

Lesya Ukrainka Volyn National University

Center for Ukrainian and European Scientific Cooperation

EDUCATION, SCIENCE, RESEARCH DURING MARTIAL LAW

Collective monograph

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Reviewers:

Volkova Nataliia Pavlivna, Doctor of Pedagogy, Professor, Head of the Department of Innovative Technologies in Pedagogy, Psychology and Social Work, Alfred Nobel University

Mahda Yevhen Valeriiovych, PhD in Political Sciences, Associate Professor, Senior Lecturer at the Department of Publishing and Editing, National Technical University of Ukraine “Igor Sikorsky Kyiv Polytechnic Institute”, Director of NGO “The Institute of World Politics”

Rezvan Oksana Oleksiivna, Doctor of Pedagogy, Professor, Head of the Department of Psychology, Pedagogy and Language Training, O.M. Beketov National University of Urban Economy in Kharkiv

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BUDGETING OF THE EDUCATIONAL SPHERE OF UKRAINE: PROBLEMS AND PROSPECTS

Glushchenko Yu.A.

INTRODUCTION

The current state of development of financial relations in education in the context of European integration and globalization processes, aimed at ensuring the competitiveness of educational services on an innovative basis, taking into account the needs of each individual.

The main reasons for the aggravation of the competitive situation in the market of educational services in Ukraine should include: the growth in the number and market share of non-state educational institutions, which are characterized by greater mobility, a developed material and technical base, flexibility of pricing policy; the entry of Ukraine into the European educational and scientific space and, as a result, competition with foreign universities¹.

In addition, in the system of higher education, there is a reduction in the amount of state budget funding compared to the indicators of developed countries, due to the inconsistency of the minimum social standards. This necessitates the formation of a special fund and the inclusion of alternative sources of financial resources received for the services provided.

The lack of budgetary funds in education causes many problems, in particular: arrears in social payments and communal services, the weakening of the state credit system for students, the termination of funding for programs to improve the living conditions of scientific and pedagogical workers, the insufficient volume of funding for the scientific sphere, the inhibition of innovative programs for the development of the educational system. In addition, the need to preserve and develop the material and educational-methodical base determines the dependence of educational institutions on the funds received as tuition fees for contract

¹ Подзігун С.М. Проблеми фінансування вищої освіти в Україні. URL: https://dspace.udpu.edu.ua/bitstream/6789/2878/1/Problemu%20finansuvannj_fail.pdf (дата звернення: 20.10.2022).

students, which negatively affects the quality of specialist training and, as a result, the competitiveness of higher education institutions².

According to the Strategy for the Development of Higher Education in Ukraine for 2022–2032, its main goal is the intellectual, cultural, and professional development of the individual, the formation of high-quality human capital, and the consolidation of society for the establishment of Ukraine as an equal member of the European community, the development of an effective, innovative, competitive economy, and the provision of high standards of quality of life.

Responding to the large-scale challenges facing Ukraine in the form of ongoing Russian armed aggression, the spread of the acute respiratory disease COVID-19 caused by the SARS-CoV-2 coronavirus, and the onset of the global economic crisis requires additional resources and more efficient and effective management of public finances³.

The European integration of Ukraine conditions important changes, regarding the development of the state in a democratic way, it is necessary: to take measures to return to a balanced budget and tax policy, increase the efficiency of expenditures and tax administration, reduce the role of the state in the economy, and improve the investment climate, taking into account social and environmental measurement⁴.

The effectiveness of the system of effective budget management is largely related to the implementation of measures to ensure targeted and effective spending of budget funds. In other words, full-fledged budgeting, which is characterized as “the process of determining the volume and composition of costs, and ensuring that these costs are covered by resources”⁵.

² Подзігун С.М. Проблеми фінансування вищої освіти в Україні. URL: https://dspace.udpu.edu.ua/bitstream/6789/2878/1/Problemu%20financuvannj_fail.pdf (дата звернення: 20.10.2022).

³ Про схвалення Стратегії реформування системи управління державними фінансами на 2022–2025 роки та плану заходів з її реалізації : Розпорядження Кабінету Міністрів України від 29 грудня 2021 р. № 1805-р / Кабінет Міністрів України. URL: <https://zakon.rada.gov.ua/laws/show/1805-2021-p#Text> (дата звернення: 27.10.2022).

⁴ Про схвалення Стратегії реформування системи управління державними фінансами на 2022–2025 роки та плану заходів з її реалізації : Розпорядження Кабінету Міністрів України від 29 грудня 2021 р. № 1805-р / Кабінет Міністрів України. URL: <https://zakon.rada.gov.ua/laws/show/1805-2021-p#Text> (дата звернення: 27.10.2022).

⁵ Глущенко Ю.А. Розвиток ефективного бюджетування в умовах децентралізації. *Актуальні проблеми та перспективи розвитку обліку, аналізу та контролю в соціально-орієнтованій системі управління підприємством* : матеріали III Всеукраїнської науково-практичної конференції, м. Полтава, 31 березня 2020 р. Полтава, 2020. С. 232–235.

Rationalization of the distribution of financial resources between the budgets of different levels is a step towards ensuring financing of strategically important spheres of state activity, in particular, in conditions of martial law.

1. Emergence of the prerequisites of the problem and formulation of the problem

The rapid development of digitization, integration of education, global crises and the need for their research and adaptation, competition between institutions of higher education require a change in priorities for the development of financial relations in education.

There remain areas in which tangible results have not been achieved in particular, the main problems that led to the adoption of the Strategy for the Reform of the State Finance Management System for 2022–2025 include: the absence of a coherent system of strategic planning, a weak connection between strategic planning, budgetary planning and planning of public investments; lack of full implementation of medium-term budget planning; inadequate quality of budget planning on the part of the main managers of budget funds, which leads to frequent redistribution of these funds and their inefficient use⁶.

Funding problems in education require constant review and changes of economically justified state social standards and funding regulations of the budgetary sphere. The prerequisites for the formation of balanced budget expenditures are constant monitoring of the state of implementation of estimates based on actual expenditures, constant analysis of the structure of expenditures and budget services, research into the situation regarding the reorganization of institutions with small capacity without reducing the quality of service provision, etc.

2. Analysis of existing methods of solving the problem and formulating the task for effective management of budget funds

Such domestic and foreign scientists as: O. Belash, V. Lazarev, S. Mokhnachev, N. Pashchenko, H. Fashiev.

⁶ Про схвалення Стратегії реформування системи управління державними фінансами на 2022–2025 роки та плану заходів з її реалізації : Розпорядження Кабінету Міністрів України від 29 грудня 2021 р. № 1805-р / Кабінет Міністрів України. URL: <https://zakon.rada.gov.ua/laws/show/1805-2021-p#Text> (дата звернення: 27.10.2022).

The issue of medium-term planning arouses the interest of scientists and specialists, in particular, the works of such scientists and practitioners as: M. Afanasyev, O. Gaevska, G. Dmytrenko, T. Yefimenko, I. Zapatrina, O. Ivanytska, A. Kozoriz are devoted to this issue, H. Korobko, M. Latynin, V. Lozytskyi, K. Pavlyuk, I. Rozputenko and others.

The publications thoroughly examine the theoretical aspects of medium-term planning and analyze the current state of implementation of elements of medium-term planning in the budget system of Ukraine.

The theoretical and methodological foundations of their research are based on the use of the main provisions of economic and financial theory, developments of research institutions, abstract-logical, generalization, calculation-constructive.

