

The Socioeconomic Situation of Young Adults in Israel

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Abstract

This chapter examines the developments in the socioeconomic characteristics of young adults ages 18-34 in Israel since 1995, with breakdowns by age groups and personal attributes. In the areas of higher education and employment, the share of students and academic degree holders has grown considerably since the 1990s, commensurate with the opening of many colleges. The age at which individuals begin their academic studies has been delayed, and the majority of students are concentrated in the 23-26 age group. The employment rates of the youngest age group have declined, while there has been a sharp increase in the rate of those employed in part-time jobs among individuals of this age group. In contrast, the rate of Jewish student employment has risen, with students mainly employed in clerical, sales and service jobs. There has also been an increase in the relatively low-paid service jobs among individuals in the 31-34-year-old age group who do not have an academic education. Among those with an academic education of the same age, there has been a decline in wages relative to older academics, even though younger academics are employed in the same professions and working the same number of hours. In the area of housing, a rise was found in the share of young adults living with their parents, particularly since the beginning of the housing crisis. Home ownership rates among young adults have dropped, due in part to older ages at marriage. For those ages 25-30, the decline has likely occurred because of changing social preferences, while among ages 31-34, the rising cost of housing was no doubt also a factor.

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Introduction

In recent years, young adults have taken their place as leaders of the social protest movements both in Israel and around the world. One of the striking examples in Israel is the protests that began in the summer of 2011 which were initiated and led by young adults, including student union members, who were protesting against their economic situation. They claimed, among other things, that it is harder today than in the past for young adults to support themselves, combine work with academic studies, and find housing at a reasonable price.

The aim of this chapter is to examine the social and economic situation of young adults ages 18-34 in Israel with regard to higher education, employment and housing and to examine the trends in these areas since 1995.

The situation of young adults may be influenced by two main factors. The first, which is frequently cited in protests and by the various media (for example, Frenkel and Somfalvi, 2015), is the external factor. That is, the reason that young adults in Israel experience difficulty in finding work that suits their skills and pays appropriate wages stems from the changes in the Israeli and world economy. According to this argument, the rise in housing prices might indeed make it more difficult for young adults to leave their parents' homes and move to rented accommodation or to buy a home. The second possible factor is internal, i.e., relating to the character of young adults in current times. Criticism is often levelled at members of Generation Y (those born in the 1980s and early 1990s) suggesting that they are more spoiled than previous generations. For example, it has been argued that young adults of Generation Y are incapable of working and that "a spirit of pampering, lack of industriousness, and self-absorption exists in this generation, and it influences their moral code, including their moral code in the realm of work" (Almog and Almog, 2015).

This study examines whether these perceptions are supported by the data, with the intent of offering a broad picture of the social and economic situation of young adults in Israel. It also examines different

age groups within the “young adult” category to identify various characteristics among them.

Current studies examining the condition of young adults (ages 18-29) in the OECD countries, such as the research on young adults in the European Union by Eurofund (Sandor and Ludwinek, 2014) and the research on young adults in the United States on behalf of PEW (Taylor and Keeter, 2010), found that there has been a rise in the share of young adults living with their parents, an increase in their unemployment rate, and a drop in the share of young adults in full-time employment. One of the explanations for this is that young adults are more impacted by economic crises, and therefore the situation of young adults in Europe and the United States has worsened in the wake of the world economic crisis that began in 2008.

Due to the military and national service that many Israelis perform between the ages of 18 and 21, this group tends to have low employment rates and leave their parents’ homes at a later age. As such, comparisons with young adults in the OECD in these areas are more difficult. It is also important to note that Israel has been less impacted by the recent economic crisis relative to other OECD countries, and, in turn, the harm experienced by young adults was also relatively less.

This research consists of several parts. The first part surveys the situation of young adults in higher education and in employment, from age 18 – the conclusion of secondary school studies – through the years of academic studies and into the initial stages in the labor market. The chapter then examines changes in living arrangements of young adults.

Data

In this chapter, young adults are classified into four groups with different characteristics:

Ages 18-22. Most of the Jewish population in this group performs military or national service; in the Arab Israeli sector, most of the young adults interested in pursuing academic education begin their studies during this time.

Ages 23-26. Most of the Jewish population in this age group has concluded military or national service, and the share of students among the Jewish population peaks.

Ages 27-30. The share of students is still relatively high in this group, although less than half that of the younger age group. Relative to 1995, there is an increase in the share of Jewish students in this group, with about half of them pursuing advanced degrees.

Ages 31-34. Most of the students in this group have concluded their studies, and are beginning their path in the labor market.

The chapter is based on data from the Central Bureau of Statistics (CBS) – *Labor Force Surveys* for the years 1995-2011, *Income Surveys* for the years 1997-2011, *Expenditure Surveys* for the years 2003-2014, and the *Population Census* from 2008.

Definitions¹

Academic degree holders. Those with 15 years of study or more whose last educational setting is university or college. This definition predicts with a high level of accuracy the rate of actual first degree holders for individuals above age 30, but is insufficiently accurate for individuals below that age (because many of them are still students even after 15 years of study). Therefore, the calculations for first degree holders on the basis of years of study were performed for ages 31 and above.

Students. Those studying where the last educational setting is academic, including studies towards advanced degrees.

Years of academic study. The overall number of years of study minus 12, for those studying whose last educational setting is academic.

¹ Categories relating to students include ages 18-34 only.

Living with parents. A child of the head of household or a child of the partner of the head of household living in the parents' household.

Jews. Jews and those of other faiths who are not Arab Israeli.

1. Higher Education

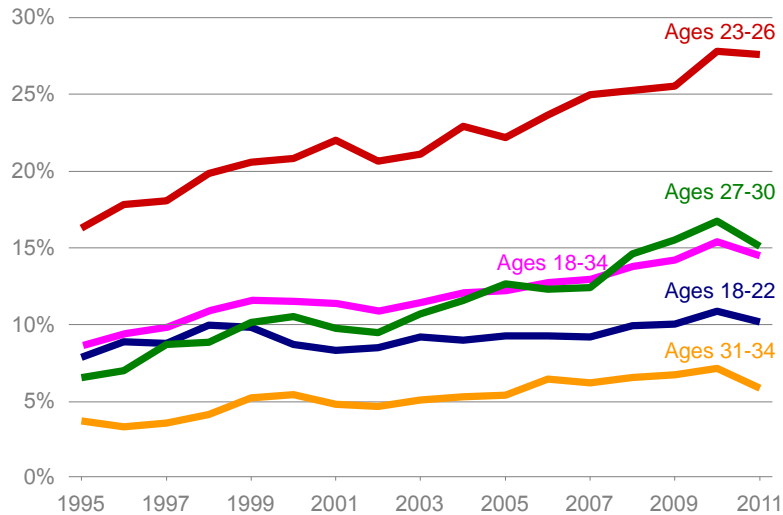
In the last two decades, there has been an increase in the share of young adults continuing on to higher education after concluding their secondary school studies. As such, there has also been a substantial rise in the share of students and academic degree holders among the younger population.

Relative to the past, the share of students rose in all of the age groups, especially among ages 23-30 where the share of students almost doubled between 1995 and 2011. Nonetheless, the extent of the change is uneven across the groups. In the 23-26-year-old age group – which has the largest share of students – the figure almost doubled: 28 percent attended institutions of higher education in 2011 (Figure 1) as opposed to 16 percent in 1995.²

The age group in which the student share was second highest in 1995 (after 23-26-year-olds) was 18-22-year-olds (about 8 percent of the entire group). Over the years, however, the share of students ages 27-30 grew faster, and stood at 15 percent in 2011 – much higher than the two remaining groups (about 10 percent among ages 18-22 and about 6 percent for ages 31-34). Some of the increase in the share of students ages 27-30 stems from the rise in the number of individuals pursuing advanced degrees although, over the years, there has also been an increase in the share of those studying towards a first degree in this age group. In 2011, more than half of all students in the 27-30-year-old age group were studying towards a first degree. By the ages of 31-34, the majority of students have concluded their studies.

² The share of those studying in this age group in 2011 is even higher, reaching 35 percent, if students at nonacademic institutions are also taken into account.

Figure 1
Share of students pursuing an academic degree, 1995-2011
 out of the age group

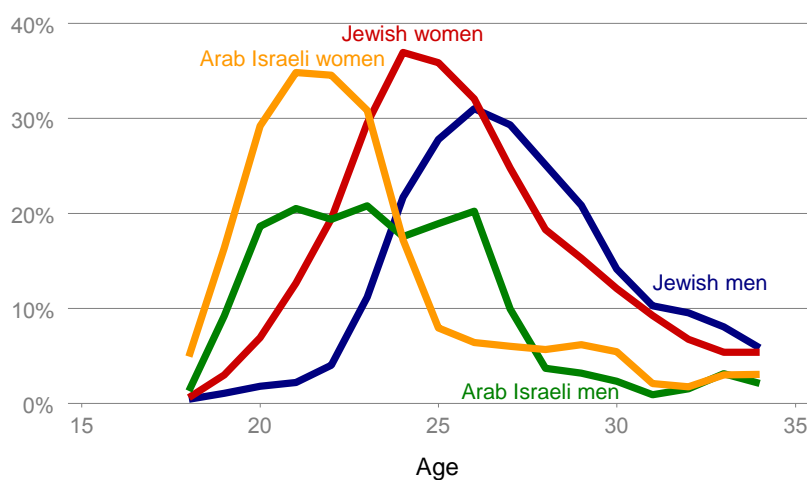


Source: Hadas Fuchs, Taub Center for Social Policy Studies in Israel
 Data: Central Bureau of Statistics, *Labor Force Surveys*

Figure 2 shows the share of students by age in 2011, broken down by gender and sector. Generally, women are better educated than men, with a higher percentage of female students than male students. This phenomenon is even more striking among the Arab Israeli population. It is also important to note that women tend to begin their studies a year earlier than men.³ Jews in general and Jewish men, in particular, begin their studies later than Arab Israelis because of military and national service; most of the Arab Israelis who go on to academic studies do so at ages 20-22, whereas Jews begin at ages 23-26.

