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## How the Federal Budget Is Planning to Finance Education

The federal budget for 2013 and the planning period 2014–2015 has already been given the label ‘anti-social’: the rising volume of budget allocations to the ‘guns’ brings down that of allocations to ‘butter’ – including ‘educational butter’.

### **Main Indices of Section 07 ‘Education’ of the Draft Federal Budget for 2013 and the Planning Period 2014–2015**

It is suggested that the volume of budget expenditure allocated to education in 2013 and the planning period 2014–2015 should be as follows – *Table 1*.

*Table 1*

#### **Federal Budget Expenditure, to Be Allocated to Education in 2013 and Planning Period 2014–2015 (thousand Rb)**

	2013	2014	2015
<b>Education</b>	<b>605, 667, 539.40</b>	<b>547, 728, 956.50</b>	<b>572, 587, 621.70</b>
Pre-school education	7, 564, 839.40	6, 025, 493.40	5, 680, 811.30
General education	67, 380, 787.50	19, 325, 189.90	19, 047, 611.50
Primary professional education	4, 339, 408.70	4, 469, 225.10	4, 477, 099.60
Secondary professional education	3, 603, 306.10	3, 625, 696.80	3, 792, 059.10
Professional training, retraining and qualification improvement	6, 407, 546.90	6, 437, 240.10	6, 469, 233.90
Higher and postgraduate professional education	477, 238, 473.70	484, 106, 114.10	513, 536, 938.00
Youth policy and children’s health	5, 293, 104.70	5, 297, 267.20	1, 035, 565.20
Applied scientific research in education sphere	12, 521, 722.20	9, 426, 335.00	9, 824, 604.70
Other issues in education sphere	21, 318, 350.20	9, 016, 394.90	8, 723, 698.40

So, it is planned that the amount of federal budget expenditure allocated to education will be 0.91% GDP in 2013, 0.74% of GDP in 2014, and 0.69% of GDP in 2015. In other words, the size of federal budget expenditure on education as share of GDP will shrink by nearly one-quarter towards the end of the planning period.

The share of federal budget expenditure allocated to education in total budget expenditure will also decline – from 4.5% in 2013 to 3.6% in 2015 (in 2014 – 3.9%).

### **The Structure of Federal Budget Expenditure Allocated to Education Planned for 2013–2015, by Education Level**

Over the period of 2013–2015, it is planned to significantly alter the structure of federal budget expenditure allocated to education (*Table 2*).

Table 2

**Planned Structure of Federal Budget Expenditure to Be Allocated to Education in 2013–2015, %**

	2013	2014	2015
<b>Education</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Pre-school education	1.2	1.1	1.0
General education	11.1	3.5	3.3
Primary professional education	0.7	0.8	0.8
Secondary professional education	0.6	0.7	0.7
Professional training, retraining and qualification improvement	1.1	1.2	1.1
Higher and postgraduate professional education	78.8	88.4	89.7
Youth policy and children's health	0.9	1.0	0.2
Applied scientific research in education sphere	2.1	1.7	1.7
Other issues in education sphere	3.5	1.6	1.5

As seen from *Table 2*, the structure of federal budget expenditure allocated to education will undergo the following principal changes in 2013–2015:

- ☐ there will be a dramatic drop – more than threefold – in the overall share of expenditure allocated to general education – from 11.1% to 3.3%;
- ☐ the decline in the share of expenditure allocated to youth policy will be even more impressive – by 4.5 times;
- ☐ there will be a slight increase in the share of expenditure allocated to primary and secondary professional education – by 0.1 pp.;
- ☐ the share of expenditure allocated to pre-school education will be slightly decreased – from 1.2% to 1.0%;
- ☐ the share of expenditure allocated to professional training, retraining and qualification improvement will remain practically unchanged;
- ☐ there will be a marked (more than twofold) decline in the shares of expenditure allocated to applied scientific research in the education sphere (by 20%) and to other issues in education sphere;
- ☐ the main beneficiary of the intended alterations in the structure of federal budget expenditure allocated to education will be the sphere of higher and postgraduate education, whose share will increase from 78.8% to 89.7% (or by 10.9 pp.).

