

STATE SOCIAL INSURANCE BUDGET: FEATURES AND TRENDS

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Abstract: State social insurance budget is annual financial plan showing the constitution, distribution and use of financial resources required for the protection of pensioners, other disadvantaged persons, ensure employees and their family members. The economic content of the state social insurance budget is determined by the structure and social-economic order's characteristics, the need for requirements of economic laws acting in the national economy, prerogatives and functions of the state. Development and execution of a separate state social insurance budget to the State budget is an important achievement because it allows resources to be fully used for the protection of citizens and any excess to relate per the coming years.

Key words: state social insurance budget, revenues, expenditures.

INTRODUCTION

The state social insurance budget is an important component of the national public budget and it is intended to accumulate resources in order to achieve the objectives of the social insurance system. The social insurance budget includes revenues and expenses accumulated and distributed in a centralized way for certain periods of time.[2]

The state social insurance budget is a part of the national budget and it is independent of the state budget. The Government drafts annually the law on the state social insurance budget based on the proposals of the National Agency.

Changing the indicators contained in the social insurance budget law shall be performed in the following cases[1]:

- a) adoption of legislative acts and other normative acts that establish new conditions of social protection of various categories of population;
- b) amendment of the conditions for the calculation of social insurance contributions for some categories of taxpayers;
- c) specification of the expenses related to determining the actual quota of the beneficiaries registered in the National Social Insurance Agency.

MATERIALS AND METHODS

Studying the state social insurance budget involves using several methods. Among them the following methods can be highlighted: analysis (documentary analysis, dynamic analysis, data analysis), comparison, observation, induction and deduction etc. Dynamic analysis allows highlighting and reflection of the trends of the given system: income and expenditure budget of the state social insurance for certain periods of time, which highlights the evolution of the whole system, which can be presented as the social function of the state. Systematized analysis method allows researching the budget of the state social insurance as a whole system, involving the cooperation of such elements as income and expenses, content, means of financing, management methods, etc.

RESULTS AND DISCUSSIONS

The state social insurance budget includes revenues, expenditures and financial results of the public social insurance system. Developing the forecast of revenues and expenditures of the state social insurance budget is based on two directions: the forecasting of the state social insurance budget and the estimation of the expenditures of the state social insurance budget for specific periods of time. The process of preparing the forecast of revenues and expenditures of the state social insurance budget for the next year includes the analysis of the performances of those sections of the budget for a period of at least 2 years previous to the budget year, the determination of the priorities in social insurance that are to be funded in the next year and in at least 2 following years and the development of income and expenses plan for each item according to the budget classification [3].

The forecast of the mandatory contributions to the state social insurance is carried out under the policy of state social insurance, developed by the Ministry of Labor, Family and Social Protection for a medium term, according to the analysis of the calculation base for social security contributions to the state in previous years, applying medium-term macroeconomic indicators forecasted by the Ministry of Economy.

The transfers from the state budget are determined from the necessary means to ensure the payment of certain types of pensions, allowances, benefits and compensations, the financing of which is carried out according to legal acts and other acts from the state budget through the state social insurance budget[1].

When estimating the expenditures of the state social insurance budget for the coming budget year, the following general requirements will be taken into account:

a) substantiation of the proposals under the legislative acts and other normative acts in force;

b) analysis of policy and objectives developed in the field of social insurance and social assistance by the Ministry of Labour, Social Protection and Family for a medium term;

c) estimation of transfers from the state budget within the limits set by the Ministry of Finance;

d) the proposals of the territorial subdivisions of the National Social Insurance Agency for the draft of the state social security budget relating to the determination of organization and functioning expenditures of these structures.

When developing the expenditure plan only the expenses calculated for the activity during the respective year are taken into account. The expenditures of the state social insurance budget will be calculated separately by sources of funding: from the funds of the state social insurance budget and from the funds of the state budget.

The forecast of revenues and expenditures of the state social insurance budget will be presented to the competent authorities and to the social partners. The forecast of revenues and expenditures of the state social insurance for the projected budget year, the state social insurance budget preparation by programs and performances are done by the Ministry of Labour, Social Protection and Family and the National Social Insurance Agency with the participation of the Ministry of Finance. The revenues of the state social insurance budget come from its own funds, which form the most important share of the volume of total revenues and from the transfers from the state budget. Own revenues consist of current revenues (mandatory contributions to state social insurance and other revenues from entrepreneurial activity and property) and other revenues provided by law.