³ Military service for women is one year shorter than it is for men.

Figure 2
Share of students pursuing an academic degree
 by age,* gender and sector, 2011



* Two-year moving average

Source: Hadas Fuchs, Taub Center for Social Policy Studies in Israel

Data: Central Bureau of Statistics, *Labor Force Surveys*

A comparison over time reveals a delay by one year in the start of academic studies for all the sectors. The average age of Jewish students in their first year of study⁴ rose from 23 in 1995 to 24.5 in 2011 among men, and from 22 to 23 among women over the same years. Among Arab Israeli students, the average age in 2011 was 20.5 for men and 20 for women, also showing a year's delay relative to 1995 for both sexes. A possible explanation for this postponement may be the fact that more young adults prepare longer than in the past for the pre-university

⁴ Students in their first year of university studies were identified by calculating years of academic study, as described in the *Data* section.

psychometric exams.⁵ The delay may also reflect a change in social norms as young adults postpone starting their studies or work in favor of long trips abroad, for example.⁶

Most of the increase in the share of students and academic degree holders stems from the growth in the number of those studying and graduating from academic colleges (Figure 3). In 1990, there were only six academic colleges in Israel. Many more opened over the years, and in 2014, there were 36 academic colleges attended by 96,000 students. In contrast, the number of students attending the country's universities has been in decline since 2005 and, since 2008, it was lower than the number of students in academic colleges. Many colleges opened in the country's periphery, giving residents there access to higher education. These institutions especially impacted the share of students in the Arab Israeli population due, in part, to the close proximity of university supervised colleges⁷ and teacher training colleges to their places of residence. Consequently, the rate of academics in this group rose considerably over the last few decades (Shaviv, Ophir and Krol, 2015). In the 2013- 2014 academic school year, the share of Arab Israelis in university supervised

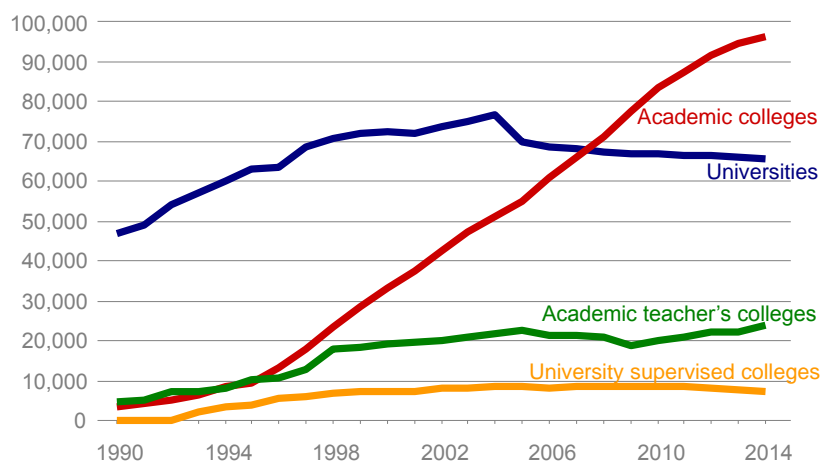
⁵ Psychometric exams are similar to the SAT exams in the US except that in Israel, most young adults do not complete them before the end of upper secondary school. Most commonly, the exams are taken after army or national service and after a preparatory course of anywhere from several months to a year.

⁶ It should be noted that the number of students attending academic preparatory schools has remained relatively constant since 2000 (Central Bureau of Statistics, 2013), so this cannot be the reason for the observed delay in beginning higher education. The number of young adults in pre-army *mechinot* (year-long experiential programs) has also substantially increased over the years and also leads to a year's delay in army service. The pre-army *mechinot*, however, are only attended by about 1 percent of the age group (Vurgan, 2008).

⁷ An example of such is the Western Galilee Academic College, in which an academic department opened in 1994 under the auspices of Bar-Ilan University.

colleges and teacher training colleges stood at 35.2 percent and 24.6 percent respectively, as opposed to 13.4 percent in the leading university campuses (Shaviv et al., 2015).

Figure 3
Number of students,* 1990-2014
 by type of academic institution



* Not including students in the Open University

Source: Hadas Fuchs, Taub Center for Social Policy Studies in Israel

Data: Central Bureau of Statistics

In addition to the change in the distribution of educational institutions, there has also been a change in the subjects that young adults choose to study. The share of those pursuing studies in the humanities (including education) has dropped while there has been a rise in the share of those studying business administration and management sciences, engineering and architecture (Central Bureau of Statistics, 2013).

Alongside the increase in the number of students, the share of first and higher degree holders has also risen. Among those ages 31-34, the share has almost doubled, from 22 percent in 1995 to 40 percent in 2011

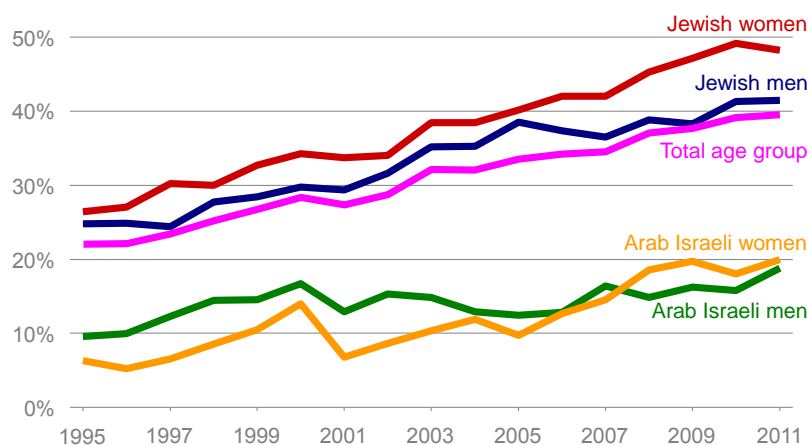
(Figure 4). The rise in education levels is greater for women than for men. Among Jews, the share of women with an academic education rose from about 26 percent in 1995 to 49 percent in 2011 while the rate went from 25 percent to 42 percent for men during the same period. Since 2005, the rise in the share of Jewish men with an academic degree has been more moderate than among women. Among Arab Israelis, the share of academic degree holders was higher for men in 1995 (about 10 percent as opposed to about 8 percent for women), but the growth in Arab Israeli women's education since then has been more substantial. In 2011, women were better educated among this population: 18 percent of the men and 21 percent of the women in the 31-34-year-old age group held an academic degree. The rise in the share of Arab Israeli female academics is evident across all age groups, and is even more prominent in the younger age groups. Overall, the share of women ages 23-30 with an academic education reached 27 percent in 2011.⁸

In contrast to the rise in the share of those receiving an academic degree, there has been almost no change in the overall share of individuals receiving some other post-secondary certificate, a figure which stood at 13 percent in 2011. A breakdown by sectors and ages shows that only among Arab Israeli men ages 31-34 was there an increase (from 9.5 percent in 2000⁹ to 12.6 percent in 2011), with a small decline in the other groups. Some of the decline in the rates of those receiving a post-secondary certificate may be due to a change in the classification of such programs into academic degree programs. For example, long-term nursing care went through an academization process, and from 2007 to 2014, nurses no longer trained in the practical nursing certificate program (Nirel, Yair, Samuel, Riba, Reicher, and Toren, 2010).

⁸ The calculation of this data was done directly from the survey and not using the definition of an academic degree that was used in the rest of the study as detailed in the *Data* section of this chapter.

⁹ The first year for which the data on post-secondary education were published.

Figure 4
Share of academic degree holders, ages 31-34
 by gender and sector, 1995-2011



Source: Hadas Fuchs, Taub Center for Social Policy Studies in Israel
 Data: Central Bureau of Statistics, *Labor Force Surveys*

It should be noted that the share of those eligible for a bagrut certificate (matriculation certificate)¹⁰ rose less than the share of academic degree holders. The share of those receiving a bagrut certificate that meets the minimum university requirements out of those completing 12th grade rose by only 7 percentage points between 1996 and 2011, from 40 percent to 47 percent¹¹ (CBS, 2013). As such, the increased

¹⁰ Bagrut or matriculation examinations assess knowledge on subjects studied in upper secondary school. They are frequently compared to the New York State Regents' Exams and ETS Advanced Placement (AP) tests. Bagrut scores represent an average of the test score and the grade received on that subject in school. Subjects are tested at study unit levels ranging from 1 to 5 units, calculated by the number of class hours devoted to the subject.

