

Expenditure from the municipality budget on physical culture in the form of a subsidy

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Abstract:

Physical culture, which includes primarily physical education, motor rehabilitation, recreation, sport, and tourism, plays a very important role in both physical, mental, and social health of a person. Physical culture, so important for society, requires financial support, first of all, from the basic unit of local self-government, which is the municipality. The aim of the study is to assess the level of subsidies granted from the budget of individual types of municipalities on physical culture in Poland. The following hypothesis was verified in the study: Rural municipalities provide the lowest subsidies for expenditure on physical culture. The conducted research showed that particular types of municipalities in Poland do not grant subsidies for physical culture to a similar extent. The disproportions are significant and are particularly visible in the amounts showing both the share of subsidies for physical culture in the total expenditure for this purpose and the share of subsidies for physical culture in total subsidies, as well as in the amounts presenting the average value of subsidies for physical culture per one unit and per capita. The indicated values show a serious problem with regard to the financing of physical culture by rural municipalities. Subsidies from the budgets of rural municipalities may determine the future of entities such as sports clubs, which are very often the only form of sports and social activity for the local community. Obtaining funds for the implementation of statutory objectives by sports clubs operating in rural municipalities from sources other than the municipalities budget is more difficult than in the case of sports clubs operating in urban municipalities or urban-rural municipalities. In the case of larger or richer municipalities, sports clubs may obtain funds in a much easier way, e.g. owing to the better access to companies that could become potential sponsors of the particular entity. The identification of the main reasons for the occurrence of such large discrepancies in the level of subsidies for physical culture from the budget of individual types of municipalities requires additional research.

Key Words: physical culture, financing, municipality, subsidy

Introduction

Physical culture, which includes primarily physical education, motor rehabilitation, recreation, sport, and tourism (Poczta, Malchrowicz-Moško, 2016), plays a very important role in both physical, mental, and social health of a person. Research shows that physical activity primarily helps to maintain a healthy body weight and reduces blood pressure (Alidadi, Taheri, Jalili, 2019), while effectively improving bone mass in childhood and adolescence, and contributing to the maintenance of healthy bones in adult and old age (Lombardi, Ziemann, Banfi, 2019). Physical activity is also increasingly recognized as an effective method complementary to the treatment of various mental disorders (Rosenbaum, Tiedemann, Stanton, Parker, Waterreus, Curtis, Ward, 2016), for it is effective in relieving symptoms in people with anxiety disorders (Stubbs, Vancampfort, Rosenbaum, Firth, Cosco, Veronese, Salum, Schuch, 2017), and depressive disorders (Pascoe, Bailey, Craike, Carter, Patten, Stepto, Parker, 2020; Schuch, Vancampfort, Richards, Rosenbaum, Ward, Stubbs, 2016), and also reduces the risk of dementia (Tari, Norevik, Scrimgeour, Kobro-Flatmoen, Storm-Mathisen, Bergersen, Wrann, Selbæk, Kivipelto, Moreira, Wisløff, 2019). In addition, numerous studies support the notion that physical activity has a positive effect on cognitive functions and learning achievements in children (Donnelly, Hillman, Castelli, Etnier, Lee, Tomporowski, Lambourne, Szabo-Reed, 2016). People who do exercise also have a good level of global self-esteem and that related to their bodies (Ziemianek, Jendrysik, Horodecki, 2015).

However, physical culture, which is so important for society, requires financial support. It is financed using funds from, inter alia, sponsoring (Buszko, 2020), crowdfunding (Novak, Knežević, Škrobot, 2017; Krupa, Walczak, Żołądkiewicz-Kuzioła, 2020), or the financial market (Dziawgo, 2020). However, as research shows, physical culture is most often financed from public funds, both from the state and from the local government (Huterska, Huterski, Zdunek, Łapińska, 2020). This may result largely from the fact that "creating conditions, including organizational ones, favouring the development of sport is the own task of local government units" (Act of 25 June 2010 on Sport, Art. 27, section 1), and "the body constituting a local government unit may define, by resolution, the conditions and procedure of financing this own task, indicating in the resolution the

public goal in the field of sport that the unit intends to achieve" (Act of 25 June 2010 on Sport, Art. 27, section 2).

