

## Current state and problems of providing targeted social welfare benefits to the population in the Republic of Komi

*The article deals with the targeted form of social welfare benefits –subsidies for rent and utility services in the Republic of Komi. The article analyzes the programmes on the payment of housing and utility services: benefits, rent subsidies. It reveals the reasons for territorial differences in average monthly rates of rent subsidies per one family and significant variations of these indicators among the region’s municipal entities.*

*Targeted social welfare benefits, rent subsidies, benefits, standards of expenditures for payment.*



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Russia started implementing targeted social assistance for rent and utilities payment in 1994 in accordance with the Law of the Russian Federation No. 4218-1 dated 24 December 1992 “On the foundations of the federal housing policy”. According to the RF Housing Code, the calculation of rent subsidies should be based on the regional standards of the cost of housing and communal services. In addition, a unified procedure for granting subsidies was established on the whole territory of Russia, the authority to grant the subsidies was entrusted to local self-government bodies, the opportunity of improving the conditions of granting subsidies by local self-government bodies was determined as well as the sources of financing and subsidies support agencies [3]. The RF Government Decree No. 761 dated 14 December 2005 established new Rules of granting rent and utilities subsidies. In accordance with the new

order, regional authorities are to establish regional standards for provision of subsidies by local self-government bodies.

The regions transferred the rent subsidies programme to the jurisdiction of social welfare bodies, and rent and utilities subsidies were now provided directly to the recipients at the banks and post offices.

The regions developed their own standards of the living quarters area used for calculation of rent and utilities subsidies, and the maximum permissible shares (MPS) of the citizens’ expenses for housing and communal services (HCS) payments in the aggregate family income. The standards of HCS expenditures are based on the fact that the norm of dwelling space is 18 m<sup>2</sup> per one person in a family of three or more persons; 21 m<sup>2</sup> per one person in the family of two persons; 33 m<sup>2</sup> per one person if he/she lives alone.

Besides, in some regions, housing and communal services payment standards were differentiated according to the level of conveniences. For instance, in the Tomsk Oblast, housing and communal services payment standards are established in every district for each of the 10 categories of residential premises. In Tatarstan the standards are based on the average housing and communal conditions (four types) for detached and apartment buildings in each municipal entity. In Kalmykia standard HCS expenditures in each district and municipal entity have been calculated with regard to available conveniences. It should be noted that federal legislation does not stipulate the establishment in one municipality of several standards of HCS costs for apartment blocks and detached houses.

Many regions have adopted the federal standard for MPS of expenses amounting to 22% [4]. Some regions have reduced this limit for certain categories, such as pensioners, multi-child families, etc. At the same time, to improve the targeting of rent subsidies provision, it would be more appropriate to reduce MPS for low-income families. For example, in the Tomsk Oblast the regional standard of MPS of expenses is multilevel and depends on the average income per capita.

In the Republic of Komi, the situation worsened after the RF Government Decree No. 444 dated 30 August 2004 "On the provision of subsidies for housing and communal services payment" was put into effect in January 2005. The number of subsidies' recipients decreased sharply, financial standing of mainly low-income families and pensioners deteriorated. In this connection, in order to ensure social protection of this category of citizens, the Law of the Republic of Komi No. 54-RL dated 28 June 2006 "On the regional standard of the norm of dwelling space, used for calculating the housing and communal services subsidies" was adopted providing for the 1.5-fold increase of this standard for lonely

old-age pensioners (men over 60 and women over 55 years old) and disabled pensioners, and also for families consisting of such pensioners.

The rest of the citizens in the Republic, like in most Russian regions, are to pay for rent and utilities according to the regional standard of MPS of expenses (22%) in the aggregate family income.

The families in which the expenses on rent and utilities exceed the 22% threshold established in the region can receive subsidies that reduce these expenses down to a threshold level. The programme for rent and utilities subsidies was introduced to alleviate the social consequences of transition to the 100% payment for housing and communal services.

Territorial bodies of social protection that are part of the Komi Republic Social Development Agency, in accordance with the federal and republican legislation, keep records of citizens entitled to social support concerning the payment for rent and utilities. In this connection, the social protection bodies form the registers of such citizens who obtain the right to receive support from the federal budget and the budget of the Komi Republic.

At present, the region has 2 social assistance programmes on rent and utilities payment. The first comprises the *privileges* for certain population categories, provided without inspecting the household incomes. The second programme deals with rent *subsidies* for "needy" families (*targeted social assistance*).

*The privilege for rent and utilities payment* is a discount, granted in accordance with the current legislation to certain categories of citizens, including members of their families living with them (if it is stipulated by the legislation for the relevant category of citizens).

*Subsidies for rent and utilities payment* is a *targeted form of social assistance*, which is granted to the citizens by the state power bodies of the subjects of the Russian Federation and local self-government bodies within the limits of the social norm of

dwelling space and the standards of communal services consumption, taking into account the subsistence level, the aggregate family income and existing benefits [1].

