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**Welfare, Poverty
and Social Gaps**

Introduction

Poverty measurement in Israel, as in most Western countries and international organizations, is based on the relative approach, whereby poverty is a condition of relative distress that must be evaluated in relation to the typical standard of living in a given society. A family is defined as poor if its standard of living as expressed by its disposable income per standard individual is less than half the median disposable income in the population. The findings presented in this chapter, which have been processed by the Research and Planning Administration of the National Insurance Institute (NII), are based on the annual surveys of income and expenditure done continuously by the Central Bureau of Statistics (CBS)¹. However, this year too will be presented here a summary of the dimensions of poverty and poverty lines results obtained from three alternative poverty indices regularly calculated by the Research and Planning Administration, which relate to both the expenditure side and the income side of families.

The chapter opens with Israel's position in terms of public welfare expenditure in 2016 and then also presents selected findings and analyses concerning the dimensions of poverty and inequality² in Israel in comparison with the OECD countries in families with children (Section 2). That is followed by principal findings on dimensions of poverty and inequality in the general population, according to the method of measurement used in Israel³ (Section 3), and finally there is a short survey of three alternative poverty indices developed by the NII Research and Planning Administration over the years, and the poverty findings they yield for 2014 and 2015 (Section 4).

There are two boxes in the chapter, which this year have been devoted to poverty measurement from administrative data available to the NII. Box 1 briefly presents the method and findings on poverty level as a whole in comparison with that officially measured on the basis of CBS family surveys between 2004 and 2014. Box 2 presents preliminary findings of research in progress on permanent poverty, with selected data on persistent poverty in families in Israel, as they appear from longitudinal administrative data.

1 Further details and explanations of the measurement method and sources of data are presented in appendix to this publication, Poverty Measurement and Sources of Data.

2 **Growing Unequal Income Distribution and Poverty in OECD Countries**, OECD (2008).

3 Section 3 is a brief summary of the publication, **Dimensions of Poverty and Social Gaps – Annual Report 2015**, which can be found on the NII website.

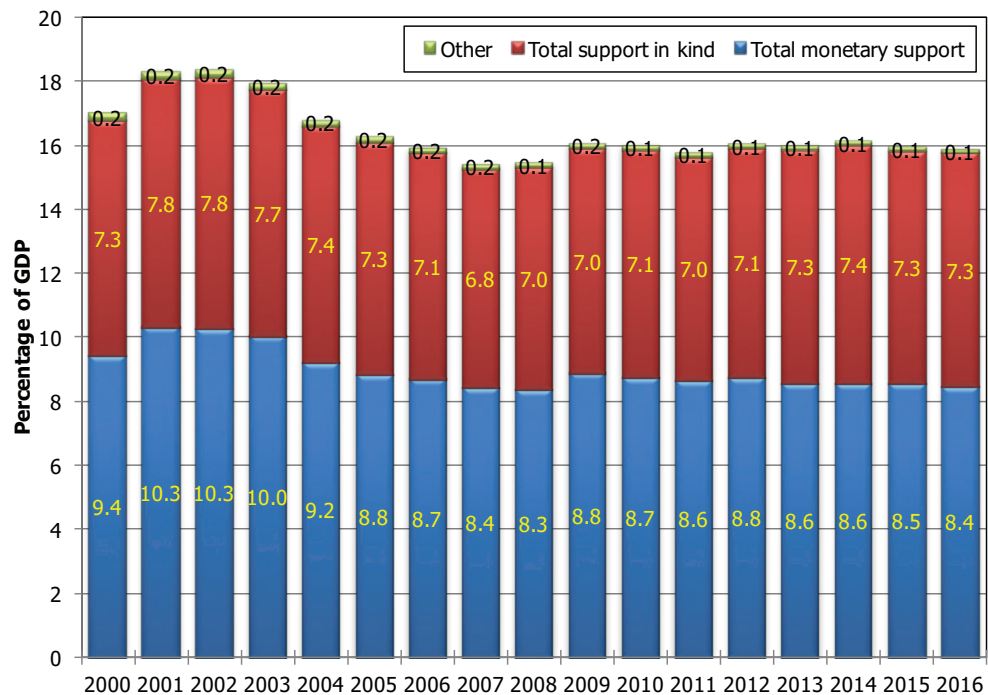
The Social Situation in Israel in International Comparison

Public Welfare Expenditure in Israel in 2016

In 2016, public welfare expenditure constituted 15.9 percentage points of GDP. This rate, which peaked in 2001-2003 (at about 20% of GDP), decreased consistently until 2006 and then leveled at 16%-17% of GDP (Figure 1).

Figure 1

Public Welfare Expenditure in Israel as a Percentage of GDP, 2000-2016



* Source: CBS

* The figure data appear in the appendix at the end of this file on the Internet.

In 2016, more than half the expenditure (8.5% of GDP) was earmarked for monetary support, and the remainder (7.3%) for support in kind, namely services for citizens, mainly health services. Over the years, the proportion of monetary support out of total welfare expenditure in terms of GDP has been eroded to some extent compared to the proportion of services in kind, which has risen moderately.

Financial support for working-age people has consistently and gradually declined from 5.6% of GDP at its peak in 2001 to 3.7% in 2016 – a trend which mainly reflects the cut in allowances. Despite certain improvements in benefits, for example an increase in child allowances in 2015, no real influence on this item of data can be seen in terms of percentage of GDP. In contrast to support for working-age population, which, as stated, has decreased over the years, support to the elderly remained fairly similar from 2000 to 2016, and is about 20%-25% higher in value than that of working-age families.

Table 1
Public Welfare Expenditure by its Components, 2000-2016

	2000	2005	2010	2014	2015	2016
Total public welfare expenditure	16.99	16.26	16.00	16.10	15.92	15.86
Total monetary support	9.42	8.81	8.72	8.55	8.53	8.45
Support for working-age population*	4.84	4.06	4.01	3.73	3.78	3.74
National Insurance	3.80	3.22	3.19	2.89	2.86	2.81
Other monetary benefits**	1.04	0.85	0.82	0.84	0.93	0.93
Support for the elderly***	4.57	4.75	4.71	4.82	4.74	4.71
National Insurance	2.59	2.56	2.51	2.48	2.43	2.43
Pensions for State employees	1.92	2.15	2.15	2.26	2.23	2.19
Assistance with rent	0.07	0.04	0.05	0.08	0.08	0.08
Total support in kind	7.34	7.26	7.14	7.42	7.26	7.28
Support for the working –age population ****	1.81	1.57	1.52	1.63	1.66	1.69
Support for the elderly	0.21	0.16	0.12	0.12	0.12	0.11
Health and long-term care	5.32	5.53	5.50	5.67	5.49	5.48
Other *****	0.24	0.18	0.14	0.13	0.13	0.13

Source: CBS data and Research Administration processing, according to the OECD classification rules in the SOCX questionnaire.

* Assistance with rent is included in benefits in kind.

** Also includes the income grant (negative income tax)

*** Survivors' pensions have been transferred to "Support for the elderly", although a small number are allocated to working-age individuals.

**** Benefits in kind linked to monetary benefits in the fields of survivors, work incapacity, family, etc.

***** Mainly active intervention in the labor market.

Table 2 below presents various economic and social indices which shed light on the social situation being reviewed in this chapter. In 2016, GDP rose at a rate similar to 2015 (5.1% and 5.3% respectively) and price levels, too, decreased by approximately half a percent between the two years. By contrast, the growth rate in real wages rose and reached almost 3% in 2016. It should be mentioned that poverty data relate to the last existing survey, of 2015. During that year, the real wage also increased from 2014 at 2.1%, a fairly high rate, so did the minimum wage as a percentage of the average wage, which rose by approximately 2 percentage points between the two years and continued to rise further – by 0.7 percentage points in 2016. The unemployment rate continued to be low in 2016, as in 2015, and employment rates remained high.

Table 2
Economic Indices Influencing the Dimensions of Poverty (Percentages), 2006-2016

Influencing factor	2006	2010	2011	2012	2013	2014	2015	2016
Growth rate (growth in GDP)	7.2	7.2	7.0	6.2	6.6	4.3	5.3	5.1
Change in average price levels	2.1	2.7	3.5	1.7	1.5	0.5	-0.6	-0.5
Real change in average wage	1.3	0.8	0.7	0.7	1.1	1.5	2.1	2.8
Unemployment rate	10.5	8.3	7.0	6.9	6.2	5.9	5.2	5.2
Percentage of unemployment benefit recipients among the unemployed	17.4	20.7	23.5	25.0	30.4	31.8	34.5	35.3
Minimum wage as a percentage of average wage	46.2	45.8	45.5	46.2	46.7	45.8	47.9	48.6
Employment rate among those aged 25-64	69.4	71.8	72.8	74.0	74.5	75.5	76.2	76.6

Dimensions of Poverty in Families With and Without Children - International Comparison

Dimensions of poverty differ between different groups and different life situations. The child-rearing period usually involves a higher risk of poverty, as the number of individuals in the household is higher than at earlier or later stages.

Israel is a relatively "young" country – the average number of children per family is high, mainly influenced by two traditional populations (Haredi Jews and Arabs) which are characterized by a high birth rate. This fact influences the dimensions of poverty in Israel in comparison with other developed countries, but social policy has a prominent weight in determining the size of the gap in dimensions of poverty between Israel and the other countries.

Figure 2 presents an international comparison of poverty rate among individuals in three groups: families without children, families with 1-2 children and large families – with 3 or more children (the third group may be very small in some countries). In all three groups, poverty data are presented both by economic income measurement and by disposable income⁴ measurement.