Research analysis shows that the annual budget cycle and the construction of the budget process in Ukraine today actually do not create sufficient conditions for the full implementation of medium-term budget planning at the level of local budgets, taking into account the elements of program-target budgeting.

At the current stage, the introduction of medium-term budget planning in Ukraine does not contribute to the effectiveness of budget expenditure planning, particularly in education.

Today it is already obvious that the traditional approach to the formation of the annual budget does not give significant results, as it does not ensure budget stability in the medium term.

Taking into account the above, the aim of the scientific work is to study the theoretical foundations and practice of budgeting in the educational sphere. The following tasks were solved in the research process:

- to investigate problematic aspects of the development of the higher education system of Ukraine;
- to determine the key measures of reforming the educational sphere in the direction of financial stabilization;
- to analyze the dynamics of the structure of education expenditures in the consolidated budget of Ukraine;
- to determine the volume and dynamics of the average monthly salary of full-time employees, in particular in the educational field;
- to analyze the dynamics of the deficit of the consolidated budget of Ukraine and its impact on the financing of educational institutions;
- reveal the theoretical and methodological foundations of program-target budgeting and medium-term planning;
- to investigate the methodology of budget forecasting in the conditions of program-target budgeting;

- argue proposals for improving the program-target method in the budget process;
- to propose prospects for the development of medium-term and long-term budget planning.

3. Presentation of the main research material

The implementation of the educational principle contributes to the awareness of common values by every Ukrainian, the development of self-identity as a citizen and individual. Education is the basis of the intellectual, spiritual, physical and cultural development of the individual, its successful socialization, economic well-being, the key to the development of a society united by common values and culture, and the state⁷.

Education contributes to the unification of the country, smoothing the negative impact of artificial factors, in particular geographical features, social status, living conditions, etc. Educational institutions are able to encourage the comprehensive development of a socially conscious and active personality, with the aim of ensuring the sustainable development of Ukraine along the European path. That is, the teacher acts not only as a qualified specialist, but also as a social mentor, adviser, consultant.

In this context, the process of reforming the Ukrainian education system in accordance with new challenges and European integration processes continues. In particular, the Strategy for the Development of Higher Education in Ukraine for 2022–2032 was approved. Its goals and objectives are formed on the basis of a SWOT analysis of gaps and weaknesses (see fig. 1).

Analyzing these problematic aspects of the functioning of the system, we are convinced that the main weakness of the development of higher education is the insufficient level of funding (see fig. 2), which negatively affects the state of formation and training of highly qualified competitive personnel, and therefore their further employment.

According to the results of the first monitoring of the employment of graduates of higher education and pre-higher education, it was found that the percentage of employment among graduates of higher education is 59%. Experts believe that: “Ineffective internal economic and educational policy, which contributed to the transformation of higher education to the needs of the labor market, led to their unbalanced interaction”⁸.

⁷ Про освіту : Закон України від 5 вересня 2017 р. № 2145-VIII / Верховна Рада України. URL: <https://zakon.rada.gov.ua/laws/show/2145-19#Text> (дата звернення: 27.10.2022).

⁸ Мосьпан Н.В. Вища освіта та ринок праці в Україні: десятиліття взаємодії. *Освітологічний дискурс*. 2021. № 1(32). С. 33.

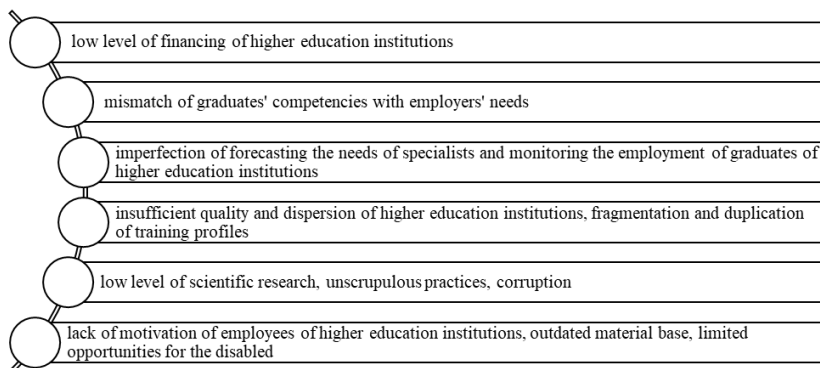


Fig. 1. Problematic aspects of the development of the higher education system of Ukraine (constructed by the author based on the data⁹)

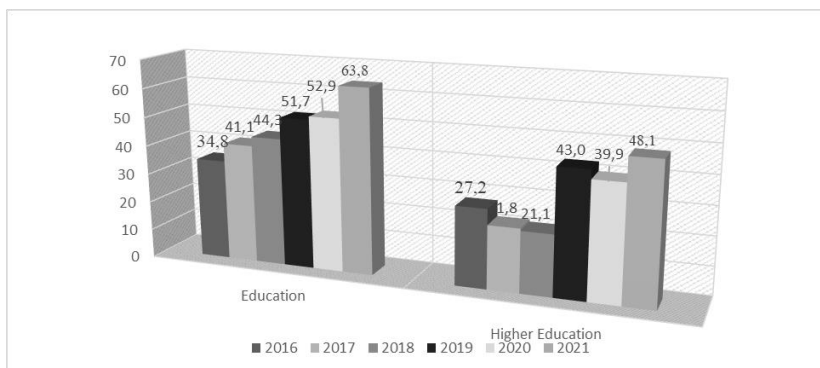


Fig. 2. Dynamics of the structure of education expenditures in the consolidated budget of Ukraine for 2016–2021, billion UAH (built by the author based on data¹⁰)

⁹ Про схвалення Стратегії розвитку вищої освіти в Україні на 2022–2032 роки : Розпорядження Кабінету Міністрів України від 23 лютого 2022 р. № 286-р / Кабінет Міністрів України. URL: <https://zakon.rada.gov.ua/laws/show/286-2022-r#Text> (дата звернення: 27.10.2022).

¹⁰ Звіти про виконання Державного бюджету України за 2016–2021 рр. / Державна казначейська служба України. URL: https://data.gov.ua/dataset/zvit_kazna/resource/452c24f5-adeb-45b6-a45b-9246029a61fd (дата звернення: 20.10.2022).

The level of remuneration (see fig. 3) does not contribute to increasing the prestige and rating of scientific and pedagogical workers, also taking into account the negative fact that the financing of a significant part of scientific work (publication of theses, articles, monographs) is carried out mainly at the expense of own funds.

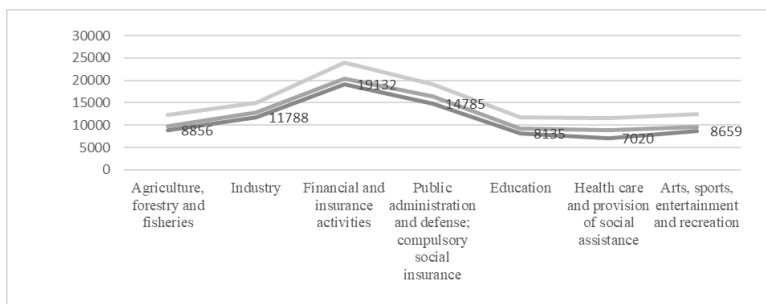


Fig. 3. Dynamics of the volume of average monthly wages of full-time employees by certain types of economic activity in 2019–2021, UAH (built by the author according to the data¹¹)

The low level of wages is primarily related to the limitation of budget funds and the unsatisfactory state of budget implementation (budget deficit), which is a consequence of inefficient budget management (see fig. 4).

