

Chapter 6

The 2009 Weighted Equality Index

The value of the 2009 Equality Index: 0.3661

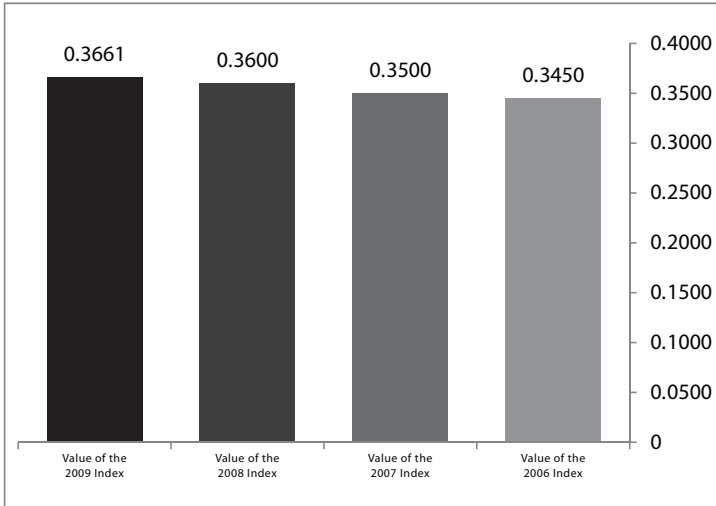
The Weighted Index includes the five aggregate indexes in the areas of education, health, social welfare, employment and housing. The weight of each of the aggregate indexes in the Weighted Index was determined by its percentage of the national expenditure. The national expenditure includes all the public 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 and local governments 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 tending towards 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 signifies an increase in inequality.

The value of the Weighted Equality Index for 2009 indicates an increase in the level of inequality between Jews and Arabs: 0.3661 in 2009 as compared to 0.3600 in the 2008 index (see Diagram 6.1). This is an increase of 1.7 percent in the overall index of inequality between Jews and Arabs. Since the start of measurement in 2006 the Inequality Index has increased by 6.1 percent (see Diagram 6.1)

Diagram 6.1: Values of the weighted indexes 2006–2009



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 0.02 points in the percentage of Arabs in the total population between the 2008 and 2009 indexes, from 20 percent to 20.02 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, the more a change in a single variable will affect the results of the index, and vice versa.

Diagram 6.2 below shows the value of the Weighted Index and the values of the five aggregate indexes in 2008 and 2009.

Diagram 6.2: Values of the aggregate indexes in health, housing, education, employment and social welfare and the Weighted Equality indexes 2008–2009

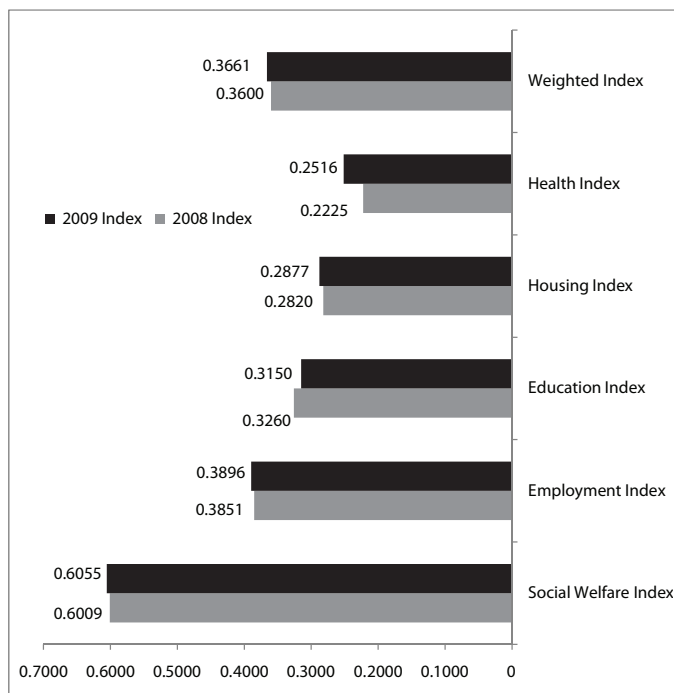


Diagram 6.2 demonstrates that the greatest increase in the areas of the index between 2008 and 2009 was in health (an increase of 11.3 percent), followed by housing (2 percent), employment (1.1 percent) and social welfare (0.7 percent). In education, on the other hand, there was a decline of 1.1 percent. In light of that and based on the weights of the areas, the Weighted Index increased by 1.7 percent.

