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THE PROBLEMS OF FINANCING EDUCATION AT REGIONAL LEVEL IN UKRAINE

ПРОБЛЕМИ ФІНАНСУВАННЯ ОСВІТИ НА РЕГІОНАЛЬНОМУ РІВНІ В УКРАЇНІ

Abstract: *The article highlights the current problems of education financing in Ukraine. The analysis of the data provided in the article shows the importance of the problem researched. The solutions to the problem have been outlined in the article. The authors emphasize the need and ways of improving education financing to avoid a negative impact in the long run.*

Keywords: *education, local budget, educational activity, regional level, financing*

Анотація: *У статті висвітлено актуальні проблеми фінансування освіти в Україні. У статті наведений аналіз досліджуваної проблеми. Рішення проблеми були викладені в статті. Визначені шляхи покращення фінансування освіти на довгострокову перспективу для вирішення проблемних питань.*

Ключові слова: *освіта, місцевий бюджет, регіональний рівень, освітня діяльність, фінансування*

The system of education is a sphere that is being developed in a tight connection with the processes of the European integration and globalization, which take place in the world and form the basis for a nation's development taking into account innovation and needs of a country in general, and a person in particular.

Today one of the main problems of the educational sphere in Ukraine is lack of financing of educational establishments that leads to low quality of educational services. The problem of financing education in Ukraine and the ways of its improvement have been studied by many scholars (O. Bogolib, O. Boyko, V. Borysenko, Ya. Buchkovska, A. Velychko, A. Demianchuk, V. Martsynkevich, S. Cherepanova, et al.). The analysis of literature on the topic concerned showed that one of the problems of poor financing of education is lack of funds in the local budgets that prevents from carrying out duties in financing the system of education as well as funds that are needed to update technical equipment and corruption.

The aim of the article is to research and analyze the problem of financing education at regional level in Ukraine and distinguish the ways of its improvement.

Education is a social phenomenon that affects all the spheres of economic life of the society and is also an important element on the way to sustainable economic growth and welfare of the nation. Financing of education is usually provided through major and additional sources. Among the major sources the following can be outlined:

- direct financing (from one or more levels of the state and local budgets);
- additional funds from different programs (support of the best students, assistance to children from low-income families, etc.);
- subsidies or subventions (in order to equal the disproportions between the regions, to provide material resources, to grant the benefits, etc.).

The additional sources of financing can be funds obtained from:

- educational services, retraining staff, etc.;
- scientific-research work and other educational and research services;
- bank loans;
- voluntary financial contributions, material values, etc. [1]

For January 1, 2016 according to the sources of financing the number of students was divided in the following ways:

1) at the higher educational establishments of the 1st and 2nd levels of accreditation 51,3% of students studied at the expense of the government spending, 35,5% of students studied at the expense of physical and legal persons, 11,7% of students – at the expense of the local budget; money from sectoral funds was given to 1,5% of students.

2) at the higher educational establishments of the 3^d and 4th levels of accreditation 54,9% of students studied at the expense of the government spending, 43,0% of students – at the expense of physical and legal persons, 0,4% of students – at the expense of the local budget and the study of 1,7% of students was supported by sectoral funds. Thus, nowadays every second student in Ukraine is an investor of the system of education. To have a wider picture of the expenses of the local budgets in Ukraine and how the system of education was financed in the previous years, we offer the following figure to consider:

