

## THE LIVING STANDARDS OF THE POPULATION OF THE RUSSIAN FEDERATION

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*Real disposable money income of the population in January–April 2015 were down 2.2% against the same period 2014. Within Q1 2015 the level of inequality somewhat down against Q1 2014. Laws were adopted at the federal level which simplified the use of maternal capital. In a number of Russian regions, the social safety net underwent some changes aimed at the reduction of regional budget deficits.*

**Population income.** The population's nominal money income in April 2015 averaged Rb 30,569 per person up 8.6% from April 2014 and up 11.9% from March 2015. Within January–April 2015, the population's nominal money income averaged up 10.3% per person from corresponding period last year.

The population's real disposable money income<sup>1</sup> in April 2015 up 13% from previous month, however, down 4% against April 2014. Within 4 months 2015, the population's real disposable money income down 2.2% against January–April 2014.

Monthly payable salary averaged Rb 32,805 per worker in April 2015 up 1% from April 2014 and up 0.5% from March 2015.

The real payable monthly salary remained unchanged in April 2015 against March indices and down 13.2% from April 2014, meanwhile in April 2014 real payable monthly salary up 3.2% against corresponding period last year.

Over January–April 2015, the real payable monthly salary down 10.2% against the same period last year (in January–April 2014, the real payable monthly salary up 4.1% from corresponding period 2013).

In Q1 2015, salaries of employees in the budget-funded sphere somewhat fell against Q1 2014:

- The level of payable monthly salary in the health care and social services averaged 89% of the index true of manufacturing activity (in Q1 2014 it equaled 91%);
- In education: 84% and 86% correspondingly.

Within Q1 2015, the salary levels of the relevant categories of employees in the budget-funded sphere, whose data is released by statistics agencies, shown as a percentage of the average monthly salary of each RF subject were as follows:

- In public education: from 82.7% of the average monthly salary for teachers in supplementary educational institutions<sup>2</sup> (up 2.1 p.p. from

2014) to 91.0% of the average monthly salary for teachers in pre-school educational institutions<sup>3</sup> (down to 3.3 p.p. from 2014), 98.7% of the average monthly salary for teachers in general educational institutions (96.7% in 2014) and 132.3% of the average monthly salary for the faculty members of higher (vocational) educational establishments (144.7% in 2014);

- In public health care system: for nurses staff from 50.7% of the average monthly salary (49.5% in 2014) and for physicians and other healthcare practitioners with higher education diplomas, employed at medical institutions and providing medical care services – 128.5% of the average monthly salary in a given RF subject (159.1% in 2014).

The RF President's Executive Order of 7 May 2012, No 597 "On Measures Aimed at the Implementation of Government Social Policy" set for the year 2012 that in that year the average salary level of the secondary school teachers and the tutorial staff of general-education institutions should be brought to match the average salary for a given region. In reality the targeted value was exceeded in H1 2014 (the salary level of this category of employees constituted 107.7% of a given RF subject's average salary). However, in Q3 2014, the situation was not as good and the average salary of teachers and the tutorial staff of general-education institutions by the year-end fell to 97.2% of the given region's average salary. However, in Q1 2014, the value of this index began growing but have not reached 100% yet.

The RF President's Executive Order of 7 May 2012, No 597 envisaged to bring the average monthly salary of teachers in pre-school educational institutions in line with the level of the average monthly salary in the sphere of general education in a corresponding region in 2013. In 2013 the average monthly salary of teachers in pre-school educational institutions constituted 94.9% of the average monthly salary in the sphere of general

<sup>1</sup> Income cleared of mandatory payments and contributions and adjusted by the Consumer Price Index (CPI).

<sup>2</sup> Ratio to the average salary in the sphere of general education in a given RF subject.

<sup>3</sup> Ratio to the average salary in the sphere of general education in a given RF subject.

education In a given RF subject This target was nearly achieved by the end of 2013: the average monthly salary of tutors employed at pre-school educational institutions in 2013 amounted to 94.9% of the level of the average monthly salary in the sphere of general education of a given region. However, in 2014 the situation started to deteriorate: the level of average monthly salary of tutors employed at pre-school educational institutions fell to 94.3% of the average monthly salary in the sphere of general education in a given region. Continuation of the fall of this index was observed in Q1 2015.