Taking into account the solution of these and a number of other problematic issues in Ukraine, the education system is being reformed in accordance with new challenges. In particular, the Order of the Cabinet of Ministers of Ukraine “On the approval of the Strategy for the development of higher education in Ukraine for 2022–2032” of February 23, 2022 № 286-p was adopted, which defines the main priorities of the higher education system at the current stage of the development of society and the country’s economy, as well as the main characteristics, that will be formed by 2032. The strategy defines the main priority goals of the development of the higher education system (see fig. 5).

¹¹ Середньомісячна заробітна плата штатних працівників за видами економічної діяльності у 2010–2021 рр. / Державна служба статистики України. URL: https://ukrstat.gov.ua/operativ/operativ2021/gdn/szpsph/arh_szp_ed_u.html (дата звернення: 20.10.2022).

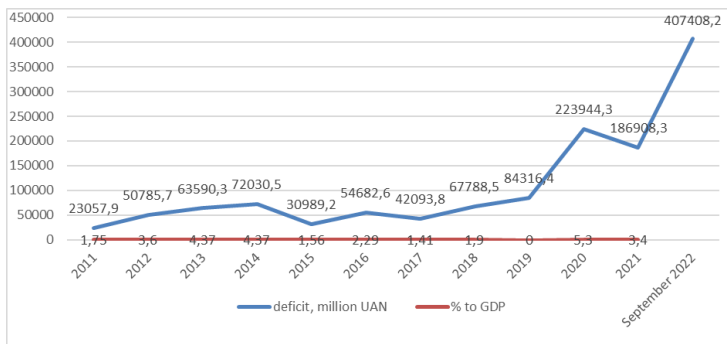


Fig. 4. Dynamics of the deficit of the consolidated budget of Ukraine for 2011–2022 (built by the author according to the data¹²)

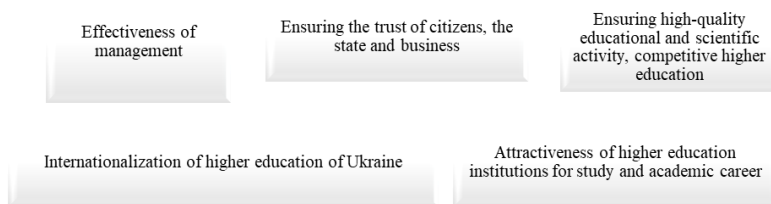


Fig. 5. The main priorities of the Strategy for the Development of the Higher Education System (built by the author according to the data¹³)

Details of the tasks, indicators and expected results are presented in the extended pyramid of the Strategy and the operational implementation plan in 2022–2024. As for the improvement of the issue of financing, an increase in budget financing, improvement of the distribution formula based on activity results and modernization of the network, consolidation of higher education institutions are foreseen (see fig. 6).

¹² Звіти про виконання Державного бюджету України за 2016–2021 рр. / Державна казначейська служба України. URL: https://data.gov.ua/dataset/zvit_kazna/resource/452c24f5-adeb-45b6-a45b-9246029a61fd (дата звернення: 20.10.2022).

¹³ Про схвалення Стратегії розвитку вищої освіти в Україні на 2022–2032 роки : Розпорядження Кабінету Міністрів України від 23 лютого 2022 р. № 286-р / Кабінет Міністрів України. URL: <https://zakon.rada.gov.ua/laws/show/286-2022-p#Text> (дата звернення: 27.10.2022).

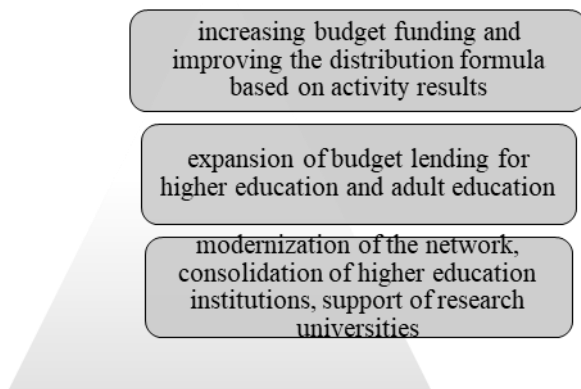


Fig. 6. The main tasks for increasing the efficiency of management in the higher education system (constructed by the author based on the data¹⁴)

Taking into account the state of the constantly existing deficit of the consolidated budget of Ukraine, which makes it impossible to finance the budgetary sphere, in particular, education in full, it is worth actively applying the experience of foreign countries in limiting and keeping budget expenditures at a certain level, with an appropriate level of budget control and improving the process of program and target budgeting, in particular on the basis of such methods as budgeting aimed at the result, performance management, program-target budgeting.

The Maastricht Treaty of 1992 and the Treaty of Amsterdam of 1997 require European governments to apply long-term budget calculations combined with realistic targets for their public programs.

The EU budget directly provides assistance only in program format, and indicators indicate the effectiveness of the use of resources allocated to recipient countries. In this regard, the EU countries have already developed basic regulatory documents that motivate member countries to apply elements of medium-term fiscal and program-target budget planning. Governments develop medium-term, and in some cases, long-

¹⁴ Про схвалення Стратегії розвитку вищої освіти в Україні на 2022–2032 роки : Розпорядження Кабінету Міністрів України від 23 лютого 2022 р. № 286-р / Кабінет Міністрів України. URL: <https://zakon.rada.gov.ua/laws/show/286-2022-r#Text> (дата звернення: 27.10.2022).

term assessments and forecasts of the state's budgetary and fiscal state. Experts of the International Monetary Fund called this practice "the basis of the medium-term budget". It provides a clear idea of the cost of the current state policy, serves as a mechanism that allows you to control the introduction of new measures, as well as monitor the implementation of the budget beyond one year.

For example, in France, the result of reforming the budget system was the introduction of programming laws, which determined the main directions of public finances for the medium term, covered all components of the public administration sector and the main principle of budgeting – the principle of balance. The provisions of the law fix the goals of the medium-term programming of state finances for four years and set the target indicators of the state budget for three years. Also, medium-term budget programming is harmonized with the law on the annual budget. Medium-term budget programming involves the distribution of functions by programs, and the last year of the medium-term budget serves as the basis for the next programming.

In Sweden, a budget reform was also carried out and medium-term budget planning was introduced. The basis of the Swedish model is the adoption of the law on the state budget for a four-year period, and expenditures for the planned year are approved for 27 areas of state policy and detailed in the appendix for 500 appropriations in terms of departmental and program classification. Expenditures for three budget periods following the plan are approved as a whole, and for 27 directions are indicative¹⁵.

An important aspect of medium-term planning is that it is possible to evaluate the effectiveness of budget programs whose implementation period is more than one year. We believe that budget reform in Ukraine should be carried out in accordance with the main principles of European budget practice, namely: strengthening of fiscal discipline; taking into account the resource capabilities of authorities and the distribution of resources in accordance with strategic priorities; increasing the efficiency of budget programs and services, etc.

There are different interpretations of the essence of budget management, but we are inclined to the definitions of S. Mykhaileenko that: "<...> it is a set of interrelated actions (management functions),

¹⁵ Лозицький В.П. Концептуальні засади запровадження середньострокового бюджетного планування в Україні. *Фінанси України*. 2012. № 9(202). С. 40.

techniques, methods aimed at managing budget resources and relationships that arise in the process of movement budget flows”¹⁶.