¹¹ The overall percentage of those entitled to a matriculation certificate out of those completing 12th grade is higher and was 58 percent in 2011. About 25 percent of those completing 12th grade without a bagrut certificate complete

accessibility of higher education led to the growth in the share of those pursuing a first degree among the eligible population. Following the large increase in the share of eligible students pursuing an academic degree, it is not surprising that a slow-down in the rate of those applying for higher education has been observed in the last few years.

2. Employment and Wages

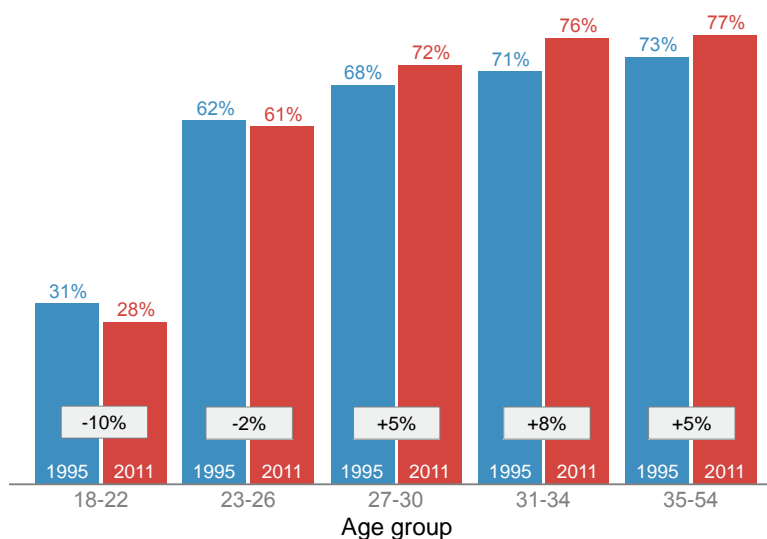
Military and national service in Israel, which as noted impact the age of students in Israel, also leaves its marks on the integration of young adults into the labor market. Among ages 18-22, when most Jewish young adults conclude their secondary school studies and are enlisted in military service, the employment rate is low.¹² With the rise in age, employment rates rise as well, reaching a maximum at around the age of 40.

With regard to the long-term trend, a mixed development is evident in the employment of young adults in Israel. Among young adults up to age 26, employment rates are in decline relative to 1995 (Figure 5). The biggest drop is in the youngest group (ages 18-22), in which there is also the sharpest decline in average number of work hours. Some of the decline stems from the rise in the share of students in this group, who, as will be shown, work less than young adults who do not attend studies. For young adults age 27 and above, employment rates increased, with the largest increase noted among those ages 31-34. During this period, overall employment rates in Israel were also on the rise.

one within eight years, so that the group of those who are eligible to continue on to higher education is actually larger.

¹² Employment rate throughout this chapter refers to the civilian labor force.

Figure 5
Employment rate by age group, 1995 and 2011



Source: Hadas Fuchs, Taub Center for Social Policy Studies in Israel

Data: Central Bureau of Statistics, *Labor Force Surveys*

Combining work with academic studies is rather common among young adults and, as noted previously, academic studies have an effect on the employment rates in the various age groups. Figures 6A and 6B show the academic study and employment status for Jews (6A) and Arab Israelis (6B), broken down by age and gender, for the years 1995 and 2011. In general, there is an increase in the share of students, as noted previously. It is interesting to note that working while studying in higher education is widespread mainly among Jewish students. Arab Israeli students, who generally begin higher education at younger ages, are employed at very low rates; this is especially true for Arab Israeli women ages 18-22.

In the Jewish sector, there were no substantial changes in the employment and education distribution for ages 18-22 between 1995 and 2011, with the exception of a small increase in the number of men who

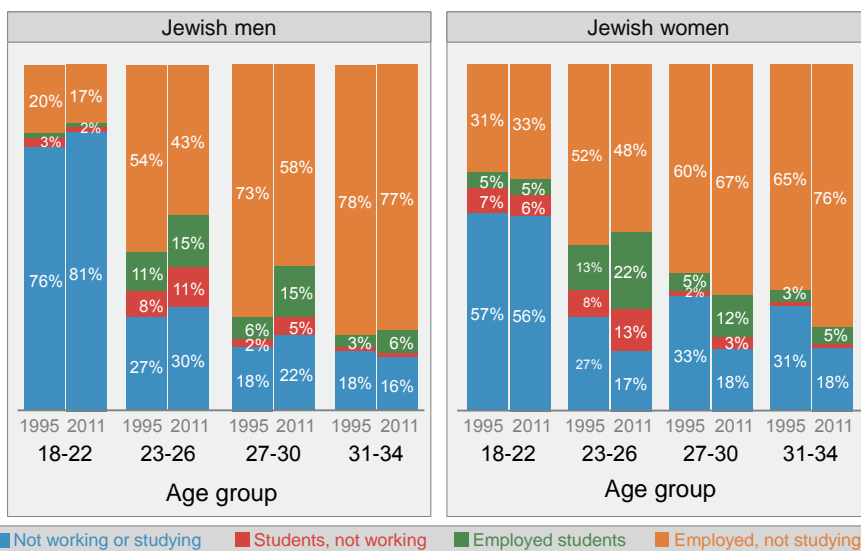
neither work nor study. As noted, the reason for the low employment rate is that most members of this group are engaged in military or national service. In contrast, among Arab Israelis in this age group, several developments occurred in the years under examination. Among Arab Israeli women ages 18 to 22, the rate of those employed (orange and green columns in the figure) declined by 9 percentage points, while the combined rate of those employed and those pursuing academic studies (orange, red and green columns in Figure 6A and 6B) increased by 9 percentage points. Among Arab Israeli men, there was a decline of 13 percentage points in the rate of those employed – from 58 percent to 45 percent – but the decrease in the combined rate of those employed and those studying was only half as large (7 percent).

The share of Arab Israeli men in this age group (18-22) who are not employed and are not studying has risen over the years, and it is even high relative to older ages (42 percent in 2011 as opposed to 24 percent at ages 23-26, for example), even though the great majority of Arab Israelis do not do military or national service. Eckstein and Dahan (2011) suggest that the reasons for this finding include early parenthood and differences in opportunities. However, the fact is that the age of marriage and childbearing is delayed, and at later ages these rates drop. The phenomenon may also be the result of unreported work occurring on a relatively large scale or from difficulties that young Arab Israeli men experience in integration into the labor market.

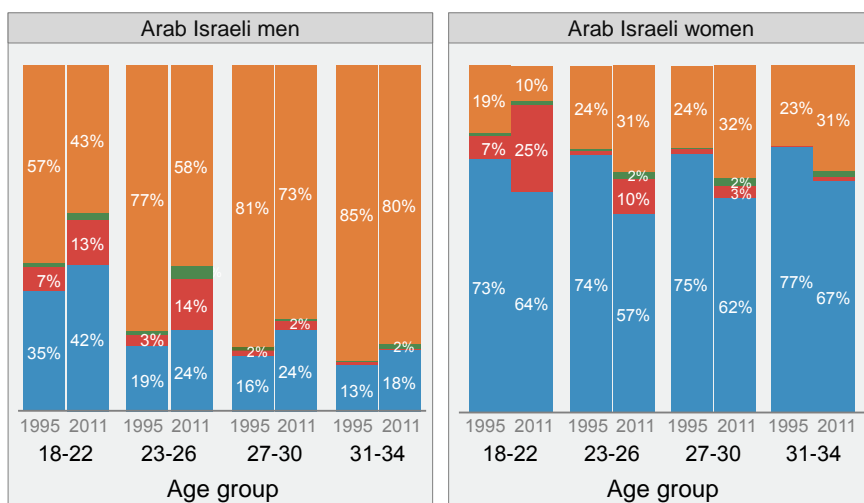
Figures 6A and 6B

Employment and education breakdown by sector, age and gender, 1995 and 2011

A. Jews



B. Arab Israelis



Source for both: Hadas Fuchs, Taub Center for Social Policy Studies in Israel
 Data for both: Central Bureau of Statistics, *Labor Force Surveys*

In the next age group, ages 23-26, the combined share of women employed and studying reaches its peak among both Jews and Arab Israelis. Among Jewish women, there is an increase in the employment rate (from 65 percent in 1995 to 70 percent in 2011), and double that increase in the rate of those employed or attending studies (from 73 percent to 83 percent). Among Arab Israeli women, the combined rate of those employed or studying rose by 17 percentage points.

In contrast, for men in the same age group, both Jews and Arab Israelis, the overall rate of those employed (among students and young adults who are not studying) has decreased. Although some of the decline in employment may be explained by the rise in the share of students who are not working, the decline in employment among Arab Israelis in particular, is greater than the change in the share of students in both this and older age groups. That is, the increase in the share of those studying is not sufficient to explain the drop in employment. The employment rate among men is lower until they reach their early thirties, and it seems that among men, and especially Jewish men, there is a delay in entry into the labor market that parallels the delay in the start of higher education.

Jewish women not only enter the labor market earlier than men, but also maintain higher employment rates than men until the age of 30. The rate of Jewish women who are employed (including working students) is higher by 13 percentage points than the rate of Jewish men employed at ages 23-26, and by 6 percentage points at ages 27-30.

