2026

A PICTURE OF THE NATION

Israel's Society and Economy in Figures

AVI WEISS

TAUB CENTER
for Social Policy Studies in Israel

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2026

Avi Weiss

Taub Center for Social Policy Studies in Israel
Jerusalem, June 2026

The basis for many of the figures and analyses in this booklet can be found in the *State of the Nation Report 2025* and other Taub Center publications

Taub Center for Social Policy Studies in Israel

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The Taub Center is an independent, nonpartisan, socioeconomic research institute based in Jerusalem. The Center conducts quality, impartial research on socioeconomic conditions in Israel, and develops innovative, equitable and practical options for macro public policies that advance the well-being of Israelis. The Center strives to influence public policy through direct communications with policy makers and by enriching the public debate that accompanies the decision making process.

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Introduction

For this, the eleventh year, I am happy and honored to bring you the Taub Center's *A Picture of the Nation* booklet. Once again, the material presented here largely reflects the research carried out at the Center over the past year, but not only. Putting together this booklet is always a pleasure for me. The process of revisiting all the outstanding work done by the Center's staff, choosing the most important findings, then finding a way to present them in a clear and informative manner, helps sharpen my own understanding of the work and its implications.

Israel is in its third year at war. What started with Hamas' massacre on October 7, 2023 turned into a multi-front engagement. The current round — *Roaring Lion* — is mainly with Iran and Hezbollah, and it is not yet clear how and when it will end. What is clear is that two and a half years of war, with some short hiatuses in the middle, have been costly to Israel, likely from a social perspective even more than from an economic one.

The booklet starts with a short presentation of some basic information unrelated to the Center's research regarding the wars, and in particular the latest one, concentrating on issues such as the number of sirens and the number of people displaced from their homes. The more economic and social effects of the war are scattered throughout the other sections of the booklet, especially in the macroeconomics chapter and the labor market chapter that follow. We then take another look at the effects of AI on the labor market, in a spotlight that focuses on new findings since the spotlight in last year's edition.

Next is demography, where we show the important changes that have happened — and will continue to happen — in Israel's population. Two critical issues are presented in this section. One is emigration from Israel, showing an increase not only of former *olim* (and particularly non-Jewish ones), but also of Israeli-born Jews. The other is the expected large increase in the number of deaths in the near future, and the problem this poses for the availability of burial plots under the existing system.

We then turn to the social services. The welfare chapter analyzes, among other things, the budget of the Ministry of Welfare and Social Affairs against the backdrop of growing needs, including those arising from the war. It also includes a spotlight on the issues facing individuals in the 50–64-year age range who live alone, the first time this issue has been studied in Israel. The section on health deals with critical issues of health inequalities, and the section on environment and health reviews some of the main environmental issues facing the country. The education section examines, among others, the question of whether there is a teacher shortage in Israeli schools. Finally, there is a section about early childhood, showing how young children and their parents have fared during these years of war.

May you enjoy reading this as much as I enjoyed writing it.

Prof. Avi Weiss

President, Taub Center for Social Policy Studies in Israel
Professor of Economics, Bar-Ilan University

The 2026 Iran War

Operation Roaring Lion with Iran and its agents had a major effect on civilian life in Israel. Tens of Israeli's lost their lives, thousands were treated in hospitals, and millions were sent into *safe rooms* or bomb shelters multiple times, day and night. Thousands were forced to find alternative housing solutions after their apartments were heavily damaged during the bombings. Hundreds of thousands stayed home from work, in part because of school closings. The economic costs are not yet tallied and will not be known until the war has ended, but the direct and indirect costs could be as high as 5% of GDP.

In this section, we present data on several areas related to the operation, including hospitalizations, the number of sirens activated, and the number of evacuees, and compare them with the previous round of fighting with Iran and the October 7 War.

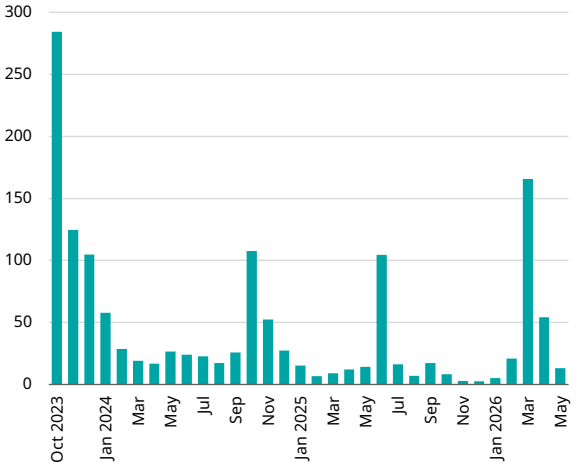
The highest total number of hospitalizations was recorded during Operation Roaring Lion

Background: Over the past 33 months, the healthcare system has had to cope with many people wounded in the wars on various fronts: Gaza, Iran, Lebanon, and Syria.

In the graph: The highest daily average number of hospitalizations due to the wars was recorded in October 2023. In October 2024, after nine months with a lower daily average, the number of daily hospitalizations rose following the escalation of hostilities with Hezbollah. The daily number of hospitalizations then declined again, but rose in June 2025, during Operation Rising Lion. In March 2026, during Operation Roaring Lion, the average was even higher, but per combat day it was actually lower than during the 12-day war in June 2025.

Beyond the graph: On October 7 and 8, 2023, 2,061 wounded people were hospitalized in Israeli hospitals following Hamas' surprise attack. This is equal to 12% of the general hospital beds in Israel. During the 12 days of Operation Rising Lion, more than 3,700 wounded were hospitalized and during Operation Roaring Lion, about 7,000 were hospitalized. These were three events on an unprecedented scale in Israel. Despite all this, the system demonstrated remarkable resilience and functioning.

Average daily number of new war-related hospitalizations



Note: Data for October 2023 relate to the 7th to the 31st of the month only.
Source: Nir Kaidar, Taub Center | Data: Ministry of Health

During Operation Roaring Lion an average of 2,000 rocket sirens were heard daily

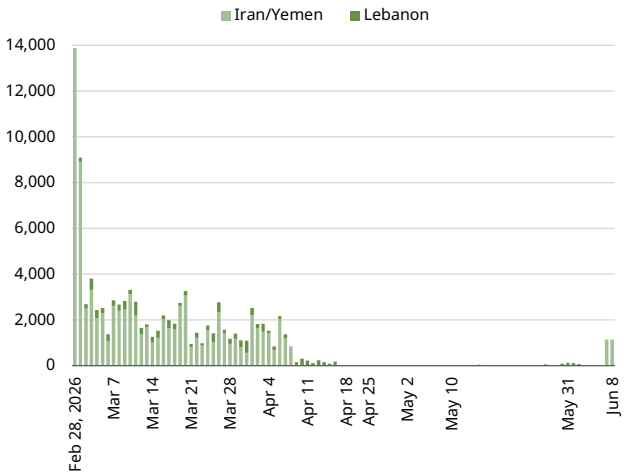
Background: During Operation Roaring Lion, about 97,000 sirens were sounded in Israel as a result of missile fire from Iran, Lebanon, and Yemen.

In the graph: In the first two days of the operation, more than 20,000 sirens were sounded. The number then declined to an average of about 2,000 sirens per day. In the final week of the operation before the ceasefire (April 8, 2026), the average number of sirens fell to about 1,500. From the time of the ceasefire with Iran until June 6, 2026, all sirens were triggered by rocket fire from Lebanon — a daily average of about 40 sirens.

During the 24 hours of confrontation with Iran in June 2026, 2,250 sirens sounded in Israel.

Beyond the graph: Sirens are activated according to Israel's geographic division into warning areas. A siren activated in the West Jerusalem area affects about 150,000 residents, whereas a siren activated in Sde Boker affects only a few hundred people. Sirens have long-term mental and physical effects beyond the event itself, reflected in sleep disturbances, stress, and even injuries caused by attempts to reach a protected space quickly.

Number of rocket sirens, by source of rocket fire



Source: Nir Kaidar, Taub Center | Data: Yuval Harpaz

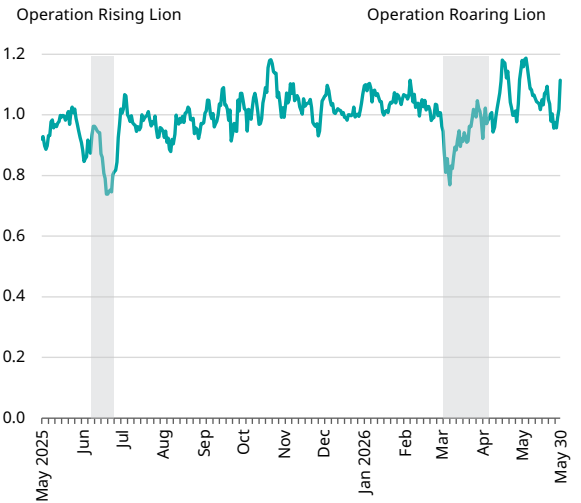
In the first week of Operation Roaring Lion — a 20% decline in credit card spending

Background: Economic activity in Israel is measured using a wide range of indicators, including monitoring credit card expenditures. This measure makes it possible to assess the level of economic activity at a given point in time, disaggregated by spending category and geographic area.

In the graph: In both operations against Iran, credit card expenditures in the first week declined by about 20%. As the conflicts continued, spending increased and returned to the average level recorded in the preceding two months.

Beyond the graph: Credit card expenditures in March 2026 totaled about NIS 48 billion, an increase of 0.7% compared with March 2025, about 0.4 percentage points below the rate of population growth. Average daily credit card expenditures in March 2026 stood at NIS 1.547 billion, a decrease of 3.6% compared with February 2026 and an increase of 11.1% compared with the average daily expenditure recorded in June 2025 during Operation Rising Lion.

Credit card expenditures compared to the average over the last 13 months, seasonally adjusted



Source: Nir Kaidar, Taub Center | Data: Bank of Israel

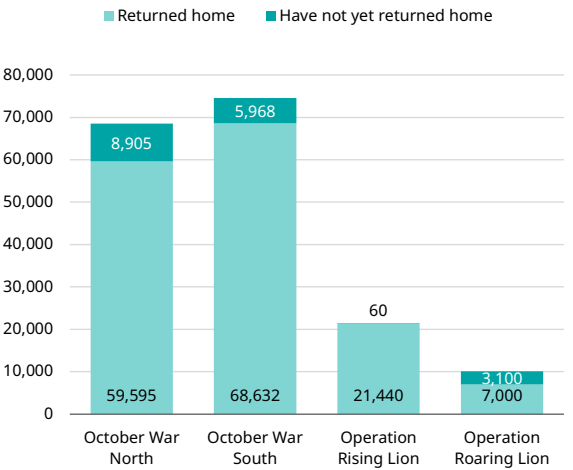
Fewer evacuees in the war against Iran

Background: With the outbreak of the October 7 War, about 150,000 residents were evacuated from their homes, an unprecedented number in Israel's history.

In the graph: The number of evacuees during Operations Rising Lion and Roaring Lion was significantly lower than the number of evacuees during the October 7 War. Although Operation Roaring Lion lasted longer than Operation Rising Lion and involved a larger number of missiles fired at Israel, the number of people evacuated because of damage to their homes was lower.

Beyond the graph: Evacuees from communities in northern and southern Israel during the October 7 War were forced to spend a long period away from their homes and communities. By contrast, most evacuees in the operations against Iran returned to live in their communities or nearby within a short time, allowing them to keep their jobs and return their children to familiar educational frameworks.

Wartime evacuees



Note: These are the most updated numbers at the time of publication.
Source: Nir Kaidar, Taub Center | Data: National Digital Agency; Tkuma Directorate

Macroeconomic Trends

The next section deals, once again and unavoidably, with the macroeconomic implications of Israel at war, currently mainly with Iran and Hezbollah. While the Israeli economy continues to exhibit its characteristic resilience, this cannot be relied upon unconditionally. Unless appropriate steps are taken to help the economy grow, even in a trying period of war, the country in general, and the social welfare of its weaker citizens in particular, could pay a heavy price.

To this end, we first present some of the macroeconomic effects of the wars, and highlight the places where government actions could help the country overcome the difficulties in the long run. One of the results of proper decisions, fiscal and otherwise, would be that steps would be taken to lower the heavy burden on households from the high cost of living in Israel.

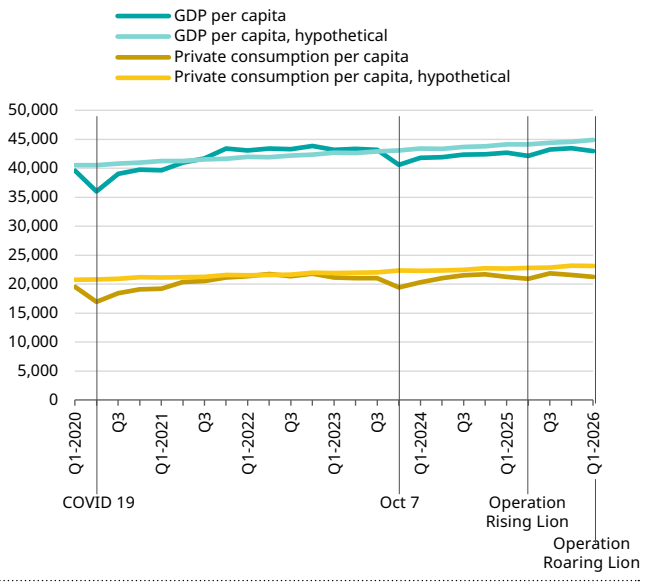
The country's economy pays a price during crises, but tends to recover quickly

In the graph: The graph plots expected quarterly GDP per capita and quarterly private consumption per capita based on the long-term trend from 1995 to 2019, alongside the actual figures, in constant prices. It is clear that in every crisis since 2020, the economy experienced a short-term hit: a decline of nearly 10% in GDP per capita and 17% in private consumption per capita during the first COVID lockdown; declines of 5% and 8%, respectively, at the start of the October 7 War in 2023; and a reduction of about 2 percentage points in GDP growth, together with stagnation in GDP and private consumption per capita, in the quarters in which the wars against Iran took place. All of these are compared with the corresponding quarters in the previous year. The recovery in GDP and private consumption per capita after the COVID crisis was impressive, and in 2022, GDP per capita was even above the trend line. Since the start of the October 7 War, the economy has also shown signs of recovery, but the continued war is slowing the pace.

Beyond the graph: The renewed conflict with Iran and Hezbollah could significantly harm economic growth in 2026. Based on past experience, it can be estimated that a month in which economic activity is disrupted and the education system does not function will reduce annual GDP growth by nearly 0.5 percentage points.

GDP per capita and private consumption per capita: data and trends

NIS, quarterly, 2020 prices



Source: Benjamin Bental and Labib Shami, Taub Center | Data: CBS

A substantial increase in defense expenditures, but not in civilian expenditures

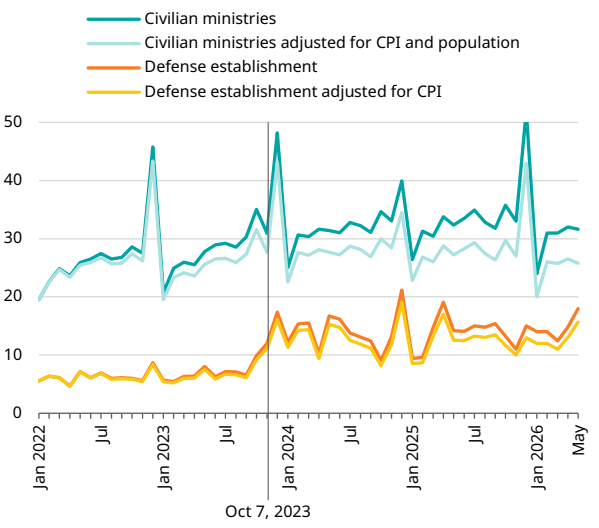
Background: Converting nominal values into real values requires different adjustments for civilian public expenditures and public defense expenditures. Civilian expenditures should be adjusted for changes in the Consumer Price Index and for population growth, while public defense expenditures should be adjusted only for the price index.

In the graph: Civilian expenditures rise sharply at the end of each year, apparently reflecting the desire to fully use the annual budget. However, after adjustment to real values, the trend points to stability, despite the increase in civilian needs related to the war. This is not the case for defense expenditures: since the start of the war, monthly defense expenditures have risen from about NIS 7–8 billion to about NIS 14–15 billion. The launch of another military campaign against Iran has already required an increase in the 2026 defense budget from about NIS 120 billion to about NIS 160 billion.

Beyond the graph: It appears that even after the current campaign ends, the defense budget will remain at about NIS 150 billion in the coming years, almost twice its level in the years preceding the war.

Monthly government expenditures

NIS billions



Source: Benjamin Bental and Labib Shami, Taub Center | Data: Ministry of Finance

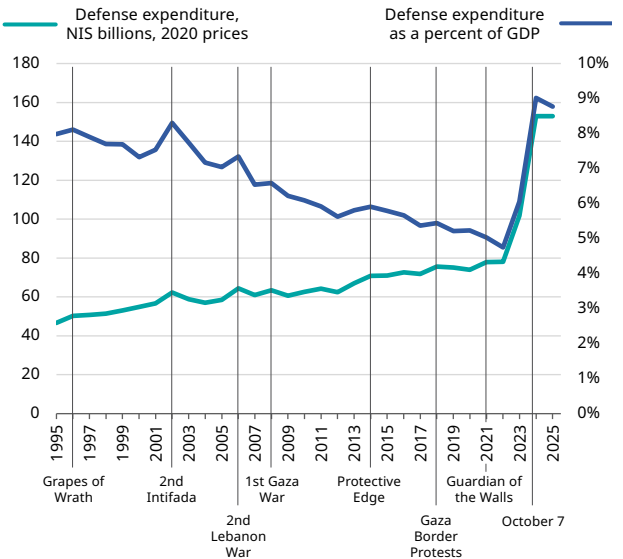
A massive increase in defense expenditures now and in the coming years

In the graph: Annual defense expenditures, in 2020 prices, increased between 1995 and 2019 at an average rate of 1.7% per year. However, since GDP grew during the same period at an average rate of 3.7% per year, defense expenditures as a share of GDP declined from about 8% of GDP in the mid-1990s to about 5% in the years preceding the war. The large war-related expenditures have pushed defense spending up to 9% of GDP — the highest rate in the past 30 years.

Beyond the graph: It appears that defense expenditures will remain at about 8%–9% of GDP in 2026 as well. According to the framework proposed by the Nagel Committee, these expenditures are expected to decline to about 4% of GDP within a decade. However, given assessments regarding the continuation of the conflict with Iran, a more moderate decline in expenditures should be expected, to about 5%–6% of GDP.

For comparison, according to OECD data, US defense expenditures stood at 3% of GDP in 2023, compared with about 2% in the UK and 1% in Germany. However, at the summit held in The Hague in June 2025, NATO countries agreed to raise their defense expenditure target to 5% of GDP by 2035.

Defense spending



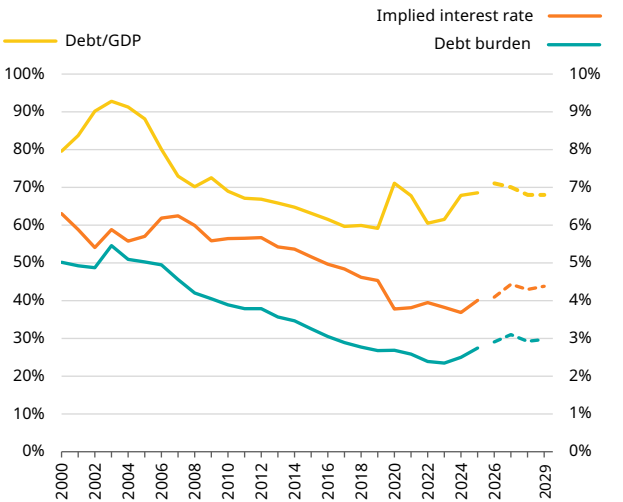
Source: Benjamin Bental and Labib Shami, Taub Center | Data: CBS

Since the war, the debt and the debt burden have increased

In the graph: Over the last two decades, Israel's public debt steadily declined, reaching 60% of GDP before COVID. The high costs of managing the crisis forced the government to borrow from the private market, increasing the debt-to-GDP ratio to 70%. The economy's rapid growth brought the debt back down to about 60% on the eve of October 7, 2023, but the surge in war-related defense expenditures forced the government to borrow, and, in 2025, the debt returned to about 70% of GDP. Interest payments on the debt (debt burden) stood at more than 5% of GDP at the beginning of the century and declined steadily to less than 3% until the outbreak of the war, even during the COVID period. This was made possible by low interest rates. At the end of the crisis, interest rates rose, and the debt burden increased by about NIS 15 billion, just under one percentage point of GDP. The implicit interest rate on total debt, obtained by dividing interest payments by the level of debt, declined steadily to less than 4%, but since the war it has risen again to above 4%.