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

● Health

National expenditure on health is calculated based on 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 54,620 million.

● Housing

National expenditure on housing: Private national expenditure on housing is calculated 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 based on 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 the national expenditure on housing 2008

	Millions of NIS
Private expenditure on housing	76,100
Article 42 – Budget of Ministry of Construction and Housing	2,017
Article 70 – Budget of Ministry of Construction and Housing	2,814
Total	80,931

Source: Central Bureau of Statistics, Israel Statistical Annual 2010, 2008 State Budget, Finance Ministry web site: www.mof.gov.il

Total national expenditure on housing at current prices = NIS 80,931 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 learning and adult education and in-service courses.

Total national expenditure on education at current prices = NIS 56,293 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 2008

Ministry	Budgetary item	No. of item	Millions of shekels
Prime Minister's Office	Assistance to individuals – employment	40611	15.6
	Assistance to businesses	40612	203.2
Finance	Guidance and training of workers	50707	0
	Future projects for the public sector	50708	0
	Investments in corporations (Israel Railways, companies in crisis et al)	8306	1,873.4
Internal Security	Employment and manufacturing	71010	26.6
Education	In-service courses and counseling	202203	11.2

Social Welfare	Employment of the disabled in public and business companies	230618	72.7
	Unit for Foreign Workers	68	43.2
Health	In-service courses and counseling	240402	0
Immigrant Absorption	Assistance in promoting employment in the public sector	300219	12.1
	Assistance in immigrant employment	300220	44.2
	Assistance in employment of independent immigrants – business entrepreneurship	300223	16.8
Support for public products		32	3,521.1
Industry, Trade and Employment		36	1,802.0
	Support for branches of the economy	38	2,519.6
	Support for branches of industry	76	99.1
Tourism		37	284.6
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	24.6
			10,669.0

Source: 2008 State Budget, Finance Ministry web site: www.mof.gov.il

Total national expenditure on education at current prices = NIS 10,669 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 money¹¹², local authorities, national institutions, government non-profit organizations and the Ministry of Social Affairs.

Table 6.3: Components of national expenditure on social welfare 2008

	Millions of NIS
Financial support by the National Insurance Institute	49,920
Local authorities, NPOs, national institutions	8,800
Implementation budget of the Social Affairs Ministry	4,882
Total	63,602

Source: Annual Survey, National Insurance Institute 2009, 2008 State Budget, Finance Ministry web site: www.mof.gov.il, Israel Statistical Annual, 2009

Total national expenditure on social welfare at current prices = NIS 63,602 million

¹¹² Non-monetary supports that are equal to monetary ones, for example: household equipment, housing, food and/or service that is equal to money.

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

Table 6.4 presents the total national expenditure in millions of shekels¹¹³ 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 tightening the eligibility requirements (see Diagram 6.3).

Diagram 6.3: National expenditure for the five aggregate indexes, 2008 and 2009 indexes (millions of shekels)

