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## **Disproportionate damage to Arab society's budgets during the approval of the state budget for 2024**

In light of the high costs of the war and the rehabilitation process, the revised state budget for 2024 will be submitted for government approval tomorrow (Thursday), within which extensive cuts are proposed for the government expenditures previously planned for this year. Our analysis of the proposed cuts reveals a plan for unreasonable and disproportionate damage to Arab society's budgets as these budget cuts target the five-year plans to reduce gaps between Arab and Jewish citizens such as Government Decision 550.

The draft resolution proposes a uniform reduction of 15% from all sections of the five-year plans for economic-social development and from the plan to fight crime in Arab society. While the draft resolution also includes reductions in other areas such as investment projects in infrastructure, tourism, health, and more, a significant reduction in funding to Arab society is disproportionately damaging for the following reasons:

- The cut in general expenditure items of the government ministries such as those mentioned above, broadly harms all citizens, including Arab citizens. On the other hand, the reduction in the five-year plans for Arab society is a cut that specifically impacts a minority population comprising one-fifth of the country, and which since the creation of the state has been discriminated against in relation to others. Arab society will therefore suffer a double blow as a result of this proposed cost-cutting resolution.
- The proposed reductions in other areas target specific expenditure items with detail and clear rationale. In comparison, the proposed reductions in funds for Arab society are broad and not backed by any clear rationale, and have not been refined to minimize the damage that will be caused.
- We note that the planned impact on budgets for Arab society, as a special budget created by government decision, is three times higher than broad cuts in other areas of the overall budget where reductions are proposed. For example, in the area of government support for public institutions, a broad reduction of only 5% is proposed.

It is worth recalling that the five-year plans for Arab society were developed and approved on the basis of the government's recognition of (1) the long-standing discrimination against Arab citizens, and (2) that this discrimination harms not only Arab society, but the entire economy of Israel, and that the equal integration of Arab citizens into all areas of life is one of the main growth drivers of the economy in Israel. Indeed, one of the studies commissioned for the government's original funding decisions noted that if Arab citizens were not fully integrated, the economy of Israel would collapse by 2060.

We note too that the most recent plans were approved against the backdrop of the rising crime and organized violence that continues to threaten the lives of Arab citizens and that in 2023 claimed a

record number of 244 Arab lives - more than twice compared to the previous year. It seems certain that government cuts to the already small budgets allocated to combat this tragic issue will be particularly devastating.

In recent years, the implementation of the five-year plans for Arab society, though not without its problems and challenges, has made significant progress in narrowing the socio-economic gaps between Arab and Jewish citizens. For instance, it has resulted in an unprecedented increase in the employment rates of Arab women from 21% in 2010 to approximately 43% in 2022 and in the reduction of the poverty gap between Jewish and Arab families by approximately 19%. The cuts now proposed to the budgets of the five-year plans will risk the continuation of this process, damaging the status of Arab society, enabling the further expansion of violence and crime, and weakening the economy of Israel as a whole. In such an extraordinarily volatile period these potential changes are particularly dangerous for all Israel's citizens.

In light of the heavy costs of the war and of rehabilitation the need for broad cuts to the government's budget, including to the five-year plans for Arab society, is understandable, but as discussed above it is clear that the proposed level of cuts to the 5-year plans for Arab society is neither reasonable nor proportionate. We demand that cuts to Arab society's budgets be fair and equitable, and that they do not exceed the rate of cuts proposed elsewhere. In addition, in-depth discussion must be held with Arab society leadership regarding the specific sections in which cuts will be made, so that they are sensible and minimize the damage caused.