Beyond the graph: Rapid economic growth and stabilization of the security situation would allow a reduction in the deficit and lower the debt-to-GDP ratio and the debt burden, freeing resources for other expenditures, particularly in civilian budget items. Most of the debt is held by Israeli citizens.

Debt burden, debt to GDP, and implied interest rate



Source: Benjamin Bental and Labib Shami, Taub Center | Data: Bank of Israel; CBS

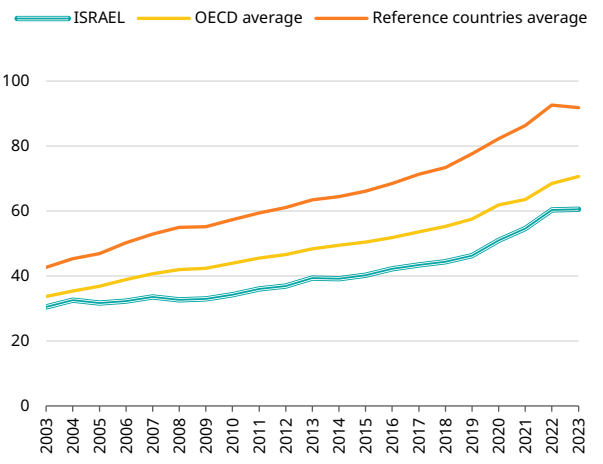
Israeli labor suffers from a large and growing gap in productivity relative to similar high-income countries

In the graph: Labor productivity in Israel, meaning the value created by an average Israeli worker in a given amount of time, is low by international standards. The low productivity of Israeli workers is evident across several indicators, the most prominent of which is output per hour worked, which has been consistently below the OECD average since the beginning of the century. Particularly notable is the widening gap between Israel and other high-income, similar countries such as Austria, Denmark, Finland, the Netherlands, and Sweden (reference countries). For example, while Israeli output per hour worked grew by just under 100% between 2003 and 2023, in the reference countries it increased over the same period by an average of 115%.

Beyond the graph: Israel's relatively high standard of living is largely the result of a higher-than-average employment rate (especially among women) and longer than average working hours.

Productivity per work hour, Israel and reference countries

PPP dollars, current prices



Note: Reference countries are Austria, Denmark, Finland, Netherlands, and Sweden.
Source: Michael Debowy, Gil S. Epstein, and Avi Weiss, Taub Center | Data: CBS

One source of low labor productivity — low levels of physical capital

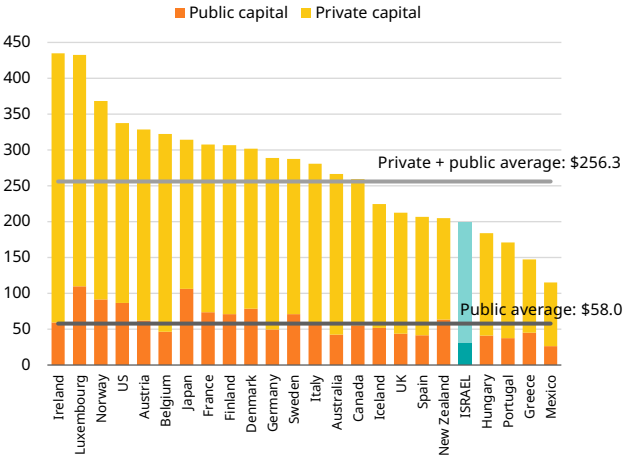
Background: Israel's low labor productivity shown on the previous page has many sources, one of which is the shortage of private and public capital, and especially of public capital such as transportation and energy infrastructure.

In the graph: The figure presents the capital stock per worker in OECD countries, divided into private capital and public capital. It is evident that Israel's total capital stock is below the average in high-income countries, and its public capital stock is exceptionally low.

Beyond the graph: The disparity is particularly large in public infrastructure, which likely harms productivity — whether by worker burnout and a less effective use of working time, or by inflating additional production costs, such as transportation, energy, and communications. Closing the capital gap (private and public) may reduce the productivity gap by about half, and focusing on public infrastructure is expected to have especially large effects.

Capital stock per worker (estimate), Israel and selected countries, 2024

PPP dollars, 2017 prices



Note: Averages exclude Ireland and Luxembourg.
Source: Michael Debowy, Gil S. Epstein, and Avi Weiss, Taub Center | Data: IMF; OECD

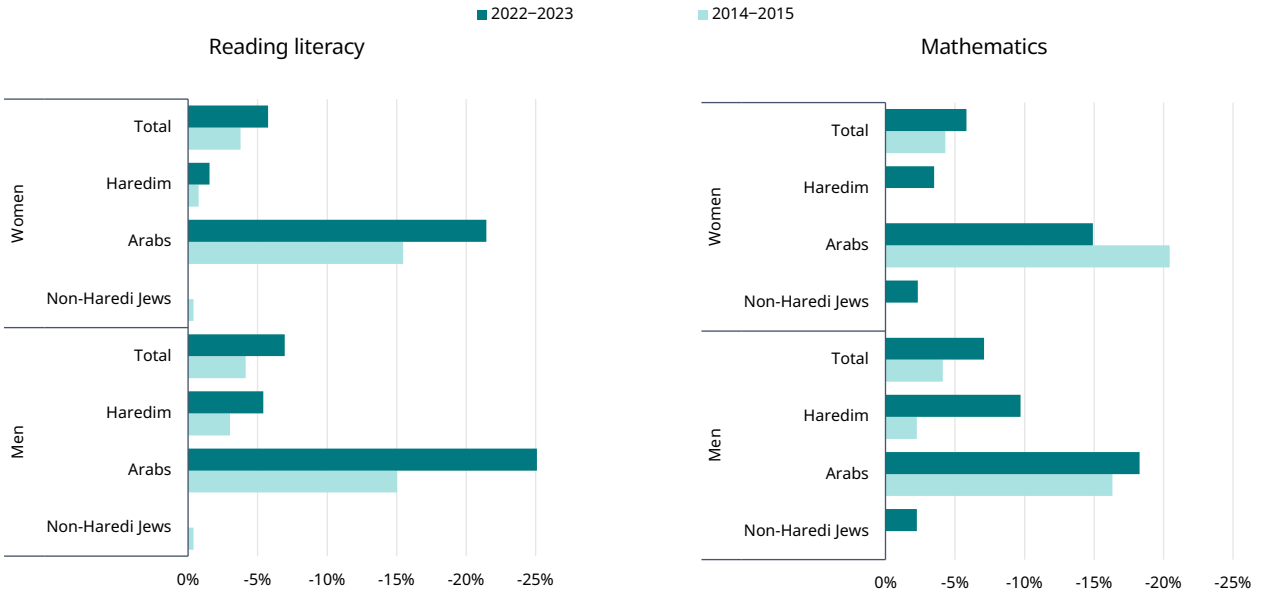
A second source of low productivity — low human capital

Background: In addition to physical capital, labor productivity also derives from workers' skills, knowledge, and competencies, collectively referred to as *human capita*l.

In the graph: The OECD's Survey of Adult Skills (PIAAC) assesses adults' foundational skills in each country in literacy and numeracy. Despite the fact that in formal terms Israel is among the most educated countries in the world, the average Israeli level was roughly 0.3 standard deviations below that of the average OECD counterpart. The gap was especially pronounced in the Arab population, reaching a full standard deviation. Gaps also appear between the Haredi population — particularly Haredi men — and other Jews. More worrying yet, the gaps between population groups have widened since the previous PIAAC conducted in 2014–2015.

Beyond the graph: The low skills in the Arab population and among Haredi men stem largely from gaps in the quantity and quality of education, including vocational training — an area in which Israel stands out negatively among high-income countries.

Skill gap of Israeli adults in reading literacy and mathematics relative to the OECD average, 2014–2015 versus 2022–2023, by gender and population sector



Note: The gap is calculated for each group relative to the OECD average for each gender group.
Source: Michael Debowy, Gil S. Epstein, and Avi Weiss, Taub Center | Data: CBS

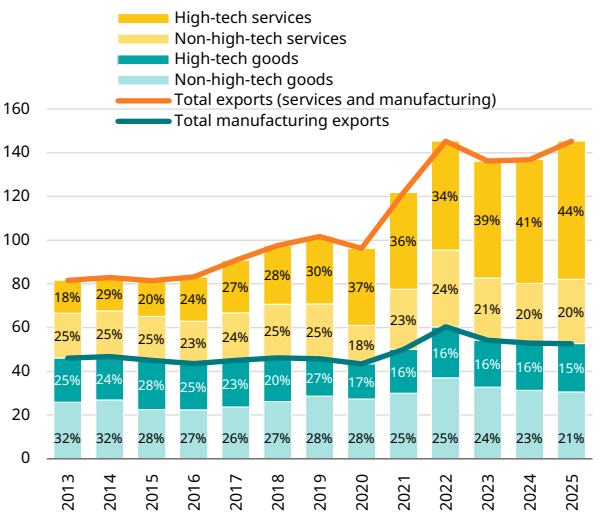
The high-tech sector dominates exports

In the graph: Israel's exports grew in 2025 and returned to the peak reached in 2022, despite a decline in industrial exports driven mainly by non-high-tech manufacturing industries. Non-high-tech service industries also declined, particularly tourism. The increase in exports was driven entirely by high-tech services. The contribution of high-tech services to exports rose to 44% of total exports, and the contribution of the high-tech industry as a whole to exports reached 59% in 2025.

Beyond the graph: The output of the high-tech industry, especially in services, is directed almost entirely to exports. Thanks to the technology on which the industry relies, health and security crises, disruptions to international transport, and consumer boycotts affect it much less than other industries. In this respect, Israeli high-tech also serves as a kind of insurance against aggregate shocks.

Exports by technological intensity

USD billion



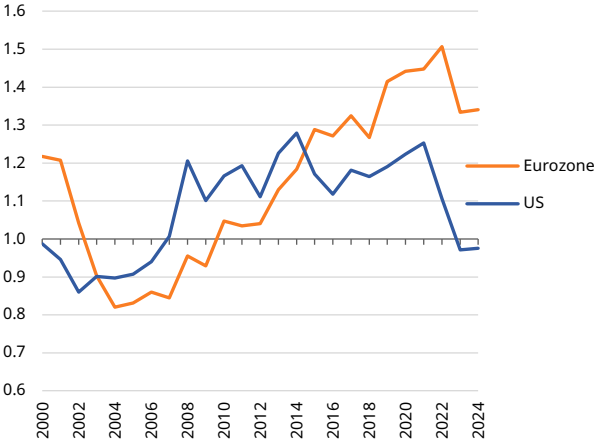
Source: Benjamin Bental and Labib Shami, Taub Center | Data: CBS

The price level in Israel is 30% higher than in Eurozone countries, and similar to that in the US

Background: International bodies compare prices across countries, taking into account local prices and exchange rates. The purchasing power parity (PPP) exchange rate is the hypothetical exchange rate at which prices are equalized. The extent to which this is above (or below) the market exchange rate reflects how expensive (or cheap) a given country is compared to the comparison country.

In the graph: Israel has not always been an expensive country. For most of the first decade of the century, living costs in Israel were low relative to both the United States and Europe. Since then, the price level in Israel rose steadily exceeding that in the Eurozone countries by over 40% and that in the US by roughly 20%. The gap between the two reflects changes in the euro–dollar exchange rate. Recent years have seen some reversals: by 2024 (the most recent available data), Israel was about 30% more expensive than Eurozone countries, but relative to the United States the gap has closed. The appreciation of the shekel threatens to widen the price gap between Israel and other countries even further.

The ratio between the price level in Israel and in the US and Eurozone



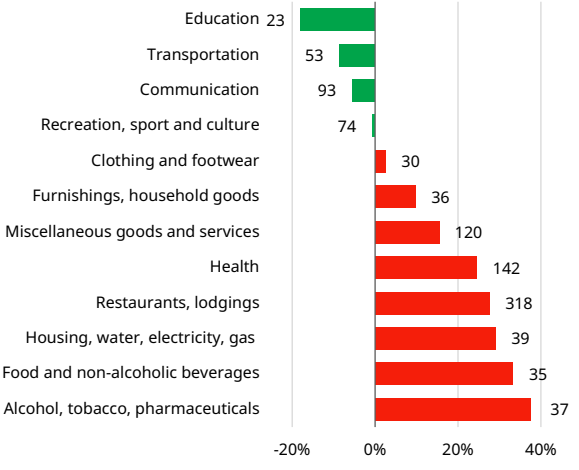
Source: Benjamin Bental and Labib Shami, Taub Center | Data: OECD

Israel's consumption basket is about 13% more expensive than the average in other high-income countries

In the graph: The figure describes the price gaps in 2024 for the main components of household consumption between Israel and the average in the reference countries (Austria, Denmark, Finland, the Netherlands, and Sweden). The expenditure weight of each product group in Israel (out of 1,000) appears at the end of the bars. Food and beverages are 33% more expensive in Israel, while alcohol, tobacco, and pharmaceuticals are more expensive by an even larger margin. The largest expenditure item for Israeli households, housing, was about 29% more expensive than in the reference countries. Healthcare in Israel is 25% more expensive than in the comparison countries due to low competition in health-related products and relatively high wages of healthcare system workers. Prices of clothing and footwear, recreation and culture in Israel are similar to those in the reference countries. Israeli households benefited from cheaper communication services, transportation, and education than households in the reference countries.

Beyond the graph: Overall, the prices of the household consumption basket in Israel in 2024 were about 13% higher than the average in the reference countries.

Cost of living for main expenditure categories, Israel compared to reference countries, 2024



Notes: The numbers at the end of the bars represent the relative weight of the category in the Israeli consumer basket (out of 1,000). Reference countries are Austria, Denmark, Finland, Netherlands, and Sweden.

Source: Benjamin Bental and Labib Shami, Taub Center | Data: OECD

Labor Markets

In the following pages we survey the situation in the Israeli labor market, including looking at employment and unemployment rates. We show that while the employment rate of Israeli Arabs has increased for both men and women, there has been no improvement in the employment rate of Haredi men — the population with one of the lowest employment rates. Despite the war, unemployment remains historically low, and there continues to be a substantial number of people who are not working because of reserve duty.

We also take a look at employment and wages in the high-tech industry, showing a stagnation in hiring despite high vacancy rates and high wages.

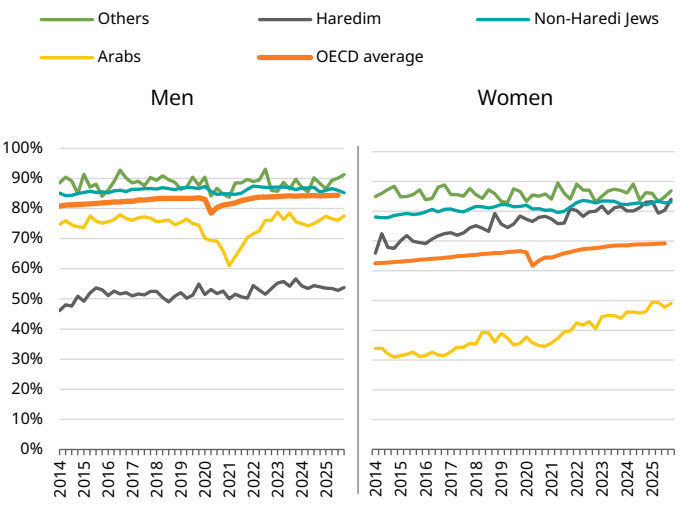
Increasing employment for Arab women, stagnation for Haredi men

In the graph: After a sharp decline in the employment rate of Arab men at the beginning of the war, it rose and stabilized at 77% in early 2025 — slightly below the peak of 79% in 2023. Among Haredi men, after a slight increase at the start of the war, it fell in 2025 to 53% and is now lower than in 2023. Alongside these trends, non-Haredi Jewish men maintained a high employment rate of about 87%.

Among non-Haredi Jewish women, the high employment rate of the past two years was maintained, and among Haredi women it continued to rise, nearly closing the gap over the past year. The rate among Arab women also continued to rise, reaching 49% in the first half of 2025 and remaining there since.

Beyond the graph: If the gender and sectoral trends continue, the employment rate of Arab women will surpass that of Haredi men, and may well reach the government's employment target (53% by 2030) ahead of schedule.

Employment rate among ages 15–66, by population sector



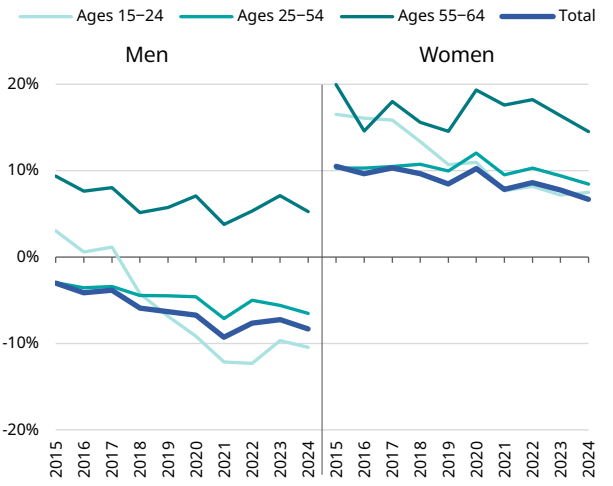
Source: Michael Debowy, Gil S. Epstein, and Avi Weiss, Taub Center | Data: CBS

Employment gaps from the OECD have worsened for all age groups

In the graph: Despite this wartime tightening, Israel's low unemployment rate does not necessarily translate into a high employment rate when compared to other high-income countries. The employment rate of men aged 15–64 in Israel is about 8% lower than the average in high-income countries, while that of women is about 7% higher.

A decade ago, Israeli men lagged by only 3%, but economic, geographic, and demographic factors have pushed the employment rate of Israeli men downward relative to their OECD counterparts. Similarly, a decade ago the employment rate of Israeli women exceeded the OECD average by 11%, yet improvements in women's employment in other high-income countries have narrowed this advantage.

The gap in the employment rate between Israel and the OECD country average, by gender and age, 2015–2024



Note: The gap shown is the percent difference between the employment rates reported in Israel and the OECD average.

Source: Michael Debowy, Gil S. Epstein, and Avi Weiss, Taub Center | Data: OECD

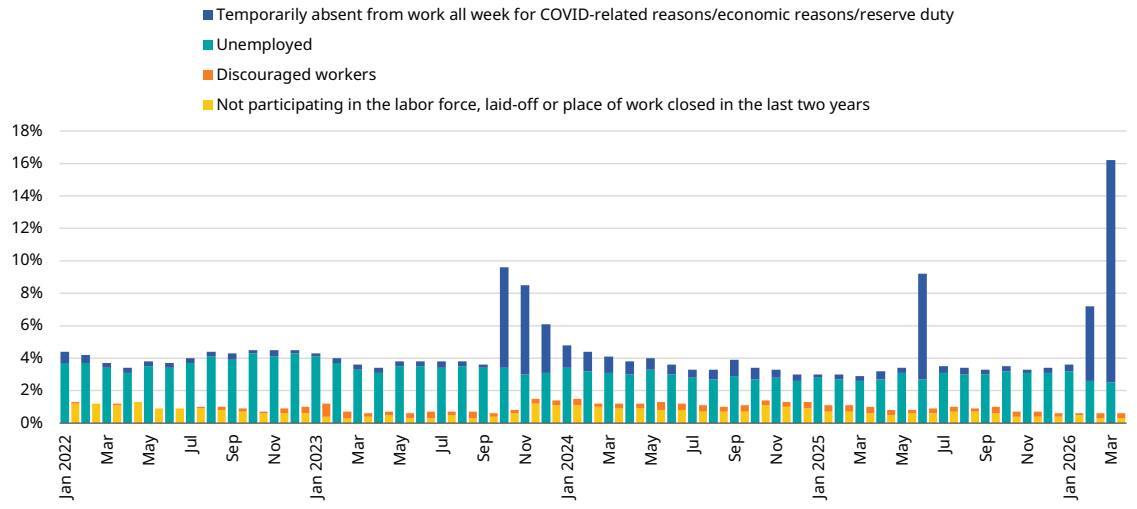
Unemployment rates remain low

Background: During the COVID-19 crisis, the definition of unemployment was expanded to include workers placed on unpaid leave and individuals who left the labor force due to COVID-19. These categories were adjusted at the end of the crisis, and as of May 2022 included workers absent from work for economic reasons or individuals who had left the labor force due to layoffs or business closures in the previous two years. With the outbreak of the war, the definition was updated again so that workers temporarily absent due to reserve duty would also be included in the broad unemployment rate.