Based on this interpretation, managers face the need to fulfill the main task of budget management – to achieve the effectiveness of budget management, within the framework of the current organizational system (see fig. 7).

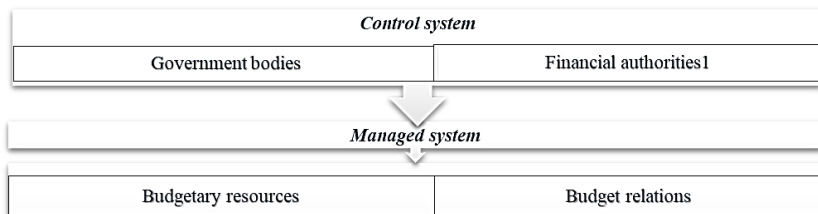


Fig. 7. Organizational chart of budget management

The regulatory and legal basis for the development of program-target budgeting is the Budget Code of Ukraine, the approval of the Concept of Application of the Program-Target Method in 2010, the orders of the Ministry of Finance of Ukraine on the preparation and implementation of local budgets according to the program-target method (2002–2019), the System Reform Strategy management of state finances for 2022–2025 and a plan of measures for its implementation. As practice shows, in past years there was a principle of maintenance of budgetary institutions, instead of financing. Detailed advantages are presented in table 1.

As the data in the table show, the program-target method is really a more effective method. The clear formation of the list of performance indicators will contribute to the real determination of the number of consumers of the budget service, the realism of its implementation, and the effectiveness of the final results.

Moreover, the program-target method is based on the “Resource – Result” model, according to which the amount of budget funds provided to the administrator depends directly on the result obtained by him (see fig. 8).

Thus, budgeting is a technology of planning, accounting, control and analysis of financial, information and material flows, as well as the obtained results.

¹⁶ Михайленко С.В. Бюджетний менеджмент: визначення, принципи, функції. *Актуальні проблеми економіки*. 2011. № 3(117). С. 223–229. URL: <http://www.academy.gov.ua/ej/ej18/PDF/11.pdf> (дата звернення: 20.10.2022).

Table 1

Comparative analysis of budget formation methods

<i>The direct method</i>	<i>Program-target method</i>
Budget planning for one year	Budget planning for 3–5 years
Justification of expenses without assessment of expediency and quality	Justification of expenditures based on goal definition and economic efficiency and effectiveness
Formation is carried out according to functional and economic classification of expenses	Formation is carried out according to programmatic and economic classification of expenditures
Budget expenditures are aimed at maintaining the network of budget institutions	Budget expenditures are aimed at achieving the effectiveness of budget funds
Loyal responsibility for results of budgetary activities institutions and quality of services that are provided	Personal responsibility heads of institutions and organizations for achieving results budget programs



Fig. 8. “Resource – Result” model

Management of budget resources, in accordance with generally defined management functions and the basics of the budget process, is carried out at such stages of the budget process as budget planning, organization of budget implementation, accounting of implementation and control over budget implementation. Therefore, in the process of budgeting, coordinated actions are needed to prevent financial and managerial gaps at such important stages of budgeting, in particular, radical planning, clear coordination and detailed control (see fig. 9).

Determining the essence of the term budget planning, we found out that budget planning is a complex of organizational and technical, methodical measures for determining the income and expenditure of budgets during their preparation and approval, which is carried out in order to ensure sustainable economic growth and conduct targeted social policy state¹⁷.

¹⁷ Бюджетний менеджмент : навчальний посібник / Л.В. Панкевич, М.А. Зварич, П.Я. Могиляк, Б.І. Хомічак. Київ : Знання, 2006. 293 с.



Fig. 9. Stages of budgeting

The economic essence of budget planning consists in the centralized distribution and redistribution of GDP between the branches of the budget system on the basis of the national socio-economic program of budget development.

The main thing in budget planning is the methodology, which includes a set of general principles and methods. In particular, such as: a comprehensive approach of taking into account socio-economic parameters and priority in the social direction of the budget; the rationality of the budgetary allocation of resources; unity of planning and forecasting methodology; realism and reasonableness of forecast indicators.

In domestic budgetary practice, various methods of budget planning are used to fulfill the set goals and objectives.

Analytical is used to determine planned indicators based on factor analysis and mathematical modeling. Balance sheet – to balance the revenue and expenditure parts of the budget by reducing expenses, increasing revenues, or establishing sources of budget deficit coverage. Program-targeted is a method for financing individual state programs of social and economic development. Normative serves in relation to the use of norms and standards for the calculation of budget expenditures. The method of coefficients is based on the use of appropriate coefficients, which is calculated as the ratio of the achievements of the past period to the planned indicators.

The practical experience of foreign specialists shows that effective strategic planning is impossible without the full application of the program-target method. It allows you to analyze the resource capabilities of the budget and the results of the use of budget funds.

According to the Budget Code of Ukraine, the program-target method in the budget process is “a method of managing budget funds to achieve specific results at the expense of budget funds with the application of evaluating the effectiveness of the use of budget funds at all stages of the budget process”¹⁸. Its purpose is to achieve efficiency from the use of budget funds.

The introduction of the program-target method involves: budget transparency and control at the program level; evaluation of the achieved results according to the assigned tasks; determination of activities and strengthening of responsibility of managers of funds in accordance with the implementation of programs; improvement of the budget policy development process. Budget planning according to this method helps managers to focus on making an effective decision regarding the selection of the most important programs for citizens (see fig. 10).



Fig. 10. The budget process in Ukraine according to the program-target method

The purpose of the activity is related to the industry policy and strategic definition of the task, determines the results of the program implementation.

The task is the achievement of specific results. Performance indicators – productivity, effectiveness, efficiency, costs, profitability of services, etc.

The assessment of the effectiveness of the budget program depends directly on the level of achievement of the goal and task.

¹⁸ Бюджетний кодекс України : Закон України від 8 липня 2010 р. № 2456-VI / Верховна Рада України. URL: <https://zakon.rada.gov.ua/laws/show/2456-17#Text> (дата звернення: 20.10.2022).

The main criteria of effectiveness are relevance, directions of strategic planning, focus on the maximum volume of services compared to the spent funds.

In other words, this is program budgeting, which provides for the type of activity, its purpose and control, quality, and the result of execution. It differs from the itemized method by financing a service, not an institution, which contributes to the achievement of the principle of subsidiarity defined by the Budget Code of Ukraine.

In practical activity in Ukraine, a number of programs are classified, including: economic and social development of the state; government activities; state target programs; local and regional development programs, etc. They are multi-element, while the budget program in PMC reflects activities in a specific field, with the definition of the service and its recipients.

According to the provisions of the Budget Code of Ukraine “the budget program is a set of measures aimed at achieving a single goal, tasks and expected result, the determination and implementation of which is carried out by the manager of budget funds in accordance with the functions assigned to him”.

A qualitatively formed program structure improves the macro-fiscal function of the budget and financial discipline, as it provides an opportunity to more effectively plan expenditures for the medium-term perspective¹⁹.

The purpose of the program allows to combine strategic directions and priorities with the help of appropriate budget tools (see fig. 11).

