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The Budgetary Implementation on Main Components of Romania's General Consolidated State Budget

Daniela Mardiros¹, Roxana Dicu², Leontina Pavaloaia³, Gabriel Chelariu⁴

Abstract: This paper takes as its starting point an overview of Romania's budget system structure, followed by a number of basic elements regarding the revenues that can be mobilized to these budgets and, implicit, types of expenses that can be financed from the budget funds. Given the significant number of components of the budgetary system, it was followed the budgetary implementation on main components of Romania's general consolidated budget, with direct reference to the state budget, local budgets, state-run social security budget, national fund for health insurance budget and the unemployment insurance budget. The period on which we examined the budgetary implementation, on the structures mentioned above, is the 2004-2015 period of time and, reported to these budgetary exercises we considered, under progressive aspect, the dimension of the collected budgetary revenues, of the financed expenses (as final destination of certain of these revenues) and, also, the result of the budgetary implementation. The final point of the present research is the evolution of current and capital expenses and of the relationship between these, as an effect of the state budgetary policy.

Keywords: execution; system; revenues; expenditures; capital

JEL Classification: H60; H61; H62; H71; H72; H76

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1. Introduction

Regardless of the moment to which we relate and to the type of society in which we are evolving, practice shows, if it is more necessary, that we are constantly subjected to the pressure exercised by the limited character of the resources, necessary to finance or to cover the continued growth of the social needs, translated into spending. Cash resources, owned to the budgets provided by Law no. 500/2002 on public finances, with subsequent amendments and by Law no. 273/2006 on local public finance, also with subsequent amendments, are called budget revenues, and the amounts approved by the respective budgets are considered budgetary expenditures. These structures, aggregated at national level, form total budgetary revenues, respectively total budget expenditures which, after consolidation, highlight the dimension of the public financial effort on that year, reflecting a situation of balance or imbalance, as appropriate. But the budget is not just a way of presenting the succession of revenues or expenditures, but also a picture of the financing structure in public entities. In other words, the presence of the revenues in this forecast document warns on certain financial sources, obtained from

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own activities or received as subsidy from other administrations. On the other hand, the absence of these own revenues, and the budget construction only on expenditures signify that the public entity's financing is full depending on other sources. The comparison of the collected budgetary revenues with paid expenses gives the dimension of budgetary implementation, which can be interpreted as budgetary excess or deficit.

Literature Review

The literature that addressed, over time, aspects like budget, revenues and expenditures and, last but not least, the budget implementation/execution is very complex and well structured. As a global view, most industrialized countries entered the 1980s with their public finances in disarray. Still, some countries proved more successful than others in keeping their public finances under control (De Haan, & Moore, 1999), thus the necessity for a budget system, seen as a financial plan, with its outputs and inputs (Hofstede & Moore, 2012). So, the budget appears as a tool for foreseeing the revenues and expenses in both public and private sector of an economy.

The budgetary process was defined and analyzed in key areas as entitlements, defense, deficit/surplus and reforms (Wildavski & Moore, 2004, p. 7), but the budget is also very important for the private sector because a greater budgetary participation contributes to managerial performance and to the decision making process in a high-environmental-uncertainty situations (Govindarajan, 1986, pp. 496-516). In the spirit of the same idea, Davila (2005, pp. 587-608) presents an empirical evidence on how a company purposefully budgeted additional financial resources with a motivation intention.

Over the years, the budget has become the subject of considerable criticism and debate. A problem related to the budget is represented by the challenges of conducting program evaluations in real-world contexts where valuers and the agencies face budget and time constraints and where critical data is missing (Bamberger & Moore, 2011). As we expected, there are also voices who criticize the budget because, in their opinion, budgeting, as most corporations practice it, should be abolished because companies have invested huge amounts in IT networks, process reengineering, and a range of management tools including EVA (Economic Value Added), balanced scorecards, and accounting, but they have been unable to establish a new paradigm that excludes the budget. The reason for this assertion is that the budget, and the command and control culture that it supports remain predominant (Hope & Moore, 2003). Despite these negative approaches, during time, budgets have historically played a key role in management control. So, while problems exist with budgets, organizations are adapting their use to account for these problems rather than abandoning budgets altogether (Libby & Murray, 2010, pp. 56-75).

