

Chapter 6

The 2008 Weighted Equality Index

The value of 2008 Equality Index - 0.3600

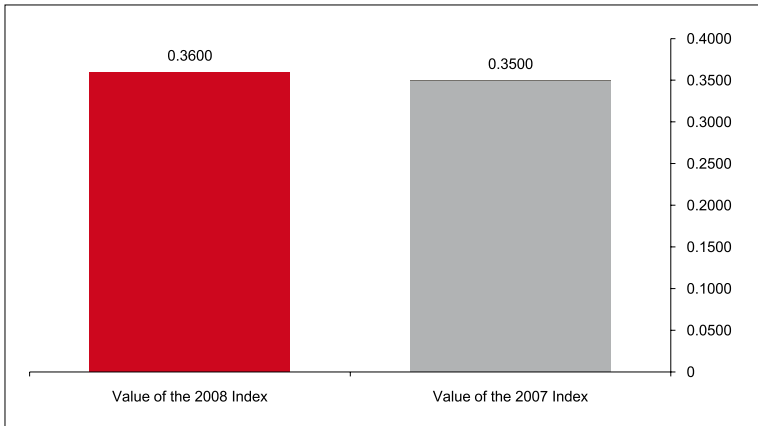
The Weighted Index includes the five aggregate indexes in the areas of health, housing, education, employment and social welfare. The weight of each of the aggregate indexes in the Weighted Index was determined by their percentage of the national expenditure. The national expenditure includes all the public and private expenditures in each area. In this sense the national expenditure can serve as a kind of yardstick for government policy in each of the five areas.

Public expenditure includes the expenditures of the central government, local government and non-profit organizations, whereas private expenditure includes the total expenditures of the private business sector, households and individuals. Therefore, the value of the Weighted Index is affected both by the change in the values of the aggregate indexes and by changes in the total national expenditure in each of the five areas of the index.

As we recall, the values of the index range between (-1) and (1), with zero (0) indicating total equality. A value of the index tending toward 1 indicates inequality in favor of the Jewish population, and a value tending towards (-1) indicates inequality in favor of the Arab population. An increase in the value of the index signified an increase in inequality.

The value of the Weighted Equality Index for 2008 indicates an increase in the level of inequality between Jews and Arabs: 0.3600 in 2008 as compared to the 2007 index, which was 0.3500 (see Diagram 6.1, p. 65). This is an increase of 2.8 percent in the overall index of inequality between Jews and Arabs.

Diagram 6.1: Values of the Weighted Indexes 2007 to 2008

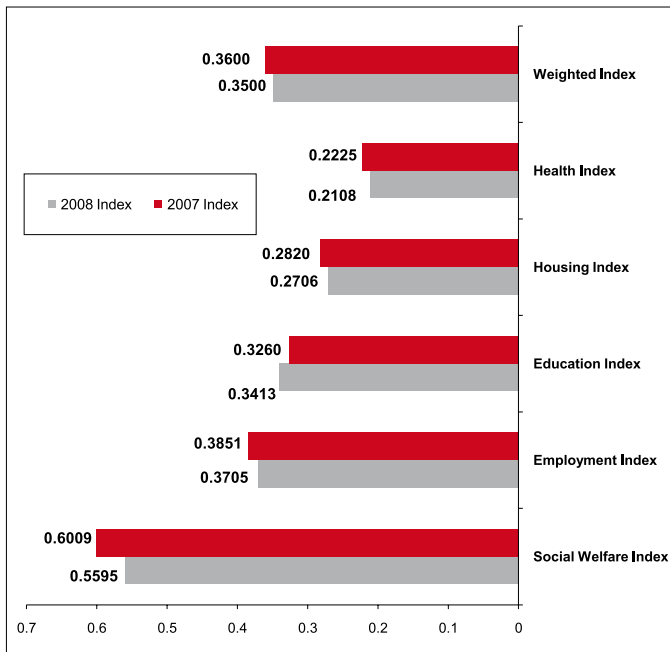


Changes in the aggregate indexes

A change in the values of the aggregate indexes is a result of a change in one of the following factors or in any combination of them:

