Adva Center
Information on Equality and Social Justice in Israel

ISRAEL: A SOCIAL REPORT 2026

Researchers:

Etty Konor-Attias, Noga Dagan-Buzaglo, Miri Endeweld-Sabag and Shani Bar-On Maman

July 2026

Adva Center

Information on Equality and Social Justice in Israel

Staff

Dr. Yael Hasson Executive Director

Etty Konor-Attias Academic Director

Barbara Swirski Community Relations

Dr. Shlomo Swirski Researcher and Founding Academic Director

Mira Oppenheim Office Manager & Media Relations

Atty. Noga Dagan Buzaglo Researcher

Yaron Hoffmann-Dishon Researcher

Dr. Shani Bar-On Maman Researcher

Max Grubman Researcher

Dr. Miri Endeweld Sabag Researcher

Dr. Alina Rozenfeld Researcher

Dr. Nehaya Awida Researcher

Lital Biton Creative and Graphic Artist

Ella Gur Community Outreach Coordinator

Dr. Yael Proaktor Public Advocate

This report was also made possible thanks to the support of

MAZON

A Jewish Response To Hunger

Board

Prof. Yossi Dahan Chair of the Board

Prof. Ismael Abu-Saad

Dr. Hedva Eyal

Prof. Nitza Berkovitch

Ruti Gur

Dr. Maisalon Dallashi

Prof. Yossi Yonah

Prof. Oren Iftachel

Dr. Yuval Livnat

Dr. Towibah Mjdoob

Prof. Shoshana Madmoni-Gerber

Prof. Rivka Savaiya

Prof. Dani Filc

Prof. Rachel Kallus

Adv. Ola Shtiwee

Dr. Gili Tamir

Audit Committee

Hedva Isachar

Prof. Halleli Pinson

Table of Content

Civil Society in Survival Mode

After nearly three years of war, Israel remains in a state of ongoing emergency rather than returning to routine. Even during periods when the intensity of fighting eases, security uncertainty, evacuation, repeated rounds of reserve-duty call-ups, and the absence of a political horizon continue to shape civilian life and budgetary priorities. Alongside this, a civil struggle over the boundaries of democracy is underway. Within this reality, the socioeconomic question is pushed to the margins — precisely at a time when the need for strong public services and broad economic security has become more urgent.

Even before the war, per-capita civilian spending in Israel was low compared with that of other developed countries; that is, public services operate under a persistent shortage of resources and personnel. Since the outbreak of the war with Hamas, public spending has expanded, but most of the increase was directed to emergency response, evacuation, compensation, and initial rehabilitation — not to strengthening broad, universal, and stable public services. In other words, even as the public budget grew, it did not strengthen the civilian base but served largely as a response to the state of emergency. The social price of the war is therefore not measured only in defense spending or war damage, but also in the gap between society's needs and the ability of weakened civilian systems to provide an adequate response in the fields of housing, education, welfare, and health.

It is not only the war economy and the needs of security, emergency response, and initial rehabilitation that push civilian services down the budgetary priority list. Compounding this is a government that repeatedly chooses to make across-the-board cuts to these services, while at the same time budgeting for sectoral and contested goals: benefits for the ultra-Orthodox sector and the allocation of significant budgets to expanding the settlement enterprise, alongside across-the-board cuts to the budgets of government ministries generally and especially deep cuts to budgets earmarked for Arab society. This is a policy resting on short-term coalition considerations, and its result is an ongoing erosion of the principle of universality of the welfare state.

Within this reality, the struggle against inequality cannot be postponed to the day after the war. The data presented in this report show that households entered this period from very different starting points: some rely on stable income, home ownership, savings, and capital income; others depend mainly on monthly wages, contend with a high cost of living and heavy rent costs, live in or near poverty, or were hurt by evacuation, reserve-duty call-ups, or damage to employment or a small business. These gaps also reflect differences between population groups and regions. Thus, Arab society in Israel, which suffers from persistent gaps in income, investment, infrastructure, and local development, is now also exposed to a public climate of hostility and suspicion that makes it harder to advance a policy of civic equality. In such a situation, inequality is not merely background data — it is one of the factors shaping the depth of the harm of war and the ability to recover from it.

Gaps in starting points are not only about current income from work. In times of crisis, home ownership, savings, and capital income serve as an economic safety net, while households that depend mainly on monthly wages are more exposed to loss of income, the growing cost of living, and unexpected expenses. Israel's inequality is therefore not limited to wage gaps — it is also tied to the concentration of assets and capital income. This concentration is especially pronounced at the top of the income distribution: according to State Revenue Administration data, 82% of capital income is held by the top income decile, and 58% of it by the top income percentile alone. At this end of the distribution, capital is not merely an additional income source but a central mechanism for accumulating economic power.

This report seeks to return to the center of public discourse a question that has been pushed to the margins: how can a society cope with an ongoing crisis and recover from it without deepening the gaps within it? The data presented in the report indicate that an emergency response is not enough. Israel's ability to cope also depends on its civilian base: on stable public services, broad economic security, and a policy that does not leave most of the burden on households. This is not a question that can be postponed to the day after the hostilities — it is a question that requires an answer here and now.

In the Absence of a Broad-based Strategy: The Social Price of War

The war that began on October 7, 2023 not only harmed personal security and physical infrastructure — it also exposed the weakness of civilian policy in Israel. This weakness is reflected in the absence of planning based on up-to-date, ongoing mapping, in investment in temporary solutions and repeated extensions of home evacuation, and in a decrease in the ability to establish a path of rehabilitation and return for individuals, communities, and localities.

Additional government expenditure resulting from the war for the years 2023–2026 was estimated at NIS 350 billion, and estimates presented later by the Governor of the Bank of Israel pointed to an even higher cost, of more than NIS 400 billion. This budgetary burden hit a civilian system that was already operating on a narrow base: in 2024, civilian public expenditure per capita in Israel, excluding interest, stood at only about two-thirds of the average of developed OECD countries. The social price of the war is therefore not measured only by the scale of defense spending or war damage, but also by the limited ability of civilian systems to provide an ongoing response to needs for housing, education, welfare, mental health care, and community rehabilitation.

Following October 7, 2023,143,000 men and women were officially evacuated from border areas: 75,000 from southern localities within 7 kilometers of the border, and 68,000 from northern localities within 3.5 kilometers of the border. Alongside them were those who evacuated independently, though their number has not been fully documented; preliminary estimates suggest more than ten thousand additional evacuees. In most cases, evacuation actually took place before it was formalized in government decisions — that is, as a response decided upon while the crisis was still unfolding, rather than as part of a planned, data-based process.

Mapping the spatial changes that accompanied the evacuation were not carried out in real time; its consequences became apparent mainly at the return home stage. In Kiryat Shemona, for example, the difficulty of reconnecting after residents had been dispersed across hundreds of locations illustrated the price of the absence of such mapping. Evacuation was not managed as part of a comprehensive plan for rehabilitation and return based on real-time mapping, service continuity, and community planning, but through responses made while the crisis was unfolding.

During the evacuation, repeated reassessments were made regarding the date of return; thus in most places the evacuation was repeatedly extended by a period of one to several months. In total, at least 20 decisions were made to extend the duration of evacuation, alongside related decisions in the areas of transportation, housing, and employment, including protection against dismissal from employment. The pattern of repeated extensions of evacuation and investment in temporary solutions imposed ongoing uncertainty on the evacuees.

Following the damage incurred by the war to households, businesses, and local authorities, the war also required an expansion of civilian expenditure. Net civilian war expenditures rose from NIS 6.7 billion in 2023 to NIS 16.1 billion in 2024. While this growth reflects expansion of the civilian response to the war, it does not in itself indicate the existence of an orderly rehabilitation path. According to the Bank of Israel, in 2025 civilian expenditure (excluding interest) remained similar to its 2024 level, mainly due to war-related expenditures, including the Tekuma Administration (established to rehabilitate the western Negev). In other words, the war increased civilian expenditure but did not result in a change in Israel’s resource-poor civilian system.

Even where dedicated rehabilitation mechanisms were established, the gap between budgeting and execution remained pronounced. The

Tekuma Administration utilized in 2024 only 62% of its post-revision budget and just 21% of its original budget, while its operating expenses were almost fully executed. Part of the rehabilitation burden was shifted to local authorities and not fully budgeted by the state: receiving authorities took in a population that was large relative to their size and were required to provide education, welfare, community, and transportation services, but their expenditures were not always translated into clear supplementary state budgeting. The evacuation also widened existing gaps between localities: organized, experienced localities managed to maintain collective housing and community mechanisms, while others struggled to maintain continuity and community cohesion.

Beyond the budgetary and institutional dimension, the social price of the war was expressed in upsets to the continuity of life, a sense of homelessness, and trust between residents and the state. Prolonged stay under temporary arrangements is not only a housing solution; it is a life situation that undermines family, community, and economic stability, and sometimes turns even previously stable populations into more vulnerable ones. Hence, the war is not a one-time event whose consequences end with physical return to the localities, but an ongoing civilian crisis.

As of this writing, an agreed-upon and stable end to the fighting has not yet taken shape, and the possibility of renewed escalation remains part of the reality within which rehabilitation is taking place. This uncertainty is part of the social price of the war: it makes a return to routine more difficult, prolongs reliance on temporary solutions, and delays the transition from emergency response to an orderly rehabilitation path.

This price extends across the areas discussed in the rest of the report.

The Four Sources of Household Income

It is customary to divide household income sources into four categories.

For the vast majority of Israelis, the main income source is wages from work, while a significant share of households in the upper deciles also enjoy income from capital and assets.

The Central Bureau of Statistics (CBS) publishes comprehensive data on household income, based on its Household Expenditure and Income Survey, conducted annually among a sample representing the entire household population. This data serves as the basis for analyzing the composition of household income and for the tables below.

In 2023 a methodological change was made in measuring household income. The new survey combines administrative data from government sources, including the Tax Authority and the National Insurance Institute (Social Security). This combination allows more accurate measurement of income from work, pensions, and benefits. In CBS surveys, unlike Tax Authority data, capital income continues to be based largely on self-reporting. These differences in data sources and measurement methods may lead to gaps between CBS data and Tax Authority administrative data, an issue addressed later. Due to the change in measurement method, income data for 2023 is based on a new statistical series and is not directly comparable to data published in previous years, and is therefore not presented here.

Income Composition by Decile

Income from work is the main component of household income in all deciles. Its share of total income is lower in the bottom deciles and higher in the middle and upper deciles. In 2023 it accounted for an average of 78% of the cash income of all households. This rate roughly matches the share of income from work in previous years, as documented in previous Adva Center reports.

The average share of income from work in total household income conceals large differences among deciles. As mentioned above, in all deciles, income from work is the main component of household income, exceeding half of income even in the lower deciles. Its share is lower at the bottom of the distribution, standing at 59.6% in the bottom decile, 63.2% in the second decile, and 65.4% in the third decile. From the fourth decile onward, the share of income from work rises, accounting for more than 70% of household income; in deciles 5 through 9 its share ranges from about 75% to 81%, reaching 81.6% in the top decile.

Income from allowances and support payments is concentrated in the lower deciles and constitutes a central component of their household income. In the bottom decile it stands at 38.3% of total income, and in the second and third deciles at 34.1% and 30.5%, respectively.

