

TOOLS AND TESTING OF THE ASSESSMENT OF BUDGET CAPACITY OF THE MUNICIPAL LEVEL (CASE STUDY OF THE RUSSIAN FEDERATION)

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Abstract

Purpose: To detail the system of indicators and, on their basis, develop an integral index for assessing municipalities' budget capacity level, which makes it possible to substantiate the choice of a model of financial support for the functioning of local budgets.

Design / methodology / approach: The information base includes works of leading Russian and foreign scientists on the issues under study, reports issued by the Federal Treasury of Russia and the Federal Tax Service of Russia, statistical data from the Federal State Statistics Service and the International Monetary Fund. The research is of complex nature, as it involves a set of fundamental general scientific and special methods, in particular, dialectical and logical methods, horizontal and vertical analysis of financial ratios, statistical and cluster analysis, etc.

Findings: The article presents a system of groups, indicators and author's method for a comprehensive multidimensional assessment of the municipalities' budget capacity level. On its basis it is possible to choose an optimal financial support model to support local budget functioning, worked out for municipal districts. The results of integral assessment of the data on the Vologda Oblast taken as a model region, indicate that budget capacity of most municipalities in 2006-2018 was at the average and below average level. Thus, the region misses certain opportunities for development of its budget capacity. At the same time, the conducted calculations show the prevalence of the fourth-type model of financial support for the settlement network, i.e. a differentiated approach depending on the indicator of budgetary provision of settlements.

Research / practical implications: The results obtained contribute to the development of theoretical science and form the foundation for applied use by state authorities and local governments in the implementation of methodological approaches, assessment methods, methodological tools for substantiating budget policy decisions, and can also be used in the scientific activity and educational process.

Originality / value: The scientific value of the research lies in the development of methodological tools for assessing the level of municipalities' budget capacity when determining the model for financing settlements.

Keywords: Russian Federation, region, budget capacity, municipalities, local government, local budget, assessment

JEL classification: H77, G18, H61

1. Introduction

In the context of world economy globalization and spatial transformations of social relations, the achievement of economic growth is directly linked to the effectiveness of internal sources formation. In world science and practice, sustainable municipal development is one of the most important drivers of national growth (Kratke, 2002; Lockner, 2013; Silem, Fontanel, Pecqueur, Bensahel-Perrin, 2014; Azoulay, Cote, 2017; Aliasuddin, Dawood, Rahmi, 2021). The high relevance of local economy and municipal finance development in the unprecedented era of rapid urbanization was highlighted in the Territorial Agenda of the European Union 2020 (Territorial Agenda of the European Union 2011) and the New Urban Agenda adopted by the UN General Assembly up to 2030 (New Urban Agenda, 2017).

As noted by RAS Academician A.D. Nekipelov, it is necessary to push economic development by restructuring all mechanisms of its functioning (Nekipelov, 2009). At the same time, in the studies of many Russian and foreign scientists, the role of the micro-level is assigned to municipalities as a fundamental link in the administrative-territorial system of the state (Maslikhina, 2018; Belyakova, Vorobyeva, 2018; Tatarkin, Gershanok, 2006; Manaeva, Kanishteva, 2017; Odintsova, 2011; Friederich, Kaltschütz, Nam, 2004; Slack, 2009; Perekrestova, Kharitonov, 2016; Fedotova, Zhiglyayeva, Stolyarova, 2018; Kozhevnikov, 2019). The reasons for that are the following: first, a local self-government helps the population to adapt to changing political, economic, social and other living conditions, and, second, according to the principle of subsidiarity, it takes into account resources, conditions, specifics of territories, needs and population's interests when elaborating adequate solutions of state problems.

