacturing attracted the highest investments, followed by manufacturing based on mixed-hi-tech and low-tech. The picture was the same for the whole 2000-2009 period. Hi-tech attracted the highest investments, which grew by an average annual rate of 8%, including during the intifadah years. In 2009, the capital stock of the hi-tech sector was about double what it had been in 2000.

Investments in the other sectors were far more modest. In the mixed technologies sector, investments grew at an average annual rate of 3.5%; in 2009, the capital stock was about 1.3 times what it had been in 2000.

In the low-tech sector, the average annual rate of growth was 2%. Between 2000 and 2009, its capital stock grew by only 19%. The graph presents the changes in the rate of growth of capital stock for each manufacturing sector.



### Notes:

1. Capital stock – total outlays of factories, government and non-profits on fixed assets for civilian use, construction works in progress, investments in machinery, equipment and vehicles.
2. Mixed Tech manufacturing includes chemicals and oil, mines and quarries, plastic and rubber, machinery and equipment, vehicles, jewelry and decorative ornaments. We include both sub-categories of mixed tech manufacturing: mixed hi-tech and mixed low-tech.

Source: Adva Center analysis of figures obtained from the Bank of Israel.

## THE FRUITS OF GROWTH TRICKLE UP MORE THAN DOWN

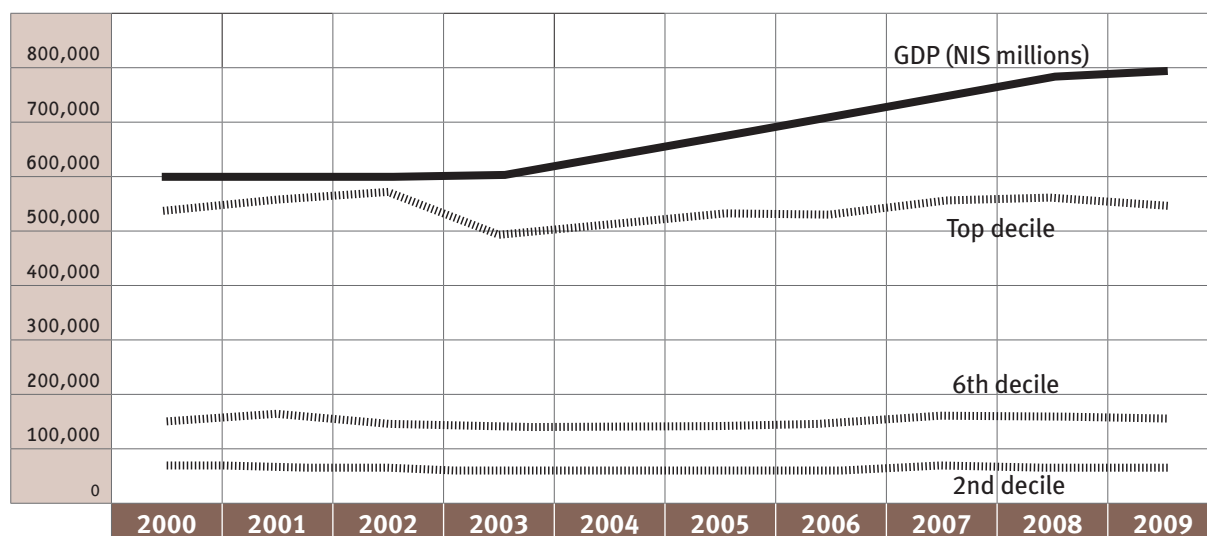
How are the fruits of growth divided among the various parts of the population? In the following, we focus on the distribution of wealth – more precisely – on the distribution of income, as Israel does not collect figures on wealth. The graph below presents the connection between economic

growth (increase in GDP) and the increase in the income of selected income deciles of households in Israel during the years 2000-2009. Politicians often contend that even if the fruits of economic growth are unevenly divided at first, in the end they trickle down to persons with low incomes. The

graph demonstrates that this is not what happened in Israel between 2000 and 2009: not only are the incomes of households in the top decile much higher than those in the other deciles, but they also increased more.

### GDP and the Average Annual Income of Households in Israel

2000-2009, Households headed by employed persons in selected income deciles, 2009 prices



**Notes:**

1. Incomes are gross annual incomes.
2. It should be noted that GDP is presented in NIS millions, while household incomes are presented in NIS.
3. Household income figures on this page are taken from the household *Income Survey*, conducted annually by the CBS. The CBS asks heads of households to report on their income from all sources – wages, pensions, capital gains, and real estate. In actuality, the amounts reported are close to the income received from wages and pensions only, as can be ascertained by salary figures reported by the State Revenues Authority at the Ministry of Finance. The disparity between the amount reported to the CBS census takers and the actual income of households, from all possible sources, is especially salient in the top decile: had all income been reported, the income disparities on this and the following pages would be much greater.

**Source:** Adva Center analysis of CBS, *Statistical Abstract of Israel*, various years; CBS, *Income Survey*, various years; the figure for 2009 is courtesy of the CBS Consumption Department.

## WHAT HAPPENED TO HOUSEHOLD INCOMES BETWEEN 2000 AND 2009?

When one examines the incomes of households over the past ten years by income decile, the following picture arises:

The second intifadah had an adverse effect on the income of all households. The decline lasted five years – from 2002 through 2006.

During most of those years, the average incomes of households in deciles one through nine were smaller than they had been in

2001. For households in the top decile, the decrease in income began only in 2003 and continued through 2006.

For households in deciles one through nine, recovery began only in 2007 – and lasted no more than a year: the global financial crisis had an adverse effect on households in all income deciles, with the exception of the seventh and eighth. For households in

deciles one through six, the decline in income began in 2008 and continued into 2009.

Following that decline, the income of households in the bottom four deciles was lower in 2009 than in 2000.

The income of households in the top decile decreased only in 2009; but even after that decrease, their incomes remained higher than they had been in 2000.

### Gross Average Monthly Income of Households Headed by Employed Persons

2000-2009, 2009 prices

Income decile	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Percentage change 2000-2009	
											NIS per month	%
1	3,764	3,840	3,503	3,574	3,514	3,638	3,674	3,835	3,819	3,602	-163	-4.3
2	6,055	6,140	5,833	5,682	5,681	5,726	5,782	6,044	5,908	5,798	-257	-4.3
3	7,781	7,925	7,526	7,312	7,360	7,367	7,425	7,792	7,695	7,510	-271	-3.5
4	9,504	9,715	9,137	8,965	9,163	9,131	9,250	9,577	9,474	9,333	-171	-1.8
5	11,351	11,628	11,007	10,773	11,096	11,071	11,204	11,548	11,473	11,384	33	0.3
6	13,510	13,897	13,097	12,906	13,244	13,279	13,459	13,947	13,861	13,803	293	2.2
7	16,312	16,577	15,734	15,429	15,951	15,975	16,204	16,757	16,608	16,675	363	2.2
8	20,185	20,460	19,417	18,722	19,423	19,766	19,863	20,839	20,488	20,512	327	1.6
9	26,220	26,724	25,141	24,050	25,039	25,550	25,850	26,921	26,635	26,383	163	0.6
10	44,644	46,595	47,157	41,243	42,553	44,013	44,420	46,221	46,403	45,794	1,150	2.6

## THE SHARE IN THE INCOME PIE OF HOUSEHOLDS IN THE FOUR BOTTOM INCOME DECILES DECLINED; THE SHARE OF HOUSEHOLDS IN THE TOP INCOME DECILE INCREASED

In 2009, the share of households in the four bottom income deciles in the total income pie was smaller than it had been in 2000; the share of households in the top decile was larger.

### The Distribution of Income by Deciles

2000-2009

Calculated by the gross monthly income of households headed by salaried persons, in percentages

Decile	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
1	2.4	2.3	2.2	2.4	2.3	2.3	2.3	2.3	2.4	2.2
2	3.8	3.8	3.7	3.8	3.7	3.7	3.7	3.7	3.6	3.6
3	4.9	4.8	4.8	4.9	4.8	4.7	4.7	4.8	4.7	4.7
4	6.0	5.9	5.8	6.0	6.0	5.9	5.9	5.9	5.8	5.8
<b>Total of deciles 1-4</b>	<b>17.0</b>	<b>16.9</b>	<b>16.5</b>	<b>17.2</b>	<b>16.8</b>	<b>16.6</b>	<b>16.6</b>	<b>16.7</b>	<b>16.6</b>	<b>16.3</b>
5	7.1	7.1	7.0	7.2	7.3	7.1	7.1	7.1	7.1	7.1
6	8.5	8.5	8.3	8.7	8.7	8.5	8.6	8.5	8.5	8.6
7	10.2	10.1	10.0	10.4	10.4	10.3	10.3	10.3	10.2	10.4
8	12.7	12.5	12.3	12.6	12.7	12.7	12.6	12.7	12.6	12.8
9	16.5	16.3	16.0	16.2	16.4	16.4	16.5	16.5	16.4	16.4
10	28.0	28.5	29.9	27.7	27.8	28.3	28.3	28.3	28.6	28.5
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Note: Percentage changes were calculated from the original figures; thus there may be differences of a tenth of a percent in the table.

Sources: Adva Center analysis of CBS, *Income Survey*, various years; the figure for 2009 was received courtesy of the Consumption Department of the CBS.