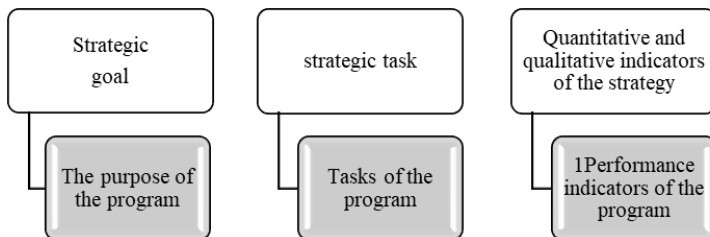


Fig. 11. The process of interaction of strategic planning and formation of the budget program

¹⁹ QCBS-1. Проект модернізації державних фінансів. Консультативна підтримка для покращення бюджетного планування і середньострокового бюджетування та методологічна підтримка програмно-цільового бюджетування / Світовий банк. URL: www.minfin.gov.ua (дата звернення: 20.10.2022).

Budgetary programs include subprograms specifying measures, goals, evaluation, and effectiveness by component. And the latter are not mandatory, except for those specified by relevant industry orders.

In the Budget program, several tasks are allowed, with the corresponding indicators of effectiveness and quantitative parameters²⁰. In other words, this is the justification of the institution's budget estimate.

Performance (measurable and quantitative) indicators are indicators of program achievements. They are a system tool, that is, they should compare resources and results, monetary and qualitative equivalents.

In addition, the realism and subjectivity of indicators are important for the purpose of forming quality reports, monitoring, analysis, management decision-making and information disclosure. In particular, indicators: costs; product; efficiency; quality (see fig. 12).

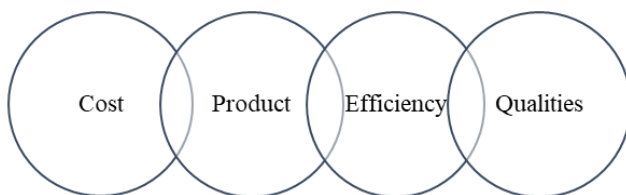


Fig. 12. List of effective indicators of program-target budgeting

Their application allows, first of all, to determine the effectiveness of the use of budget funds. Therefore, the task is: generalization, grouping and classification. A feature is the ability to determine any number and detail within one task, taking into account the specifics of the programs. All this should be essentially without unnecessary overloads, which is not necessary in terms of information.

The emphasis should be on quality as the litmus test for program success. Experts believe: “<...> the use of several indicators of the same group makes it possible to more accurately determine the degree of efficiency in the use of budget funds by the main manager”²¹. Preference is given to characteristic, illustrative, effective.

²⁰ Про деякі питання запровадження програмно-цільового методу складання та виконання місцевих бюджетів : Наказ Міністерства фінансів України від 26 серпня 2014 р. № 836 / Міністерство фінансів України. URL: <https://zakon.rada.gov.ua/laws/show/z1103-14#Text> (дата звернення: 29.10.2022).

²¹ Інноваційні практики: фінансовий менеджмент на місцевому рівні – підсумки 2014 року / В.В. Зубенко, І.В. Самчинська, Т.А. Шаповал та ін. ; ІБСЕД,

The PCM methodology provides for the appointment of only one responsible executor of the program (Article 20 of the Budget Code of Ukraine). He is appointed as the chief manager in agreement with the Ministry of Finance of Ukraine.

This can be the main manager of programs, or a lower level that is an executor in the main system. It is determined by the decision on the local budget, is responsible for the targeted and effective use of funds, approves budget program passports, compiles reports, analyzes programs, and evaluates results. According to the Order of the Ministry of Finance of Ukraine: “<...> the responsible executor is a legal entity, has a separate account and balance sheet”. Responsible executors can be the main manager and lower-level manager (see fig. 13).

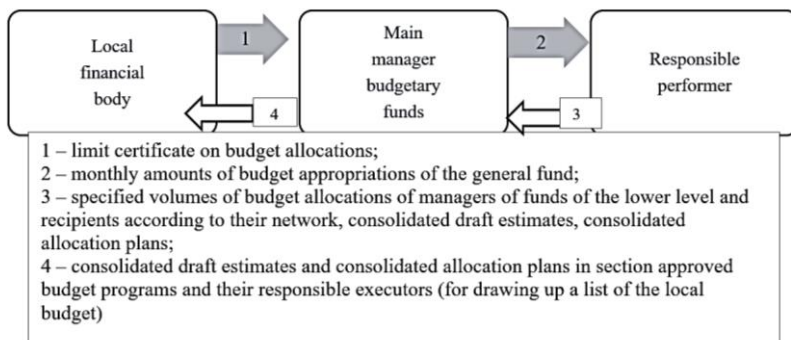


Fig. 13. The process of interaction between the administrator and the executor of the budget program

In the formation of the local budget, they ensure the drafting of budget requests by programs, coordinate and submit them to the chief administrator. Budget allocations are determined by programs according to the program classification.

According to the Budget Code of Ukraine: “<...> a budget request is a document prepared by the chief manager of budget funds, which contains

proposals with appropriate justification regarding the amount of budget funds necessary for his activities for the following budget periods”²².

Budget requests provide for the formation of program implementation proposals. The main administrators compare its cost estimate and the budget resource.

Financing under the programs is carried out in the following way. The local financial body submits an order to the territorial body of the State Treasury Service of Ukraine regarding financing to the main administrators, including the responsible executors, and notifies the latter. Responsible executors carry out the distribution of funds by network and submit to the territorial body of the State Treasury Service of Ukraine. Similar procedures take place in the part of the formation and implementation of budget program passports.

For each program, the goal and tasks are determined, the implementation of which will ensure the achievement of the set goals of the program (see fig. 14).

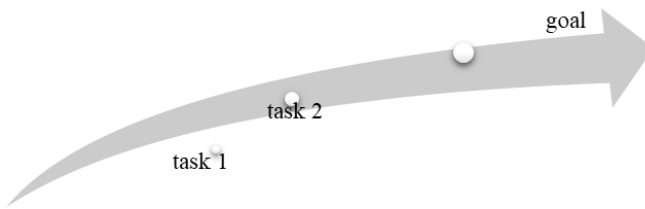


Fig. 14. Components of the budget program

The passport of the program determines the amount of funds for its financing, the purpose, tasks, activities, responsible performers, performance indicators and other characteristics. It is formed from budget requests and budget assignments, is developed by the chief administrators, and is approved by the Ministry of Finance.

Draft passports are prepared and submitted to the financial department by the main beneficiaries of the funds. Passports must correspond to the budget schedule. Their approval is carried out on the basis of the order of the main successor and the financial body within 45 days. In the absence of a financial body with a village, settlement or city head. Within a week

²² Бюджетний кодекс України : Закон України від 8 липня 2010 р. № 2456-VI / Верховна Рада України. URL: <https://zakon.rada.gov.ua/laws/show/2456-17#Text> (дата звернення: 20.10.2022).

from the moment of approval, they are brought to the responsible executors by the main delayer. Reports on the implementation of passports are submitted to the financial authorities by the chief administrator within the specified time limits.

The practice of the results of implementation of budget programs indicates a low level of their implementation. A significant number of programs led to the dispersion of budget funds²³. There was a duplication of programs, their low effectiveness, and the absence of uniform criteria for evaluating programs²⁴.

Thus, it can be concluded that the problem of program-target budgeting is a comprehensive analysis of programs, for the implementation of which additional resources are needed. During the period of its implementation, financial problems arise regarding the completion of the program financing process. In addition, the inconsistency of the goals of the programs with medium and long-term goals.