Changing the perspective on budgeting and taking a turn to the public sector, an important role is played by the budget departments, found in each institution, which help insure government accountability, prevent the leakage of public funds, increase efficiency of scarce public resources, improve the prospects of maintaining fiscal stability and meeting social developments needs (Dabla-Norris & Moore, 2010).

Some authors also consider the importance of the budget for maintaining the deficit in established



limits and the potential determinants of it, such as political instability, government structure, and electoral systems (Alesina & Moore, 1995, pp. 1-31). In Shah & Moore's perspective (2006), dedicated to the budget approaches, the strong and consistent political support from the legislature is critical for performance budgeting initiatives. Legislative understanding and involvement are critical, but often neglected in previous initiatives, partly because those reforms were seen mainly as administrations' internal management initiatives. Related to budget implementation, until recently, political scientists focused on the approval of budget requests and ignored budget execution. Related to that, additional research on budget execution is necessary before developing more effective theories about the "steering" of governmental institutions (Hale & Moore, 1977).

The literature review continues with certain approaches regarding the revenues and expenditures, as budget aggregates. For the beginning, some authors consider that an important role in establishing the level of the budget aggregates is the relationship between the executive and legislative branches of government (Posner & Moore, 2007, pp. 77-103). In spirit of this idea, other authors said that country-specific factors prevent a strong linear relationship between the legislature's budgetary powers and the extent of its separation from the executive (Lienert, 2005). In the part of the budget, the revenues were approached as a result of the relationship between public spending and governance (Rajkumar & Moore, 2008, pp. 96-111). Other opinions insist over the revenue sources at the municipal level, which are supplemented by the local government equitable share (Provincial Government Western Cape, Provincial Treasury, Budget 2010: Local Government Allocations). In terms of public expenditures, as the second part of the budgeting process, some authors were interested in a historical perspective on expenditure trends in the industrialized countries (Hauptmeier & Moore, 2006).

2. Brief Overview for Romania's General Consolidated Budget's Main Components and Evolutionary Landmarks Regarding the Execution of these Budgets

Identified as the document in which are presented the revenues and expenses of the state or of one of its administrative-territorial units, autonomous administrations, businesses, non-profit legal entities, public institutions or other entities for a specific period of time, usually a year, the budget is a forecast document which aims, in relation to previous periods, to connect resources that can be mobilized in an economy to the needs that must be satisfied. In this way we assist to the identification of the two major parts of the budget, known as revenues and, respectively, expenses. Given the myriad of private or public entities that exist in the Romanian economy which need budgetary planning to prove themselves viable, we cannot talk about a single budget but a budgetary system. For Romania, the latter identifies with an unitary system of budgets, referring, in structural terms, to the following components: state budget; local budgets; state-run social security budget; national fund for health insurance budget; the unemployment insurance budget; state treasury budget; the budgets of autonomous public institutions; the budgets of the institutions and public services which are totally or partially financed from the state budget, state-run social security budget, local budgets, or from special funds budgets, as the case; budgets of the institutions and public services which are totally financed from own revenues; budget of the funds from external loans contracted or guaranteed by the state, for which the repayment, the payment of interest, poundage fees and other costs are supported from public

funds; the external grants budget.

Working Methodology

The purpose of the article is to determine and show the results of the budgetary execution, regarding the general consolidated budget of Romania, given the fact that it is interesting to know the type of result, and also, its evolution during the time. In our paper, an important fact was the relationship between budgetary revenues and expenditures, as expression of the budgetary implementation. For this reason we analyzed how these two components, and their results, the budgetary implementation, have evolved over the period 2004-2015. Given the huge volume of data that should be taken into account, if we want to follow the implementation of the entire budgetary system, we will focus our research only on the five main components of this: the state budget, the local budgets, the state-run social security budget, the unemployment insurance budget, and the national fund for health insurance budget. As starting point in our paper we consider the informations offered by the database which contain the revenues and the expenditures for the general consolidated budget of Romania and which is uploaded on the Ministry of Public Finance website. We used further on the *quantitative analysis* for the data that we had presented. The horizon of time considered in the analysis was the 2004-2015 period of time.

