

**Expert Group Meeting on  
Setting the Scope of Social Statistics**  
United Nations Statistics Division  
in collaboration with the Siena Group on Social Statistics  
New York, 6-9 May 2003

Policy-Oriented Statistical Activities at the Israel Central Bureau of  
Statistics\*

by

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\* This document is being issued without formal editing.

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**Introduction**

I address this topic using examples from the experience of the Israel Central Bureau of Statistics (ICBS). I begin by reflecting on some tensions that arise from the desire to be policy relevant. I then present examples of ICBS projects that were specifically designed to provide data that could be used for policy planning. I also summarize the results of a major study dealing with data use in connection with policy decisions on National Health Insurance policies. On the basis of these examples, I reflect on strategies that national statistical offices might adopt in their efforts to encourage the use of statistics for such purposes. I assume in what follows that one of the main functions of an NSO is to provide data useful for policy planning, and don't present an argument in support of this claim.

**Balancing neutrality and involvement while providing policy-relevant data**

NSO staff want the results of their work to be useful. In addition to practical reasons—in order to justify continued funding, for example—people usually want to feel that what they are doing is worthwhile. The utility of an NSO's work should be simple to measure. If one of its tasks is to provide data useful for decision making, we should examine whether and how its data is so used.

It is difficult for an NSO to measure the use or utility for policy planning of data it provides. Yet the question is never far from the minds of staff, as evident in informal conversations among them. Because NSO's seldom undertake systematic evaluations of the use of their data, staff must find other ways of answering questions about whether what they're doing is worthwhile. Newcomers to the office may seek evidence of direct application of project results to program planning and implementation, and be disappointed when they can't find it. Veterans become skilled in identifying the indirect ways in which the data they provide become useful. They are able to do so because they are more likely than newcomers to be in contact with planners and policymakers in other agencies, and can see first-hand how data is used. This proximity, of course, also gives them a clearer view of how data is not used.

The culture of an NSO emphasizes rationality and neutrality. Sometimes NSO staff seem to expect users of data to be similarly rational. This expectation gives insufficient weight to other factors which planners and policy makers are forced to consider - financial, technical, political. When data seem to be ignored, or misused, NSO staff may become frustrated and cynical. These tensions may be unavoidable, and organizational mechanisms are required to mitigate them.

From the user's point of view, data is most useful when tailored to her needs. Such tailoring is best accomplished by coordination at the planning stage. Such coordination may expose the NSO to pressure stemming from the user's needs if the user is also the client. Coordination doesn't necessarily end with the planning of the project, but may continue after results are in. NSO staff may be asked to participate in interpreting the results. Drawing the line between providing data and participating in reaching policy conclusions from them may be difficult. Not every NSO will draw the line in the same place.

### **Use of ICBS data for planning and policy making**

All the examples that follow involve projects in which the ICBS provides data to be used by a government agency for defined needs. In some cases, the agency is involved at the stage of formulating the needs and constructing the data-collection instruments. In others, the agency utilizes existing data. In all cases, ICBS staff work together with agency staff to meet their needs as fully as possible. The list does not include examples of statistical activities such as the Labor Force Survey or the Income Survey whose results may be used widely but that were not designed to address defined policy issues.

The list of examples is not exhaustive of the utilization of ICBS data for policy planning. It does not cover all the governmental uses, and ignores non-governmental agencies and organizations.

#### Consumer price index (CPI)

While obvious, this example must still be mentioned. The CPI is used by many different governmental and non-governmental organizations to factor the effects of inflation into calculations of income and expenditure in a variety of programs. The ICBS publishes a variety of price indices for specific sectors of the economy, and has developed variations on the CPI for sub-populations: it publishes separate CPI's for income quintiles, and is developing a separate CPI for persons of pensionable age. In addition, the ICBS computes various factor indices which are used both by public and private organizations.

#### Socioeconomic classification of localities

The project is funded by the Ministry of Interior. It ranks geographical areas - localities; regional councils; statistical areas - according to their socioeconomic status, based on a set of demographic, social and economic variables, and creates a socio-economic index and a measure of variance for each geographical area. The index is based on variables drawn either from the census or from administrative data files. The main policy-relevant use of the index is by the Ministry of Interior, for allocating resources to local authorities. Other agencies also use the index to identify localities eligible for special program. An interagency steering committee chaired by a representative of the Ministry of Interior advises the ICBS in its work on the index and makes recommendations regarding future directions.

