

Specific Features of Financial Management of Budgetary Educational Institutions

N. Derbas, L. Bryleva, N. Basina

Institute of Economics

Far Eastern State Transport University

Khabarovsk, Russian Federation

Derbas@mail.ru, LGBryleva@mail.ru, Bna8a@mail.ru

Abstract— The article dwells on the issue of financial management in state funded educational institutions of the Russian Federation. There are two sources for providing revenue for such institutions – the federal fund and additional sources of income. The research done presents the analysis of the Far-Eastern state transport university revenue (Khabarovsk, Russia) and investigates the major difficulty for the university which lies in the following: the organization's underfunding brings forth an issue for its overall management. One of the main points revealed through the analysis is chronic underfunding of capital expenditure in the university. Capital expenditure used to be effected on account of capital appropriation of extra-budgetary sources of the institution. Nowadays, it is out of the question since the extra-budgetary fund is used to cover payroll payments of the academic teaching staff in accordance with President Putin's decrees. The authors of the article consider budgetary financing of payroll payments to be a solution to the problem in the university. Moreover, the released capital source can be used for capital expenditure of the university to upgrade its equipment and infrastructure.

Keywords— *finance, management, budget, education, organization, system, capital expenditure*

I. INTRODUCTION

When a state invests in education, according to contemporary scientific research, this improves the quality of human capital and positively affects economic growth.

At the same time, serious economic problems in our country have caused crucial problems in the budgetary system, such as a steady imbalance between incomes and expenditures, the analysis of which is set forth in the works of some economists [1, 2].

At present, there have been evolutionary changes in the system of budgetary educational institution financing. In the course of the national budget reform [3], one of its priorities was the transition to a financing system based on the interconnection between costs and outcomes (i.e. results-based budgeting). Thus, elements of state financial management were introduced into the system of management of public financial resources [1].

The relevance of the present research is based on the fact that budgetary funding of state-financed establishments, which does not meet the goals and objectives of the state financial management, was replaced in 2013 by normative financing of public services and works [3, 4, 5]. This type of financing is supposed to determine the amount of financing of state-

financed establishments, or subsidies, in accordance with the state task for performing public works and services. It is calculated by multiplying the regulatory value of public services by the amount of services of the required quality.

The basic principle of normative financing, in comparison with estimated financing, is setting cost norms according to the amount of a service (work) per unit, rather than per an institution [6]. Normative financing improves the quality of budget planning, since budgetary allocations are essentially determined not by the budget possibilities, but by substantiated needs for financial resources of state-funded establishments.

The objectives of the research are as follows:

- to analyze the transition process in regard with basic standard costs implementation for a subsidy calculation for financial support for performing a state task;
- to identify problems connected with state cost financing in the sphere of higher education in Russia (based on the example of the Far-Eastern State Transport University, Khabarovsk);
- to make suggestions for improving the system of state funding of universities.

II. SPECIFICS OF FINANCIAL MANAGEMENT OF A BUDGETARY EDUCATIONAL INSTITUTION

While analyzing the transition process of using basic standard costs for calculating the amount of a subsidy for financial support for a state task performance, it was found out that certain institutions were using particular standards with no connection to services and works rendered. As a result, there is a great discrepancy between standard costs for the same type of services and works that are carried out by budgetary institutions within the jurisdiction of one ministry [7, 8]. Thus, up to 2016, under then existing regulatory and legal framework, there were not created financial conditions for a consumer to obtain affordable and quality public services, regardless departmental affiliation and territorial location of budgetary institutions [6, 9]. The goal of the national budgetary reform, such as improving the efficiency of state-financed establishments' functioning and their overall budgetary expenditures with regard to results-based budgeting, was not fully ensured.

Since 2016, unified basic cost standards have been used to calculate a subsidy for financial support of a state task for federal budget institutions. Taking into consideration both sectorial and territorial peculiarities that influence public services expenses, there have been implemented respective sectorial and territorial adjusting factors.

Currently, there also has been created a national unified data base of public services and works with clearly identified characteristics, such are:

- there have been designed national unified lists of public services and works for basic industries and departments (for departmental enterprises);

- the description of a particular public service comprises eight characteristic features (whereas in 2010 there were used 4 characteristics) [10, 11].

Thus, it can be stated that with the help of the efforts of the government of the Russian Federation, federal government agencies, and budgetary institutions combined there has been created an updated legal, regulatory and informative setting for normative funding of public services and works.

This article examines the specifics of budgetary financing of an educational institution based on the example of the Far-Eastern State Transport University.

The university is a departmental educational institution, which was established by the Federal Agency of Railway Transportation [12]. Therefore, the Agency determines state tasks for the university to perform in relevant spheres of state educational services (works) in accordance with the industry and society demands within the time under planning. The peculiarity of state-financed establishments' funding nowadays is the combination of budgetary financing and self-repayment for an institution.

According to the Russian Federation law, the university is entitled to carry out revenue by performing activities which aim at achieving the university's statutory goals by means of acts and state contracts signed with legal entities and individuals on a non-budgetary basis [13].

It means that the assets the university earns (extra-budgetary funds) are at its disposal. It should be highlighted that extra-budgetary funds as well as budgetary allocations for performing state tasks are subjected to the state financial control which is maintained by the university establisher.

We analyzed the structure of financing the university's activities, including both performing state tasks for public services (works) and results of income-generating activities. The largest relative share of public services performed by the university is covered by specialist educational programmes, including engineering programmes [14, 15, 16].

The state task for 2018 includes programmes for higher education, vocational secondary education and military training curriculum.