Results and Findings

Identified as main component of the budgetary system, the state budget concentrates the bulk of country's budgetary revenues and quantifies the level of the future expenses. Thus, with respect to this budget, we can talk about current income (direct and indirect taxes, set up and collected to the budget as a result of state's coercive force), capital revenues (from state's assets capitalization), revenues from financial operations (receipts from repayment of loans and other financial transactions) and revenues from subsidies (donations from abroad and amounts received from the European Union - EU or other donors). Budget expenditures supported from these revenues are intended for financing the activity of public authorities and institutions which operate in general public services, defense, public order, national security, education, culture, religion, services and public development, housing, environment and water, economic activities, etc. At an administrative-territorial unit level and in terms of revenues and expenditures, we can discuss about the local budget. Regarding other components of the budgetary system considered in this paper (centralized local budget, state-run social security budget, unemployment insurance budget, and national fund for health insurance budget), these have revenues established by special laws. For local budgets, the revenues' structure is similar with the one of the state budget and the supplementing of the budget revenues collected locally (as taxes or as income from property or from goods and services). These revenues are amounts in the form of shares and amounts deducted from income tax, amounts deducted from the value added tax -VAT, subsidies from the state budget or from other administrations as well as revenues from the excess of the previous year.

Considering budgetary revenues, at the state-run social security budget, amounts from social contributions of employers, from the employees insured in the state social insurance system, revenues

from property (interest on investments), revenues from sales of goods and services (contribution for treatment and rest tickets paid by the employer), donations and sponsorship, subsidies from state or other administrations, etc. shall be mobilized. For the national fund for health insurance budget, the budget revenues are similarly associated with the structure presents for the state-run social security budget, the difference being represented by the existence of revenues as taxes on goods and services related to: revenues from the contribution due for drugs, financed by the National Fund for Health Insurance and the Ministry of Health; revenues from the contribution due for drugs, financed by the National Fund for Health Insurance until September 30, 2011; revenues from the contribution caused by the volume of consumed drugs which exceed the volumes determined by contracts, etc. Following the collection of revenues and the appearance of the expenditures from budgetary funds, the budget execution on the five components of the general consolidated budget is presented in Table 1 (2004-2009 period of time), and respectively, in Table 2 (2010-2015 period of time). We mention that, because of the little or even null values recorded by the revenues from financial operations and from subsidies, in what follows, we will not consider them to the execution of the budget revenue part. In a similar way we will precede with the expenditures arising from loans from the budget, and respectively, by the ones arising from repayment of loans, in sense that will not be considered at the execution of the budget expenses.

Table 1. Execution on components for the general consolidated budget

Budgetary indicators million lei	SB	LB	SRSSB	UIB	NFHIB
Period of time: 2004					
TOTAL REVENUES	32.195,4	17.061,3	16.167,1	1.903,7	6.877,4
Current revenues	32.116,6	15.838,3	14.406,7	1.903,7	6.726,1
Capital revenues	78,8	330,3	0,0	0,0	0,0
TOTAL EXPENDITURES	34.076,4	17.648,4	16.166,5	1.658,0	7.001,4
Current expenditures	29.485,4	14.708,8	16.148,1	1.589,4	6.980,8
Capital expenditures	1.753,4	2.797,5	17,5	9,8	20,6
BUDGETARY EXECUTION RESULT (Total Revenues – Total Expenditures)					
EXCESS/ DEFICIT	-1.881,0	-587,0	0,6	245,8	-124,0
Period of time: 2005					
TOTAL REVENUES	36.599,5	20.567,7	17.624,3	2.186,1	8.474,4
Current revenues	36.538,9	18.972,2	17.613,4	2.186,1	8.012,3
Capital revenues	60,6	406,3	0,0	0,0	0,0
TOTAL EXPENDITURES	38.782,4	20.813,8	17.744,9	1.535,2	9.157,4
Current expenditures	34.420,7	17.842,9	17.736,3	1.491,5	9.136,2
Capital expenditures	2.301,3	2.778,7	6,2	10,8	21,2
BUDGETARY EXECUTION RESULT (Total Revenues – Total Expenditures)					
EXCESS/ DEFICIT	-2.182,9	-246,1	-120,6	650,9	-683,0
Period of time: 2006					
TOTAL REVENUES	40.698,1	29.360,3	20.277,3	2.243,3	10.757,1
Current revenues	40.514,8	27.485,9	20.277,3	2.243,3	10.546,7
Capital revenues	183,3	531,2	0,0	0,0	0,0