## THE PERCENTAGE OF PERSONS EARNING THE MINIMUM WAGE OR LESS INCREASED BETWEEN 2000 AND 2008

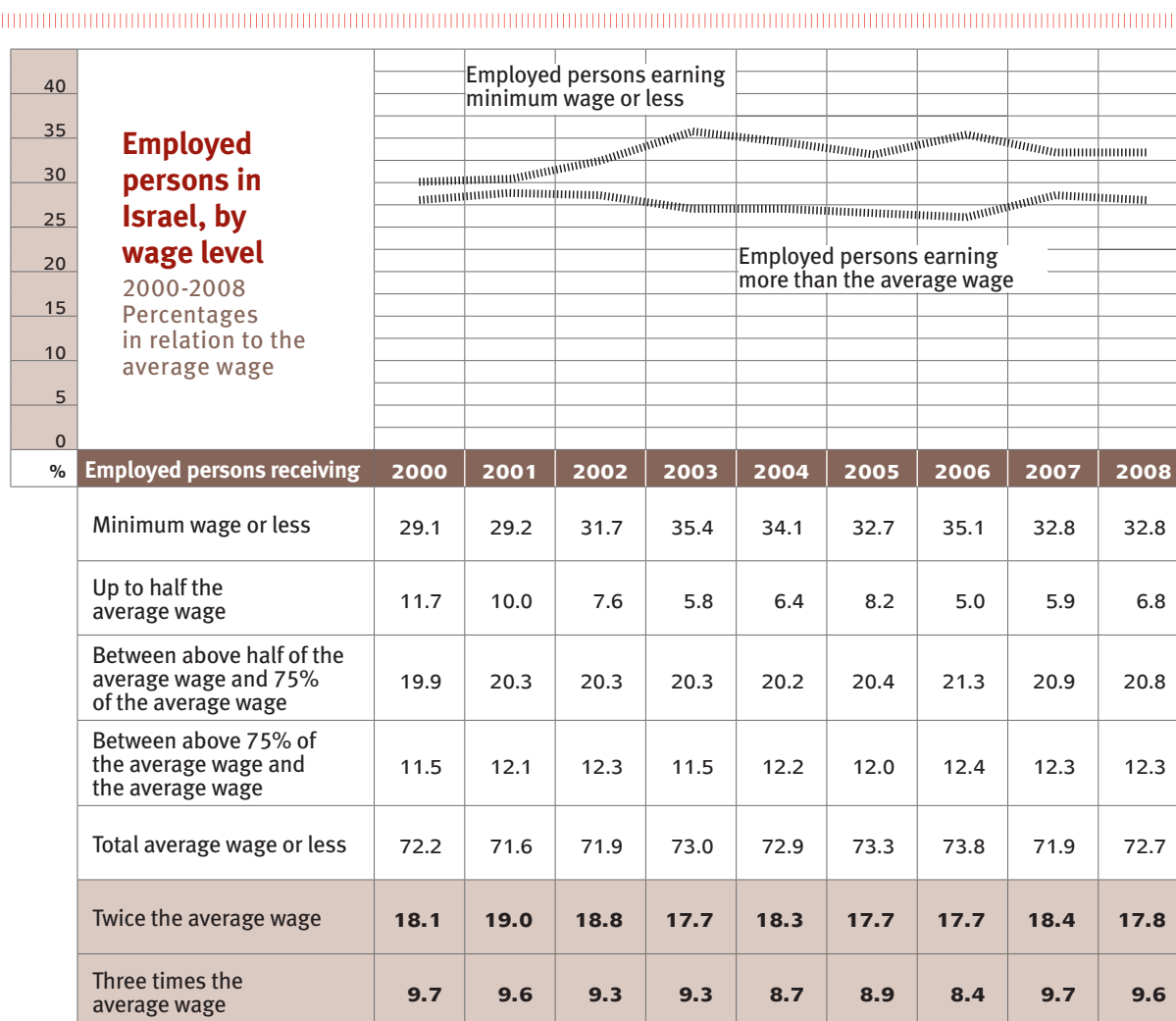
Up to now we have been examining income disparities among households. We now turn to disparities among individual wage-earners.

The National Insurance Institute publishes figures on the percentage of employed persons earning the minimum wage or less, the average wage or less, and more than the average wage. Unfortunately, these figures are

published two years late and we do not have information with regard to 2009.

Regarding the years 2000 through 2008, the figures indicate an increase in the proportion of employed persons earning the minimum wage or less. In 2000, this percentage was 29.1%; in 2008, it climbed to 32.8%, down from the 2006 high of 35.1%.

In contrast, the percentage of employed persons earning the average wage or more, which was 27.8% in 2000, declined by 2006 to 26.1%, rising to 28.1% in 2007 and declining to 27.4% in 2008. The proportion of Israeli employees earning the average wage or less was in 2008 72.7%, following 73.8% in 2006 and 72.2% in 2000.



**Note:** The average monthly wage for an employed person in 2008 was NIS 8,518, in current prices.

**Source:** Adva Center analysis of National Insurance Institute, *Average Wage and Income by Locality and by Various Economic Variables*, Jacque Bendelac, various years.

## THE WAGE GAP BETWEEN WOMEN AND MEN NARROWED SOMEWHAT IN 2009 DUE TO THE DECLINE IN MEN'S WAGES

Wage disparities between women and men appear to be relatively stable.

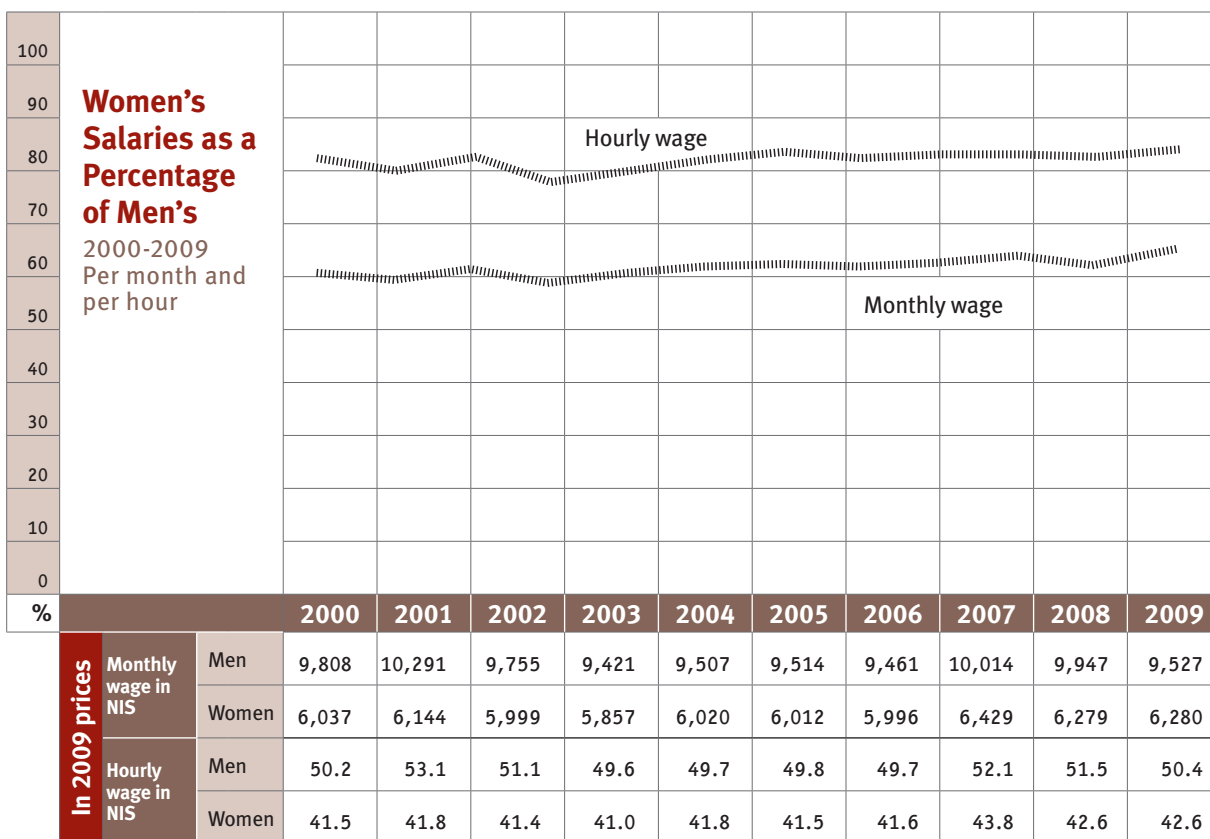
In 2009, the average monthly salary of women was NIS 6,280 – 66% of the average monthly salary of men. This compares with 61.6% in 2000.

The average hourly salary of

women in 2009 was NIS 42.6 – 85% of the average hourly salary of men.

It should be pointed out that between 2000 and 2008, which included periods of high economic growth as well as those of deep recession, wage disparities between women and men changed

very little. The narrowing of the wage gap registered in 2009 does not stem from a real improvement in women's hourly pay, but rather from the decline in men's average hourly and monthly pay. This decline was the result of the global financial crisis.



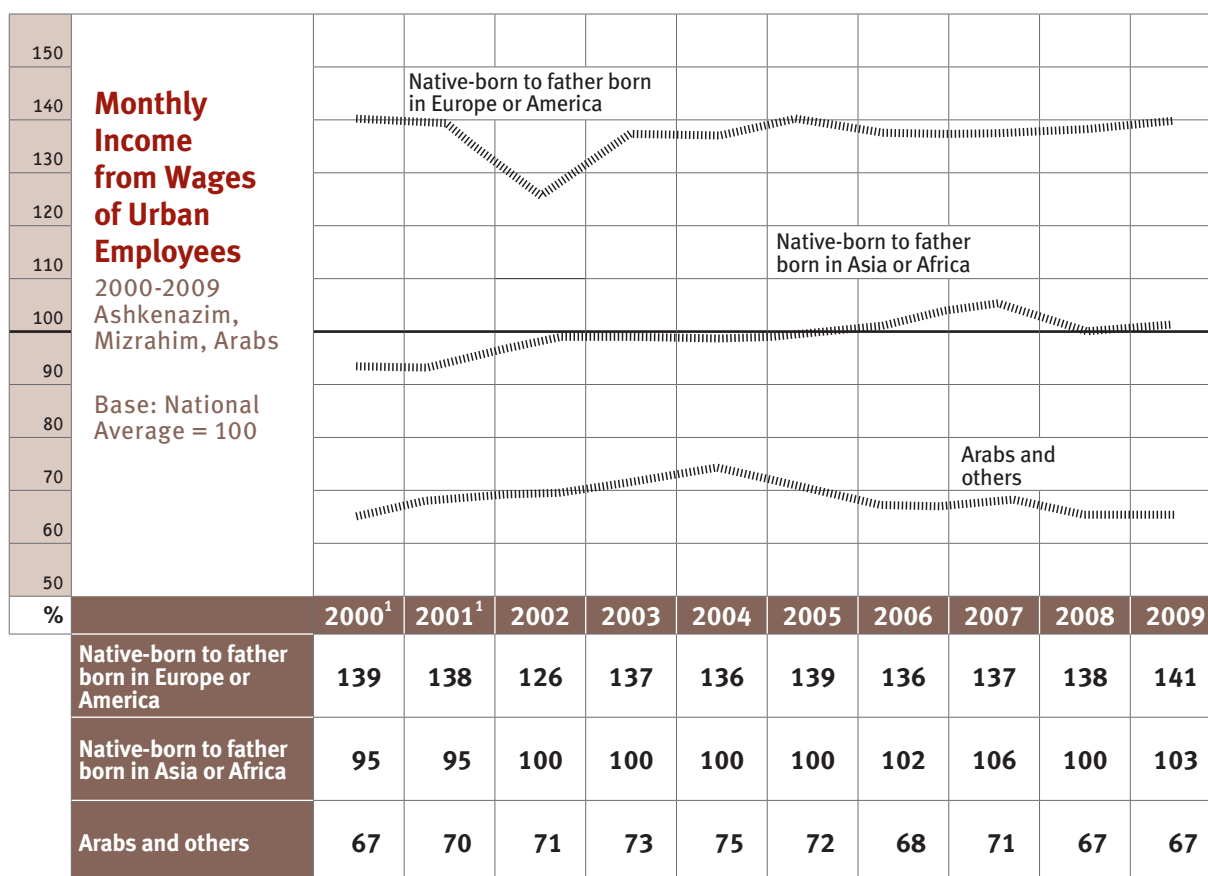
Source: Adva Center analysis of CBS, *Income Survey*, various years.

## THE SALARIES OF URBAN ASHKENAZI AND MIZRAHI WORKERS ROSE SOMEWHAT IN 2009; THE SALARIES OF URBAN ARAB WORKERS REMAINED THE SAME

Salary differences between Jews and Arabs and between Mizrahi Jews (native-born Israelis born to fathers born in Asia or Africa) and Ashkenazi Jews (native-born Israelis born to fathers born in Europe or America) have not undergone significant changes over the past decade. In 2009, the average monthly

salaries of urban Ashkenazi Jews increased relative to the average monthly salary of all urban employees – by three percentage points – from 38% above the average in 2008 to 41% above the average in 2009. The salaries of their Mizrahi counterparts also increased by three percentage points, to 3%

above the average. This represents a slight improvement in the income of urban Mizrahi employees, following a decline in 2008. The average monthly salary of Arab urban employees remained the same – at about a third below the national average.