- 1. A change in the percentages of Arabs and Jews in the total population of Israel:** Since the percentage of the Arab population is increasing, the assumption is that its share of national resources will increase accordingly. This means that if there is no change in the values of the variables to equal the rate of increase in the percentage of Arabs in Israel's population, the level of inequality will increase. There was an increase of 0.1 points in the percentage of Arabs in the total population between the 2007 and 2008 indexes, from 19.9 percent to 20 percent (CBS).
- 2. A change in the values of the variables:** The effect of the change in the value of the variables on the results of the index depends on the size of the change and on the number of variables that changed. This is related to the number of variables in the same index. The smaller the number of variables in the index, the more a change in a single variable will affect the results of the index, and vice versa.

Diagram 6.2: The values of the aggregate indexes in health, housing, education, employment and social welfare and the weighted Equality Indexes 2007-2008



Calculating the national expenditure on health, housing, education, employment and social welfare

Health

National expenditure on health: includes the share of the state budget including transfers to the health maintenance organizations and to other non-profit organizations, and the provision of health services by means of government health institutions. It also includes the health tax and direct household expenditures on drugs and health services.

The total current national expenditure on health at current prices = NIS 52,030 million.

Housing

National expenditure on housing: private national expenditure on housing is based on the increase in housing construction and in accordance with the increase in the prices of housing expenses for households. This figure includes ongoing maintenance of the residence and consumption of housing services, which was calculated by presenting alternative rents in residences of equal size in a given community or region. Government expenditures include Article 42 (grants and subsidies) and Article 70 (housing as part of the total Ministry of Housing budget).

Table 6.1: Components of national expenditure on housing 2007

	Millions of NIS
Private expenditure on housing	66,681
Article 42 – Budget of Ministry of Construction and Housing	1,614
Article 70 – Budget of Ministry of Construction and Housing	3,506
Total	73,801

Source: Central Bureau of Statistics, Israel Statistical Annual 2007, 2007 State Budget, Finance Ministry web site: www.mof.gov.il

Total national expenditure on housing at current prices = NIS 73,801 million

◆ **Education**

National expenditure on education: includes public and private expenditure on pre-school, elementary, secondary, academic and technological education, yeshivas and Torah-oriented schools, post-high school institutions, institutions of higher education and adult education and in-service courses.

Total national expenditure on education at current prices = NIS 52,971 million

◆ **Employment**

National expenditure on employment: The Central Bureau of Statistics does not conduct an assessment of the national expenditure on employment. For the purpose of calculating the national expenditure we scanned all the budget-related items in all the government ministries that are in any way connected to encouraging employment.

Table 6.2: Components of national expenditure on employment 2007

Ministry	Budgetary item	No. of item	Millions of NIS
Prime Minister's Office	Assistance to individuals – employment	40611	21.9
	Assistance to businesses	40612	246.3
Finance	Guidance and training of workers	50707	0.074
	Future projects for the public sector	50708	2.8
	Investments in corporations (Israel Railways, companies in crisis et al)	8306	1046.0
Internal Security	Employment and manufacturing	71010	27.7
Education	In-service courses and counseling	202203	10.1
Social Welfare	Employment of the disabled in public and business companies	230618	63.6
	Unit for Foreign Workers	68	42.8
Health	In-service courses and counseling	240402	0.02
Immigrant Absorption	Assistance in promoting employment in the public sector	300219	18.7
	Assistance in immigrant employment	300220	37.3
	Assistance in employment of independent immigrants – business entrepreneurship	300223	9.2
Support for public products?		32	4427.9
Industry, Trade and Employment		36	1778.0
	Support for branches of the economy	38	2066.7
	Support for branches of industry	76	55.9
Tourism		37	261.7
Subsidies for credit and discounts	Linked insurance for various industries (insurance linked to the index and/or exchange rate, credit supports for an industry et al)	44	15.7
			10,133

Source: 2007 State Budget, Finance Ministry web site: www.mof.gov.il

Total national expenditure on employment at current prices = NIS 10,133 million

• **Social Welfare**

National expenditure on social welfare: includes all the financial supports provided by the National Insurance Institute, according to branches of the NII, including administrative expenditures (not including the health tax), the implementation budget of the Ministry of Social Affairs and Social Services, and NII assistance in lieu of money⁴⁹, local authorities, national institutions, government non-profit organizations and the Ministry of Social Affairs.