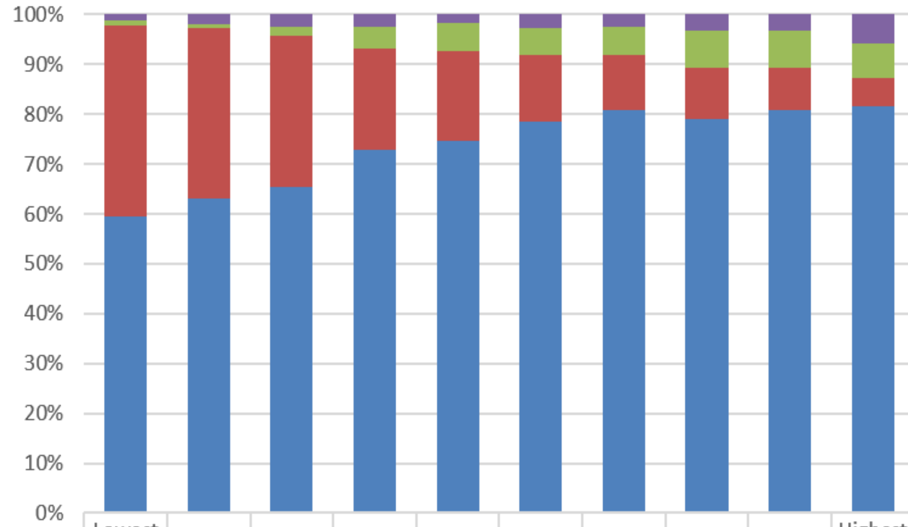
The share of allowances declines consistently across the income distribution. In the middle deciles their share shrinks considerably, and in the upper deciles they constitute a relatively marginal component — only 5.6% in the top decile.

By contrast, income from pensions and provident funds is a minimal share of household income in the lower deciles, standing at around 1%. Its share rises gradually across the income distribution, reaching 4.3% in the fourth decile and 5.5%–5.6% in deciles 5 through 7. In the upper deciles its share is higher — 7.5% in deciles 8 and 9, and 7.1% in the top decile.

Capital income is a relatively small component of household income in all deciles. In the lower deciles its share is low but not uniform: 1.1% in the bottom decile, 1.9% in the second decile, and 2.5% in the third decile. In the middle deciles it ranges from about 1.8% to 2.7%, and in the upper deciles it rises to 3.1%–3.2% in the eighth and ninth deciles and to 5.7% in the top decile. It should be noted that CBS data may understate the scope of capital income, especially in the upper deciles, an issue addressed later.

Components of Household Income: Work, Allowances, Pensions, and Capital - Share of Each Component in Income, 2023

Gross Cash Income of Households, 2023, by Net Income Decile per Standard Person



	Lowest decile	2	3	4	5	6	7	8	9	Highest decile
Capital	1.1	1.9	2.5	2.4	1.8	2.7	2.5	3.2	3.1	5.7
Income from pensions and provident funds	1.0	0.8	1.6	4.3	5.5	5.6	5.6	7.5	7.5	7.1
Income from allowances and support	38.3	34.1	30.5	20.5	18.1	13.1	11.1	10.2	8.6	5.6
Income from work	59.6	63.2	65.4	72.8	74.6	78.6	80.7	79.0	80.8	81.6

Source: *Adva Center analysis based on CBS, Household Income and Expenditure Survey file, 2023.*

Capital Income: Higher in Scope Than CBS Data Suggest

According to CBS data for 2023, the share of capital income is very low across the entire income distribution: about one percent in the lower deciles, around 2%–3% in most deciles, and up to 5.7% in the top decile. Even in the top decile, capital income remains a secondary component relative to income from work. However, capital income relies heavily on self-reporting. Administrative data indicate that its true scope is far higher than reflected in the survey, particularly in the top decile.

Administrative data from the State Revenue Administration is based on the Tax Authority's tax model, relying on individuals' income reports and updated administrative data, and refers to the income of individuals rather than households, so direct comparison with CBS data is limited. Nevertheless, the gap between the sources is large: according to this data, the composition of income changes sharply at the top end of the distribution. In deciles 1–9, most income comes from wages, which account for about 77% of income, while the rest derives mainly from business activity and pensions. In the top decile, however, the share of wages is lower, standing at 58%, and in the *top percentile* it drops to just 29%. Alongside the decline in the wage share, the share of capital income and other income subject to special tax rates grows, until in the *top percentile* it constitutes close to 60% of total income.

This data also sharpens the extent of the concentration of capital income which of course is not spread across the entire income distribution but is concentrated mainly at the top end: 82% of all capital income is held by the top income decile, and 58% by the *top percentile* alone. In addition, in recent years the share of wages among the highest earners has declined, while the share of capital income has grown.

These gaps between sources are not merely a technical matter: they indicate that income inequality in Israel is greater than reflected in the official survey data, and that inequality indices based on CBS data understate it.

Large Gap between the Top Decile's Income and the Rest

In 2023, in the top decile of households headed by a salaried employee, average monthly gross income from all four income sources stood at NIS 85,218. This amount was 13.6 times higher than the equivalent income of the bottom decile, which stood at NIS 6,278. The gap is also notable compared with the fifth decile, near the center of the distribution: the top decile's income was four times that of the fifth decile, which stood at NIS 21,431.

Since the early 2000s, the distribution of income between deciles of households headed by a salaried employee has barely changed.

Distribution of Total Income of Households Headed by a Salaried Employee, 2023

Decile	Gross monetary income (NIS)	Each decile's share of the income pie
Decile 1	6,278	**2%**
Decile 2	10,425	**3%**
Decile 3	13,674	**4%**
Decile 4	17,251	**6%**
Decile 5	21,431	**7%**
Decile 6	26,818	**9%**
Decile 7	32,800	**11%**
Decile 8	39,558	**13%**
Decile 9	50,759	**17%**
Decile 10	85,218	**28%**

Source: Adva Center analysis based on the Household Income and Expenditure Survey file, 2023.

Three Decades of Growth: Who Benefits?

Over the past three decades the Israeli economy has grown considerably, but the fruits of growth have not reached all workers' pockets. Between 1995 and 2025, GDP per capita grew by 65%, while real wages per salaried position rose by only 47% — a gap of 18%.

Already from the early 2000s a gap was evident between the pace of economic growth and the pace of wage growth. This gap persisted throughout the subsequent growth years, and only around the COVID years was there a temporary convergence between the two measures.

Since 2023, with the outbreak of the "Swords of Iron" war, nominal wages have risen.

However, wage rises did not affect all workers uniformly and were also reflected in differences among industries: in high-wage industries, led by high-tech, wages rose more quickly, while in low-wage industries the rise was moderate. In the public sector, real wages eroded, partly following a temporary wage cut set in an agreement between the government and the Histadrut as part of budgetary adjustment measures following the war. As a result, wage gaps widened between workers in high-wage and low-wage industries.

The data indicate that the gap between the pace of growth and the pace of wage increase is not just a temporary phenomenon. This gap has persisted for three decades, both in periods of growth and those of crisis. This pattern is also reflected in the distribution of national income: labor's share stood at 60.1% in 1995, rose to 63.3% in 2000, and fell to 56% in 2024. During the same period, employers' profits as a share of national income grew from 16.6% to 24%.

Poverty and Low-Wage Work

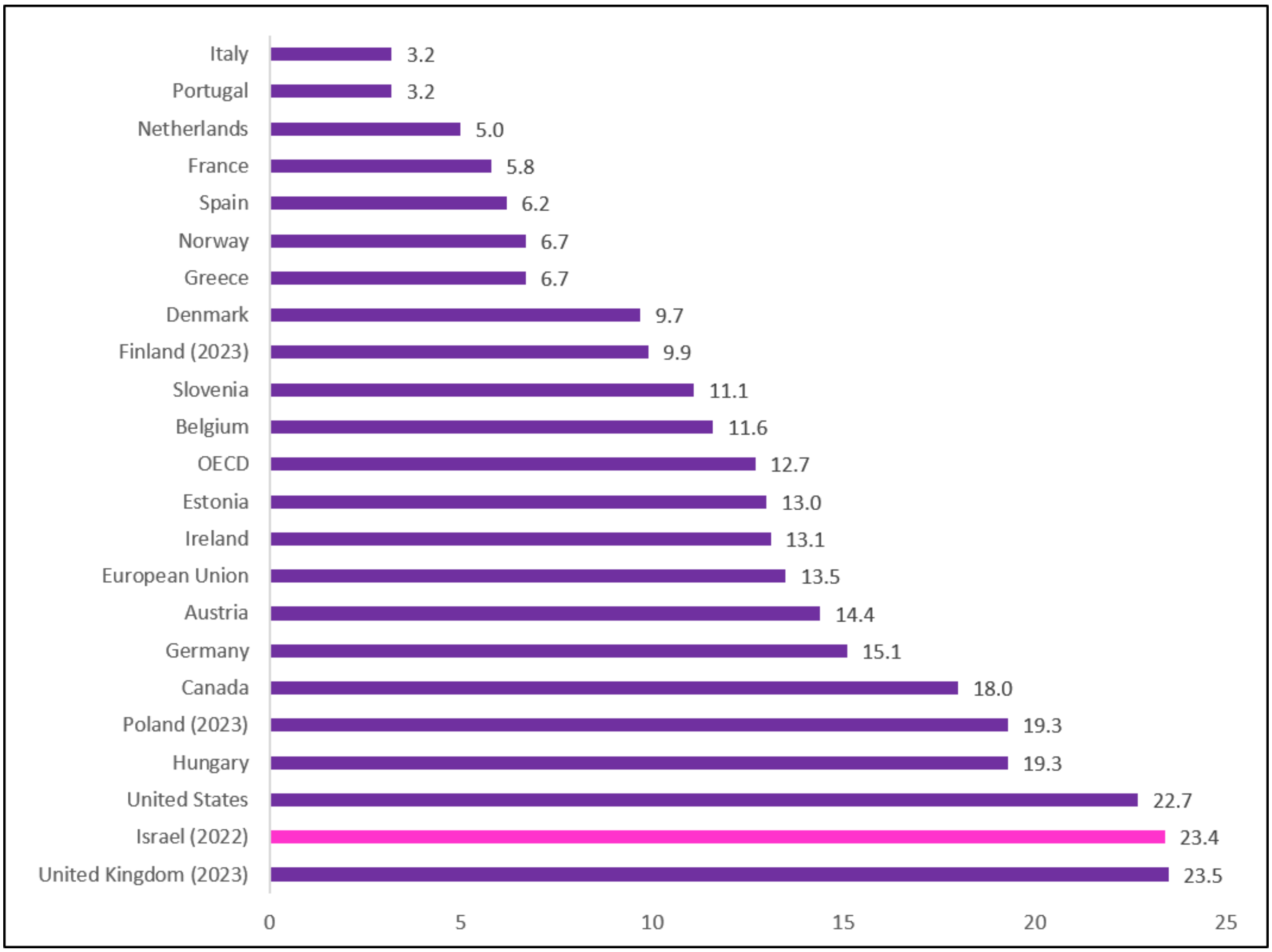
Many workers in Israel earn low wages, and employment does not guarantee an escape from poverty. In 2003, families headed by a worker accounted for 38.2% of all poor families; by 2024 their share had risen to 59.7%.