We believe that in order to create an effective regulatory legal framework, line ministries should optimize typical lists of budget programs and performance indicators of their implementation by combining similar budget programs and reducing the number of performance indicators, especially those that are duplicated with indicators regarding the network, states and contingents.

In our opinion, it is necessary to deepen the scientific and methodological support for the development and implementation of budget programs, including the proposal to develop methods available for use in estimating budget expenditures for individual measures for different perspectives, forecasting expected results, and calculating individual indicators of the program's economic efficiency.

In order to comply with budget discipline, the level of competence and responsibility of managers of budget funds for the clear implementation of approved budget programs should be increased.

The existing methodology for the formation of budget programs does not foresee the need for a clear separation in time and space of funding from different sources. More often, the suspension of funding from budget funds almost always leads to the suspension of funding or refusal to implement the program from other sources.

²³ Огонь Ц.Г. Програмно-цільовий метод та ефективність бюджетних програм. *Фінанси України*. 2009. № 7. С. 20–29.

²⁴ Сукач О.М. Оцінка результативності реалізації бюджетних програм місцевого рівня. *Інноваційна економіка*. 2012. № 7. С. 33–35.

The participants in the budget process do not take into account that the lack of financing of the budget program can occur due to both the lack of funds and insufficiently qualified preparation of the necessary documents, including the effectiveness of previously used funds.

There are also cases of violation and disregard of the legal prescriptions of legislative and normative legal acts on the issues of state targeted programs. Budgetary programs are often implemented without real calculations and thorough measurements to achieve the set goal, without defining clear results of their implementation, and most importantly – unambiguous, justified volumes and sources of funding.

Yes, first decisions are made and budget programs are approved, and only then the search for funding sources is conducted, and it should be the other way around. In addition, budget programs are quite often not brought to a logical conclusion, remain, for one reason or another, unimplemented.

In view of the above, we suggest making changes to the methodology of budget program planning and clearly dividing and demarcating different sources of funding for relevant expenditures. This will provide an opportunity not to suspend funding and not disrupt the implementation of budget programs at the expense of non-budgetary sources.

We believe that it is necessary to develop a methodology for conducting a comparative analysis of the effectiveness of budget programs based on a formulaic approach and uniform evaluation criteria, which would provide an opportunity to objectively assess and determine the level of effectiveness of the budget program in order to make a management decision regarding the continuation or impracticality of funding the budget program in the following periods.

We agree with the experts that the main reasons for the inefficient use of budget funds and the low effectiveness of budget programs are also: the lack of priorities in budget policy for the medium and long term.

Therefore, budget programs can be effective only if the approaches and tools for their implementation are changed, intensive methods of managing budget funds are used at each stage of their passage, and the program-target method is fully implemented in the budget process.

In turn, the shortcoming of PCM budgeting in general is a rather detailed periodic analysis of all programs, which requires significant human resources and financial costs. Until the analysis is completed and management decisions are made, there may be uncertainty regarding future program funding.

We believe that the current stage of implementation of program budgeting in Ukraine is imperfect, which is carried out according to new

standards for the preparation of budget requests and other documents, and the content of the work on the management of budget resources has not undergone fundamental changes.

One of the reasons for this is the introduction of this method at the local level as a mechanism for current budget planning (budget planning for one year), since the formation of local budgets in terms of programs must be carried out on the basis of approved medium- and long-term strategies for the socio-economic development of territories, sectors of the economy, etc.

Therefore, from the point of view of European approaches, budget programs should be formed for the future in accordance with the goals and objectives of the socio-economic policy of the territory, and the introduction of program budgeting in local budgets is inextricably linked to medium-term budget planning, since budget programs are mainly composed of.

Therefore, from the point of view of European approaches, budget programs should be formed for the future in accordance with the goals and objectives of the socio-economic policy of the territory, and the introduction of program budgeting in local budgets is inextricably linked to medium-term budget planning, since budget programs are mainly composed of several years, and therefore it is important to plan the traditional budget also for the medium-term perspective.

An important step in the direction of public finance management is the application of medium-term budget planning, which contributes to: improving the state of the macroeconomic situation; reduction of public expenditure and increase in the level of predictability of financial flows; realities of medium-term calculations; strengthening control over state debt; establishment of expenditure “ceilings”; strengthening budgetary discipline; increasing efficiency and cost effectiveness; providing quality services.

Fiscal rules and restrictions recommended for implementation by the European Commission are mandatory in medium-term planning. In particular, the legislative regulation of fiscal rules, their long-term nature, a reliable accounting system, protective mechanisms and sanctions, as well as exceptions²⁵.

²⁵ Середньострокове бюджетне планування (міжнародний досвід): інформаційна довідка, підготовлена Європейським інформаційно-дослідницьким центром на запит Комітету Верховної Ради України. URL: <https://infocenter.rada.gov.ua/uploads/documents/29131.pdf> (дата звернення: 20.10.2022).

At the same time, according to her recommendations, the key elements of medium-term planning should be: transition to long-term planning; ensuring coverage of all state expenditures; their limitation; detailing income forecasting; analysis and explanation of the reasons for deviations from the planned indicators; development of a number of scenarios of macroeconomic forecasts regarding the application of fiscal regulation tools; legislative coordination of short-term and medium-term budget planning; monitoring and effective adjustment mechanisms.

Studying foreign experience on this issue, it is worth noting that in Great Britain, the main postulates are that the Government takes loans of an investment nature only, and the ratio of net public debt to GDP is of a legislative nature. Unused funds are carried over from one year to another.

In Sweden, medium-term budget planning is three-level. The first priority is the formation of fiscal policy, the second is the limitation of expenditures, and the third is the formation of a “budget reserve”, that is, a limit in case of unforeseen circumstances. Planning is carried out by a special department independent of the government.

Medium-term planning in Germany involves forecasting for five years. Features of functioning are the mutual economic balance of the federal and local authorities, legislative regulation of the process of obtaining loans, legislative regulation of debt at the level of public investments, limitation of the level of expenditures.

Planning in Turkey involves centralization and redistribution of decision-making powers, IMF lending, detailed budget classification. Turkey’s budget process is centralized, the Higher Planning Council forms the medium-term fiscal plan. The medium-term financial plan of the Ministry of Finance and the medium-term program of the state planning organization are sent to it. After approval, the data of both documents are made public, and proposals submitted to fund managers are processed.

The system of medium-term budget planning in Ukraine operates on the basis of the norms of the Budget Code of Ukraine. The budget forecast is developed according to the economic and social development programs of the country for 3 years. Forecast indicators include indicative indicators for income, financing, expenses, lending and debt. Planning reflects development scenarios, balanced indicators, their dynamics, investment programs, etc.

Taking into account the specifics of Ukraine’s development, we believe that the influence of inflationary and destabilizing processes can be force majeure in the implementation of the strategy during medium-term planning.

We believe that the difficult situation that has developed in the budgetary sphere in Ukraine is one of the reasons for the weakening of the level of budgetary discipline, as well as insufficient competence and low responsibility of managers of funds.

Thus, M. Latynin notes that a problematic aspect in the state administration regarding strategic planning of regional development is the lack of a strategic vision of short-, medium- and long-term goals for the implementation of the tools of the financial and economic mechanism and the inconsistency of the strategic goals of state and regional development²⁶.