In the graph: Prior to the outbreak of the war, Israel enjoyed historically low unemployment rates, and since the war began, this rate has continued to decline, reaching its lowest level in five decades. Between January and December 2025, the unemployment rate averaged 2.9% — exactly the same as the previous year — with an additional 0.8% temporarily absent for economic reasons or war-related reasons — a 0.1 percentage point increase. The latest war with Iran increased the number of temporarily absent people who missed work for "economic reasons" to 4.6% of the labor force in February 2026 and 13.7% in March. This is the largest percentage since COVID-19.

Beyond the graph: The tightening of the labor market during a prolonged, large-scale war is familiar from other examples around the world — such as Russia today or the United States during World War II — and reflects both the decline in available labor (a shock to the supply of workers) and the surge in demand for workers in the public sector and in defense industries.

The share of the unemployed



Note: The rates shown relate to two different populations. The blue columns represent the share out of the population that participates in the labor force, while the yellow columns represent the share out of the population ages 15+.

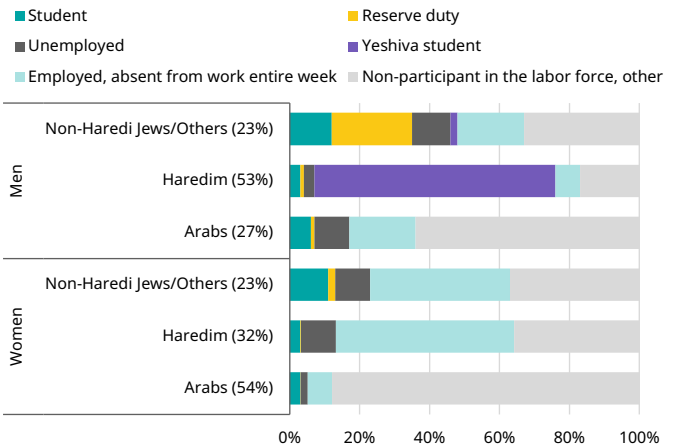
Source: Michael Debowy, Gil S. Epstein, and Avi Weiss, Taub Center | Data: CBS

The majority of absences during the war were due to reserve duty, though there were substantial absences for other reasons

In the graph: There is considerable variation in the reasons why Israelis from different population groups are not actively working. Nearly one in four non-Haredi Jewish men who did not work was serving in reserve duty during this period, compared with negligible shares in all other groups. Yeshiva students constitute roughly 70% of young Haredi men who reported that they were not working. Among non-Haredi Jewish men and women, more than one-tenth of those not actively working were enrolled in academic institutions or vocational training programs, compared with about 6% of Arab men and 3% of Arab women, Haredi men, and Haredi women.

Beyond the graph: Among older adults (aged 45–64), these factors account for a smaller share of the non-employed and those temporarily absent, although two factors remain prominent even at these ages: reserve duty (6% of non-employed and absent non-Haredi Jewish men) and yeshiva studies (51% of non-employed and absent Haredi men).

The non-employed and those absent from work the entire week, by selected reasons for absence, gender, and population sector, ages 25–44, October 2023–December 2024



Note: Absent from work does not include those serving as reservists in the army.
Source: Michael Debowy, Gil S. Epstein, and Avi Weiss, Taub Center | Data: CBS

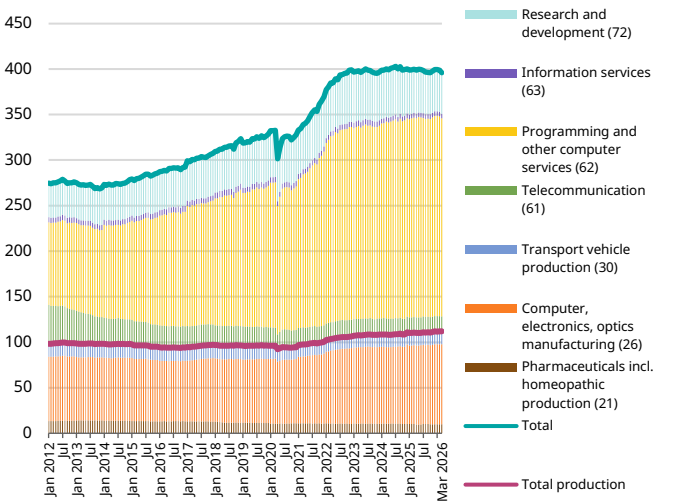
The increase in high-tech employment — primarily in programming and consulting

In the graph: Israel experienced a dramatic increase in investment in high-tech industries, alongside rapid growth in employment in these industries. The main contribution to this growth came from programming and computer consulting. Toward the end of 2022, the number of salaried jobs in high-tech stabilized at about 400,000, or around 10% of all salaried jobs in the economy, and these figures have changed very little since then. In 2025–2026, the number of programming jobs stood at about 220,000, only about 10,000 more than in 2022. The number of R&D jobs declined during this period from about 55,000 to about 47,000. In high-tech manufacturing industries, the increase since 2022 amounted to only about 5,000 jobs.

Beyond the graph: As elsewhere in the world, the high-tech industry in Israel is exposed to developments in artificial intelligence, and, as in the rest of the world, no substantial effect on the Israeli labor market is yet evident (see pages 40–42). At the same time, demand is rising sharply, both in Israel and worldwide, for the output of the defense high-tech industry. This process is likely to continue and to affect the composition of employment in the industry to some extent.

Monthly number of high-tech jobs

Thousands



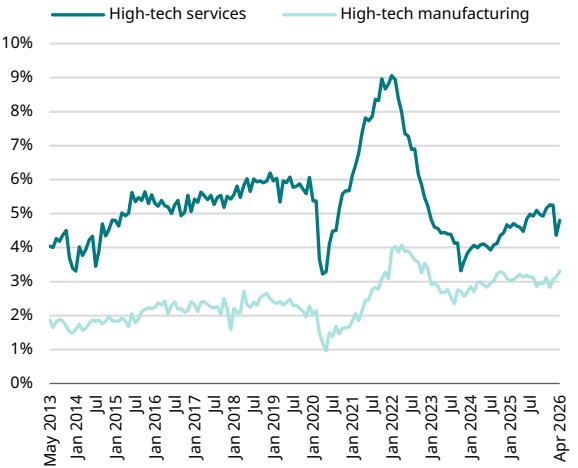
Note: The number in parentheses is the industry code.
Source: Benjamin Bental and Labib Shami, Taub Center | Data: CBS

A sharp increase in high-tech service vacancies

In the graph: The job vacancy rate in high-tech can help inform us about the state of employment in the industry. During the COVID period, there was a sharp increase both in the number of job vacancies in high-tech and in the number of employed persons (see the graph on the previous page). The job vacancy rate then declined sharply, but employment in the industry did not change. In October 2023, there was a temporary decline in the job vacancy rate in high-tech services, but since then it has been rising steadily.

Beyond the graph: This increase, together with the stagnation in the total number of employed persons in the industry, suggests that the labor shortage reflects a mismatch between the skills required by employers and those of potential workers. This is also reflected in the increase in the share of programmers, alongside other occupations at high risk of replacement by artificial intelligence, among the unemployed (see page 42).

Share of unfilled positions in high-tech



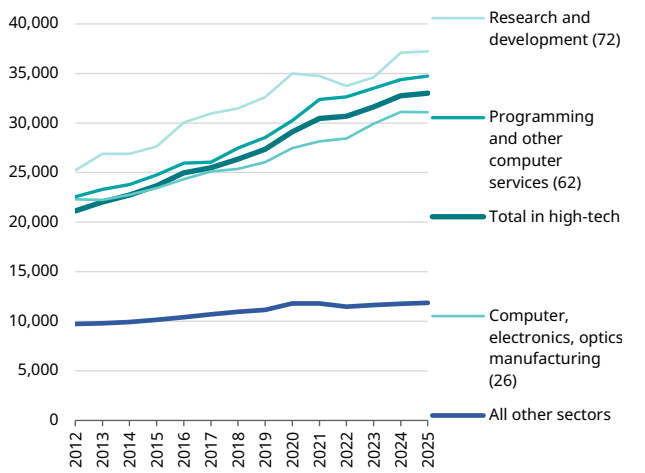
Source: Benjamin Bental and Labib Shami, Taub Center | Data: CBS

The wage gap between manufacturing workers and service workers in high-tech has widened

In the graph: A gap has emerged between the wages of workers in high-tech manufacturing, represented by the computer and optical equipment manufacturing industry, and those of workers in high-tech services, represented by programmers. The average wage of the latter group is even approaching that of research and development workers. Although the growth in real wages across the economy has slowed and there has been a slight decline in the wages of R&D workers, the wage gap between high-tech workers and all other workers continues to widen. This gap stood at 117% in 2012 and reached 180% in 2025. This reflects the large differences in labor productivity.

Real wage in high-tech and the other economic sectors

NIS per month, 2025 prices



Note: The number in parentheses is the industry code.
Source: Benjamin Bental and Labib Shami, Taub Center | Data: CBS

Spotlight

AI and the Labor Market

Generative artificial intelligence is emerging as one of the major technological revolutions of our time, with a growing impact on many areas, including the economy and the labor market. The pace of change and the development of new tools is dizzying, and the penetration of these new tools into our lives raises many questions. On the following pages, we present some information about this penetration, including about the employment of workers in relevant fields and wages in these fields.

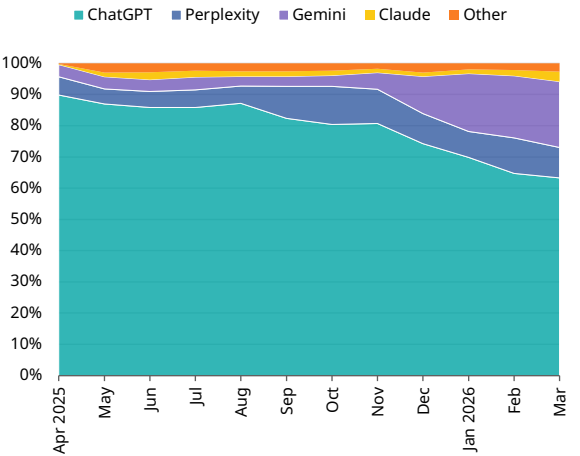
Israelis use a variety of AI tools, but ChatGPT is still the most prevalent

Background: Generative artificial intelligence is being adopted at an increasing pace in Israeli society and around the world. The rapid pace of technological development and the frequent launch of new tools contribute to uncertainty regarding the ultimate effects of its adoption on Israel's economy and society. At the very least, however, it can be said that the use of this technology has become embedded in the fabric of daily life for many Israelis.

In the graph: The distribution of generative AI tool use in Israel has become more diverse over the past year, although ChatGPT remains the dominant tool, accounting for nearly two-thirds of queries in Israel as of March 2026. Other tools whose use has grown substantially are Google Gemini, Perplexity, and Claude.

Beyond the graph: Israel is one of the world's leading countries in the use of artificial intelligence per capita. Although the data do not make it possible to determine how much of this use is for work and how much is for leisure, given the high rate of AI adoption by Israeli businesses, it is reasonable to assume that work-related use is very common, especially in an international comparison.

Distribution of AI tool use in Israel



Source: Michael Debowy, Gil S. Epstein, and Avi Weiss, Taub Center | Data: SimilarWeb

A third of the use of Claude: programming, education, writing, and content editing

Background: The use of artificial intelligence tools creates both opportunities and risks in the labor market. To the extent that the technology reduces the human labor required for certain tasks, it is likely to reduce demand for workers in those tasks. Available data suggest that Israelis commonly use AI tools for code writing, content creation and editing, and education and training.

In the graph: The graph shows the distribution of selected uses of Claude in Israel as of April 2026. Almost one-quarter of use is for software and code, and about another one-sixth is for content creation or editing, written or visual, and for education and training. About 1.4% is for employment assistance, such as career guidance or résumé writing. About half of uses were not classified.

Beyond the graph: According to Anthropic data, Israel ranks second in the world in Claude use per capita. The main uses in Israel are similar to the global average, but Israeli users stand out in several areas, including translation, medical advice, and the creation of religious or spiritual content. Although these uses account for small shares of total use, they are notable in international comparisons.

Main uses of Claude in Israel, April 2026

Source: Michael Debowy, Gil S. Epstein, and Avi Weiss, Taub Center | Data: Anthropic

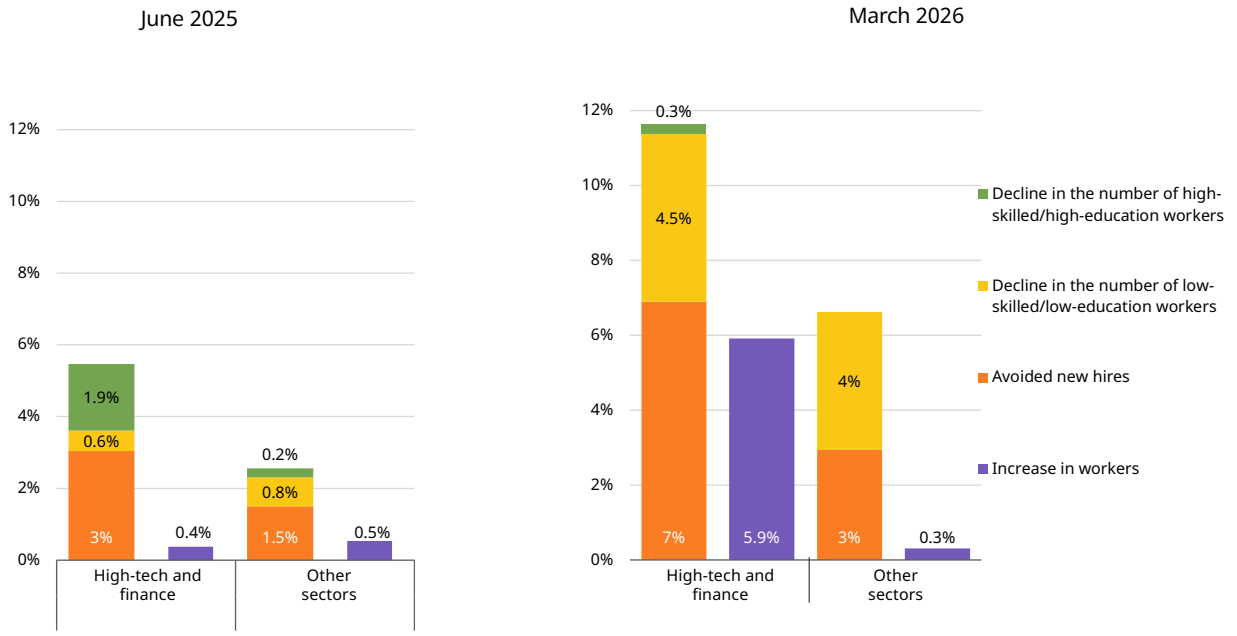
An increasing percentage of employers in Israel report a decline in demand for workers due to the use of artificial intelligence

In the graph: According to the Central Bureau of Statistics Business Tendency Survey, as of March 2026, the employers of about 8% of workers in Israel reported a decline in demand for workers as a result of the use of artificial intelligence. The effect was concentrated mainly in the high-tech and financial industries, where a reduction in the workforce was reported by employers of some 12% of workers, compared with about 7% in the rest of the economy. These figures reflect an increase relative to the previous survey, conducted in June 2025, in which the employers of about 5% of workers in high-tech and 2.5% in the rest of the economy reported a decline in demand for workers.

An increase in demand for workers in high-tech industries due to the adoption of the technology was reported by employers of nearly 6% of workers — a substantial jump compared with the previous survey, in which the figure was less than half a percent. Throughout the economy, the decline in demand shifted from workers with high levels of education/skills to workers with lower levels of education/skills.

Beyond the graph: The survey data do not make it possible to determine the extent to which the number of workers was reduced, or whether new workers were not hired, but only whether such a decline occurred. In other words, at this stage it is not possible to know how substantial the phenomenon of *AI layoffs* is. Similarly, it is not possible to determine whether artificial intelligence has created new jobs in the high-tech industry.

Share of employers reporting employment changes resulting from AI infiltration



Note: The numbers reflect the portion of workers employed in businesses that reported a change.
Source: Michael Debowy, Gil S. Epstein, and Avi Weiss, Taub Center | Data: CBS

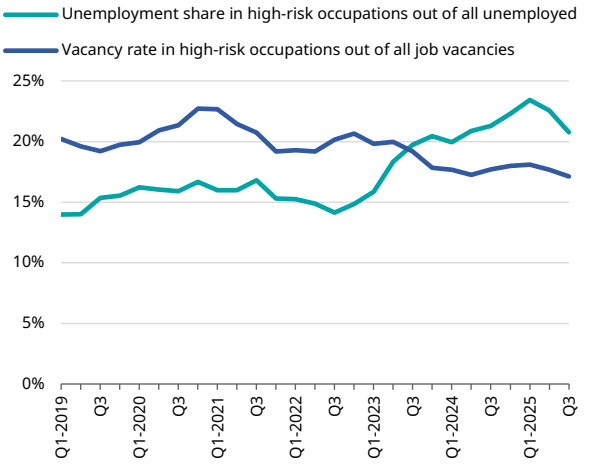
Occupations at risk of replacement: slightly more unemployment, slightly fewer job vacancies

In the graph: The graph presents the share of unemployed individuals whose occupations are at high risk of being replaced by artificial intelligence out of all unemployed individuals. This group includes Israelis who worked in programming, clerical and administrative work, customer service, or telephone sales, among other jobs. The graph also shows the share of job vacancies in these fields out of all job vacancies. This group accounted for 14%–16% of unemployed persons in 2019–2022 and increased to 20%–25% in 2024–2025. At the same time, the share of job vacancies in these fields declined, suggesting a decrease in demand.

Beyond the graph: The change in the composition of unemployed persons is driven by a range of factors, with artificial intelligence being only one of them. High-risk occupations are also affected by factors such as the slowdown in the high-tech industry, the long-term adjustment following the shocks of the COVID pandemic, and the war. Taub Center analysis shows that artificial intelligence technology itself explains only a few percentage points of the change, but its impact may grow in the future.

Share of unemployed individuals in occupations at high risk of displacement out of total unemployed, and share of job vacancies in occupations at high risk of displacement out of total vacancies

Annual average by quarter, 2019–2025



Source: Michael Debowy, Gil S. Epstein, and Avi Weiss, Taub Center | Data: CBS

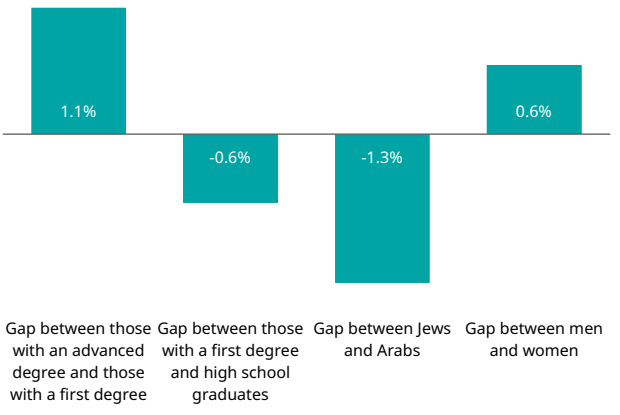
Increased AI use is expected to increase some wage gaps and narrow others

Background: AI is expected to affect the Israeli economy in a manner similar to previous waves of automation: in aggregate, productivity will increase, but at the individual level, the process will create *winners* and *losers* to varying degrees. Overall, the technology is expected to affect wage gaps between different groups more than it affects the average wage level.

In the graph: The figure shows the expected effect of generative AI on selected wage gaps in Israel, based on the model of Nobel-laureate Daron Acemoglu. The effect of the technology depends on the distribution of occupations within each group, which differs across groups. The adoption of the technology is expected to widen the gender wage gap and narrow the sectoral wage gap. The technology is also expected to increase the advantage of those with advanced degrees and negatively affect those with a bachelor's degree or only a high school education.

Beyond the graph: While the average wage is expected to increase by about 1.55% above the normal wage growth over roughly a decade, almost one-third of Israelis belong to groups whose wages are expected to decline. These are mainly women, young people, and those with education levels ranging from high school to a bachelor's degree.

The expected change in the wage gap resulting from generative artificial intelligence use



Source: Michael Debowy, Gil S. Epstein, and Avi Weiss, Taub Center | Data: CBS

Demography

The ongoing war has shifted demographic behavior in Israel. The mild reduction in Jewish women's fertility between 2018 and 2023 came to an end in 2024 and remained stable in 2025. Alongside that, Muslim women's fertility continued to fall. There were also some signs of an uptick in out-migration rates, including of Israel-born residents, and reduced in-migration. These two factors helped push Israel's growth rate below 1.1% in 2025 (not including foreign workers), and the growth rate of its Jewish population down to 0.93%. These are Israel's lowest annual growth rates on record, though they remain high by international standards.

