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

ISRAEL: A SOCIAL REPORT 2015

Dr. Shlomo Swirski | Etty Konor-Attias | Rotem Zelingher | December 2015

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

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ALL QUIET ON THE SOCIO-ECONOMIC FRONT

The median wage has not changed for over a decade. The proportion of Israeli workers earning low wages – 22.1% (2013) – is among the highest among OECD countries (low wages = 2/3 of the median wage). One-third of Israeli workers earn no more than the minimum wage. At the same time, the average monthly salary bill of the directors-general of Israel's largest corporations was in 2014 more than NIS 400,000.

The above figures are a good reflection of the way the national income divides up: between 2004 and 2014, the share of employers grew from 14% to 17%, while the share of workers declined from 61% to 57%.

Wealth is on the rise: in 2014, the financial assets 'held by the public" amounted to NIS 3,259 billion – 2.2 times more than in 2000. There are no figures on how this amount is distributed among different income brackets, but there is no doubt that the expression held by the "public" is inaccurate: from what we know from other countries, it is reasonable to assume that the lion's share of those assets is to be found in the hands of individuals in the top income decile and especially in the hands of persons in the top one percent.

While wealth keeps growing, the poverty rate – 18.8% of Israeli families – remains high and is among the highest among OECD countries.

Very few economic sectors pay good salaries: hi tech, financial services, self-employed persons who provide corporate services. Employment in these sectors of the economy requires college degrees, but only half of young people in Israel pass the high school matriculation exams that are a prerequisite for college admission and only about 30% of youngsters who were 17 years old in 2006 enrolled in academic institutions by 2014.

These figures call out to the government to become active and involved. The government itself is a major employer and it is responsible for the school and higher education systems. However, the opposite is what is happening: the state has been restraining its own economic activity in order to make space for the business sector. While in the decades immediately following establishment of the state of Israel the state was the primary social and economic actor, leading economic development, employment, immigrant absorption, housing and education, in recent decades it has endeavored to reduce its actions and cut its budgets. The result is the shrinking of the social services that it provides. State expenditure in 2014 amounted to 41.2% of GDP, lower than that of most western European countries and below the OECD average.

Not only that: the agenda of successive Israeli governments has been set first and foremost by the Palestinian conflict, and no political solution appears to be on the horizon. Israeli governments are not disposed to develop long-range programs for improving educational achievements, increasing the student population or broadening the limits of Israel's "start-up nation" beyond the borders of "the state of Tel Aviv."

ECONOMIC GROWTH IS NOT THE PANACEA

The common response of state leaders to the figures presented here is that what is needed is more and more economic growth.

Firstly, economic growth has not been stable, due not only to global economic crises like that of 2008, but also to frequent violent confrontations with the Palestinians. The graph on the next page shows that while other countries were adversely affected by the worldwide financial crisis, Israel's economy was adversely affected in addition by the second intifadah. Not only that: since the second intifadah, there have been 8 violent confrontations in the Gaza Strip. The direct economic loss due to each confrontation was limited, but their accumulated effect on certain population groups and in particular geographic areas has been debilitating and has contributed to a general atmosphere of instability.

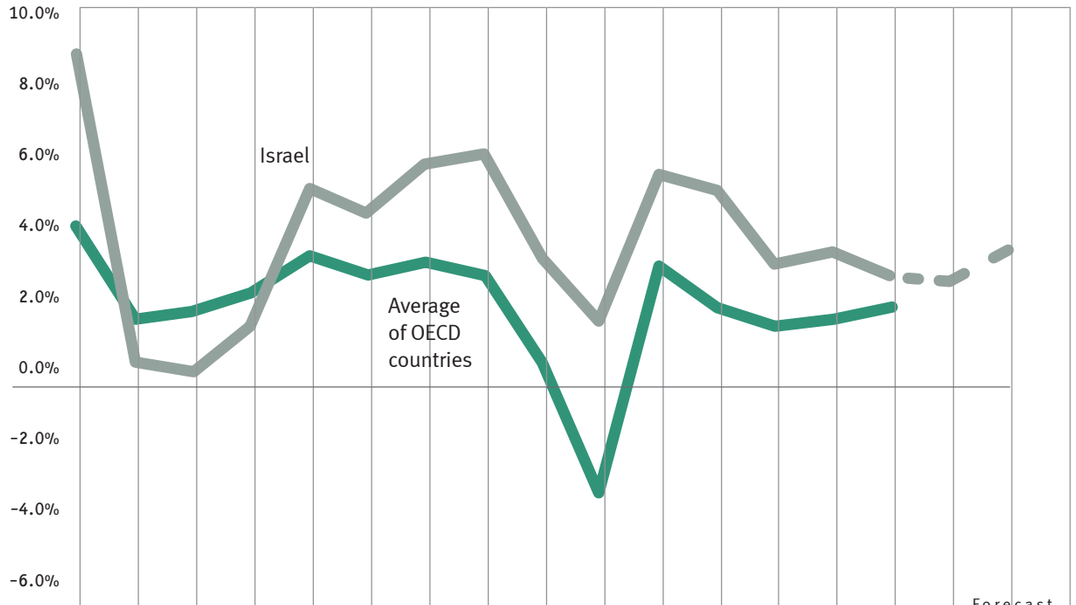
Secondly, of and by itself, economic growth is no assurance that the fruits of growth will be divided equitably.

Since the end of the second intifadah, the Israeli economy has demonstrated higher economic growth than European countries: between 2000 and 2014, Israel's GDP grew by an average of 3.3% annually, compared with 1.6% for OECD countries on average.[1] It might have been expected that this phenomenon would improve the economic situation of the majority of Israelis.

However as we mentioned above, the median wage – defined as the wage in the middle – with half of Israelis earning more and half earning less, has not changed.

To assure an equitable division of the fruits of economic growth, one needs appropriate social policies.

Economic Growth in Israel and in OECD Countries, 2000-2014 and Forecast for 2015 and 2016



	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Forecast 2015	Forecast 2016
Israel	8.9	0.2	-0.1	1.2	5.1	4.4	5.8	6.1	3.1	1.3	5.5	5.0	2.9	3.3	2.6	2.5	3.3
OECD	4.0	1.4	1.6	2.1	3.2	2.6	3.0	2.6	0.2	-3.6	2.9	1.7	1.2	1.4	1.7	--	--

Median Income for a Salaried Employee, 2003-2004

In NIS, current prices for 2014

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	New Series 2012	2013	2014	Forecast 2015	Forecast 2016
Median Income In NIS	--	--	--	6,263	6,385	6,272	6,451	6,809	6,576	6,486	6,468	6,380	6,398	6,604	6,707	--	--

Sources: Adva Center analysis of CBS Income and Expenditures Survey database, various years; CBS, *Statistical Abstract of Israel*, various years; CBS, press release "Early Estimates of the National Accounts for 2015" (Hebrew), October 18, 2014; Bank of Israel, "Macro-Economic Forecast of the Research Department" (Hebrew), September 24, 2015; OECD figures based on www.data.worldbank.org

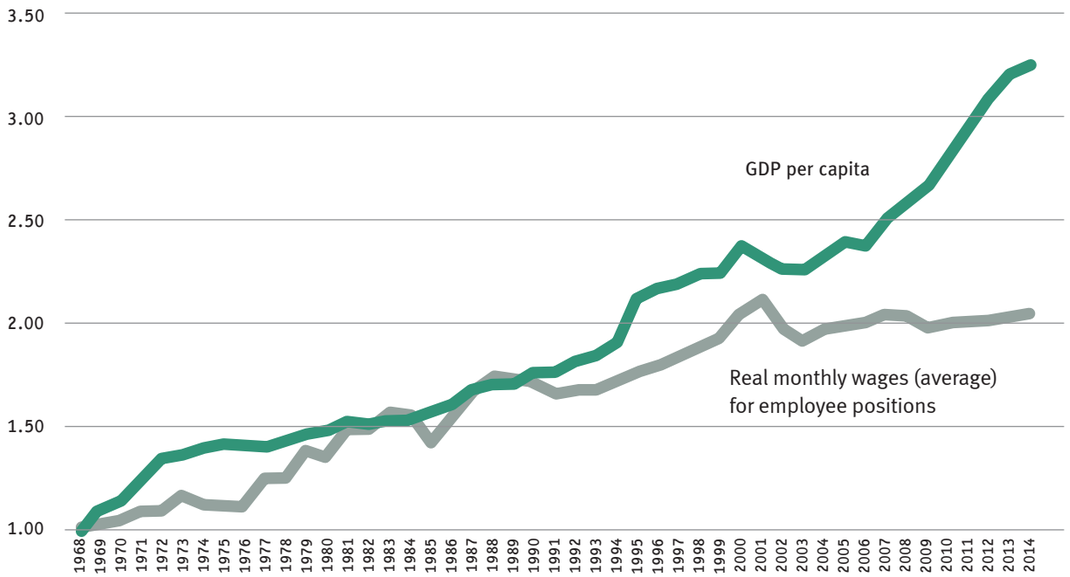
ECONOMIC GROWTH DIVERGED FROM WAGE GROWTH

The gap between economic growth and wage growth has been a feature of the Israeli economic for some thirty years.

According to figures published by the National Insurance Institute, between 1968 and 1988, economic growth was accompanied by growth in real salaries and in the average wage of Israelis. "However, while between the beginning of the 1990s and about the year 2000, salaries rose concurrently with per capita GDP, even if the rise in the former was lower, from 2000 on real salaries did not change. This means that the fruits of growth were not (on average) dispersed among workers but rather were channeled to other places."[2]

Without the intervention of social policy, the fruits of economic growth, which are supposed to trickle down, trickle up instead.

Per Capita Economic Growth and Real Wages, 1968-2014



Sources: Miri Endeweld and Oren Heller, *Wages, the Minimum Wage and Their Contribution to Reducing Poverty: Israel in International Comparison*, December 2014. Figures for 2013-2014 courtesy General Research Department, Research and Planning Administration, National Insurance Institute.

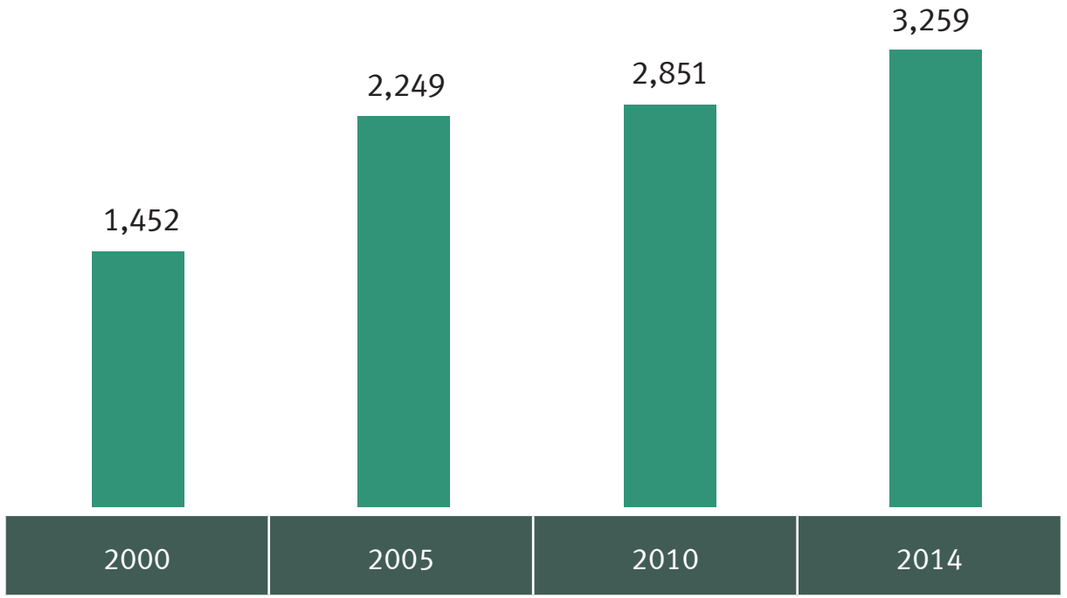
WEALTH IS ON THE RISE

While real salaries in Israel are not growing, wealth is. This is evidenced in the increase in what are termed "financial assets held by the public" (bank deposits, securities, pension savings and life insurance). Between 2000 and 2014, these assets doubled, from NIS 1,452 to NIS 3,259 billion (in current prices for 2014).