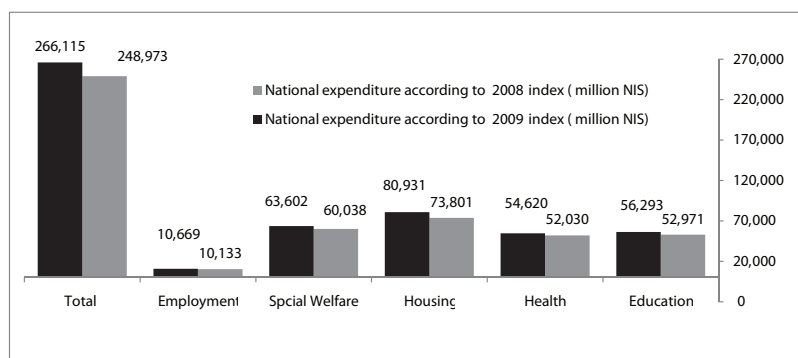


Table 6.4 presents the share of each area (in percentage points) of the total government expenditure in the five areas of the index (health, housing, education, employment and social welfare). The weight of each aggregate index was determined by its share in the total national expenditure of all five combined. Housing has the greatest weight, in accordance with its share in the national expenditure (30.4 percent). The ranking in the other areas remained unchanged from 2008 to 2009. Following is the ranking (in descending order) of the other areas in the 2008 index: social welfare, education, health and employment (24.1 percent, 21.3 percent, 20.9 percent and 4.0 percent, respectively) and in the 2009 index: social welfare, education, health and employment (23.9 percent, 21.2 percent, 20.5 percent and 4.0 percent, respectively).

Following are the changes in comparison to last year: a miniscule decline of 0.2 percentage points in the share of national expenditure for social welfare relative to national expenditure in the other areas (from 24.1 percent to 23.9 percent), a decline of 0.4 percentage points for health compared to the other areas (from 20.9 percent to 20.5 percent) and no change for education and employment.

¹¹³ For the method of calculating national expenditure in each of the five areas, see pp. in the introductory chapter and the explanations.

Table 6.4: Calculating the value of the Weighted Index

Area	Natl expenditure 2008 (NIS millions)	Natl expenditure 2009 (NIS millions)	Weight of total 2008 expenditure (%)	Weight of total 2009 expenditure (%)	2008 index	2009 index	contribution to 2008 index % of	contribution 2009 index % of
Health	52,030	54,620	20.9	20.5	0.2225	0.2516	12.9	14.1
Housing	73,801	80,931	29.6	30.4	0.2820	0.2877	23.2	23.9
Education	52,971	56,293	21.3	21.2	0.3260	0.3150	19.3	18.2
Employment	10,133	10,669	4.1	4.0	0.3851	0.3896	4.4	4.3
Social Welfare	60,038	63,602	24.1	23.9	0.6009	0.6055	40.2	39.5
	248,973	266,115	100.0	100.0	0.3600	0.3661	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 2008 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 39.5 percent – a miniscule change compared to the 2008 index, when it was 40.2 percent. The reason for this decline in the percentage is related to the decline in the share of national expenditure for social welfare and the stability in the Social Welfare Index (from 0.6009 to 0.6055) between 2008 and 2009. The percentage of contribution of the Housing Index increased slightly in the 2009 index relative to its value in the 2008 index, as a result of a combined increase both in its share of national expenditure for housing and in the Housing Index between 2008 and 2009.. The share of education in the total national expenditure remained stable in the 2009 index at a level of 21.2 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 19.3 percent to 18.2 percent. There was a significant increase in the contribution of health to the index, in spite of the fact that it remained almost unchanged in the total national expenditure relative to the previous index (20.5 percent and 20.9 percent, respectively). On the other hand, there was a sharp increase of 13 percent in the value of the index itself. The share of employment remained almost unchanged.

Indicators and Variables

Key

Health Index			Arabs		Jews	
Indicator	No.	Variable	2008	2009	2008	2009
Life expectancy	1	Life expectancy at birth – males	75.0	75.2	78.7	79.0
	2	Life expectancy at birth – females	78.7	78.8	82.5	82.8
Health-promoting behavior	3	Percentage of male smokers aged 20 and above	42.4	45.2	29.5	28.5
	4	Percentage of female smokers aged 20 and above	6.9	6.6	20.6	19.6
Mortality rates (per 1,000 people)	5	Infant mortality rate per 1,000 live births	8.0	7.7	3.2	3.1
	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	0.1
	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	1.1	0.9	0.8
	11	Mortality at ages 20–24 – females	0.3	0.3	0.3	0.2
	12	Mortality at ages 40–44 – males	2.0	1.9	1.8	1.7
	13	Mortality at ages 40–44 – females	1.0	1.0	1.0	0.9
	14	Mortality at ages 60–64 – males	15.8	15.5	10.4	10.0
	15	Mortality at ages 60–64 – females	9.6	9.4	5.9	5.7
	16	Mortality at ages 80–84 – males	90.2	92.4	76.8	76.5
	17	Mortality at ages 80–84 – females	87.4	87.4	62.1	61.5

• The variables marked in gray in the Indicators and Variables table have undergone a transformation of inversion. For a more detailed explanation see the chapter Foreword and Explanation, p. 17–19 in the section on mathematical presentation.