Israel's population is unusually young

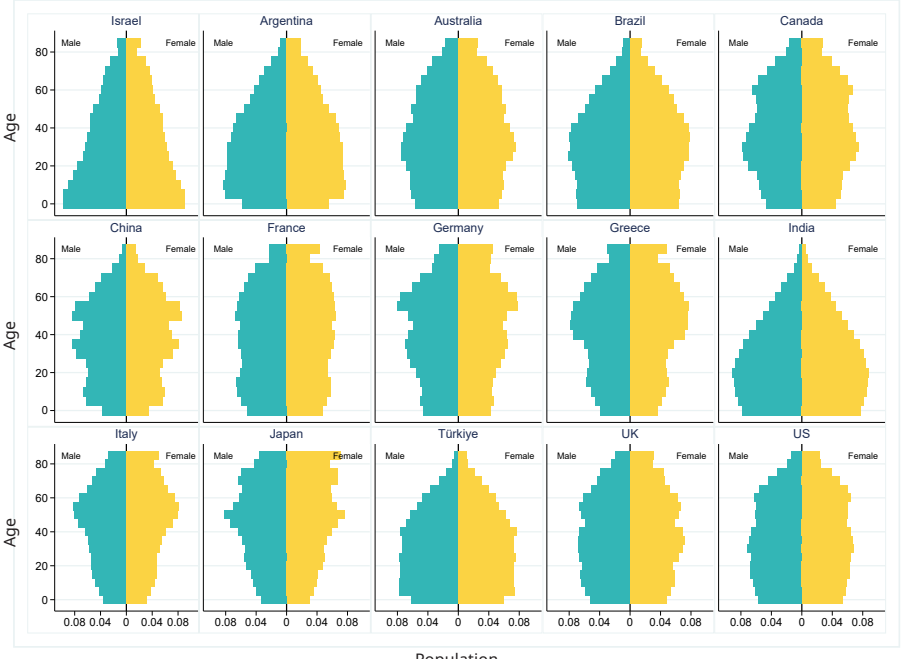
Background: A population's age structure shows the proportion of the total population (x-axis) by age (y-axis) and sex (the two halves).

In the graph: We compare Israel to the most populated countries, major economic powers, and neighbors in the Eastern Mediterranean. Relative to all of these, Israel's age structure is unusually young: a larger share of Israel's population is under age 20 than in any other high-income country.

Beyond the graph: Almost all high-income countries, and many emerging economies, have more people in their 30s and 40s than children. Those countries' labor markets will eventually contract, as will the demand for housing and other services directed at younger people.

Israel's high fertility generates large child cohorts. With good planning, those larger cohorts represent an opportunity: Israel will be able to profit from a *demographic dividend* — enhanced economic growth that ensues when a large working population supports a smaller population of children and elderly — that some other countries have already enjoyed. With insufficient planning, the dividend will be wasted, and the future will look bleaker.

Population age structure, by sex and age group, international comparison, 2024



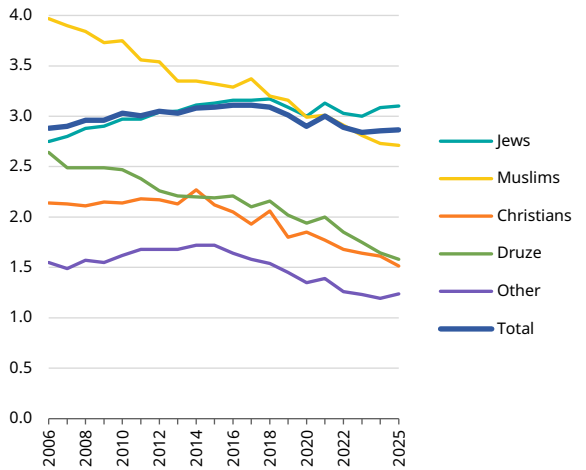
Source: Alex Weinreb, Taub Center | Data: OECD

Fertility is falling but with differences in timing and magnitude across religious groups

In the graph: Israel's Total Fertility Rate (TFR) has been relatively stable over the last 20 years. That stability disguises substantial long-term variation across religions. There has been a 30% reduction in TFR among Muslim and Druze women over the last 20 years, and of Christian and Other women over the last 12 years. Jewish women's TFR increased until 2018, then began to show signs of falling, with a small baby bump in 2021, following COVID, and in 2024, starting 11 months after the outbreak of the war in Gaza. Jewish women's TFR is now roughly double that of Druze and Christian women, and 0.4 children higher than that of Muslim women. In 2006, Jewish women's fertility was 1.3 children less than Muslim women's.

Beyond the graph: Israel's TFR is roughly twice the average in high-income countries and drives most of its population growth. The differences across religious groups point to the increasing Jewish composition of Israel's population at younger ages, reversing trends of the last 30 years.

Israel's Total Fertility Rate (TFR), by religion



Note: Data up to 2023 are official CBS estimates. The 2024 and 2025 estimates use a slightly different method.

Source: Alex Weinreb, Taub Center | Data: CBS

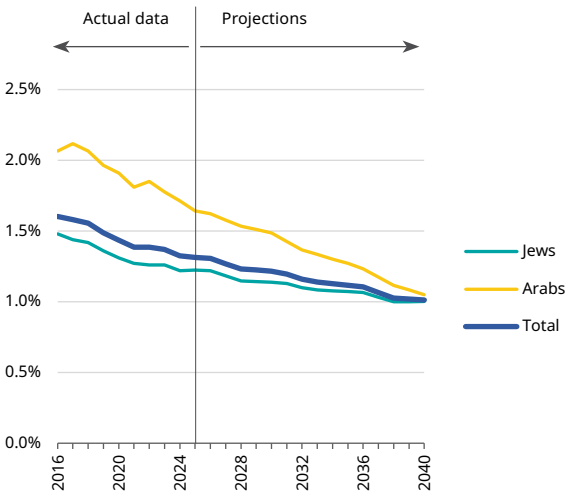
Israel's natural rate of increase is on a long, downward trajectory

Background: A population's rate of natural increase (RNI) is the growth that stems from the difference between the number of births and the number of deaths that occur in a particular time period, divided by the population at the beginning of the time period. In other words, it is growth without accounting for migration.

In the graph: Between 2016 and 2025, Israel's annual RNI fell from 1.60% to 1.31%. Based on projections, rates will continue to fall, reaching around 1% per year in both Jewish and Arab populations by 2040. The main factor driving this reduction is a rapid increase in the number of deaths as Israel's elderly population — subject to much higher mortality rates — grows rapidly.

Beyond the graph: Israel's RNI will continue to be very high by international standards. However, the ongoing reduction means that the days of stable 1.9% growth per year — the average annual growth in the 20 years preceding COVID — are a thing of the past.

Israel's recent and projected rate of natural growth (percent), by population sector, 2016–2040



Source: Alex Weinreb, Taub Center | Data: CBS; Taub Center projections

More Israelis are leaving and fewer are returning

Background: Migration to and from Israel has historically been the least stable of the three components that drive demographic change in Israel. That instability has spiked over the last few years.

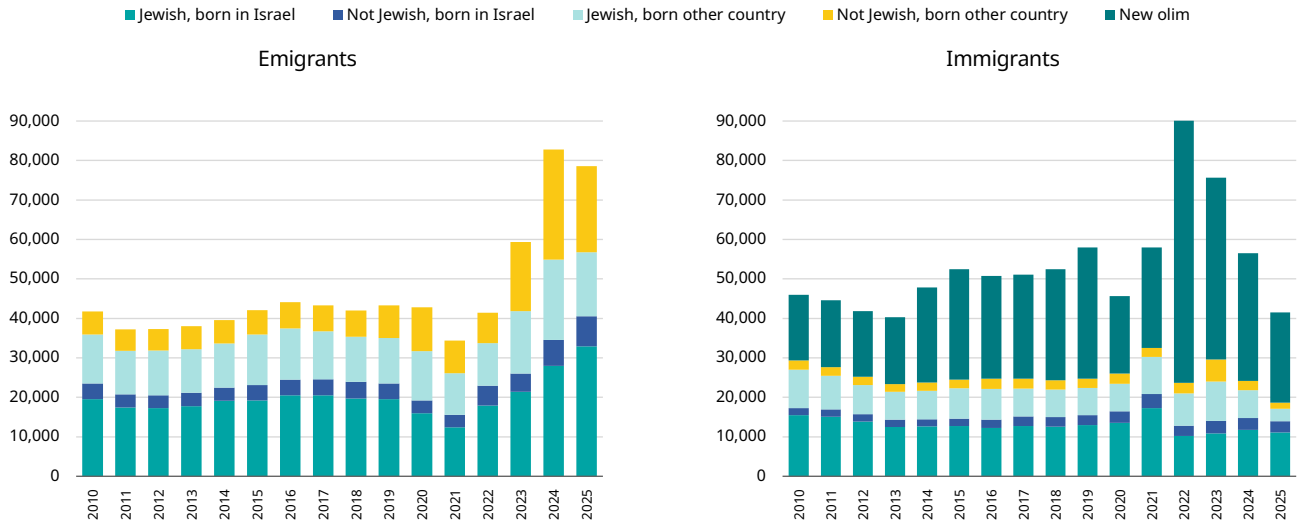
In the graph: Emigration of native-born Israelis, both Jewish and non-Jewish, has been rising steadily since 2022, with increases over the last three years pushing numbers far above anything in the preceding decade. Over the same period, the number of Israeli-born returning residents has been lower than in the preceding decade.

Relative to the averages in the 2014–2022 period, emigration among Jews and non-Jews born in other countries has also dramatically increased. Finally, despite rising antisemitism, the number of *olim* in 2025 — driven up sharply in 2022 and 2023 by the Russia-Ukraine war — was the lowest since 2014 (with the exception of 2020, when global travel was much more restricted).

Beyond the graph: The crude rate of emigration among the non-Jewish population, most of whom were born abroad, is particularly high. In 2023, it stood at 391 emigrants per 10,000 residents, compared with 16 among the Arab population and 48 among the Jewish population.

The combination of trends in immigration and emigration have pushed Israel into negative net migration for two consecutive years.

Immigrants and emigrants, by type, whether born in Israel and whether Jewish, 2010–2025



Note: All groups other than new olim refer to Israeli citizens. Data for 2025 are annualized based on the ratio of annual number to January–September in 2025.
Source: Alex Weinreb, Taub Center | Data: CBS

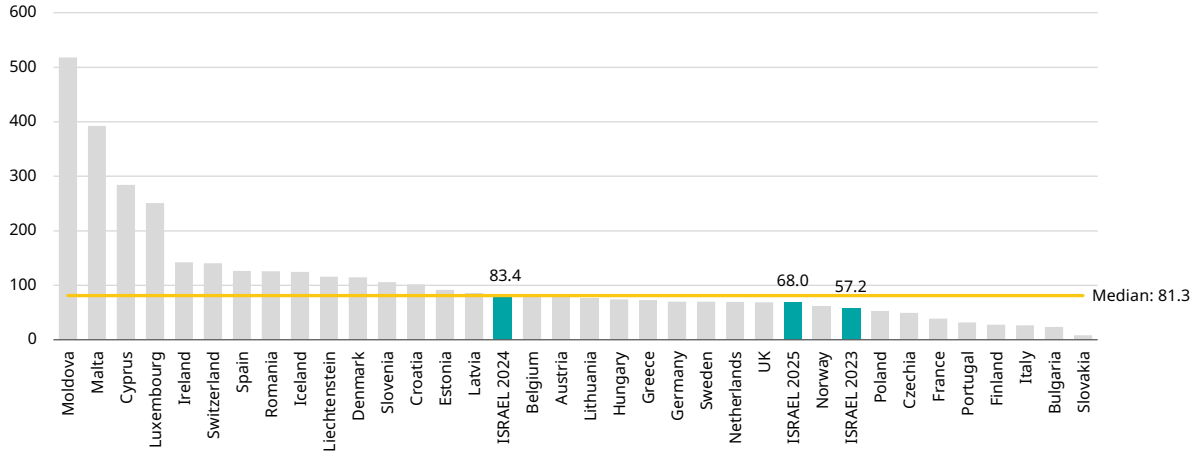
Even at their highest, Israel's outmigration rates remain low by international standards

Background: A combination of globalization, liberalized borders, transnational networks, and mass displacement have led to a surge in international migration over the last few decades, with high-income countries actively competing for high-skilled workers.

In the graph: Israel's Crude Rate of Outmigration (CROM — the number of emigrants per 10,000 residents) was 57 in 2023, climbed to 83 in 2024, and fell back to 78 per 10,000 in 2025. All of these are high for Israel but are on the low side in relation to EU countries.

Beyond the graph: Israel's low CROM, given its characteristics, has been long recognized by migration scholars. Israelis are wealthy, relatively well-educated and well-traveled, all of which makes it easy for them to participate in this surging transnational culture of movement. Israelis also live in an expensive country at war, which should be push-factors. Despite these factors, outmigration rates remain relatively low. Of course, it is not clear that this will remain the case in the future.

Crude outmigration rate per 10,000 residents, Israel and EU countries, 2023



Source: Alex Weinreb, Taub Center | Data: Israel — Eliyahu (2025); UK — ONS; all other countries — Eurostat

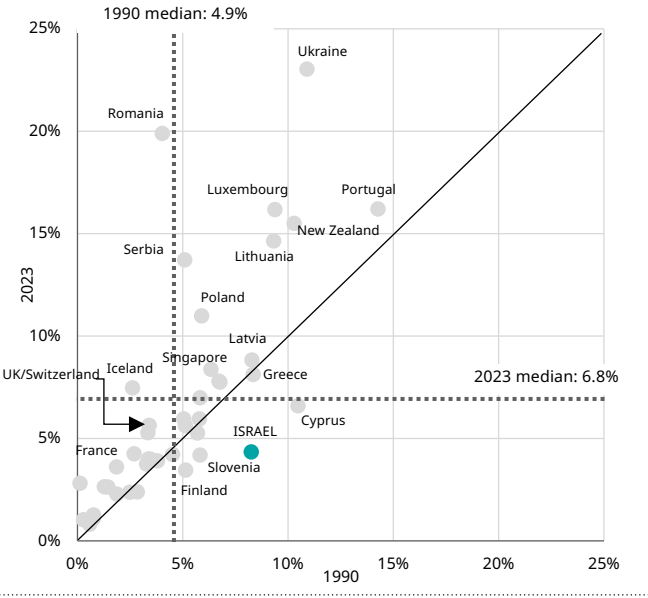
A smaller share of Israeli-born lived outside Israel in 2023 than in 1990

In the graph: The diagonal line represents a circumstance in which a country has the same percentage of native-born living outside the country in both periods. Most countries are above that line, pointing to a general rise in the share of people migrating away from their birth countries, with especially sharp rises in Eastern Europe and small states like Luxembourg, Iceland, and New Zealand.

Israel is one of only four countries in this sample — the others being Finland, Slovenia, and Cyprus — that experienced a significant reduction in the percentage of people born in the country who now live elsewhere. In fact, Israel's reduction — from 8.3% of all Israel-born living outside Israel in 1990 to only 4.3% in 2023 — was the largest drop in this share (Cyprus was a close second).

Beyond the graph: Between 1990 and 2023, Israel became more successful at retaining its native-born — or having them return after a sojourn overseas.

Percent of the native-born population living abroad, 1990 and 2023



Note: Sample comprises 42 OECD and other European countries.
Source: Alex Weinreb, Taub Center | Data: DESA/Our World in Data; UN Population Prospects

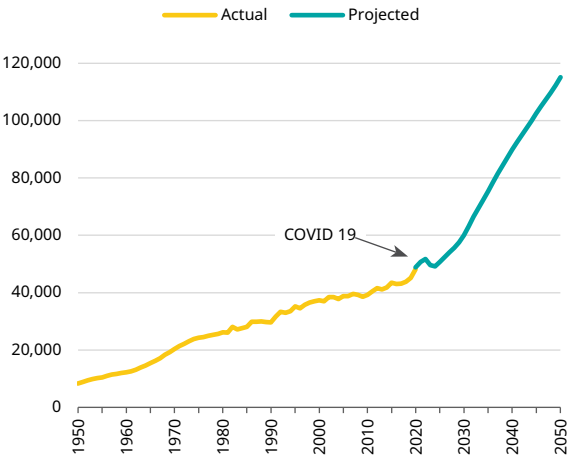
The number of annual deaths is expected to grow sharply

In the graph: Israel's rapid population growth has meant a rise in the annual number of deaths, with 103,000 deaths in the 1950s, 282,000 in the 1980s, and 431,000 in the 2010s. These increases occurred as life expectancy at birth increased by more than 10 years.

Over the next two decades, large cohorts of Israelis currently in their 60s and early 70s will age into the highest mortality age-groups, driving up the number of deaths by an average of 3.85% per year between 2025 and 2040, and 2.5% per year from then until 2050. Between 2040 and 2049, more than 1 million Israelis will die.

Beyond the graph: The annual number of deaths will continue to rise across the century. We project 11.3 million deaths from 2024 to 2100, including more than 2.5 million in the 2090s. The key questions for policy makers are: how will we dispose of their mortal remains? And if we bury them, how, where, and at whose expense? This is discussed on the next page.

Annual number of deaths, including projections to 2050



Source: Alex Weinreb, Taub Center | Data: Up to 2024, CBS; 2025–2050, estimates based on CBS long-term population projections

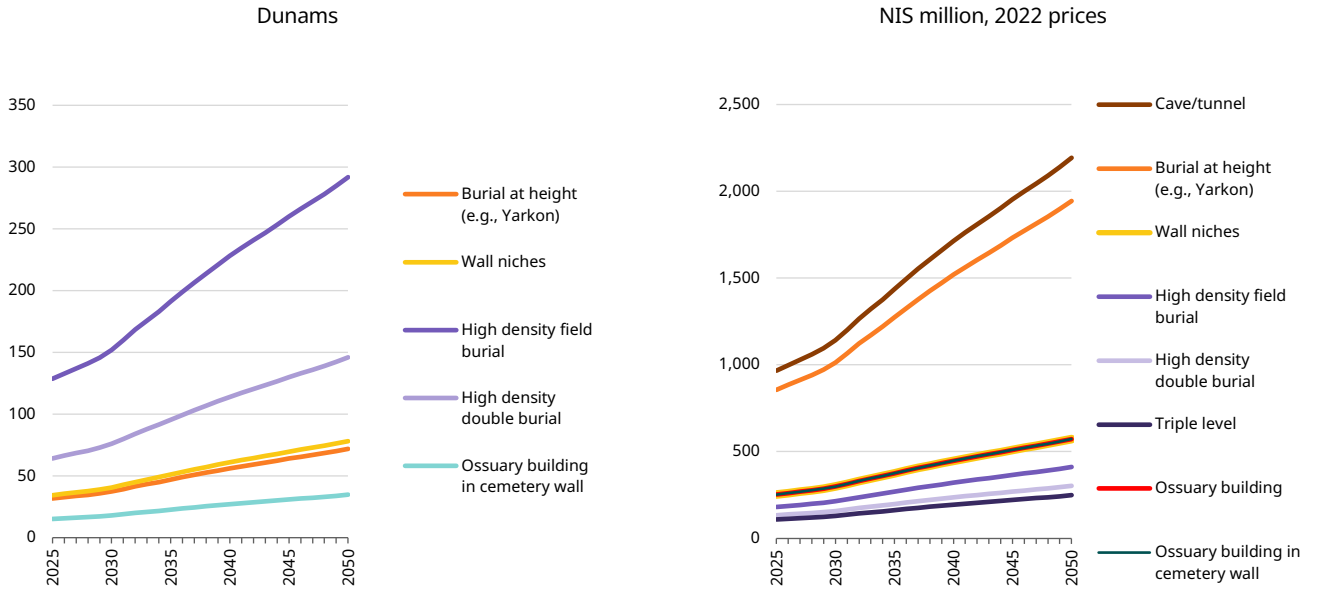
The most sustainable burial modes are Land of Israel and niche burials

Background: Israeli law guarantees free burial in a cemetery close to a person's place of residence, and undisturbed eternal rest (i.e., no grave recycling). No other high-income country offers such a generous package. The state has been slowly pushing local burial societies to move away from classic field burial, which uses more land, to denser modes of burial, especially in cemeteries associated with urban areas in the center of the country, which are under increasing strain.

In the graph: We project the financial and land cost if 100% of projected deaths up to 2050 will be buried using one of these five modes. Classic *field burial* requires little infrastructure so is relatively cheap in terms of direct cost but uses a lot of land. *Double burials* reduce costs but remain wasteful in terms of land use. *Dense burials* are land-efficient but need costly infrastructure (that will also need to be rebuilt in the very long term). The optimal combinations in terms of cost and land use are *niche burials* and *Land of Israel burial*, though the latter is not currently used.

Beyond the graph: Aside from favoring more efficient burial modes, Israel could improve the sustainability of burial policy by relaxing the requirement for burial close to place of residence, or by demanding substantial payments for the less efficient methods.