In Israel there is no disaggregation of such assets by income bracket. From what is known in other countries, it is reasonable to assume that here, too, the top income decile, and within it the top one percent, enjoys a disproportionate share.

Financial Assets Held by the Public, 2000-2014

In NIS billions, current prices for 2014



Note: The public: Includes individuals and corporations, households, firms and national institutions. Does not include government, the Bank of Israel, commercial banks, mortgage banks and investments of foreign nationals.
Source: Adva Center analysis of CBS, *Statistical Abstract of Israel*, various years.

SENIOR EXECUTIVES' SALARIES DIVERGED FROM THE SALARIES OF OTHER ISRAELIS

While the median wage hardly changed, the salaries of senior executives in the largest corporations increased tremendously.

We know this thanks to a law requiring corporations traded on the Tel Aviv Stock Exchange to publish the cost of their five highest salaries. The figures below, for 2014, are the most recent ones available.

The salary bill of directors-general of the 100 largest corporations listed on the Tel Aviv Stock Exchange was, on average, NIS 5.01 million per year, or NIS 417 thousand per month. This sum is lower than it was in 2013, but it is still beyond the wildest dreams of most Israelis.

The annual average cost of the salaries of corporate officials with the five highest salaries in the top corporations amounted to NIS 3.64 million, or NIS 303 thousand per month.

The same year, the average cost of the five highest earners in these corporations was 32 times the average salary in Israel (NIS 9,373) and 70 times the minimum wage (NIS 4,300).

Monthly Salary Bill of Directors-General of the 100 Largest Corporations Traded on the Tel Aviv Stock Exchange

In NIS thousands, current 2014 prices.

	Directors-General				Senior Officials			
	2011	2012	2013	2014	2011	2012	2013	2014
Average monthly salary bill	**555**	**384**	**515**	**417**	**351**	**293**	**332**	**303**
Salary and/or management fees	227	219	232	212	166	171	173	166
Bonuses	191	124	164	169	109	90	90	92
Stock options	253	130	166	119	128	83	97	90
Other	28	10	54	9	38	21	32	35

Source: Adva Center analysis of figures from the website of the Government Securities and Commodities Authority, 2011-2014.

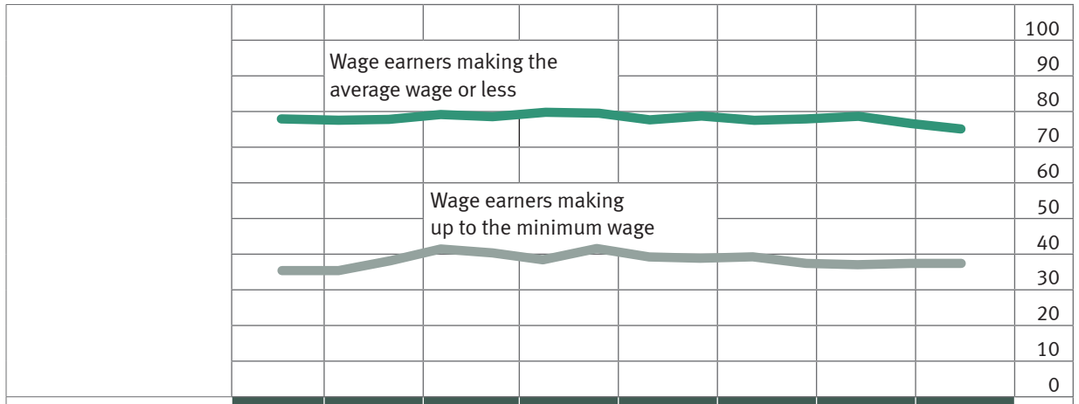
THE PROPORTION OF WAGE EARNERS MAKING THE MINIMUM WAGE OR LESS REMAINED STABLE; THE PROPORTION OF WAGE EARNERS MAKING MORE THAN THE AVERAGE WAGE ROSE SOMEWHAT

The National Insurance Institute publishes figures on wage earners according to three wage levels: up to the minimum wage, up to the average wage, and above the average wage. Unfortunately, the data are published at a lag of two years.

During the financial crisis that followed the second intifadah, the proportion earning the minimum wage or less grew: in 2002, it was 31.7% and in 2003 it rose to 35.4%. Since 2010 the proportion has remained quite stable: in 2013 it was 31.3%.

Wage Earners in Israel, by Wage Level, 2000-2013

In percentages



Wage earners making	2013	2012	2010	2008	2006	2004	2002	2000	%
Up to the minimum wage	31.3	31.3	31.4	32.8	35.1	34.1	31.7	29.1	
From the minimum wage to half the average wage	4.8	6.8	8.1	6.8	5.0	6.4	7.6	11.7	
From half the average wage to 75% the average wage	20.2	20.2	20.3	20.8	21.3	20.2	20.3	19.9	
From 75% the average wage up to the average wage	13.0	12.4	12.1	12.3	12.4	12.2	12.3	11.5	
Total earning the average wage or less	**69.3**	**70.7**	**71.9**	**72.7**	**73.8**	**72.9**	**71.9**	**72.2**	
Twice the average wage	20.1	19.3	18.4	17.8	17.7	18.3	18.8	18.1	
Three times the average wage	10.5	10.1	9.6	9.6	8.4	8.7	9.3	9.7	
Total earning the average wage or more	**30.6**	**29.4**	**28.0**	**27.4**	**26.1**	**27.0**	**28.1**	**27.8**	

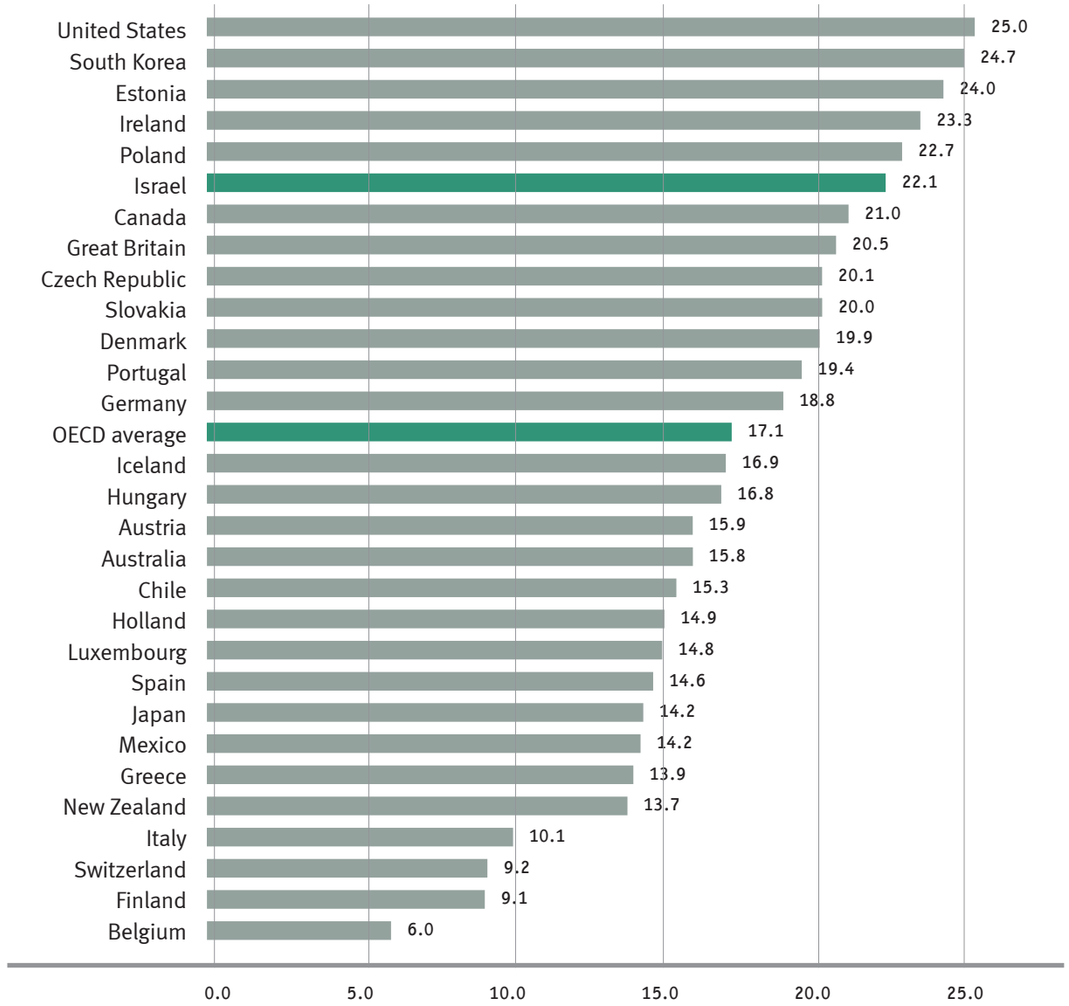
Source: Adva Center analysis of National Insurance Institute, *Wages and Income from Work by Locality and by Various Economic Variables*, 2013, Mark Rosenberg, October 2015 (Hebrew).

ISRAEL SCORES HIGH ON LOW WAGES

The OECD gives us an international perspective on low wages in Israel. Each year, it publishes the proportion of employees receiving low wages, defined as less than two-thirds the median wage in the country.

Israel can be said to "excel": in 2013, 22.1% of employees in Israel earned low wages – one of the highest proportions to be found among OECD member countries.

Proportion of Employees Earning Low Wages, 2013



Source: *OECD Employment Outlook 2015*, Table O, p. 290.

LITTLE PROGRESS MADE IN CLOSING GENDER WAGE GAPS

Women are over-represented in the lower rungs of the wage ladder, according to figures published by the National Insurance Institute: In 2013, 32.5% of female employees earned no more than the minimum wage, compared to 18.1% of male employees. At the same time, 74.2% of female employees earned the average wage or less, compared with 57.7% of male employees.

These figures demonstrate the gender pay gap, which remains more or less stable, despite a slight improvement in recent years.

On p. 12 we present monthly and hourly wages, according to the Central Bureau of Statistics. It should be noted that figures from 2012-2014 are from the Household Expenditure Survey in its revised format. We include them here because our main interest is in the gender gap rather than in the amounts themselves.