In 2024, the poverty rate among families with one breadwinner stood at 22.1%, and 8.7% among families with two or more breadwinners. Among families with two breadwinners this reflects an ongoing rise that began already in the 1990s . There was a further rise in poverty on this group starting in 2020, largely reflecting the effects of both COVID and the war on working households, particularly on the self-employed and small-business owners whose income was especially hurt.

Israel's situation regarding poverty is also problematic by international comparison. Its share of low-wage workers, defined by the OECD as earning less than two-thirds of the median wage among full-time employees, is among the highest in the world. In 2024, Israel recorded the second-highest rate among OECD countries, after the United Kingdom: nearly a quarter (23.4%) of salaried employees earned low wages, compared with 12.7% on average in the OECD and 13.5% on average in the European Union.

Employees Earning Low Wages, 2024

Employees earning up to two-thirds of the median wage and employed full-time, in percentages



Note: *Data for 2024; for countries without 2024 data, the most recent available year is shown (in parentheses).*

Source: *OECD database, March 2026.*

The Middle Class in Israel

The middle class is a central component of society: it is a main source of labor and private consumption, contributes to state tax revenues, and staffs a substantial share of public services. For this reason, its condition is at the center of economic and public discourse. The middle class is usually defined by income level, though some studies also consider additional characteristics such as employment, education, and consumption patterns.

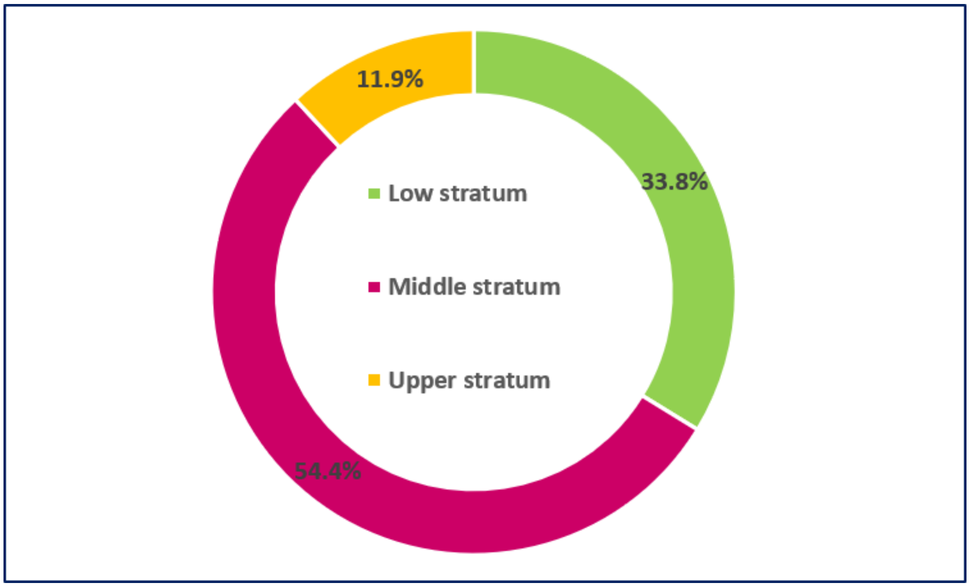
Similar to accepted definitions in international research, in this document the middle class is examined as an income stratum: households whose disposable income per standard person ranges between 75% and 200% of the median income per standard person are counted as belonging to the middle stratum.

Who Is the Middle Class? — Division of Households by Income Stratum

The division of households is based on income per standard person from work or business, relative to median income, and distinguishes between three main strata. The bottom stratum includes households below the poverty line, households near poverty (up to 25% above it), and households in the low stratum, whose income is below 75% of median income. The middle stratum includes two sub-strata: the lower-middle stratum, in which household income ranges between 75% and 125% of median income, and the upper-middle stratum, between 125% and 200%. The upper stratum includes households whose income exceeds 200% of median income per standard person.

The most recent data available refer to 2023 and therefore do not include the effects of the war, which likely worsened many households' economic situation. The distribution of households by income stratum for 2023 shows that more than half (54.4%) belong to the middle stratum, about a third (33.8%) to the low stratum, and a minority (11.9%) to the upper stratum. This data joins the long-term picture documented in previous Adva Center reports and expanded in an OECD report: the middle class in Israel shrank from nearly 60% of households in the 1980s and 1990s to a low of 48% in 2009, alongside a rise in the poverty rate in Israeli society. After the global financial crisis there was a partial recovery, and since 2015 the share of the middle class has ranged between 53% and 55%, without significant change.

Distribution of Households by Income Stratum, 2023



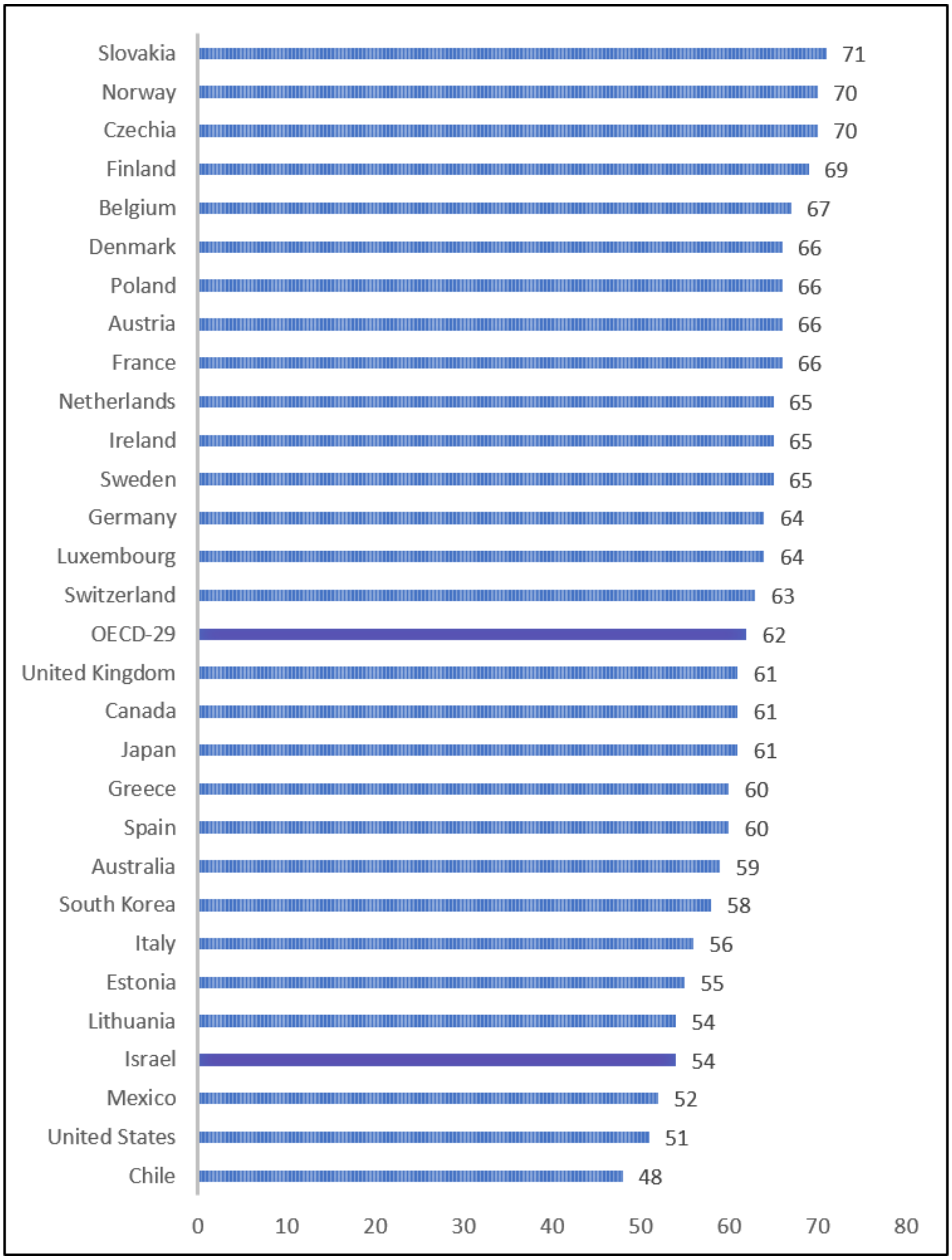
Source: Adva Center analysis based on the Household Income and Expenditure Survey file, 2023.

Israel's Middle Class Is One of the Smallest Among OECD Countries

According to the OECD report mentioned above, in 2021 Israel's middle class was among the smallest among OECD countries. The report uses the same definition used in this report: households whose income falls between 75% and 200% of median income. According to OECD, the share of households belonging to this stratum in Israel stood at 54%, compared with 62% on average among OECD countries. Of the 29 countries included in the comparison, only the United States, Chile, and Mexico recorded lower rates. This finding reflects a link between the size of the middle class and the level of income inequality: in countries with lower inequality, mainly the Scandinavian countries and those in

Central Europe, the middle-income stratum is wider. Israel's poverty rate is also high compared with most OECD countries: in 2021 it stood at 18%, compared with 11% on average among OECD countries.

Share of Households in the Middle Stratum, OECD Countries, 2021



Source: Adva Center analysis based on: OECD (2026). How Is Israel's Middle Class Faring? Income Trends, Occupational Change and the Rising Cost of Living.

This finding joins another troubling finding regarding the middle class's standard of living, related to Israel's high price level: according to OECD reports, Israel ranks second in price level among OECD member countries, and housing and food prices have risen over the past two decades at a pace higher than general inflation. Therefore, belonging to the middle class does not necessarily reflect stable economic wellbeing, but exists within a price environment that burdens household budgets.

Average Wage Level of Employees by Origin and Nationality

Wage data for employees by origin and nationality point to persistent stratification in Israel's labor market. Over the years, including 2023, Arabs and immigrants from Ethiopia have been at the bottom of the wage ladder, while veteran Jewish groups, mainly men of Ashkenazi and Mizrahi origin, stood at the top. At the same time, among second-generation men and women in Israel, a shift occurred in the relationship between Mizrahim and Ashkenazim: the average wage of Mizrahi men and women was higher than that of Ashkenazi men and women of the same generation. In each of the groups, a clear gender gap remained, with women's wages lower than men's.

In 2023, at the top of the wage table stood **first-generation Ashkenazi men** who had immigrated by 1989, with an average monthly wage of NIS 23,865; followed by **second-generation Mizrahi men**, with NIS 22,384; second-generation Ashkenazi men, with NIS 20,803; **first-generation Mizrahi men** who had immigrated by 1989, with NIS 18,464; and **men who immigrated from the former Soviet Union** after 1990, with NIS 14,443. **Among women**, the highest wage was recorded among **second-generation Mizrahi women**, with NIS 12,978, followed by **first-generation Ashkenazi women** who had immigrated by 1989, with NIS 12,444.

The wages of Israeli-born individuals whose fathers were also Israeli-born are relatively low due to their younger age: their median age in

2023 was 33, compared with 49 and 46 for second-generation Mizrahim and second-generation Ashkenazim, respectively.