Projected annual cost and land consumption if 100% of burials are carried out using a given method, by burial method, 2025–2050



Source: Alex Weinreb, Taub Center

Welfare

The graphs that follow present some of the developments in welfare support in Israel, including changes in overall social expenditures and its components. As we show, social expenditures rose in 2024 and 2025, but most of the increases were directed towards war-related needs, including assistance for victims of hostilities. Israel continues to be among the welfare states with the lowest level of social expenditures.

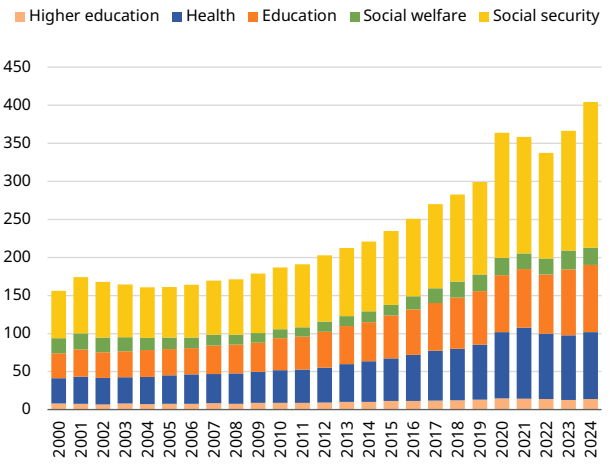
Social expenditures have grown, although most of this growth is war-related

In the graph: In 2024, NIS 400 billion of government expenditure was allocated to social issues. Public social expenditure grew in real terms by about NIS 38 billion compared to expenditure in 2023, in 2024 prices. This social budget is the largest in Israel's history, and the increase in the budget is one of the most dramatic.

Beyond the graph: Most of the increase in social expenditure in 2024 stemmed from the need to address the effects of the war on civilians and soldiers alike. Excluding the increase in expenditures directly related to the war, the rise in social expenditure amounted to only about NIS 11 billion. In fact, it was lower than the average increase in the five years preceding the COVID crisis, which stood at about NIS 16 billion per year. An examination of social expenditure per capita, excluding expenditures directly related to the war, shows that this expenditure remained unchanged from the previous year.

Social expenditure, by category

NIS billion, 2024 prices



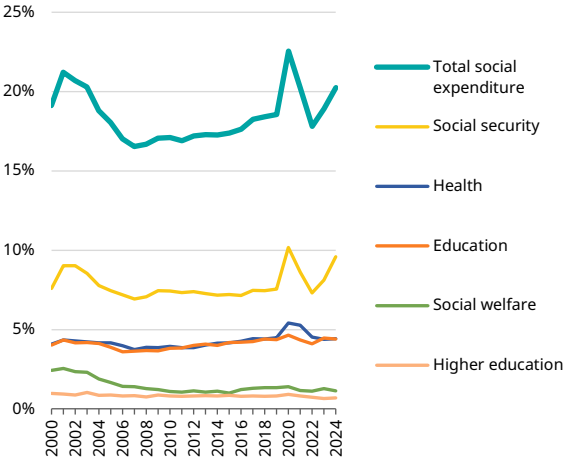
Source: John Gal, Shavit Ben-Porat, and Yael Ovadia, Taub Center | Data: Ministry of Finance; NII

A rise in social expenditure as a percent of GDP

In the graph: The growth rate of social expenditure in 2024 was higher than the growth rate of GDP that year, and thus social expenditure as a share of GDP rose to about 20% in 2024. By area, expenditure on social security stood at 10% of GDP, while expenditure on education and health stood at about 4.5% of GDP each.

Beyond the graph: An examination of this expenditure as a share of total government expenditure shows that in 2024, it stood at 59%. This share, the lowest since 2013, was affected both by the increase in government expenditure on other areas, especially those related to the war, and by the reduction in expenditures on social issues not related to it.

Social expenditure as a percent of GDP, by category

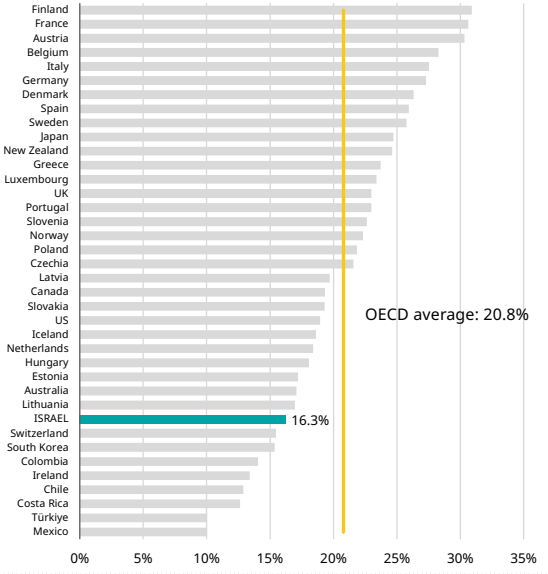


Source: John Gal, Shavit Ben-Porat, and Yael Ovadia, Taub Center | Data: Ministry of Finance; NII

Social expenditure in Israel is lower than in most of the OECD countries

In the graph: Compared with other welfare states, and even with countries that are not developed welfare states, social expenditure in Israel as a share of GDP is still low. In 2023, the welfare states with the highest social expenditure allocated 25%–30% of their GDP to social issues, excluding education, and the OECD average stood at 20.8% of GDP. In Israel, by contrast, expenditure stood at only 16.3%. Only a few OECD countries allocate fewer resources to social issues than Israel. Moreover, even in countries that are not considered developed welfare states, such as Slovenia, Poland, Czechia, Latvia, Slovakia, Hungary, and Estonia, social expenditure as a share of GDP is higher than in Israel.

Public social expenditure as a percent of GDP in OECD countries, 2023



Note: Expenditure includes spending in social areas, among them health, and does not include expenditure on education except for early childhood education. For countries where data were not available for 2023, 2022 data were used.

Source: John Gal, Shavit Ben-Porat, and Yael Ovadia, Taub Center | Data: OECD

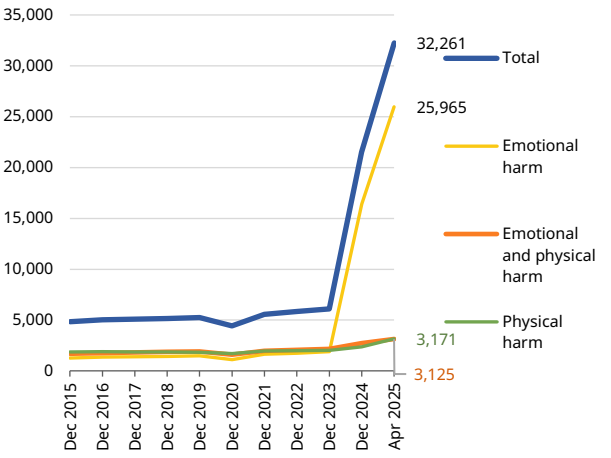
A meteoric rise in the number of victims of hostilities and in the benefits paid to them

Background: Benefits for victims of hostilities who have been assigned a disability percentage, and Rehabilitation Division benefits from the Ministry of Defense for disabled IDF veterans and families of fallen soldiers, are long-term programs that will accompany the social security system for many years. Any change in these programs following the war is especially critical.

In the graph: The data show that the changes in the Victims of Hostilities Program, which is under the responsibility of the National Insurance Institute, are particularly striking, both in terms of the number of eligible recipients and in terms of the characteristics of their injuries. In 2022, there were 5,706 victims of hostilities. By the beginning of the second half of 2025, their number had already exceeded 30,000, most of them with psychological injury, and tens of thousands of additional applications for recognition of injury are still before the medical committees of the National Insurance Institute. This means a substantial increase in the resources allocated to the assistance program for victims of hostilities, both today and in the coming years.

Beyond the graph: Expenditure on this program increased from NIS 631 million in 2022 to NIS 2.9 billion in 2025.

Total number of victims of hostilities, by officially recognized disability type



Source: John Gal, Shavit Ben-Porat, and Yael Ovadia, Taub Center | Data: NII

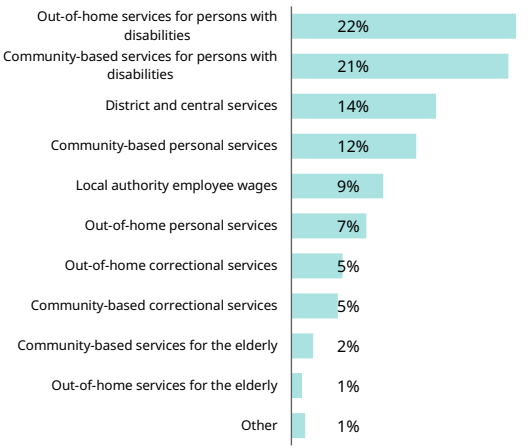
A significant rise in the Ministry of Welfare and Social Affairs budget

Background: Half of the social welfare budget is allocated to the Ministry of Welfare and Social Affairs. After a decade of moderate increase, the Ministry's budget began growing more rapidly in 2010, rising from about NIS 5.1 billion in 2010 to about NIS 11.7 billion in 2024, 2.3 times higher in real terms.

In the graph: Most of the increase was in spending on out-of-home services for people with disabilities, about 22% of the total increase, followed by community-based services for people with disabilities. Spending on local authority employee wages, mainly social workers, and on out-of-home personal services increased by single-digit shares, while increases in other areas were even more limited. Spending on services for older adults grew the least.

Beyond the graph: About 35% of the total increase was for out-of-home services and about 40% for community-based services. Between 2010 and 2022, the number of registered recipients of out-of-home services rose moderately, while the number in community-based frameworks grew 2.5-fold. The budget growth appears to reflect both rising costs, at least for out-of-home services, and policy changes.

Growth in real expenditure on central components of the Ministry of Welfare and Social Affairs budget, 2010–2024



Note: Correctional services refer to services provided to youth and adults at risk, offenders, and victims of crimes.

Source: John Gal, Shavit Ben-Porat, and Yael Ovadia, Taub Center | Data: Ministry of Finance

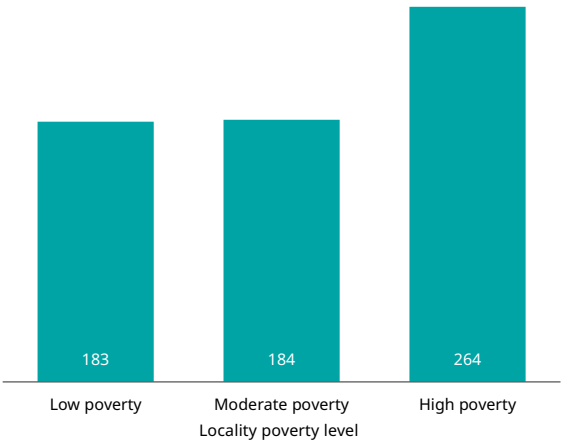
The shortage of social workers and the burden placed on them increase with the level of poverty in the locality

Background: In recent years, local authorities have struggled to fill social worker positions. As of March 2026, 18% of positions are currently unfilled — a shortage of about 1,300 professionals. The shortage is more severe in localities with greater social distress: vacancy rates are much higher in high-poverty localities, where more than 25% of families live below the poverty line, than in low-poverty localities, where the rate is up to 15%.

In the graph: The number of service recipients per social worker is also higher in the poorest local authorities than in localities with medium and low poverty levels. This has a decisive effect both on the level of care that can be provided to service recipients and on burnout among professionals.

Beyond the graph: Analysis by locality characteristics and population group points to substantial differences in vacancy rates. In April 2026, unfilled positions accounted for about 17% of positions in Jewish local authorities, excluding Haredi authorities, while in Arab authorities, and especially Bedouin authorities, it is much higher, at 21% and 26%, respectively. Although vacancy rates fluctuate considerably over time, the general trend indicates a severe shortage of professionals, with the shortage growing in Bedouin and Arab authorities.

Number of service users per filled social work position, by locality poverty level, 2022–2025



Note: Localities with fewer than 5,000 residents, regional councils for which poverty data are unavailable, and Jerusalem are excluded. "Low poverty" — up to 15% of families with income below the poverty line; "moderate poverty" — 15%–25%; "high poverty" — more than 25% of families with incomes below the poverty line.

Source: John Gal, Shavit Ben-Porat, and Yael Ovadia, Taub Center | Data: Kasir et al. (2023); Ministry of Welfare and Social Affairs

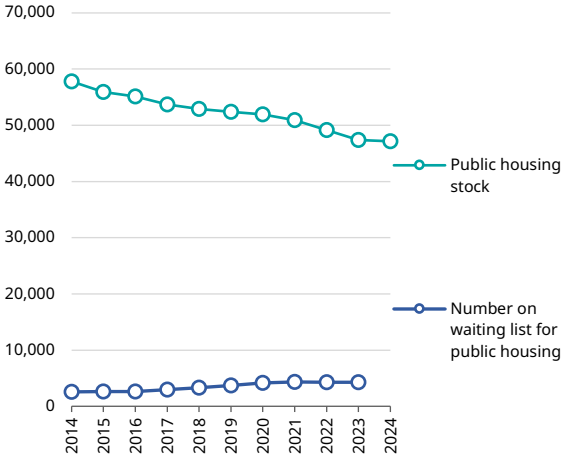
A sharp decline in the public housing stock

Background: The Ministry of Construction and Housing is the main government body responsible for public housing policy and housing assistance, including managing the public housing stock and providing rental assistance. In the early 2000s, housing expenditure accounted for more than 4% of total government expenditure, but it declined sharply during that decade, reaching about 1% in 2010. Since then, it has remained around this level, standing at only about 0.7% in 2024.

In the graph: Low expenditure on public housing is reflected in the continued decline in the public housing stock. Between 2014 and 2024, the stock fell from about 57,800 units to about 47,100, a decrease of about 18%. At the same time, the number of eligible households waiting for public housing rose from about 2,600 in 2014 to about 4,300 in 2023, excluding those waiting through the Ministry of Aliyah and Integration, an increase of about 67%.

Beyond the graph: These trends are also reflected in a budgetary shift toward rental assistance and in substantially longer waiting times for an apartment, from about two years and one month in 2016 to about two years and 11 months in 2023.

Public housing stock and the number of eligible applicants on the waiting list



Note: The figures for 2015 are based on estimates.

Source: John Gal, Shavit Ben-Porat, and Yael Ovadia, Taub Center | Data: Ministry of Construction and Housing; State Comptroller, 2020, 2024

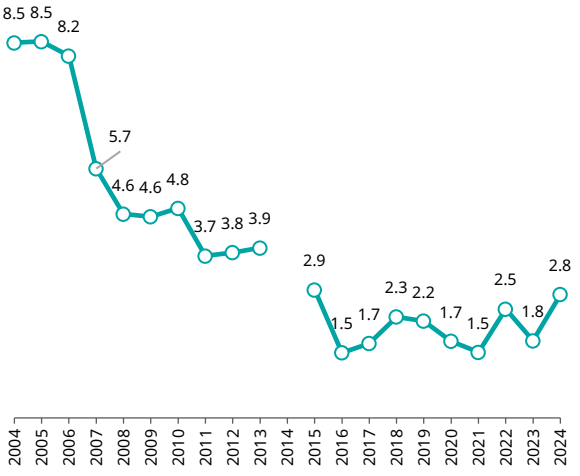
A continuous decline in the number of appeals submitted to the Ministry of Welfare and Social Affairs Appeals Committee

Background: The Appeals Committee system for social services in the Ministry of Welfare and Social Affairs has been operating for 60 years. Its role is to reexamine decisions on issues such as social care, material assistance, and community services.

In the graph: There has been a marked decline in the ratio between the number of appeals submitted to the committees per service user of social service departments. In the past two decades, between 155 and about 1,000 appeals were submitted each year, while between 1.1 million and 1.3 million people were registered with social services departments in those years. While in 2004–2005 about 8.5 appeals were submitted per 10,000 service users, in 2024, the number was 2.8.

Beyond the graph: The low number of appeals may stem from bureaucratic obstacles, as well as from perceptual, psychological, and cultural barriers. However, it is likely that when the relationship between the service user and the professionals is functioning properly, many complaints that might otherwise develop into appeals are resolved at earlier stages. There is a need for a current and comprehensive examination of the appeals system's activity to identify the barriers that may prevent service users from exercising their rights and to ensure their right to adequate welfare.

Number of appeals submitted to the Appeals Committees per 10,000 service users



Note: For 2004–2007, the numbers are estimates. There are no data for 2014.

Source: John Gal, Yael Ovadia, and Shavit Ben-Porat, Taub Center | Data: Ministry of Welfare and Social Affairs

Spotlight

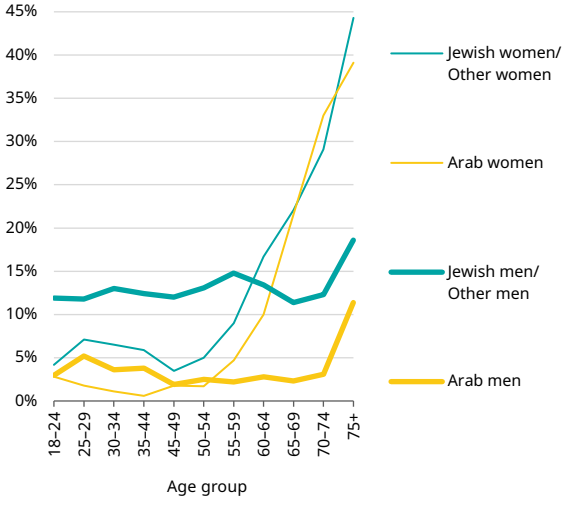
Midlife and Single

The number of single-person households in Israel has been rising steadily, and among those aged 50–64, this group numbered about 144,000 people in 2023. In the welfare system, people living alone account for almost one-quarter of service recipients in midlife. They experience higher rates of difficulty with personal care and daily living skills, as well as loneliness and a lack of support systems. However, the welfare system does not yet view them as a distinct target population, and information on their characteristics in Israel remains very limited. In the pages that follow, we present an initial analysis of this population.

From age 50 onward, there is a sharp increase in the share of people living alone

In the graph: According to data from the 2023 Labor Force Survey, 11% of the population aged 18 and over live alone, and among those aged 50–64, the share living alone is 10%. The graph points to differences both between population groups and between women and men within these groups. In general, living alone is more common among the Jewish population. Among men in both population groups, the share living alone remains relatively stable, and there is a substantial gap between Jewish men and Arab men, who are characterized by much lower rates of living alone. Among women, by contrast, both Jewish and Arab, from their twenties until around age 50, the share living alone is lower than among men, but then a sharp increase begins. From age 60 onward, the share among women in both groups exceeds that among men, and the gaps continue to widen.

Share of those living alone, by gender, age group, and population sector, 2023



Source: Shavit Ben-Porat and John Gal, Taub Center | Data: CBS

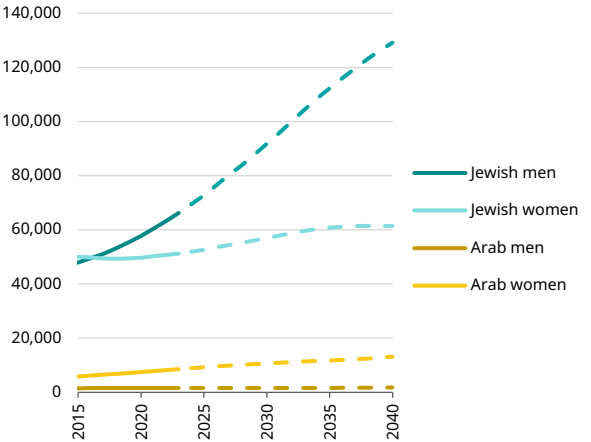
By 2040, the number of Jewish men in midlife living alone is expected to jump by about 64%

Background: Trends in recent years point to a slow but consistent rise in the share of individuals living alone in midlife. In 2000–2014, the share of individuals aged 50–64 living alone declined slightly among Jewish women and among Arab men and women. Since then, there has been a slight increase among Jewish women and a sharp increase among Jewish men. Among Arab men and women, the patterns have remained fairly flat.

In the graph: Conservative projections show that by 2040, the number of people in midlife living alone will jump to about 199,000. The largest increase will be among Jewish men, from about 69,200 in 2024 to about 113,500 in 2040, about 64%. Among Jewish women, the number will rise from about 53,000 to about 61,400, about 16%. In Arab society, the number of women living alone is expected to rise from about 8,900 in 2024 to about 13,150 in 2040, about 47%, and the number of Arab men will rise from about 2,050 to about 3,080, about 50%.

Beyond the graph: In relative terms, the expected increase in the number of Arab men aged 50–64 living alone is very substantial, but in absolute numbers they will still be a very small group, amounting to only 2.6% of the total number of Jewish men in these ages who will be living alone in 2040.

