

## FINANCING OF CULTURE AS ONE OF THE WAYS FOR SOLVING SOCIO-CULTURAL PROBLEMS

**The purpose** of the article is to study the forms of state participation in financing of culture in order to solve socio-cultural problems in the context of decentralization. **The methodology** of the research is characterized by a complex combination of general scientific (formal-logical, method of analysis and synthesis), philosophical (dialectical) and special (comparative, formal-legal) methods, which gave an opportunity to study the experience of other states and Ukraine in the sphere of state participation in financing of culture to overcome socio-cultural problems. **The scientific novelty** of the work lies in carrying out a comprehensive study of the state's participation in the financing of culture in Ukraine and in the world in order to overcome socio-cultural problems in the context of decentralization reform, and defining the forms of such participation. **Conclusions.** Ukraine takes direct and indirect participation in financing the culture in order to overcome socio-cultural problems regarding the decline of spirituality and prevention of a humanitarian catastrophe. The main forms of state participation in financing the culture include direct budget financing (at the expense of state and local budgets). Indirect participation provides certain special rights for more efficient use of own funds by budgetary institutions – cultural institutions.

**Key words:** budget financing of culture; budget funds executors; own funds of budget institutions; grants in the field of culture; partner participation in the financing of culture.

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### Фінансування культури як один із шляхів вирішення соціокультурних проблем

**Мета статті** полягає у дослідженні форм участі держави у фінансуванні культури з метою вирішення соціокультурних проблем в умовах децентралізації. **Методологія дослідження** характеризується комплексним поєднанням загальнонаукових (формально-логічний, метод аналізу та синтезу), філософського (діалектичний) та спеціальних (порівняльний, формально-юридичний) методів, що дало можливість вивчати досвід інших держав та України у сфері участі держави у фінансуванні культури для подолання соціокультурних проблем. **Наукова новизна** роботи полягає у здійсненні комплексного дослідження питань участі держави у фінансуванні культури в Україні та світі з метою подолання соціокультурних проблем в умовах реформи децентралізації, визначені форм такої участі. **Висновки.** Україна бере безпосередню та опосередковану участь у фінансуванні культури з метою подолання соціокультурних проблем щодо занепаду духовності та запобігання гуманітарної катастрофи. До основних форм участі держави у фінансуванні культури належать безпосередньо бюджетне фінансування (за рахунок коштів державного та місцевого бюджетів). Опосередкована участь полягає у наданні певних спеціальних прав щодо більш ефективного використання власних коштів бюджетними установами – закладами культури.

**Ключові слова:** бюджетне фінансування культури; розпорядники бюджетних коштів; власні кошти бюджетних установ; гранти у сфері культури; партнерська участь у фінансуванні культури.

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### Финансирование культуры как один из путей решения социокультурных проблем

**Цель статьи** заключается в исследовании форм участия государства в финансировании культуры с целью решения социокультурных проблем в условиях децентрализации. **Методология исследования** характеризуется комплексным использованием общенаучных (формально-логический, метод анализа и синтеза), философского (диалектический) и специальных (сравнительный, формально-юридический) методов, что позволило изучить опыт других государств и Украины в сфере участия государства в финансировании культуры для преодоления социокультурных проблем. **Научная новизна** работы состоит в проведении комплексного исследования вопросов участия государства в финансировании культуры в Украине и мире с целью преодоления социокультурных проблем в условиях реформы децентрализации, определения форм такого участия. **Выводы.** Украина принимает прямое и опосредованное участие в финансировании культуры с целью преодоления социокультурных проблем относительно упадка духовности и предотвращения гуманитарной катастрофы. К основным формам участия государства в финансировании культуры принадлежит бюджетное финансирование (за счет средств государственного и местных бюджетов). Опосредованное участие состоит в предоставлении специальных прав в сфере более эффективного использования собственных средств бюджетными учреждениями – учреждениями культуры.

**Ключевые слова:** бюджетное финансирование культуры, распорядители бюджетных средств, собственные средства бюджетных учреждений, гранты в сфере культуры; партнерское участие в финансировании культуры.

Relevance of the research. Each state independently determines the limits of participation in the financing of its functions, in particular, of culture and art. The low priority of culture in government budgets was numbered as a

problem by 46% of respondents interviewed by the Budapest Observatory (Budapest Observatory of Culture) as part of a study on the Barometer of Cultural Policy [16]. Ukraine is not an exception, where scarce funds are allocated to finance the culture. Another issue that needs to be studied is the existence of conflicts between the norms of cultural legislation and budget law.

The purpose of the study is to determine the forms of state participation in financing of culture in order to address socio-cultural problems in the context of decentralization.