The monthly wage of Arabs was lower than that of most origin groups: in 2023 it stood at NIS 10,180 for men and NIS 6,975 for women.

A slightly lower wage was recorded in the category of Jews born in Africa or Asia, first generation, who immigrated after 1990 — most of whom, presumably, are **Jews of Ethiopian origin**; in 2023, the average wage among men in this group stood at NIS 10,613.

At the bottom of the wage ladder stand **Arab women** and **women of Ethiopian origin** (Jewish women born in Asia-Africa who immigrated after 1990), with an average wage of NIS 6,975 and NIS 8,470, respectively.

Average Monthly Gross Income per Employee, from Wages and Salary, by Nationality, Origin, and Gender, 2023

In NIS, current prices, sorted in descending order by the Jewish men column

Group	Male employees (NIS)	Female employees (NIS)
Total	16,946	10,453
Jews	19,001	11,345
Arabs	10,180	6,975
Of which Jews:		
Jews: born in Europe-America, immigrated by 1989 (**first-generation Ashkenazim**)	23,865	12,444
Jews: born in Israel, father born in Asia-Africa (**second-generation Mizrahim**)	22,384	12,978
Jews: born in Israel, father born in Europe-America (**second-generation Ashkenazim**)	20,803	11,302
Jews: born in Asia-Africa, immigrated by 1989 (**first-generation Mizrahim**)	18,464	10,699
Jews: born in Israel, father born in Israel	17,235	10,761
Jews: born in Europe-America, immigrated from 1990 (**former USSR immigrants**)	14,443	9,243
Jews: born in Asia-Africa, immigrated from 1990 (**mainly of Ethiopian origin**)	10,613	8,470

Source*: Data provided by the Consumption and Finance Section, Central Bureau of Statistics, March 2026; Adva Center analysis of the Income and Expenditure Survey file, 2023.*

It is important to note that wage data do not reflect the full picture of economic stratification between origin groups. Employees' monthly wages measure income from work alone and do not include home ownership, property values, capital income, savings, and inheritances. The gaps presented here therefore do not capture the full economic differences between groups, especially in the comparison between second-generation Mizrahim and Ashkenazim.

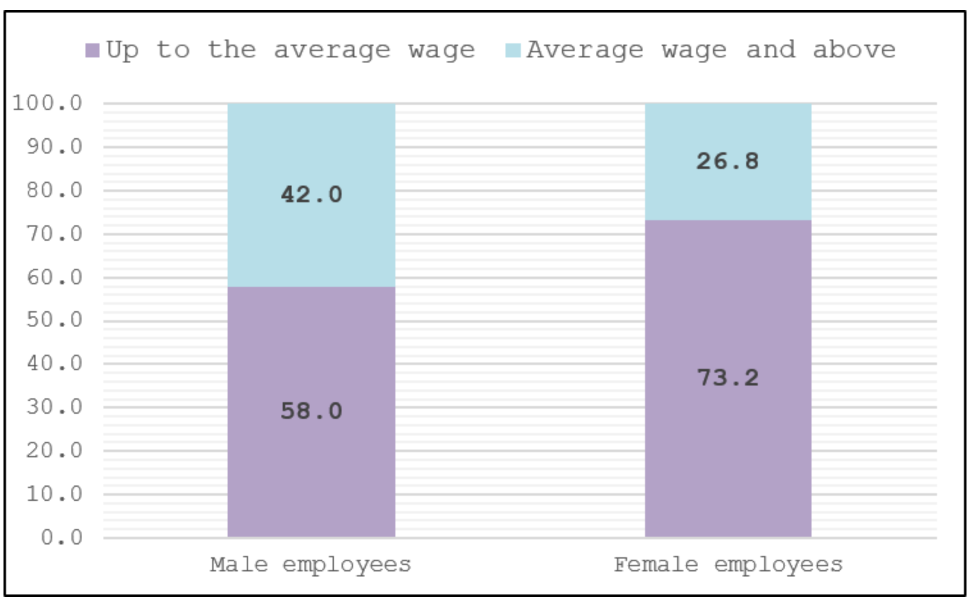
Wage Level by Gender

National Insurance Institute data on wage levels allow a comparison between women and men across different wage levels.

The share of those earning up to minimum wage is higher among women than among men, standing at 35.0% compared with 23.3%, among men. Accordingly, women are more concentrated in the lower wage groups: 73.2% of them earn up to the average wage, compared with 58.0% of men. Conversely, the share of those earning the average wage and above is higher among men (42%) than among women (26.8%).

Income Groups of Salaried Employees, by Gender, 2023

In percentages, by average income per month worked



Note: The category "up to the average wage" includes three groups of salaried employees: those earning up to the minimum wage, those earning between the minimum wage and 75% of the average wage, and those earning between 75% of the average wage and the average wage.

Source: Adva Center analysis based on: Ariano, A. and Cohen, N. (October 2025). Income from Work by Various Characteristics in 2023. National Insurance Institute.

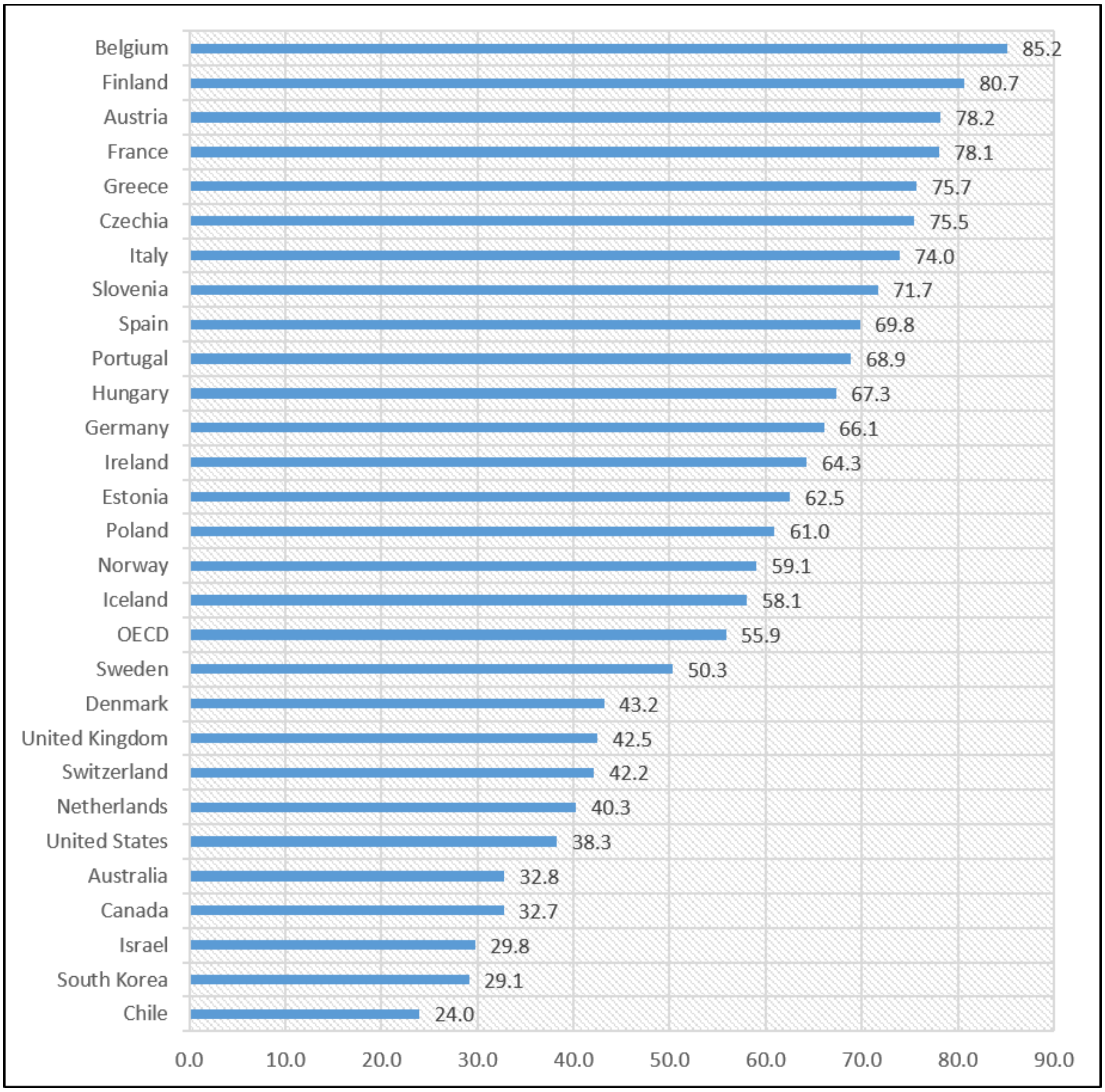
Dependence on Public Funding in Retirement

Income and wage gaps accrued during working years intensify after retirement, when wages are replaced by income from other sources. In old age, income relies on a combination of old-age benefits, pension, capital income, and sometimes also income from work. The old-age benefit constitutes only a basic component, while the pension depends on employment history and wage levels over a lifetime.

In recent years, the share of those contributing to pension savings has risen following the mandatory pension law enacted in 2008, but this share is still low among workers in the lower deciles, due to unstable employment patterns: hourly work, self-employment, or exploitative employment arrangements. In addition, the law does not address the problem of continuity in contributions, which are interrupted during periods of employment breaks (such as maternity leave, reserve duty, or unemployment), thereby deepening income inequality after retirement.

The chart below presents the share of old-age benefits paid by the National Insurance Institute out of the total income of households with persons aged 65 and over. In Israel, less than a third of income at this age comes from benefits (29.8%), a rate placing it at the bottom among OECD countries. On average among OECD countries, benefits constitute 55.9% of household income at retirement age, a rate higher than half of their income. At the top of the ranking are countries such as Belgium, Finland, and Austria, where most income in old age comes from benefits. In Israel, a lower share of benefits is accompanied by a greater weight of other income sources, including work: income from work constitutes 32% of the income of elderly households in Israel, compared with 27% on average in the OECD.