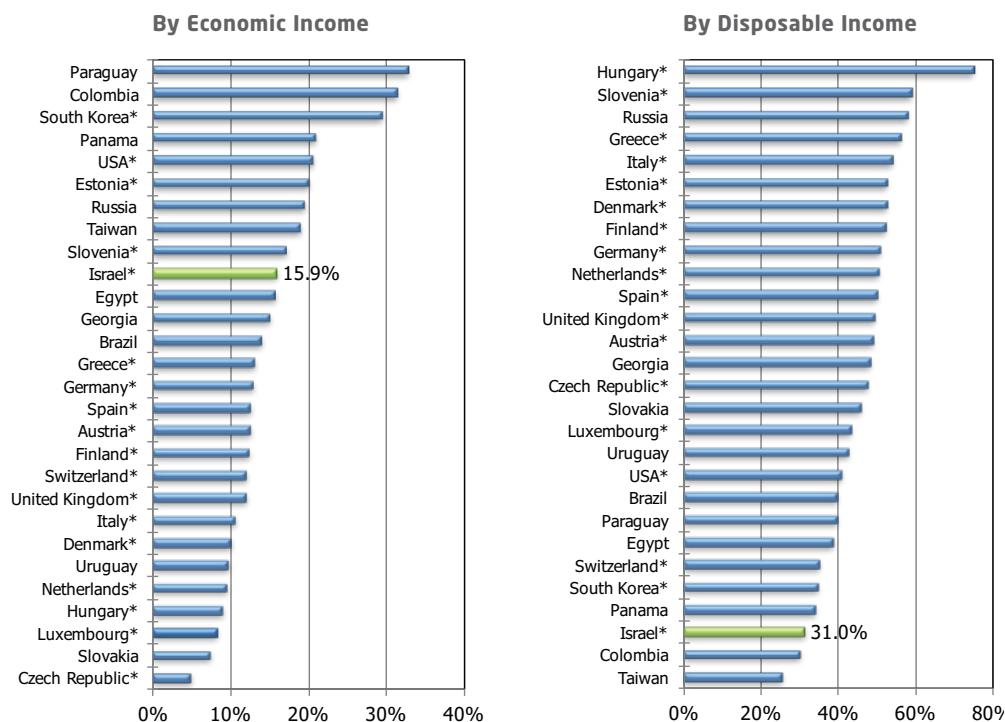
From the figure it appears that the State's contribution to rescue **families without children** (in which there are a large number of elderly families) from poverty is huge in comparison with families with children (in both groups – 1-2 children and 3 or more children): in these families, the poverty rate in Israel which reaches approximately 31%

4 **Economic income** – Income before government intervention by means of transfer payments and direct taxes
Disposable income – Income after transfer payments and direct taxes

when measured by economic income, is almost cut by half (15.9%) by disposable income measurement. However, Israel's place in the ranking of countries changes: from a country with a very low economic poverty rate in these families (without children) in international comparison, when government intervention is taken into account Israel becomes a high ranked country as regards dimensions of poverty.

In the group of smaller **families with children** (up to two children) there is little evidence of government intervention compared with families without children, and these families are nonetheless almost at the bottom half of the ranking (that is to say at a relatively low level of poverty) as measured by economic income, and in a good position in the middle by disposable income. In fact, this group of families with up to two children places Israel in the best position of the three groups with respect to dimensions of poverty measured by economic or disposable income – in the vicinity of developed countries such as Germany and Luxembourg.

Figure 2A
Poverty Rate in Families Without Children - International Comparison, 2013 or Nearest Available Year**



* The figure data appear in the appendix at the end of this file on the Internet.

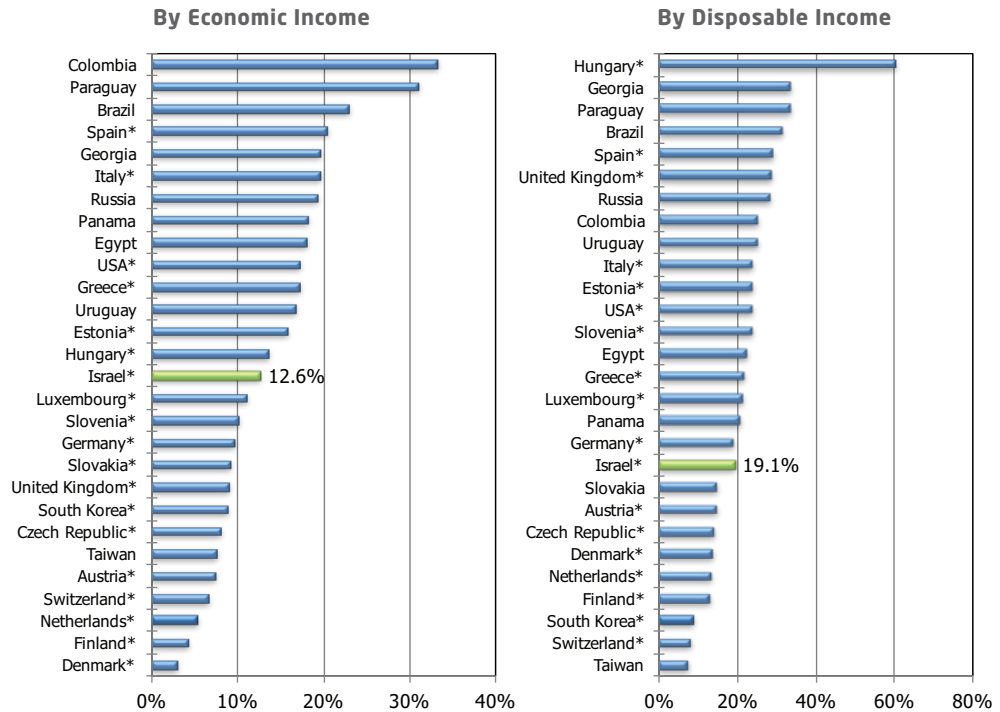
* The figure data appear in the appendix at the end of this file on the Internet.

* Countries which are OECD members.

** The data for Israel presented in this comparison are based on the 2015 expenditure survey. The data for the other countries are the authors' processing of Wave IX, LIS data based on 2013 surveys (except Egypt, Hungary, Slovenia and South Korea – their data are for 2011; and Italy - for 2014).

Figure 2B

Poverty Rate in Families With 2-1 Children - International Comparison, 2013 or Nearest Available Year**



* The figure data appear in the appendix at the end of this file on the Internet.

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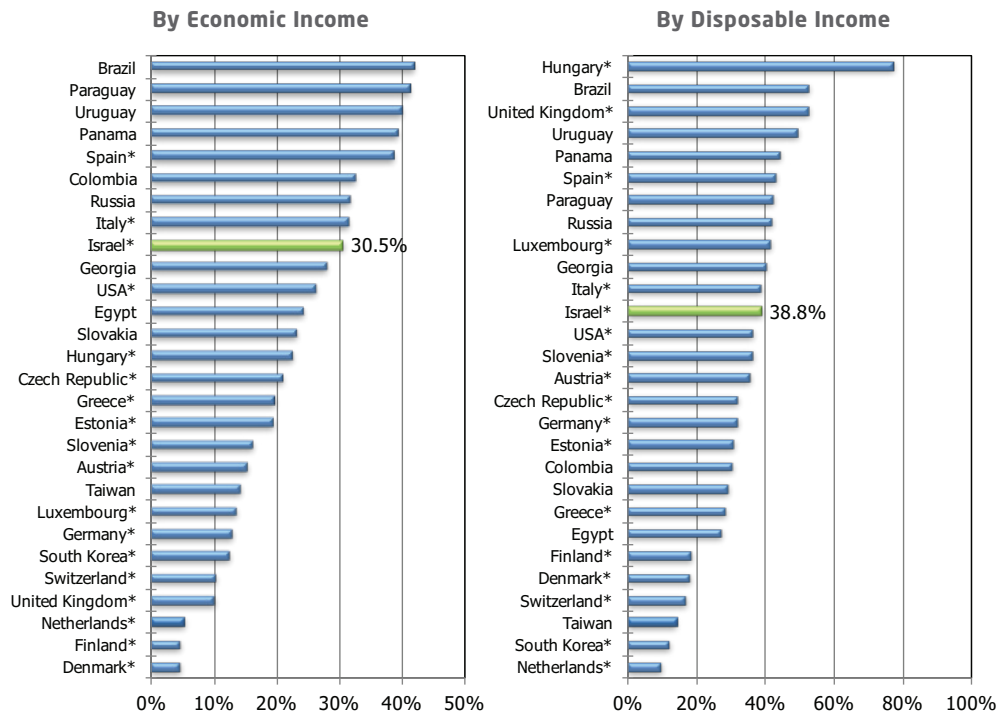
* Countries which are OECD members.

** The data for Israel presented in this comparison are based on the 2015 expenditure survey. The data for the other countries are the authors' processing of Wave IX, LIS data based on 2013 surveys (except Egypt, Hungary, Slovenia and South Korea – their data are for 2011; and Italy - for 2014).

The third group, **large families** (with three or more children), places Israel in the middle of the distribution measured by economic income, a measurement before government intervention, but by disposable income measurement its poverty level is relatively high and, as a result, Israel ranks in 9th place from the top (out of 28 countries). Among such families, like those with 1-2 children, the government's impact in poverty rescue is relatively small. In international comparison, Israel's position is similar to that of the USA, Italy and Georgia – both in terms of economic poverty and net poverty (by disposable income).

Figure 2C

Poverty Rate in Families With 3 or More Children - International Comparison, 2013 or Nearest Available Year**



* The figure data appear in the appendix at the end of this file on the Internet.

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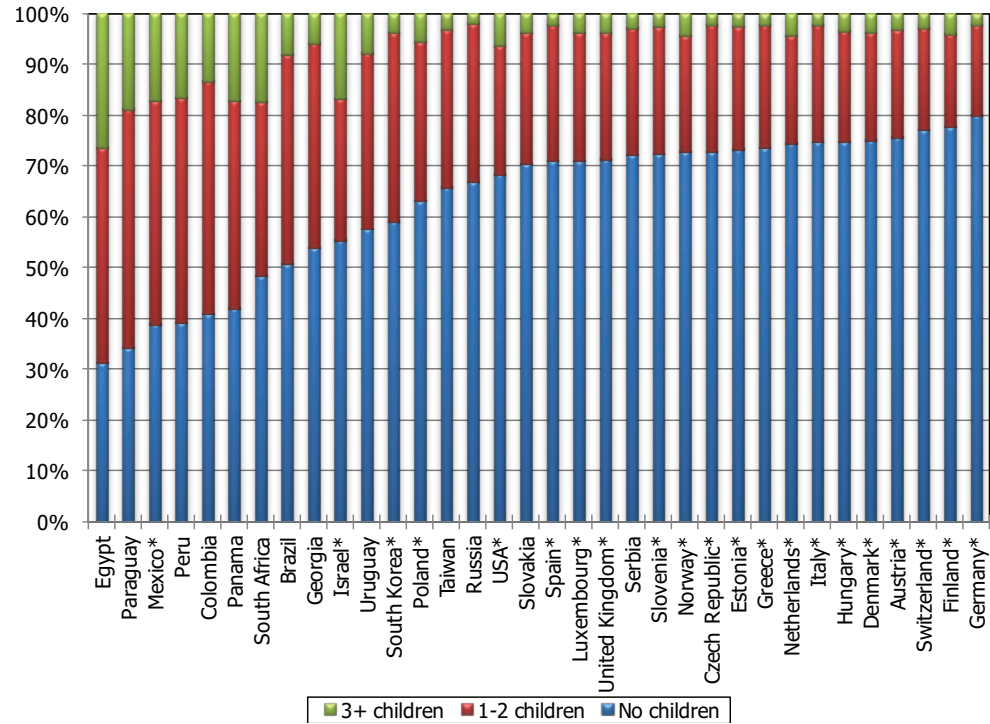
* Countries which are OECD members.