The gender gap is especially great when it comes to monthly wages, for two main reasons. One is the occupational segregation prevailing in the labor market between "male" occupations and "female" occupations, whose remuneration is lower;[3] Another is that many women are employed in part-time or temporary positions. In 2014, women's average monthly wage was 66.9% of men's.

Israel is not exceptional when it comes to gender pay gaps. In international comparisons of hourly wages, Israel, with a gap of 16.3%, is to be found between countries in which the gender gap is greater than 20% and countries in which the gender gap is lower than 10%.

Wage Levels, by Gender, 2013

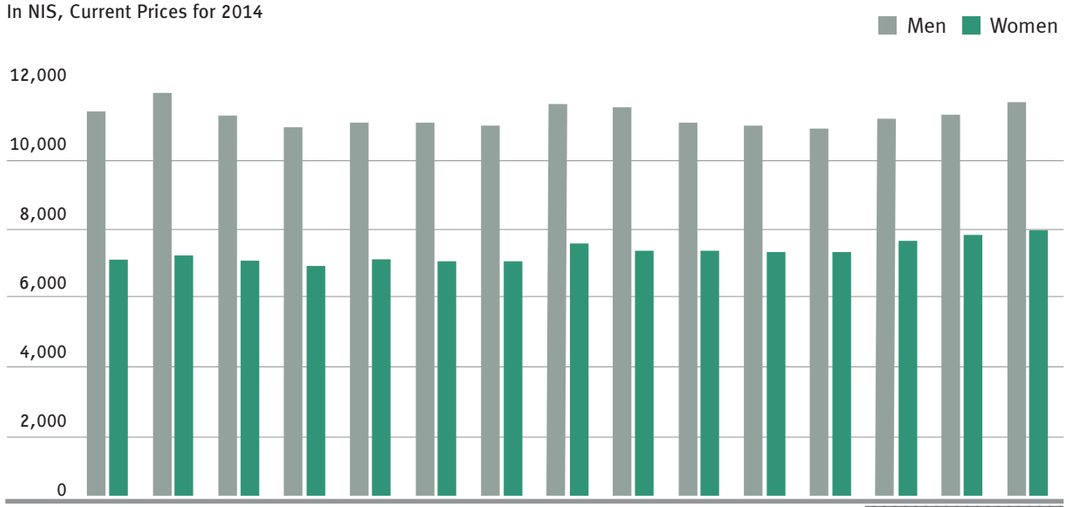
In percentages, monthly averages

	Male employees	Female employees
Up to the minimum wage	18.1	32.5
Minimum wage to 50% the average wage	5.0	6.2
51% of minimum wage to 75% the minimum wage	19.9	22.0
76% of minimum wage to average wage	14.7	13.5
Average wage or less	57.7	74.2
Up to twice the minimum wage	25.1	19.9
Twice the minimum wage to thrice the minimum wage	9.8	4.2
Thrice the minimum wage to 4 times the minimum wage	4.1	1.1
4 times the minimum wage to five times the minimum wage	3.0	0.6
More than 5 times the minimum wage	0.2	0.1

Note: The figures here refer to employees who worked full time 12 months a year. The figure on p. 3 refers to a different population: all employed persons regardless of number of months of the year employed.
Source: National Insurance Institute, *Wages and Income from Work by Locality and by Various Economic Variables*, 2013, Mark Rosenberg, October 2015 (Hebrew).

Monthly Wages of Women as a Percentage of Monthly Wages of Men, 2000-2014

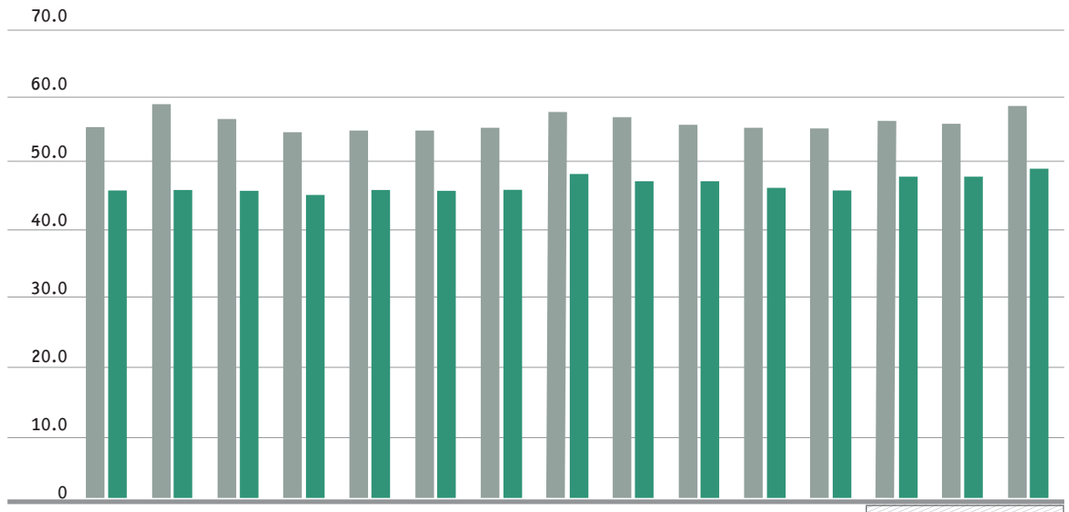
In NIS, Current Prices for 2014



Monthly Wage in NIS	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
	61.6%	59.7%	61.5%	62.2%	63.3%	63.2%	63.4%	64.2%	63.1%	65.9%	65.7%	66.2%	67.4%	68.1%	66.9%

Hourly Wages of Women as a Percentage of Hourly Wages of Men, 2000-2014

In NIS, Current Prices for 2014



Hourly Wage in NIS	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
	82.7%	78.7%	81.0%	82.6%	84.2%	83.3%	83.6%	84.0%	82.7%	84.5%	83.7%	83.0%	85.2%	85.6%	83.7%

Sources: Adva Center analysis of CBS, *Income Survey*, various years. The figure for 2014 courtesy CBS Consumption Department, November 2015.

Gender Gaps in Hourly Wages, Selected Countries, 2013

In percentages

Country	Women's Hourly Wage as a Percentage of Men's Hourly Wage
Estonia	29.9
Australia	23.0
Czech Republic	22.1
Germany	21.6
Iceland	20.5
Slovakia	19.8
Great Britain	19.7
Spain	19.3
Switzerland	19.3
Finland	18.7
Hungary	18.4
Denmark	16.4
Israel (2014)	16.3
Holland	16.0
Norway	16.0
Cyprus	15.8
Sweden	15.2
France	15.1

Country	Women's Hourly Wage as a Percentage of Men's Hourly Wage
Greece (2010)	15.0
Ireland (2012)	14.4
Latvia	14.4
Canada	14.1
Bulgaria	13.5
Lithuania	13.3
Portugal	13.0
United States (2011)	10.6
Belgium	9.8
Romania	9.1
Luxemburg	8.6
Croatia	7.4
Italy	7.3
Poland	6.4
Malta	5.1
Turkey (2010)	3.8
Slovenia	3.2

Sources: UNECE Statistical Database, December 2015; Figure for Israel courtesy the Consumption Department, November 2015.

GAPS BETWEEN THE WAGES OF ASHKENAZIM, MIZRAHIM AND ARABS REMAIN SIGNIFICANT

The wage gaps between Mizrahi Jews (Israel-born to fathers born in Asia or Africa) and Ashkenazi Jews (Israel-born to fathers born in Europe or America) remain quite significant.

The figures below, taken from the new series of the Household Expenditure Survey of the Central Bureau of Statistics, are for 2012-2014.

In 2014, the wage income of Arabs was the lowest: 29% below the average.

The wage income of Ashkenazi Jews was 38% above the average and that of Mizrahi Jews 12% above the average.

Monthly Wages, 2012-2014

Total average monthly wage = 100

Year	Total	Ashkenazim	Mizrahim	Arabs
2012	100	142	111	68
2013	100	132	111	67
2014	100	138	112	71

Note: Second-generation Ashkenazi and Mizrahi Jews still comprise the largest group of wage earners: 1,010, 200, compared with first generation Jews – 766,500, and with third-generation Jews – 835,600.
Sources: Adva Center analysis of CBS, *Income Survey*, various years; the figure for 2014 courtesy the CBS Consumption Department, November 2015.

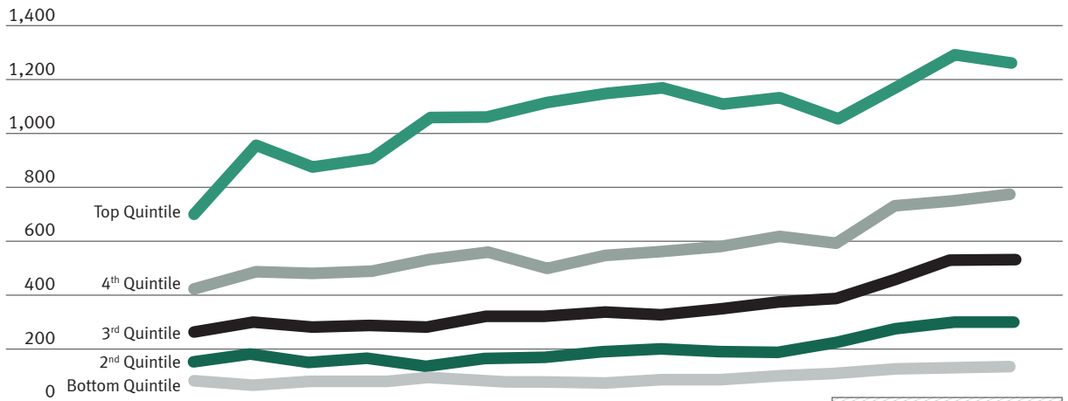
PENSIONS: INEQUALITY TO BE REPRODUCED IN THE NEXT GENERATION OF SENIOR CITIZENS

In 2014, households in the top income quintile put an average of NIS 1,224 per month aside for retirement, 14 times more than households in the bottom income quintile – NIS 89. When they retire, the standards of living of these households will be quite different from one another.

We need to keep in mind that the average includes both those who save for retirement and those who do not. Moreover, retirement savings are more prevalent among employees in the middle and upper classes than among employees with low incomes, despite the fact that saving for retirement is supposed to be mandatory.

Average Monthly Retirement Savings of Households, by Income Quintile, 2000-2014

By net income per standard person, in NIS, 2014 current prices



	2000	2002	2004	2006	2008	2010	2012	2014
Top Quintile	35	32	45	29	37	56	74	89
4th Quintile	112	107	93	124	155	136	230	252
3rd Quintile	219	232	237	275	284	327	413	489
2nd Quintile	386	438	493	452	518	574	685	729
Bottom Quintile	661	840	1,017	1,076	1,128	1,092	1,131	1,224

Sources: Adva Center analysis of CBS, *Survey of Household Expenditures*, various years. The figures for 2014 courtesy the CBS Department of Consumption.

ONE OUT OF FIVE FAMILIES ARE POOR

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

In 2014 the poverty rate in Israel was 18.8%.

