

## *РОЗДІЛ III* *Фінанси, банківська справа та* *страхування*

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Polischuk Vadym,  
Candidate of Economics, Associate Professor,  
Lutsk National Technical University,  
Associate Professor of the Department of Finance, Banking and Insurance  
Lutsk ORCID ID 0000-0001-5479-1221  
e-mail: [vadym.polischuk2@gmail.com](mailto:vadym.polischuk2@gmail.com)

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### **FINANCING THE SOCIAL SERVICES OF UKRAINE AT THE PRESENT STAGE IN THE CONTEXT OF BALANCED DEVELOPMENT OF THE TERRITORIES**

#### **Annotation.**

**Introduction.** The article investigates the main problems in the field of social protection of the population in Ukraine that require an immediate solution. The theoretical approach to the financial support of the social sphere is considered. The reasons for the negative impact on the implementation of budget policy in the social protection system are investigated. The financing of social protection and social security, health and education from state and local budgets of Ukraine is analyzed. Changes in the system of social protection through the transformation of financing of the social protection system are determined.

**The purpose of the article.** It is worth exploring the financial support of social services in Ukraine in recent years. It is also worth offering possible ways to counteract the underfunding of the social sphere from the budgets of different levels.

**Results.** Formation of national social security in the system of public finance management should be carried out on the basis of the system of fiscal norms and to be focused; to ensure effective forms of supporting various social groups that require social protection; transition to cash provision of welfare; Personal assistance to the state is included in income of individuals and families. Taking into account that wages are still the main source of income in Ukraine, it is necessary to increase its share in income, paying special attention to minimal hourly remuneration.

**Conclusions.** The main reason for the negative impact on the implementation of fiscal policy in the social security system is mainly reflected in the implementation of the budget expenditures approved by the state. In addition, during the research process, we have found that in the state budget of Ukraine, social security expenditures and social insurance funds have increased more than doubled over the past five years, indicating the lack of funds in this area.

**Key words:** COVID-19, social services, balanced development, financial support, budget financing.

Полищук Вадим,  
кандидат экономических наук, доцент,  
Луцкий национальный технический университет,  
кафедра финансов, банковского дела и страхования  
м. Луцк

**ФИНАНСИРОВАНИЕ СФЕРЫ СОЦИАЛЬНЫХ УСЛУГ УКРАИНЫ НА  
СОВРЕМЕННОМ ЭТАПЕ В КОНТЕКСТЕ СБАЛАНСИРОВАННОГО РАЗВИТИЯ  
ТЕРРИТОРИИ**

В статье исследованы основные проблемы в сфере социальной защиты населения в Украине, которые требуют немедленного решения. Рассмотрен теоретический подход к вопросу финансового обеспечения социальной сферы. Исследовано причины негативного влияния на внедрение бюджетной политики в системе социальной защиты. Проанализировано финансирования социальной защиты и социального обеспечения, здравоохранения и образования из Государственного и местных бюджетов Украины. Определены изменения в системе социальной защиты через трансформацию финансирования системы социальной защиты.

**Ключевые слова:** Covid-19, социальные услуги, сбалансированное развитие, финансовое обеспечение, бюджетное финансирование.

**Поліщук Вадим,**  
кандидат економічних наук, доцент,  
Луцький національний технічний університет,  
кафедра фінансів, банківської справи та страхування,  
м. Луцьк

## **ФІНАНСУВАННЯ СФЕРИ СОЦІАЛЬНИХ ПОСЛУГ УКРАЇНИ НА СУЧАСНОМУ ЕТАПІ У КОНТЕКСТІ ЗБАЛАНСОВАНОГО РОЗВИТКУ ТЕРИТОРІЇ**

У статті досліджено основні проблеми у сфері соціального захисту населення в Україні, які потребують негайного вирішення. Розглянуто теоретичний підхід до питання фінансового забезпечення соціальної сфери. Досліджено причини негативного впливу на впровадження бюджетної політики в системі соціального захисту. Проаналізовано фінансування соціального захисту та соціального забезпечення, охорони здоров'я та освіти з Державного та місцевих бюджетів України. Визначено зміни у системі соціального захисту через трансформацію фінансування системи соціального захисту.