** The data for Israel presented in this comparison are based on the 2015 expenditure survey. The data for the other countries are the authors' processing of Wave IX, LIS data based on 2013 surveys (except Egypt, Hungary, Slovenia and South Korea – their data are for 2011; and Italy - for 2014).

The poverty rate in Israel, particularly among children, is one of the highest in developed countries (see for example: Dimensions of Poverty and Social Gaps Report, 2015). The comparison in Figure 2 above shows that this phenomenon is partly the result of differences in family compositions between Israel and the developed countries. When family size is taken into account, the poverty rates of families in Israel are similar to those in the countries in the comparison, including the developed countries. The high number of families with children, in general, and of families with three or more children, in particular (as shown in Figure 3), increases the total poverty rates of families, individuals and children to their exceptional dimensions. A policy adapted to the population's preferences in family size in Israel could have been helpful in reducing poverty.

Figure 3

Distribution of Families by Number of Children - International Comparison, 2013 or Nearest Available Year**



* Countries which are OECD members.

** The data for Israel presented in this comparison are based on the 2015 expenditure survey. The data for the other countries are the authors' processing of Wave IX, LIS data based on 2013 surveys (except Egypt, Hungary, Slovenia and South Korea – their data are for 2011; and Italy - for 2014).

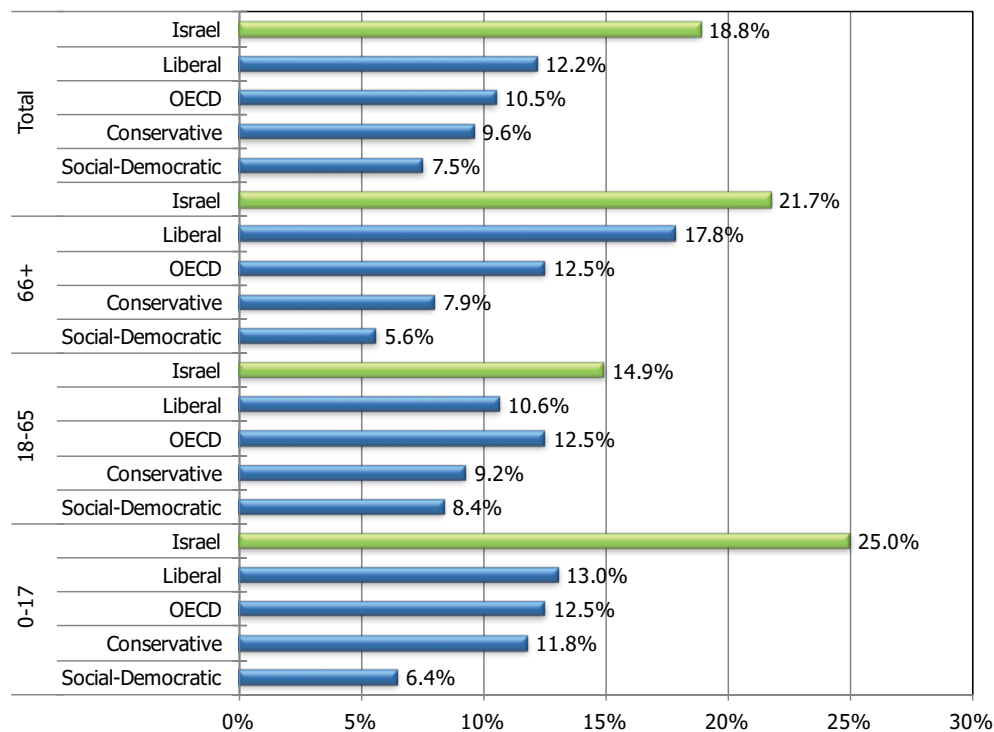
The figure data appear in the appendix at the end of this file on the Internet.

Figure 4 presents the poverty rate among individuals by age group according to Esping-Andersen's classification of welfare states⁵, and shows that countries with a liberal welfare regime (such as the USA and England) are usually at the head of the countries with respect to dimensions of poverty of all age groups in comparison with other welfare regimes; however, Israel even surpasses them in all age groups, particularly in that of children who, naturally, live in families with children, the subject of the above analysis.

5 Esping-Andersen, G (1990), *The three worlds of welfare capitalism*, Princeton University.

Figure 4

Poverty Rate Among Individuals by Age - Comparison Between Groups of Countries According to Welfare Policy



The figure data appear in the appendix at the end of this file on the Internet.

Dimensions of Poverty and Inequality in Israel in 2015⁶

The Poverty Line and Standard of Living

Since 2012, when the combined income survey conducted by the CBS was discontinued, poverty and inequality have been measured by the CBS household expenditure survey,

⁶ The subject is briefly presented here. Full findings can be found in the *Poverty and Social Gaps Report – 2015*.

which includes, in addition to expenditure data, detailed information on family income and changes in data calculation compared with previous years. These changes have created a break in the series and consequently a problem with direct comparison to 2011 has arisen⁷.

In 2015, as in the two previous years, there was an increase in household income of all kinds as well, according to the household expenditure survey data, as a result of a rise in wages and other income components, such as income from capital and continuing education funds, and in NII transfer payments – child allowances, income support and disability pension. The average disposable income per standard individual was approximately NIS 6,020, the net median income according to the same definition was approximately NIS 5,050, and its derivative poverty line per standard individual amounted to NIS 2,527 per month. Economic income, representing family's income from wages and capital, before tax and mandatory insurance payments, increased at a more moderate rate compared with 2014, approximately 2.8%, and disposable income – i.e. income after deduction of direct taxes and mandatory insurance contributions and payments of benefits and other forms of support – rose by 2.5% on average. The median disposable income per standard individual, as well as the poverty line, rose by 3.3% (Table 3).

Table 3
The Poverty Line and Average and Median Income per Standard Individual After Transfer Payments and Direct Taxes (NIS), 2013-2015

Income per standard individual	2013	2014	2015	Real growth rate (%)	
				From 2013 to 2014	From 2014 to 2015
Average	5,691	5,904	6,023	3.3	2.7
Median	4,783	4,923	5,053	2.4	3.3
Poverty line	2,392	2,461	2,527	2.4	3.3

Table 4 shows the income required according to family size in order to be above the poverty line in 2014 and 2015. Thus, in 2015 a family of three people needed to that end approximately NIS 6,700, 71.6% of the average wage, in other words a family with one breadwinner who earns the average wage will not be poor, and that is also true for a family of 4 people, where the average wage is approximately 13.5% higher than its poverty line income; as opposed to a family of 5 people, where there is not enough in the average wage of a single breadwinner in order to rescue it from poverty.

⁷ For more information on the significance of this change, which, as stated, makes direct comparison between 2011 and 2012 difficult, see **Dimensions of Poverty and Social Gaps – Annual Report 2012 and Measurements of Poverty and Sources of Data** in appendix to this report.

Table 4

The Number of Standard Individuals and the Poverty Line for a Family*, by Number of People in the Family, 2014-2015

Number of people in the family	Number of standard individuals in the family	Poverty line for the family			
		2014		2015	
		NIS per month	% of average wage	NIS per month	% of average wage
1	1.25	3,077	33.6	3,158	33.8
2	2.00	4,923	53.8	5,053	54.1
3	2.65	6,522	71.3	6,695	71.6
4	3.20	7,876	86.1	8,084	86.5
5	3.75	9,230	100.9	9,474	101.4
6	4.25	10,461	114.4	10,737	114.9
7	4.75	11,691	127.8	12,000	128.4
8	5.20	12,799	140.0	13,137	140.6
9**	5.60	13,783	150.7	14,148	151.4

* The average wage for 2014 and 2015 is the weighted average of the average wage for a salaried position (Israeli employees) in the period corresponding with the survey period.

** The weight of each additional person is 0.40. So for example in a family of 10 people there are 6 standard individuals.

Dimensions of Poverty and Inequality in the Total Population

In 2015, the poverty rate of families rose slightly compared with 2014 – from 18.8% to 19.1% - but dropped among individuals, from 22.0% to 21.7%. The percentage of children living in poverty dropped from 31.0% in 2013 to 30.0% in 2015 (Table 5). There were 460,800 poor families in Israel (+3.6%) in 2015 or 1,712,900 individuals (+0.2), among them 764,200 children (-1.6%). As opposed to the poverty rate indices, some of which rose moderately and some even dropped, the indices of depth and severity of poverty⁸ show steeper growths between the two years (Table 5).

The poverty rate measured by disposable income is the result of transfer payments and direct taxes, which "correct" economic income. Transfer payments, principally NII allowances, increase family income, while direct taxes reduce it. The less the amount of direct tax paid by a poor family, the greater its disposable income and chances to leave poverty. Table 5 shows the decrease in poverty indices achieved in each of the years 2013-2015, when only transfer payments are taken into account and when direct taxes

8 **Depth of poverty** (also: income gap ratio) – the distance of the family income from the poverty line income.

Severity of poverty – this distance, giving greater weight to poor families.

are added. In some indices great improvement was achieved by policy measures (FGT indices, SEN index and Gini index of division of incomes of the poor fall by half or more of their value), and in indices of poverty rate, mainly of children, the improvement achieved is more moderate.

It can be seen that the improvement obtained when direct taxes are not taken into accounts greater than when they are, since while direct taxes do indeed work to reduce inequality between incomes, they are not effective at reducing poverty, because they reduce the disposable income of the poor. Most of the poor do not reach the income tax

Table 5
Dimensions of Poverty in the Total Population by Selected Poverty Indices, 2013-2015

Poverty index	Before transfer payments and direct taxes	After transfer payments only	After transfer payments and direct taxes
2013			
Poverty rate			
Families	28.6	16.6	18.6
Individuals	28.7	19.1	21.8
Children	35.7	27.6	30.8
Income gap ratio of the poor (%)*	56.2	32.8	32.8
FGT index*	0.1238	0.0298	0.0345
SEN index*	0.217	0.086	0.099
Gini index of inequality of income distribution of the poor*	0.4427	0.1842	0.1892
2014			
Poverty rate			
Families	29.1	16.9	18.8
Individuals	29.1	19.9	22.0
Children	35.0	28.1	31.0
Income gap ratio of the poor (%)*	56.3	33.6	34.6
FGT index*	0.1249	0.0326	0.0378
SEN index*	0.219	0.092	0.105
Gini index of inequality of income distribution of the poor*	0.4387	0.1920	0.1965
2015			
Poverty rate			
Families	29.2	17.2	19.1
Individuals	28.7	19.5	21.7
Children	34.7	27.5	30.0
Income gap ratio of the poor (%)*	56.2	35.0	35.7
FGT index*	0.1222	0.0336	0.0387
SEN index*	0.216	0.093	0.105
Gini index of inequality of income distribution of the poor*	0.4333	0.1923	0.1977

* The weight given to each family in the index calculation is equal to the number of individuals in it.