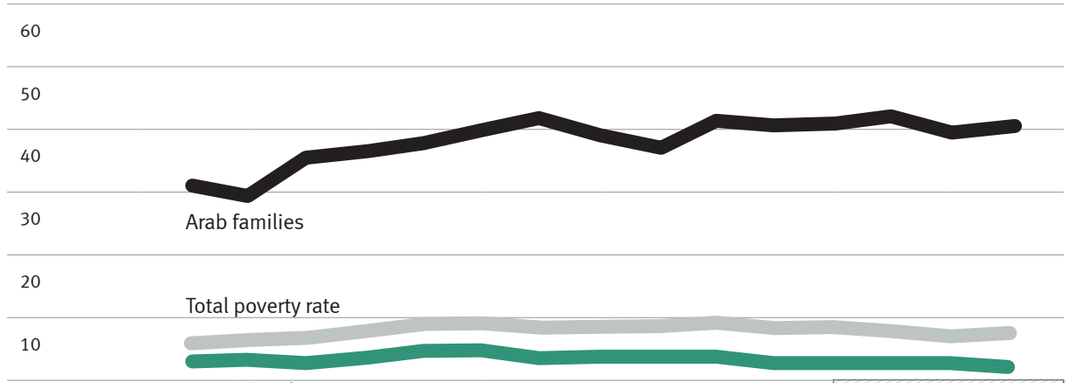
According to the OECD, in 2014 Israel "excelled" in poverty, as Its poverty rate was 1.7 times the average poverty rate among OECD countries: 11%.[4]

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

Among Jews, the highest poverty rate – similar to that of Arabs – is to be found among Haredi Jews.

Poverty Rate among Families in Israel, 2000-2014

After transfer payments and direct taxes, in percentages



	2000	2002	2004	2006	2008	2010	2012	2014
Total poverty rate	17.5	18.1	20.3	20.0	19.9	19.8	19.4	18.8
Arab families	42.9	47.6	49.9	54.0	49.4	53.2	54.4	52.6
Jewish families	14.3	13.9	15.9	14.7	15.3	14.3	14.1	13.6

Note: The poverty report of the National Insurance Institute for 2012-2014 does not include Bedouins residing in the Negev, whom the Central Bureau of Statistics did not include in its household survey.
Sources: National Insurance Institute, *Annual Report*, various years (Hebrew); National Insurance Institute, *Poverty and Social Gaps*, annual report (Hebrew), various years.

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

There is one figure that summarizes the data presented in the preceding pages: the Gini coefficient.

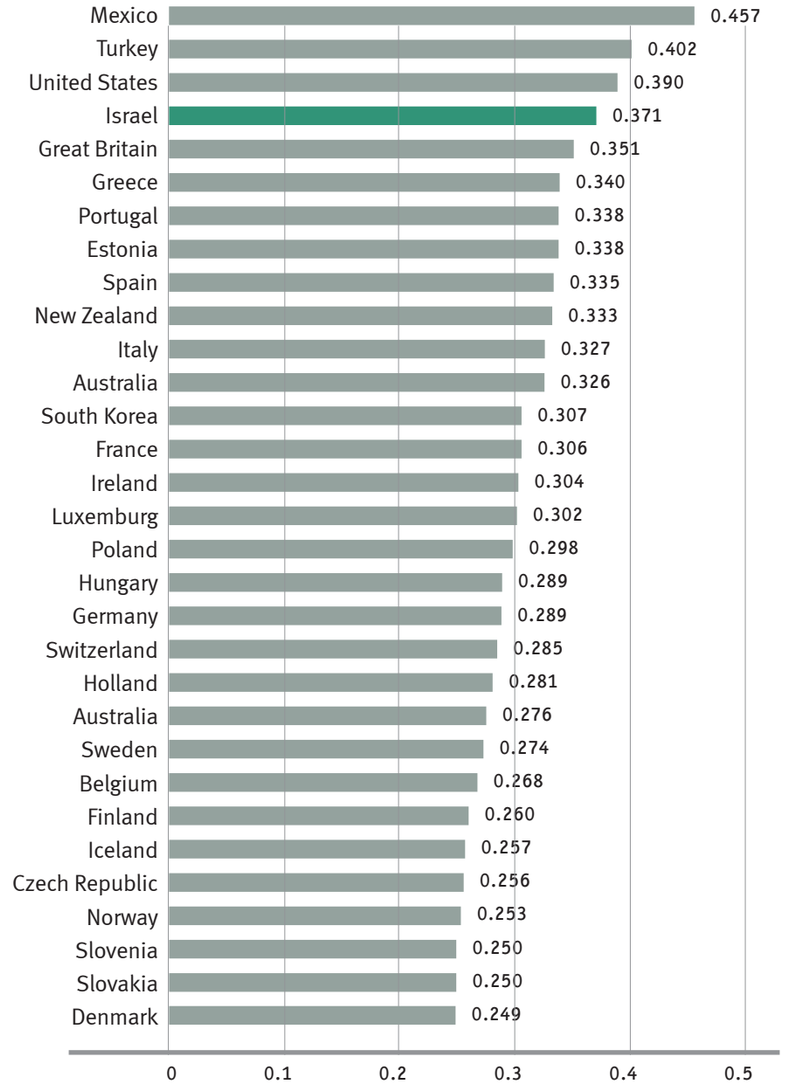
The Gini coefficient examines the degree of inequality in countries on a scale of between 0 and 1: zero indicates a situation in which income divides up equally, while 1 indicates a situation in which all income is in the hands of one person.

The Gini coefficient in Israel is among the highest among OECD countries: in 2012, Israel, with a coefficient of 0.371, ranked fourth highest among 31 countries.

Since the middle of the 1980s, inequality – as measured by the Gini coefficient – increased in OECD countries by an average of 5.3%. In contrast, in Israel it increased by 13.8% – from 0.326 to 0.271.[5]

Inequality in OECD Countries, 2012

Gini coefficient, disposable income after taxes and transfer payments



Source: http://oecd.org

UNEMPLOYMENT IS A POVERTY TRAP

The average unemployment rate in Israel is low: 5.3% in October 2015. This compares favorably with the unemployment rate among Euro block countries: 10.7%.[6]

However, Israel's average unemployment rate conceals large gaps among localities and among population groups. Unemployment affects mainly the weaker sectors of society: it is much higher in Arab localities than in Jewish localities, higher in Jewish development towns than in affluent Jewish cities and towns, higher among women than among men and higher among Arab women than among Jewish women. Unemployment also affects those whom the education system has failed to provide with a decent education. It also affects young people who have not yet gained a foothold in the labor market and older adults who were laid off and cannot find new employment.

The table below presents figures from March 2015 on job seekers by locality, published on the website of the Government Employment Service. Job seekers are defined as persons who registered at Government Employment Service offices. However, many unemployed persons do not register, either because there is no office near their home, because they returned empty handed in the past or because they have despaired of finding work. A better picture of the extent of unemployment might be obtained from Central Bureau of Statistics figures on unemployed persons (rather than job seekers), but such figures are not available by locality.

We decided to present figures on job seekers, as they enable us to see the differences among localities.

At the top of the table we find Arab localities, and at the very pinnacle, Bedouin localities in the Negev. The largest Bedouin locality, Rahat, registered the figure of 31.35% of the workforce as seeking jobs. A similar percentage was found for some of the large Arab localities in the North – Umm el Fahm (29.8%), Arrabe (28.8%), Sakhnin (25.3%), Tamra (23.7%) and Maghar (23.4%).

In most Jewish localities, job seekers comprise less than 5% of the workforce. However, higher figures are to be found in several largely Mizrahi development towns, among them Dimona (15.1%) and Yeruham (13.8%).

Percentage of Job Seekers, by Locality, March 2015

In Percentages of the Workforce, in Descending Order

Locality	Job-seekers as a percentage of the workforce
National Average	**6.3**
Laqye	393
Ar'ara-Banegev	382
Rahat	314
Tel Sheva	313
Umm Al-Fahm	298
Arrabe	288
Deir Hanna	257
Sakhnin	253
Kuseife	248
Judeide-Maker	241
Tamra	237
Mughar	234
Kafar Kanna	230
Bu'eine-Nujeidat	222
Kafar Manda	220
Ma'ale Iron	207
Hura	203
Bir El-Maksur	191
Kabul	181
Shefar'am	174
Abu-Sinan	173
I'billin	167
Tur'an	167
Ein Mahel	166
Basma	162
Tayibe	153
Kafar Yasif	152
Dimona	151
Nazareth	148
Akko	145
Yafia	141
Majdal Shams	140
Yeroham	138
Iksal	135
Reineh	135
Yirka	133
Nahef	131
Majd Al-Kurum	126
Zefat	126
Deir Al-Asad	123
Rame	120
Beit Jann	116
Daburiyya	116
Bet She'an	115
Zarzir	115
Fureidis	107
Ofakim	106
Jisr Az-Zarqa	105
Sederot	102
Abu Ghosh	100
Kisra-Sumei	100
Qiryat Mal'akhi	100
Qiryat Gat	98
Basmat Tab'un	92
Netivoth	92
Tirat Karmel	91
Daliyat Al-Karmel	87
Ma'alot-Tarshiha	86
Ar'ara	86
Qalansawe	83
Tiberias	81
Nazerat Illit	81
Isifya	81
Qazrin	81
Betar Illit	77
Hazor Hagelilit	76
Nahariyya	75
Qiryat Yam	75
Or Akiva	74
Arad	72
Be'er Sheva	71
Kafar Qara	71
Ashqelon	69
Afula	68
Zemer	67
Migdal Haemeq	67
Baqa-Jatt	66
Ashdod	65
Karmi'el	61
Qiryat Atta	60
Qiryat Shemona	60
Lod	59
Atlit	55
Yoqne'am Illit	52
Pardes Hanna-Karkur	52
Hadera	51
Eilat	50
Bet Shemesh	48
Yavne	48
Qiryat Bialik	48
Jerusalem	47
Qiryat Motzkin	47
Ramla	47
Bene Ayish	46
Haifa	46
Rekhasim	46
Qiryat Eqron	45
Netanya	44
Binyamina-Giv'at Ada	43
Bat Yam	43
Modi'in Illit	43
Tira	42
Be'er Ya'aqov	41
Bene Beraq	40
Kefar Yona	40
Rehovoth	40
Or Yehudah	39
El'ad	39
Gan Yavne	38
Giv'at Ze'ev	37
Petah Tiqwa	36
Qadima-Zoran	36
Oranit	34
Mazkeret Batya	34
Ramat Yishay	34
Zikhron Ya'aqov	33
Rosh Haayin	33
Rishon Leziyyon	33
Tel Mond	33
Even Yehudah	32
Nesher	32
Qiryat Arba	32
Ari'el	31
Gedera	31
Ganne Tiqwa	31
Metar	31
Ma'ale Adummim	31
Holon	30
Tel Aviv - Yafo	30
Alfe Menashe	28
Jaljulye	28
Mevasseret Ziyyon	28
Nes Ziyyona	28
Sha'are Tiqwa	28
Bet Dagan	27
Yehud	27
Kefar Sava	27
Kafar Qasem	27
Pardesiyya	25
Qiryat Tiv'on	25
Ramat Gan	25
Azor	23
Giv'atayim	23
Hod Hasharon	23
Qarne Shomeron	23
Modi'in-Makkabbim-Re'ut	22
Giv'at Shemu'el	21
Herzliyya	21
Kokhav Ya'ir	21
Omer	21
Zur Hadassa	21
Qiryat Ono	21
Ra'annana	20
Shoham	20
Lahavim	19
Ramat Hasharon	18
Efrat	16
Bet El	16