Budgetary indicators million lei	SB	LB	SRSSB	UIB	NFHIB
TOTAL EXPENDITURES	51.235,6	29.033,1	18.494,3	1.543,2	10.170,5
Current expenditures	43.118,8	22.547,4	18.481,4	1.495,3	10.129,9
Capital expenditures	5.865,2	6.309,5	9,5	15,6	40,6
BUDGETARY EXECUTION RESULT (Total Revenues – Total Expenditures)					
EXCESS/ DEFICIT	-10.537,4	327,2	1.783,0	700,1	586,6
Period of time: 2007					
TOTAL REVENUES	48.984,6	39.988,1	24.632,0	2.511,6	13.080,6
Current revenues	48.442,9	33.241,3	24.620,3	2.510,2	12.284,7
Capital revenues	120,0	630,2	0,0	0,0	0,0
TOTAL EXPENDITURES	64.373,4	40.342,9	23.093,8	1.447,4	12.859,1
Current expenditures	58.089,9	27.973,2	23.073,2	1.424,4	12.771,5
Capital expenditures	4.164,9	12.167,6	17,6	7,9	87,6
BUDGETARY EXECUTION RESULT (Total Revenues – Total Expenditures)					
EXCESS/ DEFICIT	-15.388,5	-1.354,8	1.538,2	1.064,2	221,5
Period of time: 2008					
TOTAL REVENUES	61.151,0	46.114,2	34.039,0	1.966,0	15.780,5
Current revenues	59.325,0	40.321,1	32.659,4	1.951,0	14.316,4
Capital revenues	138,2	645,8	0,0	0,0	0,0
TOTAL EXPENDITURES	80.886,4	50.387,9	33.704,6	1.386,2	16.636,3
Current expenditures	73.495,8	36.108,4	33.714,8	1.368,9	16.579,3
Capital expenditures	5.642,9	14.070,5	6,2	11,4	65,0
BUDGETARY EXECUTION RESULT (Total Revenues – Total Expenditures)					
EXCESS/ DEFICIT	-19.735,4	-4.273,7	334,4	579,8	-855,8
Period of time: 2009					
TOTAL REVENUES	54.678,3	46.983,2	39.432,2	1.481,0	14.623,7
Current revenues	53.530,0	40.833,5	33.034,7	1.471,3	13.750,0
Capital revenues	39,3	370,4	0,0	0,0	0,0
TOTAL EXPENDITURES	89.851,7	49.243,9	40.390,8	2.722,5	15.274,8
Current expenditures	86.357,6	37.530,0	40.410,5	2.724,1	15.284,6
Capital expenditures	3.171,0	11.525,9	4,7	3,1	1,7
BUDGETARY EXECUTION RESULT (Total Revenues – Total Expenditures)					
EXCESS/ DEFICIT	-35.173,4	-2.260,6	-958,6	-1.241,5	-651,0

Source: (<http://www.mfinante.gov.ro/decadale.html?pagina=domenii>)

Abbreviations i: SB – state budget; LB – local budgets (for administrative-territorial units); SRSSB – state-run social security budget; UIB – unemployment insurance budget; NFHIB – national fund for health insurance budget.

According to Table 1, the information is as follows: in 2004, the budgetary result is deficit for all the five components, excluding the state-run social security budget and the unemployment insurance budget; in 2005, the budget deficit was recorded in four out of five components considered, except for unemployment insurance budget; the budgetary execution was completed in 2006 with excess for the

general consolidated budget, exception to this rule making the state budget; in 2007, the result of the budgetary execution took the form of budgetary deficit, excluding the state-run social security budget and, respectively, the special funds (unemployment and health); the 2008 year shows a similar situation with the one for 2007, regarding the result of the budgetary execution; for budgetary year 2009, for all the five components of the general consolidated budget, the difference between accumulated revenues and budgetary expenditures took the form of deficit.