<sup>1</sup> Does not include the population of East Jerusalem.

Sources: Adva Center analysis of CBS, *Income Survey*, various years; the figure for 2009 courtesy of the Consumption Department of the CBS.

## THE MIDDLE CLASS CONTINUED TO SHRINK

The degree of income inequality can also be examined by looking at the situation of the middle class in Israel.

We divided Israeli households into three groups: the middle stratum containing all households whose incomes fall between 75% and 125% of median household income; the top stratum, containing all households whose incomes are

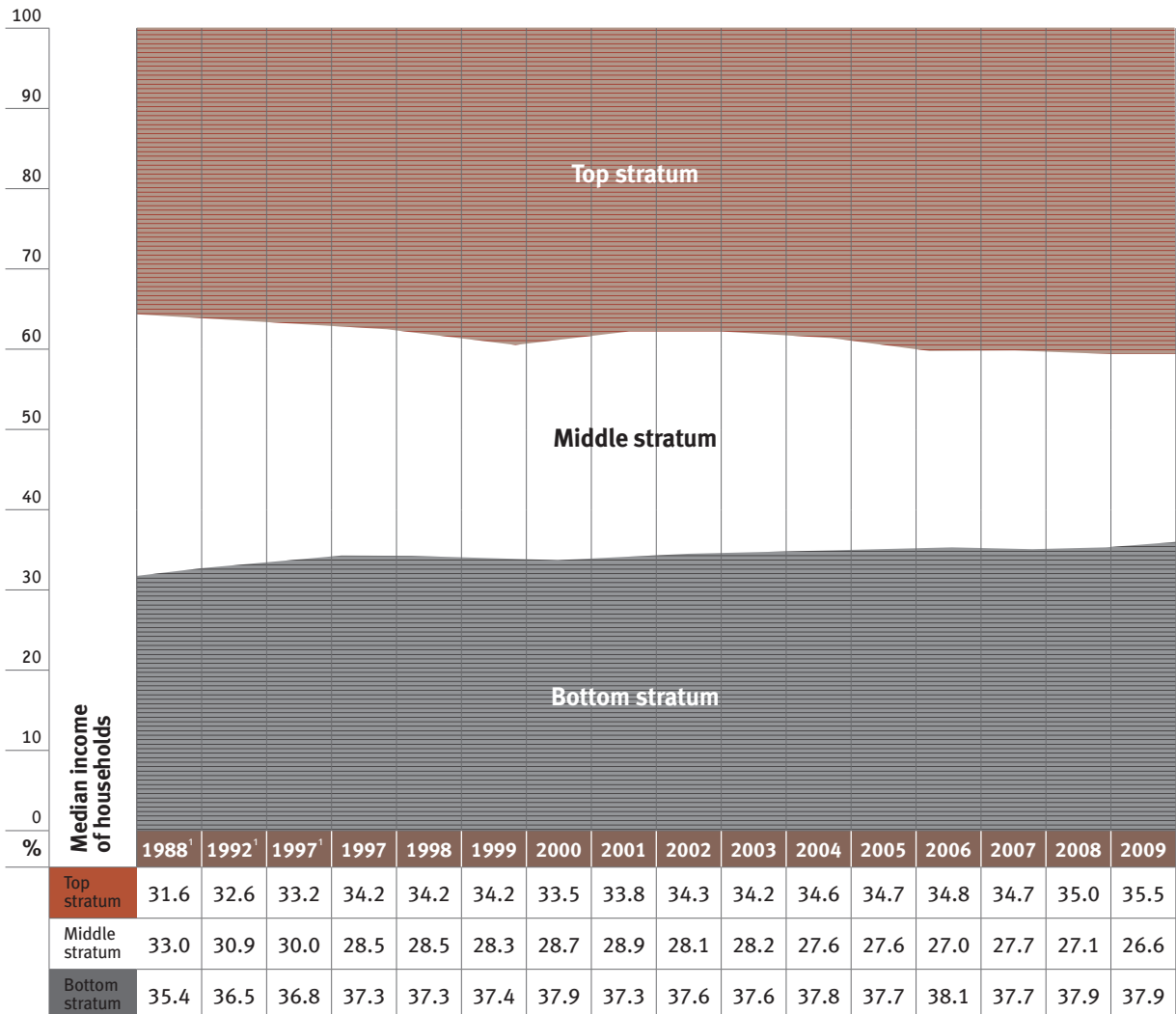
higher than 125% of the median household income; and the bottom stratum, whose incomes fall below 75% of the median household income.

Thus, in accordance with this definition, the middle class in Israel includes the fifth and sixth income deciles, as well as part of the fourth and seventh deciles.

In 2009 the size of the middle class

### Proportion of Households in Each Stratum

1988-2009, in percentages, by median income of households headed by employed persons



Source: Adva Center analysis of CBS, *Income Survey*, various years.



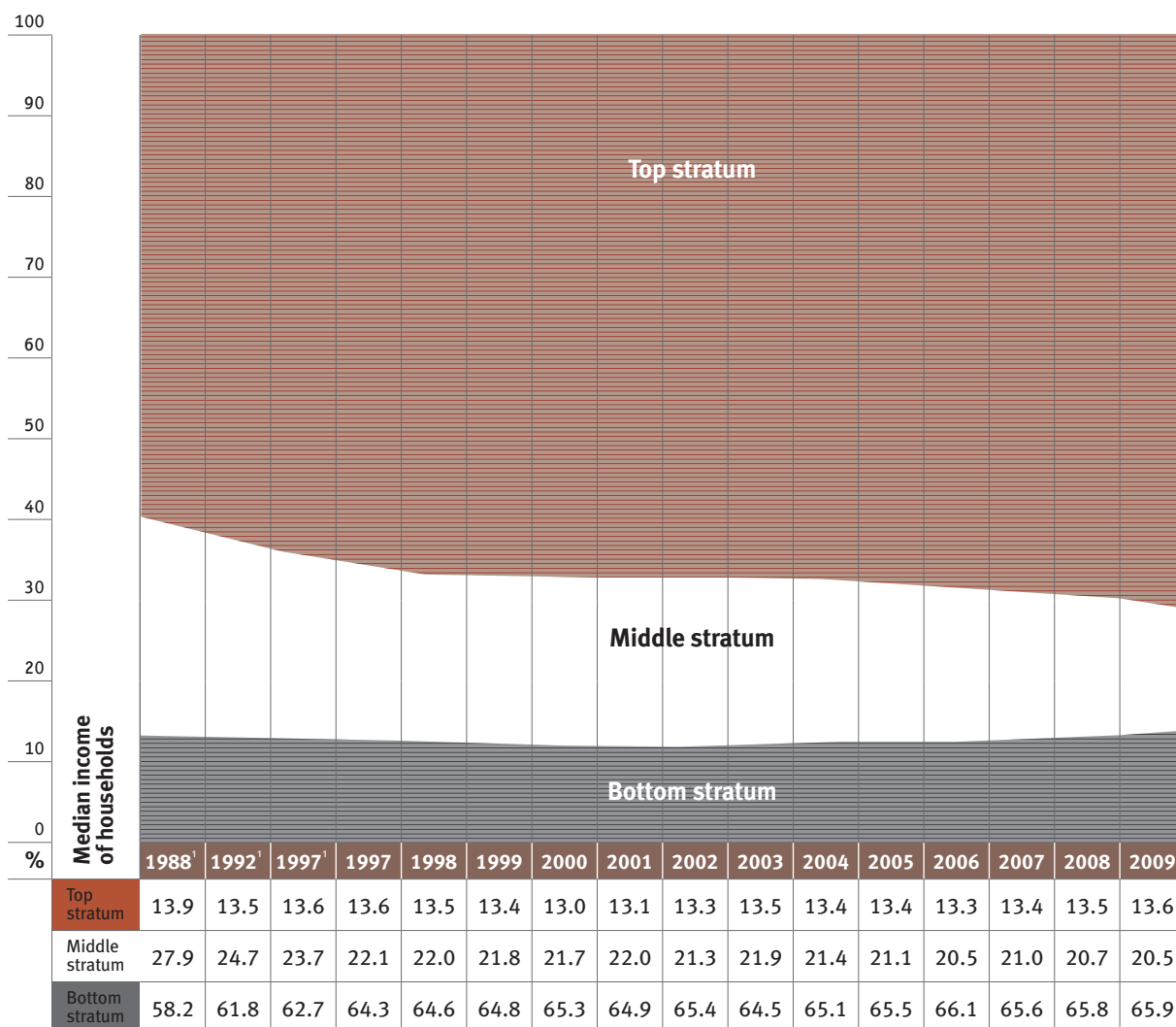
experienced further shrinkage, from 27.1% of all households to 26.6%. Likewise, its share of the total income of households in Israel decreased from 20.7% to 20.5%. (That share is calculated by summing the incomes of all the households in the middle class.) This is a continuing trend. Between 1998 and 2009, the size of Israel's middle stratum shrank by

approximately 7%, from 28.7% to 26.6% of all households. At the same time, its share of the total income decreased by approximately 7%, from 22% to 20.5%. The shrinking of the middle class occurred during the recession of the period of the second intifada as well as during the wave of economic growth experienced

during the years 2004-2008. Between 2001 and 2003, the middle stratum shrank by 0.7%, from 28.9% to 28.9%. During the years of economic growth, it continued to shrink, decreasing to 26.6% in 2009 – for the low of the decade.

## Share of Each Stratum in the Total Income

1988-2009, in percentages, by median income for all households headed by employed persons



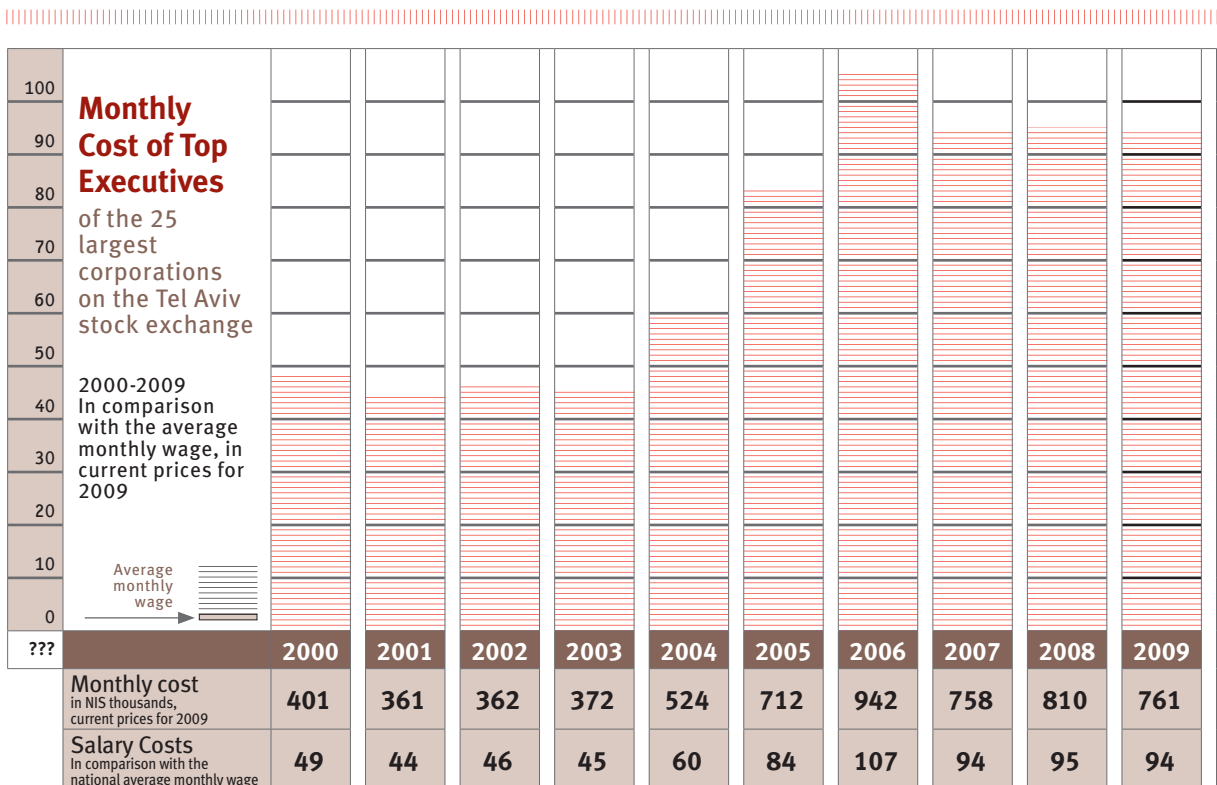
Source: Adva Center analysis of CBS, *Income Survey*, various years.