Source: Website of the Government Employment Service: http://www.taasuka.gov.il

THE STATE FAILS TO REDRESS THE IMBALANCE RESULTING FROM ECONOMIC GROWTH

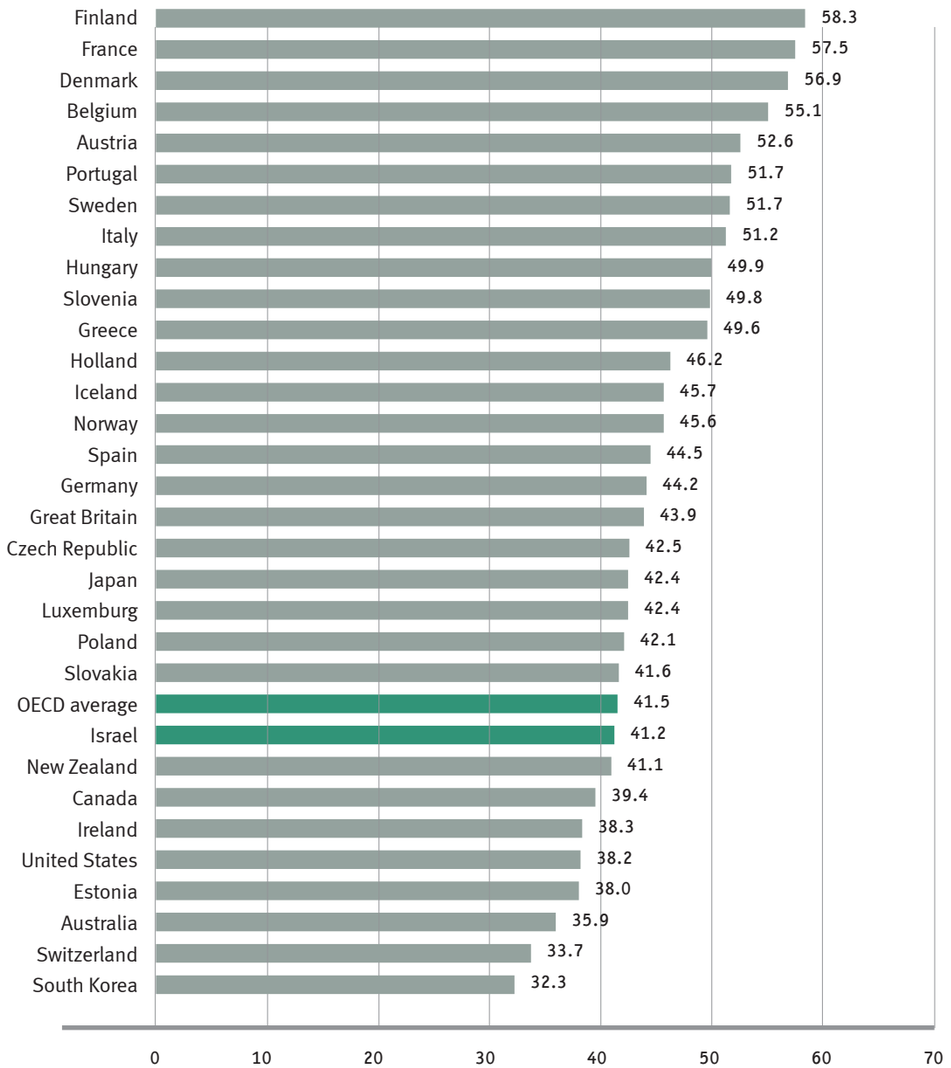
The socio-economic situation is not heaven-sent. Salaries can be raised and poverty can be reduced.

The main agent that can redress the imbalance is the state, firstly because it is the largest employer and as such can improve the remuneration of its own employees – either directly, as was done in a wage agreement between Minister of Finance Moshe Kahlon and chairperson of the Histadrut Avi Nissenkorn on December 23, 2015, thus setting an example, or through legislation like the Minimum Wage Law. The state is the relevant agent also because it determines the degree of generosity of the social safety net and thus the extent of poverty.

During the past three decades, the prevailing economic principle of successive Israeli governments has been reducing interventions on the part of the state in order to strengthen the business sector.

The result: weakening and shrinking of the social services that the state provides: schools, higher education, health, social welfare and social security. Total government expenditure (including that of local authorities) in 2014, which constituted 41.4% of GDP, placed Israel in the company of Eastern European countries and others with a tradition of low government spending, like New Zealand and Canada (which spend much less on defense than Israel).

Total Government Expenditure as a Percentage of GDP, 2014



Note: Government expenditure includes outlays of the government, the local authorities and the National Insurance Institute.
Source: OECD, Economic Outlook 98 database

HIGHER EDUCATION: ONE OUT OF THREE MAKE IT TO COLLEGE

The high road to a good personal future goes through higher education. The sectors of the economy that pay the highest salaries require a college degree.

By 2014, only 29.1% of young people who were 17 years old in 2006 had enrolled in an Israeli institute of higher learning under the auspices of the Council of Higher Education.

The road to higher education can be compared to the steps of a pyramid-shaped structure: The entire age group is to be found at the base, but with each step up, the size of the cohort decreases.

The pinnacle contains those pursuing a college degree. Following the steps up, we find that only 79.6% of the age cohort enrolled in a track leading to matriculation exams. Fewer –45.9% – passed the exams. Among those who passed, not all were qualified for college entrance – 40% of the age cohort. Among the latter, only 29.1% had enrolled in a recognized institute of higher learning in Israel. If we add students enrolled in the Open University and in academic teachers' seminars, the percentage increases to about one-third.

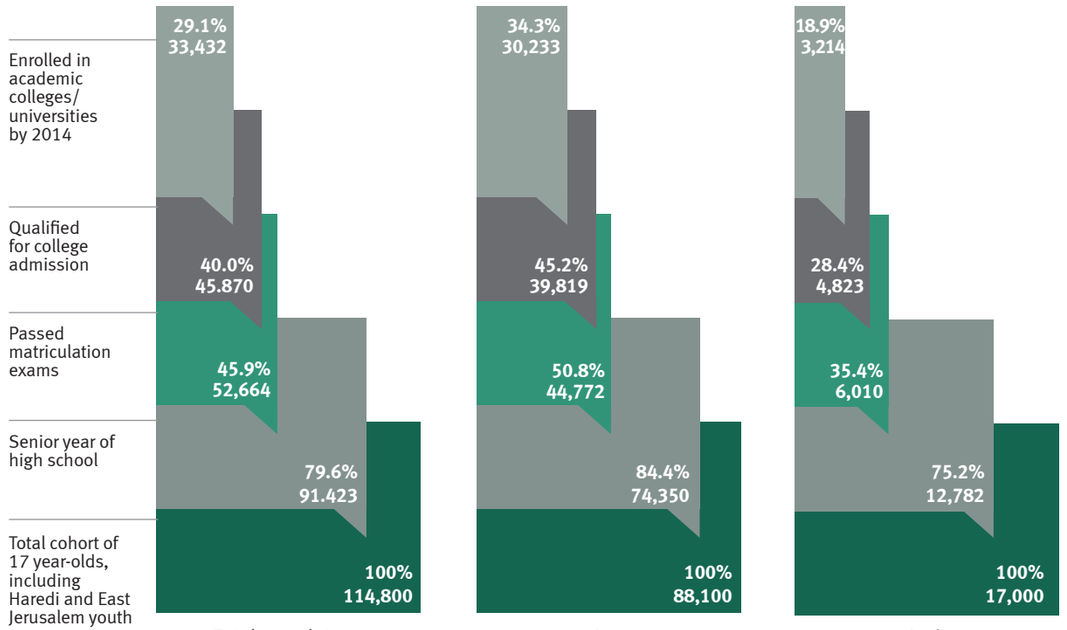
The proportion of Jews going to college in Israel is double that of Arabs. However, many Arab youths go to college abroad, for example in Jordan.[7]

The above figures are for universities and colleges under the supervision of the Council on Higher Education and are based on admittance criteria set by that Council. They do not include the Open University and the teachers' seminaries.

The Open University does not have admittance criteria and it includes students of many ages. In the 2013/2014 academic year, 47,830 students were enrolled in the Open University, most of them aged 25 or more. There were 4,234 degree recipients that year.

Most of the teachers' seminaries are not under the supervision of the Council on Higher Education either, but rather that of the Ministry of Education, and their admittance criteria vary. In 2013/2014, 28,922 students were enrolled in teachers' seminaries, 90% of them undergraduates. If we add first-year undergraduates at teachers' seminaries to the figures of 2006 high school graduates who enrolled in institutes of higher learning by 2014, the figure for those going on to college within 8 years of high school graduates increases by 4.2%.[8]

The Cohort of 17-year-olds in 2006 and the Climb to College Entrance by 2014



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

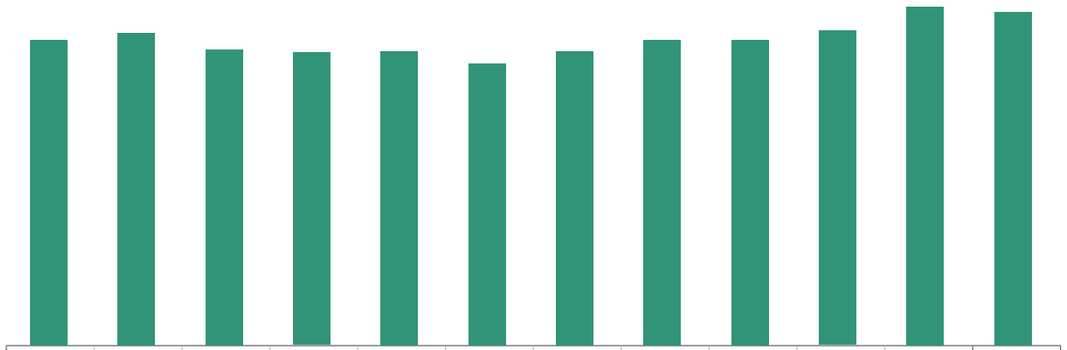
SUCCESS IN THE MATRICULATION EXAMS

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

During the 1980s and 1990s, the success rate in the matriculation exams rose by 10 percentage points each decade: from 20% in 1980 to 30% in 1990 to 40% in 2000.

In the first decade of the twenty-first century, the success rate experienced ups and downs, but remained short of 50%. In 2013, for the first time, the success rate exceeded 50%, going up to 53.4% and decreasing slightly in 2014.

Percentage of 17 Year-Olds Passing Matriculation Exams, 2003-2014



2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
48.3	49.2	46.4	45.9	46.3	44.4	46.1	48.3	48.1	49.8	53.4	52.7

Note: Includes Haredi and East Jerusalem youth.
Sources: Ministry of Education, "Matriculation Exam Figures 2014" (Hebrew), PowerPoint presentation, May 2015; Ministry of Education, *Matriculation Exam Figures*, various years (Hebrew).

Below we present success rates in the matriculation exams for 2014 by locality, for localities with a population of 10,000 or higher. It is not hard to discern that the highest success rates – 60% to 90% – are to be found in affluent localities, and that the lowest success rates are to be found in Arab localities and in some Jewish development towns.