Table 6

Influence of Transfer Payments and Direct Taxes on Dimensions of Poverty in the Total Population by Selected Poverty Indices, 2013-2015

Poverty indices	Decrease in poverty indices (percentages)					
	From transfer payments only			From transfer payments and direct taxes		
	2013	2014	2015	2013	2014	2015
Poverty rate						
Families	42.1	41.8	41.2	34.9	35.5	34.6
Individuals	33.5	31.7	32.0	24.2	24.2	24.5
Children	22.6	19.6	20.6	13.6	11.3	13.6
Income gap ratio of the poor*	41.6	40.3	37.7	41.6	38.5	36.5
FGT index*	76.0	73.9	72.5	72.1	69.7	68.4

* The weight given to each family in the index calculation is equal to the number of individuals in it.

Table 7

Gini Index of Inequality of Income Distribution in the Population, by Economic and Disposable Income, 1999-2015

Year	Before transfer payments and direct taxes	After transfer payments and direct taxes	Decrease arising from transfer payments and direct taxes (%)
2015	0.4719	0.3653	22.6
2014	0.4778	0.3712	22.3
2013	0.4766	0.3634	23.7
2012	0.4891	0.3770	22.9
2011	0.4973	0.3794	23.7
2010	0.5045	0.3841	23.9
2009	0.5099	0.3892	23.7
2008	0.5118	0.3853	24.7
2007	0.5134	0.3831	25.4
2006	0.5237	0.3923	25.1
2005	0.5225	0.3878	25.8
2004	0.5234	0.3799	27.4
2003	0.5265	0.3685	30.0
2002	0.5372	0.3679	31.5
1999	0.5167	0.3593	30.5
Change in index (percentage)			
2015 compared to 2014	-1.2	-1.6	
2015 compared to 2013	-1.0	0.5	
2015 compared to 2002	-12.2	-0.7	
2015 compared to 1999	-8.7	1.7	

threshold and therefore do not pay that tax, so the effect of taxation on their disposable income is only noticeable in their payments of health insurance contributions and national insurance contributions.

The contribution of policy measures to the reduction of poverty decreased by 2.4% in 2015 – through them 34.6% of families were saved from poverty, in comparison with 35.5% in 2014. The proportion of individuals rescued from poverty rose slightly between the two years – from 24.2% to 24.5%, and that of children rose considerably – by approximately 20%, due to an increase in child allowances during that year (Table 5). The reason for the decrease in the contribution of the benefits and direct taxes to rescuing families from poverty is the decrease in the amount of government transfer payments (not including benefits).

Box 1

Official Poverty Findings and Poverty Findings According to Administrative Data - Comparison Over Time

In order to support the official poverty data and provide a broader picture of the situation, separate measurement of poverty and inequality based on administrative data was introduced, despite limitations arising from the absence of some income components and from differences in the definition of a household¹. In this box and in the second box in this chapter we will present findings based on poverty measurement by means of these data. This box will present a comparison over time between the indices of poverty obtained by this method and those by the traditional method of calculation based on income and expenditure surveys conducted by the CBS.

In Figures 1-4 below a comparison is shown between dimensions of poverty as obtained by three forms of calculation: on the basis of the administrative data, CBS income/expenditure surveys (official data), and CBS data without taking into account missing income components in administrative data, such as income from capital or support from other households (**adjusted data**). The figures display the economic poverty rate, the poverty rate according to disposable income, the income gap ratio and the FGT index of severity of poverty according to the three forms of calculation. As some of the 2015 data are not available, the comparison is for the years 2003-2014, while the CBS data for 2015 are also shown.

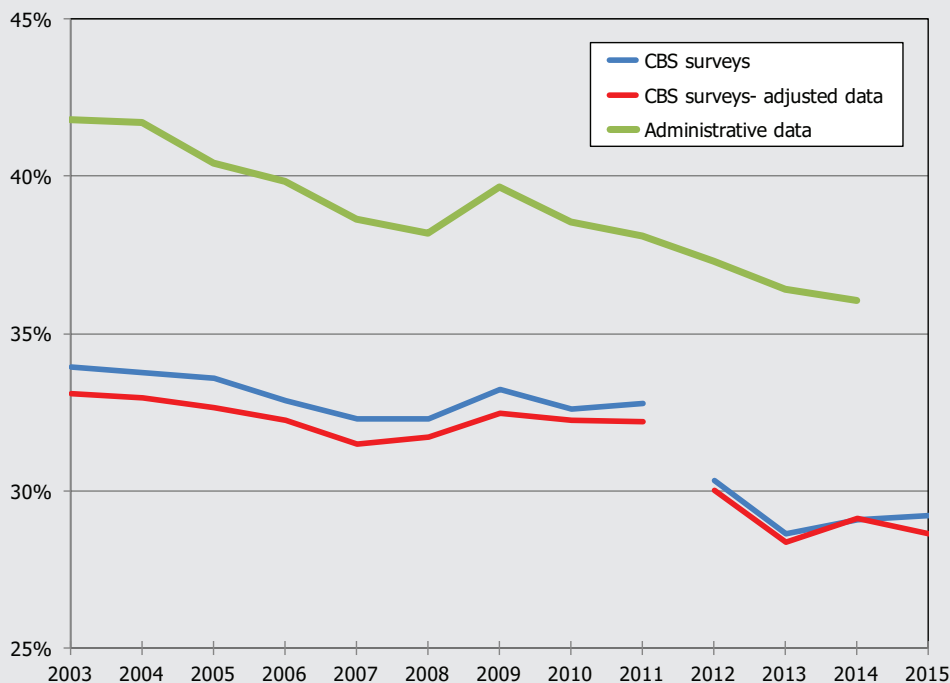
As displayed by these figures, this method produces results that differ from the ordinary measurement method, for various reasons in part reviewed above¹, but many times similar results are obtained by the two methods. Results obtained from

1 For details about the method and additional findings see Heller A., Endeweld M. and Gottlieb D. (2017) **Measurement of poverty and inequality by means of administrative data** – working paper on the NII website under the tab **Publications**.

adjusted data, namely after the deduction of income unavailable in administrative data from the family survey records, are usually closer to the findings obtained based on administrative data, and in poverty measurement according to disposable income it is found that in recent years the two series converge. This trend is also seen in the depth of poverty index, although less noticeably.

It should be noted that as the "sample" being used for this estimate is composed of the total population, the results obtained from administrative data are more stable, as the differences deriving from sampling errors and from the method of assessment are minimal. This fact also helps in supplementing missing information due to the break in the series of indices based on CBS surveys arising from the changeover from the income survey to the expenditure survey in 2012².

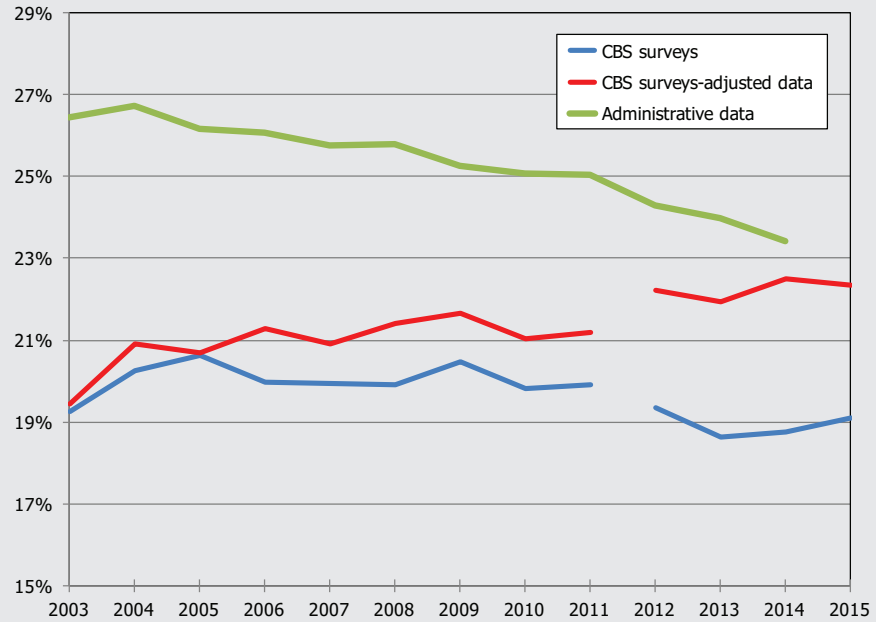
Figure 1
 Poverty Rate by Economic Income, from Administrative Data and CBS Surveys, 2003-2015



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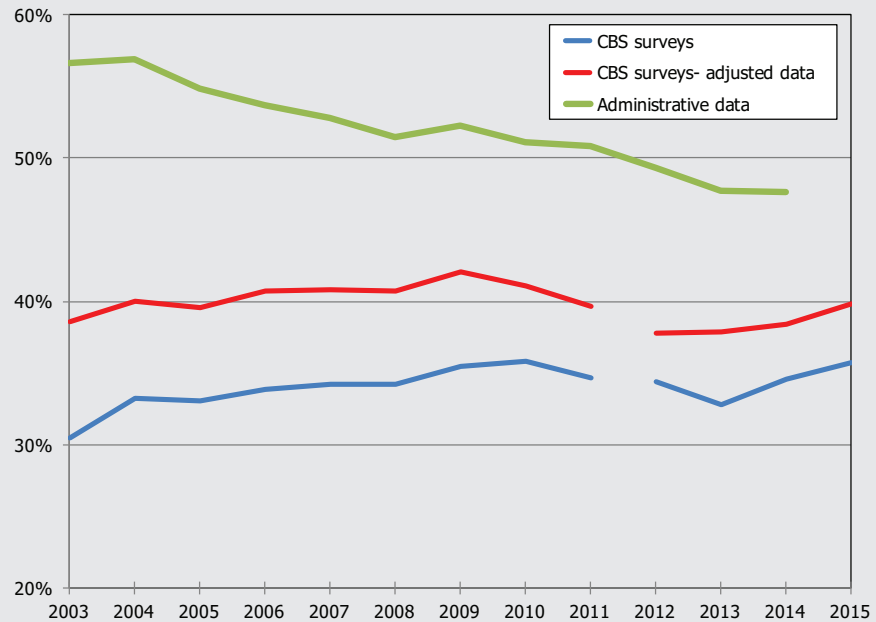
2 See Dimensions of Poverty and Social Gaps – Annual Report 2012.