The regional standard for the cost of rent and utilities is determined taking into account the prices, tariffs and standards that are applied for calculating the housing maintenance, repair and communal services payments for the renters of subsidized municipal housing, who live in residential quarters where the equipping with services and utilities, structural and technical parameters correspond to the average ones in the municipal entity [2].

During the last several years, the Republic of Komi faced positive changes in the provision of subsidies and privileges to the citizens concerning rent and utilities payments. For 2005 – 2009 their total volume increased 1.9-fold and in 2009 it reached 2.9 billion rubles. This growth was achieved in almost equal measure (1.9 times) due to the subsidies and privileges. It should be noted, that the total volume of subsidies and privileges for rent and utilities payments in the Republic in

2009 amounted to 4 – 5% of the total amount of population payments for housing and utility services.

The positive feature is a certain increase in the share of subsidies and decline in the share of privileges in the total amount of social assistance for rent and utilities payments, though the share of the latter still remains significant. For 2005 – 2009 the share of subsidies has increased from 36% to 37.2%, and the share of privileges decreased from 64 to 62.8% (*figure*). This dynamics indicates a gradual improvement of targeted social assistance in the region.

At the same time, the number of families receiving subsidies increased 1.3-fold, which is considered a negative trend, as it indicates the growth in the number of poor families due to the decline in their incomes.

For the period under consideration, the average amount of subsidy per a family increased 1.5-fold [5] and in 2009 it reached 1,579 rub., that is already quite a significant contribution to the income of a poor family (*tab. 1*).

Structure of social assistance to the population on rent and utility payments in the Republic of Komi in 2005 – 2009

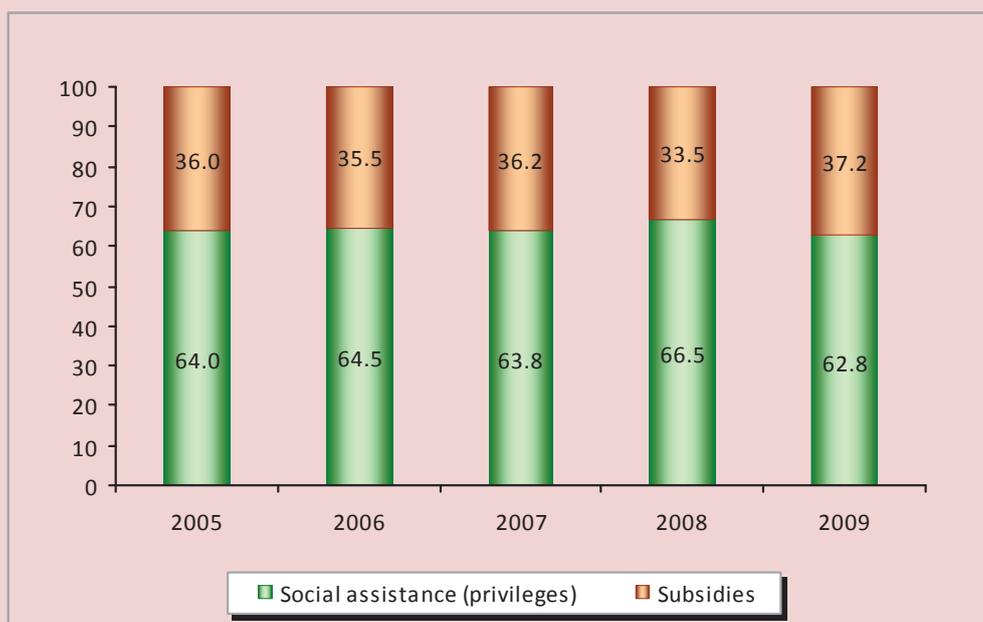


Table 1. Subsidies to citizens for rent and utilities payments in the Republic of Komi in 2005 – 2009\*

Indicators	2005	2006	2007	2008	2009
Number of families receiving subsidies, units	43058	43065	55840	56392	57481
Total amount of subsidies, million rub.	561.8	608.0	696.1	788.8	1089.5
Average monthly rate of subsidies per one family, rub.	1087	1177	1039	1166	1579

\* Source: Statistical yearbook of the Republic of Komi, 2010. P. 123.