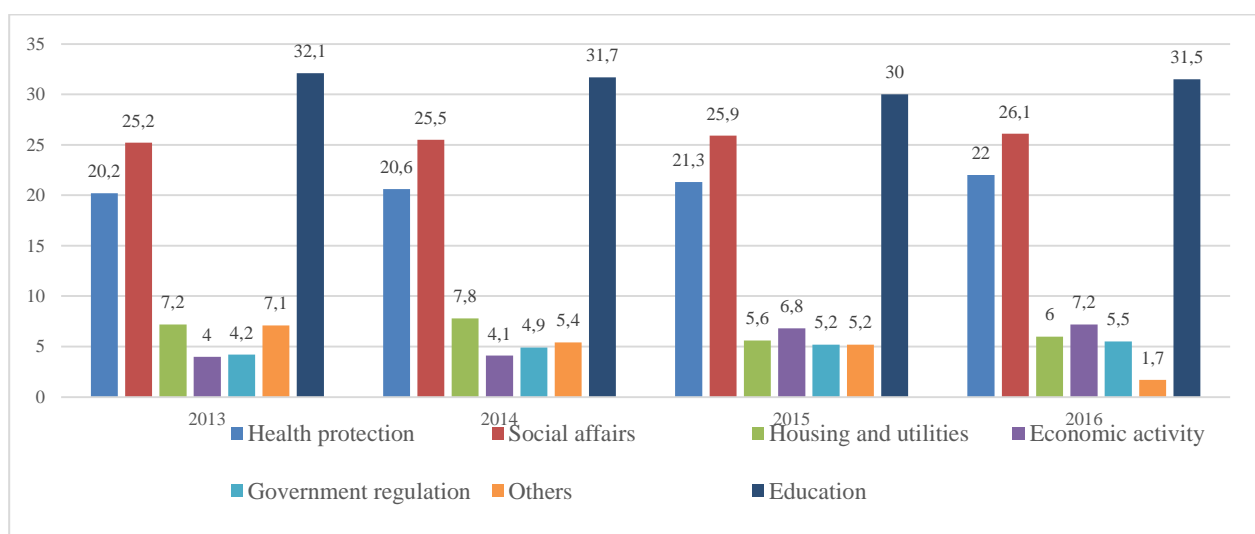


Figure 1. The expenses of the local budgets according to the functional classification in 2013–2016

The figure shows that the highest specific weight in the expenditure item of the Ukraine's local budgets in 2013–2016 as well as in most developed countries belonged to social spending as well as expenses on education that made up from 32,1% to 31,5% [3, p.75-77].

It is also well known that economically developed countries don't save on financing education, but, on the contrary, they increase expenses on education yearly both in state and local budgets contributing in such a way in their future development. For instance, about 63% of the local budgets in the USA is spent on the educational sphere, in Germany – 62%, in France – 67% and in Finland – 65% [2, p. 22].

In Ukraine, expenses on education take the first place in the expenditure item of the local budgets according to the functional classification, however, the amount of money that is spent on this sphere differs from the one in developed countries.

The research showed that among the main problems of financing education at regional level in Ukraine the following can be distinguished:

- constant lack of budget resources needed for effective organization of the activities of the Ukrainian higher educational establishments;
- poor control over the use of funds given to educational activities;
- corruption;
- outdated equipment and information provision in the educational process, etc.

Despite economic problems, there are social concerns as well. One of them is the formality of education (for example, there are equal requirements for all the higher educational establishments without taking into account many factors – the number of universities in the region, the types of institutes, the needs of students, etc.). Another problem is brain drain due to redundancies, low salary, unfavorable working conditions, etc. For instance, the flow of qualified and highly-skilled staff of the educational and research spheres to neighboring countries made up 15% to Poland, 13% to the Czech Republic, 11% to Belarus, 10,45% to Hungary, 7,5% to Moldova as well as to the countries with better opportunities: 9 % to Italy, 8% to the USA, 7% to Spain, 6% to Australia and 3% to Germany. Thus, in 2016 about 3 million of people went abroad searching for better salary and working conditions [4]. In the long run this problem can lead to unpredictable consequences, if urgent measures aren't taken. The analysis of literature also showed that in order to improve financing of the system of education in Ukraine the following can be done:

1. improvement of the control over spending on educational activities and the conduct of regular analysis to supervise how the money is spent and can be spent more efficiently;
2. provision of effective distribution of financial resources on costs for educational services from the state and local budgets;
3. provision of educational loans;
4. the creation of state and private educational foundations and funds (for example, the establishment of the foundation that will provide educational services like K. Adenauer foundation that would help to form the political elite of the country and provide better quality of political and economic education in Ukraine); [5]
5. establishing cooperation between enterprises and educational establishments as well as finding contractors that will carry out fundamental and application studies;

6. financing and improvement of electronic document management system for higher education;

7. implementation of electronic education system model.

To sum up, the research showed that the main problems of financing education at regional level in Ukraine are lack of funds in the local budgets, ineffective control over the distribution of funds given for educational purposes and corruption. Thus, the improvement of financing educational activity is possible under the condition of the development of the supervision system, the creation of educational foundations and funds as well as improvement of electronic document management system for higher education. Taking into account the theory of human capital, we strongly believe that education is an investment of a person that can give a good return in the future and efforts spent on education will be definitely rewarded. So, underfunding of education and research is still affecting and won't make any contributions in the near future to all the spheres – social, economic, political, etc. – unless the whole system of its financing and management is reconsidered, renewed and restarted.

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