Real volume of as of 1 May 2015 monthly salaries in arrears, which mainly arises due to a shortage of equity capital of enterprises, constitutes less than 1% of companies' total payroll budget. The number of employees whose salaries were in arrears over the year amounts to 72 thousand.

As of 1 February 2015, retirement pensions of over 39 million Russian pensioners were increased by 11.4% adjusted by the CPI for 2014.

The size of awarded pensions in March 2015 averaged Rb 12,048 and was left on hold against previous month. It was up 11.9% from the previous period 2014. The real pension size in March 2015 was down 1.2% from February 2015 and down 4.3% against March 2014.

On 1 April 2015 were raised:

- Social pensions by 10.3%;
- Amounts of monthly money payments to federal welfare beneficiaries (veterans, disabled, citizens crippled by radiation, Heroes of the Soviet Union, Heroes of the Socialist Labour, etc.) up 5.5%.

**Socio-economic differentiation.** According to preliminary data, in Q1 2015, the inequality in distribution of the household money income slightly dropped against 2014:

- The Gini coefficient was at the level of 0.397, while during the same period of the last year it stood at 0.401;
- R/P constituted 13.9 (in Q1 2014 – 14.4).

In Q1 2015 against Q1 2014, the share of 10% with least income in the overall volume of money income of the population stayed on hold and remained at the level of 2.1%, and the share of 10% with highest income fell in the overall volume of the money income of the population to 29.2% (in Q1 2014 it amounted to 29.5%).

**Social safety net.** In April 2015, a Federal Law №88-FZ "On lump-sum payment at the expense of the maternity (household) capital" was adopted. According to it, Rb 20,000 will be paid to those households who declare about the need for such assistance.

In May 2015, a Federal Law "On introduction of amendments and changes into articles 7 and 10 of the

federal law 'On additional measures of state assistance to households with children'" was adopted. According to the law, the maternity capital can now be directed to pay as initial contribution for housing credit or loan not necessarily waiting for the child reaching three years of age after whose birth the maternal capital certificate was obtained (previously prior to a child reaching 3 years of age the maternal capital one could pay for housing credits but not pay the initial contribution). This measure can contribute to the development of mortgage lending in the Russian Federation especially in those regions where the price of housing is not high in comparison with the regions-leaders in housing prices.

According to the data released by the Pension Fund of the Russian Federation, 3 million households have already directed their maternal capital to the upgrading of their residential conditions, of which 2 million households partly or completely repaid their residential loans. The overall volume of maternal capital directed to such payment totalled Rb760 bn (or Rb380,000 per household). Addition one million households upgraded their residential conditions without loans, directing to it Rb3368 bn from the maternal capital pool.

As noted in *OMES №8, 2015*,<sup>1</sup> in a number of regions of the Russian Federation changes are introduced in the forms and volumes of welfare benefits of the population. The regional budgets deficit results in the introduction of amendments in the welfare benefits system along the following ways:

- Delay in indexing of certain welfare benefits;
- Targeting of certain forms of welfare benefits which previously were provided irrespective of the beneficiary's income. As a benchmark for need are taken not only the subsistence minimum of a corresponding group of population but higher benchmarks (for instance, 1.5–2.5 subsistence minimums);
- Reduction of the assistance volume;
- Cancellation of certain forms of welfare assistance.

These changes allow reducing regional budgets outlays. Introduction of targeted welfare benefits will most likely mean that part of categorical benefits will not be directed to the most well to do beneficiaries but it will not result in the improvement of the low-income population in spite of whether it receives or not various forms of welfare benefits. Some measures can lead to the deprivation of low-income households: for instance, cancellation of compensational payments due to expenses on residential payments by large families in the event such families are low-income ones. ●

1 <http://www.iep.ru/ru/publikatcii/7497/publication.html>