Housing Index			Arabs		Jews	
Indicator	No.	Variable	2008	2009	2008	2009
Availability of housing	1	Percentage living in owner-occupied residence	92.6	92.8	69.7	69.66
	2	Value of owner-occupied residence	656.8	653	783.8	776.2
	3	Percentage of publicly constructed residences of all building starts for housing in communities of 10,000 or more	1.6	1.2	21.9	16.3
Spaciousness of housing	4	Average no. of rooms per residence	4.0	3.96	3.9	3.98
	5	Average no. of people per room	1.4	1.41	0.8	0.85
Quality of housing	6	Average monthly household expenditure on housing	1642.6	1669.0	2663.2	2679.4
	7	Average monthly expenditure on property taxes	199.4	199.4	267.0	275.8
Education Index			Arabs		Jews	
Indicator	No.	Variable	2008	2009	2008	2009
Resources of school system	1	Average number of pupils per classroom in elementary school	29.0	28.9	24.6	24.7
	2	Average number of pupils per classroom in secondary school	30.5	30.6	27.6	27.4
	3	Average number of teaching hours per pupil in elementary school	1.6	1.6	1.9	1.8
	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	71.0	74.3	75.7	76.8
	6	Percentage of uncertified teachers	4.8	4.2	3.3	3.0
Participation in schooling	7	Percentage of participation in kindergartens and day-care centers at age 2	7.5	9.4	39.8	45.9
	8	Percentage of participation in kindergartens and day-care centers at ages 3-4	66.3	70.9	89.1	87.3
	9	Dropout rate among students in grades 9-12	7.0	7.0	4.0	4.0
	10	Percentage of university students in 20-34 age group	3.3	3.4	9.0	9.0
Educational output	11	Median number of years of schooling among those aged 15 and over	11.1	11.3	12.7	12.6
	12	Percentage of those with 0-8 years of schooling among those aged 15 and over	29.0	28.0	10.0	9.0
	13	Percentage of those with 13 and more years of schooling among those aged 15 and over	19.0	19.0	45.0	46.0
	14	Percentage of 12th graders qualifying for a matriculation certificate	49.0	47.0	56.0	56.0
	15	Percentage of 12th graders with a matriculation certificate that meets minimum university entrance requirements	32.0	33.0	48.0	48.0
	16	Average Meitzav (achievement tests) grades - Grade 5	59.7	62.4	73.9	75.6
	17	Average Meitzav (achievement tests) grades - Grade 8	52.1	53.4	66.8	68.7