Table 6.3: Components of national expenditure on social welfare 2007

	Millions of NIS
Financial support by the National Insurance Institute	47,089
Local authorities, NPOs, national institutions	8,483
Implementation budget of the Social Affairs Ministry	4,466
Total	60,038

Source: Annual Survey, National Insurance Institute 2007, 2007 State Budget, Finance Ministry web site: www.mof.gov.il

Total national expenditure on social welfare at current prices = NIS 60,038 million

Changes in national expenditure on health, housing, education, employment and social welfare

Table 6.4 (p. 69) presents the total national expenditure in millions of NIS⁵⁰ for each of the five areas of the index (health, housing, education, employment and welfare) at current prices. National expenditure has increased in each of the areas with the exception of social welfare. There are two reasons for the decline in this area: the first is the privatization of a series of social services (see chapter on Social Welfare); the second, cutbacks in some of the NII allowances, either by lowering the sum of the allowance or by toughening the eligibility requirements (see Diagram 6.3, below).

Diagram 6.3: National expenditure for the five aggregate indexes, 2007 and 2008 indexes (millions of NIS)

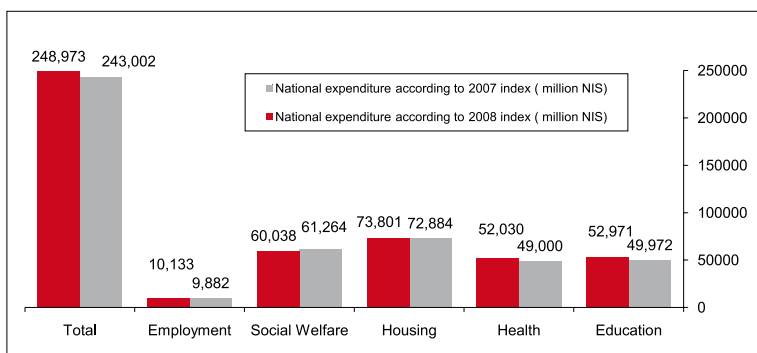


Table 6.4 presents the share of each area (percentage) of the total government expenditure in the five areas. The weight of each aggregate index was determined by its share in the total national expenditure on all five combined. Housing has the greatest weight, in accordance with its share in the national expenditure (about 29.6 percent, similar to its weight in the 2007

49 Non-monetary supports that are equal to monetary ones, for example: household equipment, housing, food and/or service that is equal to money.

50 For the method of calculating national expenditure in each of the five areas, see pp.17-19 in the introductory chapter and the explanations.

index – 30.0 percent). The ranking in the other areas remained unchanged from 2007 to 2008. Following is the ranking (in descending order) of the other areas in the 2007 index: social welfare, education, health and employment (25.2 percent, 20.6 percent, 20.2 percent and 4.1 percent, respectively) and in the 2008 index: social welfare, education, health and employment (24.1 percent, 21.3 percent, 20.9 percent and 4.1 percent, respectively).

Following are the changes in comparison to last year: a decline of 1.1 percentage points in the share of national expenditure for social welfare relative to national expenditure in the other areas (from 25.2 percent to 24.1 percent), an increase of 0.7 percentage points for education and health, and no change for employment (4.1 percent).