Share of Old-Age Benefits Out of Total Income of Households with Persons Aged 65 and Over, OECD Countries, 2022



Note: *The table includes old-age benefits, income supplement, survivor and disability benefit at 65 or older.*

Source: *Adva Center analysis based on: OECD, Pensions at a Glance 2025.*

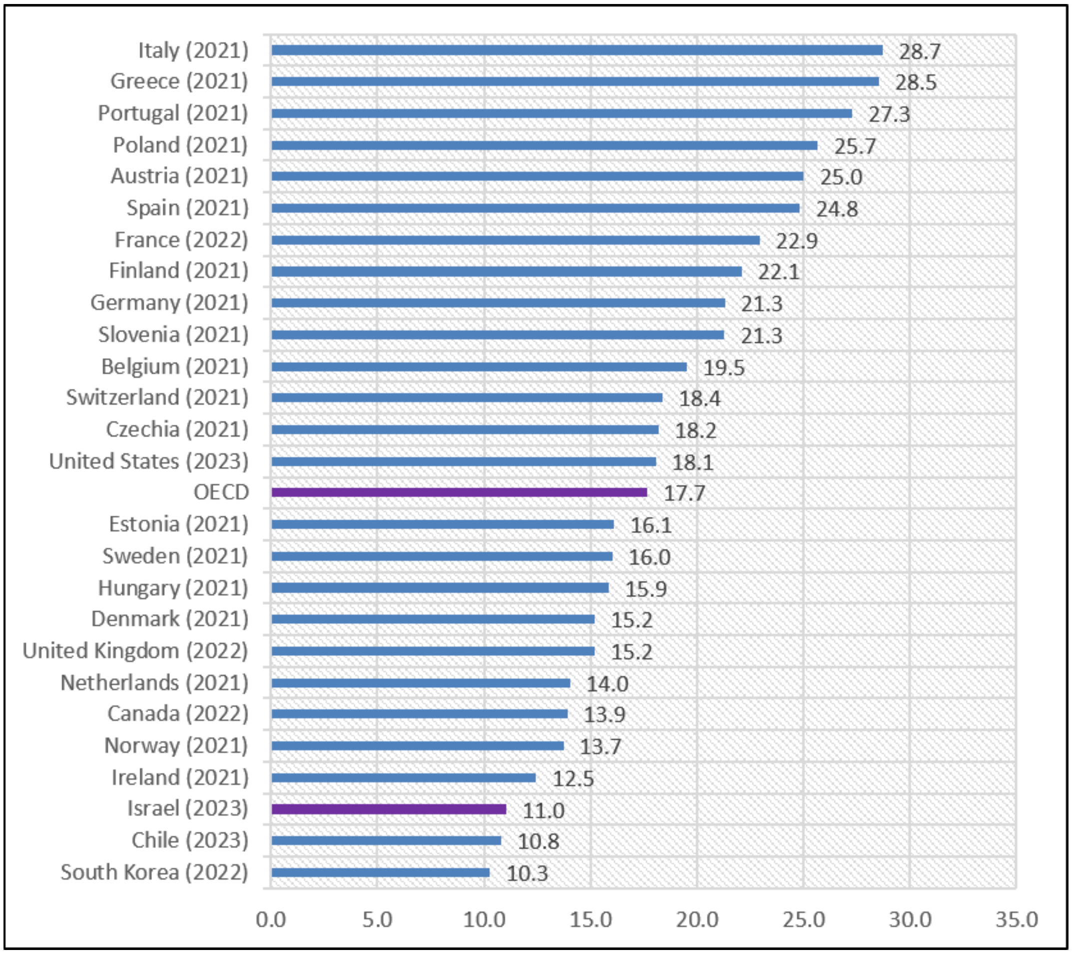
Low Government Spending on Old-Age Benefits

Israel is at the bottom among OECD countries in the scale of government spending on old-age and survivors' benefits. In 2023 this spending accounted for 11% of total government expenditure, compared with 17.7% on average among OECD countries. At the top of the ranking are countries such as Italy (28.7%), Greece (28.5%), and Portugal (27.3%), where spending on old age and survivors constitutes more than a quarter of government expenditure.

In Israel, the low share of spending on old-age and survivors' benefits reflects, among other things, the demographic structure: the share of those aged 65 and over is relatively low compared with many OECD countries. However, the demographic explanation is not the sole one. Old-age benefits in Israel are very low: about 13% of the average wage in Israel, compared with about 21% of the average wage in OECD countries. This figure also reflects a policy in which economic subsistence in retirement relies heavily on resources accumulated by individuals over their lifetime, while state responsibility for income at this age remains limited.

Government Spending on Old-Age and Survivors' Benefits in OECD Countries, 2021–2023

Most recent available year shown in parentheses



Source: *Adva Center analysis based on: OECD, Pensions at a Glance 2025.*

Food Security and Access to Healthy Food

Food security has two main dimensions: the ability to purchase a sufficient quantity of food, and the ability to purchase food that is not harmful to health. The food security index used by the National Insurance Institute, based on the short USDA questionnaire, examines mainly the household's economic ability to ensure regular access to a sufficient quantity of food. Since 2023, a supplementary index of access to healthy food has been added to the National Insurance survey, measuring households' ability to afford food that is not harmful to their health.

Findings from the National Insurance Institute's 2024 food security survey point to a sharp gap in the food security index: in the bottom quintile of households, the rate of living in food insecurity stood at 47.6%, compared with 27.1% among all households. In the supplementary index of access to healthy food, the gaps by income quintile are more moderate: in the bottom quintile, the rate of high access to healthy food stood at 69.3%, compared with 73.0% among all households and 77.8% in the top quintile.

Early Childhood Education: Low Government Investment

Israel's early childhood education system, for children from birth to age three, is in ongoing crisis. The crisis stems from low government investment, reflected in a shortage of supervised frameworks, a shortage of caregivers, and a high ratio of children to staff. Supervised frameworks include day-care centers, which have been under the responsibility of the Ministry of Education since 2022, and family day-care settings, which host up to six toddlers and are under the responsibility of the Ministry of Labor. The state subsidizes tuition for some toddlers, according to socioeconomic criteria.

In practice, less than a third of toddlers in this age group attend supervised frameworks. The rate is especially low in Arab society, where the poverty rate is higher and households' ability to afford private frameworks is more limited. The shortage of frameworks is especially severe in Bedouin localities in the Negev. According to data published by the Taub Center for 2026, the rate of toddlers in supervised frameworks is higher in more affluent clusters: in clusters 1–5, 53% of toddlers attend these frameworks, compared with 84% in clusters 6–9.

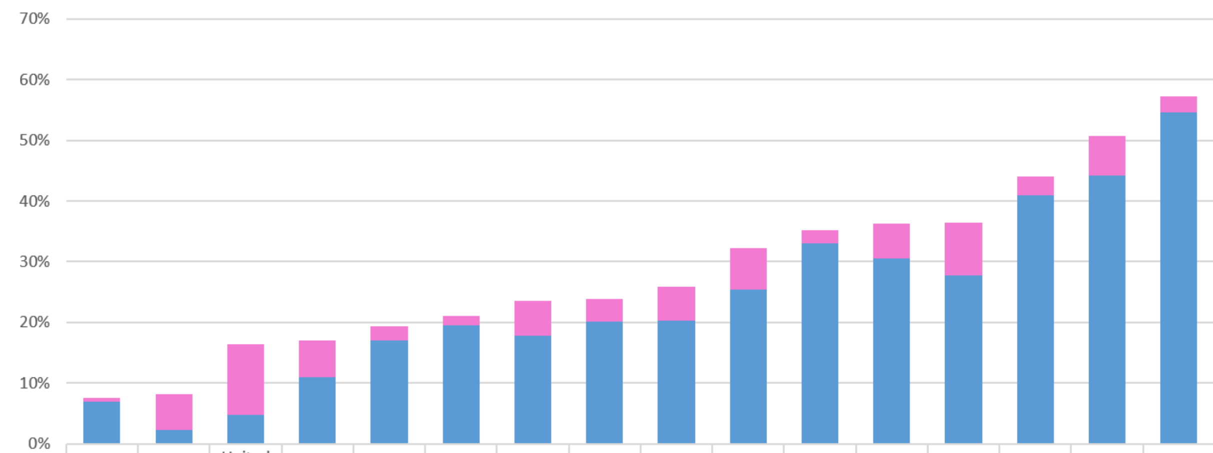
Low investment is also evident in working conditions at day-care centers. Caregivers' wages hover around minimum wage, and only 5% of caregivers in Israel have undergone training, according to State Comptroller data for 2020. These conditions lead to high turnover: 50% of workers at public day-care centers leave during their first year of employment, and a third to half of caregivers turn over annually. In the 2023/24 school year, 518 day-care centers closed. According to center operators, the main reason is a shortage of personnel, estimated at 3,000 caregivers.

The personnel shortage is linked to a combination of low wages, heavy workload, insufficient training, and limited advancement prospects. In a discussion held at the Knesset Committee for the Rights of the Child, it was argued that wage conditions lead to a shortage of caregivers and their transition to assistant positions in kindergartens, where conditions are better. It was also found that in 2024, 80% of caregivers received less than the wage set for them under Ministry of Labor rates.

The chart below presents government spending per early-childhood child as a percentage of GDP per capita in selected countries in 2022. In Israel, government spending stands at only 2% of GDP per capita, an especially low rate compared with all comparison countries. Even in countries with lower GDP per capita than Israel's, government spending is higher, including Mexico (7%) and Lithuania (20%). In countries with more generous welfare policies, mainly in Northern Europe, government spending per child is far higher, reaching 44% in Norway and 55% in Finland.

In Israel, private spending per early-childhood child is higher than government spending: 6% compared with 2% of GDP per capita, reflecting the high share of households in funding early-childhood frameworks.

Government and Private Spending per Child as a Percentage of GDP per Capita, Israel and Selected Countries, 2022



	Mexico	Israel	United Kingdom	Australia	Hungary	Latvia	Spain	Lithuania	Austria	Slovenia	Sweden	Germany	Denmark	Iceland	Norway	Finland
Private spending	1%	6%	12%	6%	2%	2%	6%	4%	6%	7%	2%	6%	9%	3%	6%	3%
Government spending	7%	2%	5%	11%	17%	20%	18%	20%	20%	25%	33%	31%	28%	41%	44%	55%

Notes:

1. The data refer to the category defined by the OECD as "Early childhood educational development," which distinguishes early developmental education from pre-primary education — ages 3–6 or 3–5 depending on the country.

2. The data shown in percentages refer to government and private spending per early-childhood child as a percentage of GDP per capita.