Table 2. Subsidies for rent and utilities payments in the cities, towns and districts of the Republic of Komi in 2007 – 2009\*

Territory	Number of families that received subsidies			Share of families receiving subsidies in the total amount of families, %			Sum of provided subsidies, million rub.			Average monthly subsidy per one family, rub.		
	2007	2008	2009	2007	2008	2009	2007	2008	2009	2007	2008	2009
Republic of Komi	55840	56392	57481	15	16	16	696.1	788.8	1089.5	1039	1166	1579
Syktvykar	7325	8264	10264	8	9	11	87.7	111.4	179.2	997	1123	1455
Vorkuta	13353	9448	8044	28	21	18	182.5	172.5	220	1139	1521	2279
Vuktyl	865	861	809	13	13	13	8.3	9.9	13.8	802	955	1417
Inta	2023	2157	2082	12	14	14	22.1	25.6	36.7	911	990	1468
Pechora	6582	6461	5526	26	26	23	87.7	97.1	115.1	1111	1252	1736
Sosnogorsk	2040	2035	2819	10	10	14	17.5	21.6	45	717	886	1329
Usinsk	1150	1113	2186	6	6	12	18.7	21.1	28.3	1359	1577	1079
Ukhta	5459	5043	4596	11	10	9	53.5	61.9	87.2	817	1022	1580
Districts: Izhemsky	1096	409	316	16	6	5	6.4	5.8	7	483	1187	1857
Knyazhpogostsky	1156	1272	1400	13	14	16	17.6	18.1	26.6	1271	1185	1585
Koygorodsky	504	579	648	14	16	18	7.1	11	14.2	1180	1578	1829
Kortkerossky	1027	1620	1731	12	19	20	9	13.6	22.7	734	698	1093
Priluzsky	1953	3054	3353	23	36	40	25.2	37.5	59.2	1075	1023	1471
Syktvydinsky	1438	1505	1674	16	17	18	16.4	21.9	26.6	949	1215	1324
Sysolsky	1100	1344	1375	18	22	23	12.8	16.1	29.3	973	1000	1778
Troitsko-Pechorsky	2554	3170	2582	39	49	41	38	41.1	43.2	1241	1081	1393
Udorsky	3503	3498	3525	44	44	46	56.1	65	84.5	1335	1548	1997
Ust-Vymsky	1034	1324	1753	8	11	15	12.4	16.2	24.1	1001	1020	1146
Ust-Kulomsky	1153	1871	1292	11	17	12	9.8	12	13.8	711	535	889
Ust-Tsilemsky	525	1364	1506	10	27	30	6.9	9.5	13	1090	581	722

\* Source: Statistical yearbook of the Republic of Komi, 2010. P. 124.

The analysis of subsidies for rent and utility services payments in the Republic's municipal entities shows the substantial differences in the share of families receiving subsidies in the total number of families. For instance, in 2009 the difference between the highest indicator of the share of families in Udorsky District (46%) and the lowest in Izhemsky

District (5%) amounted to 9.2 times (*tab. 2*). This is mainly conditioned by the low level of family incomes and increased expenditures for rent and utilities due to the decent quality of housing space in Udorsky District. On the contrary, in Izhemsky District the housing fund consists mainly of private houses lacking modern conveniences.

The highest share of families receiving rent and utilities subsidies is noted in Pechora (23%), and the lowest – in Ukhta (9%), i.e. the difference is 2.6 times. This is mainly connected with the low level of cash income in Pechora and the adverse condition of the housing fund. The indicators in the rest of the cities, except Vorkuta (18%), are below the average level for the Republic (16%).

The share of families receiving the subsidies in rural areas is especially large in Troitsko-Pechorsky (41%), Priluzsky (40%), Ust-Tsilemsky (30%) districts compared to the average indicator for the Republic.

This is conditioned mainly by relatively low families' incomes due to the lack of profitable enterprises and organizations in these areas. The indicators in Ust-Kulomsky (12%) and Ust-Vymsky (15%) districts are below the average republican level.

The analysis of the territorial differences in the average monthly rates of rent and utilities subsidies per a family showed the substantial variation of these indicators in the region's municipal entities. For example, the highest subsidy rate per one family in 2009 was in Vorkuta (2,279 rub.), and the lowest – in Ust-Tsilemsky District (722 rub.), i.e. the difference reached 3.2 times. In Vorkuta this is connected primarily with the low level of average per capita family income, high territorial standard costs for housing and

communal services and a large number of citizens living alone. On the contrary, Ust-Tsilemsky District is characterized by the low territorial standard costs for rent and utilities due to the predominance of housing quarters lacking amenities.

For the last years, negative trends have been formed in the Republic concerning the ratio of the subsidies' recipients in urban and rural areas. For example, in 2007 – 2009 the share of families receiving subsidies in rural areas increased from 30.5% to 36% of the total number of families entitled to subsidies in the Republic. At the same time the total volume of subsidies in rural areas increased from 31.5 to 33.4% of the total amount of subsidies in the Republic. The growth of these indicators is caused by the financial-economic crisis, which has sharply reduced the already low incomes of rural residents. The low share of the subsidies for rent and utilities in rural areas is conditioned, first of all, by a very small number of families living there and very limited set of utility services. In addition, many rural households are not granted subsidies for solid fuel because of a poorly-organized supply system, when the high cost of fuel delivery is to be paid by the recipients of subsidies. The dominant position is retained by the categorical assistance system, that doesn't take into account the level of average per capita income of households.

## References

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