In 2019, local government units (municipalities, poviats, provinces) allocated a total of PLN 5.99 billion (Local Data Bank) for tasks related to physical culture. As indicated in previous studies, of all local government units in Poland, municipalities are the most involved in financing physical culture (Żołądkiewicz-Kuzioła, Krupa, Walczak, 2020).

Among the expenditure of municipalities on physical culture, we can distinguish their specific type, i.e. subsidies, which, in accordance with the Act of 25 June 2010 on Sport, constitute a form of financing of, among other things, sports clubs (Act of 25 June 2010 on Sport, Art. 28). Pursuant to Art. 126 of the Public Finance Act, subsidies are funds from the state budget, budget of local government units, and state earmarked funds intended for the financing or co-financing of the implementation of public tasks, subject to specific settlement rules (Act of 27 August 2009 on Public Finance, art. 126). Compared to other budgetary expenditure, subsidies have specific characteristics such as unilaterality, gratuitousness, and non-reimbursability. It should be noted, however, that each subsidy in the part in which it has not been used is subject to return to the budget. Also, subsidies used contrary to their intended purpose, or obtained improperly or in excessive amounts, are subject to reimbursement together with interest. Subsidies are a benefit determined unilaterally by authorized bodies acting on the basis of applicable law. The subsidizing authority most often selects the entity which the subsidy will be awarded to and determines the subsidy amount. Making expenditure in the form of a subsidy may consist in a one-off or cyclical transfer of funds, while the recipient of these funds is not obliged to provide an equivalent benefit to the transferring entity (Sawicka, 2009).

The aim of the study is to assess the level of subsidies granted from the budget of individual types of municipalities on physical culture in Poland. The following hypothesis was verified in the study:

H1: Rural municipalities provide the lowest subsidies for expenditure on physical culture.

This article is a continuation of considerations on the issue of financing of physical culture by local government units, made by the author in the co-authored article entitled *Financing physical culture by local government units* (Żołądkiewicz-Kuzioła, Krupa, Walczak, 2020).

Material & methods

For the purposes of achieving the aim of this work, an analysis of expenditure on physical culture was made, in particular the value of the subsidies granted from the budget of municipalities for this purpose. The study used the data on subsidies for physical culture from municipal budgets collected at the Local Data Bank of the Central Statistical Office for the years 2015-2019. Pursuant to the Regulation of the Minister of Finance of March 2, 2010, subsidies for physical culture are classified under Section 926 - Physical culture (Regulation of the Minister of Finance of March 2, 2010).

In terms of subsidies from the budgets of municipalities, a division was made according to their type into urban municipalities, urban-rural municipalities, and rural municipalities. The number of particular types of municipalities in Poland in the analysed period for which the calculations were made is presented in Figure 1.