***Source**: Adva Center analysis based on: OECD database.*

Adult Skills: Here too Israel is Below the OECD Average

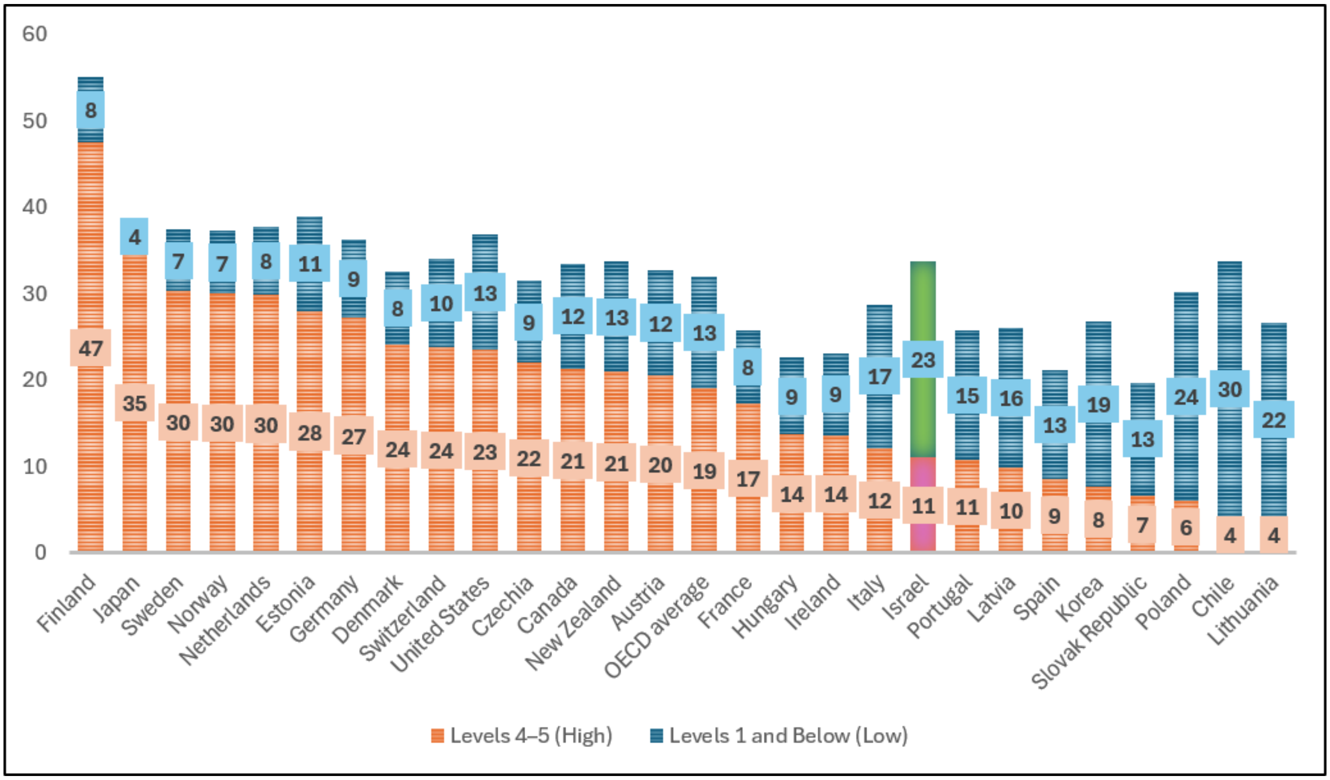
The OECD's PIAAC skills survey is a comparative international survey examining the skill levels of the adult population (ages 16–65). The second survey cycle (2022–2023) included 31 countries, among them Israel. The survey measures literacy, numeracy, and adaptive problem solving — skills required for integration into the labor market and civic functioning, found to be linked to income level, employment status, and sense of self-efficacy.

The survey's importance grows against the backdrop of technological changes in the labor market: as more tasks are performed through automation, there is a greater need for high-level information-processing skills — critical reading, quantitative thinking, and problem solving. The survey enables comparison between countries and examination of the distribution of skills within the population, thereby providing a basis for shaping policy in education, employment, and welfare. Findings from the second survey cycle (2023) show that in Israel, the average score of those with academic education is lower than the OECD average both in literacy (276 compared with 289 points) and in numeracy (278 compared with 295 points).

Among those with higher education in Israel, the share with low skills stands at 23%, almost double the OECD low skills average of 13%. Israel is among the countries with the highest rate of low skills, alongside countries such as Lithuania (22%) and Poland (24%). At the other end, the share of college graduates with high skills stands at just 11%, compared with 19% on average in the OECD, and is lower than the rates recorded in most OECD countries, especially the Scandinavian countries.

Share of Adults with Low and High Literacy Skills among 25–65-Year-Olds with Higher Education, OECD Countries, 2023

Levels 1 and Below (Low) vs. Levels 4–5 (High)



Note: *The shares do not add up to 100%, since the intermediate skill levels are not shown in the chart.*

Source: *Adva Center analysis based on: OECD, Education at a Glance 2025.*

Gaps in Reading Literacy between Jews and Arabs

Among the working-age population (16–65), the share with low reading literacy is especially high in Arab society: 70% are at the lowest levels, compared with 25% in Jewish society. The gap is also notable in international comparison: Jewish society is close to the OECD average, while Arab society is characterized by an especially high rate of low skills. The gap is evident at both ends of the distribution: alongside a high rate of low skills, the rate of high skills in Arab society is minimal.

Mental Health: Growing Need versus an Overburdened Public System

The October 7, 2023 war intensified mental distress among the entire population of Israel, and especially among those directly affected by the events of October 7: evacuees, families whose homes were hit by rocket fire, and soldiers suffering from post-traumatic stress. This distress met a public system that has for years suffered from a chronic shortage of personnel, unfilled positions, and low availability of treatment services. Although following October 7, 2023 and the war that followed, the state increased budgets in the fields of mental health, including resilience centers, the additions still do not provide an adequate response to the growing demand.

The mental health treatment crisis is first and foremost a personnel crisis: difficulty filling positions and attracting workers to employment in the public sector. The main problem is that wage conditions in the public sector are inferior to those in the private sector. In turn, the shortage of workers and positions creates a heavy workload, a heavy workload leads to burnout, and burnout accelerates departure from the system. This cycle makes it difficult to expand the public response precisely at a time when it is most needed.

Even before the war, the public mental and social treatment system was in ongoing crisis, with long waiting lists and a long time elapsing between the emergence of distress and the receipt of treatment. The crisis particularly harms populations living in poverty and in the geographic periphery, where mental health services are less available, but also it also has a negative effect on middle-class households that struggle to bear the high costs of private treatment.

The personnel shortage is also evident in local data. In local authorities' welfare departments, 1,435 positions are unfilled. In the educational psychology system, another 2,674 positions are needed, while 997 existing positions are unfilled today. In addition, 1,500 public psychologist positions need to be filled, and even before the war there was a shortage of 300 psychiatrists in the public system. In the Ministry of Defense's rehabilitation division, which has faced a heavy burden following the war, 15% of positions were unfilled in 2025.

The crisis also reflects the status of caregiving professions in Israel. Most of those working in these professions are women: 89% of welfare system workers, 75% of public psychologists, and 96% of occupational therapists. When these professions are underfunded and poorly compensated, the burden falls largely on a female workforce. In this sense, the mental health crisis is linked to the "care deficit": ongoing reliance on low-paid or unpaid care work, alongside harm to the availability and quality of public services.

One of the state's main responses for victims of hostile actions consists of so-called resilience centers, which provide short-term treatment. Fifteen resilience centers currently operate in Israel, but their budget fluctuates sharply from year to year. In 2022 the total budget stood at NIS 24 million; in 2023, NIS 28.7 million; in 2024, NIS 134 million; and in the 2025 budget proposal, only NIS 19 million, with an additional NIS 35 million allocated by separate government decision. This volatility, stemming from reliance on emergency budgets, makes it difficult to create operational continuity and to employ personnel over time. In addition, a State Comptroller review of four resilience centers found that none of them had a filled psychiatrist position.

Following the 2023 war, the mental health budget was expanded. In 2024, a program with a total scope of NIS 1.4 billion for 2024–2025 was approved —funded by an increase in health insurance contributions. Between 2016 and 2021, the mental health budget stood at about 4% of the health budget; in 2022 it rose to 5%; during the war years 2023–2024, to 6%; and in the 2025 budget proposal it reached 7%. This rate is still lower than the recommended rate in high-income OECD countries, which stands at 10%, and lower than the actual rate in Western European countries, which ranges between 12% and 16% of the health budget.

Only in 2025 were collective agreements signed raising the wages of psychologists and psychiatrists in the public sector. This is an essential step, but its effect is expected to be gradual: filling missing positions, expanding staffing, and bringing personnel back into the public system are lengthy processes. In other caregiving professions, including social work and educational counseling, similar agreements have not been signed, and the shortage is expected to continue.

The Health Services Basket: Cumulative Erosion in Public Funding

The health services basket includes the services, medications, equipment, and medical devices that the insured are entitled to receive from the health funds. The basket is anchored in the National Health Insurance Law, enacted in 1994 and taking effect in 1995, and is updated annually. The law is intended to guarantee public funding for the health services included in the basket, but the update mechanism set for it does not fully reflect the rise in system needs and the actual increase in the cost of services.

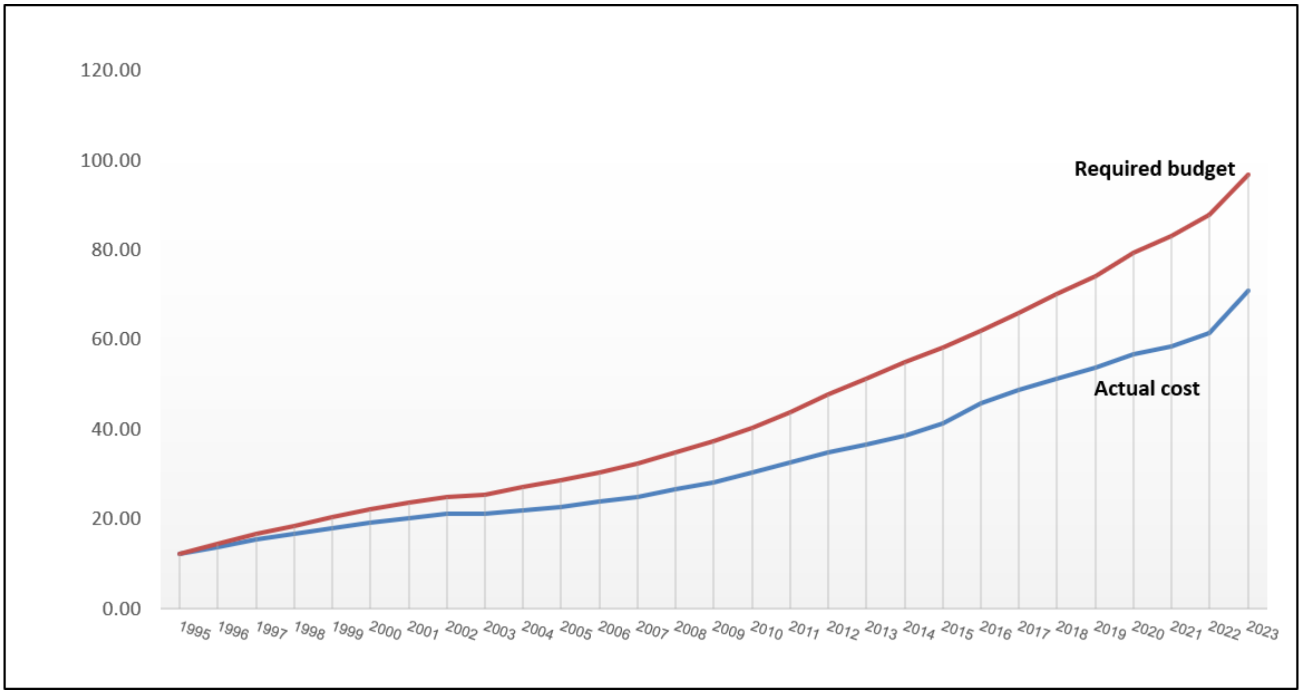
The basket's update mechanism is based on three main components: health-cost inflation, demography, and medical technologies. Each reflects a real need, but none provides a full response. The health-cost index does not fully capture all price increases in the system, including major components such as hospitalization services. The demographic coefficient is meant to reflect population growth, but for years it did not keep pace with actual growth, and even after being updated it does not fully compensate for population aging. The technology component, relating to new medications and medical technologies, is not anchored as a full and permanent mechanism, and in practice relies on budget additions determined annually by government decisions.

This dependence on government decisions creates a persistent gap between the actual cost of the basket and the budget that would be required to preserve its original value. This gap has been consistently documented in Adva Center publications over the years, and it indicates cumulative erosion in public funding of the health services basket. The erosion is not apparent as a nominal decline, since the basket's budget grows every year, but rather in comparison with the cost that would be required if the basket were fully linked to the health-cost index.