Success Rates in the Matriculation Exams by Locality, 2013/2014

Localities with populations of 10,000 or more, out of the total 17 year-olds in the locality, in percentages

Locality	Proportion of 17-year-olds who passed their matriculation exams
Tel Mond	86
Beit Jann	84
Even Yehudah	83
Ramat Hasharon	83
Herzliyya	82
Kefar Sava	81
Qadima-Zoran	81
Giv'atayim	80
Hod Hasharon	79
Yavne	78
Binyamina-Giv'at Ada	76
Qiryat Ono	76
Yehud	75
Qiryat Motzkin	75
Ramat Gan	75
Rishon Leziyyon	74
Ma'ale Adummim	73
Nes Ziyyona	73
Gan Yavne	72
Tirat Karmel	72
Azor	71
Nesher	71
Rosh Haayin	71
Bat Yam	70
Mughar	69
Nahariyya	69
Netanya	69
Sakhnin	69
Tel Aviv - Yafo	69
Yoqne'am Illit	68
Petah Tiqwa	68
Gedera	67
Dimona	67
Zikhron Ya'aqov	67
Nahef	67
Holon	66
Haifa	66
Qiryat Atta	66
Daburiyya	65
Tamra	65
Kafar Yasif	64

Locality	Proportion of 17-year-olds who passed their matriculation exams
Qiryat Yam	64
Rehovoth	64
Elat	63
Ashqelon	63
Isifya	63
Qiryat Tiv'on	62
Qiryat Eqron	62
Nazerat Illit	61
Pardes Hanna-Karkur	61
Or Yehudah	60
Be'er Sheva	59
Jat	59
Hadera	59
Majd Al-Kurum	57
Yafi	56
Kefar Yona	56
Ari'el	55
Ashdod	55
Kafar Kanna	55
Migdal Haemeq	55
Ma'alot-Tarshiha	55
Afula	55
Qiryat Gat	55
Deir Hanna	54
Karmi'el	53
Netivoth	53
Ramla	53
Deir Al-Asad	52
Kabul	52
Majdal Shams	52
Arrabe	52
Qiryat Shemona	52
Givat Ze'ev	51
Daliyat Al-Karmel	51
Yirka	51
Fureidis	51
Judeide-Maker	50
Nazareth	50
Akko	50
Tur'an	49
Sederot	49

Locality	Proportion of 17-year-olds who passed their matriculation exams
Qiryat Mal'akhi	48
Umm Al-Fahm	47
I'billin	47
Lod	47
Laqye	47
Arad	47
Baqa Al-Gharbiyye	46
Tiberias	46
Tire	46
Kafar Manda	46
Kafar Qasem	46
Iksal	45
Omer	45
Shefar'am	45
Kafar Qara	44
Be'er Ya'aqov	42
Ar'ara	41
Qalansawe	41
Bet Shemesh	40
Tayibe	40
Yeroham	39
Ma'ale Iron	39
Ar'ara-Banegev	38
Tel Sheva	38
Abu-Sinan	37
Ofakim	36
Hura	35
Zefat	35
Reineh	35
Kuseife	31
Hazor Hagelilit	28
El'ad	27
Rahat	25
Jisr Az-Zarqa	20
Jerusalem	17
Rekhasim	8
Betar Illit	7
Bene Beraq	5
Modi'in Illit	4

Sources: Adva Center analysis of Ministry of Education, Teleprocessing and Data Systems Department, "Proportion Taking and Succeeding in Matriculation Exams, by Locality of Residence, 2013/2014, May 12, 2015, website; CBS, Population of 17 Year-Olds 2013/2014, November 2015.

HIGH SCHOOL VOCATIONAL TRACKS

In recent years a demand has been voiced, mainly by industrialists, to increase vocational education at the high school level.

This demand creates the impression that vocational education is a thing of the past. While it is true that vocational education is not as extensive as it was in the 1990s, when about half of all high school students were following vocational tracks, it is still significant, enrolling 36% of Jewish high school students and 41% of Arab high school students.[9]

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

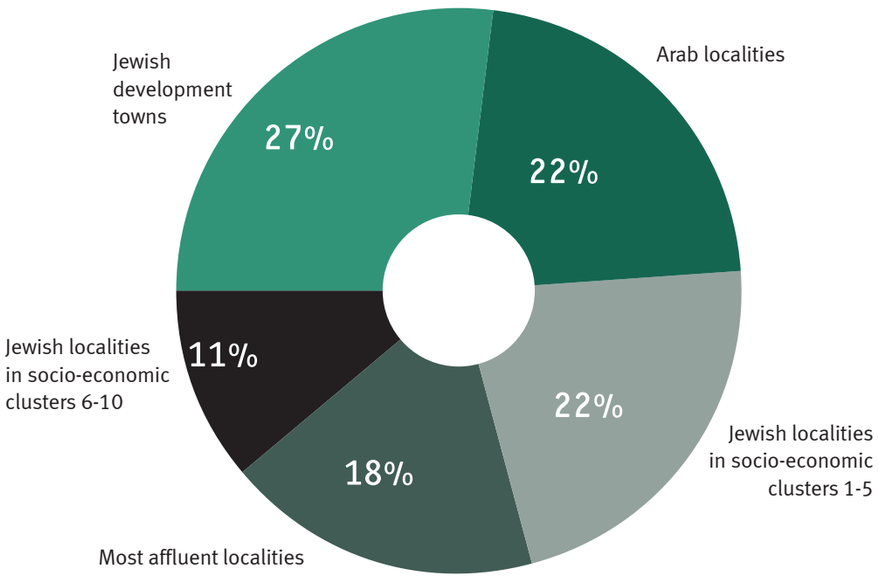
The main critique voiced over the years vis-a-vis vocational tracks has been that the educational achievements of their students are lower than those in academic tracks. The graph on the next page shows that 42.2% of persons graduating high school in academic tracks in 2006 had begun academic studies by 2014, compared with 33.1% of persons graduating high school in vocational tracks.[10]

The graph below shows the location of the schools of the two largest vocational education networks in Israel, ORT and Amal. Of the 159 schools belonging to these two networks, 113 (71%) were located in communities with a low socio-economic ranking, 35 in Arab localities, 43 in Jewish development towns and 35 in other localities ranked in socio-economic clusters one through five.

In cases in which affluent localities do have vocational high schools, they are usually located in poor neighborhoods.

Dispersion of ORT and Amal Schools, by Type of Locality, 2014

In percentages



Source: Adva Center analysis of the websites of the ORT and Amal networks, December 2014.

WHO GOES ON TO COLLEGE?

The table below presents figures on persons graduating high school in 2006 who began studying in universities and academic colleges by 2014. The highest percentages are for Jews residing in localities ranked in high socio-economic clusters who were enrolled in academic tracks. The lowest percentages are for Arabs living in localities ranked in low socio-economic clusters.

Among Jews there is a significant difference between the proportion of those studying in universities and academic colleges coming from academic tracks – 42.2% – and those coming from vocational tracks – 33.1%. The proportion of high school graduates from localities ranked in the three highest socio-economic clusters – 53.9% – is double that of high school graduates from localities ranked in the four lowest socio-economic clusters –25.2%.

The proportion of women going on to college is higher than that of men: 39.3%, compared with 30.9%.

High School Graduates of Class of 2006 Who Enrolled in Universities and Academic Colleges in Israel by 2014

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

Total	35.2%
Men	30.9%
Women	39.3%

Hebrew Education – Total	38.6%
Men	34.0%
Women	43.0%
Graduates academic track	42.2%
Graduates vocational track	33.1%
Reside in localities in socio-economic clusters 1-4	25.2%
Reside in localities in socio-economic clusters 5-7	39.0%
Reside in localities in socio-economic clusters 8-10	53.9%

Arab Education – total	19.3%
Men	15.7%
Women	22.5%
Graduates academic track	20.1%
Graduates vocational track	18.4%
Reside in localities in socio-economic clusters 1-2	15.3%
Reside in localities in socio-economic clusters 3-4	22.9%
Reside in localities in socio-economic clusters 5-10	31.7%

Note: Most Arab localities are in socio-economic clusters 1-4.
Source: CBS, *Israel Statistical Abstract* 2015, September 2015.

MOST UNDERGRADUATES HAIL FROM AFFLUENT LOCALITIES

Another figure that demonstrates the gaps in higher education is the proportion of undergraduates among the 20-29 cohort in the locality.

During the 2013/14 academic year, 22.2% of 20-29 year olds from affluent Jewish localities were enrolled as undergraduates in universities or academic colleges in Israel. That proportion was 2.6 times that of 20-29 year olds from Arab localities – 8.4%. In Jewish development towns the proportion – 12.6% – was higher than that in Arab localities but much lower than that in affluent Jewish localities.

Differentiating between universities and academic colleges, it turns out that 11.2% of the age group from affluent Jewish localities was enrolled in universities, compared with 5.5% from Jewish development towns and 5.2% from Arab localities.

For academic colleges, the corresponding figures are 11.0%, 7.2% and 3.1%. The differences for academic colleges are disturbing in view of the fact that one of the purposes of the public academic colleges was to provide new opportunities for residents of Israel's socio-economic periphery. Unfortunately, CBS figures do not differentiate between public and private academic colleges.

Between the 2002/03 and the 2013/14 academic years, there was a slight decrease in the proportion of the 20-29 age group enrolled in universities: from 7% to 6.8%. At the same time, there was an increase in the proportion of the 20-29 age group enrolled in academic colleges: from 4.4% to 7.1%.[11]

The figures above do not include young people enrolled in the Open University and in academic teachers' seminaries. The latter constitute 2.5% of the age group.[12] No such calculation can be made for the Open University, most of whose students are older.

Undergraduates Enrolled in Universities and Academic Colleges, 2013/14

By type of locality, as a percentage of 20-29 year olds

Note: Affluent localities are those in socio-economic clusters 8-10.
Sources: Adva Center analysis of CBS, Local Authorities in Israel 2013 database, CBS website. Figures regarding undergraduates at universities and academic colleges courtesy CBS Higher Education Department, November 2015.