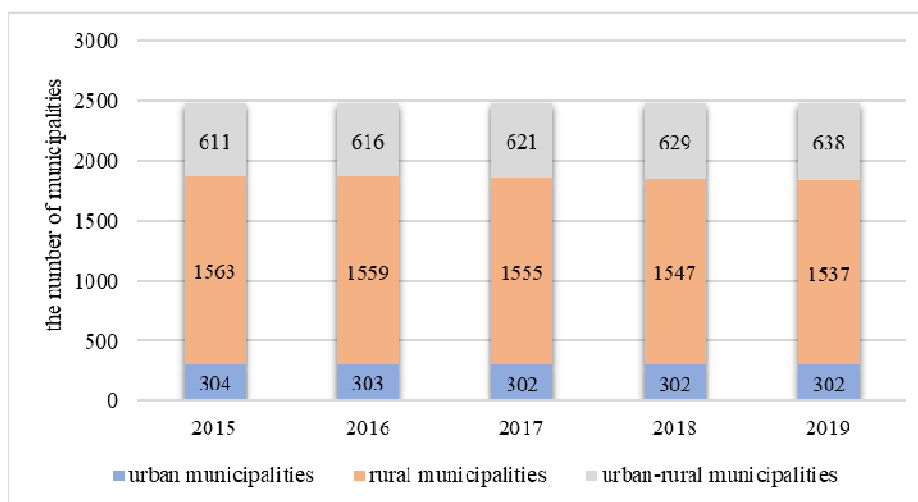


Fig. 1. The number of municipalities in Poland in the years 2015-2019

Source: own preparation on the basis of <http://eteryt.stat.gov.pl/eteryt/raporty/WebRaportZestawienie.aspx>.

Results

In 2019, the municipalities spent a total of PLN 5.7 billion on physical culture. In the analysed period, a systematic increase in financial resources allocated for this purpose was visible (Fig. 2). In the years 2015-2019, expenditure as part of Section 926 increased from PLN 4.13 billion to PLN 5.7 billion, i.e. by over 38%. The

largest increase was observed in 2018, which amounted to 18%, i.e. from PLN 4.87 billion to PLN 5.74 billion. In 2016 and 2017, there was an increase in expenditure, by 2.9% and 14.6% respectively compared to the previous year, while in 2019 there was a slight decrease in expenditure by 0.7%. In the entire analysed period, urban municipalities had the largest share in total expenditure on physical culture, while the share in the case of rural municipalities was the smallest, despite the fact that rural municipalities are the most numerous and urban municipalities the least (Fig. 1).

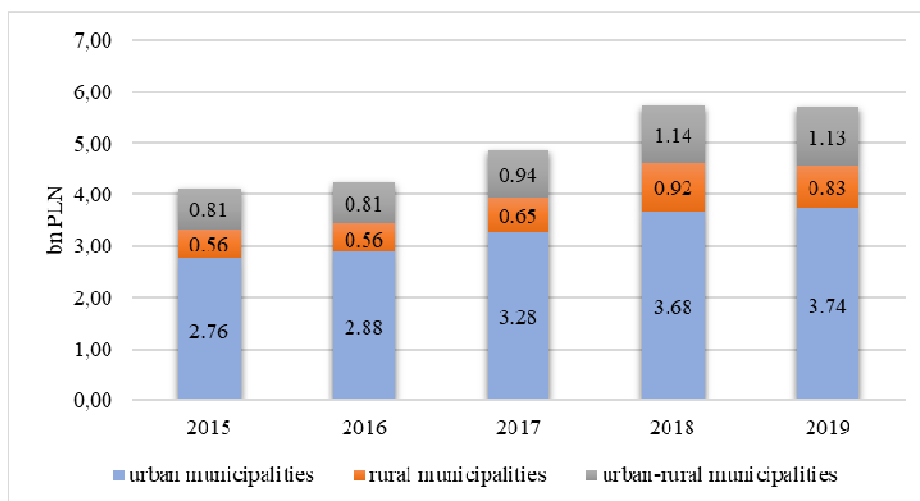


Fig. 2. The total value of expenditure of municipalities in Poland on physical culture in the years 2015-2019
Source: own preparation on the basis of Local Data Bank.

In 2019, rural municipalities spent a total of PLN 0.83 billion on physical culture, including the value of the subsidy, which was systematically growing in the analysed period, amounted in a given year to PLN 164.33 million (Fig. 3). Despite the upward trend in the value of subsidies for physical culture, a decline in its share in total expenditure for this purpose was observed. In 2019, it amounted to 19.75% and compared to 2015 there was a decrease by 3.93 ppt.

The share of this value in the total value of subsidies from the budget of rural municipalities also decreased in the analysed period. In 2019, it was 5.88% and, compared to 2015, it was lower by 1.04 ppt. The average value of a subsidy for physical culture per one unit in 2019 amounted to PLN 0.11 million, and only PLN 0.01 per capita (Table 1).