The gap between need and amount budgeted is not merely technical. Erosion of the health basket harms the availability of services and shifts a growing share of the cost onto households, through co-payments, supplemental insurance, commercial insurance, and the purchase of purely private services. This weakens the public principle underlying the National Health Insurance Law: the right to health services according to need, not according to ability to pay.

Cost of the National Health Insurance Law Services Basket Provided by the Health Funds: Actual Cost vs. Required Budget, 1995–2023

In NIS billions, current prices



Notes: *The fully-linked cost of the health basket was calculated based on three indices: demographic change, technological change, and change in the health-cost index. For each index, the annual change was examined.*

The health basket also includes changes other than those surveyed here. These changes were not included in the calculation.

The fully-linked basket cost figure shows what the total cost of the health basket should have been, compared with the basket set in 1995 — that is, the financial change required to maintain the level set in 1995.

The fully-linked basket cost should be compared with the actual basket cost, in current prices. This allows the gap to be seen between the current figure and what it should have been had the changes surveyed above been implemented.

Source: *Adva Center analysis based on: Ministry of Health, Economics and Health Insurance Division (2025). National Health Insurance Law: Statistical Data File 1995–2023.*

Equality in Health Services? The Law Promises, Reality Breaks the Promise

The National Health Insurance Law is meant to guarantee all Israeli residents access to health services within a public and universal framework. In practice, funding of health services relies not only on the public health basket but also on additional household payments. In 2023, about 80% of those aged 20 and over held what was termed "supplemental insurance" from the health funds, and 43% also held strictly private health insurance. These rates point to widespread reliance on additional layers of insurance beyond the services provided by the public system designed to be universal.

Alongside "supplemental" and private insurance, households are also required to make direct out-of-pocket payments for medical services and products. These expenditures include payments not fully covered by the public system or by insurance, such as co-payments, purchase of medications, dental treatments, visits to specialist doctors, and private services. According to the World Health Organization, a high rate of out-of-pocket spending reflects a level of public funding lower than required, and mainly affects the ability of low-income households to afford the health services they need.

In 2023 the rate of out-of- pocket payments for health services in Israel stood at 20.5%, compared with 13.4% on average among OECD countries. Israel is positioned in the upper part of OECD countries, above countries with lower out-of-pocket expenditure rates, including Sweden (13.4%), Denmark (13.9%), the United Kingdom (14.6%), Canada (15.3%), and Poland (16.2%). A higher rate than Israel's was recorded in only a small number of countries, including Spain (20.9%), Estonia (21.4%), Belgium (21.5%), Hungary (23.1%), Portugal (28.2%), and Greece (34.3%).

High out-of-pocket expenditure reduces the economic protection that a public health system is supposed to provide, since it shifts part of the cost of treatment onto households themselves. When these expenses reach a high share of household income, they can become catastrophic expenditure: expenditure that burdens the family budget, harms its ability to fund other needs, and may even push households into poverty.

Housing: Home Ownership by Income Level

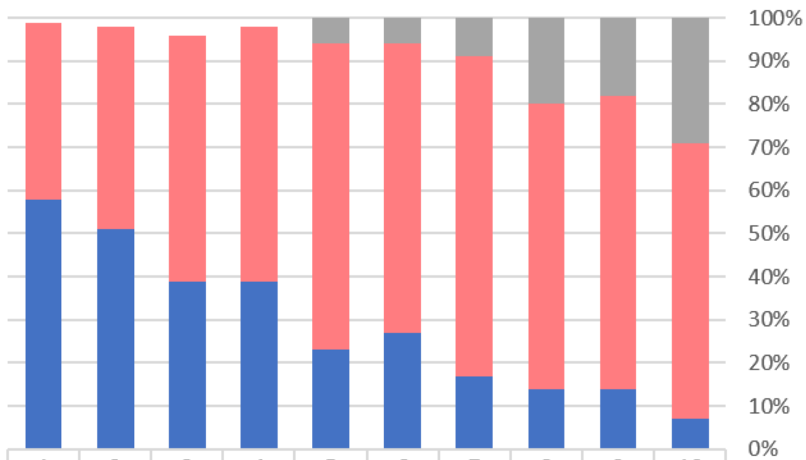
Home ownership is not just a housing solution but also an asset, a source of economic security, and a central mechanism for accumulating capital. Households that own an apartment may benefit from the appreciation of the asset and from savings on monthly rent, even if many of them carry mortgage payments. Households that do not own an apartment must pay rent and thus find it harder to accumulate equity for a future purchase. Owning or not owning a home also affects the economic situation and the structure of opportunities of the next generation, and in this sense constitutes a central mechanism for the reproduction of economic gaps.

According to CBS data for 2023, 64.1% of households in Israel own at least one apartment. This average conceals sharp gaps by income level. In the bottom decile, 58% of households do not own any apartment, a rate almost identical to that recorded in 2019 — 58.5%. In the top decile, by contrast, only 7% of households do not own an apartment, and 30% own two or more apartments.

This situation exists against the backdrop of a weakening in the home-purchase market since the outbreak of war on October 7, 2023. According to a Bank of Israel report, at the start of the war concern grew over harm to housing supply, mainly due to a shortage of construction workers, and home prices rose until January 2025. Later the trend changed: the number of transactions fell, the inventory of unsold new apartments grew, and overall in 2025 home prices fell by 0.9%. Chief Economist Division data for March 2026 point to a continued weakening in the purchase market, with a decline in the total number of transactions, a decline in contractor sales, and a decline in sales of second-hand apartments. The actual decline in new-apartment prices may be deeper than reflected in reports, due to the use of financing incentives such as contractor loans and payment plans. Price data alone, therefore, do not provide a complete picture of the housing market: for households without an apartment, the ability to purchase one also depends on the actual transaction price, the required equity, and the cost of a mortgage in a high-interest-rate environment.

In the rental market, by contrast, no parallel decline was recorded. Rental prices rose by 3.2% in 2025, after a 4% rise in 2024. Therefore, moderation in the purchase market does not necessarily translate into relief for renters: lacking the ability to purchase an apartment, many households are forced to continue paying rent, sometimes for prolonged periods, which results in a high housing expenditure burden.

Home Ownership Rate among Households by Decile, 2023
by net household income decile



	1	2	3	4	5	6	7	8	9	10
Owns two or more apartments					6%	7%	9%	20%	19%	30%
Owns one apartment	41%	47%	57%	59%	71%	67%	74%	66%	68%	64%
Does not own an apartment	58%	51%	39%	39%	23%	27%	17%	14%	14%	7%

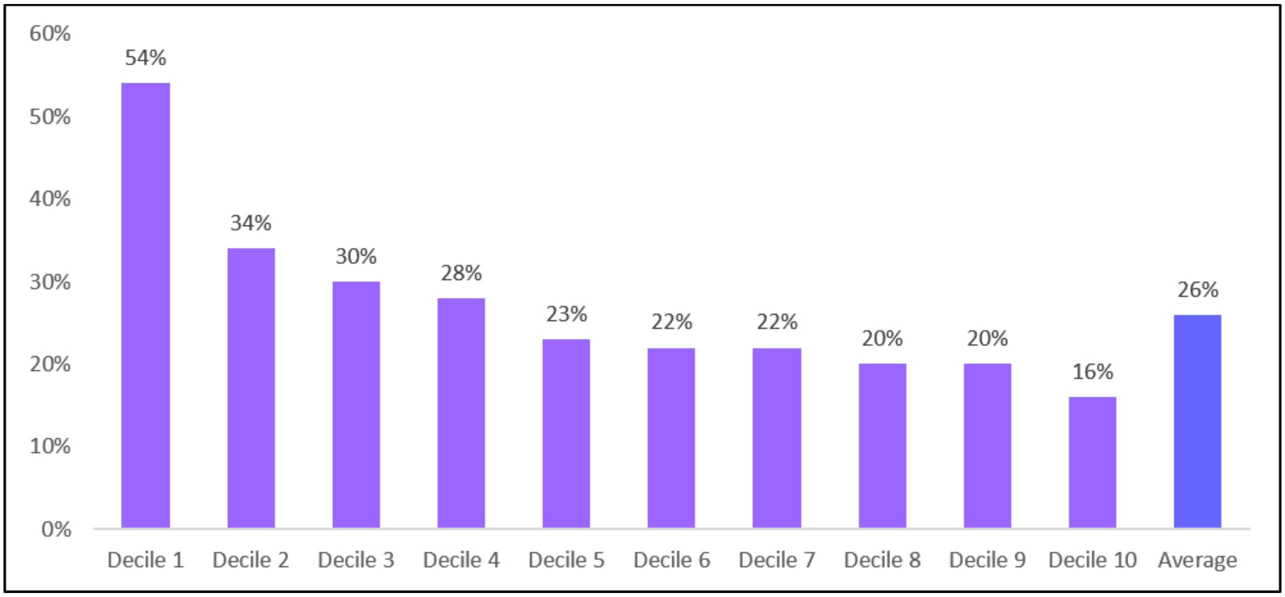
Source: *Adva Center analysis based on CBS, Household Income and Expenditure Survey 2023.*

Gaps in Housing Expenditure among Renting Households

In 2023, 31.8% of households in Israel lived in rented housing. In the absence of sufficient public housing and broad alternatives to private rental, such as the public and social housing that exists in parts of Europe, the private rental market in Israel is a central housing path for a substantial share of households that do not own an apartment. That year, renting households spent on average 26% of their net income on housing and related expenses, including water, electricity, and municipal tax. However, this average conceals large gaps by income level.