Figure 2
 Poverty Rate by Disposable Income, from Administrative Data and CBS Surveys, 2003-2015



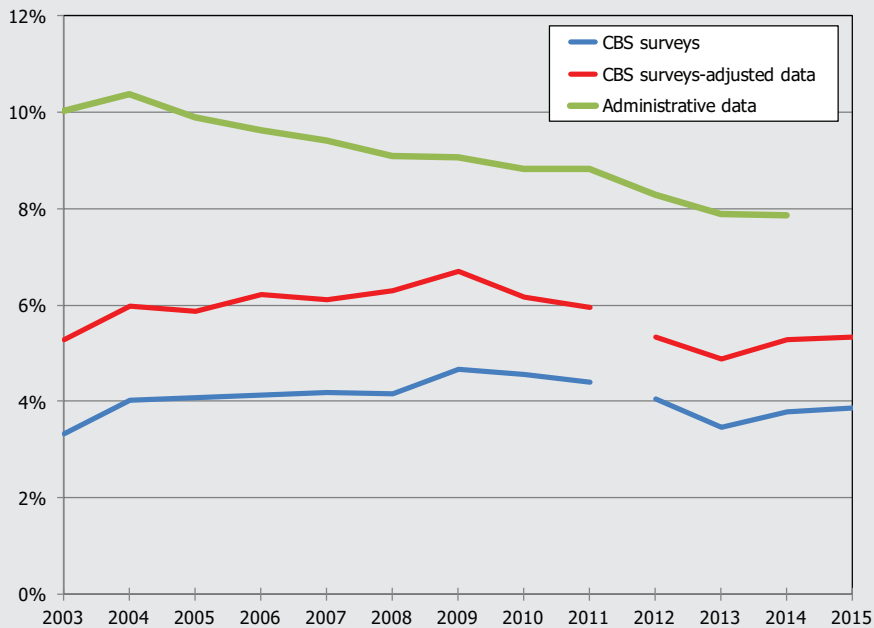
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Figure 3
 Income Gap Ratio, from Administrative Data and CBS Surveys, 2003-2015



The figure data appear in the index at the end of this file on the Internet.

Figure 4
Depth of Poverty (FGT), from Administrative Data and CBS Surveys,
2003-2015



The figure data appear in the index at the end of this file on the Internet.

Poverty by Population Groups

Various population groups differ in terms of trends and changes in the dimensions of their poverty in 2014-2015 (Tables 8-11). Table 8 shows the poverty rate by economic income and disposable income in the various groups, and Tables 9-10 show these groups' share of the total population and of the poor population in 2014 and 2015 respectively. Table 11 shows income gap ratio values by population groups.

Poverty rate among Arabs continued to increase, from 52.6% in 2014 to 53.3% in 2015, as did the poverty rate among children and individuals, due to a decrease in income from work, primarily a considerable income drop among the self-employed. Indices of poverty's depth and severity have also increased between the two years – by 2%-3%. By contrast, the poverty rate of Haredim, by both economic and disposable income, decreased in 2015 (It should be noted that this is the second year in which interviewees from Jewish families were asked to state their level of religiosity based on their own subjective definition, so that the variable "Haredi according to subjective definition" was added to the characteristics of the household's head, replacing indirect definitions of the Haredi population from previous years).

The poverty rate of families with children, which make up more than half the poor families, decreased by a percentage point between 2014 and 2015, probably due to the influence of an increase in child allowances implemented in May 2015, but also due to a rise in income from work which was expressed, as well, in the lower economic poverty rate. Poverty rate decreased mainly in small families (1-3 children), while in large families (5 or more children) it increased (2%), mostly the economic poverty rate (9%). Indeed, according to survey data, income from work in these families decreased by approximately 14%. By contrast, the income gap ratio for measurement of poverty depth increased by approximately 4% among all families with children.

The poverty rate of single-parent families decreased at a high rate of approximately 13% - from 25.1% in 2014 to 21.8% in 2015. This decline derives - according to the survey - both from policy measures, whose contribution to reducing poverty in this group increased by 8%, and an increase in income from work at a similar rate. The poverty rate of individuals in single-parent families also fell by approximately 6%, but that of children in single-parent families remained at its level from the previous year (approximately 30%). However, the depth of poverty increased by approximately 4% and the severity of poverty remained almost unchanged.

In 2015, the poverty rate of non-working families of working age increased by approximately 9%, from 68% to approximately 74%, after an increase in the poverty rate by economic income, apparently as a result of a sharp decrease of approximately 22% in the contribution of policy measures to reducing poverty in this group. However, the poverty rate of children in these families decreased slightly and their percentage of the poor population remained at a level of about 20% (according to disposable income) and even decreased according to economic income. The position of poor non-working families of working age also worsened; the depth of poverty increased slightly and the severity of poverty increased by approximately 8% between the two years.

The income gap represents the distance of poor families from the poverty line, and the concentration index of the income gap ratio is the ratio between the income gap in a specific population group and the income gap in the total poor population. As opposed to poverty rate indices, some of which rose moderately and others even decreased, the indices of depth and severity of poverty surged in 2015. This finding is true for both the total population and for most of the population groups. The concentration index of the income gap ratio rose particularly among single-parent families (it shall be recalled that their poverty rate decreased, as opposed to the depth and severity of poverty, which increased), but decreased among the elderly.

Table 8

Poverty Rate in Specific Population Groups, 2014 and 2015

Population group (families)	2014			2015		
	Economic income	Disposable income	Concentration index*	Economic income	Disposable income	Concentration index*
Total population	29.1	18.8	1.00	29.2	19.1	1.00
Characteristic of head of household:						
Jews**	24.7	13.6	0.72	24.8	13.8	0.72
Haredim (according to last school approach***)	66.7	52.4	2.80	61.6	48.6	2.54
Haredim (according to subjective definition****)	65.8	54.3		61.3	48.7	2.55
Immigrants	35.1	18.0	0.96	36.3	17.7	0.93
Arabs	57.2	52.6	2.81	57.5	53.3	2.79
Families with children – total:	28.0	23.3	1.24	27.2	22.3	1.17
1-3 children	22.8	17.9	0.95	22.2	17.0	0.89
4 or more children	56.2	52.7	2.81	53.7	49.7	2.60
5 or more children	62.7	60.7	3.24	68.5	61.8	3.24
Single-parent families	41.9	25.1	1.34	38.4	21.8	1.14
Employment status of head of household:						
Working	18.7	13.1	0.70	18.9	13.3	0.70
Employee	19.0	12.8	0.68	19.0	13.1	0.69
Self-employed	16.4	15.2	0.81	18.6	14.4	0.75
Of working age and not working	92.0	68.0	3.62	93.4	74.4	3.90
One breadwinner	36.5	25.4	1.35	36.9	25.9	1.36
Two or more breadwinners	7.7	5.6	0.30	8.0	5.6	0.29
Age group of head of household of working age:						
Up to 30	32.5	22.5	1.20	31.3	24.3	1.27
Ages 31-45	24.8	19.5	1.04	23.7	18.1	0.95
Age 46 up to pension age	17.5	12.2	0.65	20.0	14.3	0.75
Age group of head of household of retirement age:						
Elderly*****	48.7	23.1	1.23	46.6	21.7	1.14
Of legal pension age*****	51.4	24.1	1.28	51.0	23.5	1.23
Education group of head of household:						
Up to 8 years of study	68.6	46.8	2.49	68.0	44.9	2.35
Between 9-12 years of study	32.1	21.2	1.13	32.0	22.3	1.17
13 or more years of study	21.2	13.0	0.69	21.7	13.2	0.69

* The concentration index is the ratio of poverty rates by disposable income, and it indicates the ratio between the poverty rate of a group and that of the total population.

** Including Non-Jews who are not Arabs.

*** Type of the last school at which the interviewee studied/is studying.

**** Level of religiosity reported by the interviewee: secular, traditional, religious, Haredi, mixed.

***** In accordance with the definition which was used up to now: from the age of 60 for a woman and 65 for a man.

***** The definition has been adapted to the age of retirement from work under the Retirement Age Law. Therefore, this population is not fixed until completion of the process of raising the retirement age.

Table 9

Proportion of Selected Groups in the Total Population and in the Poor Population* (Percentages), 2014

Population group (families)	Total population		The poor population			
			Before transfer payments and direct taxes		After transfer payments and direct taxes	
	Families	Individuals	Families	Individuals	Families	Individuals
Characteristic of head of household:						
Jews**	86.7	81.7	73.8	64.0	62.6	55.1
Haredim (according to last school approach ^{1,***})	3.8	6.5	8.8	15.8	10.7	17.3
Haredim (according to subjective definition ^{****})						
Immigrants	19.8	16.5	23.9	17.2	19.0	13.0
Arabs	13.3	18.3	26.2	36.0	37.4	44.9
Families with children – total:	44.9	65.5	43.2	69.5	55.8	79.9
1-3 children	37.9	50.3	29.7	39.2	36.1	42.0
4 or more children	7.0	15.2	13.5	30.3	19.6	37.9
5 or more children	3.0	7.6	6.5	16.9	9.7	21.8
Single-parent families	5.3	5.7	7.7	8.2	7.1	6.8
Employment status of head of household:						
Working	0.8	0.9	0.5	0.7	0.6	0.7
Employee	0.7	0.8	0.4	0.6	0.5	0.6
Self-employed	0.1	0.1	0.1	0.1	0.1	0.1
Of working age and not working	0.1	0.1	0.2	0.2	0.2	0.2
One breadwinner	0.3	0.3	0.4	0.5	0.4	0.5
Two or more breadwinners	0.5	0.6	0.1	0.2	0.1	0.2
Age group of head of household of working age:						
Up to 30	0.2	0.2	0.2	0.2	0.2	0.2
Ages 31-45	0.3	0.4	0.3	0.4	0.4	0.5
Age 46 up to pension age	0.3	0.3	0.2	0.2	0.2	0.2
Age group of head of household of retirement age:						
Elderly ^{*****}	0.2	0.1	0.4	0.2	0.3	0.1
Of legal pension age ^{*****}	0.2	0.1	0.3	0.2	0.2	0.1
Education of head of household:						
Up to 8 years of study	0.1	0.1	0.2	0.1	0.2	0.1
Between 9-12 years of study	0.4	0.4	0.4	0.5	0.4	0.5
13 or more years of study	0.5	0.5	0.4	0.4	0.4	0.4

* The weight given to each family in the index calculation is equal to the number of individuals in it.