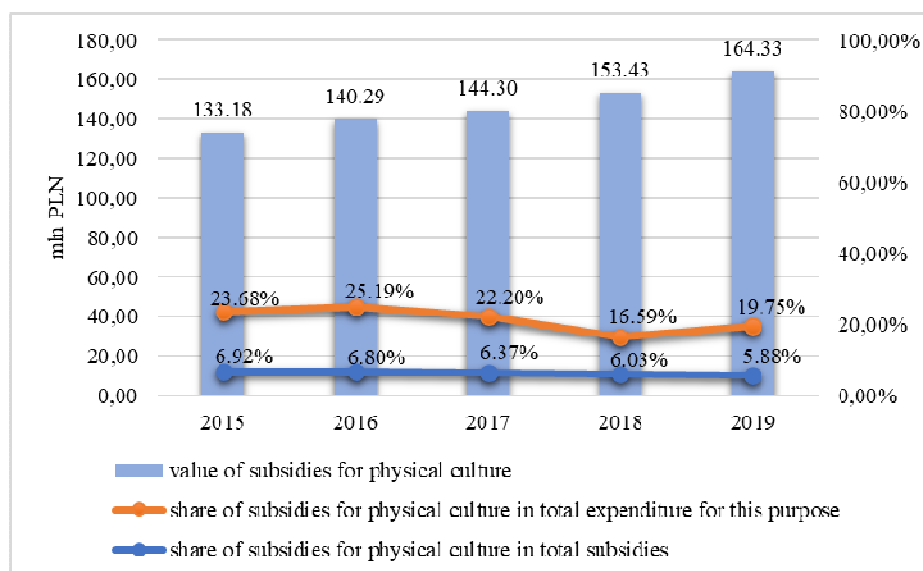


Fig. 3. The value of subsidies from the budget of rural municipalities for physical culture in Poland in 2015-2019
Source: own preparation on the basis of Local Data Bank.

Table 1. The average value of subsidies from the budget of rural municipalities for physical culture per one unit and per capita in Poland in 2015-2019

| Specification | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|------|------|------|------|------|
| average value of subsidies for physical culture per one unit (in mln of PLN) | 0.09 | 0.09 | 0.09 | 0.10 | 0.11 |
| average value of subsidies for physical culture per capita (in PLN) | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 |

Source: own calculations based on the Local Data Bank.

The expenditure of urban municipalities in Section 926 - Physical culture, in the budget classification in 2019 amounted to PLN 3.74 billion. The value of subsidies, as in the case of rural municipalities, systematically grew in the analysed period, but in relation to urban municipalities, its greater increase was observed. For in 2015, the value of subsidies granted for physical culture was at the level of PLN 497.49 million, and PLN 656.37 million in 2019, thus an increase in this value by 32% was observed. In turn, in the case of rural municipalities it was an increase by 23%. The share of subsidies for physical culture from the budget of municipalities in the total value of expenditure for this purpose in 2019 amounted to 17.55% and decreased by 0.46 ppt compared to 2015. On the other hand, the share of a given value in the total subsidies in 2019 amounted to 5.73% and also decreased by almost 1 ppt (Fig. 4). Both the average value of subsidies for physical culture per one unit and per capita in the years 2015-2019 increased systematically. The largest increase in the average value of subsidies for physical culture per one unit was observed in 2017 compared to the previous year and amounted to almost 11% (from PLN 1.75 million to PLN 1.94 million) (Table 2).