Table 2. Execution on components for the general consolidated budget

Budgetary indicators million lei	SB	LB	SRSSB	UIB	NFHIB
Period of time: 2010					
TOTAL REVENUES	68.050,3	49.840,1	42.873,0	1.320,4	17.258,7
Current revenues	64,827,7	41.767,5	31.918,3	1.311,0	13.161,0
Capital revenues	282,6	294,2	0,0	0,0	0,0
TOTAL EXPENDITURES	102.627,8	50.728,9	42.640,5	3.822,1	17.507,4
Current expenditures	97.348,2	39.919,7	42.666,8	3.825,6	17.315,8
Capital expenditures	3.012,4	10.349,0	1,7	4,2	201,5
BUDGETARY EXECUTION RESULT (total revenues – total expenditures)					
EXCEDENT/ DEFICIT	-34.577,5	-888,8	232,5	- 2.501,6	-248,7
Period of time: 2011					
TOTAL REVENUES	79.379,2	51.962,4	48.144,2	2.407,3	17.821,0
Current revenues	77.058,3	42.221,9	34.814,7	1.324,4	15.004,3
Capital revenues	275,6	398,2	0,0	0,0	0,0
TOTAL EXPENDITURES	106.088,7	53.117,4	47.968,6	2.170,8	17.821,0
Current expenditures	99.873,4	41.787,7	48.002,2	2.173,3	17.723,3
Capital expenditures	2.830,0	10.636,5	2,6	3,7	114,1
BUDGETARY EXECUTION RESULT (total revenues – total expenditures)					
EXCEDENT/ DEFICIT	-26.709,5	-1.155,0	175,6	236,6	0,0
Period of time: 2012					
TOTAL REVENUES	87.171,5	53.441,7	48.858,3	1.914,5	19.084,9
Current revenues	83.577,1	44.567,3	35.681,2	1.370,2	16.799,2
Capital revenues	306,4	274,4	0,0	0,0	0,0
TOTAL EXPENDITURES	104.569,8	56.080,8	48.609,1	1.738,4	19.464,3
Current expenditures	100.150,1	45.056,8	48.650,4	1.743,8	19.368,3
Capital expenditures	2.108,4	10.174,3	1,6	2,5	109,5
BUDGETARY EXECUTION RESULT (total revenues – total expenditures)					
EXCEDENT/ DEFICIT	-17.398,3	-2.639,1	249,2	176,1	-379,4
Period of time: 2013					
TOTAL REVENUES	90.698,3	56.941,1	50.116,2	1.770,2	23.068,5
Current revenues	86.694,0	46.411,8	37.855,7	1.437,3	16.579,2
Capital revenues	299,8	262,9	0,0	0,0	0,0
TOTAL EXPENDITURES	110.128,0	58.158,6	49.915,5	1.779,0	23.089,8
Current expenditures	105.691,2	48.470,2	49.950,5	1.789,6	23.104,7



Budgetary indicators million lei	SB	LB	SRSSB	UIB	NFHB
Capital expenditures	2.446,0	8.431,6	1,6	3,3	4,0
BUDGETARY EXECUTION RESULT (Total revenues – Total expenditures)					
EXCEDENT/ DEFICIT	-19.429,8	-1.217,5	200,6	-8,8	-21,3
Period of time: 2014					
TOTAL REVENUES	95.429,0	62.370,6	52.331,9	1.786,3	22.867,5
Current revenues	86.878,3	51.465,8	38.848,6	1.526,0	19.011,3
Capital revenues	286,3	220,7	0,0	0,0	0,0
TOTAL EXPENDITURES	115.615,9	61.931,9	52.091,4	1.557,5	22.868,5
Current expenditures	110.670,4	51.286,4	52.122,8	1.570,9	22.887,4
Capital expenditures	2.850,1	9.199,8	4,5	2,3	2,5
BUDGETARY EXECUTION RESULT (total revenues – total expenditures)					
EXCEDENT/ DEFICIT	-20.186,9	438,7	240,6	228,8	-1,0
Period of time: 2015					
TOTAL REVENUES	105.705,6	71.713,8	54.945,0	1.816,4	23.316,6
Current revenues	97.479,9	56.087,2	36.577,0	1.698,0	21.086,9
Capital revenues	3.94,5	2.24,4	0,0	0,0	0,0
TOTAL EXPENDITURES	125.215,8	72.477,7	54.705,0	1.318,1	23.489,9
Current expenditures	118.577,2	59.372,4	54.728,3	1.337,4	23.512,9
Capital expenditures	4.555,6	9.630,7	7,6	0,8	1,6
BUDGETARY EXECUTION RESULT (total revenues – total expenditures)					
EXCEDENT/DEFICIT	-19.510,3	-763,9	240,0	498,3	-173,3

Source: (<http://www.mfinante.gov.ro/decadale.html?pagina=domenii>)