**Ключові слова:** Covid-19, соціальні послуги, збалансований розвиток, фінансове забезпечення, бюджетне фінансування.

**The formulation of the problem in general and its relationship with important scientific and practical problems.** Financial support for social protection can be identified as a distributional monetary relationship system, in the course of which central and decentralized funds of financial resources are being formed at the expense of fiscal payments and special contributions, in the future can be used to finance social benefits for various segments of the population. Therefore, the consideration of this issue in the context of balanced development of the territories will provide an objective approach to researching issues of enhancing various methods of financing the social sector.

**Analysis of recent studies and publications.** Domestic scientists Byvsheva L.O., Borushok I.I., Burdonos L.I., Vynohradnya V.M., Dorosh V.YU., Yevas' T.V., Kondratenko O.O., Kamins'ka I.M., Konopko A.YU., Krupel'nyts'ka I.H., Kukel' H.S., Nazukova N.M., Perchuk O.V., Roleders V.V., Tulay O.I., Khytra O.V. and others during 2018-2021. made a significant contribution to the development of issues of financing the sphere of social services of Ukraine. It is important for us to explore modern trends in financing social spending and consider the possibility of ensuring the balanced development of territories at the present stage in this context.

**The purpose and objective of the article.** The study should investigate how much financial support for social services in Ukraine has changed in recent years. It is also worth offering possible ways to counter the underfunding of the social sphere from budgets of different levels.

**The presentation of the main material and the rationale for the results obtained.** National Social Security Reform should lead to the creation of a three-level system: the first step is to ensure the minimum level of social security and the provision of accessibility for all classes; the second is based on the principle of compulsory national social insurance; the third level is fully based on the principle of cumulative insurance, in addition to the performance of social functions, it also contributes to the overall development of the economy through investment activities. According to Khytra O.V., Konopko A.Yu. and Skrypytula Ya.Ye., effective funding for the development of social services should include: the integration of all types of social support in a single integrated system; transition from institutional financing for financing services;

distribution of social order practices; the introduction of public-private partnership mechanisms; expanding the autonomy of local governments; Create prerequisites for the development of the social services market [11].

The main problems in the sphere of social protection of the population in Ukraine, which require immediate decisions, such: the participation of the state in the field of social protection of the population is very high, and its participation in the operations with the population is extremely low; the cost of services provided by medicine, education and culture has rapidly increased, which does not correspond to its quality; the main managers and independent social institutions are ineffective in managing the budget for the existing financial resources; lack of funds to finance activities in the field of social protection. To solve the problems considered by the authors Roleders V.V. and Kukel' H.S. offered the following series of events: to introduce a system for people and families in which difficulties in life emerge early; upgrade social service system; provide benefits sufficient to ensure normal work individuals (family) contribute to youth initiatives in the field of labor; implement development, retraining and advanced training of young people, their career guidance, preventing negative results in a youth environment; creation of legal, economic and social conditions for the activities and strengthening of the family, improving the demographic situation and ensuring equal rights of men and women in the Ukrainian society and their capabilities [9].

Of course, we must understand that social services are not limited to education, health care and actually social security. Social services system is constantly changing, covering all new approaches based on reforming the existing system. We are talking about the introduction of such social services, as much as possible describe the entire sphere of complex life circumstances, which were people of different layers of the population, regardless of age or gender. Sophisticated life circumstances, according to Ukrainian legislation, include: elderly age; partial or complete loss of motor activity, memory; incurable diseases, diseases requiring long-term treatment; mental and behavioral disorders, including due to the use of psychoactive substances; disability; homelessness; unemployment; facial low-cost; behavioral disorders in children due to parental divorce; evasion by parents or persons replacing them from the fulfillment of their duties to raise the child; loss of social connections, including during their stay in prison; cruel treatment of a child; sex violence; domestic violence; trafficking in persons trafficking; damage caused by fire, natural disaster, catastrophe, combat actions, terrorist act, armed conflict, temporary occupation and others.

Based on the allocated complex life circumstances, the main social services should be formed, which will be solved by the previously identified problems: home care, day care; Supported accommodation; social adaptation; social integration and reintegration; asylum; emergency (crisis) intervention consulting; Social support; representation of interests; Mediation (mediation) Social prevention; Natural assistance; physical support of persons with disabilities that have disorders of the musculoskeletal system and moving on wheelchairs, violations of vision; translate gesturing speech; care and parenting of children under conditions close to family; accompaniment during inclusive learning; informing.

Major social services should be implemented in regional (regional) and district (local) levels through planning, financing and implementation of regional / local social service provision programs. Consider what Ukrainian scientists understand the financial support of the social sphere.