Undergraduates in Universities and Academic Colleges, by Residence, 2013/14

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

Locality	Percentage of Undergraduates		
	Total percent	Universities	Academic Colleges
Omer	33	17.4	15.5
Metula	32.9	4.6	28.3
Lahavim	32.7	19.4	13.3
Metar	31.9	17.8	14
Kefar Shemaryahu	30.6	11.5	19.1
Kefar Tavor	30.6	17.2	13.4
Kokhav Ya'ir	30.5	18.9	11.6
Efrat	29.2	19.4	9.8
Shoham	29	16.5	12.4
Savyon	28.9	10.8	18.1
Oranit	28.4	17.7	10.7
Giv'at Shemu'el	28.3	20.1	8.2
Har Adar	27.7	16.7	11
Kafar Kama	27.4	12.8	14.6
Pardesiyya	26.5	11.5	14.9
Modi'in-Makkabbim-Re'ut	26.4	13.7	12.7
Elqana	26.3	20.6	5.8
Qiryat Ono	26.3	12.1	14.3
Ra'annana	26.3	13.7	12.7
Mazkeret Batya	26.1	11.9	14.2
Nesher	25.1	18.3	6.8
Ganne Tiqwa	24.4	12.3	12
Ramat Yishay	24.3	12.2	12.1
Ramat Hasharon	23.8	10.6	13.1
Yesud Hama'ala	23.2	9	14.2
Bet Arye	22.8	14.6	8.2
Alfe Menashe	22.6	14.2	8.4
Qiryat Tiv'on	22.6	13.2	9.4
Rosh Pinna	22.6	7.6	15
Even Yehudah	22.4	10.7	11.7
Hod Hasharon	22.3	12.1	10.3
Nes Ziyyona	22.3	9.7	12.6

Locality	Percentage of Undergraduates		
	Total percent	Universities	Academic Colleges
Me'ilya	22.2	12.9	9.3
Herzliyya	21.7	8.8	12.9
Fassuta	21.7	13.2	8.5
Giv'atayim	21.5	9.8	11.7
Qedumim	21.3	17.2	4.1
Qiryat Motzkin	21.2	11.4	9.7
Gan Yavne	21.1	8.4	12.7
Yehud	21.1	8.9	12.1
Kefar Sava	21	11.6	9.4
Zikhron Ya'aqov	20.1	11.3	8.8
Tel Aviv - Yafo	20	9.6	10.4
Gedera	19.9	8.7	11.2
Migdal	19.8	7.4	12.4
Rishon Leziyyon	19.6	7	12.5
Qarne Shomeron	19.1	13.4	5.7
Rehovoth	19.1	9.2	9.9
Jish (Gush Halav)	19	11.8	7.2
Nahariyya	19	10.6	8.4
Qiryat Bialik	19	10.1	8.9
Bet El	18.8	10.2	8.6
Karmi'el	18.8	8.4	10.4
Mevasseret Ziyyon	18.8	9.9	8.9
Qadima-Zoran	18.4	8.7	9.7
Haifa	18.3	12.2	6.1
Petah Tiqwa	18.2	10.4	7.8
Ramat Gan	18.2	8.5	9.7
Rosh Haayin	17.8	11.5	6.3
Tel Mond	17.7	9.1	8.6
Yavne	17.1	6.5	10.7
Qiryat Shemona	17	3.9	13.1
Yoqne'am Illit	16.9	7.8	9.1
Ma'ale Adummim	16.6	8	8.6

Locality	Percentage of Undergraduates		
	Total percent	Universities	Academic Colleges
Nazerat Illit	16.4	7	9.4
Peqi'in (Buqei'a)	16.4	9.4	7.1
Hurfeish	16.3	8.6	7.7
Givat Ze'ev	16	6.5	9.5
Binyamina-Giv'at Ada	15.9	8.7	7.2
Rame	15.8	9.7	6.1
Eilabun	15.6	10.3	5.2
Afula	15.6	5.6	10.1
Holon	15.4	5.1	10.3
Ma'alot-Tarshiha	15.3	7.6	7.6
Shelomi	15.3	8.3	7
Ashqelon	15.2	6.1	9.2
Be'er Sheva	15.2	6.9	8.3
Qiryat Atta	15.1	7.9	7.2
Qiryat Yam	14.9	7.8	7.1
Bene Ayish	14.8	5.9	8.9
Netanya	14.8	5.8	9
Ashdod	14.7	5.8	8.9
Kafar Yasif	14.7	10.2	4.5
Ma'ale Efrayim	14.7	9	5.7
Daburiyya	14.5	8.4	6.1
Elyakhin	14.3	4.7	9.6
Pardes Hanna-Karkur	14.2	6.4	7.7
Qiryat Eqron	14.2	5.4	8.8
Ari'el	14	11.9	2.1
Qazrin	14	6.7	7.2
Qiryat Gat	13.8	5.8	8
Bet Dagan	13.4	5.8	7.7
Azor	13.3	4.4	8.9
Yafi	13.3	7.8	5.5
Akko	13.3	8	5.3
Julis	13.1	6	7.1
Kefar Yona	13.1	5.3	7.9
Qiryat Arba	12.9	4.4	8.5

Locality	Percentage of Undergraduates		
	Total percent	Universities	Academic Colleges
Bet She'an	12.8	6	6.7
Hadera	12.7	5.3	7.4
Migdal Haemeq	12.6	4.3	8.2
Mizpe Ramon	12.6	5.3	7.4
Sederot	12.5	2.8	9.7
Tirat Karmel	12.3	6.4	5.9
Be'er Ya'aqov	12.2	3.6	8.5
Sajur	12.2	7.8	4.4
Or Akiva	12	5.5	6.5
Kaokab Abu Al-Hija	12	9.5	2.6
Mughar	12	7	5
Or Yehudah	11.9	3.1	8.8
Tiberias	11.7	6.2	5.5
Sakhnin	11.7	6.9	4.7
Beit Jann	11.6	5.2	6.3
Nazareth	11.6	7.1	4.5
Elat	11.4	8.1	3.3
Ghajar	11.4	1.8	9.6
Dimona	11.3	4.4	6.9
Hazor Hagelilit	11.2	3.9	7.3
Jatt	11.1	7.9	3.2
Zefat	11.1	5.5	5.6
Bat Yam	10.8	3.9	7
Arad	10.8	5.5	5.3
Deir Hanna	10.3	5.6	4.7
Ramla	10.2	3	7.1
Tamra	10.1	7.8	2.2
Yeroham	10.1	4.1	6
Qiryat Mal'akhi	10.1	3.5	6.6
I'billin	10	8	1.9
Lod	10	4.1	6
Judeide-Maker	9.9	7	2.9
Mazra'a	9.9	6.6	3.3
Kafar Qara	9.8	6.2	3.6

Locality	Percentage of Undergraduates		
	Total percent	Universities	Academic Colleges
Abu Ghosh	9.7	5.4	4.3
Arrabe	9.7	6	3.7
Qiryat Ye'arim	9.7	2.5	7.2
Yavne'el	9.6	4.3	5.3
Tur'an	9.5	6.5	2.9
Netivoth	9.5	3	6.5
Daliyat Al-Karmel	9.4	5.6	3.8
Kabul	9.4	7.4	2
Majdal Shams	9.4	4.6	4.9
Nahef	9.4	5.6	3.8
Kafar Kanna	9.3	6.8	2.6
Tire	9.2	5.7	3.5
Isifya	9.1	6.7	2.4
Yanuh-Jat	9	5.3	3.7
Yirka	9	6.1	2.9
Ofakim	8.9	2.5	6.4
Iksal	8.8	4.9	3.9
Kafar Bara	8.8	6.2	2.6
Jerusalem	8.7	4.2	4.5
Kafar Qasem	8.7	6.1	2.6
Shibli-Umm Al-Ghanam	8.7	5.3	3.4
Shefar'am	8.7	5.9	2.7
Zemer	8.6	5.4	3.2
Jaljulye	8.3	4.8	3.5
Abu-Sinan	7.9	6	1.8
Tayibe	7.9	4.9	2.9
Meshhed	7.9	5.9	2
Bu'eine-Nujeidat	7.6	5.8	1.8
Kisra-Sumei	7.3	4.2	3.1
Bet Shemesh	7.2	2.9	4.3
Umm Al-Fahm	7.1	4.7	2.4
Reineh	7.1	4.2	2.9

Locality	Percentage of Undergraduates		
	Total percent	Universities	Academic Colleges
Massada	7	4.9	2.1
Baqa Al-Gharbiyye	6.8	4.5	2.4
Majd Al-Kurum	6.7	6.2	0.4
Sha'ab	6.7	4.9	1.8
Ka'abiyye-Tabbash-Hajajre	6.6	3.6	3
Qalansawe	6.4	4.4	2.1
Basma	6.3	4.1	2.2
Buq'ata	6.2	2.3	4
El'ad	5.9	1.9	4
Ein Mahel	5.9	4.1	1.8
Laqye	5.8	3.3	2.5
Bi'ne	5.7	5	0.7
Tuba-Zangariyye	5.4	2.1	3.2
Deir Al-Asad	5.3	4.8	0.5
Ma'ale Iron	5.2	3.1	2.1
Ar'ara	5.2	2.8	2.4
Fureidis	5.2	3.5	1.7
Zarzir	5	1.8	3.1
Ilut	5	2.3	2.7
Basmat Tab'un	4.9	2.7	2.2
Tel Sheva	4.6	2	2.6
Bir El-Maksur	4.5	3.9	0.7
Kuseife	4.3	2.5	1.9
Kafar Manda	4.3	3	1.3
Bene Beraq	4.1	1.3	2.8
Betar Illit	3.8	0.8	3
Rahat	3.8	1.3	2.5
Hura	3.2	1.8	1.5
Rekhasim	2.7	1.5	1.3
Ar'ara-Banegev	2.6	1.4	1.3
Modi'in Illit	2.1	0.6	1.5
Jisr Az-Zarqa	1.7	1.3	0.4

Sources: Adva Center analysis of CBS, Local Authorities in Israel 2013 database, CBS website. Figures regarding undergraduates at universities and academic colleges courtesy CBS Higher Education Department, November 2015.

HEALTH: THE BURDEN OF HOUSEHOLD PAYMENTS MORE THAN DOUBLED

We have seen that government expenditure in Israel is lower than that of Western European countries. This is clearly shown in the area of health, in the erosion of government funding for the universal basket of health services, which led to a doubling of the burden of household payments for health services.

Persons purchasing medical insurance policies in addition to national health insurance use those policies mainly to choose a surgeon or to get a second opinion, but also for medications and other services.

In 2000, the total burden of additional services paid out to health funds and private insurance companies was NIS 4.6 billion. In 2014, it was NIS 12.0 billion. These sums represent the total income of health funds and insurance companies from insurance policies and, in the case of health funds – co-payments.

Income of Health Funds and Insurance Companies, 2000-2014

In addition to health tax, in NIS billions, 2014 prices

	2000	2002	2004	2006	2008	2010	2012	2014 (Estimate)
Health fund income from supplemental medical policies	1.1	1.5	2.0	2.2	2.7	3.2	3.7	4.3
Heath fund income from co-pays	2.4	2.9	3.3	3.5	3.3	3.2	3.3	3.4
Insurance company income from private medical policies	1.2	1.5	2.0	2.3	3.0	3.2	3.8	4.3
Total	4.6	5.8	7.3	7.9	9.0	9.7	10.9	12.0

Source: Adva Center analysis of figures received courtesy the CBS National Accounts Department, November 2015.

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

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

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

In 2014, the share of medical insurance policies above and beyond national health insurance accounted for 32% of household expenditure on health.

That same year, the average monthly expenditure of households in the top income decile on medical insurance purchased from insurance companies was NIS 260, and the average monthly expenditure on supplemental medical insurance policies purchased from the health funds was NIS 289. The total monthly outlay on extra insurance policies was NIS 548.

In contrast, the average monthly expenditure of households in the second lowest decile on medical insurance purchased from insurance companies was NIS 22, and the average monthly expenditure on supplemental medical policies purchased from the health funds was NIS 101, for a total of NIS 123 – 22% of the average expenditure of households in the top decile.

It should be pointed out that the above figures are averages and that they fail to reveal the fact that many households in the lower income deciles have no additional medical insurance.

Extra insurance policies are harmful in the following ways:

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

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

A survey of accessibility to health services by income bracket would probably find large discrepancies.