The budgetary year 2010 was ended with deficit, less the case of the state-run social security budget. For 2011, the state budget and the centralized budgets of local administrative-territorial units have registered deficit, the national fund for health insurance budget was balanced and the state-run social security budget and the unemployment insurance budget were ended with excess. In 2012, the budgetary execution result reflected a deficit, excluding state-run social security budget and of the unemployment insurance budget. For the budgetary year 2013, four of the five components analyzed registered deficits, the surplus situation being present only for the state-run social security budget. The data analysis for 2014 shows the situation of deficit only for the state budget and the national fund for health insurance budget. For the last year proposed, the results of budgetary execution, on main components of general consolidated budget, reflected a budgetary deficit, excepting the state-run social security budget and of the unemployment insurance budget. The presentation of the way in which the budgetary execution evolved for the period 2004-2015, on the main components of the general consolidated budget, is presented in Figure 1.

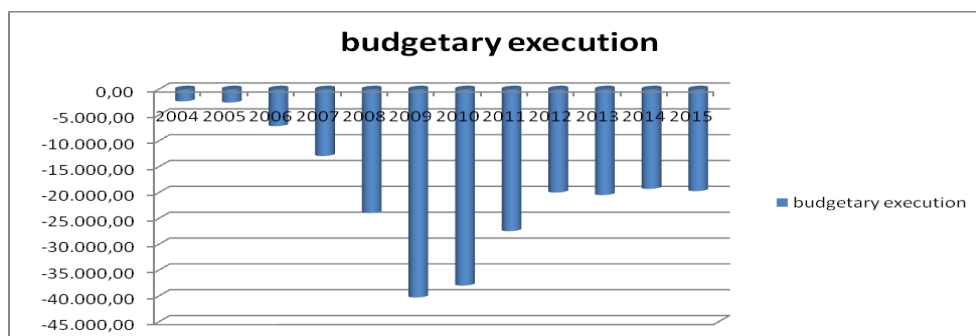


Figure 1. The evolution of the budgetary execution result for the general consolidated budget of Romania

The examination of the data from Figure 1 show that the result of the budgetary execution for the general consolidated budget of Romania proved to be represented by a permanent deficit, with maximum point in 2009. Since 2010 there has been a correction in minus for the values of the budgetary deficit, which entered on a descending trend until 2012. The 2013-2015 period of time is characterized by a relatively constant evolution of the budgetary deficit. In order to refine the research, we surprised also, in evolution, the budgetary execution for each of the five components. Because the state budget is the main component of the general consolidated budget, we will present it separately. The evolution of state's budgetary execution is shown in Figure 2.

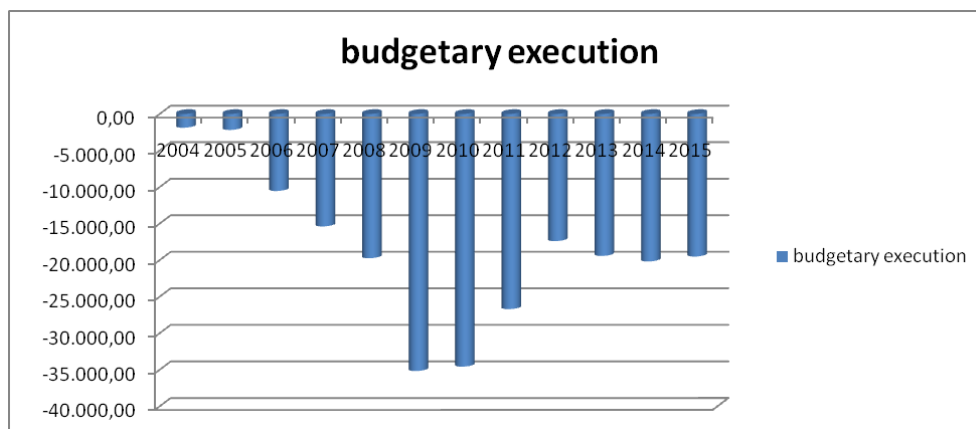


Figure 2. The evolution of the budgetary execution result for the state budget

What we can say about the state budget execution is that it is very close to the values of the general consolidated budget execution. It is normal to be so, given that, on the one hand, this budget is collecting the most part of revenues, and on the other hand, it represents the source from which most expenditures are financed, including the transfers from the state's budget to other budgets. The part from the general consolidated budget's execution result, owed to the other four considered components, is presented in Figure 3.