Since Arab Israelis are exempt from military service and have lower rates of academic studies, the employment rates of Arab Israeli men until the age of 30 are higher than among Jews. Nonetheless, among Arab Israeli men the employment rate has decreased over the years for all ages, and the decline has been sharper at the younger ages though it lessens with age.

The following analysis examines characteristics of groups of young adults. The intention is not to analyze every possible group, but to highlight developments that can be discerned among the main groups.

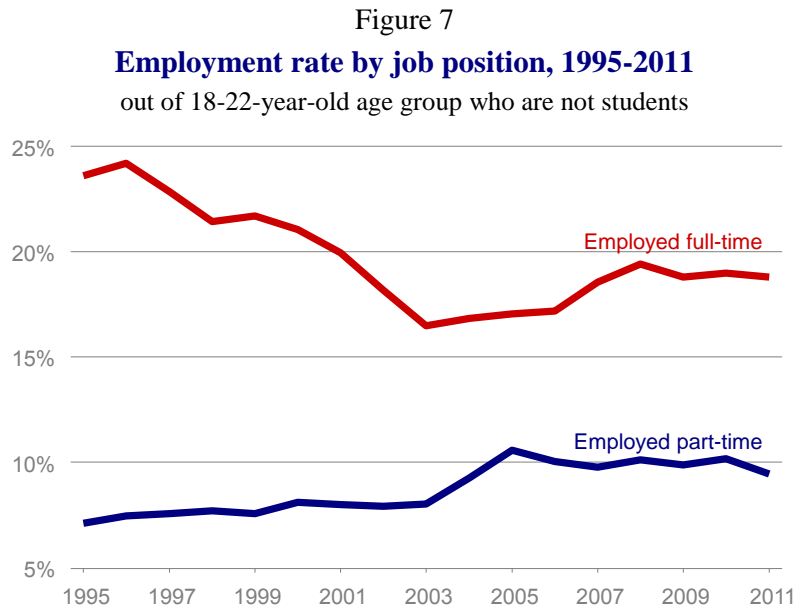
Non-Students Ages 18-22

As shown in Figure 5, in the youngest cohort, ages 18-22, the employment rate is low and has declined over the years. Figure 7 focuses on non-students in this age group and shows the rate of those employed out of the entire age group, divided by full-time and part-time employment.¹³ The rate of those employed full-time in this group decreased between 1997 and 2003, and has been increasing since then, although it has not returned to its level at the start of the period. In contrast, the share of those employed part-time at these ages shows an overall increase during these years. As such, the share of those employed part-time out of all those employed in the group grew considerably (from 23 percent in 1995 to 33 percent in 2011).

The rise in the share of those employed part-time is unique to the youngest age group, especially those without an academic education who are not students,¹⁴ and appears among Jews and Arab Israelis alike. While most of the decline in employment takes place among Arab Israelis (among Jewish women the employment rate rises), the increase in the rate of those employed on a part-time basis is greater among the Jewish population, where the rate of students is higher and the age of initiating studies is later.

¹³ Part-time employment is defined as less than 35 weekly work hours, in keeping with the CBS definition.

¹⁴ Among ages 23-26, there has also been a rise in the share of those employed part-time, but this stems from the high rate of students in this age group.



Source: Hadas Fuchs, Taub Center for Social Policy Studies in Israel
Data: Central Bureau of Statistics, *Labor Force Surveys*

Members of the 18-22 age group have not yet had time to acquire a post-secondary education, and 88 percent of them are employed in low-skill occupations.¹⁵ Among these occupations, there has been a rise in the rate of those employed in sales and service jobs, and a decline in the rate of those employed as skilled workers – the largest drop among all the age groups. Table 1 shows the occupations in which the greatest change has occurred in the employment rate among those who are not students in the age group between 1995 and 2011. In 2011, 22 percent of young adults ages 18-22 worked in sales, or as wait staff or bartenders, as opposed to 12 percent in 1995. On the other hand, there has been a relatively large

¹⁵ According to the CBS classification from 1994, this includes occupations ordered 3 to 9 – occupations for clerical workers, agents and sales and service workers, skilled and unskilled workers.

decline in the members of this age group working as builders and construction workers, tailors and seamstresses. The source of these changes may be developments in the labor market, as detailed in Madhala-Brik (2015) and Kimhi and Shraberman (2014). It may also be that the increase in those turning to academic education influences the types of jobs chosen at these ages: as noted previously, the highest rate of students is among ages 23-26, and young adults who plan to study may be seeking part-time jobs before beginning their academic studies.

Table 1. **Changes in occupations for ages 18-22, 1995-2011**
as a share of all of those employed who are not students

Occupation¹⁶	Share out of all workers in the age group in 1995	Share out of all workers in the age group in 2011
Increase in workers		
Sales and shop assistant	7.3%	12.6%
Wait staff and bartenders	4.8%	9.7%
Decrease in workers		
Construction and building workers	6.6%	2.9%
Tailors and seamstresses	2.5%	0.4%

Source: Hadas Fuchs, Taub Center for Social Policy Studies in Israel

Data: Central Bureau of Statistics, *Labor Force Surveys*

¹⁶ According to the CBS classification from 1995: salespeople and sales assistants – classification numbers 420 and 421; wait staff and bartenders – number 444; construction and building workers – number 69; tailors and seamstresses – number 75.

Arab Israelis are employed in skilled occupations at a higher rate than Jews at these ages. On the assumption that the decline in the rate of those employed in skilled occupations stems also from a decline in demand for workers in these occupations, this may explain the relatively large decrease in the employment rate of Arab Israeli young adults.

In conclusion, ages 18-22 are employed at low rates (which have dropped even further over the years), and many are in part-time employment, often in sales and service occupations.

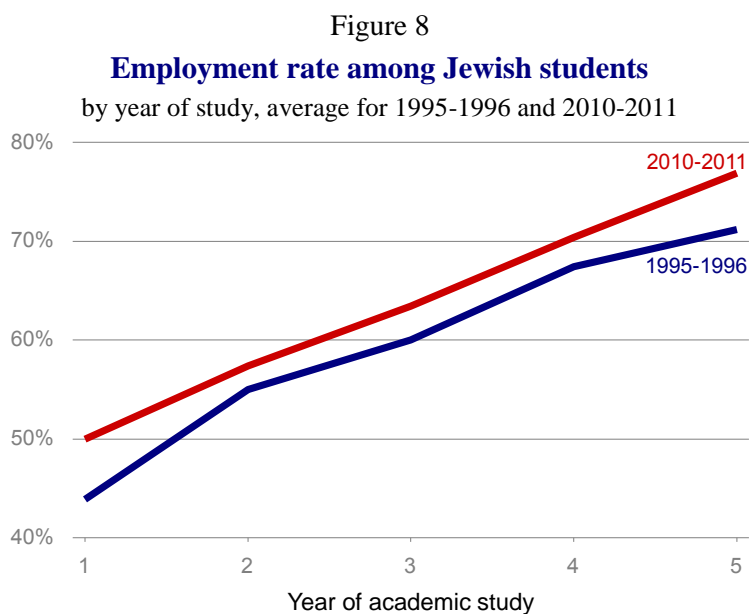
Students¹⁷

The employment rate among Jewish students, who as noted previously are for the most part ages 23-30, stands at 65 percent; the employment rate rises with years of study.¹⁸ Figure 8 shows that the employment rate for students in their first year of studies is about 50 percent and increases to 77 percent by the fifth year of studies (students at this stage are usually pursuing an advanced degree; undergraduate degrees generally take only three years to complete in Israel).¹⁹

¹⁷ Since the employment rate among Arab Israeli students is low, this section will focus on student employment among Jews.

¹⁸ Year of study was defined based on years of study for those attending academic studies, as detailed in the *Data* section of this chapter.

¹⁹ The years have been combined due to the low number of observations



Source: Hadas Fuchs, Taub Center for Social Policy Studies in Israel
Data: Central Bureau of Statistics, *Labor Force Surveys*

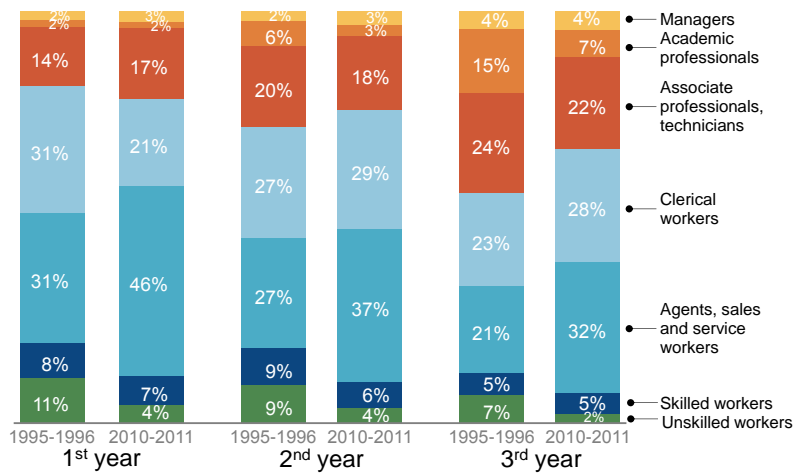
In general, the employment rate among Jewish students increases over their years of study. Several factors may be at play here from the previously noted year delay in the start of studies and the concomitant rise in the average age of students (since employment increases with age) to the expansion of the service sector to offer more part-time employment (Kimhi and Shraberman, 2014). The increase in the share of students attending academic colleges apparently also has an effect on the rise in the employment rate. Zussman, Tur-Sinai and Romanov (2007) find that students in academic colleges had higher employment rates than university students in the early 2000s, and it may be assumed that this trend continued in the following years. Another possibility is that the general economic situation of students has worsened, whether due to the rise in housing and food prices or due to the increase in students from lower socioeconomic backgrounds who are forced to work.