Table 6.4: Calculating the value of the Weighted Index

Area	Natl expenditure 2007 (millions of NIS)	Natl expenditure 2008 (millions of NIS)	Percentage of total 2007 expenditure	Percentage of total 2008 expenditure	2007 Index	2008 Index	Share of 2007 Weighted Index	Share of 2008 Weighted Index	contribution to 2007 index (percentage)	contribution to 2008 index (percentage)
Health	49,000	52,030	20.2	20.9	0.2108	0.2225	0.0425	0.0465	12.1	12.9
Housing	72,884	73,801	30.0	29.6	0.2706	0.2820	0.0812	0.0835	23.2	23.2
Education	49,972	52,971	20.6	21.3	0.3413	0.3260	0.0702	0.0694	20.1	19.3
Employment	9,882	10,133	4.1	4.1	0.3705	0.3851	0.0151	0.0157	4.3	4.4
Social Welfare	61,264	60,038	25.2	24.1	0.5595	0.6009	0.1411	0.1449	40.3	40.2
	243,002	248,973	100.0	100.0			0.3500	0.3600	100.0	100.0

Percentage of contribution of each of the aggregate indexes to the value of the Weighted Index

The percentage of contribution of each of the aggregate indexes to the Weighted Index depends on the value and weight of the aggregate index. The change in the percentage of contribution of each of the indexes relative to the 2007 index depends on the change in the values and weights of the indexes.

The highest percentage of contribution to the value of the Weighted Index is that of the Social Welfare Index, which is 40.2 percent – a miniscule change compared to the 2007 index, when it was 40.3 percent. The reason for this stability is related to the changes in the decline in the share of national expenditure for social welfare and the increase in the Social Welfare Index (a significant increase of about 7.4 percent, from 0.5595 to 0.6009) between 2007 and 2008. The percentage of contribution of the Housing Index remained stable in the 2008 index, similar to its value in the 2007 index, for the same reason. The share of education in the total national expenditure increased in the 2008 index to a level of 21.3 percent, and on the other hand, the value of the index declined, and as a result the final contribution of education to the index dropped from 20.1 percent to 19.3 percent.

There was a significant increase in the contribution of health to the index, as a result of an increase in the weight of the Health Index and an increase in the value of the index itself. There was a slight increase in the contribution of employment, mainly because of the increase in the value of the Employment Index.

Indicators and Variables Key

Health Index			Arabs		Jews	
Indicator	No.	Variable	2007	2008	2007	2008
Life expectancy	1	Life expectancy at birth – males	74.9	75.0	78.4	78.7
	2	Life expectancy at birth – females	78.5	78.7	82.4	82.5
Health-promoting behavior	3	Percentage of male smokers aged 20 and above	43.1	42.4	30.3	29.5
	4	Percentage of female smokers aged 20 and above	6.9	6.9	20.8	20.6
Mortality rates (per 1,000 people)	5	Infant mortality rate per 1,000 live births	8.4	8.0	3.6	3.2
	6	Mortality at ages 1–4 – males	0.7	0.7	0.2	0.2
	7	Mortality at ages 1–4 – females	0.5	0.5	0.2	0.2
	8	Mortality at ages 10–14 – males	0.3	0.3	0.1	0.1
	9	Mortality at ages 10–14 – females	0.1	0.1	0.1	0.1
	10	Mortality at ages 20–24 – males	1.2	1.2	1.0	0.9
	11	Mortality at ages 20–24 – females	0.3	0.3	0.3	0.3
	12	Mortality at ages 40–44 – males	1.9	2.0	1.8	1.8
	13	Mortality at ages 40–44 – females	1.0	1.0	0.9	1.0
	14	Mortality at ages 60–64 – males	15.9	15.8	10.6	10.4
	15	Mortality at ages 60–64 – females	9.9	9.6	6.0	5.9
	16	Mortality at ages 80–84 – males	87.2	90.2	78.1	76.8
	17	Mortality at ages 80–84 – females	87.7	87.4	63.3	62.1