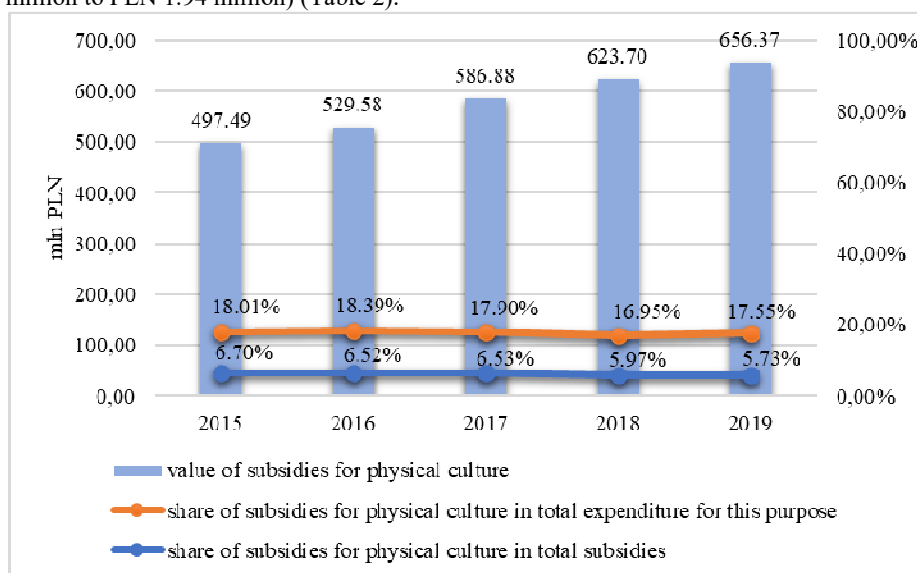


Fig. 4. The value of subsidies from the budget of urban municipalities for physical culture in Poland in 2015-2019

Source: own preparation on the basis of Local Data Bank.

Table 2. The average value of subsidies from the budget of urban municipalities for physical culture per one unit and per capita in Poland in 2015-2019

| Specification | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|------|------|------|------|------|
| average value of subsidies for physical culture per one unit (in mln of PLN) | 1.64 | 1.75 | 1.94 | 2.07 | 2.17 |
| average value of subsidies for physical culture per capita (in PLN) | 0.09 | 0.09 | 0.10 | 0.11 | 0.12 |

Source: own calculations based on the Local Data Bank.

In 2019, urban-rural municipalities spent a total of PLN 1.13 billion on physical culture. The value of subsidies from these units for this purpose was increasing year by year and, in 2019, it amounted to PLN 220.36 million. However, its share in the total subsidy value was decreasing year by year and, in 2019, it amounted to 7.47% (Fig. 5). Until 2018, the average value of subsidies for physical culture per one unit was systematically increasing, and then a significant decrease was observed, from PLN 0.32 million to PLN 0.14 million. A similar tendency was visible in the case of the average value of subsidies for physical culture per capita. In 2019, compared to 2018, this value decreased from PLN 0.04 to PLN 0.02 (Table 3).

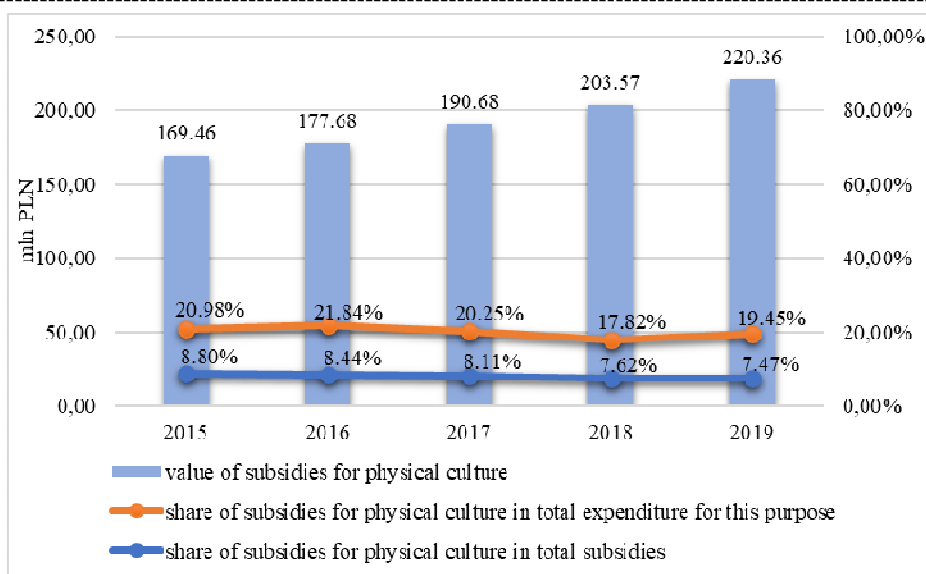


Fig. 5. The value of subsidies from the budget of urban-rural municipalities for physical culture in Poland in 2015-2019