An examination of students' occupations (Figure 9) sheds additional light on the issue. For the most part, students are employed as clerical workers and in sales and services; and as they progress in their studies they also advance to more prestigious occupations. Over the years, there has been a decline in the share of students employed in clerical jobs, and a rise in the share of those employed in sales and service jobs. This trend of a decline in the employment rate in clerical jobs is seen throughout the market place but, among students, it is steeper, especially for first-year students; the rate of students in clerical and secretarial occupations in their first year of studies dropped by 10 percentage points, from 31 percent in 1995-1996 to 21 percent in 2010-2011. In effect, there has been an academization of clerical occupations; the rate of academic degree holders in clerical and secretarial occupations rose from 14 percent to 26 percent during the examined period and this trend has served to push students out of these occupations.

Figure 9

Distribution of occupations of Jewish students

by year of study, average for 1995-1996 and 2010-2011



Source: Hadas Fuchs, Taub Center for Social Policy Studies in Israel
 Data: Central Bureau of Statistics, *Labor Force Surveys*

The decline in the rate of those employed in clerical and secretarial occupations translates almost entirely into a rise in the rate of those working in service occupations. Here too, the increase is especially significant in the first year of studies: 46 percent of first-year students were employed in such jobs in 2010-2011 as opposed to 31 percent in 1995-1996. The rise is mainly concentrated in food services and sales and security jobs; 36 percent of first-year students were employed in this occupation 2010-2011 as opposed to 17 percent in 1995-1996. Nonetheless, students are employed in more prestigious occupations than those of the same age who do not have an academic education and are not students, with concomitant higher wages per work hour as well (Appendix Figure 1).

Another statistic that arises from this analysis is that students hardly work in academic occupations, especially not in their first few years of study. Among third-year degree students, there was a 50 percent drop in the share of those employed in academic occupations: from 15 percent at the beginning of the period to 7 percent at the end of it.

It seems, then, that at least in their initial years of study, greater numbers of students are working to support themselves than in the past and not necessarily to accumulate relevant occupational experience that will help them in their future careers. It may be the case that students choose to work in service jobs due to the flexibility that these jobs offer – fewer and more convenient hours – which suits the work-study combination; over 55 percent of students who are employed work in part-time jobs in their first three years of studies. This rate drops somewhat in more advanced years of study, but remains high at over 40 percent.

Ages 31-34

In the 31-34 age group, most of the young adults who pursued academic studies have concluded their studies and are at the start of their professional careers. As shown in Figure 5 previously, the employment rate for these ages rises at the highest rate among the age groups examined between 1995 and 2011. Some of the increase in the

employment rates is related to the rise in higher education over the years, since the well-educated are employed at a higher rate.

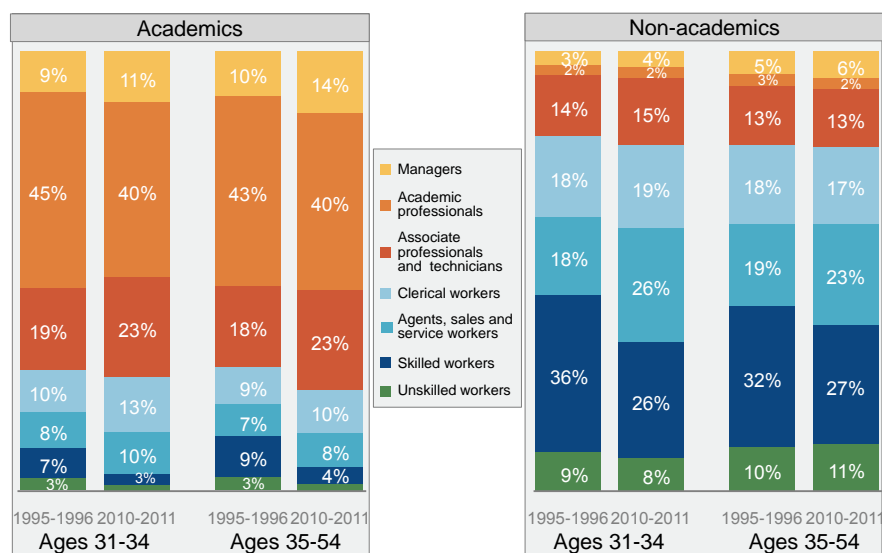
The employment rates for ages 31-34 approach the rates among ages 35-54, both when broken down by higher education (Appendix Figure 2) and when the rate of those in full-time employment is examined (Appendix Figure 3).²⁰ In other words, young adults at the start of their employment path integrate into the labor market, and are employed in full-time or part-time employment at rates that are similar to those with more experience.

A look at occupations among the group with an academic education shows no substantial differences between younger and older workers. Figure 10 shows the distribution of those employed by occupation and education level. It is evident that the occupations in which younger and older academics are employed are similar, and the changes that have occurred over the years are also similar – a small drop in the rate of those employed in academic occupations and a rise in the rate of those employed in managerial occupations and as self-employed and associate professionals and technicians. All together, the share of those employed in these three occupation groups, which include high-skill jobs requiring higher education, rose slightly.²¹

²⁰ The employment rate for those in full-time employment has essentially increased by 4 percentage points for young academics as opposed to a decrease of 1 percentage point among older academics. This is primarily due to a 9 percentage point rise in the share of women academics who are employed full-time.

²¹ Even upon examination of the changes that occurred in more detailed categories of occupations (at a two-digit level) no substantial difference was found between the changes among younger and older academics.

Figure 10
Distribution of occupations by education and age group
 average for 1995-1996 and 2010-2011

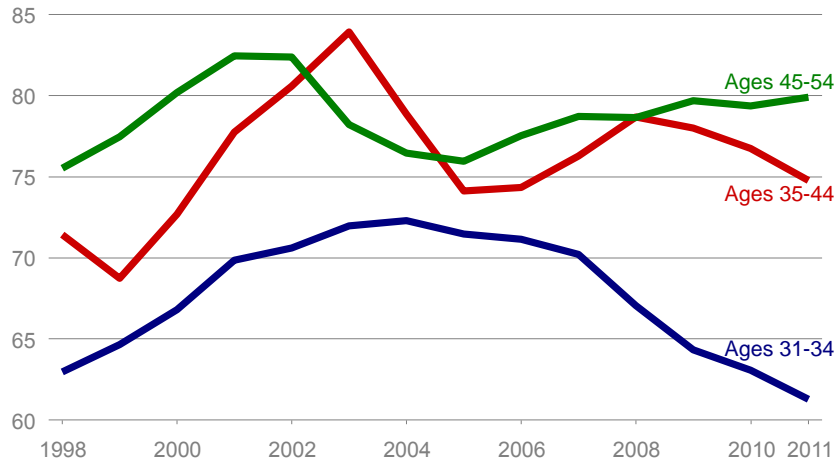


Source: Hadas Fuchs, Taub Center for Social Policy Studies in Israel
 Data: Central Bureau of Statistics, *Labor Force Surveys*

Nonetheless, an examination of wages among younger versus older academics reveals a difference in trends. Figure 11 shows the real wage per work hour for academic workers by age groups, between 1997 and 2011.²² Among ages 35-54, wages fluctuate but have changed little since 2005. In contrast, among ages 31-34, wages were on the rise between 1997 and 2004, but declined since then, reaching a lower level in 2011 than their 1997 level. This decrease has taken place mostly among the Jewish population; for Jewish women it was strongest and began in 2003.

²² Pay data were calculated from the CBS Income Surveys for 1997 onwards, subject to the limitations of the data.

Figure 11
Real hourly wage for workers with an academic education
 by age group, in 2011 prices, in shekels, 1997-2011*



* Two-year moving average

Source: Hadas Fuchs, Taub Center for Social Policy Studies in Israel

Data: Central Bureau of Statistics, *Income Surveys*

Some of the decline in wages can be explained by the lower level of experience of those aged 31-34 than in previous years, due to the delay in the start of advanced studies. The increase in the share of students who proceed to advanced degrees also accounts for the decline in the experience of young academics, even though the rise in the rate of second degree holders may actually serve to increase their pay. Another possible factor for the decline in wages is the change in institutions for higher education. As mentioned previously, the growth in the number of academics over the years stemmed mostly from the proliferation of graduates from the newly established academic colleges. Zussman, Furman, Caplan, and Romanov (2009) find that the wages of university graduates are higher than that of college graduates. Thus, the increase in

the share of college graduates out of young academics served to lower the average wage in this group. It may also be the case that the rise in the share of academics increased the supply of well-educated workers with no corresponding increase in demand, thus leading to a decline in their pay, especially for young academics at the start of their professional careers. The decline in young academics' wages occurred in high-skill occupations, whereas in low-skill occupations, in which only a small percentage of academics are employed, wages did not change, or have been trending upwards.