Under financial support of the social sphere of Krupel'nyts'ka I.H., Yevas' T.V. and Zhukova O.A. understand the "holistic system of organizing financial relations, including appropriate forms, methods and instruments of their implementation, in the process of mobilization and distribution of financial resources in order to create conditions for the effective functioning of the social sphere in Ukraine based on the fulfillment of the relevant tasks caused by the social functions of the state" [5].

The formation of national social security in the public finance management system should be carried out on the basis of a system of fiscal standards and is valid purpistic; ensure effective forms of support for various social groups in need of social protection; transition to monetary welfare; personal assistance of the state is included in the income of individuals and families. Given that wages are still the main source of income in Ukraine, it is necessary to increase its share in income, paying particular attention to the minimum hourly wage. The system of social protection of the country needs to be changed, since most of its events are still passive. This reduces the interest of people to ensure material well-being. The current system of social protection must be paternalistic features that make people feel dependent. Therefore, as Perchuk O.V. correctly notes, its improvement should occur in two directions. On the one hand, the social state to

which Ukraine seeks to take care of its citizens, and on the other hand, to create financial mechanisms that encourage people to actively search and the desire to take care of their well-being through budgets for citizens [8].

The budget approach determines the possibility of applying relevant budgetary approaches and methods as a means of action. Indeed, based on this, we can say that the budget activation method understands budget decentralization. And this in turn means that local budgets do not depend on government budgets and create prerequisites for planning territorial development, as well as the introduction of real projects and financial support for educational services, cultural events and medical care. However, we agree with the opinion of Tulay O.I. It is necessary to take into account all the risks of budget decentralization, especially the possibility of significant distortion between decentralization and stable sources of budget revenues. And this in turn imposes unreal costs of the local budget project, it provides for the possibility of changing the structure of the budget, intergovernmental relations and grants, etc. [10].

As far as it is known at the beginning of 2021, it has not yet been submitted to the corresponding rational financial model of secondary (specialized) and tertiary (highly specialized) units of medical care. Today, the reform of the medical industry has not yet solved the problem of receipt of funds in the medical industry. According to we can state the presence of a significant share of private funds among other financial sources. We can say that today there is also a problem with the weakness of organizational and financial support from the state. Such a problematic approach is manifested in controversial tax legislation, a significant tax burden and "regulated" activities of health institutions. As well as the imperfection of the structural and organizational model of the health care system, the backwardness of the technological and material base of health institutions, the lack of various tax breaks for the introduction of medical insurance on business entities.

Today we can also note that increasingly in Ukraine there is a new model of financial activities and the development of higher education institutions. Such a model assumes that the university must have the right to financial autonomy. For this, it is envisaged, but the opinion of scientists Burdonos L.I. and Vynohradnya V.M.: 1) changing the legal status of a state institution of higher education for a non-commercial institution of higher education in accordance with the National Accounts system 2008 means that the right to receive economic benefits related to economic activities has not founder of higher education institutions, And directly the institution of higher education as an institutional unit, that is, not a legal, but the economic owner. In this case, the potential income (profit) belongs to the institution of higher education, and not to someone else, and is quite possible aimed at its development; 2) providing a higher education institution of the right of economic management instead of the right to operate their property, the owner of which is actually the state. In this case, the property rights of higher education institutions are expanding, which allows to carry out all activities related to the asset of the budget institution; 3) the introduction of corporate governance of universities, including financial management aimed at a constant search for additional, primarily private, sources of investment in university [3].