Employment Index			Arabs		Jews	
Indicator	No.	Variable	2008	2009	2008	2009
Participation in civilian work force	1	Participation rate in civilian workforce among males 15 and older	60.1	60.5	60.7	61.0
	2	Participation rate in civilian workforce among females 15 and older	18.5	19.3	55.7	56.2
	3	Participation rate in civilian workforce: ages 15–17	4.0	3.90	10.8	10.53
	4	Participation rate in civilian workforce: ages 18–24	37.7	37.99	43.3	43.44
	5	Participation rate in civilian workforce: ages 25–34	56.6	56.59	80.6	80.67
	6	Participation rate in civilian workforce: ages 35–44	56.7	56.84	84.0	84.47
	7	Participation rate in civilian workforce: ages 45–54	46.1	45.79	81.9	82.16
	8	Participation rate in civilian workforce: ages 55–64	21.3	22.18	61.3	62.72
	9	Participation rate in civilian workforce: ages 65 and older	3.4	3.99	10.3	10.58
	10	Participation rate in civilian workforce with 0–4 years of schooling	9.0	9.1	12.6	13.34
	11	Participation rate in civilian workforce with 5–8 years of schooling	33.3	33.66	26.6	26.16
	12	Participation rate in civilian workforce with 9–12 years of schooling	40.7	40.92	52.5	52.62
	13	Participation rate in civilian workforce with 13–14 years of schooling	46.9	47.58	67.2	67.34
	14	Participation rate in civilian workforce with 16 or more years of schooling	75.5	75.80	77.3	77.28
Unemployment rate	15	Unemployment rate among men	10.3	9.44	8.2	7.34
	16	Unemployment rate among women	14.0	14.28	9.6	8.54
Employment rate by profession	17	Employment rate: academic professions	8.3	8.25	15.0	15.20
	18	Employment rate: free and technical professions	10.9	11.06	16.3	16.26
	19	Employment rate: managers	2.3	2.13	7.0	7.05
	20	Employment rate: clerks	6.9	7.06	17.7	17.69
	21	Employment rate: agents, salespersons and service personnel	16.0	16.48	20.6	20.81
	22	Employment rate: professional workers in agriculture	2.0	2.09	1.3	1.27
	23	Employment rate: professional workers in industry, construction et al	40.9	40.30	15.0	14.82
	24	Employment rate: non-professional workers	12.5	12.45	7.0	6.86
	25	Employment rate in agriculture	3.1	3.25	1.7	1.66
	26	Employment rate in industry	14.2	14.00	15.8	15.6
	27	Employment rate in electricity and water	0.3	0.29	0.8	0.82
	28	Employment rate in construction	19.5	19.36	3.5	3.47
	29	Employment rate in wholesale and retail commerce	16.3	16.35	13.1	13.15
	30	Employment rate in hospitality services	5.4	5.57	4.3	4.44
	31	Employment rate transportation, storage and communications	6.7	6.5	6.6	6.56
	32	Employment rate in banking, insurance and finance	0.9	0.86	3.8	3.89
	33	Employment rate in business services	6.2	6.45	14.6	14.91
	34	Employment rate in public administration	3.0	2.77	5.1	5.00
	35	Employment rate education	13.1	13.38	13.0	12.95
		36	Employment rate in health, social welfare and nursing services	7.2	7.08	10.8
37		Employment rate in community services	3.2	3.24	5.0	4.98
38		Employment rate in housekeeping services	0.3	0.31	1.8	1.82

Social Welfare Index			Arabs		Jews	
Indicator	No.	Variable	2008	2009	2008	2009
Expenditure on social welfare	1	Total average public expenditure (central government and local authorities) per capita on social welfare	360.0	375.8	527.6	551.3
	2	Average caseload per social worker	501.2	522.6	335.7	351.1
Incidence of poverty	3	Poverty among families before transfer payments and direct taxes	58.2	58.2	29.5	29.1
	4	Poverty among individuals before transfer payments and direct taxes	60.4	60.6	27.0	26.5
	5	Poverty among children before transfer payments and direct taxes	66.6	67.0	31.4	31.0
	6	Poverty among families after transfer payments	44.9	45.7	12.3	12.6
	7	Poverty among individuals after transfer payments	47.8	48.9	14.0	14.7
	8	Poverty among children after transfer payments	55.3	57.0	20.9	21.6
	9	Poverty among families after transfer payments and direct taxes	51.1	51.3	15.3	15.4
	10	Poverty among individuals after transfer payments and direct taxes	54.0	54.4	16.5	16.6
	11	Poverty among children after transfer payments and direct taxes	62.0	63.0	23.5	24.0
	12	Percentage of families extricated from poverty as a result of transfer payments	22.9	21.4	58.2	56.7
	13	Percentage of individuals extricated from poverty as a result of transfer payments	20.9	19.4	48.0	46.1
	14	Percentage of children extricated from poverty as a result of transfer payments	17.1	15.0	33.3	30.8
	15	Percentage of families extricated from poverty as a result of transfer payments and direct taxes	12.1	11.8	48.3	47.2
	16	Percentage of individuals extricated from poverty as a result of transfer payments and direct taxes	10.6	10.1	38.7	37.3
	17	Percentage of children extricated from poverty as a result of transfer payments and direct taxes	6.9	6.1	25.1	22.9