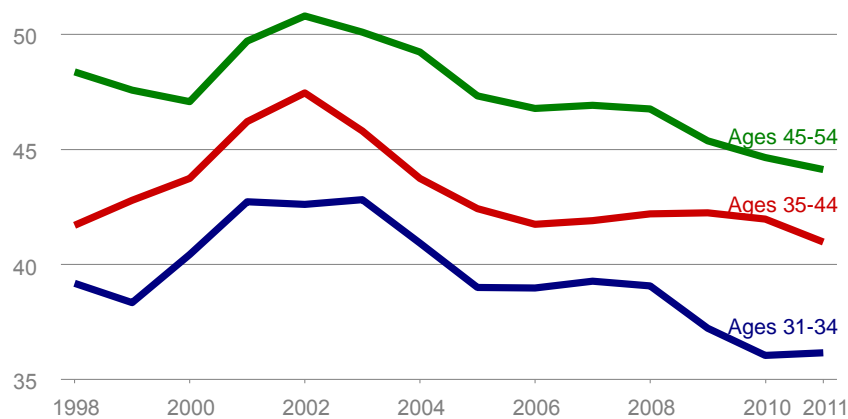
Among workers who are not academics, an examination of occupations reveals that there has been a rise in the share of those employed in service jobs. The increase is observed across all ages, but it was higher among ages 31-34. At the beginning of the period examined, the share of those employed in service jobs is slightly lower among this group than among those aged 35-54 (18 percent versus 19 percent, respectively). Over time, the share of young adults who are not academics in these jobs rose by 8 percentage points (in contrast to a rise of 4 percentage points among older workers) and reached 26 percent in 2011, versus 23 percent among those ages 35-54 (Figure 10). Unlike those between the ages 18-22, service workers in the 31-34 age group are employed full-time at a similar rate to workers in other occupation groups. At the same time, there is a drop of 10 percentage points in the rate of those employed as skilled workers among individual ages 31-34 without academic education, similar to the change among non-academics in the entire 18-34 age group.

Among workers without an academic education there has been a decline in wages from 2002 for all the age groups and in all sectors, with no difference between younger and older workers (Figure 12). Some of the decline in wages occurred because of the entry of job seekers from weaker population groups into the labor force, following the reduction of social benefits which began in 2003. These groups, the majority of whom lack education appropriate to the more prestigious occupations in the labor market, integrated into low paying occupations. At the same time, the highest of the lower socioeconomic status groups, which in the past

did not have an academic education, has seen rising education levels along with the rise in the share of first degree holders; as such, there was a further decline in the average wages of those remaining in the lowest occupational groups (this shift also led to declining wages among academics). Likewise, as noted, there was a drop in the share of those employed as skilled workers and a rise in the share of those employed in service jobs, in which the average wage is lower.

Figure 12

Real hourly wage for workers without an academic education
by age group, in 2011 prices, in shekels, 1997-2011*



* Two-year moving average

Source: Hadas Fuchs, Taub Center for Social Policy Studies in Israel

Data: Central Bureau of Statistics, *Income Surveys*

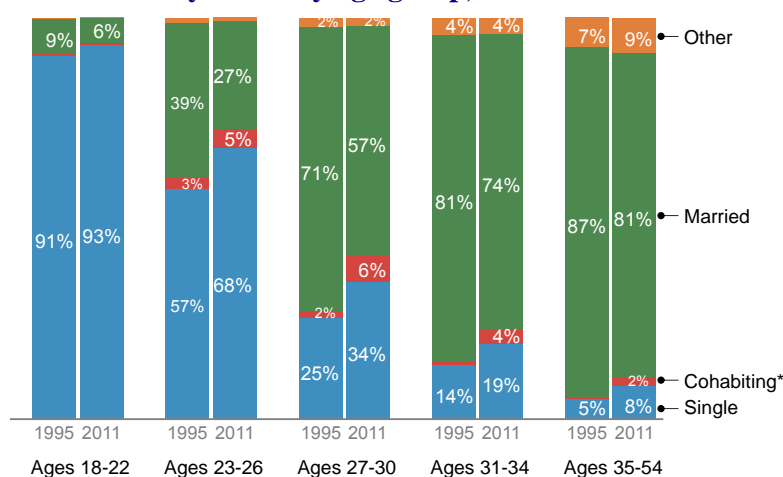
It is noteworthy that the wage gap between academics and non-academics has been growing over the years for all the age groups. In other words, despite the decline in the wages of young academics, the acquisition of higher education has become more worthwhile over the years among all the age groups, because the pay of those workers without higher education has dropped more steeply.

3. Housing

This section examines the changes that took place in the living arrangements of young adults in the years 1995 to 2011. In Israel, as in the rest of the developed world, socioeconomic changes have occurred that have also changed the demand for housing. In the years examined, the share of young adults either married or cohabiting dropped by 11 percentage points among ages 23-26, and by 9 percentage points among ages 27-30 (Figure 13). Along with the delay in marriage, there has been a similar delay in the age of childbearing. In addition to the effects of social changes, the sharp rise in housing prices that began in 2007 has made it difficult for young adults to leave their parents' homes and take up independent residence, or serves to drive them back to their parents' homes at the conclusion of academic studies (the boomerang generation).

Figure 13

Family status by age group, 1995 and 2011



* Using the CBS classification (2012), a cohabiting couple is a heterosexual couple living in a single household where at least one of the couple is not married

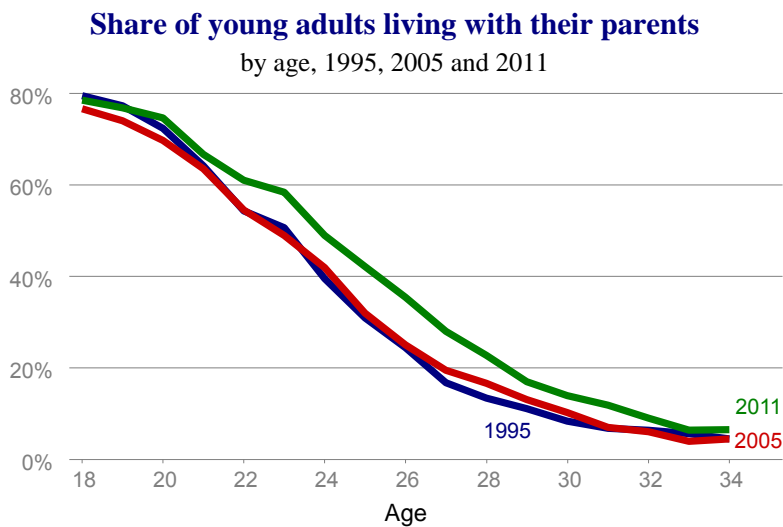
Source: Hadas Fuchs, Taub Center for Social Policy Studies in Israel

Data: Central Bureau of Statistics, *Expenditure Surveys*

Living with Parents

The issue of living with parents preoccupies young and old alike. The impression from public sentiment and media coverage is that more young adults than in the past are continuing to live with their parents. As previously noted, two factors are frequently cited for this trend: the rise in housing prices relative to wages and the spoiled nature of Generation Y and their excessive reliance on their parents (Almog and Almog, 2015). The data indicate that since 2005 (and at an even faster rate since 2007 when housing prices rose sharply) there has been an increase in the share of young adults living with their parents. Figure 14 shows that in 2005, the share of young adults living with their parents was almost identical to the 1995 rate but, by 2011, the share had risen, especially for those ages 22-28. At the extremes of the age range (about age 18 at the bottom and about age 34 at the top), the share of those living with parents increased more moderately. It is evident, then, that there has been a certain delay in the age of leaving home but, after the age of 32, the share of young adults living with their parents is not much different than it was in 1995.

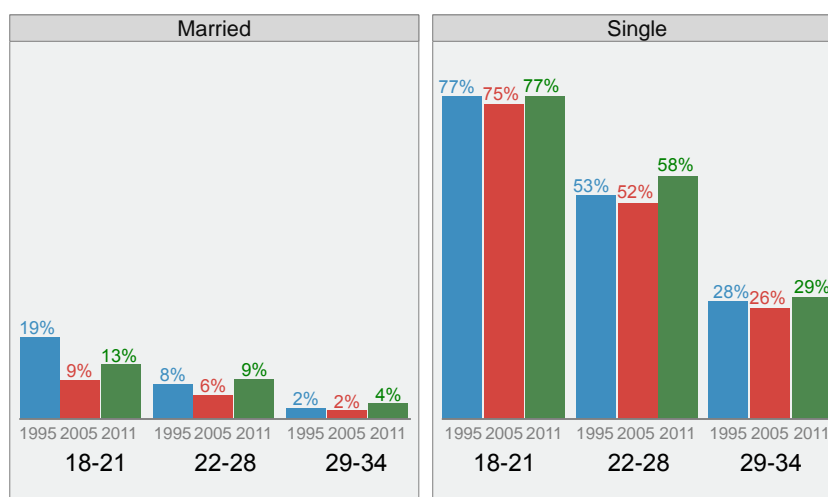
Figure 14



Source: Hadas Fuchs, Taub Center for Social Policy Studies in Israel
Data: Central Bureau of Statistics, *Labor Force Surveys*

It is also possible that the increase in the share of young adults living with their parents was affected by the later average age at marriage. In order to examine the effect on this variable, Figure 15 shows the share of young adults living with parents by age groups and family status.