It is no coincidence that the municipal level is responsible for creating and maintaining conditions for human capital reproduction. Local budgets of the Russian Federation concentrate more than 60% of the expenditure on the social sphere, including preschool and general education, physical culture and mass sport, and social security of the population. At the same time, the conducted studies of the state of local budgets in Russia indicate that local governments do not have the revenue base sufficient to solve local issues (Pechenskaya, 2019; Pechenskaya-Polishchuk, 2020; Rastvortseva, 2017; Belyakova, Vorobyeva, 2018; Rastvortseva, Manaeva, 2016). Up to date there is no mechanism for generating local budgets' revenue that creates a stimulating effect for local administrators and boosts the volume and improves the quality of municipal services to the population. In turn, this creates a discrepancy between the need for long-term municipal development and the availability of effective tools for its financial support, and, therefore, does not allow for the full correlation of fiscal policy tools with the task of economic growth. It is quite obvious that municipal development should be based on the growth of financial resources and expansion of territory's budget capacity, which predetermines such growth. It is important that financial mechanisms act as a means of solving problems of municipal development, and not their cause.

The formation of an optimal model of inter-budgetary relations is a critical condition for developing budget capacity of a region in the federal state. We agree with the researchers' opinion (Bukhvald, Beskultanov, 2008) that the formation of an effective, that is economically justified, network of municipalities of various types, especially budgets of the settlement level, has a significant role in this case, as their creation is often isolated from the financial and economic base. At the same time, scientists (Bukhvald, Beskultanov, 2008) consider an effective network of settlements as the network that meets real socio-economic conditions and budgetary possibilities of territories; correlates benefits and costs of introducing settlement budgets; has prerequisites for the long term development of settlements; helps enhance an intra-regional financial equalization system; and takes into account risks from the inefficient use of budgetary funds. Moreover, it is statutorily prescribed that the budgetary provision of settlements is equalized on the district level, therefore a significant part of the allocated budgetary funds passes through municipal districts and ends up in the settlement budgets. This means that monitoring assessment of the municipalities' budget capacity level can be considered as a tool for determining the type of financing the settlement network of the region.

At the same time, even taking into account many studies of municipal problems, methodological issues of assessing the current level of budget capacity of municipalities remain an urgent scientific task.

2. Research methods

The analysis of Russian and foreign scientific works on budget capacity assessment shows that the existing tools can be combined into two broad groups, the advantages and disadvantages of which are actively discussed in scientific circles (Table 1).

Table 1: Comparative analysis of some methods for assessing budget (tax) capacity of a region (municipality)

Method	Revealed advantages	Revealed disadvantages
<i>Group 1: Methodological tools for assessing budget capacity of a region</i>		
Method for municipalities' budget capacity sustainability (authors S.N. Yashin, N.I. Yashina)	<ul style="list-style-type: none"> - Possibility of application when comparing budget capacity of different territories at different time intervals. - Selection of a base indicator and on its basis construction of the rating assessment of budget capacity of municipalities. 	<ul style="list-style-type: none"> - Presence of negative / close to zero values that distort the result. - Use of correlation coefficients as weights in calculating the rating assessment of budget capacity of municipalities. The correlation coefficient value is in the range from -1 to 1. Then, when multiplied by the coefficient as a weight, in case it is close to zero, the value of this aggregated indicator will be leveled.
Method for calculating budget capacity of a region (author Zh.G. Golodova)	<ul style="list-style-type: none"> - Possibility to compare potential of different territories. - Relative simplicity of calculations. 	<ul style="list-style-type: none"> - Insufficient objectivity of the calculation due to the use of a small number (4) coefficients.
Method for calculating budget capacity of a region (author S.V. Zenchenko)	<ul style="list-style-type: none"> - Calculation of the budget capacity value with regard to the likelihood of fulfilling tax and non-tax obligations, which makes it possible to determine the level of real and latent tax and non-tax potential. 	<ul style="list-style-type: none"> - Calculation of indicators only in absolute terms, which makes it difficult to compare the indicator value both in terms of different territories and dynamics.
<i>Group 2: Methodological tools for assessing tax potential of a region / municipality</i>		
Assessment of tax potential using a total taxable resources indicator	<ul style="list-style-type: none"> - The TTR indicator as a measure of fiscal potential reflects the actual volume of tax resources available to a region more accurately than GRP. 	<ul style="list-style-type: none"> - Laboriousness of calculating the TTR indicator due to the need to collect a large amount of retrospective information
Method for assessing tax potential based on actual data	<ul style="list-style-type: none"> - Use of ready-made data from the consolidated reporting of tax authorities, which simplifies the calculation of potential 	<ul style="list-style-type: none"> - Complexity of planning indicators, since the calculation does not use the tax base -The only use of actual tax revenues does not stimulate self-government bodies to increase tax collection.
Tax potential regression analysis method	<ul style="list-style-type: none"> - Possibility to quantitatively describe the relationship between tax potential and its factors. 	<ul style="list-style-type: none"> - Subjectivity due to ambiguity of the choice of factorial features for analysis
Representative tax system method	<ul style="list-style-type: none"> - Inclusion of key taxes in the calculation and reflection of income opportunities, which are taken into account when distributing funds in the framework of inter-budgetary regulation. 	<ul style="list-style-type: none"> - Need for a significant amount of data on collected taxes.
Method for assessing tax potential through gross local product	<ul style="list-style-type: none"> - It takes into account income of residents and non-residents 	<ul style="list-style-type: none"> - Lack of a number of indicators in the Russian municipal statistics.
Method for assessing tax potential based on average per capita income of the population	<ul style="list-style-type: none"> - Availability of data used in the calculation. - It reflects the receipts from the federal budget. 	<ul style="list-style-type: none"> - Applicable only for the territories where personal income tax accounts for the majority of tax revenues.
Direct counting method	<ul style="list-style-type: none"> - Possibility of coordinating budget planning in terms of determining tax revenues of municipalities, taking into account economic policy priorities. - Possibility to determine losses that affect the amount of tax potential. 	<ul style="list-style-type: none"> - Lack of objectivity due to insufficient reliability of statistical information on the size of tax bases. - Laboriousness, since the indicator calculation involves collection of a large amount of data.