## SALARIES OF TOP EXECUTIVES DECLINED SOMEWHAT IN 2009

At the top end of the salary scale are the top executives of corporations listed on the Tel Aviv Stock Exchange. (Still higher are the owners who employ them, but the CBS does not publish figures on their income. The salaries of the top executives of corporations not listed on the Stock Exchange are not published either). The global financial crisis resulted in a slight decrease in the salaries of top executives, though they remained very high. The average cost of the salary of the top executive of a corporation included in the “Tel Aviv 25” list (the 25 largest corporations on the

Stock Exchange) declined by 6% to NIS 9.13 million a year, or NIS 761 thousand a month. In contrast, there was an increase in the cost of the average annual salary of top executives of corporations included in the “Tel Aviv 100” list (the 100 largest corporations on the Stock Exchange). The salary bill was NIS 5.93 million a year, or NIS 494 a month – a real increase of 11% over 2008. These figures are typical of the trend seen over the last decade: an increase in the salaries of top executives of corporations listed on the Tel Aviv Stock Exchange.

Between 2000 and 2009, the salary bill of top executives in the 25 largest corporations on the Tel Aviv Stock Exchange nearly doubled, from NIS 4.81 million in 2000 (NIS 401,000 per month) to NIS 9.13 million in 2009 (NIS 761,000 per month). In 2000, the average monthly salary bill of top executives in the 25 largest companies on the Tel Aviv stock exchange was 49 times higher than the average monthly wage; in 2009, it was 94 times higher. In addition, many top executives receive perks like stock options.



Source: Globes newspaper, March 28-29, 2010.

## THE POVERTY RATE INCREASED IN 2009

At the bottom of the salary scale are families whose incomes are so low that they position them beneath the poverty line (defined as equal to 50% or less of the median income of households in Israel).

In 2009, the poverty rate increased to 20.5% - three percentage points higher than it was at the start of the decade.

The most significant change in the poverty rate occurred between 2001 and 2004, when it grew from 17.6% to 20.3%, following the budget cuts made in social security payments during the crisis period of the second intifadah. Since

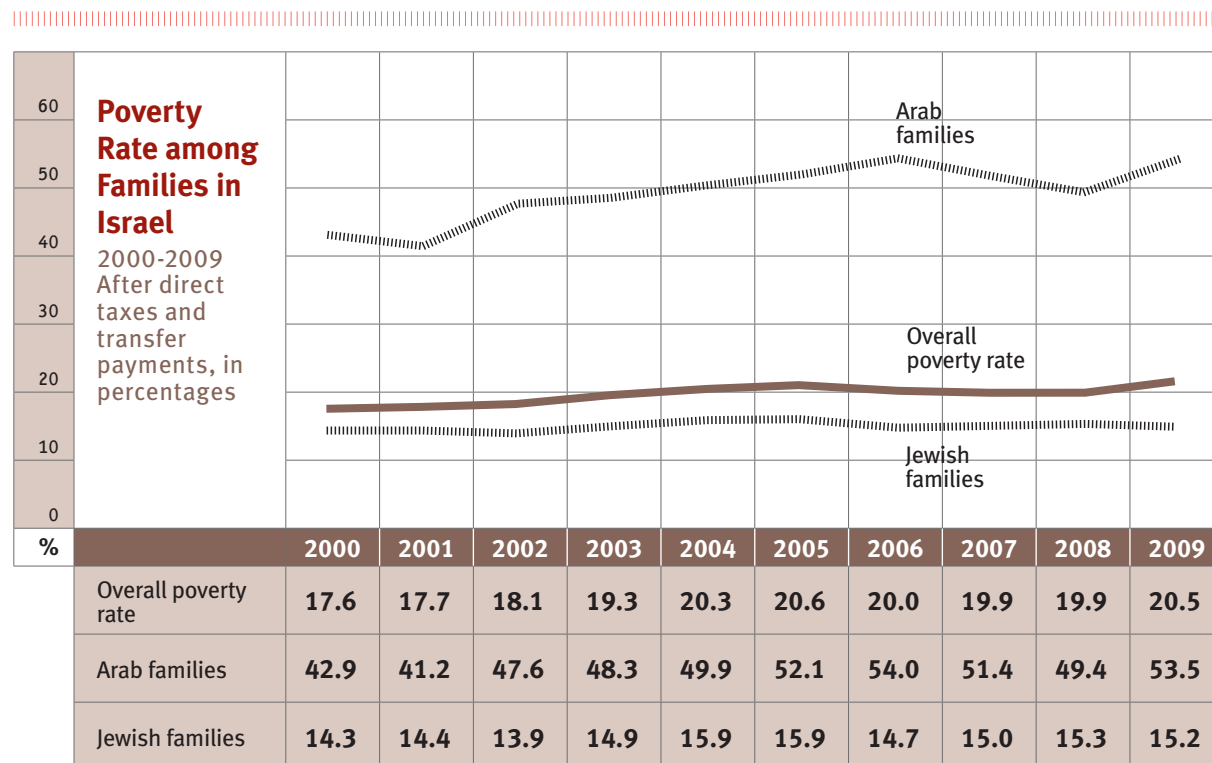
then, the rate has not returned to its previous level, which was itself quite high.

The reasons are many: the absence of investments in Arab localities, the low workforce participation level of Arab women and ultra-Orthodox men, new jobs that are only part-time, and the increasing use of perm-temp agencies for employment.

The wave of economic growth that occurred between the end of the second intifadah and the outbreak of the global economic and financial crisis succeeded in halting the increase in poverty, but not in reducing it.

An especially large increase occurred in the poverty rate of Arab families: from 41.2% in 2001 to 54.0% in 2006. In the succeeding years, the rate decreased, but in 2009 it increased sharply, to 53.5%. It should be borne in mind that even at the beginning of the decade, the picture was far from rosy; then the poverty rate among Arabs was nearly 2.9 times that of Jews.

Among Jews, the highest poverty rate is among ultra-Orthodox Jews; their poverty rate is similar to that of the Arab population of Israel.



## INEQUALITY: UNEMPLOYMENT MAP

One of the most painful consequences of economic crisis is the rise in unemployment. The global crisis that broke out in 2008 resulted in an increase in unemployment, from 5.9% in the middle of 2008 to 7.8% in the middle of 2009. One of the signs that Israel emerged from the crisis faster than many other countries was the fact that by the middle of 2010, the unemployment rate dropped to 6.3% (CBS, “Unemployment Rate in August 2010,” Press Release, October 21, 2010).

Unemployment hits mainly the weakest sectors of the population; it is higher in Arab localities than in Jewish ones, higher in Jewish development towns than in affluent towns and higher among Arab women than among Jewish women.

Unemployment hits those to whom the education system failed to provide a decent education. It also hits young people who have not had time to establish themselves in the labor market.

The following table presents figures from September 2010 on job seekers, by locality, as published on the website of the Government Employment Service of the Ministry of Industry, Commerce and Employment. Persons considered unemployed are those who registered with the Government Employment Services. However, many unemployed persons do not do this, either because there is no employment office in their community, because they were turned away empty-handed in the past, or because they do not believe they have a

chance to find work. Thus, the number of registered job seekers is lower than the actual number of unemployed persons. A more complete picture of the extent of unemployment can be obtained from figures published by the CBS; however, the CBS does not present unemployment figures by locality. We chose to present the figures on job seekers, since they allow us to see the differences among localities.

At the top of the list, with the highest percentage of job seekers, are the Arab localities. Among Jewish localities, the highest percentages of job seekers are to be found in development towns and in localities far from the center of the country.

## Percentage of Job Seekers

By locality, September 2010, localities of 20,000 residents or more, as a percentage of the work force, in descending order

<b>National Average</b>	<b>5.8</b>	Majd Al – Kurum	7.7	Elat	4.3
Rahat	36.7	Nahariyya	7.6	Rehovot	4.1
Umm Al–Fahm	28.6	Nazareth Illit	7.3	Jerusalem	3.6
Sakhnin	26.2	Karmiel	7.0	Petah Tiqwa	3.5
Tamra	24.1	Baqa Al–Gharbiyye	6.8	Modi'in Illit	3.5
Arrabe	23.7	Migdal Haemeq	6.5	Rosh Haayin	3.5
Tayibe	23.1	Lod	6.3	El'ad	3.4
Shefar'am	19.1	Haifa	6.0	Tel Aviv–Yafo	3.1
Akko	15.9	Qiryat Bialik	5.7	Mevasseret Ziyyon	3.1
Dimona	14.0	Qiryat Shemona	5.6	Rishon Leziyyon	3.1
Nazareth	13.7	Betar Illit	5.5	Nes Ziyvona	3.0
Ofakim	13.5	Hadera	5.3	Yehud	2.9
Qiryat Gat	10.4	Daliyat Al–Karmel	5.3	Ma'ale Adummim	2.9
Netivot	10.3	Qiryat Motzkin	5.3	Holon	2.9
Arad	9.6	Yavne	5.0	Giv'at Shemuel	2.6
Tiberias	9.1	Bene Braq	4.8	Ramat Gan	2.5
Zefat	8.9	Ramla	4.8	Qiryat Ono	2.4
Qiryat Yam	8.7	Or Yehuda	4.7	Modi'in-Makkabbim-Re'ut	2.2
Ma'alot–Tarshiha	8.7	Netanya	4.7	Giv'atayim	2.2
Beer Sheva	8.2	Bet Shemesh	4.6	Herzliyya	2.0
Afula	8.0	Bat Yam	4.6	Kefar Sava	2.0
Ashqelon	7.7	Nesher	4.5	Hod Hasharon	1.9
Ashdod	7.7	Pardes Hanna–Karkur	4.5	Ramat Hsharon	1.7
Qiryat Atta	7.7	Tire	4.4	Ra'anana	1.6

## The School System

# OVER HALF OF ISRAELI YOUTH FAILED TO RECEIVE MATRICULATION DIPLOMAS

Only 46.1% of Israeli high school seniors received matriculation diplomas in 2009. This represents a slight increase over the success rate in 2008: 44.4%.