It should be noted that the size of federal budget expenditure allocated to general education will decline in absolute terms from Rb 67.4bn in 2013 to Rb 19.3bn in 2014, and then to Rb 19.0bn in 2015. As general education is funded at the municipal level (while subventions earmarked for teachers' salaries and tuition costs are transferred from regional budgets to municipal budgets), the aforesaid reduction in the amount of federal budget expenditure allocated to general education will mean that the burden imposed on the budgets of RF subjects will be increased, although only slightly – by a little more than 2% (however, for many regions this increased burden will be quite noticeable).

There will be a sharp decline in the size of federal budget expenditure allocated to youth policy and children's health – from Rb 5.3bn in 2014 to Rb 1.0bn in 2015. Thus, youth policy will no longer be a priority for the federal center.

### **Comparison between the Draft Budget for 2013 and the Planning Period of 2014–2015 and the Budget for 2012 and the Planning Period of 2013–2014**

A comparison of the draft federal budget for 2013 and the planning period of 2014–2015 with the federal budget for 2012 and the planning period of 2013–2014 has revealed a significant improvement of some parameters of federal budget expenditure allocated to education against the same parameters of the 2012 and the budget projections for the period of 2013–2014 (prior to their alteration as of 5 June 2012) (*Table 3*).

*Table 3*

#### **Planned Federal Budget Expenditure to Be Allocated to Education in the Draft Federal Budget for 2013 and the Planning Period of 2014–2015 and the Federal Budget for 2012 and the Planning Period of 2013–2014 (thousand Rb)**

	Draft Federal Budget for 2013–2015			Federal Budget for 2012 and Planning Period of 2013–2014		
	2013	2014	2015	2012	2013	2014
<b>Education</b>	<b>605,667,539.40</b>	<b>547,728,956.50</b>	<b>572,587,621.70</b>	<b>586,295,076.20</b>	<b>538,959,154.60</b>	<b>478,418,293.00</b>
Pre-school education	7,564,839.40	6,025,493.40	5,680,811.30	6,533,560.80	6,792,006.00	5,768,612.70
General education	67,380,787.50	19,325,189.90	19,047,611.50	91,514,042.80	67,296,731.40	30,192,949.40
Primary professional education	4,339,408.70	4,469,225.10	4,477,099.60	4,665,253.00	4,203,471.30	4,394,709.90
Secondary professional education	3,603,306.10	3,625,696.80	3,792,059.10	5,072,627.80	4,346,390.70	4,301,538.10
Professional training, retraining and qualification improvement	6,407,546.90	6,437,240.10	6,469,233.90	6,606,550.40	6,690,087.20	6,679,757.40
Higher and postgraduate professional education	477,238,473.70	484,106,114.10	513,536,938.00	421,505,960.20	415,971,081.10	411,742,266.60
Youth policy and children's health	5,293,104.70	5,297,267.20	1,035,565.20	5,454,697.30	5,414,783.40	5,518,583.60
Applied scientific research in education sphere	12,521,722.20	9,426,335.00	9,824,604.70	20,567,880.60	6,200,265.80	737,567.20
Other issues in education sphere	21,318,350.20	9,016,394.90	8,723,698.40	24,374,503.30	21,854,337.70	9,082,308.10

As seen from *Table 3*, the most marked improvement can be noted with regard to the parameters of federal budget expenditure allocated to higher and postgraduate education.

At the same time, it should be noted that even in the case of higher and postgraduate education, the increase in the amount of federal budget expenditure allocated to this item in 2014 turns out to be lower than the planned inflation growth rate (growth of budget expenditure in nominal terms is planned to be 1.4%, while the inflation growth rate is expected to be 5.5%); in 2015, the rate of growth in the amount federal budget expenditure allocated to higher and postgraduate education will be slightly ahead of that of inflation – the former will increase by 6%, while the latter – by 5%. The allocations to the other items of federal budget expenditure will either decline, or their growth will be lower than the planned increase in the inflation rate.