Number of individuals aged 50–64 living alone, by gender and population sector, 2015–2024 and projections to 2040



Source: Alex Weinreb, Taub Center | Data: CBS

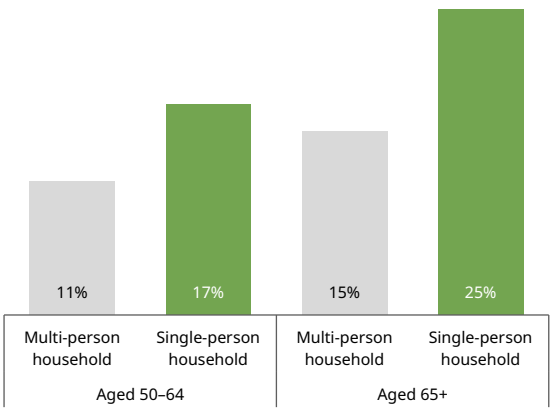
Individuals living alone have higher poverty rates than those living with others

In the graph: The share of people with income below the poverty line is higher among individuals living alone than among people who do not live alone. This is true both for people in midlife and for those at older ages.

Beyond the graph: Individuals in midlife in Israel who live alone are also characterized by lower rates of employment and education than those who do not live alone. In addition, the data show that about 16% of their income is based on support payments, compared with about 6% among those who do not live alone, and that they live in owner-occupied housing at lower rates, about 59% compared with 83% among those who do not live alone. Their social and emotional situation is also less favorable, and they experience loneliness at four times the rate of people who do not live alone.

Given the characteristics identified, it is proposed that the welfare system develop a range of dedicated responses for them, including personal and social support services, programs to encourage participation in the community and in volunteer activity, and adapted housing policy.

Share of households living below the poverty line, 2022



Note: Share of households out of all households in the same category. The poverty line was calculated as half the median income, based on the survey data.

Source: Shavit Ben-Porat and John Gal, Taub Center | Data: CBS

Health

Israel's healthcare system continues to be stretched to the limit in the face of the challenges posed by the wars, particularly in the areas of mental health and rehabilitation. Despite growing needs, public national expenditure on health remains among the lowest in the OECD. Nevertheless, the system continues to operate with remarkable resilience: for more than two and a half years, since the October 7 massacre, all parts of the system, both in the community and in hospitals, have been mobilized to address both the effects of the wars and their routine responsibilities. At the same time, there are reports of increasing workforce burnout, which began during the COVID period and worsened during the war.

As the data presented here show, despite considerable investment in expanding the healthcare workforce, increasing the number of places available to medical students, and investing in other professions — including new roles such as physician associates and nurse specialists — staff shortages persist. These shortages are felt most acutely in the periphery and have contributed, among other things, to an increase in the average waiting time for certain healthcare services in these areas.

This section also draws attention to the measles outbreak in Israel, despite the availability of a safe and effective vaccine. As we will see, the outbreak is concentrated among populations in which many individuals choose not to be vaccinated, particularly in cities with large Haredi populations.

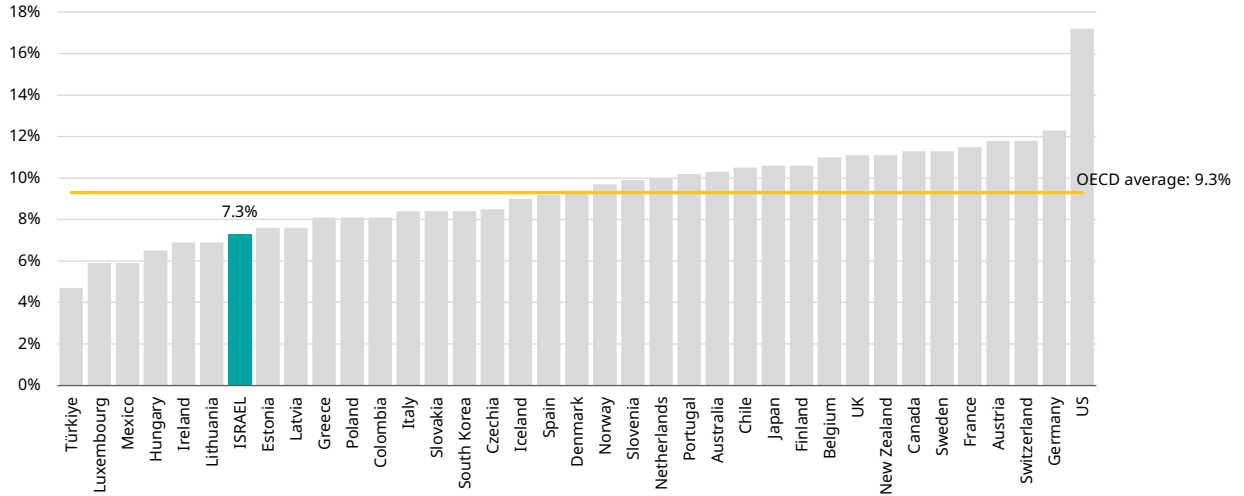
National healthcare expenditure remains relatively low in international terms

In the graph: In 2024, national healthcare expenditure was 7.3% of GDP. This was lower than in most OECD countries.

Beyond the graph: Current per capita expenditure in purchasing power parity terms was also lower than in most OECD countries, standing at USD 3,941 in 2024. Private expenditure accounted for 33.7% of national healthcare spending, government funding for 41.9%, and the health tax for 23%. The remaining 1.4% came from foreign donations.

During the 2024 budget discussions, a proposal was introduced to expand investment in mental healthcare — including expanding services, especially in the public system, improving continuity of care by better integration of mental health both in general hospitals and in health funds, moving more services to the community, and improving infrastructure and training. After many years in which mental healthcare suffered from neglect, it has recently received greater attention, including a budget-backed reform. However, national expenditure, and especially its public component, continues to lag behind.

National expenditure on healthcare as a percent of GDP, 2024



Source: Nadav Davidovitch, Natan Lev, and Ofir Gonen, Taub Center | Data: CBS

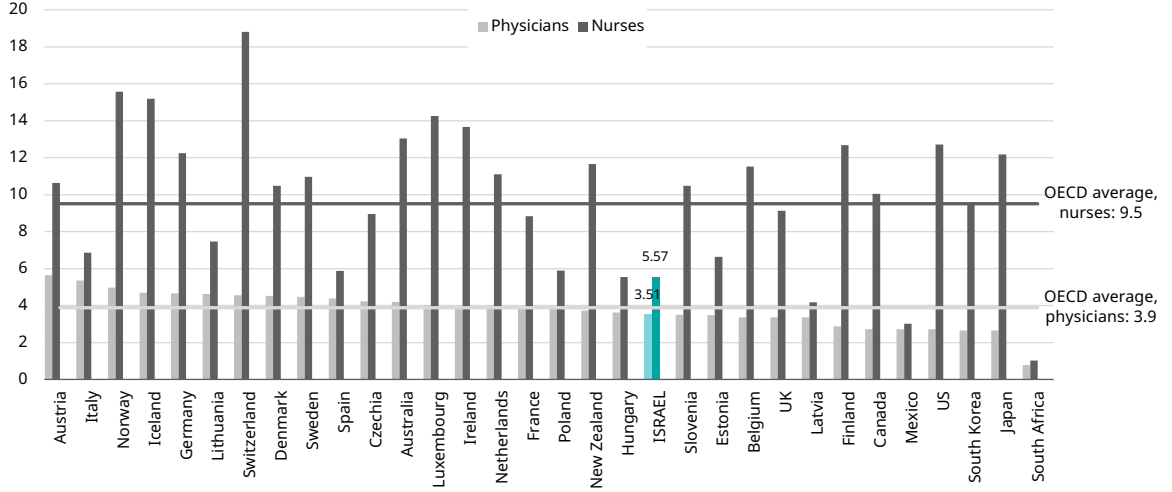
A shortage of physicians and an even greater shortage of nurses

Background: Until the larger number of medical students graduates, there will continue to be a short-term shortage. This is reflected in the fact that the number of medical school graduates in Israel in 2023 (7.2 per 100,000 people) remains well below the OECD average of 14.5.

In the graph: The number of active physicians in Israel is also lower than the OECD average — 3.5 compared with 3.9 per 1,000 population. The gap in active nurses per 1,000 population is even greater — 5.57 in Israel compared to an average of 9.5 in the OECD countries.

Beyond the graph: Despite the gaps, the number of nurses per 1,000 population is increasing as is the number of newly issued licenses in the nursing professions. In 2023, 4,102 licenses were granted compared with 929 in 2010. One of the main sources of this increase is the growth in the number of graduates of nursing programs in Israel. Despite this growth, the number of active nurses in Israel remains well below the OECD average — 32.1 per 100.000 population compared to 45.8, respectively.

Number of physicians and nurses per 1,000 population, international comparison, 2023 or the most current year



Note: The figure for nurses in the US includes practitioners who are not clinically active (in management roles, etc.).
Source: Nadav Davidovitch, Natan Lev, and Ofir Gonen, Taub Center | Data: OECD

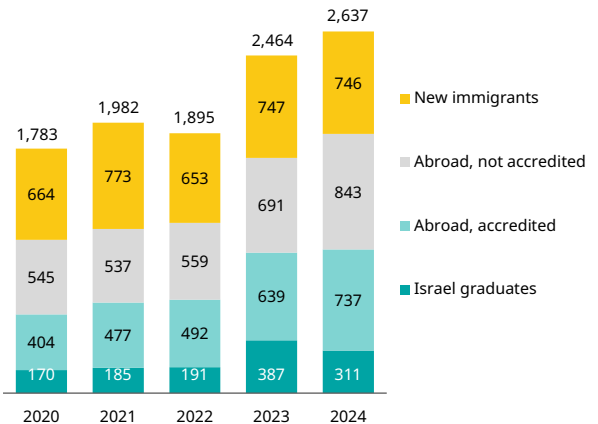
A rise in the number of newly licensed physicians

Background: Following the Yatziv Reform, certain medical schools abroad were designated as unaccredited, meaning that graduates of these institutions are ineligible for a license to practice medicine in Israel. The reform took effect in 2019 and applies only to students who began studying at these institutions from that year onward.

In the graph: The number of newly issued medical licenses rose steadily between 2020–2024, reaching 2,637 in 2024 compared with 2,464 in 2023 and 1,895 in 2022. Over this period, the number of graduates from Israeli medical schools remained substantial, but an increasing share of new licenses were granted to physicians who studied abroad, especially in Eastern Europe, reflecting growing reliance on foreign-trained doctors to meet Israel's workforce needs.

Beyond the graph: There is a large difference across regions in Israel with respect to the share of foreign educated physicians, particularly of those educated in now not approved medical schools. In the south the rates of foreign educated physicians can be as high as 80%. The elimination from the system of graduates from unaccredited institutions in the coming years is going to present a great challenge, especially in the periphery.

Newly licensed medical practitioners, by place of training, 2020–2024



Source: Ofir Gonen and Nadav Davidovitch, Taub Center | Data: Ministry of Health

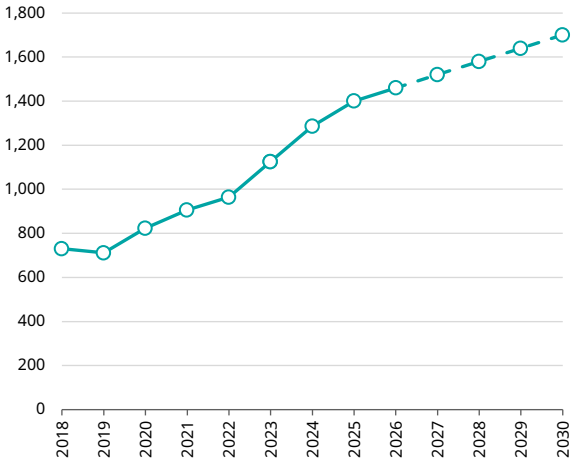
An increase in the number of physicians being trained in Israel

Background: The number of new licenses to practice medicine continues to rise, including the number of licenses granted to medical school graduates who studied in Israel. In 2023, their number stood at 750, compared with 672 in 2022.

In the graph: In recent years, the number of students beginning medical studies at Israeli universities has gradually increased, from 731 in 2018 to about 1,400 new students in 2025. The Ministry of Health aims to reach 1,700 new students by 2030.

Beyond the graph: The increase in the number of licenses granted to graduates of Israeli medical programs stems from expanding the number of students in Israeli medical programs and converting training tracks designed for foreign students into programs for local students. Despite the increase in the number of students beginning medical studies in Israel, it will take several years before this is reflected in the number of new medical licenses issued.

Number of students beginning medical studies in Israel, 2018–2025, projections to 2030



Note: Data from 2026 on are based on projections.

Source: Nadav Davidovitch, Natan Lev, and Ofir Gonen, Taub Center | Data:Ministry of Health

Nurse specialists — the new professional role being advanced by the Ministry of Health to improve and streamline the care process

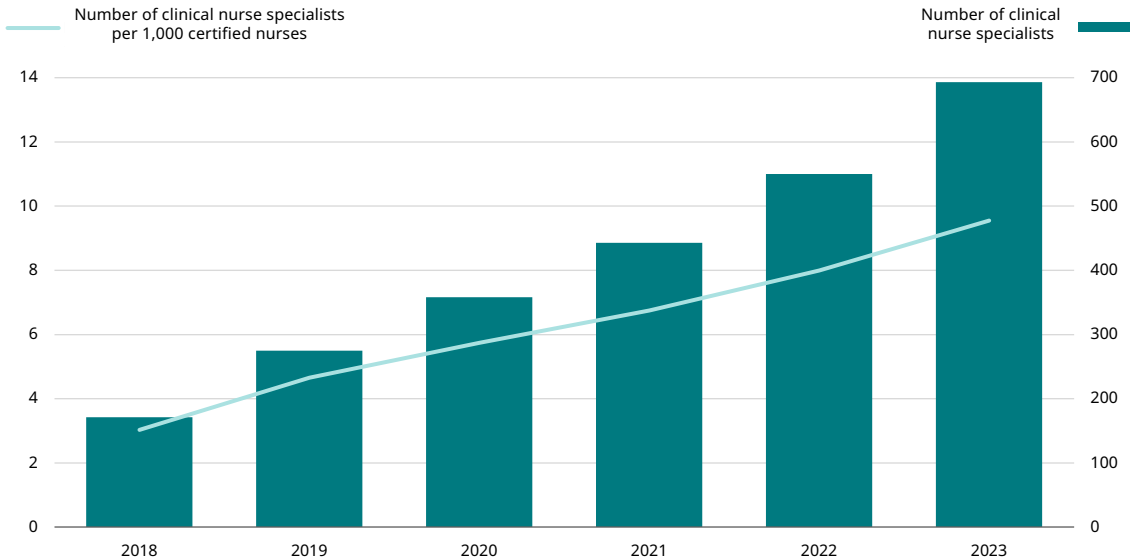
Background: A central component in redesigning the healthcare system is a shift from the model where a single physician holds sole responsibility for patient care to a team-based approach in which responsibility and authority are shared among team members. In this model, physicians collaborate with nurse practitioners and physician assistants, with each professional contributing the skills and expertise in which they have a comparative advantage

In recent years, the Ministry of Health has begun gradually expanding the role of nurses and creating new and advanced nursing roles, foremost among them nurse specialists. These professionals are granted broader clinical authority, including admitting and discharging patients, referring patients for imaging tests, and prescribing medications, thereby helping the system cope with the burden of patient care.

In the graph: The number of nurse specialists has risen steadily, from 171 in 2018 to 693 in 2023. Together with 28,655 graduates of advanced training programs, they accounted for 47% of all licensed nursing professionals in 2023.

Beyond the graph: The integration of these new health professions within the heathcare system is expected to be challenging, especially since some key players, such as the Israeli Medical Association, have substantial reservations regarding the sharing of responsibilities. For the system to realize the benefits while reducing conflicts, an open dialogue is essential.

Clinical nurse specialists, 2018–2023



Source: Nadav Davidovitch, Natan Lev, and Ofir Gonen, Taub Center | Data: Ministry of Health

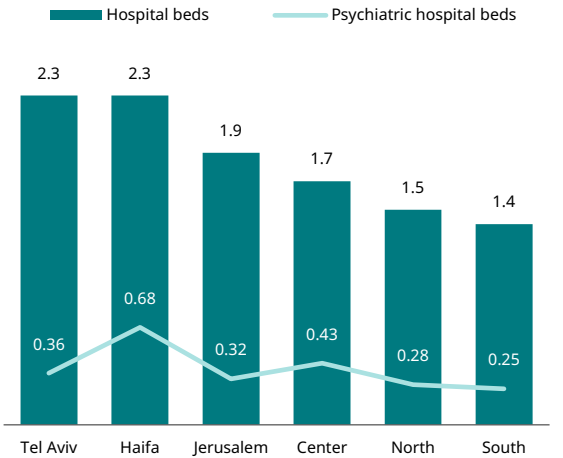
Uneven geographic distribution of hospital beds

Background: Despite the increase in the absolute number of general hospital beds, the number per 1,000 population continues to decline, from 1.85 in 2015 to 1.76 in 2023. The OECD average in 2023 was 3.18. The number of psychiatric beds is also low and falling: 0.37 beds per 1,000 in 2023, below the OECD average of 0.7.

In the graph: Examining the geographic distribution of general hospital beds reveals that periphery districts have a relatively low number of beds per capita, though their bed rate has remained relatively stable, while it has eroded in the other districts. The geographic distribution of psychiatric beds is similarly uneven.

Beyond the graph: The Ministry of Health's multi-year "bed plan," launched at the end of 2023, envisages about 1,790 additional general acute beds nationwide by 2028, roughly an 11% increase over the starting baseline, bringing the number of general beds to about 17,500, raising the national ratio to around 1.77 beds per 1,000 population. However, the current pace of implementation is very slow.

Hospital beds per 1,000 population, by district, 2023



Source: Nadav Davidovitch, Natan Lev, and Ofir Gonen, Taub Center | Data: Ministry of Health

Geographic disparities in the number of medical professionals as well

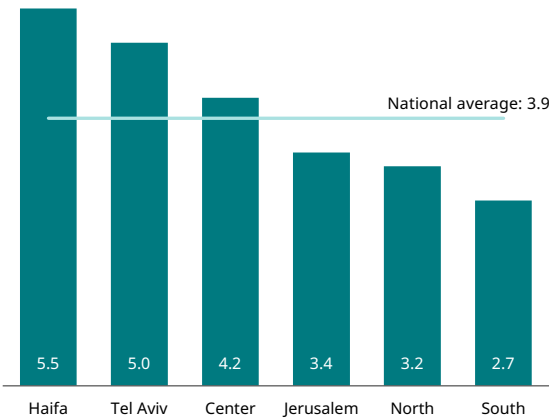
Background: The availability and quality of healthcare services are strongly influenced by inequities in the geographic distribution of the healthcare workforce. Examining the number of healthcare professionals across regions makes it possible to compare areas of the country and identify workforce disparities that affect healthcare delivery.

In the graph: In 2021–2023, the average number of active physicians per 1,000 residents was higher than the national average in the Haifa, Tel Aviv, and Central Districts, while in the Southern, Northern, and Jerusalem Districts it was lower.

Beyond the graph: The average number of active nurses per 1,000 residents during these years was also above the national average (5.4) in the Tel Aviv (7.7) and Haifa (6.9) Districts, and below it in the South (4.5), Jerusalem (4.8), Central (4.9), and Northern (5.2) Districts.

Shortages and unequal geographic distribution are also reflected in waiting times for specialist care in the community, with the Southern District exhibiting the longest waiting times and the Northern District having the shortest waiting times.

Number of physicians per 1,000 population, by district, 2021–2023



Source: Nadav Davidovitch, Natan Lev, and Ofir Gonen, Taub Center | Data: Ministry of Health

The measles outbreak in Israel: a worrying warning signal

Background: The measles outbreak that began in April 2025 is continuing with even greater intensity and placing a heavy burden on Israel's healthcare system.

In the graph: The number of cases per 100,000 population in Israel is 55 times higher than in the United States and 19 times higher than in Europe. The fatality rate of those who were sick is 3.7 times higher than in the US and 4.4 times higher than in Europe.