Not all matriculation diplomas qualify their holders for college admission: in 2009, 14% of those diplomas were not up to par. In other words, only 39% of the age group qualified to apply for college entrance.

The inequality inherent in the school system is reflected in the differences in success rates in the matriculation exams when they are examined by locality.

We have chosen to present the percentage of students from among the age cohort succeeding in the matriculation exams, including students in East Jerusalem and ultra-Orthodox students (who are often excluded

from such figures), as the Israel education system is responsible for the level of educational achievements of the entire population, including these two groups.

The figures were calculated by dividing the number of students eligible for matriculation diplomas by the total number of 17-year-olds residing in the locality.

## Students Eligible for Matriculation Diplomas

As a Percentage of 17-year-olds residing in the locality  
2009, localities of 10,000 or more, in ascending order

<b>National Average</b>	<b>46.1</b>				
Modi'in Illit	5	Sakhnin	39	Yoqne'am Illit	57
Bene Braq	6	Afula	39	Qiryat Atta	57
Betar Illit	7	Bet Shemesh	40	Nazareth Illit	(58)
Jisr Az-Zarqa	13	Judeide - Maker	40	Rehovot	58
Jerusalem	18	Baqa-Jatt	41	Even Yehuda	59
Ein Mahel	19	Akko	41	Ashqelon	59
Kafar Manda	21	Tire	43	Holon	59
Reine	21	Tamra	43	Ariel	60
Abu Sinan	22	Hadera	44	Beer Sheva	60
Kuseufe	23	Pardes Hanna – Karkur	44	Binyamina–Giv'at Ada	60
Rahat	27	Tiberias	45	Netanya	60
Tur'an	28	Yafi	45	Ma'ale Adummim	61
Iksal	29	Kafar Qasem	46	Nes Ziyvona	61
El'ad	29	Bet She'an	47	Rishon Leziyyon	61
Ma'ale Iron	29	Qiryat Eqron	47	Haifa	62
Tel Sheva	29	Daliyat Al-Karmel – Isifya	48	Yavne	62
Tayibe	31	Or Yehuda	49	Qiryat Yam	(62)
Arad	31	Ma'a lot - Tarshiha	49	Qiryat Motzkin	(62)
Qalansawe	31	Mughar	51	Tel Aviv–Yafo	62
Yirka	32	Bat Yam	52	Or Aqiva	63
Lod	32	Nahariyya	(52)	Ramat Hsharon	63
Arrabe	32	Netivot	52	Mevasseret Ziyvon	64
Shefar'am	32	Qiryat Shemona	52	Zoran–Qadima	64
Ar'ara	33	Kefar Yona	53	Beit Jann	65
Shagor	33	Qiryat Tivon	53	Rosh Haayin	(65)
Umm Al-Fahm	35	Elat	54	Ramat Gan	65
I'billin	35	Qiryat Gat	54	Nesher	66
Kafar Qara	36	Giv'at Ze'ev	55	Ganne Tiqwa	67
Nahef	36	Gan Yavne	55	Yehud–Newe Efrayim	68
Zefat	36	Kefar Sava	55	Azur	69
Gedera	37	Qiryat Bialik	55	Giv'at Shemuel	71
Kafar Kanna	37	Ashdod	56	Modi'in-Makkabim-Re'ut	71
Ar'ara–Negev	37	Dimona	56	Qiryat Ono	72
Ramla	37	Zikhron Ya'aqov	56	Hod Hasharon	73
Migdal Haemeq	38	Tirat Karmel	56	Herzliyya	73
Ofakim	39	Karmi'el	56	Tel Mond	(75)
Nazareth	39	Fureidis	56	Giv'atayim	75
		Petah Tiqwa	56	Ra'anana	76

**Higher Education**

**ONLY ABOUT A FOURTH OF 17-YEAR-OLDS WENT ON TO COLLEGE**

Higher education is the way to a better future. In Israel, this way is arranged in the form of a pyramid: all schoolchildren start off at the same baseline, but the higher one climbs, the fewer go on to the next level.

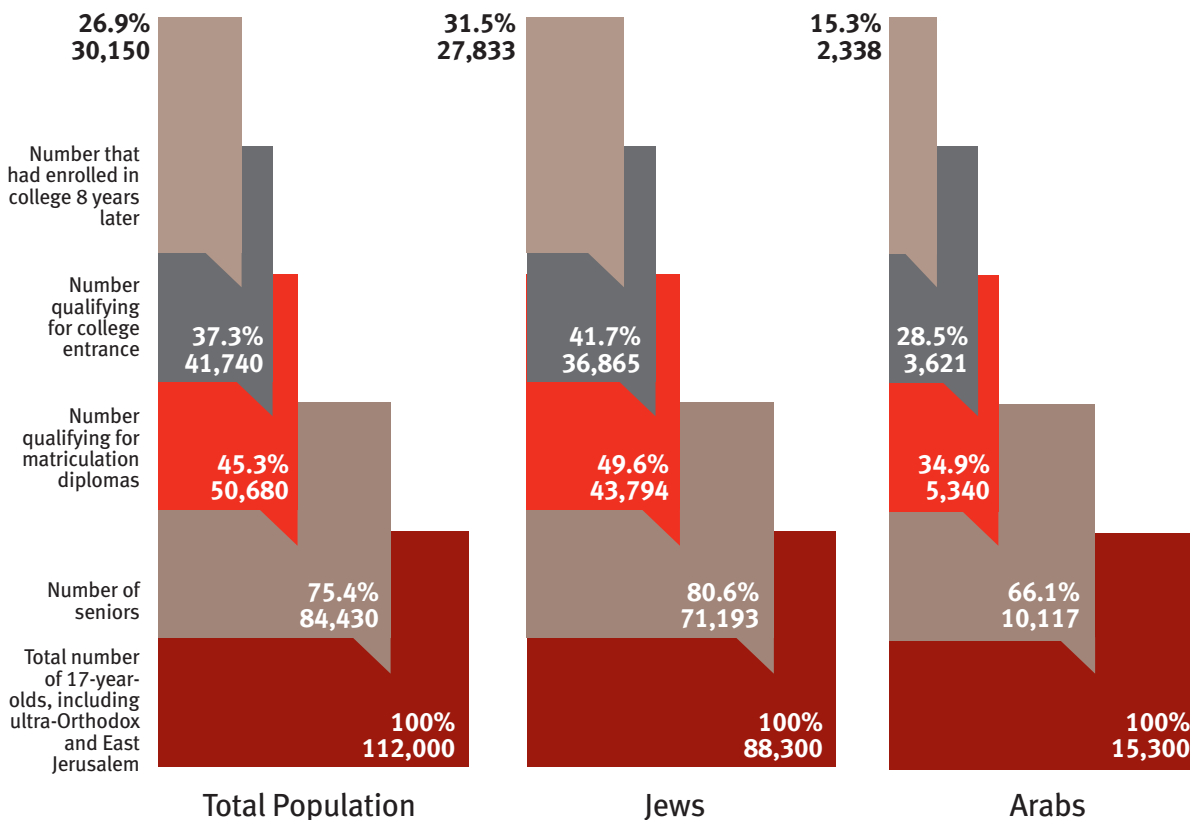
Only a minority make it to the top: in 2009, only 26.9% of persons who were 17 years old in 2001 had gone on to college.

If we follow the climb, we find that in 2001, only 75.4% of the age cohort was enrolled in high school in a track leading to matriculation. The matriculation diploma was obtained by no more than 45.3% of the age cohort. Among them, some held diplomas that were not up to the standards of college admission. The result: the percentage of young people

with matriculation diplomas that qualified them to apply for college entrance was 37.3% of the age cohort.

Among that group, not everyone had gone on to college in Israel by 2009: only 26.9% had – that is, slightly more than one out of four. The proportion of Jewish youth going on to college is double that of Arab youth.

**Percentage of 17-Year-Olds Beginning College by 2009**



**Notes:**

1. Arabs – includes Moslems and Christians but not Druze and Negev Bedouins.
  2. College – universities and academic colleges in Israel, both private and public, exclusive of the Open University.
- Sources: Adva Center analysis of Ministry of Education, Pedagogical Authority, Examinations Department, "Matriculation Examination Figures by Locality", various years; CBS, *Statistical Abstract of Israel*, various years.



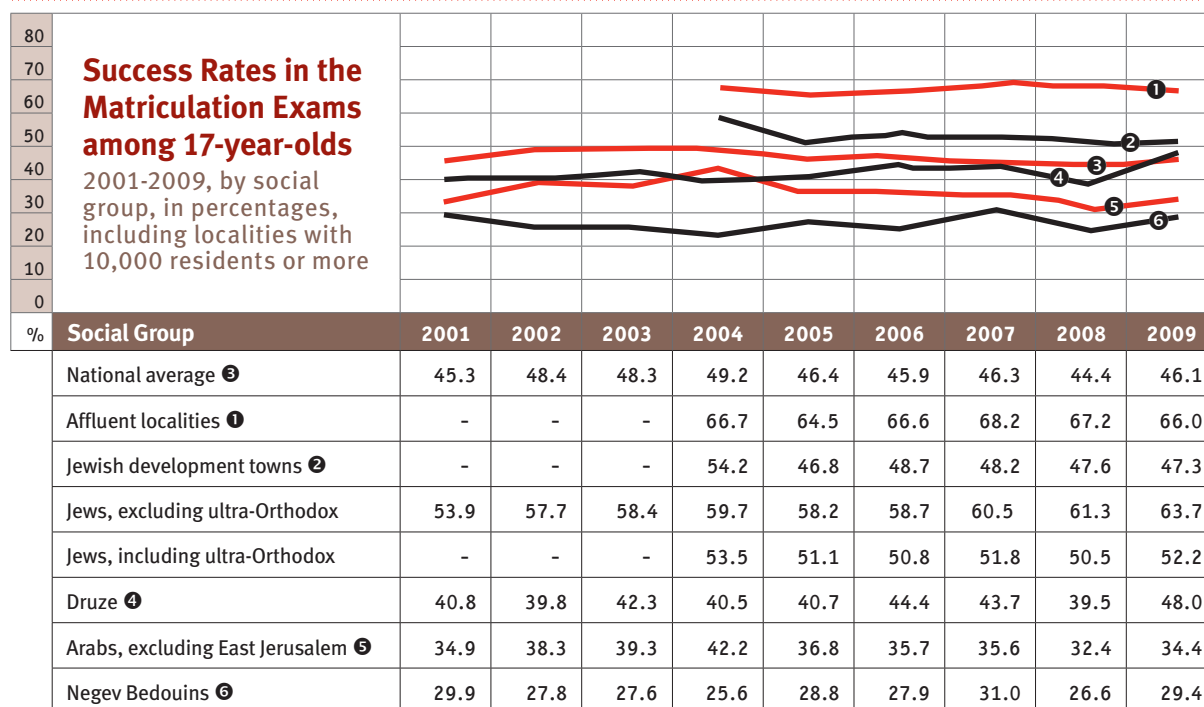
## Eligibility for Matriculation Diplomas by Social Group

# INCREASE IN ELIGIBILITY RATES IN AFFLUENT LOCALITIES; DECREASE IN DEVELOPMENT TOWNS AND ARAB LOCALITIES

In 2009, there was an increase in the percentage of seniors succeeding in the matriculation exams, from 44.4% to 46.1%. Looking at the past decade, we find a reversal in the trend: while at the beginning of the decade the success rate increased, from 45.3% to 49.2%, after 2004 it decreased to 44.4% in 2008 – lower than the rate at the beginning of the decade. While the rate increased somewhat in 2009, it was still lower than in 2004.