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The first group includes methods focused on a region and, respectively, inter-regional comparisons. However, the proposed data have an element of error at the municipal level; therefore, the methods of this group cannot fully satisfy the need for assessing budget capacity of municipalities. In the second group the subject of assessment is limited to tax potential.

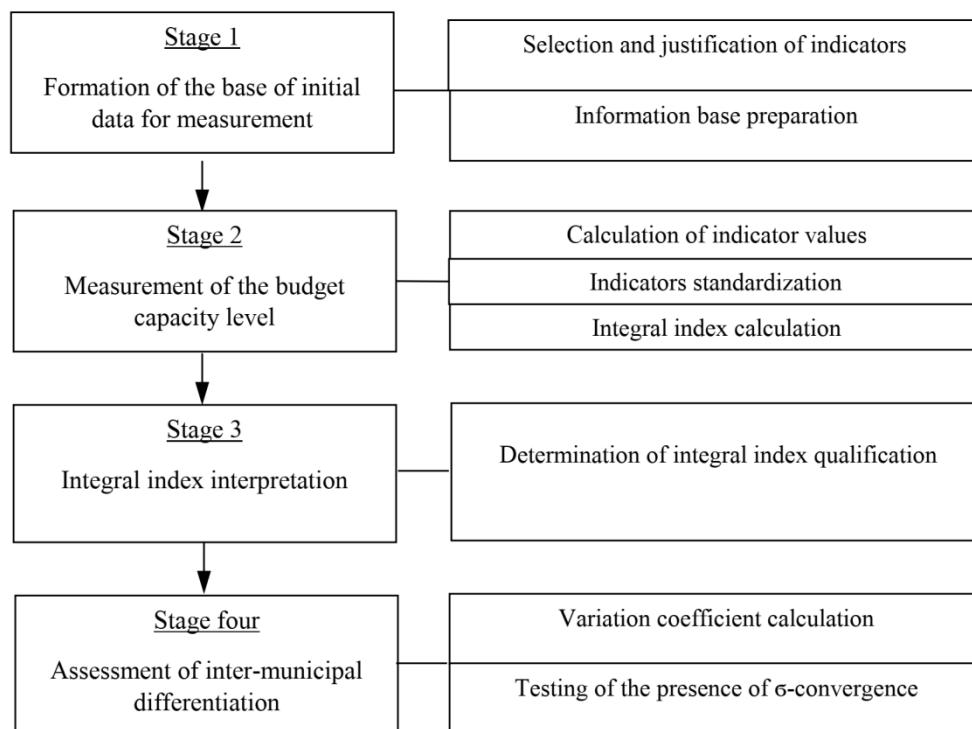
The choice of one group or another is largely due to specifics of the tasks being solved, volume and reliability of the information under study, a degree of complexity and laboriousness of data processing methods and approaches to the interpretation of assessment results.