Source: own preparation on the basis of Local Data Bank.

Table 3. The average value of subsidies from the budget of urban-rural municipalities for physical culture per one unit and per capita in Poland in 2015-2019

| Specification | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|------|------|------|------|------|
| average value of subsidies for physical culture per one unit (in mln of PLN) | 0.28 | 0.29 | 0.31 | 0.32 | 0.14 |
| average value of subsidies for physical culture per capita (in PLN) | 0.03 | 0.03 | 0.03 | 0.04 | 0.02 |

Source: own calculations based on the Local Data Bank.

Dicussion

The conducted research showed that particular types of municipalities in Poland do not grant subsidies for physical culture to a similar extent. The disproportions are significant and are particularly visible in the amounts showing both the share of subsidies for physical culture in the total expenditure for this purpose and the share of subsidies for physical culture in total subsidies, as well as in the amounts presenting the average value of subsidies for physical culture per one unit and per capita. Such a situation may result primarily from the specifics of individual local government units.

The highest share of subsidies for physical culture in total expenditure for this purpose is characteristic of rural municipalities, while the lowest of urban municipalities. In the case of the share of subsidies for physical culture in the total subsidy, the highest values in the analysed period are assigned to urban-rural municipalities, and the lowest to urban municipalities. However, special attention should be paid to the average values of subsidies for physical culture from the budgets of municipalities per one unit and per capita. These values are the best determinant of the commitment of units to the financing of physical culture. In this case, urban municipalities came out the best, and rural municipalities the worst, which confirms the research hypothesis put forward in the study that among municipalities it is rural municipalities that provide the lowest subsidies in respect of expenditure on physical culture. In 2019, the average value of subsidies for physical culture per one rural municipalities, compared to the value corresponding to urban municipalities, was almost twenty times lower.

The indicated values show a serious problem with regard to the financing of physical culture by rural municipalities. Subsidies from the budgets of rural municipalities may determine the future of entities such as sports clubs, which are very often the only form of sports and social activity for the local community. Research shows that subsidies are the main source of financing the activities of sports clubs (Kościótek, 2019). Moreover, as emphasized by P. Chrzanowska (2015), obtaining funds for the implementation of statutory objectives by sports clubs operating in rural municipalities from sources other than the municipalities budget is more difficult than in the case of sports clubs operating in urban municipalities or urban-rural municipalities. In the case of larger or richer municipalities, sports clubs may obtain funds in a much easier way, e.g. owing to the better access to companies that could become potential sponsors of the particular entity.

Conclusions

As indicated in the paper, physical culture plays a very important role in the physical, mental, and social health of a person. However, recent studies have shown, among other things, that the physical activity of society decreases with age (Hallal, Andersen, Bull, Guthold, Haskell, Ekelund, 2012), with more than 81% of teenagers

in the world being insufficiently physically active (Guthold, Stevens, Riley, Bull, 2020), and the incidence of obesity among students increasing significantly between 2010 and 2018 (Grasdalsmoen, Eriksen, Lønning, Sivertsen, 2019). Thus, it is important to provide financial support for the physical activity of inhabitants by the basic unit of local government, which is the municipality. However, as shown in the research, there are significant discrepancies in financial support between different types of municipalities. Their justification requires additional research to identify the main reasons for the occurrence of such large discrepancies in the level of subsidies for physical culture from the budget of individual types of municipalities, as a specific form of their expenditure.

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