If we disaggregate the success rate by population group, we find that the average conceals an increase in inequality. Young persons in affluent localities registered a consistently high success rate during the last five years, with an average of approximately 67%. In contrast, young persons living in Jewish development towns and Arab localities (excluding East Jerusalem) experienced a steep decrease in success rates: in the development towns, it decreased

from 54.2% in 2004 to 47.3% in 2009 – a decline of 13%. In Arab localities, it decreased from 42.2% in 2004 to 34.4% in 2009, a decline of 18%. Bedouin youngsters residing in the Negev experienced a decline in success rates throughout the decade. In 2009, their success rate increased somewhat and was similar to that of 2001. The success rate of Druze youngsters showed ups and downs: in 2009, it climbed to 48%.



### Notes:

1. The average figure includes East Jerusalem and ultra-Orthodox youngsters.
2. Affluent localities are defined as those categorized by the CBS as socio-economic clusters 8-10.
3. The figures include youngsters residing in localities comprising regional councils.

Source: Adva Center, "Eligibility for Matriculation Diplomas, by Locality, 2008-2009," December 2010

## Higher Education

### THE GAPS REMAINED STABLE IN 2008/09

The proportion of residents of affluent Jewish localities aged 20-29 studying for bachelors' degrees at Israeli universities was 10.1% in 2008/09. This was double the proportion in Arab localities – 4.8%. In Jewish development towns, the proportion was slightly higher than in the Arab localities – 6.0%.

These gaps have been stable since the year 2000.

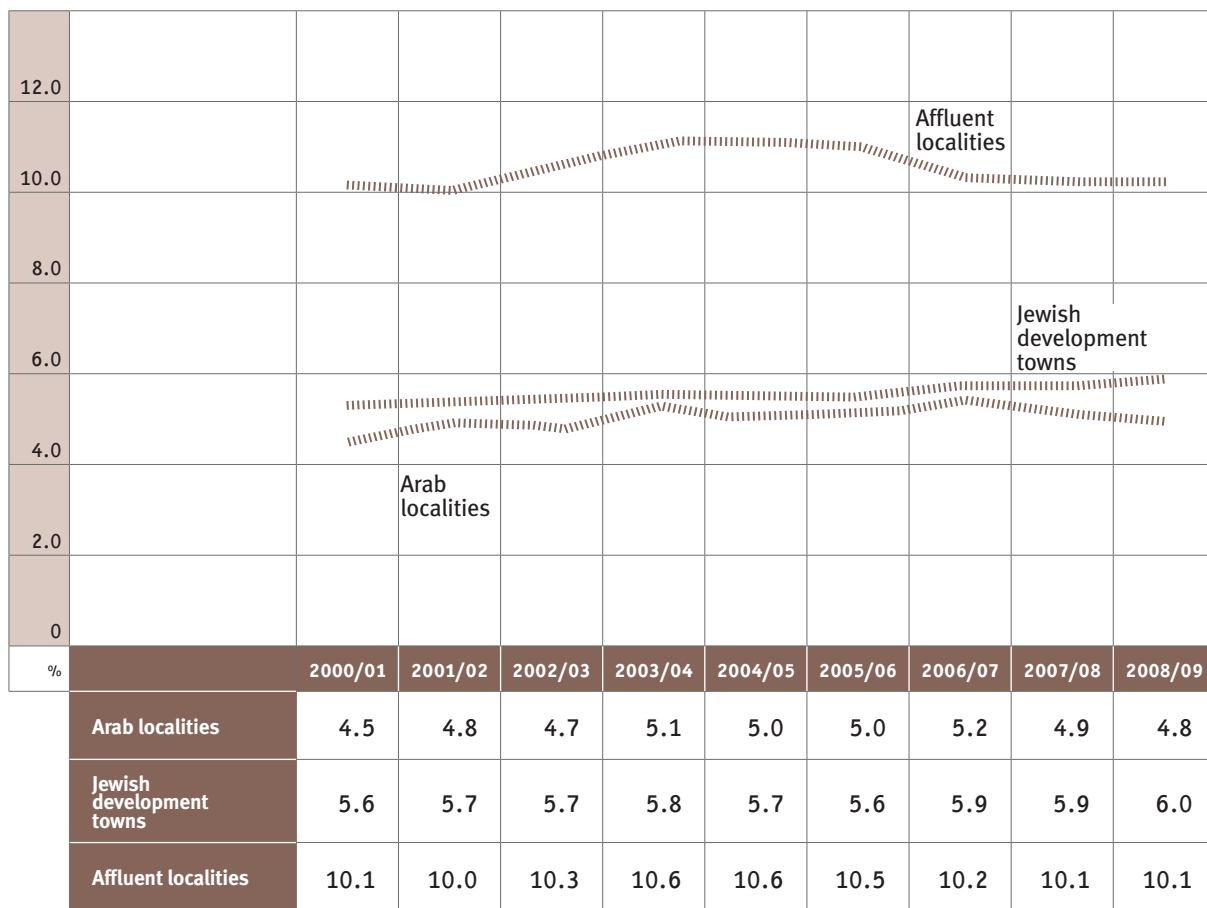
The gaps exist not only at universities, but also at academic colleges, despite the fact that one of the purposes of the public academic colleges was to increase the opportunities for higher education for residents

of peripheral communities. Unfortunately, CBS figures do not allow us to differentiate between public academic colleges and private colleges that serve better-off students.

Figures for academic colleges are available beginning only from the 2002/03 academic

### Undergraduate Students Enrolled in Israeli Universities

2000-2009, by type of locality, in percentages of the 20-29 age cohort



**Note:** The figures do not include students enrolled in the Open University.

**Sources:** Adva Center analysis of CBS, *Local Authorities in Israel*, various years; CBS, *Demographic Characteristics of Applicants for Studies, Students, and Degree Recipients at Institutes of Higher Education*, various years; Figures on the number of students enrolled in universities and academic colleges in 2009 were received courtesy of the Higher Education Department at the CBS.

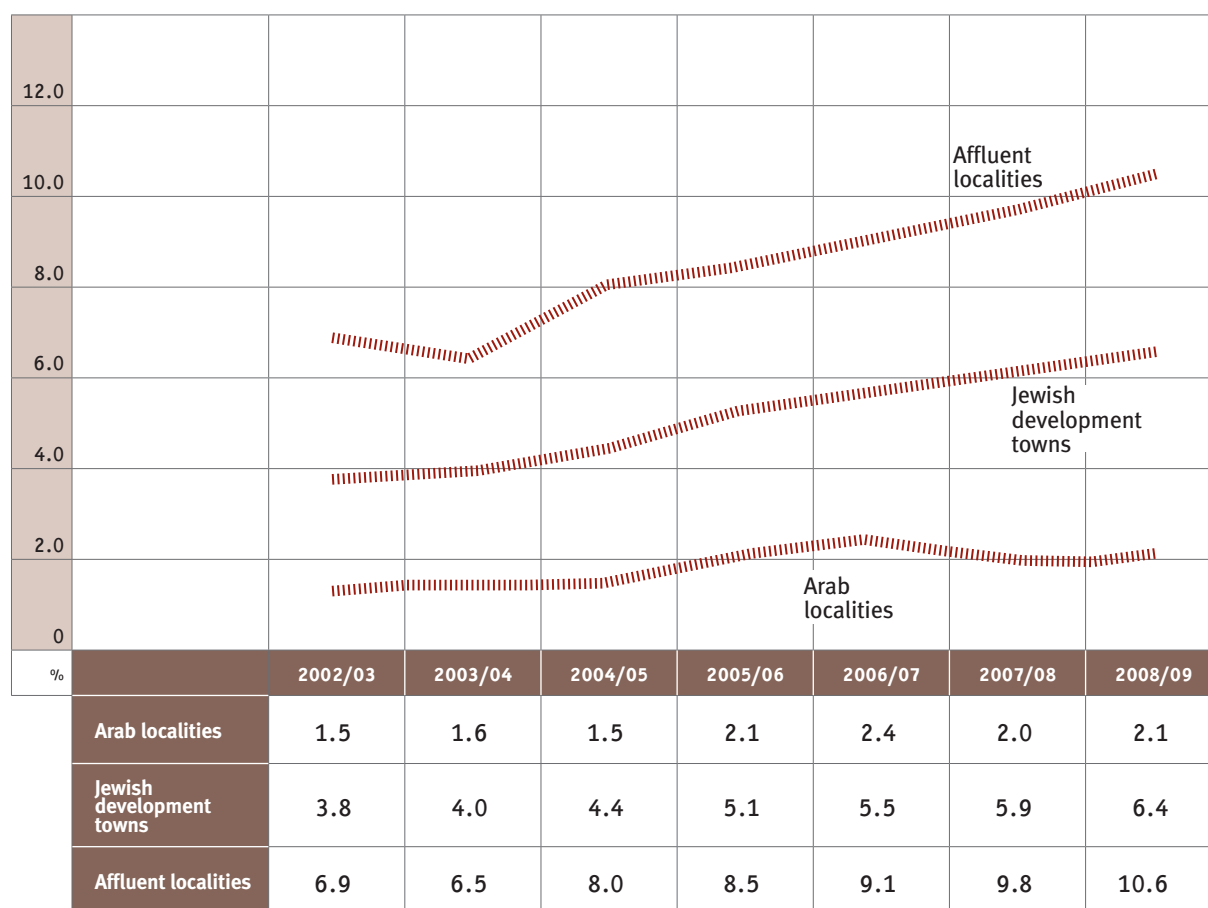
year. They demonstrate, first, an increase in the number of students from all three types of localities. They also show an over-representation for young people from affluent localities. In 2009, the proportion of 20-29 year-olds from affluent localities enrolled

in undergraduate programs in academic colleges was 10.6%, compared with 6.4% from Jewish development towns. Both these figures are similar to those for enrollment in universities. In contrast, the proportion of 20-29 year-olds from

Arab localities enrolled in undergraduate programs in academic colleges was much lower – 2.1% – and much lower than the proportion of Arab students enrolled in undergraduate programs in universities – 4.8%.

## Undergraduate Students in Academic Colleges

2001-2009, by type of locality, in percentages of the 20-29 age group



### Notes:

1. No figures were published for 2000/2001.
2. Figures do not include teachers' colleges.

Sources: Adva Center analysis of CBS, *Local Authorities in Israel*, various years; CBS, *Demographic Characteristics of Applicants for Studies, Students, and Degree Recipients at Institutes of Higher Education*, various years; Figures on the number of students enrolled in universities and academic colleges in 2009 were received courtesy of the Higher Education Department at the CBS.