Table 1

**Synthesis of the revenues of the state social insurance budget
for the period 2011-2015**

Thousand lei

Revenues categories	Years				
	2011	2012	2013	2014	2015
REVENUES – TOTAL	9 162 420,5	9 825 884,7	10685789,4	12 192 372,5	13 478 315,4
<i>I. Own revenues</i>	6 837 347,6	7 238 015,7	7837021,8	8366287,6	9 088 010,7
1. Current revenues	6 835 467,6	7 236 215,7	7834821,8	8362387,6	9 084 410,7
1.1. Mandatory contributions to the state social insurance	6 832 747,6	7 234 295,7	7831921,8	8361667,6	9 082 910,7
1.2. Other revenues from entrepreneurial activity and property	2 000,0	1 200,0	1400,0	720,0	1 500,0
2. Other revenues	1 880,0	1 800,0	2200,0	3900,0	3 600,0
<i>II. Transfers</i>	2 325 072,9	2 587 869,0	2848767,6	3 826 084,9	4 390 304,7
Transfers from the state budget to the state social insurance budget	2 325 072,9	2 587 869,0	2848767,6	3 826 084,9	4 390 304,7

Source: The Law on the social insurance budget for the years 2011-2015 [5]

During the period 2011-2015 the revenues of the state social insurance budget have increased by 4 315 894,9 thousand lei.

The main components of the state social insurance budget are own revenues and transfers from the state budget, the dynamics of which is reflected in Chart 1.

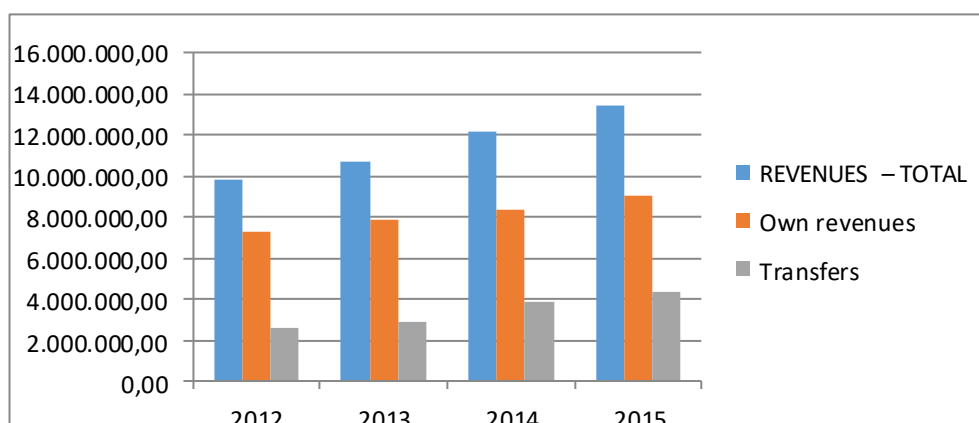


Chart 1. Dynamics of revenues and of their components in 2012-2015, thousand lei

Within total revenues the largest share belongs to own revenues and, in particular, to the revenues from mandatory contributions to state social insurance which constitute 9,082,910,7 thousand lei (67.39%) in 2015.

The expenditures of the state social insurance budget cover the equivalent value of the social insurance benefits from the public system, the expenses related to the organization and functioning of the public system, the financing of own investment, other expenses provided by law.

Table 2
Synthesis of the expenditures of the state social insurance budget for the period 2011-2015
Thousand lei

Expenditures categories	Years				
	2011	2012	2013	2014	2015
EXPENDITURES – TOTAL	9 343 187,0	9 825 884,7	10 765 789,4	12 271 216,7	13566472,8
<i>A. Social insurance benefits</i>	7 665 290,7	8 226 648,1	8 963 945,1	9 713 056,6	1 038 6587,4
1. Social insurance pensions	6 332 156,9	6 902 279,8	7 539 270,7	8 104 280,9	8 786 377,4
2. Social insurance allowances	1 135 611,7	1 105 212,6	1 178 534,0	1 341 736,0	1 321 935,1
3. Other social insurance benefits	10 000,0	20 000,0	20 000,0	30 000,0	30 000,0
4. Expenses related to the organization and functioning of the social insurance public system	190 122,1	201 755,7	222 050,4	238 042,1	249 874,9
5. Net crediting	-2 600,0	-2 600,0	4090,0	-1002,4	-1 600,0
<i>B. Social assistance benefits</i>	1 677 896,3	1 599 236,6	1 801 844,3	2 558 160,1	3 179 885,4

Source: The Law on the social insurance budget for the years 2011-2015 [5]

Total expenditure for 2015 was planned in the amount of 13 566 472 8 thousand lei, by 4 223 285 8 thousand lei more than in 2011, when the expenditure constituted 9 343 187,0 thousand lei.

Total expenditure is oriented towards two main directions: social insurance and social assistance, the dynamics of which is reflected in chart 2.