** Including Non-Jews who are not Arabs.

*** Type of the last school at which the interviewee studied/is studying.

**** Level of religiosity reported by the interviewee: secular, traditional, religious, Haredi, mixed.

***** In accordance with the definition which was used up to now: from the age of 60 for a woman and 65 for a man.

***** The definition has been adapted to the age of retirement from work under the Retirement Age Law. Therefore, this population is not fixed until completion of the process of raising the retirement age.

Table 10

Proportion of Population Groups in the Total Population and in the Poor Population* (Percentages), 2015

Population group (families)	Total population			The poor population		
				Before transfer payments and direct taxes		After transfer payments and direct taxes
	Families	Individuals	Families	Individuals	Families	Individuals
Characteristic of head of household:						
Jews**	86.6	81.5	73.5	62.7	62.4	53.3
Haredim (according to last school approach***)	4.5	7.6	9.6	17.2	11.5	18.8
Haredim (according to subjective definition****)						
Immigrants	19.7	16.8	24.5	18.2	18.3	13.3
Arabs	13.4	18.5	26.5	37.3	37.6	46.7
Families with children – total:	44.7	65.4	41.7	69.5	52.1	77.9
1-3 children	37.5	49.7	28.5	38.5	33.5	39.9
4 or more children	7.2	15.7	13.2	30.9	18.6	38.0
5 or more children	3.2	8.1	7.5	19.8	10.3	24.0
Single-parent families	5.3	5.8	6.9	8.3	6.0	6.6
Employment status of head of household:						
Working	0.8	0.9	0.5	0.7	0.6	0.7
Employee	0.7	0.8	0.5	0.6	0.5	0.6
Self-employed	0.1	0.1	0.1	0.1	0.1	0.1
Of working age and not working	0.1	0.0	0.2	0.2	0.2	0.2
One breadwinner	0.3	0.3	0.4	0.5	0.4	0.5
Two or more breadwinners	0.5	0.6	0.1	0.2	0.1	0.2
Age group of head of household of working age:						
Up to 30	0.2	0.2	0.2	0.2	0.2	0.2
Ages 31-45	0.3	0.4	0.3	0.4	0.3	0.5
Age 46 up to pension age	0.3	0.3	0.2	0.2	0.2	0.2
Age group of head of household of retirement age:						
Elderly *****	0.2	0.1	0.4	0.2	0.3	0.1
Of legal pension age *****	0.2	0.1	0.3	0.2	0.2	0.1
Education of head of household:						
Up to 8 years of study	0.1	0.1	0.2	0.1	0.2	0.1
Between 9-12 years of study	0.4	0.4	0.4	0.5	0.4	0.5
13 or more years of study	0.5	0.5	0.4	0.4	0.4	0.4

* The weight given to each family in the index calculation is equal to the number of individuals in it.

** Including Non-Jews who are not Arabs.

*** Type of the last school at which the interviewee studied/is studying.

**** Level of religiosity reported by the interviewee: secular, traditional, religious, Haredi, mixed.

***** In accordance with the definition which was used up to now: from the age of 60 for a woman and 65 for a man.

***** The definition has been adapted to the age of retirement from work under the Retirement Age Law. Therefore, this population is not fixed until completion of the process of raising the retirement age.

Table 11

Income Gap Ratio of the Poor* in Selected Population Groups, 2014 and 2015

Population group (families)	2014			2015		
	Economic income	Disposable income	Concentration index**	Economic income	Disposable income	Concentration index**
Total population	56.3	34.6	1.00	56.2	35.7	1.00
Characteristic of head of household:						
Jews***	56.3	34.6	1.00	56.2	35.7	1.00
Haredim (according to last school approach****)	56.1	34.3	0.99	61.1	37.7	1.05
Haredim (according to subjective definition*****)	55.7	34.6	1.00	58.7	36.3	1.02
Immigrants	63.1	25.9	0.75	63.9	28.6	0.80
Arabs	54.0	38.4	1.11	53.1	39.3	1.10
Families with children – total:	51.0	35.5	1.03	51.1	36.9	1.03
1-3 children	48.0	32.5	0.94	46.8	33.7	0.94
4 or more children	54.8	38.9	1.12	56.6	40.2	1.13
5 or more children	57.1	38.2	1.10	60.1	41.3	1.16
Single-parent families						
Employment status of head of household:						
Working	41.3	31.7	0.92	41.6	32.8	0.92
Employee	41.5	31.1	0.90	41.2	31.9	0.89
Self-employed	40.5	35.4	1.02	44.1	38.3	1.07
Of working age and not working						
One breadwinner	94.8	51.1	1.48	94.3	52.0	1.46
Two or more breadwinners	46.6	35.0	1.01	46.0	34.8	0.97
Age group of head of household of working age:						
Up to 30	29.2	23.9	0.69	32.5	28.4	0.80
Ages 31-45	51.4	35.5	1.03	50.9	36.0	1.01
Ages 46 up to pension age	49.9	35.3	1.02	51.7	37.3	1.05
Age group of head of household of retirement age:						
Elderly*****	57.2	36.8	1.06	53.7	36.3	1.02
Of legal pension age*****	78.5	25.6	0.74	77.2	26.8	0.75
Education of head of household:						
Up to 8 years of study	79.2	25.2	0.73	78.5	26.0	0.73
Between 9-12 years of study	69.1	36.8	1.06	65.3	38.9	1.09
13 or more years of study	52.3	34.9	1.01	52.8	35.8	1.00

* The weight given to each family in the index calculation is equal to the number of individuals in it.

** The concentration index is the gap ratio indicating the ratio between the depth of poverty in a group and that of the total population.

*** Including Non-Jews who are not Arabs.

**** Level of religiosity reported by the interviewee: secular, traditional, religious, Haredi, mixed.

***** In accordance with the definition which was used up to now: from the age of 60 for a woman and 65 for a man.

***** The definition has been adapted to the age of retirement from work under the Retirement Age Law. Therefore, this population is not fixed until completion of the process of raising the retirement age.

Box 2

Persistent Poverty Measured by Administrative Data

As stated in Box 1 in this chapter, the NII introduced measurement of poverty and inequality from administrative data. Such measurement makes it possible to ascertain the extent of poverty of families over an extended period, as the information is longitudinal data¹. Therefore, measurement of persistent poverty is a possible application of the poverty data calculated from the administrative data.

The table below shows basic results of persistent poverty measurements. Out of the various definitions of persistent poverty, we have chosen to present two simple measures here. The first column in the table shows the poverty rate in 2014 among individuals, according to various segments, and the second column shows the percentage of individuals who were also poor in 2013 – approximately 82% in total. The third column shows the percentage of individuals who were also poor in the years 2012-2013, as well as in 2014 – 62.5% in total. This percentage is not far from the estimate made in the Poverty and Social Gaps Report each year for measurement of persistent poverty by expenditure (those whose expenditure and not whose income is below the poverty line are regarded as permanently poor²).

The table presents these findings by population groups and shows that like the poverty data for a particular year, the poverty data over time are also different in different groups, in that the groups identified with high poverty – Haredim, Arabs and large families – are also characterized by persistent poverty which is higher than the average in the population. However, the difference between the groups is much smaller: among Haredim and those of working age who are not working, and families with more than 4 children (there is overlap between the two groups) the persistent poverty rate for three years is the highest – more than 70% of the individuals in these families were poor for three successive years and in approximately 90% of them for two successive years. The group in which persistent poverty is proportionately lowest is families of self-employed people (whose "ordinary" level of poverty is usually similar to that of employees) – about half of the poor in these families continue to be poor for three years.

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- 1 For details about the method and additional findings see Heller A., Endeweld M. and Gottlieb D. (2017) **Measurement of poverty and inequality by means of administrative data** – working paper on the NII website under the tab Publications.
 - 2 See for example **Dimensions of Poverty and Social Gaps – Annual Report 2015** in the chapter **Persistent Poverty**.

Table 1
Measurement of Persistent Poverty from Administrative Data, 2014

	Poverty rate of individuals 2014	Among the poor: were also poor	
		In 2013	In 2012 and 2013
Total	24.0%	81.9%	62.5%
Jews	18.9%	80.6%	60.7%
Haredim	54.3%	89.3%	71.6%
Immigrants from 1990	18.8%	80.1%	53.0%
Arabs	41.9%	83.9%	65.3%
Families with children – total	28.5%	84.0%	65.2%
1-3 children	19.4%	78.4%	55.9%
4+ children	52.7%	89.3%	74.4%
5+ children	62.9%	91.0%	77.0%
Single-parent	39.2%	77.2%	58.4%
Working	19.6%	78.6%	59.3%
Employee	18.8%	78.9%	59.7%
Self-employed	15.9%	69.5%	50.0%
Of working age and not working	85.4%	90.7%	70.3%
One breadwinner	40.4%	80.8%	60.9%
Two or more breadwinners	9.8%	74.4%	56.3%
Head of family aged up to 29	49.1%	77.5%	50.8%
Head of family aged 30-44	29.2%	84.0%	66.0%
Head of family aged 45 up to pension age	15.2%	80.0%	63.6%
Elderly according to old definition	14.0%	84.1%	65.7%
Of legal pension age	14.3%	85.0%	66.9%

Poverty According to Expenditure

Since the early 1970s poverty in Israel has been defined using the relative approach, which is accepted by most researchers and social policymakers in the West. In this approach, poverty is a condition of relative distress and a family is defined as poor if its living conditions are considerably worse than the typical living conditions in that society as a whole, and not when it is unable to purchase a basic basket of goods necessary for subsistence.

In the 1990s, a semi-relative approach to measuring poverty was developed in the USA, whereby threshold expenditure on a **basic basket of goods** was defined (and in this

sense this approach is absolutist), but the value of this basket is calculated as a percentage of the median expenditure on basic consumer products. This method was recommended as an alternative to the official poverty index in the USA and was developed by a committee of academic experts in the USA and Britain (National Research Council – NRC), following an initiative of the Economic Committee of Congress designed to review in depth official US poverty measurement and suggest an alternative method. The principles were finalized after years of thorough and comprehensive theoretical and empirical research. The committee recommended basing the basket of goods on actual consumption habits, as reflected in surveys of household expenditure.

Below we will review three alternative indices to the existing poverty index, that were developed in the Research and Planning Administration of the NII and are calculated like the above approach, based on household expenditure and not on household income. These indices are calculated using three methods: NRC (National Research Council), MBM (Market Basket Measure), and FES (Food Energy Intake and Share). These methods take into account the various components of family consumption in absolute comparison to a particular fixed basket of consumption and in relative comparison to baskets of consumption in other households.