## Undergraduate Students in Israeli Universities and Academic Colleges 2008/09

As a proportion of the 20-29 age cohort, by locality, localities in which there are 30 or more students, in descending order of total students

Locality	Total Students Enrolled	Of that: Students at Universities	Of that: Students at Academic Colleges
<b>Total</b>	<b>13.6</b>	<b>6.7</b>	<b>6.9</b>
Lehavim	30.9	18.3	12.7
Savyon	29.7	14.8	15.0
Omer	29.5	19.2	10.3
Har Adar	28.6	17.5	11.2
Metar	27.2	15.1	12.1
Rosh Pinna	27.2	16.3	10.9
Elqana	27.0	12.2	14.8
Kefar Weradim	26.6	15.5	11.1
Metula	26.5	6.7	19.8
Kefar Shemaryahu	26.0	9.8	16.1
Qedumim	25.3	9.9	15.4
Giv'at Shemuel	25.2	16.8	8.4
Ramat Hsharon	24.5	11.6	12.9
Ramat Yishay	24.0	12.5	11.5
Kokhav Yair	23.5	12.0	11.5
Qiryat Ono	23.1	10.7	12.4
Shoham	23.0	11.8	11.2
Qiryat Tivon	22.9	15.1	7.8
Giv'atayim	22.8	11.0	11.8
Ra'anana	22.5	10.9	11.6
Even Yehuda	22.3	10.1	12.1
Alfe Menashe	21.8	8.4	13.3
Modi'in–Makkabim–Re'ut	21.5	11.3	10.2
Nesher	21.4	15.8	5.6
Herzliyya	21.4	8.4	13.0
Efrata	21.3	11.3	10.0
Mevasseret Ziyon	20.8	10.1	10.8
Mi'elya	20.8	15.9	4.9
Ganne Tiqwa	20.6	10.4	10.2
Nes Ziyona	20.5	9.9	10.6
Qiryat Motzkin	20.5	13.1	7.4
Pardesiyya	20.4	8.7	11.7
Karmiel	19.6	9.4	10.3

Locality	Total Students Enrolled	Of that: Students at Universities	Of that: Students at Academic Colleges
Mazkeret Batya	19.6	10.3	9.3
Yesud Hama'ala	19.6	9.0	10.6
Hurfeish	19.5	13.7	5.8
Qiryat Bialik	19.5	12.0	7.4
Zikhron Ya'aqov	19.2	10.2	9.1
Hod Hasharon	19.2	8.3	11.0
Binyamina–Giv'at Ada	19.2	8.9	10.3
Kafar Kama	19.2	9.2	10.0
Tel Aviv–Yafo	19.1	9.4	9.8
Ramat Gan	19.0	9.4	9.7
Qarne Shomeron	18.9	7.5	11.4
Kefar Sava	18.8	8.8	10.0
Haifa	18.8	13.8	5.0
Oranit	18.4	5.8	12.6
Rishon Leziyyon	18.1	7.0	11.2
Jish (Gush Halav)	18.0	11.3	6.7
Nahariyya	17.8	11.1	6.7
Ariel	17.8	3.1	14.7
Yehud	17.5	7.7	9.8
Tel Mond	17.2	6.6	10.6
Bet El	17.1	6.1	11.1
Giv'at Ze'ev	17.0	7.3	9.6
Petah Tiqwa	16.7	7.1	9.7
Gedera	16.7	8.4	8.3
Rehovot	16.7	8.8	7.9
Yavne	16.4	7.8	8.5
Qiryat Shemona	16.3	5.4	10.8
Yoqne'am Illit	16.2	9.6	6.6
Beer Sheva	16.0	7.5	8.5
Gan Yavne	15.9	7.5	8.4
Qiryat Atta	15.8	9.1	6.7
Bet Arye	15.6	6.9	8.7
Ma'ale Adummim	15.5	6.7	8.8
Rosh Haayin	15.3	5.4	9.8

Locality	Total Students Enrolled	Of that: Students at Universities	Of that: Students at Academic Colleges
Nazareth Illit	14.9	7.6	7.3
Arad	14.7	6.3	8.5
Ashqelon	14.7	6.6	8.2
Holon	14.6	5.2	9.4
Julis	14.5	9.5	4.9
Shelomi	14.4	8.3	6.1
Zoran–Qadima	14.4	6.5	7.9
Kefar Yona	14.3	5.1	9.2
Afula	14.2	5.5	8.7
Netanya	14.0	5.2	8.8
Rame	14.0	9.7	4.2
Kafar Yasif	14.0	11.5	2.4
Ma'a lot–Tarshiha	13.9	8.6	5.3
Ashdod	13.7	6.4	7.4
Fassuta	13.5	8.4	5.0
Sederot	13.4	3.2	10.2
Qiryat Gat	13.3	5.8	7.6
Bet Dagan	13.2	5.1	8.1
Hadera	13.1	5.1	7.9
Qiryat Yam	12.8	7.4	5.4
Mizpe Ramon	12.8	6.6	6.2
Peqi'in	12.8	9.7	3.1
Azur	12.7	5.1	7.6
Qazrin	12.6	6.3	6.3
Pardes Hanna–Karkur	12.5	5.2	7.2
Ma'ale Efrayim	12.3	4.5	7.8
Bet Shean	12.2	6.0	6.2
Bene Ayish	12.2	5.3	6.9
Akko	12.2	8.4	3.8
Nazareth	12.1	8.2	3.9
Hazor Hagelilit	12.1	6.1	6.0
Tiberias	12.0	7.0	5.0
Zefat	11.8	7.5	4.3
Migdal Haameq	11.6	4.9	6.7

Locality	Total Students Enrolled	Of that: Students at Universities	Of that: Students at Academic Colleges
Or Aqiva	11.3	4.5	6.8
Dimona	11.2	4.2	6.9
Tirat Karmel	11.2	7.2	4.0
Eilabun	11.0	7.5	3.5
Beer Ya'aqov	10.8	4.7	6.1
Dabburye	10.6	6.3	4.3
Elyakhin	10.6	2.7	7.9
Yeroham	10.5	4.3	6.2
Kafar Bara	10.5	5.0	5.5
Migdal	10.3	7.1	3.2
Kaokab Abu Al-Hija	10.2	7.2	3.0
Sajur	10.2	7.4	2.8
Bat Yam	10.2	3.9	6.2
Qiryat Eqron	10.2	5.0	5.2
Beit Jann	9.7	6.6	3.1
Ofakim	9.7	3.2	6.5
Or Yehuda	9.6	2.6	7.0
Zemer	9.4	6.1	3.3
Netivot	9.3	3.0	6.3
Elat	9.3	6.9	2.4
Qiryat Mal'akhi	9.2	3.8	5.4
Daliyat Al-Karmel -Isifya	9.1	7.2	1.9
Tur'an	8.8	6.8	2.0
Jerusalem	8.8	4.2	4.6
Lod	8.8	3.7	5.1
Qiryat Arba	8.5	2.5	6.0
Shibli-Umm Al-Ghanam	8.3	5.6	2.7
Mughar	8.3	6.6	1.7
Yanuh-Jat	8.3	6.8	1.5
Yafi	8.3	5.7	2.6

Locality	Total Students Enrolled	Of that: Students at Universities	Of that: Students at Academic Colleges
I'billin	8.1	6.3	1.8
Mazra'a	8.1	7.6	0.5
Yirka	7.9	6.4	1.6
Kafar Qara	7.9	4.6	3.3
Nahef	7.6	5.8	1.8
Yavneel	7.5	4.1	3.5
Tamra	7.5	6.4	1.1
Iksal	7.5	3.9	3.6
Tire	7.4	4.9	2.5
Deir Hanna	7.4	5.4	2.0
Sakhnin	7.4	5.5	1.8
Shefar'am	7.3	5.3	1.9
Ramla	7.2	2.6	4.6
Abu Sinan	7.1	5.4	1.7
Abu Ghosh	7.0	3.6	3.4
Jaljulye	7.0	4.4	2.6
Kafar Kanna	7.0	5.5	1.6
Reine	6.9	5.1	1.8
Sha'ab	6.8	4.6	2.2
Mashhed	6.7	5.3	1.4
Arrabe	6.7	5.3	1.4
Baqa-Jatt	6.7	4.6	2.0
Kabul	6.5	4.8	1.6
Ar'ara	6.4	4.0	2.4
Kisra-Sumei	6.3	5.2	1.0
Bet Shemesh	6.2	2.5	3.7
Kafar Qasem	6.2	4.1	2.1
Shagor	6.1	4.8	1.3
Bu'eine-Nujeidat	6.0	4.6	1.3
Ka'abiyye-Tabbash-Hajajere	5.9	3.6	2.3
Tayibe	5.9	3.0	2.9

Locality	Total Students Enrolled	Of that: Students at Universities	Of that: Students at Academic Colleges
Judeide - Maker	5.6	4.3	1.3
Mas'ade	5.5	2.1	3.4
Ein Mahel	5.5	4.1	1.3
Ein-Qiniyye	5.4	3.5	1.9
Majdal Shams	5.2	2.1	3.1
Ma'ale Iron	5.1	3.3	1.8
Basma	5.0	3.0	2.0
Buq'ata	4.8	1.8	3.0
Umm Al-Fahm	4.8	3.4	1.4
Qiryat Ye'arim	4.7	1.5	3.2
Tuba-Zangariyye	4.7	3.3	1.3
Fureidis	4.3	3.5	0.7
Basmat Tab'un	4.2	3.0	1.3
Ilut	4.2	2.5	1.7
Bene Braq	4.2	1.6	2.6
Zarzir	3.7	2.7	1.0
Kafar Manda	3.6	2.6	1.0
Rekhasim	3.2	1.2	2.0
Ghajar	3.1	0.6	2.5
Kuseufe	3.0	2.3	0.7
El'ad	2.9	0.6	2.3
Tel Sheva	2.9	1.2	1.6
Bir Al-Maksur	2.8	2.1	0.7
Laqye	2.7	1.6	1.1
Rahat	2.7	1.3	1.4
Hura	2.5	1.5	1.1
Segev-shalom	2.3	0.6	1.6
Qalansawe	1.6	0.8	0.8
Ar'ara-Negev	1.3	0.7	0.6
Betar Illit	1.3	0.1	1.2
Jisr Az-Zarqa	1.2	0.6	0.6
Modi'in Illit	0.9	0.2	0.7

Sources: Adva Center analysis of CBS, *Local Authorities in Israel 2008*, database for analysis, CBS website; Figures on the number of students enrolled in universities and academic colleges in 2009 were received courtesy of the Higher Education Department at the CBS.

## Health Care System

# EROSION IN PUBLIC FINANCING AND INCREASE IN CO-PAYMENTS

The disparity between the desirable level of funding for the basket of health services provided by the health funds under the National Health Insurance Law and the actual level of funding continued to increase in 2009. The desirable level of funding involves indexing the cost of three parameters: demographic

changes, changes in the costs of health inputs, and technological changes.