According to some experts, the issue of medium-term planning at the local level is insufficiently regulated by the Budget Code of Ukraine²⁷. Namely, the mechanism for planning interbudgetary transfers. In addition, medium-term plans and programs for the development of territories are inconsistent.

The main reasons are: a significant number of uncoordinated budget programs, insufficient state support, deficiencies in the work of local authorities, insufficient analysis and low control. It should also be noted that when forecasting the development of territories, statistical indicators are not sufficiently worked out.

The level of forecasting methodology is low, i.e. the absence of factoring and comparative analyzes for the purpose of reliability of forecasting results. There is no prioritization of local development compared to national development.

Some scientists believe that the problematic aspects in this direction are the lack of a management strategy²⁸. Other scientists are inclined to

²⁶ Латинін М.А. Особливості функціонування фінансово-економічного механізму державного управління стратегічним плануванням регіонального розвитку в Україні. *Держава та регіони. Серія «Державне управління»*. 2014. № 3. С. 55.

²⁷ Казюк Я.М. Запровадження середньострокового бюджетного планування на рівні місцевих бюджетів: досвід європейських країн. *Координати управління* : збірник наукових праць / за ред. Д.І. Дзвінчука. Івано-Франківськ : Місто НВ, 2013. Вип. 4. С. 139.

²⁸ Латинін М.А. Особливості функціонування фінансово-економічного механізму державного управління стратегічним плануванням регіонального розвитку в Україні. *Держава та регіони. Серія «Державне управління»*. 2014. № 3. С. 55.

the opinion of using corrective coefficients of budget expenditures when forecasting according to programs²⁹.

But we agree with the authors that they consider the application of medium-term planning from below, at the level of territorial communities, in particular, its regulatory and legal support, to be the primary task. The latter is relevant not only at the stage of forecasting, but also at other stages of the budget process.

In our opinion, thanks to the formation of the budget according to the program-target method for three years, there is a prospect of its real balancing. the relationship between the stages of strategic planning and program-target budgeting is shown in figure 15.

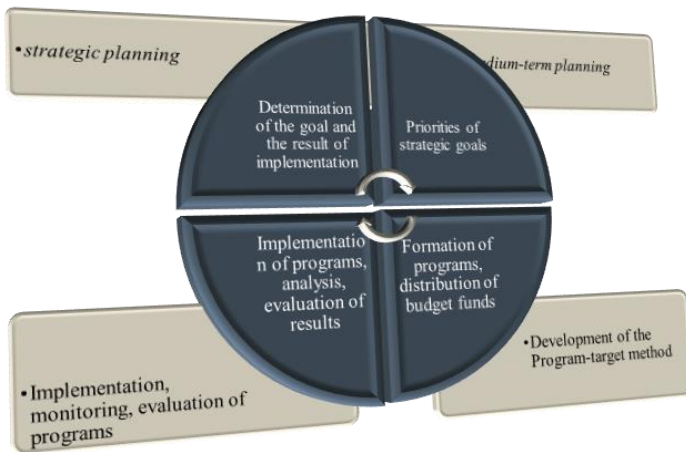


Fig. 15. Cycles of planning and program-target method

International experts believe that: “<...> a well-formed program structure improves the macro-fiscal function of the budget and financial discipline, as it provides an opportunity to more efficiently plan expenditures for the medium-term perspective”³⁰.

²⁹ Запатріна І.В. Програмно-цільовий метод бюджетного планування у контексті стратегічного та середньострокового планування. *Фінанси України*. 2017. № 10. С. 22–27.

³⁰ QCBS-1. Проект модернізації державних фінансів. Консультативна підтримка для покращення бюджетного планування і середньострокового

Therefore, the primary task at the level of ministries is to compare budget programs by type without allowing existing duplication. In addition, preventing termination of funding without good reasons, first of all through qualified preparation of documents at the planning stage. In particular, making reasonable calculations and clearly defining the purpose of the program.

Budget forecasting by programs, by identifying and allocating specific sources to fund certain expenditures, particularly education, which we are investigating, will contribute to seamless funding.

The evaluation of budget programs by managers of funds in the budget process according to the methodology determined by the Ministry of Finance of Ukraine of May 5, 2011 № 608 does not include a procedure for comparing typical programs within the relevant territories³¹. Refinement of the methodology, taking into account the relevant evaluation criteria, will contribute to the real evaluation of the most effective programs and, accordingly, to the adoption of balanced decisions regarding the effectiveness of the use of budget funds.

It should also be noted that the procedure for rating and forming summary indicators of the implementation of budget programs is imperfect on the ground. The reasons for the imperfection of budget programs are their unreasonableness and inconsistency. That is, effective management tools are needed, in particular, the full application of the program-target method.

Taking into account European practice, program-target budgeting should be inextricably linked with medium-term budget planning and priorities of the country's socio-economic development. The main principles should be predictability, transparency and consistency of budget policy. Thus, an effective budget process should be based on medium-term planning in accordance with defined priorities, budget policy objectives and available budget resources.

Along with that, strategic planning, which is a tool of partnership between authorities, citizens, and private institutions, is of great importance. It allows communities to use budget funds more effectively.

бюджетування та методологічна підтримка програмно-цільового бюджетування / Світовий банк. URL: www.minfin.gov.ua (дата звернення: 20.10.2022).

³¹ Про затвердження Методичних рекомендацій щодо здійснення оцінки ефективності бюджетних програм : Наказ Міністерства фінансів України від 17 травня 2011 р. № 608 / Міністерство фінансів України. URL: <https://zakon.rada.gov.ua/rada/show/v0608201-11#Text> (дата звернення: 27.10.2022).

The strategic plan has better access to credit resources and investments. It must be economically justified. In particular, the components of target programs, budget and plans of communally owned enterprises. There should be a clear relationship between them and the ability to monitor, analyze, evaluate, and determine results.

In addition, the strategic plan should contain a calculation of the cost of each task by year and by each task. The cost should be distributed by funding sources. Sources can be both budgetary and other.

For the effectiveness of the strategic plan, it is necessary to have, for example, capital repair plans for budget facilities and plans for the development of utility companies. At the same time, civil participation is necessary for the effective development of society. It is, first of all, an intellectual resource for the authorities. In addition, it is a system of actions of citizens in determining and solving their problems.

In governance, citizens allow to minimize social and political risks, to adjust the plans and behavior of the authorities. That is, the community allows formulating and defending the interests of the community. Classification of public participation (see fig. 16).

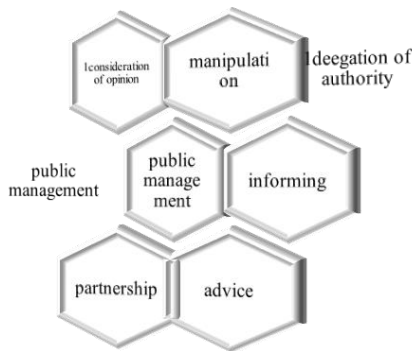


Fig. 16. Classification of public participation in the budget process

The state of public participation must be adequate in order to avoid tension in the community and society.

Taking into account the progressive steps implemented at the legislative level in the direction of medium-term budget planning, we believe that the current version of the Code does not sufficiently clearly regulate the issue of medium-term planning at the level of local budgets.

Thus, one of the main obstacles is the lack of a legal basis for medium-term planning of interbudgetary relations, since the issue of planning indicators of interbudgetary transfers is crucial for establishing the stability of relations between local budgets and the state budget. This also depends on the possibility of local budgets planning their own development in the medium term.