Total Monthly Expenditure of Households on Extra Medical Insurance from Insurance Companies and from the Health Funds, Income Deciles 2, 6 and 10, 2000-2014

By income decile, net household income, NIS, 2014 prices

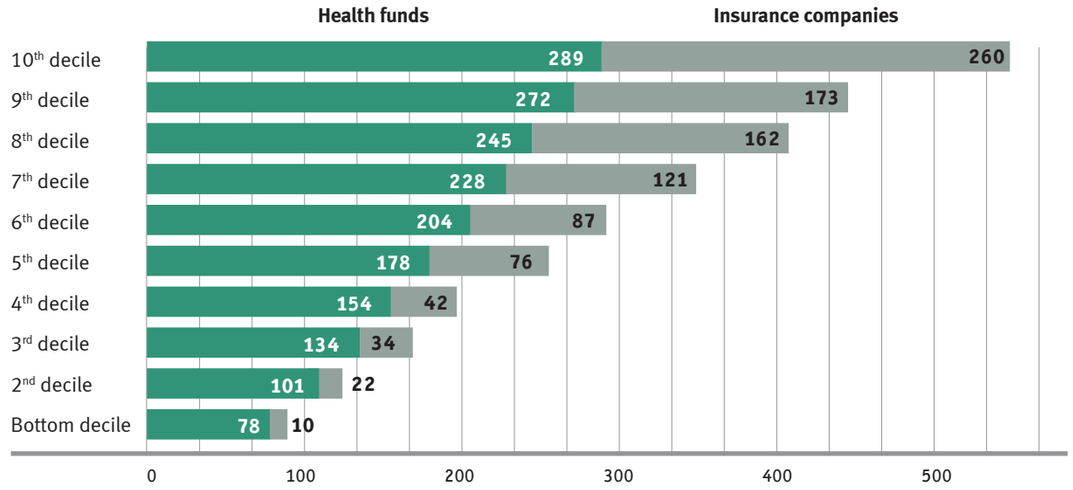
New Series

	2000	2002	2004	2006	2008	2010	2012	2014
Second Decile								
Insurance company policies	11	15	4	18	19	16	17	22
Health fund policies	34	48	53	65	75	91	95	101
Total	45	63	57	83	94	106	113	123
Sixth Decile								
Insurance company policies	35	34	40	56	48	84	65	87
Health fund policies	65	88	104	113	134	151	182	204
Total	100	122	144	169	182	235	247	291
Tenth (Top) Decile								
Insurance company policies	118	128	135	202	197	243	226	260
Health fund policies	113	134	154	171	191	231	273	289
Total	231	262	289	373	388	474	498	548

Source: Adva Center analysis of data received courtesy CBS Consumption Department.

Total Monthly Household Expenditure on Extra Medical Insurance from Insurance Companies and Health Funds, by Income Decile, 2014

By Net Income, in NIS and current prices



Source: Adva Center analysis of data received courtesy the CBS Consumption Department, November 2015.

GAPS IN INFANT MORTALITY AND LIFE EXPECTANCY

We have seen that affluent families have more medical insurance than poor families.

However, health status reflects more than the financial ability to purchase extra medical insurance. Health status reflects the quality of life and general class-based differences: nutrition, the quality of the environment, place of residence, awareness of health hazards, the quality of transportation and employment, the distance from medical services and more.

Differences in quality of life are reflected in two main indicators, used throughout the world to demonstrate health discrepancies: infant mortality and life expectancy.

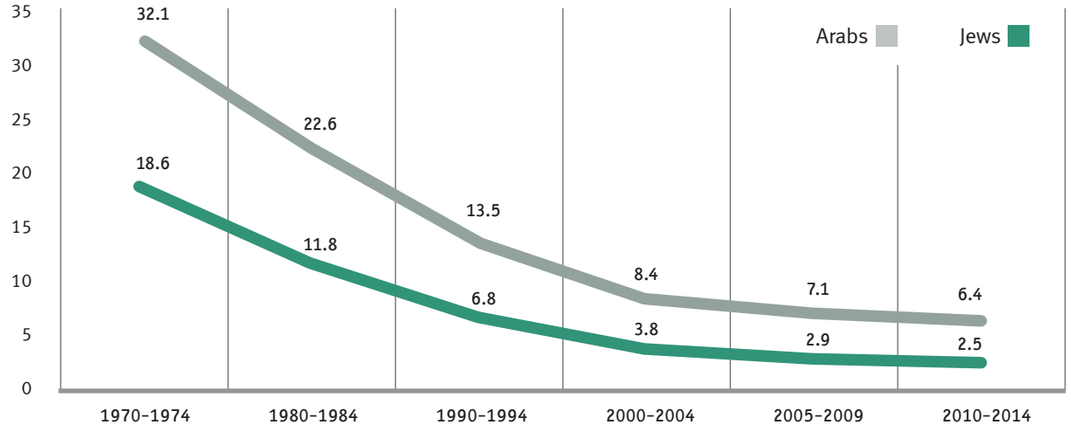
The figures published in Israel for these two indicators do not allow us to make distinctions beyond those between Jews and Arabs.

In 2013, average infant mortality in Israel was 3.1 per one thousand live births, positioning Israel in 14th place among OECD countries. The mortality rate has decreased sharply since 1970, among both Jews and Arabs.[13] However, today (2010-2014), infant mortality among Arabs – 6.4 – is still 2.6 times infant mortality among Jews.

The same picture emerges with regard to life expectancy at birth: in 2013, the life expectancy of men in Israel – 80.3 years, positioned Israel in third place among OECD countries. In contrast, the life expectancy of women – 83.9 – despite that fact that it is higher than that of men, positioned Israel lower down – in 11th place among OECD countries. Life expectancy is on the rise.[14] At the same time, the life expectancy of Jewish men – 81.1 – is higher than that of Arab men – 76.8, and the life expectancy of Jewish women – 84.5 – is higher than that of Arab women – 81.2.

Infant Mortality, by Ethnicity

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



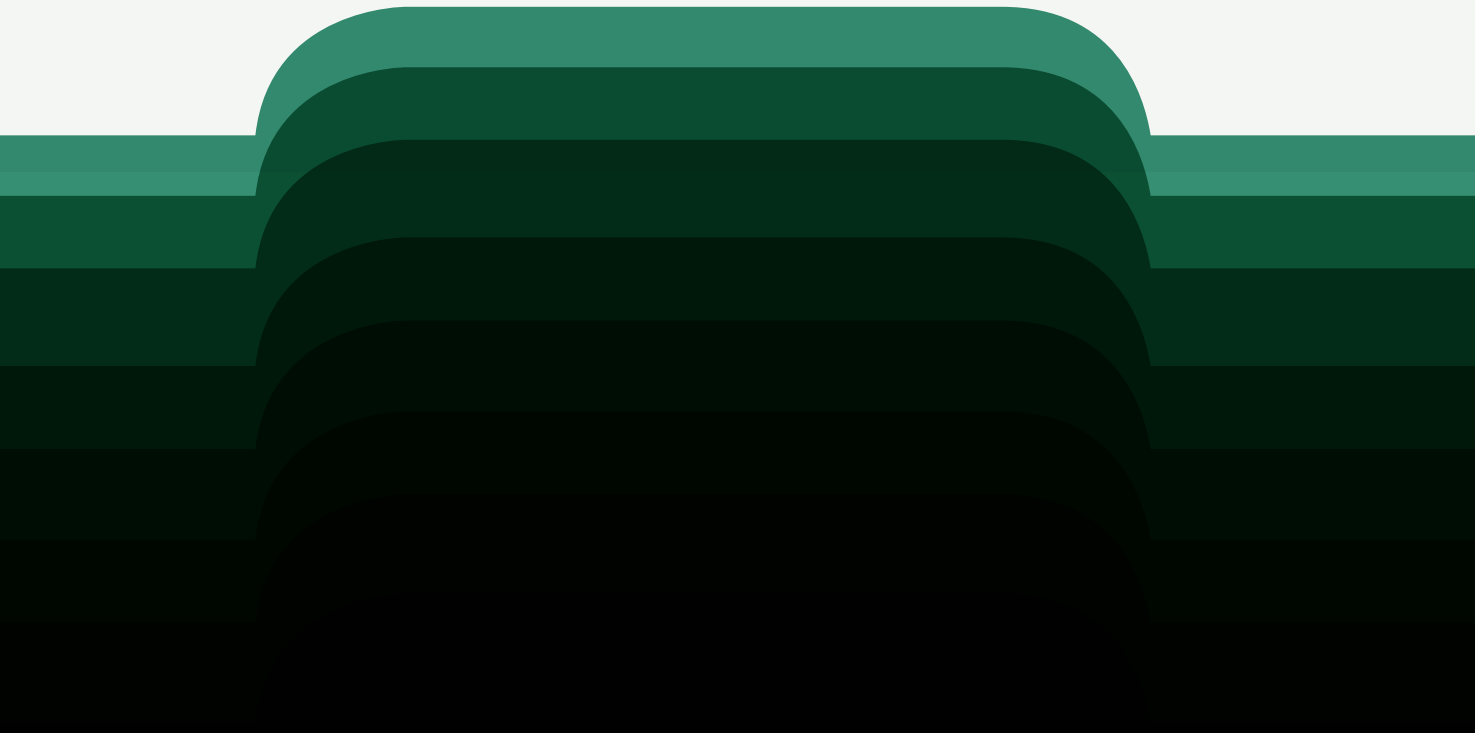
Source: CBS, *Statistical Abstract of Israel 2015*.

Life Expectancy at Birth, by Ethnicity and Gender, 1984-2014

Source: CBS, Press Release, "Life Expectancy in Israel 2014," October 28, 2015 (Hebrew).

Notes

1. Adva Center analysis of www.data.worldbank.org.
2. National Insurance Institute, Miri Endeweld and Oren Heller, *Wages, the Minimum Wage and their Contribution to Reducing Poverty: Israel in International* Comparison, National Insurance Institute, 2014, Working Paper 119 (Hebrew).
3. Adva Center, *Gender Salary Gaps in Israel, 2015 Report*, Yael Hasson and Noga Dagan-Buzaglo, December 2015.
4. National Insurance Institute, *Annual Report*, 2015 (Hebrew).
5. Adva Center analysis of OECD Stat.
6. October 1015: http://europa.eu/rapid/press-release_STAT-15-6213_en.htm.
7. Khalid Arar and Kussai Haj-Yehia. 2013, "Higher education abroad: Palestinian students from Israel studying in Jordanian universities," *Journal of Applied Research in Higher Education, 5(1), pp. 95-112.*
8. CBS, *Statistical Abstract of Israel* 2015, Tables 8.48, 8.58, 8.59, 8.63; Website of the Open University.
9. CBS *Statistical Abstract of Israel 2015*, Table 8.19.
10. CBS, *Statistical Abstract of Israel 2015*, Table 8.48.
11. See Adva Center, *Israel: A Social Report*, various years.
12. Adva Center analysis of CBS, Database of Local Authorities 2013; Figures on undergraduates received courtesy CBS Higher Education Department.
13. http://data.OECD.org/healthstats/infant-mortality-rates.htm.
14. CBS, Press Release, "Life Expectancy in Israel 2014," October 28, 2015 (Hebrew).



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Adva Center

Information on Equality and Social Justice in Israel

Studio Noam Tamari