Analysis of recent research and publications. As of today, a number of scientific articles were devoted to the issue of financing of culture [3; 15; 17; 19]. The first comprehensive study of the legal basis for financing cultural expenditure in Ukraine was made by Nechaj A.A. in 1995 [6]. However, since that time, there have been changes in the directions of development of our state, world outlook and legislation. All this leads to the need to investigate the issue of state participation in the financing of culture, especially in the context of decentralization reform.

Presenting of main material. The issue of support and development of culture is one of the main problems of the development of the state. Culture is viewed from different perspectives as the basis of the identity of nations and nationalities as the fundamental basis for the development of the individual, both as a historical value and as an economic sector. The state pays more attention to the support and development of culture, more stable society and the lower level of crime. "The decline of spirituality leads to human degradation. ... Modern society is experiencing the so-called "crisis of personality" – the loss of those internal constraints and integrity that do not allow human societies to fall into the abyss of their dark instincts. Our civilization is money and material. ... The lack of a sufficient level of financing of the sphere of culture by the state leads to distortion, and sometimes to the abolition of genuine national cultural values in favor of anti-values that are formed and imposed on society ... The public need for the development of taste by far exceeds its market valuation and therefore the production of cultural goods aimed at the development of taste must be subsidized "[15, 197-199].

The forms of state participation in the financing of culture in different countries vary according to historical, cultural, legal traditions, customs and practices. "States with a rich heritage, large artistic collections and cultural traditions convert these assets into tourism and emphasize the patronage form of support for creative activity. States that are less fortunate in history, study culture as part of the educational space (in particular, Finland) as an area of experimentation, creativity and innovation "[16]. "In France, the state pays for 99% of the total funding of cultural activities, and the share of sponsors and patrons of the arts is 1%. Significant expenditures of the central budget of Austria are allocated to performing arts (46,6%); expenditures on museums, archives and architectural monuments (39-44%) predominate in the central budgets of Italy, the Netherlands and Switzerland [18, 90].

In Ukraine, the share of expenditures on culture, set in the actual living wage, is 1,7%, that is 63 hryvnias per month. Moreover, more than a third of the population of Ukraine is not able to satisfy their own cultural needs [12]. Budget funds for financing the culture can be allocated from all levels of the budgetary system of Ukraine, except for budgets of villages, settlements, cities. A financing of cultural and artistic programs of local importance may be made from all budgets included in the budget system of Ukraine [2]. System analysis of the norms of the Budget Code of Ukraine and the Law of Ukraine "On Culture" gives grounds to assert that the mentioned legal acts operate with different terminology. Thus, the object of allocation of funds from budgets in Ukraine is state cultural and educational programs and events, theatrical-entertainment programs and cultural and artistic events. At the same time, Art. 23 of the Law of Ukraine "On Culture" defines the list of the basic network of cultural institutions of the national and local level [11]. It is logical to suppose that state-level institutions are financed by the State Budget (their list is approved by the central executive authority, which ensures the formation of state policy in the spheres of culture and arts (hereinafter – the Ministry of Culture)), and the basic network of local culture institutions (the list of which is approved local executive authorities and local self-government bodies) from local budgets. The above mentioned conclusion is confirmed by the Report of the Council of Europe Experts on the Review of the Cultural Policy of Ukraine, which states that "... basic cultural services are provided and financed through local administrations, including support for libraries, cultural buildings, clubs, museums, theaters or exhibitions. Decision regarding support of local cultural infrastructure is taken by local authorities (regional and municipal) under the control of the Ministry "[14].

It should be noted that this is a well-established practice in the world. The state assumed responsibility for the maintenance of national museums, symphony orchestras, theater and dance groups, archives and national libraries. The regions are responsible for the dissemination, approval and support of all cultural activities, local authorities – for the content of infrastructure for cultural events, as well as calendar planning for cultural events. In this case co-financing is possible [19, 87].

Ukraine chose the following method of decentralization as the consolidation of territorial units at the basic level. Positive aspects of decentralization should include the fact that there is an annual increase in local budgets' own revenues. Thus, local budgets increased their own revenues in January 2019 compared to January 2018 by UAH 3,3 billion (+ 21,4%), and budgets of cities of regional importance – by UAH 1,4 billion (+ 20,6%) [5]. Consequently, the budget surplus might have been sent to financing of the culture. Also positive, in our opinion, is the introduction of international experience of creative approaches to solving problems attracting people to develop throughout life.