#### Applicants, students and degree recipients in institutions of higher education

Most institutions of higher education in Israel are publicly funded. The Planning and Budgeting Committee (PBC) of the Council on Higher Education determines allocations according to its criteria. The ICBS publishes annual data on applicants, students and degree recipients by institution and field of study. We provide to the PBC a detailed aggregate data file that they input into their data warehouse and prepare tabulations as needed. We also provide the PBC with information about students in MA tracks with and without a thesis, and for the second year are conducting a survey of BA recipients regarding their satisfaction with their studies. All this material is used on a continuing basis by the PBC, which funds these statistical activities.

#### Forecasting the demand for, and supply of schoolteachers

The Ministry of Education, which funds public elementary and secondary education, asked the ICBS to develop a method for forecasting the number of future teachers needed nationally and by regional and organizational parameters. The project is funded by the manpower division of the Ministry of Education, and is carried out jointly at the ICBS by subject matter specialists and statisticians. As part of this project, the ICBS analyzes enrollment in teacher-training programs, graduation rates, rates of entry into teaching, and teacher-retention rates. The work of the ICBS is closely coordinated with the client.

#### Utilization of health services

Israel has a national health system. People are required to enroll in one of four health maintenance organizations. The health system is funded by a combination of payroll taxes and government grants. For various reasons, there are differences among the four HMO's in the demographic characteristics of their members, and some of these characteristics (e.g., age) are related to morbidity probabilities. The Ministry of Health funds a survey which provides information on the utilization of health services by the population. Information on service use according to demographic characteristics can be applied to the distribution of these characteristics among the members of each HMO to develop a "risk" measure that can be used in determining budget allocations. The ICBS works with the Ministry of Health to insure that the survey's results are understood. (In practice, "age" is the only variable used in the allocation formula, serving to summarize differences in utilization rates.)

#### The social survey

The ICBS has established an annual social survey with two components: a core questionnaire which is repeated each year, and a variable module which provides detailed information on a specific topic. The social survey is funded by the budget division of the Ministry of Finance, and has a dual purpose: to provide basic information about social and economic conditions of the population and people's evaluations of their conditions; and to provide policy-relevant information on issues of interest to the Ministry. The specific topic for the 2002 social survey was pension coverage; the specific topic for the current (2003) wave is self-evaluation of wealth and poverty; next year's topic will be child-care arrangements. The budget division selects the special topic for a given wave, is consulted regarding the content of the questionnaire, and assists in defining the relevant tabulations. The close cooperation with the budget division is necessary to insure that its

information needs are met; at the same time, scientific and methodological responsibility for the survey remains with the ICBS.

#### Health cost index

This example, unlike those presented above, is less encouraging. According to law, the budget allocation for the cost of the basket of health services provided under the health insurance program must be updated annually according to the rise in prices of the components of this basket. The standard way of determining the price rise would be to carry out a survey like that used to determine other price indices. Instead, the national insurance law specified that the ICBS would report annually the value of a "health cost index" based on three parameters which were specified in the law along with their associated weights. The ICBS, which had neither been consulted nor aware of this requirement, refused to take responsibility for publishing an index that it felt was both substantively and methodologically unsound. Eventually a compromise was reached in which the ICBS issued the required number but made clear that its role was purely computational.

#### Data use in policy decisions relating to National Health Insurance in Israel

The JDC-Brookdale Institute undertook a major study of the use of data in decision making related to National Health Insurance policy. Ten important policy decisions were included in the study: setting the level of government funding; adding to the basket of services; determining the capitation formula; setting hospital per-diem rates and revenue caps; establishing co-payments; limiting competition and marketing; transferring to the HMOs responsibility for inpatient long-term care services; transferring mental health services to the HMOs; transferring to the HMOs the "mother and child" services; regulating supplemental insurance. The study found that the use of data as part of the policy development process varied greatly from one decision to another. In general, the study found substantial effective use of data, and that such use was increasing. Nevertheless, in all the policy decisions analyzed, decisionmakers had to make decisions with incomplete information, and those interviewed for the study saw the need to make decisions under conditions of uncertainty as an integral part of their job. The study also found that important data sometimes existed but were not brought into the policymaking process, and attributed this in part to the paucity of analytic staff that could bridge the gap between the research and policy communities. Moreover, important policy issues sometimes were debated for years; while the interested parties made conflicting claims, no one took advantage of opportunities to collect the data that could have clarified the facts.