Housing Index			Arabs		Jews	
Indicator	No.	Variable	2007	2008	2007	2008
Availability of housing	1	Percentage living in owner-occupied residence	93.0	92.6	70.0	69.7
	2	Value of owner-occupied residence	617.4	656.8	769.4	783.8
	3	Percentage of publicly constructed residences of all building starts for housing in communities of 10,000 or more	3.3	1.6	24.2	21.9
Spaciousness of housing	4	Average no. of rooms per residence	4.0	4.0	3.9	3.9
	5	Average no. of people per room	1.4	1.4	0.9	0.8
Quality of housing	6	Average monthly household expenditure on housing	1612.0	1642.6	2647.6	2663.2
	7	Average monthly expenditure on property taxes	202.8	199.4	258.6	267.0

Education Index			Arabs		Jews	
Indicator	No.	Variable	2007	2008	2007	2008
Resources of school system	1	Average number of pupils per classroom in elementary school	29.0	29.0	24.4	24.6
	2	Average number of pupils per classroom in secondary school	30.4	30.5	27.8	27.6
	3	Average number of teaching hours per pupil in elementary school	1.6	1.6	1.9	1.9
	4	Average number of teaching hours per pupil in secondary school	1.7	1.7	2.0	2.0
Pedagogical infrastructure	5	Percentage of academically trained teachers	67.2	71.0	74.5	75.7
	6	Percentage of uncertified teachers	5.6	4.8	3.2	3.3
Participation in schooling	7	Percentage of participation in kindergartens and day-care centers at age 2	6.1	7.5	35.2	39.8
	8	Percentage of participation in kindergartens and day-care centers at ages 3-4	57.5	66.3	89.3	89.1
	9	Dropout rate among students in grades 9-12	8.0	7.0	4.0	4.0
	10	Percentage of university students in 20-34 age group	3.2	3.3	9.3	9.0
Educational output	11	Median number of years of schooling among those aged 15 and over	11.1	11.1	12.7	12.7
	12	Percentage of those with 0-8 years of schooling among those aged 15 and over	30.0	29.0	10.0	10.0
	13	Percentage of those with 13 and more years of schooling among those aged 15 and over	19.0	19.0	44.0	45.0
	14	Percentage of 12th graders qualifying for a matriculation certificate	50.0	49.0	56.0	56.0
	15	Percentage of 12th graders with a matriculation certificate that meets minimum university entrance requirements	32.0	32.0	47.0	48.0
	16	Average Meitzav (achievement tests) grades – Grade 5	58.9	59.7	73.6	73.9
	17	Average Meitzav (achievement tests) grades – Grade 8	52.8	52.1	67.7	66.8

◆ The variables marked in yellow in the Indicators and Variables Key have undergone a transformation of inversion. For a more detailed explanation see the Introduction and Explanation, p. 17.