One of these ways is the approval of the State social standards for the provision of public libraries for citizens [10]. The public library should have one computer for 500-1500 people in the service area, and internet access. Adoption of this decision will allow not only to preserve public libraries in villages, but also provide an opportunity to provide library services in full, and will contribute to ensuring the development of people throughout their lives (training of the elderly in the use of the Internet, etc.). There are over 11,2 million young people aged 14 to 35 living

in Ukraine – about 25% of the population of the state. For them, youth spaces are created: hubs, coworkings, vacations for leisure, clubs, summer and youth leadership courses, law education events, cinema and animation festivals, patriotic camps, bible and book-quests, night excursions, English language courses and clubs, talk-show, various trainings and master classes, study visits, involvement in youth volunteering, publishing magazines, etc. For today in Ukraine there are already 4 youth spaces [1, 4, 11]. During 2017-2018, 27 media libraries (multifunctional space, where children not only receive new knowledge, but also rest) were opened in Zhytomyr region [4]. Consequently, the decentralization reform is aimed at implementing the idea of human-centeredness in the financing of culture.

The responsibility of public authorities and local self-government bodies is to provide priority additional budget financing of central libraries of state and communal ownership forms at the expense of sources specified in Art. 9 of the Law of Ukraine "On libraries and library affairs" [7]. Additional financing of public libraries may be provided by the Ukrainian Book Institute at the expense of the State Budget of Ukraine and/or at the expense of funds received by the Ukrainian Institute of Books as grants, donations, gifts, etc., with the purpose of financing public libraries.

To the positive moments of state participation in the financing of culture should include that from December 2015 state and communal institutions of culture of Ukraine acquired the right to place on separate current accounts with public sector banks (State Oshhadbank of Ukraine, State Export-Import Bank of Ukraine, Ukrgazbank and Pryvat Bank) parts of their revenues received as a fee for services provided by their main activities, charitable contributions and grants [2]. The cultural institutions use them in compliance with the requirements of Articles 13 and 51 of the Budget Code. When accruing interest on the balance of funds on current accounts, they are credited to a special registration at the Treasury. Consequently, the state grants the right not only to keep funds in public sector banks, but also to receive interest on the balance of funds.

The lack of a state response to the residual principle of financing a culture can lead to a humanitarian catastrophe [12]. Taking into account the scarcity of budgetary funds allocated for financing culture, the legislation states that in the case of receiving funds from the provision of paid services, voluntary donations of individuals and legal entities, including foreign ones, from other sources not prohibited by law, in particular, "... financing certain cultural programs, shares of state authorities" [20, 123], budget allocations of state and communal institutions of culture do not decrease [11].

For European countries, there is also a characteristic funding of culture based on partnership participation (a combination of public and private funds). So France envisages participation of the state and a partnership contribution at the level of 5:1, with funds allocated on condition of preliminary collection of sponsorship funds [19, 91]. Starting from 2015, Ukrainian cultural institutions, like other businesses, have acquired the right to receive state aid – support in any form at the expense of state resources or local resources [8]. If at the expense of the budget in any form the provision of state aid to cultural institutions is provided, the main budget executors add to the budget request a copy of the relevant decision of the Antimonopoly Committee [2, Art. 35]. This does not apply to projects implemented by the Ukrainian Cultural Foundation [8, Art. 3]. In the case of provision state support, "the possibility of cross-subsidizing business activities at the expense of state support should be excluded (for example, by distributing accounts for accounting of the main activity in the field of culture (non-commercial activities) and additional activities (commercial activities)" [9]. To ensure the targeted use of funds by the cultural institution, the corresponding funds from the budget are allocated in the form of transfers. For the purposes of maintaining and preserving the national cultural heritage, provided that the impact of such state aid on competition is insignificant, state aid may be recognized as admissible [8]. The Ukrainian Cultural Foundation is a budget institution, which activities are directed and coordinated by the Ministry of Culture [13]. The Fund is entitled to provide grants for projects, which value exceeds 150 minimum wages established on the first of January of the respective year, as well as the right to support projects under co-financing conditions. This is another two forms of state participation in the financing of culture.

In European states, state financing of culture is carried out also on the basis of intergovernmental transfers, by transferring targeted and general transfers to regional and local budgets. Danish municipalities have a block grant for funding libraries; funds are allocated between budgets in proportion to the population [19, 91]. However, there are no separate intergovernmental transfers for financing of culture in Ukraine.

Conclusions. Ukraine takes direct and indirect participation in financing of culture in order to overcome socio-cultural problems regarding the decline of spirituality and the prevention of a humanitarian catastrophe. Thus, one of the main forms of state participation in the financing of culture is direct financing from the budget (at the expense of the state and local budgets). The indirect participation of the state in the financing of culture is to provide certain special rights for the more efficient use of own funds by budgetary institutions – cultural institutions. The decentralization reform is aimed at implementing the idea of human centeredness in financing culture. Taking into account the scarcity of budgetary funds allocated to culture, the state does not prohibit receiving funds from other sources of financing not prohibited by law, without reducing budget allocations. The article considers only the most important problems that require a decision and further research as soon as possible, but a detailed mechanism of financing of culture is still to be developed.

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