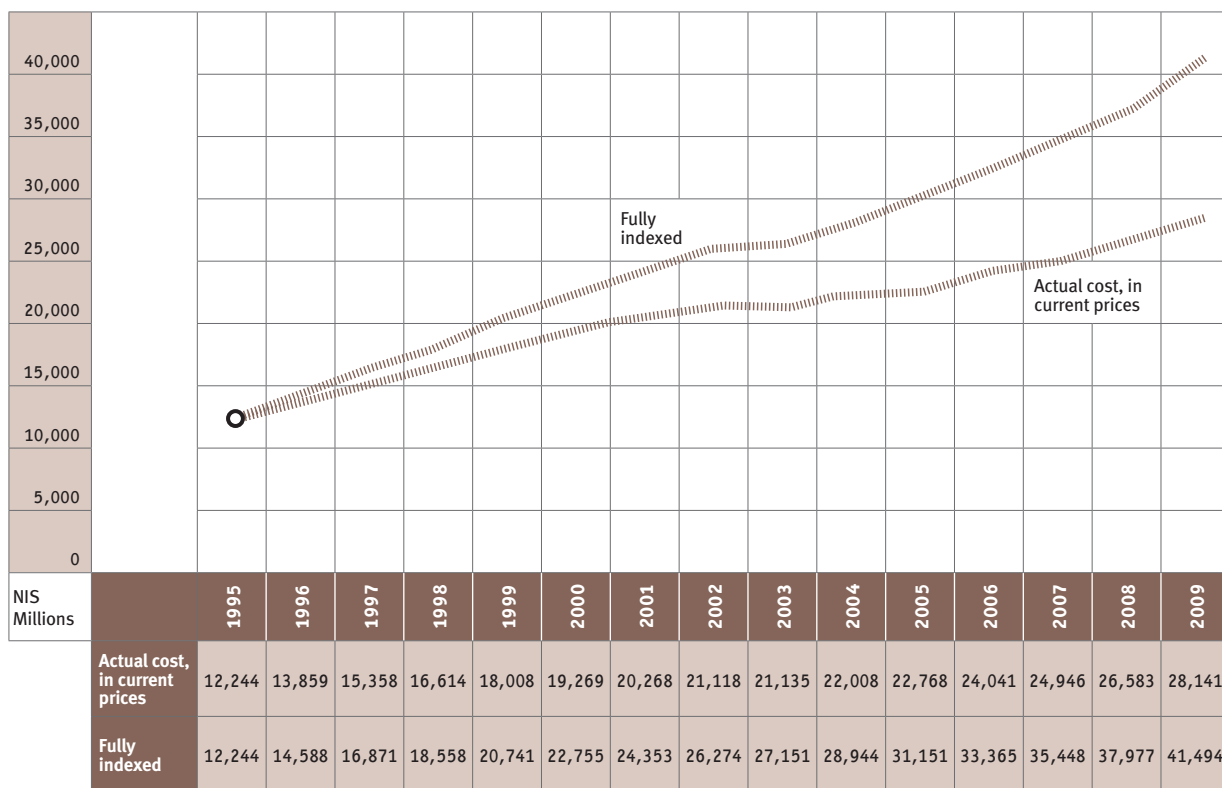
The gaps came into being due to the fact that the National Health Insurance Law does not include an indexing mechanism for these changes.

Lacking funding, the health system needs to raise funds from

additional sources, first and foremost by imposing co-payments on medications and medical services above and beyond the monies paid out in health taxes. With full indexing, the basket of services would have cost NIS 41.5 billion in 2009, whereas its actual budgeted cost was NIS 28.1 billion.

### Cost of the Basket of Health Services

1995-2009 in NIS millions



**Note:** The fully indexed cost was calculated to include demographic changes, technological changes, and changes in health inputs. For each parameter, costs were calculated on a yearly basis.

**Source:** Adva Center, The Proposed Budget and Budget-Arrangements Law for Fiscal 2011-2012: Tight-Fisted on Civilian Expenditures." Powerpoint Presentation, November 2, 2010.

## Health Care System

### THE BURDEN OF PAYMENTS DOUBLED

As a result of the erosion of government financing for the basket of health services, the burden of payments on health care consumers increased. Thus, for example, only some of the new medications considered effective were included in the basket of services. Other medications were included in the

supplemental insurance policies marketed by health funds and insurance companies. Persons not purchasing extra insurance do not receive discounts on the latter medications. Consumers of health services are charged co-payments not only for medications, but also for various other services. For example, the

health funds charge co-payments for visits to specialists and hospital outpatient services. All of the above increase the financial burden of health services for persons who need them. In 2000, this burden amounted to four billion shekels; in 2008, it had grown to 7.1 billion.

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

Above and beyond health taxes, 2000-2008  
In NIS billions

	2000	2001	2002	2003	2004	2005	2006	2007	2008
Health fund income from the sale of supplemental insurance	1.0	1.2	1.4	1.6	1.8	1.8	2.0	2.3	2.4
Health fund income from co-payments for medications and services	2.2	2.4	2.6	2.8	3.0	3.2	3.3	3.3	3.1
Insurance company income from the sale of health insurance	0.8	0.8	0.9	1.0	1.1	1.4	1.6	1.6	1.7
<b>Total income of health funds (above and beyond health taxes) and insurance companies</b>	<b>4.0</b>	<b>4.4</b>	<b>4.8</b>	<b>5.4</b>	<b>6.0</b>	<b>6.4</b>	<b>6.8</b>	<b>7.2</b>	<b>7.1</b>

In NIS billions, 2009 prices

#### Notes:

1. Health fund income from co-payments includes both medications/services that are included in the basket of services under the National Health Insurance Law and those that are not.
2. The above figures are exclusive of payments for nursing care insurance.

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

## Health Care System

# THE EROSION OF EQUALITY IN HEALTH CARE OPPORTUNITIES: THE HIGHER THE INCOME, THE MORE HEALTH INSURANCE

In 2009, household expenditures on extra health insurance continued to increase. The average monthly outlay of households in the top income decile increased from NIS 352 to NIS 387, and the average outlay of households in the sixth income decile from NIS 165 to NIS 181. In contrast, there was a slight decline in the outlay of households in the second income decile.

In the course of 2000-2009, the

share of extra health insurance in household expenditures on health doubled, from 17% to 30%.

Everyone paid more for health – but households with high incomes purchased more and more, while those with low incomes bought relatively less. The disparity is greatest in the area of extra health insurance. In 2009, households in the top income decile spent an average of NIS 196 per month on extra insurance policies, while

households in the second income decile spent only a tenth of that – NIS 10.

The main danger of this phenomenon is that medications and health services are liable to be shunted from the basic basket of services available to all to the extra health care insurance policies, a process that would lower the accessibility of the general public to the same medications and services.

### Total Outlays of Households on Extra Health Insurance Policies

Top, sixth and second income deciles  
2000-2009  
NIS, in 2009 prices

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Second decile</b>										
Extra insurance sold by insurance firms	10	7	14	15	4	7	16	16	17	10
Extra insurance sold by health funds	31	40	44	45	48	58	59	59	68	72
Total	40	47	57	60	52	65	75	76	85	82
<b>Sixth decile</b>										
Extra insurance sold by insurance firms	32	22	30	33	36	42	51	56	44	46
Extra insurance sold by health funds	59	76	80	83	95	103	103	120	122	135
Total	91	98	110	116	131	145	154	176	165	181
<b>Top decile</b>										
Extra insurance sold by insurance firms	107	89	116	132	122	187	184	166	179	196
Extra insurance sold by health funds	103	111	122	129	140	148	155	172	174	191
Total	210	200	238	261	263	336	338	338	352	387

Note: Figures are rounded to nearest whole numbers.

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



## Retirement Income

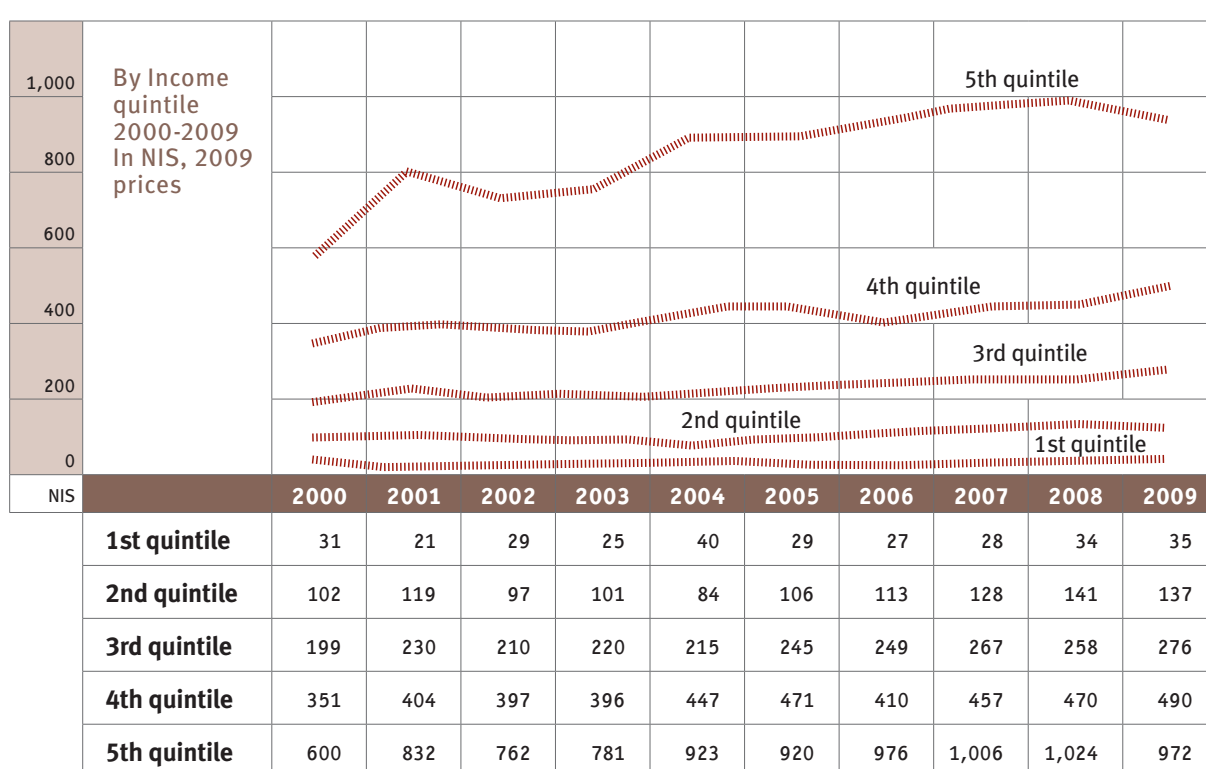
# THE NEXT GENERATION OF SENIOR CITIZENS WILL EXPERIENCE LARGE INCOME GAPS

In 2009, households in the top income quintile saved an average of NIS 972 a month for their old age – less than they saved in 2008 – but much more than other households managed to save. The same year, households in the bottom quintile saved an average

of NIS 35 a month. Obviously, the standard of living of persons in these two groups will be quite different after retirement. The table below also shows that in the course of the past decade, households in the top quintile increased their retirement savings by 62%; in contrast, households

in the third quintile increased their savings by 39% and those in the bottom quintile by only 13%. It should be borne in mind that averages include households in which no one saves for retirement, along with those who report savings.

### Average monthly retirement savings



Sources: Adva Center analysis of CBS, *Household Income Survey*, various years; the figure for 2009 was received courtesy of the Consumption Department at the CBS.



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