Share of Spending on Housing and Related Expenses (Water, Electricity, and Municipal Tax) Out of Total Net Household Income, 2023

by net household income decile; for households that do not own an apartment



Source: *Adva Center analysis based on CBS, Household Income and Expenditure Survey 2023.*

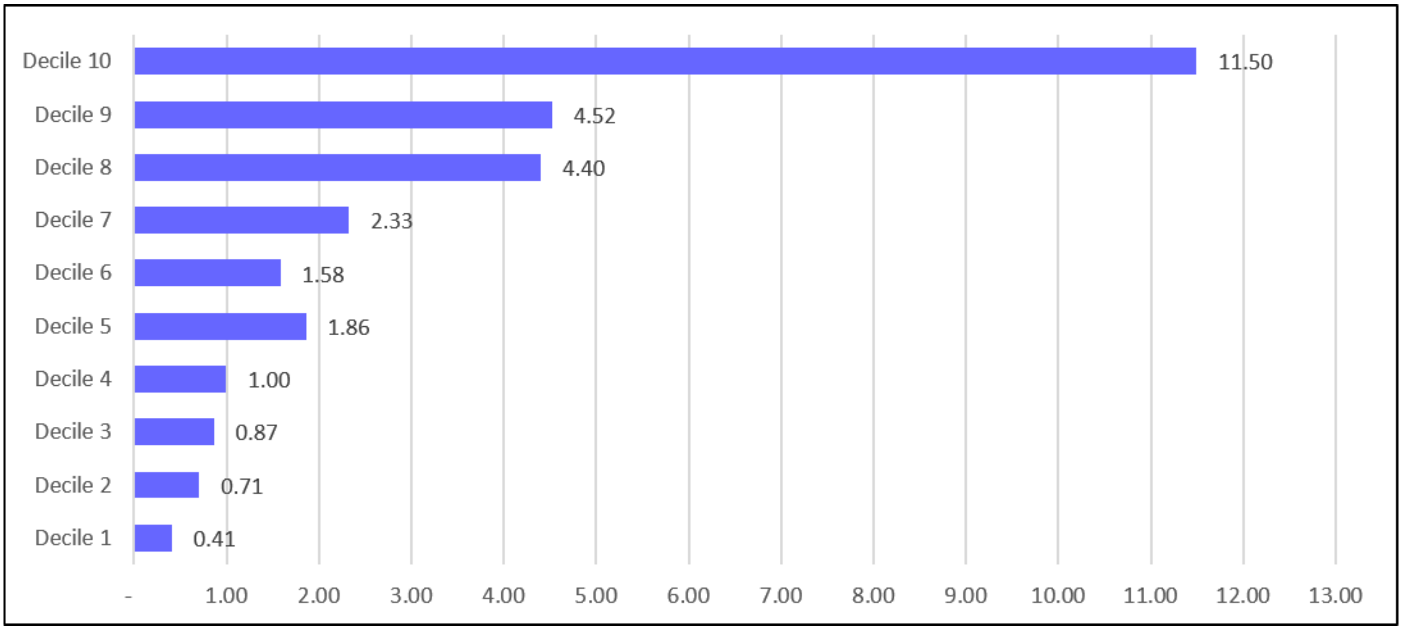
Housing expenditure exceeding 30% of a household's disposable income is commonly regarded as a heavy housing burden. This threshold is used to distinguish between what is considered reasonable housing expenditure and a situation in which housing significantly reduces the income remaining for other needs. In 2023, renting households in the bottom decile spent 54% of their net income on housing and related expenses — more than double the average. In the second decile the rate stood at 34%, and in the third decile at 30%. Thus, the three bottom deciles are at or above the heavy housing-burden threshold.

In higher deciles, the expenditure rate is much lower: in the fourth through ninth deciles it ranges between 20% and 28% of income, and in the top decile it stands at only 16%.

Household Income from Rent

The rent paid by households living in private rentals is income for other households. The rental market is therefore not only an arena of residence but also a mechanism for transferring income from renters to property owners. In 2023, the annual income of households from rent totaled NIS 29.2 billion.

Annual Income from Rent by Income Decile, 2023
In NIS billions, current prices, by net income decile per standard person



Source: *Adva Center analysis based on CBS, Household Income and Expenditure Survey 2023.*

This income is concentrated to a large extent in the upper deciles, and especially in the top decile. Households in the top decile received NIS 11.5 billion from renting out apartments, which is 39.4% of the total rental income of all households. The ninth and eighth deciles recorded income of NIS 4.5 billion and NIS 4.4 billion, respectively. Together, the three top deciles received 70% of all rental income.

By contrast, in the bottom deciles, as expected, rental income is very low: NIS 0.4 billion in the bottom decile, NIS 0.71 billion in the second decile, and NIS 0.87 billion in the third decile. This data complements the picture presented earlier: the same rent payments that constitute a heavy burden for low-income renters serve as a source of income mainly for households in the upper deciles.

Notes and Sources

1. Bank of Israel (2026). *Report for 2025. Bank of Israel*, April 28, 2026. "Bank of Israel Governor Prof. Amir Yaron spoke at the Aaron Institute for Economic Policy conference"; the remarks were also quoted in *Calcalist*, April 28, 2026.

2. Bar-On Maman, S., Sharabi, T., and Konor-Attias, A. (2024). *Journey Diary: The Journeys of Refugees in Their Own Country*. Adva Center; Bar-On Maman, S., Sharabi, T., and Konor-Attias, A., July 2024. *A New Spatial Order in Israel 2024.* Tel Aviv: Adva Center.

3. In addition, NIS 78 billion was directed to direct military expenditure. Ministry of Finance, Accountant General Division (2025). *Reports on the Execution of the 2024 Budget*. Jerusalem: Ministry of Finance.

4. Bank of Israel (2026). *Bank of Israel Report for 2025*.

5. Bar-On Maman, S. (2025). The Tekuma Administration: Performance of the Tekuma Administration. Adva Center.

6. In the Central Bureau of Statistics' 2023 Household Expenditure Survey, 226 localities were sampled, comprising 4,005 households. The response rate stood at 41.3%.

7. In this series, most income data, including income from work and income from allowances, is based on administrative data. The 2023 data also include the last quarter of the year, in which the war broke out, and may therefore reflect short-term effects on the labor market and household income.

8. For further reading, see: Adva Center, *A Social Report*, various years.

9. The data refers to all households, not only households headed by retirees, and therefore the share of pension income is relatively low.

10. Ministry of Finance, Chief Economist Division (2026). *Income Tax and National Insurance Contributions on Individuals*. Chapter 4.

11. Ibid.

12. Ministry of Finance, Chief Economist Division (2024). *State Revenue Report for 2019–2020 and Preliminary Data for 2021*.

13. A forthcoming Adva Center study examines the gaps between the measurement of capital income in CBS household surveys and a broader estimate based on Tax Authority data.

14. Bank of Israel (2025). *Bank of Israel Report for 2024*.

15. Bank of Israel (2026). Bank of Israel Report for 2025.

16. Employers' share is measured as local operating surplus in the national accounts, excluding owner-occupied dwellings, and approximates employers' profits. For further reading, see: Endeweld-Sabag, M., Dagan-Buzaglo, N., and Konor-Attias,E. (2025). *Work Without Fair Compensation: Low-Wage Work in Israel*. Adva Center; Adva Center analysis of national income data for 1995–2024.

17. Kasir, N., Malul, M., Shorek, N., and Falam, N. (2026). *Poverty and Income Inequality Report – 2024 and Preliminary Estimate for 2025*. National Insurance Institute; National Insurance Institute, Research and Planning Administration (2004). *Poverty and Inequality in Income Distribution in the Economy 2003: Main Findings*.

18. Ibid.

19. OECD (2026). *How is Israel's Middle-Class Faring? Income Trends, Occupational Change and the Rising Cost of Living*.; Pressman (2009) examines public policies and the middle class worldwide in the mid-2000s, based on Luxembourg Income Study data.

20. Ibid.; Dagan-Buzaglo, N. and Konor-Attias, E. (2013). *The Middle Class in Israel 1992–2010*. Adva Center; Swirski, S. and Konor-Attias, E. (2004). *The Shrinking of the Middle Class 1988–2002*. Adva Center. Adva Center analysis of CBS data, household expenditure and income survey files, various years.

21. OECD (2026). *How is Israel's Middle Class Faring? Income Trends, Occupational Change and the Rising Cost of Living*.

22. Ibid.

23. Ariano, A. and Cohen, N. (October 2025). *Income from Work by Various Characteristics in 2023*. National Insurance Institute.

24. The category "up to the average wage" includes three groups: those earning up to minimum wage, those earning between minimum wage and 75% of the average wage, and those earning between 75% of the average wage and the average wage.

25. *Calcalist*, May 12, 2025.

26. Old-age benefits, income supplement, survivors, disability at older age.

27. OECD, 2025. *Pensions at a Glance 2025*.

28. This figure does not allow direct conclusions about the generosity of benefits in each country, since cross-country comparison is affected not only by benefit levels but also by the structure of the pension system, retirement age, and population composition.

29. Bilbash, S. (2025). *The Old-Age Benefit in Israel*. Arlozorov Forum.

30. This chapter is based on an Adva Center analysis by Miri Endeweld-Sabag and Yaron Hoffman-Dishon, "The Carrot and the Stick — Taxing Unhealthy Food," published in *Zman Yisrael*, May 12, 2026.

31. Figure for 2021. Ibid.

32. Based on: Dagan-Buzaglo, N. (2026). *Who Will Care for the Children? Importing Female Workers Instead of Public Investment*. Adva Center.

33. https://www.ynet.co.il/news/article/yokra14654042

34. *Knesset News*, November 5, 2025.

35. The PIAAC survey was first conducted between 2011 and 2017, and Israel participated in it in 2014–2015.

36. CBS (2024). *Adult Skills in Israel 2022–2023*.

37. CBS (July 2025). *Skills and Higher Education — Findings from the Skills Survey (PIAAC) 2022–2023*. Press release.

38. Reading literacy levels in the PIAAC survey range from "below level 1" to level 5. Low levels (1 and below) indicate limited ability to handle simple texts and locate basic information; intermediate levels (2–3) include comprehension and integration of information at medium

complexity; high levels (4–5) reflect the ability to analyze, interpret, and evaluate complex information from various sources.

39. The PIAAC survey in Israel was administered in Hebrew and Arabic, and respondents were tested in the survey language in which they participated. Where the background questionnaire and skills test could not be completed in one of the survey languages, a short questionnaire was used to collect basic information.

40. Based on: Dagan-Buzaglo, N. (2026). *No Cure for the Soul: The Personnel Crisis in Mental Health Services*. Adva Center.

41. Minutes of the discussion of the Knesset Subcommittee on IDF Human Resources, July 9, 2025.

42. For further reading: Adva Center, *A Social Report*, various years; Adva Center, Analysis of the State Budget and Ministry of Health Budget, various years.

43. Central Bureau of Statistics (November 3, 2024). Data Compilation on Health Insurance, Health Information Seeking, and Online Use of Health Services, from the 2023 Social Survey. *Press release*.

44. Swirski, S., Levinsky, M., Swirski, B., and Konor-Attias, E.(2023). *Paying for Health: Out-of-Pocket Health Expenditure in Israel and OECD Countries*. Adva Center.

45. Central Bureau of Statistics (January 1, 2026). Findings from the 2023 Household Expenditure Survey: Income, Expenditure, and Product Ownership Data of Households in Israel. *Press release*.

46. In 2024 prices rose sharply by 7.3%, and only in 2025 was moderation recorded. Bank of Israel (2026). *Report for 2025*, Chapter H, Housing Market; Ministry of Finance, Chief Economist Division (2026, May). Residential Real Estate Sector Review: March 2026. Real Estate Research Team.

47. Levy, M. (2026, April 7). Contractor Promotions Cushioned the Collapse in Demand, but the Slowdown in the Housing Market Is Deepening. *Globes*.

48. Bank of Israel (2026). *Report for 2025*, Chapter H, Housing Market, Table H.1. The data refers to rent in new and renewed contracts.

49. Central Bureau of Statistics (January 1, 2026). Findings from the 2023 Household Expenditure Survey: Income, Expenditure, and Product Ownership Data of Households in Israel. *Press release.*

50. Hoffman-Dishon, Y. (2022). *Housing for All — Also in Israel: What Can Be Learned from Vienna's Universal Housing Policy?* Adva Center.

51. The reported amount of rental income is likely lower than the actual amount, since CBS data is based on the Household Expenditure and Income Survey, in which some respondents avoid reporting their rental income. See: Heller, A. and Klinger, D. (2022). *Residential Rental Income: Non-Reporting Rates, a Clear Mechanism, and an Estimate of the Missing Tax*. CBS.