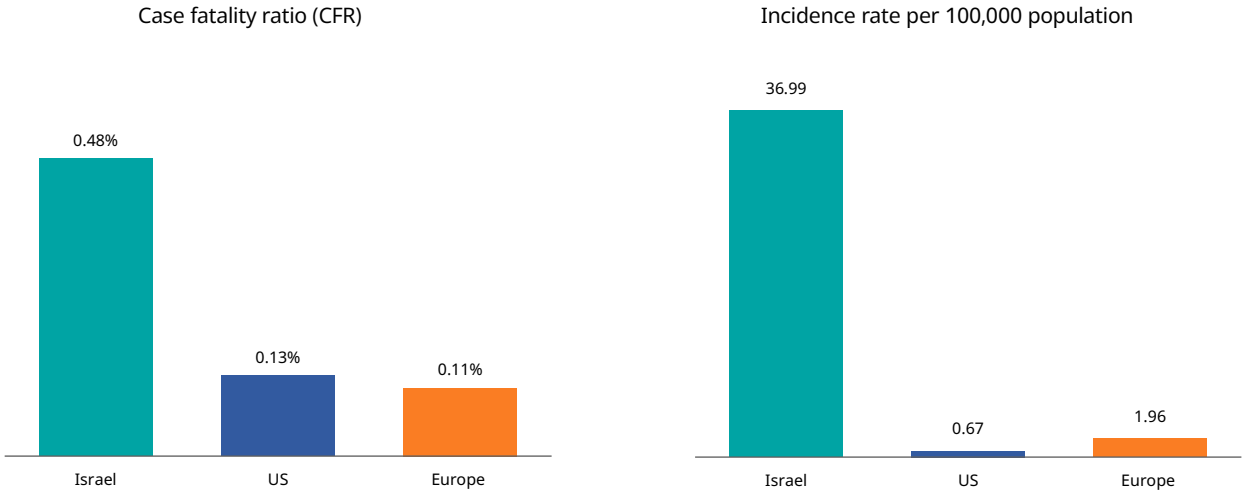
Beyond the graph: In addition to hospitalization and death, the disease can cause severe, though relatively rare, degenerative damage to the nervous system and to immune memory, potentially leaving patients vulnerable to infections for months or even years after recovery.

The figures reported in Israel — about 3,600 cases as of early June 2026 — are probably only the tip of the iceberg. Statistical models estimate that the actual incidence is three to four times higher, putting the true number of cases at between 10,000 and 14,000. The gap between the number of reported cases and the actual number stems from underreporting in isolated communities and from cases that do not receive an official diagnosis.

The outbreak in Israel and worldwide is linked to vaccination rates. Although Israel's vaccination rate is slightly higher than those in the US and Europe — 95%, compared with 92.7% and 94%, respectively — the average rate is only 84% in towns with large Haredi populations (Jerusalem, Beit Shemesh, Bnei Brak, Beitar Illit, Nof HaGalil, and Safed). The severity of the symptoms demonstrates that measles is a serious and dangerous disease that poses a genuine health threat to the unvaccinated population, particularly children.

The security situation led to the closure of unprotected Family Care Centers, resulting in a decline in the overall pace of vaccination. Other factors contributing to the crisis include the erosion of vaccination coverage at Family Care Centers and schools, underinvestment in public health infrastructure, and failure to use real-time data to identify "risk pockets" in time.

Measles: Number of cases per 100,000 population and case fatality rates, Israel, US, and Europe, 2025–2026



Source: Nadav Davidovitch, Efrat Sales, and Ofir Gonen, Taub Center | Data: Ministry of Health; WHO

Environment and Health

In the next section we look at Israel's expenditure on environmental issues relative to those in other high-income countries. We show that the bulk of expenditures in Israel are spent on a single issue — waste management — which is disproportionate to what occurs in other countries. The result is that little is spent on the myriad other environmental issues that are critical for the well-being of Israelis.

We also discuss electricity production from renewable energy sources. Israel committed itself to specific goals that it clearly will not reach given the current trajectory.

The bulk of environmental expenditures are for waste management

Background: Government spending on environmental protection includes expenditure on waste treatment; nature conservation, including biodiversity conservation; reducing air and water pollution; and mitigating climate change and its impacts.

In the graph: In 2024, public spending on environmental protection in Israel totaled about NIS 10.7 billion (in 2024 prices) with local authorities financing 87% of it. Most expenditure is directed to waste management, with local authorities financing 92% of this component. In 2024, spending on waste treatment accounted for 83% of total environmental protection expenditure, while spending on wastewater management accounted for 8.4%. Spending on air pollution prevention is particularly low, despite Israel's relatively high mortality attributable to air pollution.

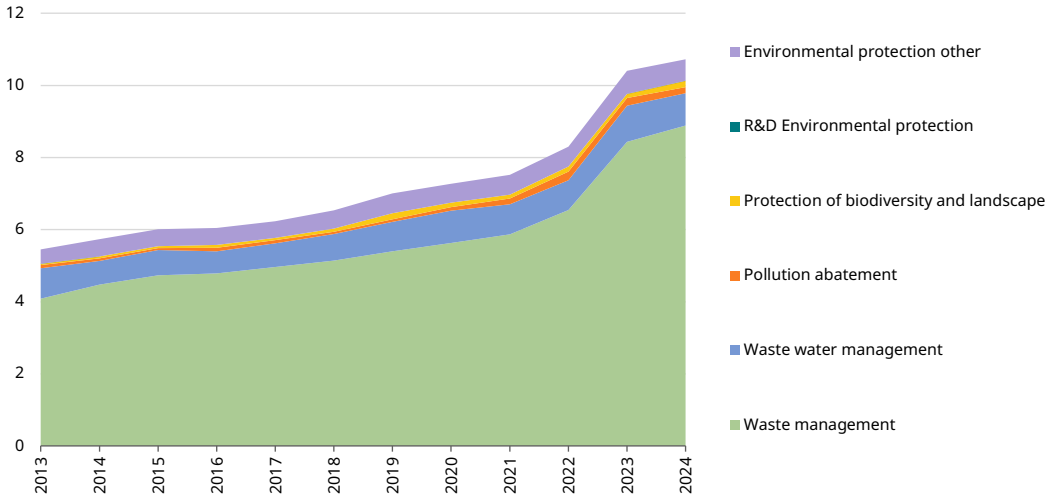
Looking over time, in 2024, expenditure on waste treatment was 54% higher than in 2013, even though the population grew by only 25% over the same period — with the main surge occurring in the last three years (2022–2024).

Beyond the graph: Israel has one of the highest amounts of waste per capita among OECD countries. In 2024, annual per capita waste in Israel was 680 kg versus an average of 519 kg per year in the OECD countries. This, together with an inefficient waste management system in which 80% of the waste is put in landfills, leads to very high waste expenditure.

Starting in 2022, the Maintenance of Cleanliness Fund began to be used extensively to establish advanced facilities for waste treatment and recycling, raising this expenditure further.

Government expenditure on environmental services, by category, 2013–2024

NIS billions, 2024 prices



Note: The category "Environmental protection other" relates to environmental education and training, regulation and enforcement, etc.
Source: Siman-Tov, Yavin, Kaidar, and Sadeh, Taub Center | Data: OECD

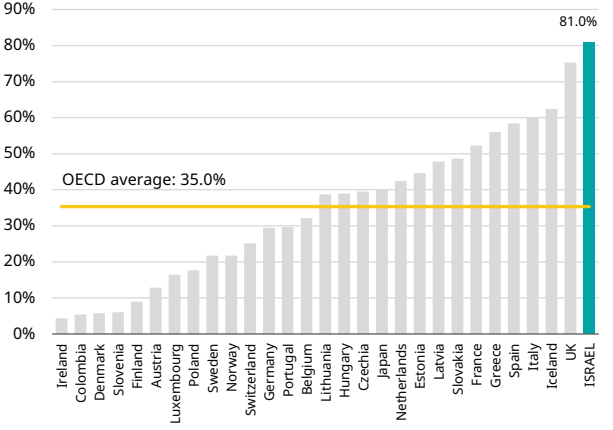
Israel spends a larger share of its environmental expenditure on waste management than any other OECD country

In the graph: In 2023, Israel's share of spending on waste management out of total environmental expenditure was the highest among OECD countries — 81%, compared with an OECD average of about 35%.

Beyond the graph: Part of this gap reflects the increase in investment in waste infrastructure mentioned on the previous page, but the spending gaps were also large earlier (in 2021, for example, Israel's share was 78% compared with an OECD average of 39%).

Among the reasons for Israel's high spending on waste treatment are the shrinking number of landfills, which has driven up both disposal costs and the gate fees charged by landfill sites; inefficient arrangements by the Ministry of Environmental Protection for separating waste at source; and the lack of facilities for generating energy from waste.

Government expenditure on waste management as a percent of total government expenditure on environmental protection, Israel and OECD countries, 2023



Source: Siman-Tov, Yavin, Kaidar, and Sadeh, Taub Center | Data: OECD

Increased environmental protection expenditure, but a decrease in its share out of total government expenditure

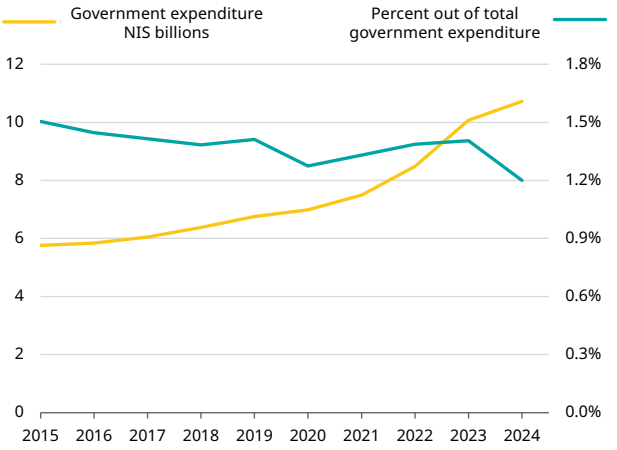
In the graph: Environmental protection spending rose from NIS 5.8 billion in 2015 to NIS 10.7 billion in 2024 (in 2024 prices). Over the same period, its share of total government expenditure fell by 0.3 percentage points — from 1.5% to 1.2%.

Beyond the graph: The drop in spending in 2020 can be attributed to the rise in other government expenditures during the COVID-19 period. This was followed by a slight increase in the relative share of environmental spending, but, in 2024, there was another decline, this time due to high war-related expenditures.

As part of recent cuts, the Ministry of Finance canceled a NIS 200 million budget for climate initiatives; reduced funding for renewable-energy projects (of the NIS 190 million planned for 2025, only NIS 10 million was allocated); froze the transfer of funds for closing environmental gaps in the Arab sector that had been promised under Government Decision 550 (2021); and halted the transfer of about NIS 11 million to support environmental organizations.

Government expenditure on environmental protection and as a percent of total government expenditure, 2015–2024

NIS billions, 2024 prices



Note: Government expenditure is net of financial transfers.
Source: Siman-Tov, Yavin, Kaidar, and Sadeh, Taub Center | Data: CBS

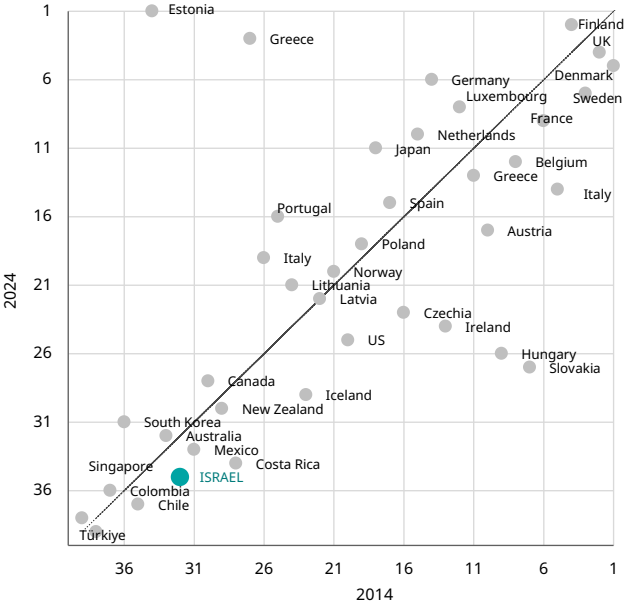
Israel is ranked near bottom in climate change mitigation, and its rank is falling

Background: The EPI (Environmental Performance Index) ranks the performance of 180 countries on a variety of topics related to health and the environment.

In the graph: The graph uses the EPI climate change mitigation measure for the OECD countries, Singapore, and Taiwan to rank them relative to each other in 2014 and 2024. In the graph, countries above the line improved their relative ranking, while the ranking of those below the line fell. Estonia improved from 34th place to first place, and Greece moved from 27th to 3rd place. Israel was ranked in 32nd place in 2014, and fell to 35th place in 2024.

Beyond the graph: The main reason is that Israel still relies heavily on fossil fuels, particularly natural gas. Between 2014 and 2024, insufficient progress was made in changing this situation, while substantial resources were invested instead in constructing new gas-based power plants and transmission systems — a development expected to lock Israel into dependence on polluting energy sources for years to come. In addition, natural areas that help mitigate warming and sequester carbon are being rapidly converted into built-up areas.

The EPI climate change mitigation rank, OECD countries, 2014 and 2024



Source: Maya Sadeh and Yael Yavin, Taub Center | Data: EPI

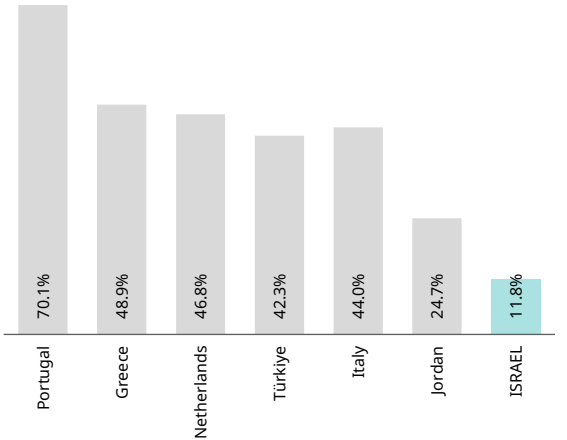
Israel's production of electricity using renewable sources is far below the stated goals

Background: Electricity production in Israel has relied for decades on finite fossil fuels. The use of these polluting energy sources has led to greenhouse gas emissions, exposure to air pollution, and a deterioration in Israel's energy security.

The latest long-term targets for integrating renewable energy into electricity production were set by Israel in 2022: 20% of electricity generation by 2025 and 30% by 2030. Over the past decade, the installed capacity increased substantially, reaching about 27% of installed capacity. However, actual consumption remains much lower — only about 14%–15% of electricity consumption in 2024.

In the graph: The share of electricity generated from renewable sources in 2023 was lower in Israel than in countries similar in population size and climatic conditions. However, note that in Israel, 94% of renewable electricity is generated from solar energy, which is available only during part of the day, whereas in the other countries there are other renewable sources (such as wind and biomass), that are available more consistently.

Share of electricity generated from renewable energy sources out of total electricity generation, 2023



Note: The comparison countries resemble Israel in their population size and/or climate conditions.

Source: Siman-Tov, Yavin, Kaidar, and Sadeh, Taub Center | Data: IRENASTAT

Education

In this section we focus on three important issues in the Israeli education system. We begin by looking at the education budget, comparing it to that in the OECD. We show that, while expenditures at the primary and post-primary school level are similar to those in other countries, spending for preschools — the most important period of a child's life developmentally — lag far behind. We then revisit the question of whether there is a teacher shortage, and see no evidence of such a shortage. Rather, we see a consistent and continual increase in the number of teachers per student. Finally, we consider the particularly large increase in the number of preschoolers in special education kindergartens and try to identify the reasons for this phenomenon.

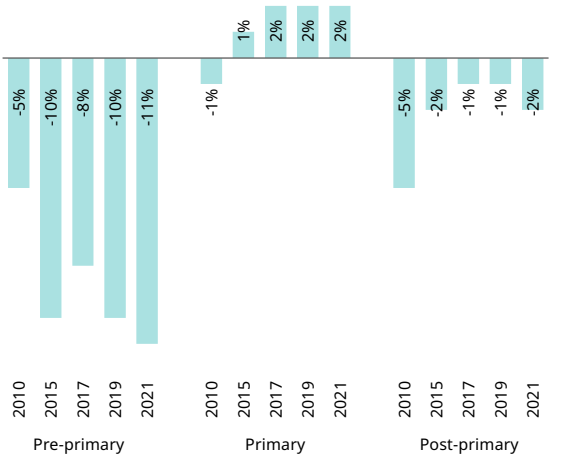
Underfunding of preschool education

Background: Comparing investment in education in Israel and the OECD countries provides insight into the place of education in national priorities at different education stages.

In the graph: The gaps between Israel and the OECD average in per student expenditure as a percentage of per capita GDP indicate improved investment in primary and secondary education in Israel. By contrast, investment in preschool education remained substantially lower than the OECD average, and the gap widened from 5% in 2010 to 11% in 2021. This indicates a persistent preference for primary and secondary education over preschool education.

Beyond the graph: These gaps may stem from the higher share of children in Israel, which strongly affects the resources available for each child. If we look at real expenditure per student we find that the gap in favor of the OECD countries was almost eliminated in primary education and narrowed considerably in secondary education, but grew in preschool education from 73% to 103% over this period. This suggests that Israel's priorities differ markedly from those in the OECD and from those indicated in the international literature, which shows that investment at younger ages yields the highest returns.

Gaps in per student expenditure as a percent of per capita GDP between Israel and the OECD average, by education level, 2010–2021



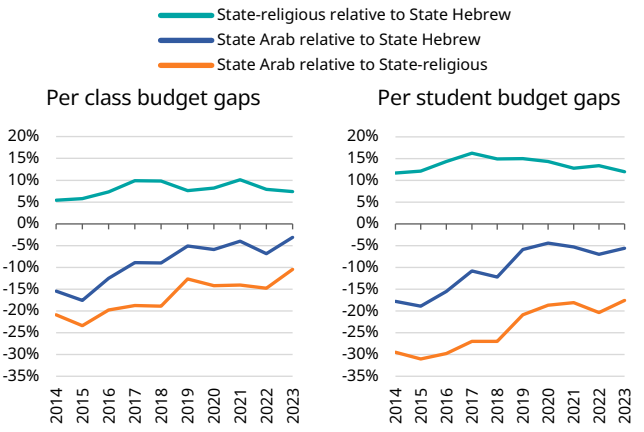
Source: Nachum Blass and Jonathan Plotkin, Taub Center | Data: OECD

Middle school budgeting: gaps have narrowed, and what remains mainly stems from objective factors

In the graph: Gaps remain in middle school budgeting between State Hebrew, State-religious, and State Arab education, but they narrowed between 2014 and 2023. The narrowing was more substantial in per student budgeting than in per class budgeting, and in the gaps between State Hebrew and State Arab education and between State-religious and State Arab education. The gaps between State Hebrew and State-religious education remained almost unchanged.

Beyond the graph: The gaps between the different parts of the system are explained mainly by the Ministry of Education's budgeting formulae and by objective factors, such as the improvement in the socioeconomic profile of students in State-religious education sector and the decrease in school size in the Arab education sector.

Gaps in middle school per class and per student budgeting, by sector and education stream, 2014–2023



Source: Nachum Blass and Haim Bleikh, Taub Center | Data: Ministry of Education

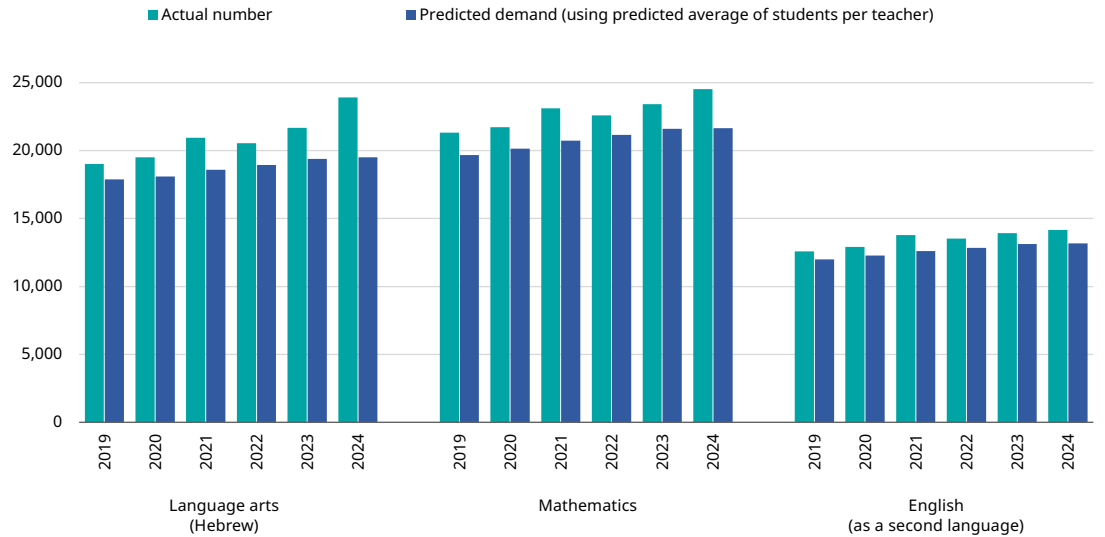
Is there really a teacher shortage in the education system?