Employment Index			Arabs		Jews	
Indicator	No.	Variable	2007	2008	2007	2008
Participation in civilian work force	1	Participation rate in civilian workforce among males 15 and older	59.8	60.1	60.4	60.7
	2	Participation rate in civilian workforce among females 15 and older	17.9	18.5	55.1	55.7
	3	Participation rate in civilian workforce: ages 15–17	4.0	4.0	10.4	10.8
	4	Participation rate in civilian workforce: ages 18–24	37.7	37.7	43.1	43.3
	5	Participation rate in civilian workforce: ages 25–34	56.8	56.6	80.3	80.6
	6	Participation rate in civilian workforce: ages 35–44	56.7	56.7	80.3	80.6
	7	Participation rate in civilian workforce: ages 45–54	46.3	46.1	81.7	81.9
	8	Participation rate in civilian workforce: ages 55–64	21.4	21.3	59.9	61.3
	9	Participation rate in civilian workforce: ages 65 and older	3.1	3.4	10.2	10.3
	10	Participation rate in civilian workforce with 0–4 years of schooling	8.9	9.0	12.2	12.6
	11	Participation rate in civilian workforce with 5–8 years of schooling	32.8	33.3	27.3	26.6
	12	Participation rate in civilian workforce with 9–12 years of schooling	40.3	40.7	52.3	52.5
	13	Participation rate in civilian workforce with 13–14 years of schooling	47.1	46.9	67.7	67.2
	14	Participation rate in civilian workforce with 16 or more years of schooling	75.8	75.5	77.9	77.3
Unemployment rate	15	Unemployment rate among men	11.2	10.3	8.8	8.2
	16	Unemployment rate among women	13.1	14.0	10.2	9.6
Employment rate by profession	17	Employment rate: academic professions	8.4	8.3	14.7	15.0
	18	Employment rate: free and technical professions	10.4	10.9	16.3	16.3
	19	Employment rate: managers	2.3	2.3	7.3	7.0
	20	Employment rate: clerks	6.9	6.9	18.0	17.7
	21	Employment rate: agents, salespersons and service personnel	16.2	16.0	20.1	20.6
	22	Employment rate: professional workers in agriculture	2.1	2.0	1.4	1.3
	23	Employment rate: professional workers in industry, construction et al	40.7	40.9	15.2	15.0
	24	Employment rate: non-professional workers	12.7	12.5	7.2	7.0
	25	Employment rate in agriculture	3.0	3.1	1.8	1.7
	26	Employment rate in industry	15.4	14.2	15.9	15.8
	27	Employment rate in electricity and water	0.4	0.3	0.9	0.8
	28	Employment rate in construction	17.8	19.5	3.5	3.5
	29	Employment rate in wholesale and retail commerce	13.2	16.3	16.2	13.1
	30	Employment rate in hospitality services	5.4	5.4	4.2	4.3
	31	Employment rate transportation, storage and communications	6.6	6.7	6.6	6.6
	32	Employment rate in banking, insurance and finance	1.0	0.9	3.7	3.8
	33	Employment rate in business services	6.3	6.2	14.2	14.6
34	Employment rate in public administration	3.1	3.0	5.4	5.1	
35	Employment rate education	12.5	13.1	13.0	13.0	
	36	Employment rate in health, social welfare and nursing services	7.3	7.2	10.9	10.8
	37	Employment rate in community services	3.4	3.2	5.0	5.0
	38	Employment rate in housekeeping services	0.6	0.3	1.7	1.8

Social Welfare Index			Arabs		Jews	
Indicator	No.	Variable	2007	2008	2007	2008
Expenditure on social welfare	1	Total average public expenditure (central government and local authorities) per capita on social welfare	348.0	360.0	508.6	527.6
	2	Average caseload per social worker	429.0	501.2	349.0	335.7
Incidence of poverty	3	Poverty among families before transfer payments and direct taxes	56.9	58.2	30.4	29.5
	4	Poverty among individuals before transfer payments and direct taxes	59.2	60.4	27.4	27.0
	5	Poverty among children before transfer payments and direct taxes	65.7	66.6	31.4	31.4
	6	Poverty among families after transfer payments	40.9	44.9	11.8	12.3
	7	Poverty among individuals after transfer payments	43.5	47.8	13.1	14.0
	8	Poverty among children after transfer payments	50.5	55.3	19.2	20.9
	9	Poverty among families after transfer payments and direct taxes	47.8	51.1	15.0	15.3
	10	Poverty among individuals after transfer payments and direct taxes	50.3	54.0	15.7	16.5
	11	Poverty among children after transfer payments and direct taxes	58.0	62.0	21.7	23.5
	12	Percentage of families extricated from poverty as a result of transfer payments	28.1	22.9	61.0	58.2
	13	Percentage of individuals extricated from poverty as a result of transfer payments	26.7	20.9	52.1	48.0
	14	Percentage of children extricated from poverty as a result of transfer payments	23.1	17.1	38.9	33.3
	15	Percentage of families extricated from poverty as a result of transfer payments and direct taxes	16.0	12.1	50.1	48.3
	16	Percentage of individuals extricated from poverty as a result of transfer payments and direct taxes	15.0	10.6	42.6	38.7
	17	Percentage of children extricated from poverty as a result of transfer payments and direct taxes	11.8	6.9	30.8	25.1