Measuring Poverty Using the NRC Method

A study published by the NII in 2004⁹ attempted to measure poverty in Israel using the National Research Council (NRC) approach, based on calculating the **threshold expenditure of a representative family** (with two adults and two children), from the data on consumption of the population itself, as expressed in expenditure surveys carried out by CBS. The basket used to calculate the **threshold expenditure** contains goods and services in the areas of food, clothing, footwear and housing, as well as other essential goods. The threshold expenditure is adjusted for different family compositions by means of a weighting scale that takes into account the number of adults and children in the family. The income compared to threshold expenditure is the family's disposable income (gross income from all sources less direct taxes). An added component is the **income in kind** if the family receives public housing and pays reduced rent compared with market prices¹⁰. A poor family is one whose disposable income cannot pay for this basket.

9 Sabag-Endeweld M. and Achdut L. (2004) **Developing an experimental poverty index from the expenditure side in Israel**. The Research and Planning Administration, National Insurance Institute.

10 In addition to direct taxes, on the recommendation of the American committee, expenditure on transport for work purposes and expenditure of working families on keeping children at daycare centers, kindergartens and with caregivers is also deducted.

The study presented two options for calculating threshold expenditure and income compared to it for each type of family, where the difference between the two options lies in the definition of expenditure on housing: in the first option, expenditure on housing is obtained from total current payments for occupying an apartment (loans and mortgages, rent, etc.), and in the second option, this expenditure is calculated according to rent (for those renting accommodation) or attributed rent (for those who own their homes). In the case of a family living in its own home, it is compensated on the income side. The added income element is the difference between the attributed rent for the apartment and total current expenditure on the apartment¹¹.

Measuring Poverty Using the MBM Method

In another study published by the NII in 2011¹² a poverty index was calculated combining the Canadian and American approaches. The Market Basket Measure (MBM) index, as calculated for the Israeli economy, is located on the continuum between the two endpoints of an absolute index and a relative index, and it belongs to the group of indices in which the poverty line is derived from a suitable level of consumption of a basket of goods representing a reasonable estimate of the minimum required to live. This link to the minimum for living means that this poverty line can be used to assess the suitability of the amount of the subsistence benefits – income support and income supplement – which are the last safety net for those who are unable to support themselves and their families. A major difference between the NRC index and the MBM index lies in the calculation of the food component: in the NRC index food expenditure is measured in accordance with actual data, as with other expenditures on the suitable basket (which also includes clothing, housing and various supplements), by means of an expenditure multiplier; in the MBM, food expenditure it is determined on a normative rather than an actual basis – according to principles of nutrition on the basis of family composition by sex and age.

Measuring Poverty Using the FES Method

The FES (Food Energy Intake and Share) method is based on calculation of normative food expenditure on the basis of recommendations of experts on nutrition, so that a

11 In both options, calculation of the income compared to threshold expenditure also takes into account the benefit embodied in public housing services: a family living in public housing (belonging to the housing companies Amidar, Amigur, etc.) is compensated on the income side by the difference between rent in the free market and the rent that it actually pays.

12 Gottlieb D. and Froman A. (2011) *Measuring poverty according to a suitable basket of consumption in Israel, 1997-2009*. NII, Research and Planning Administration

person will be able to function properly in daily life. Calculation of expenditure on non-food goods is more complicated and is based on some average of two points on the standard of living continuum: minimum standard of living (food energy intake), in which the family budget is exactly sufficient to purchase the normative food basket, and the family's actual standard of living, which is higher. The identifying feature of this standard of living is that the actual expenditure on food is the same as the normative food basket, and the expenditure on non-food items is higher than the amount spent by the family at the low point, as a family with just enough income for expenditure on the normative food basket is forced to make a difficult choice between essential expenditure on food and non-food expenditure.

The various calculations in this method were done twice: once using the monetary income of the family, and the second time including income in kind. According to the data currently available to us, the main income in kind is the result of owning the family home.

Poverty Rate

According to all the methods, the dimensions of poverty indicate a consistent decrease over the years in both versions: using monetary income and using income including credit for home ownership (Table 12). The reason is that these three methods involve an absolute measurement dimension, in contrast to the official method, which is a relative method without any absolute dimension. As a rule, dimensions of poverty based on income including the credit for home ownership are usually lower than dimensions based on monetary income, that is to say inclusion of the home ownership component reduces the gaps between families in society.

The levels of poverty obtained from the NRC and MBM indices are fairly similar. According to the FES, the indices are lower for families but usually higher for children. According to this index, the drop between 2010 and 2013 was the steepest: about 5 percentage points for families and about 7 percentage points for children. In the case of 2013, the decrease in dimensions of poverty matches the downward trend in poverty as measured by the relative approach according to income. With all the methods, and particularly the FES and the MBM, which are based on a food basket determined by external experts, there is an absolute element to the measurement of poverty. Therefore, as the standard of living measured by income rises (while the absolute element does not change in real terms), so the chances of a drop in dimensions of poverty grow. Findings in Table 11 reflect this statement regarding the last two years: in 2014 and 2015 the standard of living rose in terms of income, but the dimensions of poverty according to expenditure continued to decrease consistently (in contrast to the not unequivocal findings from the relative measurement as presented above). The lowest index obtained is usually the one that includes the component of income credit for home ownership. According to this calculation, indices for families amount to approximately 13%-15% in 2015 – about 5

Table 12
Poverty Rate of Families, Individuals and Children According to the Various Approaches, 2012-2015

Year	NRC			FES			MBM		
	Families	Individuals	Children	Families	Individuals	Children	Families	Individuals	Children
According to monetary income									
2012	20.1	24.2	33.3	16.5	24.7	36.8			
2013	18.4	22.2	30.6	14.7	22.0	33.7			
2014	17.3	20.5	28.3	14.7	22.0	33.1			
2015	16.7	19.3	26.5	14.3	20.6	31.2			
According to total income									
2012	17.6	22.7	32.3	16.0	24.6	37.0	19.4	25.8	37.4
2013	16.4	21.1	30.4	14.6	22.4	34.4	17.6	22.8	33.8
2014	15.6	19.8	28.6	14.1	21.8	33.1	17.3	22.6	33.0
2015	14.8	18.5	26.9	13.4	20.1	31.3	19.0	24.4	36.1

percentage points away from the official index. In measurement by monetary income (like measurement by the official index) the indices are also much lower and approximately 3-4 percentage points away from the official index.

In 2014-2015 analysis of the data on the rate of poverty and threshold expenditure (the minimum expenditure required not to be considered poor), according to each of the methods, shows that in most types of families poverty rate according to total income (which includes the home ownership credit component) is lower than according to monetary income. This is not the case, however, in fairly young families with 1 or 2 children, whether with two parents or single-parent families, perhaps because in these families there is a fairly low percentage of home ownership. The similarity in poverty rates according to the FES method, whether income in kind is included or not, is generally greater than according to the NRC method.

According to the three methods of poverty measurement by expenditure, there is a correlation between the number of children and the rate poverty. For example, among couples with five children, the poverty rate using both the NRC and FES methods is about 60%, and about 52% according to the MBM, and among two adults with one child the results are about 15%, about 9% and about 18% respectively.

Values of threshold expenditure for small families according to the NRC and MBM methods are higher than the threshold expenditure values according to the FES, and in large families the ratio is reversed (Table 13). Accordingly, the same ratio also exists in the poverty rates. This difference is due to the weighting scale used by the NRC and MBM methods, which relates differently to children and adults, unlike the FES method of calculation.

A comparison of poverty rates in 2014 and 2015 measured by these three methods shows that, in most types of families and for all three methods, the dimensions of poverty generally remained similar or slightly higher in small families, but decreased in larger families. However, these differences become slightly blurred when the component of income in kind is taken into account.

Table 13
Poverty Rate and Threshold Expenditure By Family Compositions, According to the NRC, FES and MBM Approaches, 2014-2015

Family composition	NRC				FES				MBM			
	2014		2015		2014		2015		2014		2015	
	Threshold expenditure (NIS)	Poverty rate (%)	Threshold expenditure (NIS)	Poverty rate (%)	Threshold expenditure (NIS)	Poverty rate (%)	Threshold expenditure (NIS)	Poverty rate (%)	Threshold expenditure (NIS)	Poverty rate (%)	Threshold expenditure (NIS)	Poverty rate (%)
According to monetary income												
Single adult	2,915	20.3	2,899	20.4	1,963	6.1	1,950	7.8				
Two adults	4,735	11.6	4,709	12.1	3,913	7.4	3,893	7.3				
Two adults + child	5,842	12.2	5,809	12.3	5,340	8.6	5,194	10.6				
Two adults + two children	6,864	13.3	6,827	13.3	7,187	11.7	7,157	12.7				
Two adults + three children	7,826	19.3	7,783	18.2	9,218	20.9	9,168	18.9				
Two adults + four children	8,739	39.3	8,690	36.7	11,045	46.6	11,061	38.7				
Two adults + five children	9,612	47.8	9,559	42.4	12,808	57.3	12,747	54.5				
Adult + two children	5,379	25.7	5,350	22.0	5,770	16.4	5,755	20.4				
According to total income												
Single adult	3,553	13.7	3,514	13.6	2,452	4.9	2,441	6.6	3,362	13.5	3,463	15.3
Two adults	5,773	9.2	5,709	9.0	4,887	5.6	4,873	5.1	5,719	9.6	5,885	10.5
Two adults + child	7,122	13.4	7,043	13.3	6,669	9.0	6,503	9.5	7,237	16.4	7,401	19.3
Two adults + two children	8,369	14.4	8,277	14.4	8,976	11.7	8,960	12.5	8,828	17.5	9,073	20.7
Two adults + three children	9,541	18.7	9,436	18.7	11,511	20.2	11,478	19.2	10,427	22.9	10,703	27.7
Two adults + four children	10,654	39.9	10,537	36.8	13,794	45.5	13,847	37.5	11,910	47.5	12,246	46.5
Two adults + five children	11,719	49.6	11,590	42.8	15,996	55.2	15,959	54.3	13,335	51.9	13,677	54.8
Adult + two children	6,558	32.5	6,486	29.3	7,206	22.6	7,205	34.3	6,967	27.8	7,162	33.1

Appendix: Data for Figures and Tables

Data for Figure 1

Public Welfare Expenditure in Israel as a Percentage of GDP, 2000-2016

	Total monetary support	Total support in kind	Other
2000	9.4	7.3	0.2
2001	10.3	7.8	0.2
2002	10.3	7.8	0.2
2003	10.0	7.7	0.2
2004	9.2	7.4	0.2
2005	8.8	7.3	0.2
2006	8.7	7.1	0.2
2007	8.4	6.8	0.2
2008	8.3	7.0	0.1
2009	8.8	7.0	0.2
2010	8.7	7.1	0.1
2011	8.6	7.0	0.1
2012	8.8	7.1	0.1
2013	8.6	7.3	0.1
2014	8.6	7.4	0.1
2015	8.5	7.3	0.1
2016	8.4	7.3	0.1