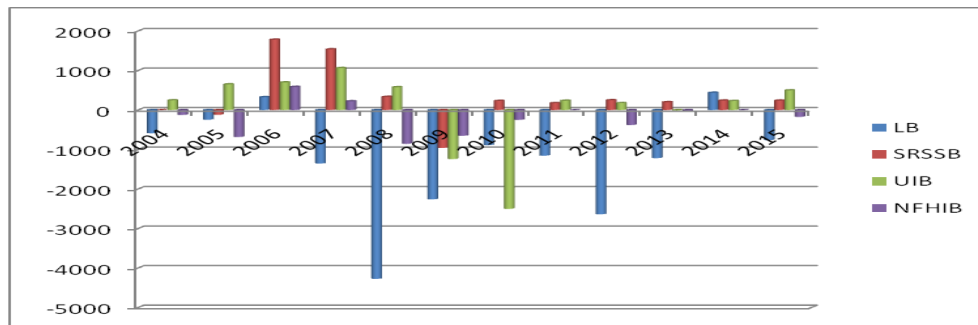


Figure 3. The evolution of the budgetary execution result for the centralized local budgets, state-run social security budget, unemployment insurance budget and national fund for health insurance budget

The examination of the data from Figure 3 leads to a series of quantitative and qualitative assessments of the budgetary execution, as follows: *for the centralized local budgets*, the most years under review were characterized by the existence of the budgetary deficit, with the highest point in 2008 and the minimum point in 2005; the existence of the budgetary excess was noticed in 2006 and peaked in 2014; *for the state-run social security budget*, the dominant tendency was of budgetary excess, excepting the years 2005 and 2009; also for this budget, the maximum budgetary excess was in 2006 and the maximum deficit in 2009; *the budgetary execution result for the unemployment insurance budget* was generally presented as surplus, except for the period 2009-2010 and 2013; the maximum deficit was registered in 2010 and the excess in 2007; for the last considered component of the general consolidated budget, the budget execution result is generally presented as deficit, with the highest point in 2008 and minimum in 2014; the 2011 year corresponded to a period of budgetary balance and the maximum excess was registered in 2006. Since the implementation of the budget takes into account both the revenues (when exists) and the expenditures, at the end of this paper we refine the analysis, focusing on tracking these budgetary components' evolution. The starting point is represented by the data from Tables 1 and 2 which show that, in terms of revenues, the highest weight in the total budget accumulations, on each of the five components of the Romania's general consolidated budget, are owned, as expected, by the current revenues, as resources normally mobilized to the budget. In return, the analysis of the expenditure part of the budgetary execution aims to capture the evolution of the relationship between current expenditure and capital, in order to identify the trends in the budgetary policy of state for the period under review (orientation for operational activity or to investment), according to data from Figure 4 with reference to the state budget.

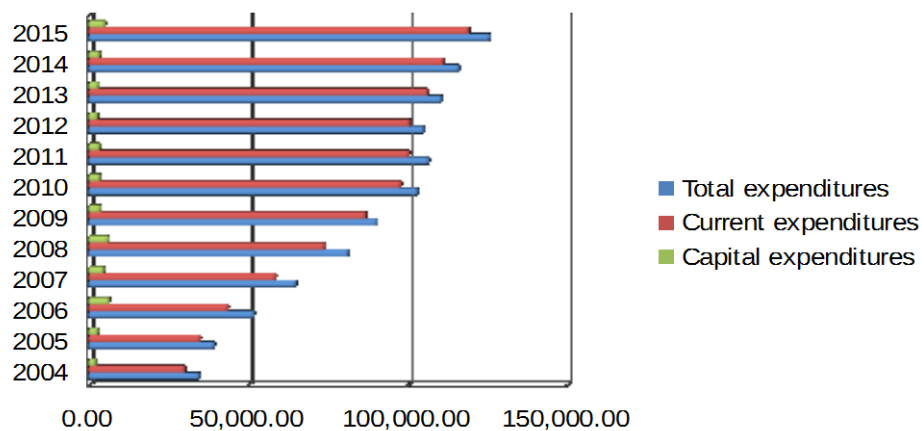


Figure 4. The share of current and capital expenditure in total expenditure for the main components of the general consolidated budget of Romania

As can be seen from Figure 4, the capital expenditures represents a minimum part in the total of the expenditures financed from the state budget, which shows the policy guidance of the state to finance the operational costs, to the detriment of investment. Thus, for the period under review, the current expenditures permanently had an upward trend, since 2004, with the highest point in 2015. In contrast, capital expenditures have varied over the period under review, reaching the highest level in 2006 and the lowest level in the first year of the period. For the other components of the general consolidated budget, the general tendency of capital expenditures recorded a behavior similar to the capital expenditures in case of the state budget.

