In accordance with the 2023 biannual actual spending report released by the Finance Ministry, the actual spending earmarked for the Ministry of Education and Higher Education is ILS 1,811.5 million from ILS 8,196.4 million of the overall annual actual spending of the 2023 general budget, or 22.1% of overall expenditures. [1]

In accordance with the 2022 biannual actual spending report, released by the Ministry of Finance, the actual spending earmarked for the Ministry of Education and Higher Education is ILS 1,694.56 million of ILS 7,491.5 million of the overall annual actual spending of the 2022 general budget, or 22.6% of overall expenditures. [2]

### Comparison of biannual actual spending in 2022-2023 for the Ministry of Education and Higher Education according to item/million shekels

<table>
<thead>
<tr>
<th>Item</th>
<th>2022 actual spending million shekels</th>
<th>2023 actual spending million shekels</th>
<th>Percentage between 2022/2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages and Salaries</td>
<td>1,357.5</td>
<td>1,441.9</td>
<td>106.2%</td>
</tr>
<tr>
<td>Social Contributions</td>
<td>145.5</td>
<td>157.5</td>
<td>108.2%</td>
</tr>
<tr>
<td>Goods and services</td>
<td>119.9</td>
<td>107.7</td>
<td>89.8%</td>
</tr>
<tr>
<td>Transfer expenditures</td>
<td>6.6</td>
<td>6.5</td>
<td>98.1%</td>
</tr>
<tr>
<td>Capital Expenditures</td>
<td>0.03</td>
<td>0.05</td>
<td>145.5%</td>
</tr>
<tr>
<td>Developmental Expenditures</td>
<td>64.9</td>
<td>97.8</td>
<td>150.8%</td>
</tr>
<tr>
<td>Total</td>
<td>1,694.6</td>
<td>1,811.5</td>
<td>106.9%</td>
</tr>
</tbody>
</table>

Above data is accrual-based

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[1] Cumulative actual spending report of June, 2023, published by the Ministry of Finance on July 31, 2023, Table
The above-mentioned figures represent the actual expenditures indicated by the Ministry of Finance's official reports. These amounts do not include community-funded expenditures or projects that are funded through direct bilateral agreements between the Ministry and partners.

It should be noted that the Ministry of Education includes six programs: preschool/elementary education/secondary education/vocational education/irregular education/governance and administration. The Ministry of Higher Education services includes the following programs: higher education/scientific research/governance and administration. Both males and females benefit from these programs. In 2023, ILS 21.6 million was earmarked from the developmental budget to support Jerusalem schools and schools in Area C.
Analysis of biannual comparative actual spending figures for the Ministry of Education and Higher Education for 2022-2023

- One: Biannual spending for the Ministry of Education and Higher Education increased in 2023, compared to 2022, by 6.9% of ILS116.9 million.
- Two: Actual spending on the Ministry of Education and Higher Education dropped in the first half of 2023 from overall expenditures in general, compared to the first half of 2022, but only slightly, from 22.6% in 2022 to 22.1% in 2023.
- Three: Actual spending was mostly on salaries and wages and on social contributions, which represent the government's contribution in the General Pension and Insurance Commission, with the largest share from the Ministry's actual spending. The two items stood at 88.3% of the actual spending for the education ministry in the first half of 2023, while it stood at 88.7% in the first half of 2022. This can be attributed to the sizeable number of employees working at the Ministries of Education and Higher Education (teachers, lecturers, administrators).
- Four: Spending increased on salaries and wages and automatically on social contributions due to the annual administrative raises and teachers' raises. Salaries and wages went up from ILS1,357.5 million in the first half of 2022, to ILS1,441.9 million in the first half of 2023, even though the PA only cashes part of civil servant salaries. Also, the numbers in the report are on an accrual basis.
- Five: Operational expenditures dropped in the first half of 2023, standing at ILS107.7 million when it was ILS119.7 million at the same period in 2022.
- Six: Transfer expenditures (which include university grants) dropped slightly in the first half of 2023, standing at ILS6.5 million when it was ILS6.6 million during the same period in 2022.
- Seven: Actual developmental expenditures increased in the first half of 2023 compared to the first half of 2022, from ILS64.9 million to ILS97.8 million.

Conclusion: It should be noted from the analysis of the biannual actual spending for 2022-2023 that the actual spending on the Ministry of Education and Higher Education, rose in absolute value and slightly dropped as a percentage in the overall expenditures, in the first half of 2023 compared to the first half of 2022. Actual spending increased on salaries and wages and on social contributions due to annual raises, while capital expenditures were very limited. Meanwhile, there was a drop in operational expenditures, while developmental expenditures went up in the first half of 2023, compared to the first half of 2022. In spite of the considerable size of actual spending on the Ministry of Education and Higher Education, which stood at approximately 22% of the overall expenditures, it was mostly concentrated on salaries and wages. This is even though the PA only pays part of civil servant salaries. Also, the figures in the report are on an accrual basis.

Important Terms:

- **Expenditures**: Includes current as well as capital and developmental expenditures
- **Current expenditures**: Includes salaries, wages, social contributions, operational and transfer expenditures
- **Salaries and wages**: Salaries and wages of Ministry employees
- **Social contributions**: Represents the government’s contribution to the General Pension and Social Security Authority for pensioners
- **Operational costs for “commodities and services”**: the necessary expenditures for the operation of the public institution, i.e. the Ministry (building rentals, electricity, water, fuel, etc.) and they are part of the current expenditures. Medical referrals at the Ministry of Health and the purchase of medicines are classified under the item “Goods and Services”
- **Transfer expenditures**: are the expenditures paid by the government to different societal segments through a public institution for the benefit of a third party (such as payments to assist the poor or to martyrs' families).
- **Capital expenditures**: includes the possession of capital assets (buildings, land, equipment, vehicles, etc.)
- **Developmental expenditures**: are expenditures which have a nature that is different from current expenditures in terms of their useful life and the return from expenditures, whereas their useful life and the return/yield extend beyond one year.
- **Cash-basis**: The method which financial and accounting transactions are conducted upon cash payment of cash receipt, i.e. it focuses on cash flow activity whereby financial operations are not registered in the books until after collection or the cash payment of the due amount is paid.
- **Accrual basis**: The method in which data and accounting in transactions are registered on the date of the occurrence irrespective of cash payment or receipt.