Figure 15
Share of young adults living with their parents
 by age group and family status, 1995, 2005 and 2011



Source: Hadas Fuchs, Taub Center for Social Policy Studies in Israel
 Data: Central Bureau of Statistics, *Labor Force Surveys*

As expected, unmarried young adults live with their parents at higher rates than married people. Therefore, it is reasonable that the delay in marriage age has contributed to a rise in the share of young adults living with their parents in all the age groups. Nevertheless, the rise since 2005 is substantial even in an examination that includes only unmarried individuals. For example, the share of those ages 22-28 living with their parents rose by 8 percentage points between 2005 and 2011, whereas the share of unmarried individuals in this age group living with their parents

rose by 6 percentage points, from 52 percent in 2005 to 58 percent in 2011. Young married couples also live with their parents at a higher rate than in the past, although the rate remains rather low.

A breakdown of this young population by gender and sector shows that the trend among Jews was found to be similar to the overall trends. Arab Israelis live with their parents at lower rates (apparently due to the younger marriage age among them). Between 1995 and 2005, there was a drop in the share of those living with their parents among this group but afterwards, the rate rose and returned to a level similar to the 1995 level. Young adult women in general live with their parents less frequently, partly because of the younger age at marriage, although the trends for men and women are identical.

No substantial differences in trends were found in the rates of living with parents by educational status, except for a slightly higher rate of living with parents among students and young adults not studying as opposed to more educated young adults.

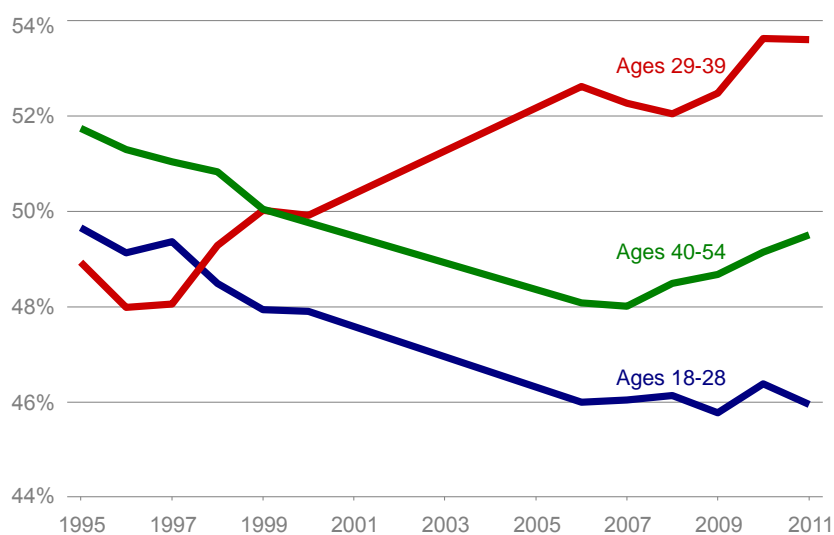
In summary, the share of young adults living with their parents has risen, and the increase is related to the rise in housing prices – although the influence of the later age at marriage is also evident. Since no increase was found in the rate of young adults living with their parents before 2005, it may be assumed that the trend regarding leaving home at a later age is not caused by social changes affecting young singles.

Residential Area

Another aspect of young adults' living arrangements is an increase in the share of those living in the geographic center of the country; this is in contrast to a decrease in this rate among older age groups. Among Arab Israelis there has been almost no change, so this section relates only to Jews. A relatively high share of young Jewish adults ages 29-39 have moved to live in Tel Aviv and central districts, and, in contrast, there has

been a decline in the share of those living in these districts among ages 18-28²³ and ages 40-54 (Figure 16).

Figure 16
**Share of population living in Tel Aviv and the
 center of the country**
 Jews, by age group, 1995-2011



Source: Hadas Fuchs, Taub Center for Social Policy Studies in Israel
 Data: Central Bureau of Statistics, *Labor Force Surveys*

²³ In this group many young adults live with their parents, so they do not choose their residential area independently. Among members of this age group who do not live with their parents, there was also a decline in the share of those living in the country's center, but the decline was relatively small.

The increase in the share of young adults living in the country's center occurs over almost all of the years. It is interesting to note that the decline in the share of adults (ages 40-54) living in the country's center stopped with the rise in housing prices.

The move of young adults to the country's center has taken place mainly among those with an academic education who, even prior to the increase, lived in the area at higher rates (Appendix Figure 4). The employment rate of young adults living in the center are higher in all of the young age groups, as is the case in the 35 and older age groups, and the trends (as can be seen in Figure 5 previously) are also similar – a decline in employment for ages 18-26 and a rise among ages 27 and over.

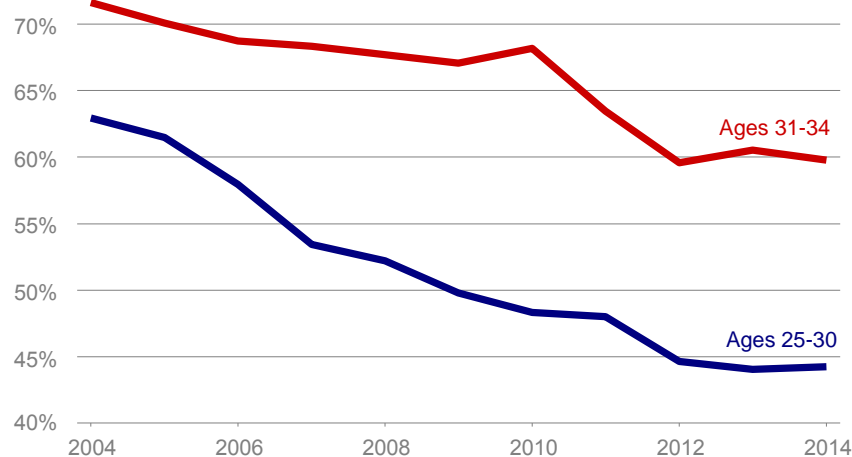
Home Ownership

In parallel with the rise in the share of young adults living with their parents, there has been a decline in home ownership rates. The precise share of home owners does not exist in the Expenditure Survey data, and the data that are measured – ownership of a residential property – is taken as a general measure of home ownership.

Unsurprisingly, the rate of home ownership at ages 18-24 is very low. Gruber (2014) has shown that the rate of home ownership among ages 25-34 experienced a downward trend since 2003, that is, even before the onset of the rise in housing prices. Out of the entire group, most of the decline occurred among ages 25-30. Focusing on married couples at these ages (Figure 17), from 2003 (the first year for which data are available) to 2014, home ownership rates fell by 19 percentage points (from 63 percent to 44 percent).²⁴ This decline took place throughout almost all the years, and was even sharper before the rise in housing prices.

²⁴ This is steeper than the drop in the overall rate of home ownership in the 25-30 age group, since among households headed by unmarried individuals the ownership rate declined by only 5 percentage points.

Figure 17
Home ownership among young married couples, 2003-2014*
by age of head of household



* Two-year moving average

Source: Hadas Fuchs, Taub Center for Social Policy Studies in Israel

Data: Central Bureau of Statistics, *Expenditure Surveys*

Among ages 31-34, the rate of home ownership is also in decline, but the drop is more moderate. The rate of home owners among married couples of this age group has decreased by 12 percentage points since 2003. In this age group, the largest decline occurred between 2010 and 2012, and it is interesting to see that between 2012 and 2014, the decline stopped. In other words, it appears that the rise in housing prices had only a temporary effect on home ownership for married couples at ages 31-34.

Thus, the decline in the rate of home ownership among young adults occurred mainly among married couples and mainly among ages 25-30. It appears that the reason for the decline is not only the rise in housing prices since, as noted, the trend began even earlier, but also changes in the preferences of young couples, who now prefer to postpone the

purchase of a home. It is also possible that the rise in the rate of young adults living in the country's center, which was on the rise especially between 2003 and 2007, had an effect on the postponement of purchasing a home, because of the higher housing prices in the center. In addition, the growth in the rate of those in higher education also impacted the decline in the home ownership rate for young adults until the age of 30, since the lowest rate of home ownership is among students.

4. Summary

This chapter examines the situation of young adults in the areas of higher education, employment and housing relative to the past. It is evident that, since the 1990s, there have been changes both in social norms and in the labor market that have prompted lifestyle changes among young adults.

In the area of higher education, there is a prominent and large increase in the share of those ages 18-34 pursuing a higher education, which coincided with the establishment of many colleges. At the same time that the avenue for higher education expanded, the average age for starting higher educational studies has shown a delay of a year. The source of the trend may be new norms, such as long trips abroad after military or national service as well as lengthy periods of study for the pre-university psychometric exams. As in 1995, most of the Jewish students belong to the 23-26 age group, but a growing share of those ages 27-30 are still attending studies as well.

The delay of studies is accompanied by a later age of entry into the labor market. The younger ages (18-22) have seen the largest decline in employment (about 3 percentage points). In addition, among these ages, there has been a rise in the rate of those employed in part-time jobs as wait staff and in sales positions.