Conclusion

We consider that after the research undertaken, we are in a position to provide a clear and reasoned image as regards the evolution of the budgetary execution on main components of Romania's general consolidated budget.

Given the powerful impact of the year 2008 over the world economy in general and, implicitly, on the national economy and taking account on the fact that the state budget represent the main source of revenues collection and of expenditures financing, we will report our conclusions, on one hand to this temporal horizon, and on the other hand, to this component of the general consolidated budgetary system. In this sense, we can say that the state budget's execution was the only one that was continuously finished with deficit, the maximum point being reached in 2009, the following year after the installing of the economic crisis worldwide.

The 2010 year produces different effects over the budgetary execution, according to the different components of the general consolidated budgetary system at which we refer. Thus, a slightly improvement in the economic situation can be noticed, through the reducing of the negative result of state budget's execution. We consider that the strengths are represented by: the orientation of fiscal policy for actions related to increasing the responsibility when using public funds, amid adoption of Law no. 69/2010 on fiscal responsibility, law whose main objectives were to ensure predictability of *BUSINESS ADMINISTRATION AND BUSINESS ECONOMICS*



budgetary policy; the achieving and maintaining of a fiscal-budgetary discipline over the medium term; the improving of transparency and sustainability of public finances. Moreover, the improving of the budgetary deficit this year was due to the increase of the revenue collection rate in comparison with the previous period, to that contributing the application of Government Emergency Ordinance no. 54/2010 on certain measures to combat tax evasion. For the same period of time, we are observing, at the level of the centralized local budgets, an increasing of the budgetary expenditures in comparison with the immediately prior period of time, as effect of the crossing to the centralized public administration financing, of the Agricultural Chambers and, also, of the sanitary units.

The 2012 year begin with a significant appreciation of the deficit for the state budget, amid the approval of the fiscal-budgetary strategy for 2011-2013, strategy oriented to the adjustment of public expenditures, and respectively, to the increasing of the revenues accumulated to the budget. In comparison with the previous period of time, at the level of the general consolidated state budget the budgetary expenditures increased, an explanation of that fact being the adoption of legislative rules which helped the recovery of wage cuts in the public sector - Government Emergency Ordinance no. 19/2012 regarding the approval of certain measures for the recovery of wage cuts. That increase in the budgetary expenditures was the effect of the budgetary correction realized according to Government Ordinance no. 13/2012.

For the years between 2013 and 2015, and against the background of a relatively constant level of budget deficit, the evolution of current expenditure of the consolidated general budget maintained the increasing trend. Their level remains, for the entire period of time, much superior in comparison to the capital expenditures. Thus, in 2013, the budgetary policy was focused towards wage increasing for the employees in the public sector, towards increasing the pensions and the guaranteed minimum income, all of these representing components of the current budgetary expenditures.

The reforms of 2014 put again pressure over the budget in terms of current expenditures, by increasing the minimum wage, by pension indexing, by increasing the minimum guaranteed income and through the application of the budgetary wages law on unitary criteria, in sense of increasing the salaries of young employees with small incomes. In return, the gap between revenues and expenditures increased amid the decreasing with five percent of the social security contribution quota, paid by the employers.

In 2015, more than ever, the current budgetary expenditures increased amid of certain fiscal-budgetary reforms focused, among others, on increasing the salaries in education, raising the minimum wage, increasing the social allowance for pensioners, increasing salaries in health and social care, doubling the state allowance for children, and the compensation for those persecuted on political and ethnic criteria. Also, the capital expenditures in sensitive increasing are this year, in comparison to the immediately preceding period. So, as a general conclusion of our study, we can say that the budgetary policy of the state is orientated, on the 2004-2015 period of time, especially on covering current expenditure to the detriment of investments, which are so necessary, in order for the before-mentioned increases to be supported by a real growth of our economy.

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