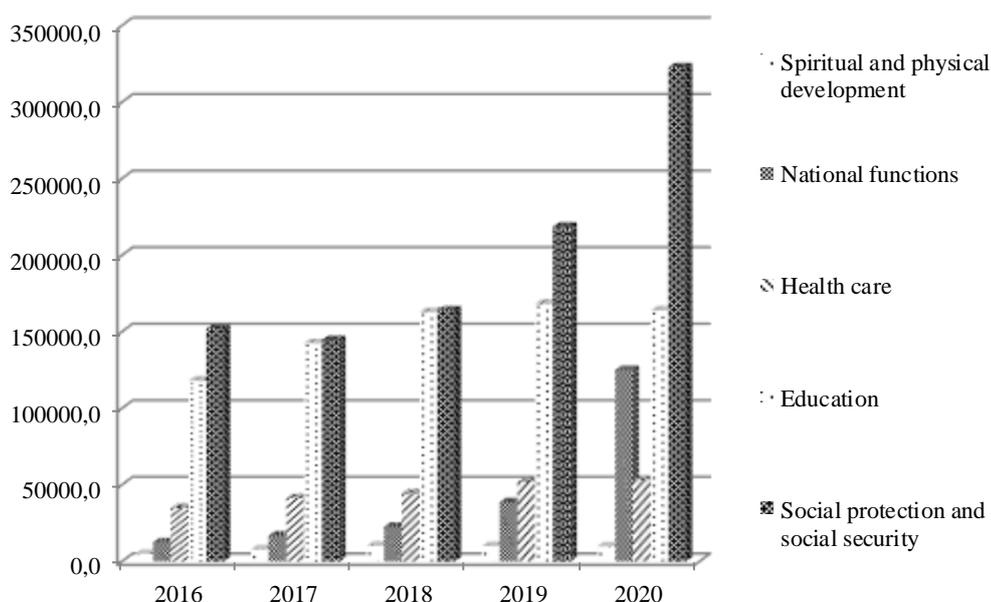
On the financial capabilities of ensuring high quantitative and, most importantly, the absolute scope of the formation of education is evidenced by the quality of education, which, unlike relative indicators, indicate the possibility of forming an effective educational environment. We must understand that in assessments of state financing of education it is necessary to take into account not only direct government financing of the educational sphere, but also state transfers to families with students / students, in some countries can reach almost 100% of private financing of the educational sphere. The high proportion of state direct financing makes it possible to reduce income barriers in the educational sphere, which has a positive effect on the economic growth of the territory. At the same time, to enhance the educational driver of economic growth, except for a high level of funding for education, and agree with the opinion of Nazukova N.M., the educational structure of human capital must be ensured, which corresponds to the technological level of the economy. Further, arguing over the priority of actions, we argue that in the formation of the state policy specialization of university graduates, it is necessary to take into account not only the current position of the country on the map of technological ability, but also various institutional, political prerequisites and forecasts for the development of the national economy of the country [6].

For the formation of an effective budget mechanism for financing the socio-cultural sphere by territorial communities, according to Dorosh V.Yu., Kamins'ka I.M. and Parkhomova A.V., it is necessary:

based on a gradual understanding and support to formulate a plan for the socio-economic development of the Community; to ensure the accuracy of the financial indicators of the United area, reasonably improve budget planning and ensure social spending predictions; if necessary, involve public and private and charitable organizations to participate in financial support for the social and cultural sphere, but based on clear competition; financing of the social and cultural sphere should be based only on the principle of inseparable communication between the actual amount of expenses and a clear result of the provision of public services; Financial supervision is carried out by budget expenditures, and the adoption of management decisions in the sphere of social policy is adjusted in accordance with the results [4].

The main reason for the negative impact of the social insurance system for the implementation of fiscal policies is mainly reflected in the execution of the approved state budget expenditures. It is necessary to take into account the imperfect planning and forecasting budget and unreasonable budget. The decision of the aforementioned problem of financing the social protection system requires fundamental changes in the social protection system of the population, as the scientist Borushok I.I.: Strengthening social assistance and proper control over the implementation of social programs and events; The introduction of the identification of the vital difficulties of the community is constantly monitored by the spending of financial resources on social protection and determines the effectiveness of the relevant types of social assistance provided to citizens of socially unprotected segments of the population [2].

To understand the state spending of funds for the social sphere, we define the dynamics of such indicators. In particular, consider the total expenditure of the social sphere of the state budget of Ukraine, made in 2016-2020, imprinted in Fig. 1.