Data for Figure 2A

Poverty Rate in Families Without Children - International Comparison, 2013 or Nearest Available Year - by Economic Income

Country	By economic income
Taiwan	25.5%
Colombia	30.0%
Israel*	31.0%
Panama	33.9%
South Korea*	34.6%
Switzerland*	34.9%
Egypt	38.7%
Paraguay	39.7%
Brazil	39.8%
USA*	40.8%
Uruguay	42.7%
Luxembourg*	43.2%
Slovakia	45.6%
Czech Republic*	47.6%
Georgia	48.1%
Austria*	49.0%
United Kingdom*	49.2%
Spain*	49.9%
Netherlands*	50.3%
Germany*	50.8%
Finland*	52.2%
Denmark*	52.4%
Estonia*	52.4%
Italy*	54.0%
Greece*	56.2%
Russia	57.9%
Slovenia*	58.8%
Hungary*	74.7%

* Countries which are OECD members

Data for Figure 2A

Poverty Rate in Families Without Children - International Comparison, 2013 or Nearest Available Year - by Disposable Income

Country	Poverty rate
Czech Republic*	4.9%
Slovakia	7.5%
Luxembourg*	8.2%
Hungary*	9.0%
Netherlands*	9.6%
Uruguay	9.7%
Denmark*	10.1%
Italy*	10.6%
United Kingdom*	12.0%
Switzerland*	12.1%
Finland*	12.4%
Austria*	12.5%
Spain*	12.6%
Germany*	12.9%
Greece*	13.1%
Brazil	13.9%
Georgia	15.1%
Egypt	15.7%
Israel*	15.9%
Slovenia*	17.2%
Taiwan	19.0%
Russia	19.5%
Estonia*	19.9%
USA*	20.5%
Panama	20.9%
South Korea*	29.4%
Colombia	31.3%
Paraguay	32.7%

* Countries which are OECD members

Data for Figure 2B

Poverty Rate in Families With 1-2 Children - International Comparison, 2013 or Nearest Available Year - by Disposable Income

Country	Poverty rate
Denmark*	3.1%
Finland*	4.4%
Netherlands*	5.3%
Switzerland*	6.8%
Austria*	7.5%
Taiwan	7.6%
Czech Republic*	8.2%
South Korea*	8.9%
United Kingdom*	9.0%
Slovakia	9.2%
Germany*	9.7%
Slovenia*	10.2%
Luxembourg*	11.2%
Israel*	12.6%
Hungary*	13.7%
Estonia*	16.0%
Uruguay	16.8%
Greece*	17.3%
USA*	17.3%
Egypt	18.1%
Panama	18.2%
Russia	19.4%
Italy*	19.6%
Georgia	19.7%
Spain*	20.4%
Brazil	22.9%
Paraguay	31.1%
Colombia	33.3%

* Countries which are OECD members

Figure 2C
Poverty Rate in Families With 3
or More Children - International
Comparison, 2013 or Nearest
Available Year - by Economic Income

Country	Poverty rate
Netherlands*	10.0%
South Korea*	12.4%
Taiwan	14.0%
Switzerland*	17.0%
Denmark*	18.4%
Finland*	18.8%
Egypt	27.4%
Greece*	28.5%
Slovakia	29.5%
Colombia	30.5%
Estonia*	30.9%
Germany*	32.0%
Czech Republic*	32.1%
Austria*	35.8%
Slovenia*	36.4%
USA*	36.5%
Israel*	38.8%
Italy*	38.9%
Georgia	40.3%
Luxembourg*	41.6%
Russia	42.0%
Paraguay	42.3%
Spain*	43.4%
Panama	44.3%
Uruguay	49.6%
United Kingdom*	52.7%
Brazil	52.8%
Hungary*	77.1%

* Countries which are OECD members

Figure 2C
Poverty Rate in Families With 3
or More Children - International
Comparison, 2013 or Nearest
Available Year - by Disposable Income

Country	Poverty rate
Denmark*	4.8%
Finland*	4.9%
Netherlands*	5.1%
United Kingdom*	10.2%
Switzerland*	10.4%
South Korea*	12.5%
Germany*	13.1%
Luxembourg*	13.7%
Taiwan	14.2%
Austria*	15.4%
Slovenia*	16.3%
Estonia*	19.6%
Greece*	19.8%
Czech Republic*	21.1%
Hungary*	22.5%
Slovakia	23.2%
Egypt	24.2%
USA*	26.3%
Georgia	28.0%
Israel*	30.5%
Italy*	31.4%
Russia	31.8%
Colombia	32.6%
Spain*	38.7%
Panama	39.4%
Uruguay	40.0%
Paraguay	41.2%
Brazil	41.9%

* Countries which are OECD members

Data for Figure 3

Distribution of Families by Number of Children in Them - International Comparison, 2013 or Nearest Available Year

Country	No children	1-2 children	3 or more children
Egypt	31.2%	42.3%	26.5%
Paraguay	34.1%	47.0%	18.9%
Mexico*	38.9%	44.0%	17.1%
Peru	39.2%	44.1%	16.7%
Colombia	40.7%	45.9%	13.3%
Panama	42.0%	40.7%	17.2%
South Africa	48.5%	34.0%	17.5%
Brazil	50.8%	41.1%	8.1%
Georgia	53.9%	40.2%	5.9%
Israel*	55.3%	27.8%	16.9%
Uruguay	57.6%	34.7%	7.8%
South Korea*	59.1%	37.2%	3.7%
Poland*	63.2%	31.4%	5.4%
Taiwan	65.7%	31.3%	3.1%
Russia	66.9%	30.9%	2.2%
USA*	68.3%	25.3%	6.4%
Slovakia	70.4%	25.8%	3.8%
Spain*	70.9%	26.9%	2.2%
Luxembourg*	70.9%	25.2%	3.9%
United Kingdom*	71.3%	24.9%	3.8%
Serbia	72.2%	24.7%	3.0%
Slovenia*	72.5%	24.8%	2.7%
Norway*	72.6%	23.0%	4.4%
Czech Republic*	72.8%	25.0%	2.2%
Estonia*	73.3%	24.2%	2.5%
Greece*	73.5%	24.2%	2.3%
Netherlands*	74.5%	21.3%	4.3%
Italy*	74.6%	23.0%	2.3%
Hungary*	74.7%	21.7%	3.5%
Denmark*	75.0%	21.4%	3.7%
Austria*	75.8%	21.0%	3.2%
Switzerland*	77.1%	19.9%	3.0%
Finland*	77.8%	18.1%	4.1%
Germany*	80.0%	17.8%	2.2%

* Countries which are OECD members

Data for Figure 4

Poverty Rate Among Individuals by Age - Comparison Between Groups of Countries by Their Welfare Policy

Age	Welfare policy	Percentage
0-17	Social-Democratic	6.4%
	Conservative	11.8%
	OECD	12.5%
	Liberal	13.0%
	Israel	25.0%
18-65	Social-Democratic	8.4%
	Conservative	9.2%
	OECD	12.5%
	Liberal	10.6%
	Israel	14.9%
66+	Social-Democratic	5.6%
	Conservative	7.9%
	OECD	12.5%
	Liberal	17.8%
	Israel	21.7%
Total	Social-Democratic	7.5%
	Conservative	9.6%
	OECD	10.5%
	Liberal	12.2%
	Israel	18.8%

Data for Box 1- Figure 1

Poverty Rate by Economic Income, from Administrative Data and CBS Surveys, 2003-2015

Year	CBS surveys	CBS surveys- adjusted data	Administrative data
2003	33.9%	33.1%	41.8%
2004	33.7%	32.9%	41.7%
2005	33.6%	32.6%	40.4%
2006	32.9%	32.2%	39.8%
2007	32.3%	31.5%	38.6%
2008	32.3%	31.7%	38.2%
2009	33.2%	32.5%	39.7%
2010	32.6%	32.2%	38.5%
2011	32.8%	32.2%	38.1%
2012	30.3%	30.0%	37.3%
2013	28.6%	28.4%	36.4%
2014	29.1%	29.1%	36.0%
2015	29.2%	28.6%	

Data for Box 1- Figure 2

Poverty Rate by Disposable Income, from Administrative Data and CBS Surveys, 2003-2015

Year	CBS surveys	CBS surveys- adjusted data	Administrative data
2003	19.3%	19.5%	26.4%
2004	20.3%	20.9%	26.7%
2005	20.6%	20.7%	26.2%
2006	20.0%	21.3%	26.1%
2007	19.9%	20.9%	25.8%
2008	19.9%	21.4%	25.8%
2009	20.5%	21.7%	25.3%
2010	19.8%	21.0%	25.1%
2011	19.9%	21.2%	25.0%
2012	19.4%	22.2%	24.3%
2013	18.6%	22.0%	24.0%
2014	18.8%	22.5%	23.4%
2015	19.1%	22.3%	

Data for Box 1 - Figure 3

Income Gap Ratio, from Administrative Data and CBS Surveys, 2003-2015

Year	CBS surveys	CBS surveys- adjusted data	Administrative data
2003	30.5%	38.5%	56.6%
2004	33.3%	40.0%	56.8%
2005	33.1%	39.6%	54.9%
2006	33.8%	40.7%	53.7%
2007	34.3%	40.8%	52.7%
2008	34.2%	40.7%	51.5%
2009	35.5%	42.1%	52.3%
2010	35.8%	41.0%	51.1%
2011	34.7%	39.6%	50.8%
2012	34.4%	37.8%	49.3%
2013	32.8%	37.8%	47.7%
2014	34.6%	38.4%	47.6%
2015	35.7%	39.9%	

Data for Box 1- Figure 4

Depth of Poverty (FGT), from Administrative Data and CBS Surveys, 2003-2015

Year	CBS surveys	CBS surveys- adjusted data	Administrative data
2003	0.033221	0.052674	0.10032
2004	0.040341	0.059687	0.10364
2005	0.040646	0.058732	0.09882
2006	0.04122	0.06203	0.09629
2007	0.041759	0.061072	0.09401
2008	0.04165	0.062863	0.09087
2009	0.04673	0.066898	0.09068
2010	0.045599	0.061501	0.08816
2011	0.04384	0.059548	0.08814
2012	0.040511	0.053193	0.08287
2013	0.034496	0.048793	0.07896
2014	0.037802	0.052888	0.07859
2015	0.038655	0.05325	