Another problem is the lack of a clear relationship between medium-term financial plans and programs for socio-economic development of the territory for the future.

Analysis of the implementation of socio-economic development programs proved that they are not fully implemented due to the inconsistency of the programs with medium-term plans, as well as insufficient state support, lack of clear coordination of actions of central and local authorities, poor analysis of the situation in each individual region and inadequate control according to the implementation of these programs.

It should also be noted that when making forecasts of socio-economic development of territories, the analysis of statistical indicators is carried out only at the stage of their compilation, and not at the stage of forecasting.

The lack of a methodological basis for taking into account the factors affecting the general economic development of the territory and the uncertainty of the list of compared performance indicators by programs leads to the fact that short series of dynamics of socio-economic indicators are used, which cannot guarantee sufficient reliability of the forecast results.

In practice, there is an inconsistency between the strategic priorities of regional or local development with the national development priorities of the country, which is a significant obstacle on the way to the implementation of medium-term planning at the level of local budgets. Many scientists and specialists also focus their views on the problem of inconsistency of socio-economic development programs of regions and territories with medium-term financial plans and national development priorities of the country.

It is also necessary to agree on the issue of the need to establish a closer connection between the strategic planning of the activities of the main managers of budget funds and medium-term budget forecasting.

In turn, the implementation of the medium-term planning institute for the current and the next two years at the level of local budgets requires the development of appropriate methodological and organizational support for the process of its implementation, including at the level of districts and territorial communities, which involves the development and adoption of additional regulatory and legal acts of sub-law character.

In addition, at the legislative level, it is necessary to finalize legal acts on the introduction of a new planning system, the definition of budget rules for all participants in the budget process, the preparation procedure, the structure and format of the medium-term budget plan, etc.

The medium-term program-target budget is a format for balancing the costs of limited resources with maximum social and economic effects.

To date, in Ukraine, the issue of introducing medium-term budgetary planning of both state and local budgets is almost not settled by law. Medium-term budget planning is a link that connects budget policy with the priorities of the socio-economic development of the country and territorial-administrative units, contributes to increasing the stability of the budget system and the reasonableness of budget expenditures.

The application of medium-term budget planning should ensure the predictability, transparency and consistency of the budget policy, contribute to the effective implementation of budget programs, create an opportunity to use the budget as an instrument of influence on the economic development of the country, its territorial and administrative units and the solution of social tasks. Therefore, an effective budget process should be based on medium-term planning according to defined priorities, budget policy tasks and available budget resources.

Strengthening the role of medium-term planning as the basis of the predictability of budget policy and strict budget planning is one of the directions for improving the management of the budget process and resources of local budgets, including through the transition to program budgeting, which ensures a direct connection between the allocation of budget resources and the results of their use.

Therefore, an effective budget process should be based on medium-term planning in accordance with defined priorities, budget policy tasks and available budget resources. In turn, medium-term planning is a tool for effective management of local budget funds and implementation of strategic directions of development of the country as a whole and directly of each region. Strengthening the role of medium-term planning as the basis of the predictability of budget policy and strict budget planning is one of the directions for improving the management of the budget process and resources of local budgets, including through the transition to program budgeting, which ensures a direct connection between the allocation of budget resources and the results of their use. We believe that the further introduction of medium-term budget planning and the program-target method into the budget system will have a positive effect on increasing the efficiency of state management of local budget resources.

The current state of the management model of the budget system and inter-budget relations in Ukraine shows that there is a discrepancy between the obligations of local budget expenditures and sources of income, and inter-budget transfers have turned into the main source of financing for almost the entire system of local budgets.

The principles of effective budget decentralization should be the delimitation of spending powers between budgets of different levels in accordance with accepted commitments for the medium term, taking into account the principles of subsidiarity and balance between functional powers and the amount of revenues directed to their implementation.

Also, the process of transfer of powers from the central government to local authorities should be accompanied by the transfer of appropriate financial resources for the implementation of these powers through the introduction of local taxes and fees and by fixing a part of national taxes under local budgets that have received such powers.

Today, we clearly see that a new concept of state management of budgetary resources needs to be built immediately in Ukraine, which will be based on the recognition and observance by all branches of government of the equal rights of citizens and on reformatting the principles of the existence of the system of state power in order to provide effective management functions to society for the sake of the country's prosperity, and not only for the satisfaction of their own ambitions. Budget decentralization will make it possible to form financially stable regions and local self-government bodies that are able to implement an active socio-economic policy and increase the efficiency of budget expenditures.

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CONCLUSIONS

Taking into account the results of the study, it is worth noting that, despite the difficult situation related to the Russian military conflict, not only the educational process continues in Ukraine, but also its reformation is taking place in accordance with new challenges.

The adopted Higher Education Development Strategy defines strengths and weaknesses, opportunities for further development, and threats to the external environment. Its implementation is inextricably linked to the improvement of the system of public finance management through increasing the effectiveness of mobilization and spending of public funds.

This is a consequence of decentralization and democratization in Ukraine, gradual integration into the European Community, ensuring the transition to a resource-saving, socially inclusive economy, etc.

Studies of the state of financial support of educational institutions indicate a reduction in the amount of financing of educational institutions and the level of financial support of scientific and pedagogical workers.

The main areas of reform envisaged by the Strategy are the improvement of the distribution formula based on the results of activities and the modernization of the network, consolidation of higher education institutions.

In our opinion, in this direction, it is necessary to contribute to the quality implementation of the process of medium-term planning and program-target budgeting, in particular, the coordination of innovations with the budget legislation, the improvement of the components of budget programs, the activity plans of the main budget managers, and the strengthening of budget control.

The line ministries should optimize the typical lists of budget programs and the performance indicators of their implementation by combining the

same type of budget programs and reducing the number of performance indicators, especially those that are duplicated with indicators for the network, states and contingents.

The clear formation of the list of performance indicators will contribute to the real determination of the number of consumers of the budget service, the realism of its implementation, and the effectiveness of the final results.

Taking into account the significant actions aimed at reforming higher education, we believe that its strategic direction will be the presentation of the concept of “Education throughout life” is a program for the development of civil society, which is a leading global trend.

In order to increase the level of management efficiency in the higher education system, the development of state personnel policy in Ukraine, taking into account the consolidation of higher education institutions, it is necessary to give preference to practicing teachers who create a high-quality staff of scientific and pedagogical workers during competitive selection.

SUMMARY

The implementation of the educational principle contributes to the awareness of common values by every Ukrainian, the development of self-identity as a citizen and individual.

The current state of development of financial relations in education in the context of European integration and globalization processes, aimed at ensuring the competitiveness of educational services on an innovative basis, taking into account the needs of each individual. At the same time, in the system of higher education, the amount of state budget funding is decreasing compared to the indicators of developed countries, due to the inconsistency of minimum social standards. We see the solution to this problem in the application of the system of effective budget management, in particular program-target budgeting and medium-term planning, which will contribute to ensuring targeted and effective spending of budget funds.

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Information about the author:
Glushchenko Yuliia Anatoliivna

Candidate of Economic Sciences, Associate Professor,
Associate Professor of Poltava State Agrarian University
orcid.org/0000-0001-5530-0340
juliya.glushchenko@pdaa.edu.ua
1/3, H. Skovorody str., Poltava, 36000, Ukraine