The trends in student employment rates over the course of the examined period were mixed. Among Arab Israeli students, the rates were and remain very low – perhaps due in part to their relatively young age. In contrast, about 65 percent of Jewish students are employed, most

of them in part-time jobs. The employment rate rises as students progress through their studies, and it increased between 1995 and 2011. Students are mainly employed in clerical, sales and service jobs, and only a small percentage of them are employed in occupations that require post-secondary education; that is, they do not amass relevant work experience in the course of their studies.

Contrary to common arguments, young adults ages 31-34 successfully integrate into the labor market and in full-time or part-time employment at rates similar to the older population. Young academics even integrate into occupations in the same way as older academics. Nonetheless, from 2004 to 2011 their pay declined in real terms. This decline is explained by, among other things, the drop in young academics' work experience in the labor market due to the older age at which they begin their studies and enter the labor market as well as the growing number of students pursuing advanced degrees. Likewise, the lower wages may be an indication of the quality of studies at the educational institutions which opened in recent decades. Non-academic educated young adults are employed at a growing rate in service occupations, in which wage levels are low relative to most other occupations. Indeed, the wages of non-academics aged 31-34 has been in decline since 2002 – though this decline is not unique to young adults, and is seen at all ages.

Changes in trends over the years were also found in the area of housing. The share of young adults continuing to live with parents has risen since 2005, especially among those ages 22-28. This rise is evident even when only unmarried individuals are examined. In other words, the trend cannot be explained solely by the delay in age of marriage, and the increase that has occurred since 2005 hints that most of it stems from the rise in housing prices. The share of married couples ages 25-30 living in a home that they own declined by 19 percentage points from 2003 to 2014. However, the decline in the share of married couples ages 31-34 living in a home that they own was two-thirds that of the younger group (12 percentage points), and it primarily occurred after 2007.

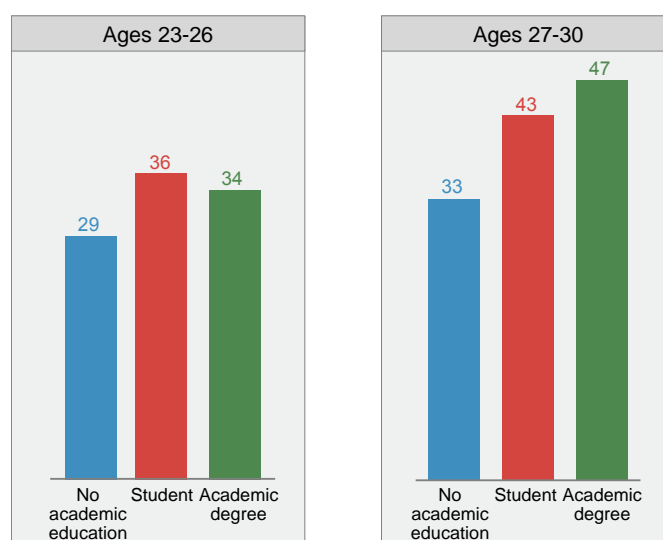
In summary, an overall delay was found in the start of independent adult life, which is reflected in the later age for initiating academic studies and entry into the labor market, in later marriage and childbearing ages, and in delays in moving out of parents' house and the purchase of a home. Despite these lags, by their early thirties most young adults conclude their studies (if they have pursued higher education), successfully find employment at rates similar to those ages 35-54, and leave their parents' homes.

Besides the changes in social norms, there are some external factors that may make life more difficult for young adults than in the past. These include the decline in wages for young academics, and, for those without an academic education, the rise in employment in occupations at relatively low wage levels. Aside from that, the sharp rise in housing prices left its mark in a decline in the home ownership rate among young adults, which has been accompanied by an increase in the share of young adults who continue to live with their parents for longer periods of time.

Appendix

Appendix Figure 1 examines data on wages by educational status according to the Population Census; the census is the only place with data on wages for the 23-26-year-old age group.²⁵ The data for ages 27-30 were also examined through the Central Bureau of Statistics, Expenditure Survey 2014; and similar results were obtained. The lower wages of those with an academic degree as compared to students among individuals in the 23-26-year-old age group is explained by the composition of academics in this age group, which includes more women and Arab Israelis whose wages are relatively low.

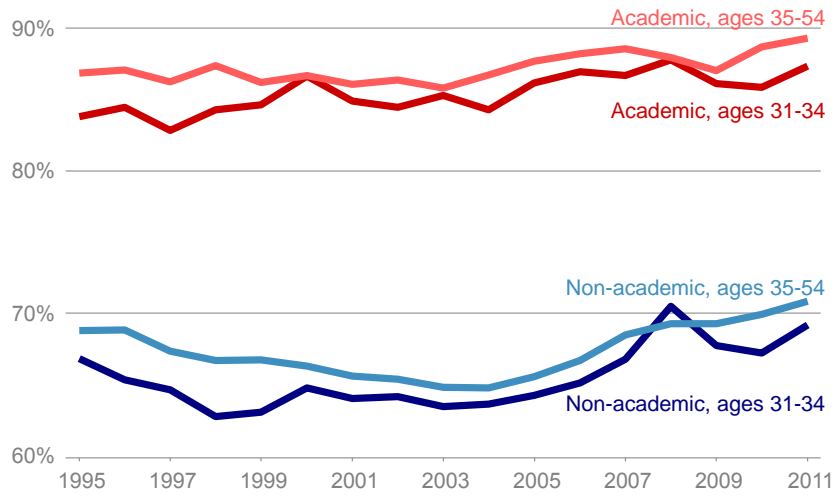
Appendix Figure 1
Hourly wage by educational status, 2008
Jews, by age group, in shekels



Source: Hadas Fuchs, Taub Center for Social Policy Studies in Israel
Data: Central Bureau of Statistics, *Population Census*

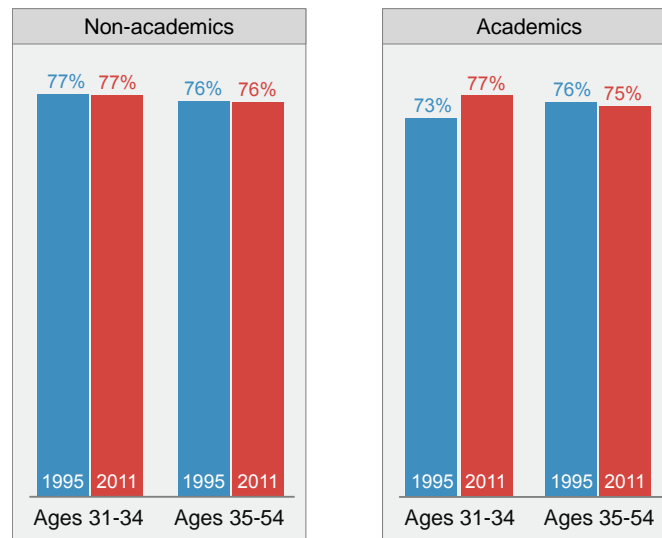
²⁵ The census allows identification of academics at all ages.

Appendix Figure 2
Employment rate by education level
 as percent of age group, 1995-2011



Source: Hadas Fuchs, Taub Center for Social Policy Studies in Israel
 Data: Central Bureau of Statistics, *Labor Force Surveys*

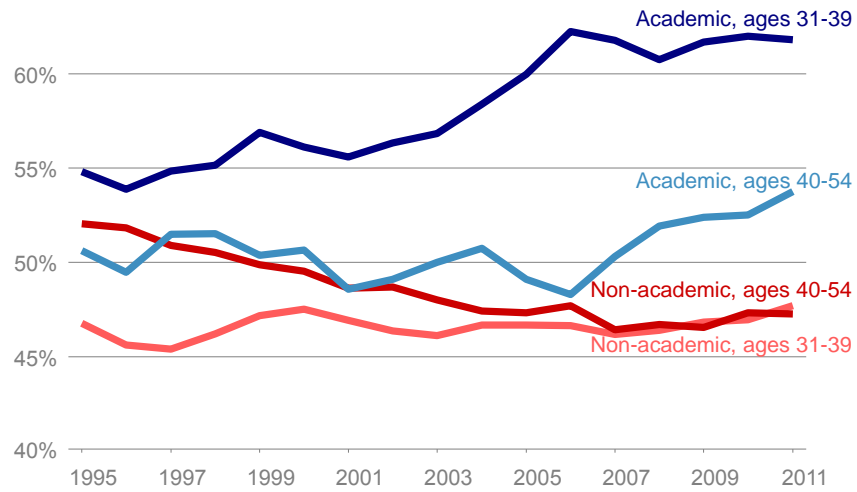
Appendix Figure 3
Full-time employment by education level
ages 31-34 compared to ages 35-54, 1995 and 2011



Source: Hadas Fuchs, Taub Center for Social Policy Studies in Israel
Data: Central Bureau of Statistics, *Labor Force Surveys*

Appendix Figure 4
**Share of population living in Tel Aviv and the
 center of the country, 1995-2011**

Jews, by education level and age group



Source: Hadas Fuchs, Taub Center for Social Policy Studies in Israel

Data: Central Bureau of Statistics, *Labor Force Surveys*

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