Data seemed most likely to play a role in decisions that were made periodically, that were second-tier as opposed to fundamental decisions, and that were of a quantitative rather than a qualitative nature. Data seemed most likely to place a role in decision-making processes that were structured, well organized, well staffed and/or involved one or more decisionmakers who approached the process with an open mind. The involvement of inter-ministerial committees and public commissions also contributed to data use. Personalities, leadership styles and negotiating styles had a major impact on the extent to which data played a role in decisionmaking. The source of the data also made a

difference: organizations tended to make the most thorough use of data that came from their own databases, although they also made extensive use of data from external sources viewed as being objective. Data from external interested parties tended to be treated with suspicion. (The full set of reports of the study is available at [www.jdc.org.il/brooksites/ddm](http://www.jdc.org.il/brooksites/ddm))

### **Issues which arise in connection with maximizing the use of statistics for policy planning**

Here are some issues that should be considered by NSO staff when working to provide agencies with policy relevant data and encouraging their use. This is not meant to be a complete list; it is based on lessons learned from my own experience at the ICBS, and some of its elements may not apply in other countries.

1. One might think that maximizing use could be accomplished by providing the client with a properly anonymized microdata file which she could analyze as she saw fit. But many clients do not have the desire, the skills nor the technical capability to carry out such analyses. The NSO provides a written report, whose content is agreed upon beforehand. In many cases, additional questions arise. This is both natural and desirable, and provides evidence that the client is interested and the data are seen to be useful. But NSO staff may find themselves acting as the client's service bureau for tabulations. To avoid such an outcome, mechanisms should be developed to enable the client to carry out analyses independently. At the ICBS, for example, we are creating an internet-based table generator for the core module of the social survey, which will be sufficiently user-friendly to allow anyone with an internet connection to create multidimensional frequency and percentage tables. It might also be possible to provide the client with a data-file compatible with applications he already uses.

2. When an NSO is asked to carry out a survey to provide data relevant to specific policy needs, it is being asked to operate as a survey research organization serving a client. This may require organizational capabilities additional to those used to generate basic annual statistical series – both regarding resources and work procedures. Development of these capabilities may lead to the NSO being seen as competing unfairly with private or academic research organizations.

3. Close cooperation is desirable between the NSO and the agency requesting policy-relevant data, in order to insure success of the project. As noted above, however, too close cooperation may compromise the independence of the NSO. One way of minimizing this danger is by using standard definitions, international classifications and accepted methodologies where these exist.

4. Policy-makers as well as planners may ask the NSO for policy-relevant data as soon as they need it, even if no provision has been made ahead of time to collect the information so that it will be available when required. Inability to provide the data is frustrating to both sides. One way of avoiding such problems is to establish what might be called "mid-range planning" mechanisms, in which the agency defines the issues it will be addressing over a period of, say, five years, and supports data-collection activities

so that information will be available. Such mechanisms are, of course, not always easy to establish.

5. A government agency may ask the NSO to compute an index or some other measure that it can use for program purposes, according to the agency's definition of the measure. The request is made of the NSO for various reasons: the agency may not have access to the data; it may not have the analytical capability to carry out the project; citing the NSO as the source of the measure might enhance its credibility; etc.

The NSO might not necessarily undertake the project on its own, nor carry it out in the same way; it might even believe that the approach is misguided. But an NSO that wants to be policy relevant must be careful about refusing requests (unless, of course, these involve misrepresentation of data). It must find ways to provide the service while making clear that the product was just that – a service, and not one that was obtained by the normal procedures the NSO follows in projects over which it has full control.