Background: Every year, and especially at the end of the school year, claims are made about a severe shortage of teachers. For years, we have expressed serious doubt about the validity of this claim, and shown that the number of teachers in the system has consistently grown faster than the number of students. An estimate of the projected demand for teachers based on the average number of students per teacher in 2019 shows that in 2024, the actual number of teachers was about 12,000 higher than expected.

In the graph: The claim that the teacher shortage is concentrated in the core subjects — language arts (Hebrew), mathematics, and English (as a second language) — is also not consistent with the data. As shown in the graph, the number of teachers in each of these subjects in 2019–2024 was higher than the projected demand.

Beyond the graph: An examination of the growth in the number of teachers compared with the growth in the number of students in Israel's 20 largest cities showed that between 2020 and 2024, the rate of growth in the number of students did not exceed the rate of growth in the number of teachers in any of the cities examined. A similar examination over a longer period, 2012–2024, yielded the same result: in all cities, the number of students grew at a lower rate than the number of teachers, except in Bnei Brak, where the rates were more or less the same.

Actual supply and projected demand for teachers of language arts, mathematics, and English, simulation for 2019–2024



Note: The graph is for school teachers for Grades 1–12, not including pre-primary school.
Source: David Maagan, CBS, and Nachum Blass, Taub Center | Data: CBS

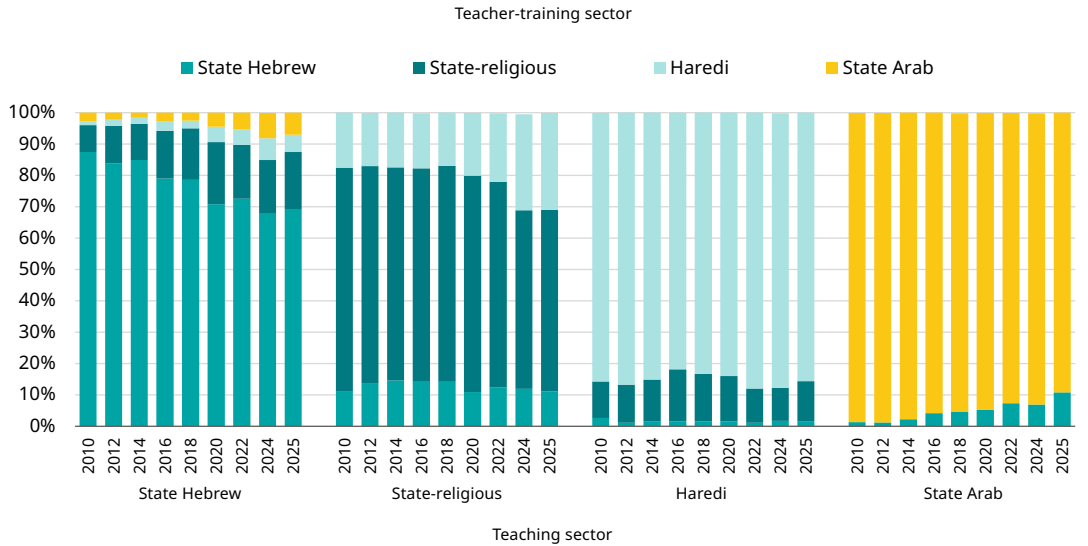
One explanation for the absence of a teacher shortage: boundary-crossing teachers

Background: Israel's education system is composed of four subsystems: State Hebrew education, State-religious education, State Arab education, and Haredi education. The institutions in which teachers receive their training also have sectoral affiliations.

In the graph: One explanation for the large gap between the projected number of teachers in recent years and their actual number is the substantial increase in the number of teachers who cross sectoral boundaries in State Hebrew and State-religious education. In State Hebrew education, about 30% of teachers are Arab, graduates of State-religious teacher-training institutions, or Haredi, while in State-religious education, about 30% of teachers received their training in Haredi seminaries. Altogether, this amounts to tens of thousands of teachers teaching in schools whose orientation differs from that of the institutions in which they were trained.

Beyond the graph: The data show that employing boundary-crossing teachers has no substantial effect on student achievements, and, therefore, these teachers can serve as a possible solution to teacher shortages. In addition, integrating them into school teaching staff may also have an important social dimension — promoting multiculturalism and fostering tolerance and coexistence in the education system.

Share of new teachers in the education system, by teaching sector and teacher-training sector, 2010–2025



Note: Data refer to teachers trained in academic education colleges or Haredi seminars.
Source: David Maagan, CBS, and Nachum Blass, Taub Center | Data: CBS

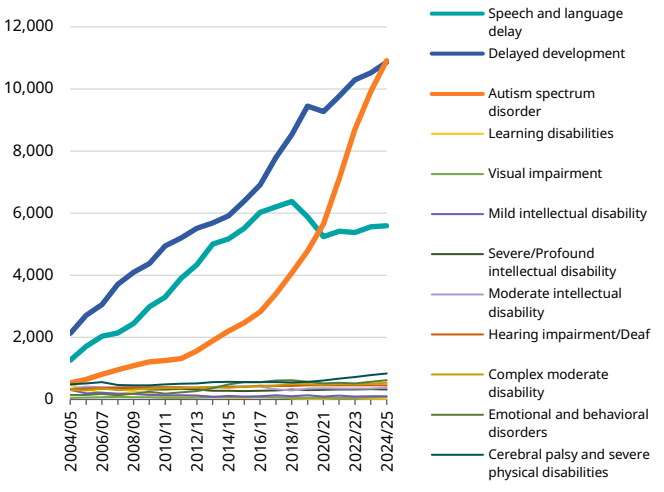
A rapid rise in the number of special education students in separate preschools

In the graph: Between 2005 and 2025, the number of special education students in separate preschools grew very rapidly, but not across all types of disabilities. Most of the increase was due to growth in three categories: language delays, developmental delays, and children on the autism spectrum. There was almost no increase in the other disability categories.

Beyond the graph: Data from Tipat Halav clinics point to a sharp rise in the share of toddlers with delays in reaching language-related developmental milestones, suggesting that part of the increase reflects a real change in the developmental needs of young children in Israel. However, the main reasons for the differences in the pace of growth across disability categories are likely changes in definitions and changes in the policy preference given to different types of disabilities.

The massive increase in the number of special education students in separate preschools poses a challenge to the regular education system, as large budgets are being drawn into the special education system.

Number of students in separate special education preschools, by disability type



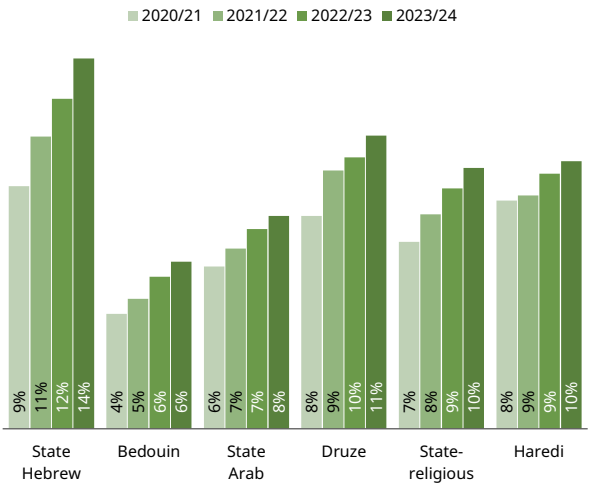
Source: Sarit Silverman and Nachum Blass, Taub Center | Data: Ministry of Education

Growth in preschool special education has been mostly in the State Hebrew system

In the graph: Between 2021 and 2024, the share of students receiving special education services in preschools increased in all sectors and types of supervision, but both the rates and the pace of growth differed across them. Specifically, the highest share of special education students was in State Hebrew education, while the lowest was in Bedouin education. At the same time, there were also notable differences in growth rates: the highest rate of increase was in Bedouin education (62%), while the lowest was in Haredi education (27%).

Beyond the graph: The marked increase in State Hebrew education is the result of two demographic trends that occurred simultaneously: an increase in enrollment in special education and a substantial decline in the overall preschool population in this system, from about 207,000 students in 2021 to 189,000 in 2024, a decrease of 9%. By contrast, the population in other sectors and types of supervision generally grew during the same period, except in the Druze sector, where there was a slight decline of 2% in overall enrollment.

The relative share and growth of special education preschool students, by sector and education stream



Source: Sarit Silverman and Nachum Blass, Taub Center | Data: Ministry of Education

Early Childhood

In the following pages, we examine the results of two surveys conducted by the Taub Center Initiative on Early Childhood Development and Inequality. The first survey, conducted in three waves — in January 2024, July 2024, and January 2025 — examined the situation of young children and their parents during the war. In these pages we present findings that were not included in last year's booklet, relating to the association between the family's socioeconomic status and the psychological effects of the war.

The second survey was conducted by the Taub Center and the Ruppin Academic Center in two waves, in February 2023 and February 2024, and was designed to examine the well-being of educators and caregivers in early childhood education settings. The survey was administered using convenience sampling with snowballing, and, therefore, the sample on which the data are based is not representative of the early childhood education staff in Israel. Nevertheless, in light of the severe labor shortage in the sector, the following pages present the main reasons, as reflected in the survey, that many staff members in daycare centers and preschools are considering leaving their jobs, and point to several steps that can be taken to prevent this.

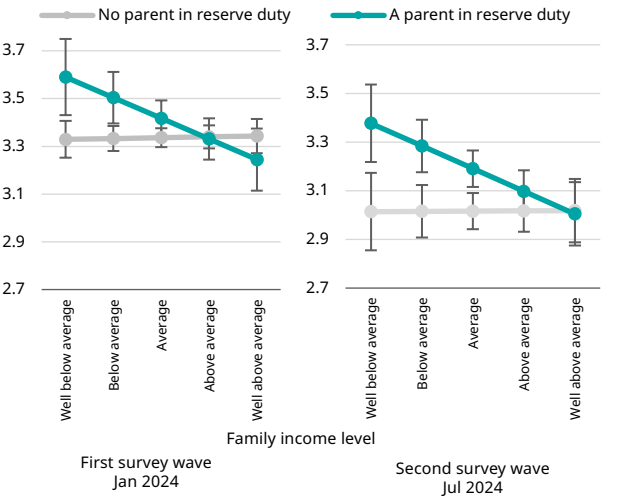
Children with a parent serving in reserve duty experienced more emotional and behavioral regression

Background: The survey showed an association between a parent's reserve duty and the level of emotional and behavioral regression among their children. Regression was measured through parents' reports on the frequency of various behaviors, such as difficulty separating from a parent, clinging to a parent, and bedwetting, at the time of the survey compared with several months earlier. Children whose parents reported that these behaviors were more frequent or much more frequent than in previous months were classified as experiencing emotional and behavioral regression.

In the graph: The graph lines represent the child's predicted level of emotional regression based on the household's economic situation, whether one of the child's parents was serving in the reserves, and the interaction between the two. The association between reserve duty and children's level of regression is not the same in all families: the lower the family's income level, the greater the child's emotional and behavioral regression. In high-income families, the gap between the children of parents serving in the reserves and the children of parents not serving in the reserves nearly disappears and even reverses — most likely due to resources that enable the family to reduce the negative effect of the parent's absence on the child's well-being.

Average emotional and behavioral regression among young children, by household economic status and reserve duty of a parent

January 2024 and July 2024



Note: Based on parental reporting in the survey. The I-bars represent 95% confidence intervals.

Source: Early Childhood Initiative staff | Data: Early Childhood Initiative Longitudinal Survey

School readiness is lower among children with a parent in reserve duty

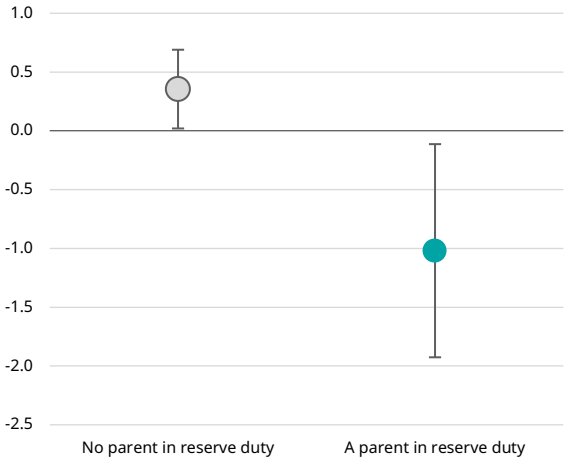
Background: Parents in the survey were asked to what extent their child was able to perform basic reading and arithmetic tasks upon entering school. Responses were given on a scale reflecting the child's level of ability: not at all, to a small extent, to a moderate extent, or to a great extent. These items were combined into an overall school readiness index, reflecting preschool cognitive skills.

In the graph: Children aged 4–6 with a parent called up for reserve duty at the beginning of the October 7 War demonstrated a lower level of school readiness than one whose parent was not called up. This finding remained unchanged even after controlling for a wide range of demographic and family variables, including the child's age and gender, family income level, parents' education, family size, family status, and the emotional availability of the parent who remained at home.

Beyond the graph: The prolonged absence of a parent from the home during such an emergency may disrupt young children's ability to develop the cognitive, social, and emotional skills required for the transition to school. This is a critical developmental stage, and harm at this stage may have long-term consequences.

Average level of school readiness among children ages 4–6, by parental reserve duty

January 2024



Note: Based on parental reporting in the survey. The I-bars represent 95% confidence intervals.

Source: Early Childhood Initiative staff | Data: Early Childhood Initiative Longitudinal Survey

Educational staff in preschools and daycare centers are considering leaving — but not for the same reasons

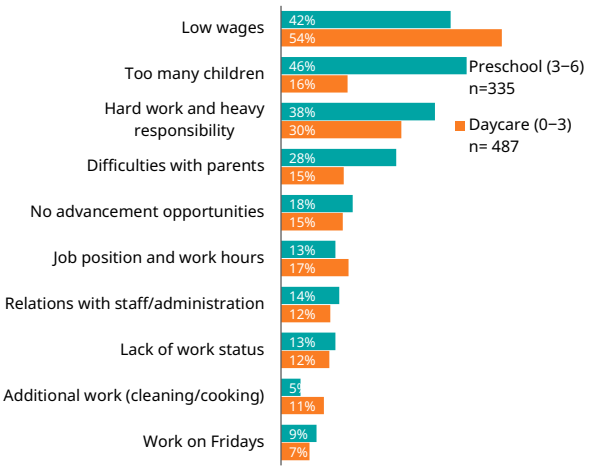
Background: Early childhood education settings face growing labor shortages due to high turnover rates among caregivers and preschool teachers. In our survey, we examined whether staff members in daycare centers and preschools are considering leaving their jobs, and if so, why?

In the graph: Among educational staff in daycare centers (ages 3 months to 3 years), 75% of which are private and the rest subsidized settings with regulated pay levels, the most common reason for considering leaving is pay, followed by the demanding nature of the work and the heavy responsibility it entails. In preschools (ages 3–6), which are under the Ministry of Education, group size stands out as a significant source of difficulty.

Beyond the graph: This finding may seem surprising: one might expect daycare staff to focus on group size since children in daycare centers are not toilet-trained and caring for them is more demanding. However, the official staffing standard in daycare centers is one staff member for every 6 to 8 children, while preschools have one for every 11 children.

The responses of the Arabic-speaking preschool teachers and caregivers who participated in the survey (278) were very similar to those of the Hebrew-speaking participants (544).

Reasons for considering leaving, daycare and preschool staff, February 2023 to February 2024



Note: Percent who indicated each condition; multiple answers could be selected.
Source: Carmel Blank and Dana Vaknin Ganel, Taub Center | Data: Early Childhood Initiative survey among preschool teachers and daycare workers

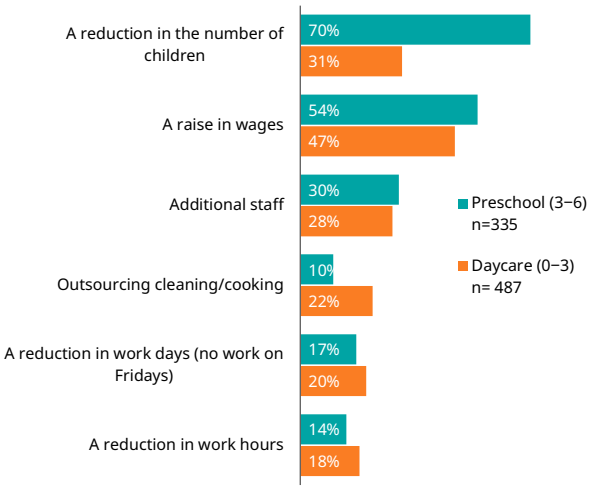
Staff members' preferences for improving working conditions: smaller groups and higher pay

In the graph: Among staff members in preschools (ages 3–6), the most common response to the question of what would improve their working conditions was reducing the number of children in the group — 70% cited this, compared with only 31% of workers in daycare centers (ages 3 months to 3 years). This gap reflects the particularly heavy burden in preschools due to limited staffing levels (the ratio of children to staff members).

A pay raise was the second most common improvement among preschool staff, but the most common among daycare center workers (54% in preschools and 47% in daycare centers). Fewer than one-third of respondents in both settings cited the addition of staff as a step that would meaningfully improve their working conditions. The other proposals — reducing the number of workdays and working hours, and bringing in an external provider for cleaning and cooking — ranked lower.

Beyond the graph: Reducing the number of children in the group is not merely an employment convenience; it is a basic condition for quality care and personal attention to each child. This step, together with raising pay, could help stabilize teaching staff in early childhood education settings and contribute to addressing the labor shortage, to the benefit of the children.

Survey question: What would improve your work conditions?
Responses of daycare and preschool staff, February 2023 to February 2024



Note: Percent who indicated each condition; multiple answers could be selected.
Source: Carmel Blank and Dana Vaknin Ganel, Taub Center | Data: Early Childhood Initiative survey among preschool teachers and daycare workers

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Health

Nadav Davidovitch (Chair), Dorit Adler, Anat Arbel-Shamir, Alexander Aviram, Uri Aviram, Ran Balicer, Shlomo Barnoon, Yitzhak Berlowitz, Nakhle Beshara, Bishara Bisharat, Orna Blondheim, Adi Brender, Shay Brill, David Chinitz, Keren Dopelt, Tal Dovev, Asher Elhayany, Miri Endeweld, Leon Epstein, Ronni Gamzu, Yigal Ginat, Dan Greenberg, Itamar Grotto, Eitan Hai-Am, Jonathan Halevy, Eran Halperin, Michael Hartal, Avi Israeli, Orit Jacobson, Avigdor Kaplan, Galit Kaufman, Rachel Kaye, Muhammad Khatib, Shira Kislev, Maya Leventer-Roberts, Baruch Levi, Jacob Menczel, Shlomo Mor-Yosef, Roei Ben Moshe, Adi Niv-Yagoda, Gabi Bin Nun, Meir Oren, Baruch Ovadia, Shani Paluch-Shimon, Eran Politzer, Sigal Regev-Rosenberg, Bruce Rosen, Judith Shamian, Amir Shmueli, Haim Silber, Varda Soskolne, Jochanan Stessman, Aviad Tur-Sinai, Leah Wapner, Salman Zarka, Dan Zeltzer

Labor

Gil S. Epstein (Chair), Einav Aharoni-Yonas, Rani Dudai, Haggay Etkes, Mark Feldman, Daniel Gottlieb, Nitsa Kasir (Kaliner), Yaakov Loupo, Miki Malul, Guy Mundlak, Dalia Narkiss, Tali Regev, Dmitri Romanov, Moshe Semyonov, Ofer Setty, Sigal Shelach, Arie Syvan, Yossi Tamir, Aviad Tur-Sinai

Welfare

John Gal (Chair), Michal Almog-Bar, Avishai Benish, Orly Benjamin, Allan Borowski, Nissim Cohen, Israel Doron, Rana Eseed, Zvi Feine, Daniel Gottlieb, Anat Herbst-Debby, Roni Holler, Nitsa Kasir (Kaliner), Chana Katz, Michal Koreh, Michal Krumer-Nevo, Lihi Lahat, David Levi-Faur, Ibrahim Mahajne, Miki Malul, Ronen Mandelkern, Baruch Ovadiah, Nadav Perez-Vaisvidovsky, Tehila Refaeli, Yekutiel Saba, Talia Meital Schwartz-Tayri, Shmulik Sheintuch, Sigal Shelach, Edna Shimoni, Roni Strier, Yossi Tamir, Noam Tarshish, Aviad Tur-Sinai, Idit Weiss-Gal, Uri Yanay, Amos Zehavi


ECONOMICS


LABOR


HEALTH


WELFARE


EDUCATION


DEMOGRAPHY


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TAUB CENTER

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