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The emergence of fiscal risks in the process of financing the regional budget

Today, the topic of budgetary financing is very important. As the country's economy during the financial crisis is fragile and weak, there is a need to develop new conceptual approaches to the directions and mechanisms of fiscal policy implementation, and turn it into an effective instrument of social and economic development of both country and region. The country uses the budget for concentration and focused allocation of financial resources in order to provide public services and implement national programs. Due to it, government can influence the development of public production and create incentives for efficient use of available resources.

The issue of budgetary financing gets broader meaning, while the destabilization of the economy leads to a total central government deficit. An important aspect in this situation that has to be considered is the concept of budgetary financing. Therefore, there is an extremely urgent task to resolve issues that require scientific research, in particular the optimization of the process of budget expenditures management, defining their functions and control over the efficient use of budgetary funds.

Budgetary financing is the provision of budgetary funds on the unrecoverable basis for covering costs, associated with the implementation of government contracts, government programs, maintenance of state and municipal agencies and organizations. The scope, timeliness and completeness of financing largely depends on the level of centralization of financial resources, and mobilization funds in the budget, which, in turn, depends on maintaining fiscal discipline by individual taxpayers, and the level of execution of revenue part of the budget.

In the current economic conditions, in some cases there is a combination of funding of budgetary institutions and organizations with the development of their paid services and working under contracts with private entities for a fee. In this case, simple substitution of free services with payed ones is unacceptable: their combination must be rational and reasonable.

At the same time, the system of budgetary financing is transforming by carrying out refusal from financing costs based on actual values, that is, depending on the level achieved, and the transition to the normative method of covering costs. The specific meaning it gained by requirements, that imposed by society on the effectiveness of the budgetary resources usage. They fix the minimum permissible value of the economic efficiency of budgetary resources, that is public reasonable amount of their expenditures to achieve the greatest economic effect. In this context, the normative method is able to evaluate the needs of budget institutions for financial resources more accurately, and

create conditions for their effective and economic use. The requirements should determine the desired level of consumption of public goods. The scope of budgetary financing depends on the performance of the relevant institutions and organizations.

An important role in characterizing the regional budgetary financing is played by local budgets. Local budgets are the main financial plans of each local government area. This is also because of the fact, that nearly a fifth part of gross domestic product is being redistributed through local budgets [1, p.22].

Local budget plays an important role in influencing the state of the local economy. The sizes of the local budget, the value of the tax burden and structure of budgetary expenditures in some way affect the dynamics of production, employment trends and socio-economic situation of the territory in general.

A special purpose of local budgets is to the socio-economic development. About 60% of expenditures on social and cultural activities, 20% of health, physical culture and sports, media expenditures are financed by local budgets. Local budgets fully maintain facilities housing and communal services and public administration. By means of local budget expenditures the costs on activities concerned with improving living standards, aid payments to certain categories of citizens, etc are being allocated.

With the help of local budgets there have been implemented national programs related to the development of the national economy, provided support for domestic producers, financed measures to improve living standards, job creation, rehabilitation and employment of disabled persons, payied aid to illegally deported persons, refugees, rehabilitates. By means of local budgets preventive, wellness, sports and cultural activities are being conducted.

In 2013 from Sumy regional budget for implementation of regional target programs from the general and special funds there were allocated 24914.4 thousand of UAH. Though real financing was just about 11674.4 thousand of UAH, which is about 46.9% of the plan.

In particular, during the reporting period the largest funds were allocated for programs, which were fully funded:

- 'Regional target program 'Children's furniture of Sumy region' until 2015 – 1562.3 thousand of UAH (6.28%);
- 'Program for Local Self-Government in the Sumy region for 2012-2014' - 1356.2 thousand of UAH (5.45%);
- 'Regional target program of support for individual housing construction 'Own House' for 2012-2015 – 923.3 thousand of UAH (3.71%);
- 'Regional targeted social development program of civil protection for 2011-2015' - 852.8 thousand of UAH (3.43%);
- 'Program of promoting housing pedagogical and teaching staff in the Sumy region in 2008-2017 years' – 320 thousand of USD (1.29%) and others.

The indicator of nearly 50% deficit barrier of Sumy oblast budget for 2013 has

occurred by the fact, that in 2012 the regional budget funding provided 37 regional programs, implementation of which continues at present. Inflation, unemployment and default risks of not receiving grants and subsidies from the government budget of Ukraine to the regional budget also had an influence.

Local governments play an important role in the economic system of each country, which directly caused by the type of economic system chosen goals and priorities of social development [2, p.78].

The prospects for total losing by local budgets their financial self-sufficiency and actual turning them into agents of the central government's allocation of financial resources allocated as transfers. However, the results indicating the resource allocation are not currently meet the priorities of the government, based on the algorithm using formulas. Thus, economically weak regions could get much greater effect as a result of strengthening and development of their economic base, instead of simply covering current expenditures at the expense of others. [3].

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