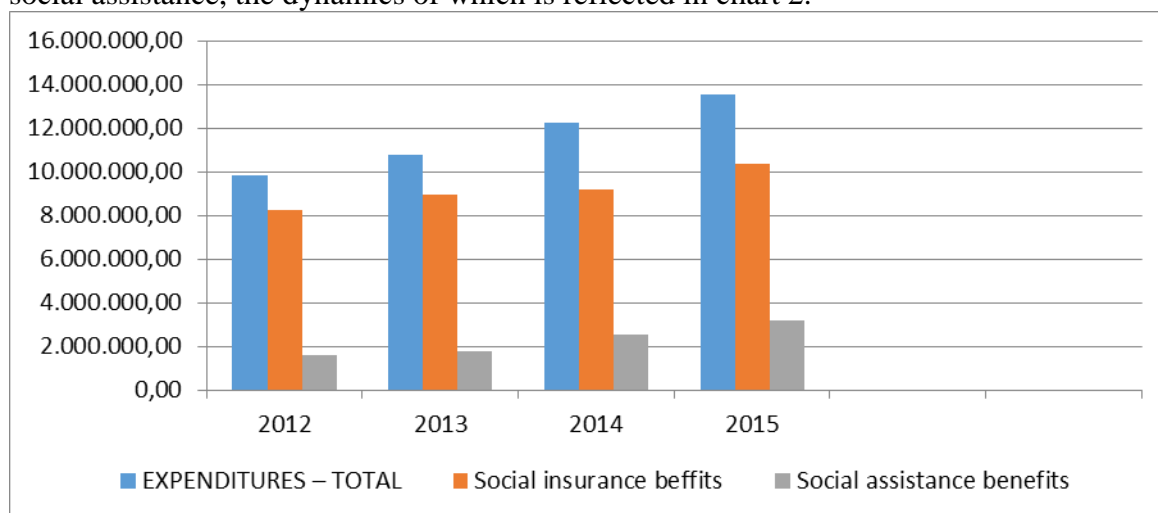


Chart 2. Dynamics of expenditures and of their components durind the period 2012-2015, thousand lei

The largest share of the social insurance benefits is intended to pay social insurance pensions, which constitute 8 786 377,4 thousand lei in 2015 and social insurance allowances, which constitute 1 321 935, 1 thousand lei.

From the revenues of the state social insurance budget 3% are taken annually for the establishment of a reserve fund. The cumulative reserve fund cannot exceed 50% of the expenditure provided for the respective budget year and are used to cover social insurance benefits in duly substantiated cases or other expenses of the public system, approved by the state social insurance budget law.

Annual surpluses of state social insurance budget are used according to the destinations approved by law. Annual surpluses of state social insurance budget can be used to purchase securities and / or they can be kept in bank accounts according to regulations approved by the Government.

Potential current deficit of the state social insurance budget is covered from the availabilities of the state social insurance budget from the previous years and, after the depletion of the availabilities, it is covered from the reserve fund.

The cash equivalents of the state social insurance budget are interest-bearing. The level of interests is determined through the agreements concluded by the National Agency and the State Treasury or the banks.

Table 3

Synthesis of revenues and expenditures of the state social insurance budget during the period 2011-2015

Thousand lei

Indicators	Years				
	2011	2012	2013	2014	2015
REVENUES – TOTAL	9 162 420,5	9 825 884,7	10685789,4	12 192 372,5	13 478 315,4
EXPENDITURES – TOTAL	9 343 187,0	9 825 884,7	10765789,4	12271216,7	13566472,8
DEFICIT	-180 766,5	0,00	-80 000,0	-78 844,2	-88 157,4

Source: The Law on the social insurance budget for the years 2011-2015 [5]

Analyzing the dynamics of revenues and expenditures of the state social insurance budget we can state that they tend to increase from year to year, and the revenues increase in a faster pace in some years, which helps to reduce the budget deficit. For 2012 both revenues and expenditures were planned in the amount of 9 825 884,7 thousand lei, as a result the budgetary balance in the system of state social insurance was planned.

In order to cover the deficit of the state social insurance budget, after exhausting the reserve fund, the state social insurance budget is supplemented by the amounts allocated from the state budget. If, in order to carry out some acts of the Parliament, the revenues of the state social insurance budget decrease, to cover its deficit, funds are also allocated from the state budget.

CONCLUSIONS

The state social insurance budget is the annual financial plan showing the creation, distribution and use of financial resources required for the protection of pensioners and other categories of disadvantaged persons, insured employees and their family members.

Separate elaboration and execution of the state social insurance budget and the state budget is an important achievement because it allows its resources to be fully used for citizens protection. The link between the social state insurance budget and the state budget are transfers that may have different destinations.

The characteristic feature of the state social insurance budget in the Republic of Moldova is that the amount of expenditures is bigger than the amount of revenues, as a result the revenues of social insurance cannot cover the expenses necessary to perform and record budget deficit, which should be covered by the resources from the state budget.

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