The overall number of students enrolled in the higher education level in the Far-Eastern State Transport University as of 01.10.2017 was the following: state-financed openings

were occupied by 5,264 students; for-profit education openings were occupied by 8,291 students. The share of 5-year specialist programme students was 67% with the absolute dominance of engineering curriculum, which reflects the departmental affiliation of the university. The ratio between state-financed openings and that of for-profit education ones was 38.8% to 61.2% respectively, as of 01.10.2017.

TABLE I. REVENUE STRUCTURE

Measure of Income	Amount, thousand roubles	Relative Share, %
Subsidy for financial support for performance of state tasks ^a	830447.00	41.15
Subsidies for other purposes	192407.5	9.53
Total budgetary allocations from the federal budgeting fund	1022854.5	50.68
Proceeds from the provision of services (work completion) in return for a fee and from other revenue-producing activities	977361.44	48.43
Total value of receipts in the year under planning	2000215.94	99.11
Opening cash balance	18057.97	0.89
Total funding in the year under planning	2018273.91	100

^a Data obtained at [12]

The 2018 state task includes military training curriculum as well, which enhances graduates' individual opportunities for designing their education. Tables 1 and 2 summarize business and financial performance indicators of the 2018 plan in terms of the university revenues.

As can be seen from the data in Table 1, the ratio of budgetary and extra-budgetary funds planned for 2018 in the total amount of financial resources is approximately the same (given that opening cash balance is uncommitted funds of extra-budgetary activities in 2017). Besides the subsidy for financial support for performance of state tasks, budgetary funds also include subsidies for other purposes, which are allocated for scholarships, major maintenance, etc. Budget investments, as in the previous years, are not provided in 2018.

As part of extra-budgetary funds planned by the university (Table 2), the largest share comes from proceeds from rendering educational services in return for a fee. Research activities beyond the content plan of the university, which is accomplished out of the federal budgetary fund, allow the institution to earn revenue by completing research work with a relative share of 9.37%.

Returns to property go up to 1.74% and are the revenue which comes from leasing the university's movable and real property. Besides other activities, the university earns money by providing sport services, health and fitness activities, and telecommunications service.

Table 3 presents the data on expenditure structure of financial resources stipulated in the financial and economic activities plan of the Far-Eastern State Transport University in 2018. The Table shows the payments related to the

university's current expenditures financing. It is important to note that extra-budgetary resources are used in full to fund the university current expenditures, alongside with other sources of payment. Assets to upgrade the physical infrastructure of the university and to purchase new equipment are not allocated.

TABLE II. EXTRA-BUDGETARY REVENUE STRUCTURE

Parameter Name	Amount, thousand roubles	Relative Share, %
Proceeds from the provision of services (work completion) in return for a fee and from other revenue-producing activities, total and including:	977361.44	100
Returns to property	17000.0	1.74
Returns to rendering educational services on a fee basis	744160.51	76.14
Returns to scientific activities	91537.0	9.37
Returns to other activity categories	111556.13	11.41
Returns to other receipts	13107.8	1.34

TABLE III. REVENUE STRUCTURE ON THE FAR-EASTERN STATE TRANSPORT UNIVERSITY EXPENDITURE SIDE IN 2018

Parameter Name	Amount, thousand roubles	Relative Share, %	Source of payments, %		
			Subsidy for the state task	Grant-in-Aid	Extra-budgetary funds
Expenditure, total and including:	201827391	100	41	9.5	49.5
Employees' payroll (payroll budget and social insurance contribution), including:	1395847.24	69.3	52.5	0.2	47.3
Payroll budget	1066440.25	52.98	52.35	0	47.65
Welfare and other payments to population	209490.66	10.5	0	90.6	9.4
Taxes and duties payments	40982.32	2.0	49.37	0	50.63
Capital investments	0	0	0	0	0
Procurement of goods, works and services	371953.69	18.2	20.76	0	79.24

III. RESEARCH RESULTS

The analysis of the 2018 plan for financial and economic activities of the Far-Eastern State Transport University reveals several key-point issues concerning assessing the financing system of federal state budgetary educational institutions.

The first issue in such assessment is insufficient budgetary allocations for financial support for state tasks performance. The current national legal framework touches upon this issue regarding calculations of the financial support for performing state tasks [7]. According to the law, in case of a discrepancy between the amount of financial support for the state task performance within the budget allocations, on the one hand,

and the actual requirements for financing that are calculated according to cost norms, on the other, the equalization factor is used, which is determined by the chief controller of the federal budgetary funds (the establisher) [17]. As a result, extra-budgetary funds become "an active participant" in the financing of the state tasks performance. This refers to financing current university expenditures, and, primarily, salaries expense, which is one of the indices of a university's efficiency.

Secondly, budget investments have not been allocated from the federal budgetary fund for several years [4, 13, 18, 19], which, under the current circumstances, does not make it possible for the university to make investments using budgetary sources.

At present, it is not possible for the university to allocate financial resources returned from extra-budgetary activities for the institution's development, either. Thus, the physical infrastructure of the university does not fully meet the requirements for carrying out educational programmes, which may result in university's losing its status as a nationally accredited educational institution.

It is of great importance to make substantial investments in order to strengthen the university's competitiveness in the modern context.

Thirdly, basic standards that are used to calculate a subsidy for a state task performance do not take into account the specifics of departmental universities' expenditures, which are related to maintenance of special-purpose equipment, workshops, laboratories, and so on. This issue was raised by representatives of sectorial ministries, including the Ministry of Transportation of the Russian Federation, the national Ministry of Education and Science, universities, the State Duma members [3, 20, 21]. As a matter of fact, industry-specific expenditures should be funded beyond the financial support for performing state tasks, within the subsidy for other purposes.

The solution to the issues mentioned in this article can be state funding of universities' salaries expense through the federal budgetary fund. In our opinion, only this will allow higher education institutions to utilize their extra-budgetary funds for investments.

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