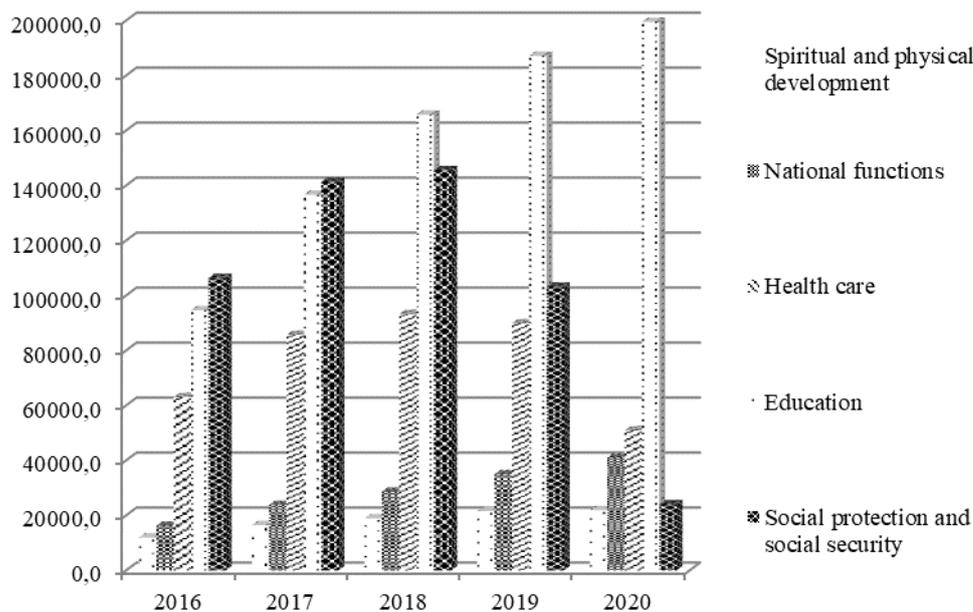
**Fig. 1** The total expenditures of the social sphere of the state budget of Ukraine, executed in 2016-2020, million UAH

Source: [7].

According to analysts, we can argue that the financing of social protection and social security of the state budget of Ukraine for 2016-2020. It has increased more than 2 times, which indicates a shortage of funds in this field. Healthcare has grown 2.5 times only for the period 2019-2020, which can be explained by the need to finance anti-epidemic activities related to the incidence of COVID-19. Spiritual and physical development throughout 2016-2020 remained almost the same level. Financing education from the state budget of Ukraine is demonstrated during 2019-2020. Minor increase compared with 2016-2018. Financial support for nationwide functions has increased markedly during 2017-2018 and remains at the same level.

We will also consider the total expenditure of the social sphere of local budgets, executed in 2016-2020 (see Fig. 2).

According to analytics of financing social spending from local budgets of Ukraine, we can argue that financing education from the state budget of Ukraine for 2016-2020 it has increased almost 2 times. Health over the period 2018-2020 it is less and less funded from local budgets, even despite a pandemic in COVID-19, began 2020 spiritual and physical development during 2016-2020 remained almost the same level. Financing the social protection and social security of local budgets of Ukraine, as in the case of healthcare, is demonstrated during 2018-2020 rapid decrease compared to 2016-2017. Financial support for nationwide functions began to grow from 2018 and to today.



**Fig. 2** The total expenditures of the social sphere of local budgets of Ukraine, executed in 2016-2020, million UAH

Source: [7].

According to the works of Ukrainian scientists, the main forms of social security are social security, social insurance and social assistance, with which social transfers are directly funded. Although the sources of financing and the conditions for paying social transfers are different, these forms of social protection complement each other. This form creates a comprehensive social protection system. Therefore, in the context of economic instability and catastrophic deficit of financing, we agree with the studies of scientists Byvsheva L.O., Kondratenko O.O., Samsonenko Yu.A., Kharasaylo M.V., the fact that more and more people need to help state, and funding in the social sphere is still a problem, to solve which not only competent state departments, but also ordinary citizens and various types of enterprises should be attracted [1]. We agree with the work of scientists. They established in their study that the main strategic direction of improving the mechanism of financial support in the social sphere against the background of decentralization should be: strengthening responsibility for the inappropriate use of budgetary funds; Departments are generally wisely and effectively distribute work and exercise costs; Non-governmental organizations (public organizations) continue to participate in the provision of social services to improve their quality and the like. in conclusion.

**Conclusions and offers.** Based on this, we found that the main reason for the negative impact on the implementation of fiscal policies in the social security system is mainly reflected in the execution of the state-approved budget expenditures. In addition, in the process of research, we found that in the state budget of Ukraine, the costs of social protection and social insurance funds increased more than twice in the last

five years, which indicates a shortage of funds in this area. Only during 2019-2020, health has increased 2.5 times, which is due to the need to finance anti-epidemic activities related to the incidence of COVID-19. Compared to 2016-2018, education funds in the state budget of Ukraine for 2019-2020 increased slightly. All this indicates that the country lacks funds for social activities, so these areas need more attention and attract funds to provide financial support in various fields, including commercial structures and non-governmental organizations. We are talking about the use of charitable and volunteer initiatives, as well as grant possibilities. The increase in areas and methods for financing social services will ensure the implementation of the balanced development of the territory.

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