It should be emphasized that the methodology for analyzing budget capacity of territories mainly studies only tax potential as the research subject and a region as the research object. Not enough attention is paid to determining a level of municipalities' budget capacity as the basis of the budgetary system.

Taking into account specifics of the studied groups of methodological tools, we believe that for objective assessment of the municipalities' budget capacity level it is necessary to consider municipal statistics maintenance and acute problems of studied territories. At the same time, the set of indicators proposed by various authors can become a methodological basis for substantiating the list of indicators and developing the methodology to assess the effectiveness of using municipalities' budget capacity.

According to our position, it is most acceptable to assess the level of budget capacity according to a certain algorithm, the linear block diagram of which is shown in Figure 1.

Figure: 1. Stages of assessing the municipalities' budget capacity level



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At the first stage the base of initial data for measurement is formed. At the same time, an important place is given to the choice and justification of indicators for assessment. The list of indicators of the municipalities' budget capacity level, conditionally divided into six groups, includes those that:

- are selected on the basis of critical analysis of expert opinions and conducted studies (Gubanova, Voroshilov, 2019; Maltseva, Veselov, Bukhvald, 2019; Zenchenko, 2009; Tkacheva, 2014; Myakshin, Petrov, 2019; Golodova, 2009; Yashin, Yashina, 2003; Baburin, Tikunov, Badina, Chereshnia, 2018; Suglobov, Cherkasova, 2009; Bochko, 2017; Pechenskaya, 2019; Butorina, Oborin, Kutergina, Osipova, 2018; Chistnikova, Yakimchuk, Glotova, Dynniov, Antonova, 2017) and requirements of Russian legislation;
- are published annually in the RF official statistical reports in the public domain, which ensures the reliability and simplicity of methodology calculations;
- consider specifics of municipal statistics and provide the opportunity to compare estimated data in the context of municipalities;
- make it possible to fully take into account the integrative approach to the essence of budget capacity in accordance with the theoretical principles substantiated in the research;
- possess the property of dynamism and flexibility, thus reflecting the changes occurring in the budgetary sphere of a region;
- disclose not only the achieved level, but also the scale of the increase in budget capacity;
- characterize the stage of formation and use of budget capacity, a certain structural component and their interaction, which together creates the basis for comprehensive characterization of budget capacity in the context of municipalities.

These arguments give grounds for characterizing the list of indicators proposed in Table 2 as universal.

Table 2: System of groups and indicators for assessing the level of municipalities' budget capacity

Group	Indicator
Socio-economic development of a territory	- ratio of average monthly accrued wages to minimum wage; - industrial production index; - agricultural production index; - retail trade turnover index.
2. Formation of budget revenues	- ratio of total expenses coverage to total income; - ratio of total expenses provision to own income; - ratio of tax coverage to total expenses; - ratio of non-tax coverage to total expenses.
3. Budget balance	- own budget balance ratio; - budget deficit coverage ratio; - additional budget funds availability ratio.
4. Financial autonomy of the budget	- budget income autonomy coefficient; - coefficient of tax autonomy of the budget for budget-forming tax; - coefficient of net tax autonomy of the budget.
5. Budgetary provision of the population	- coefficient of population's provision with own income; - coefficient of population's provision with tax revenues; - coefficient of population's provision with non-tax income.
6. Transfer dependence of the budget	- ratio of own budget revenues to gratuitous receipts; - coefficient of dependence of the budget on gratuitous receipts.

Compiled by the author.

The information base of measurements comprises budget execution reports of the RF Federal Treasury, a database of indicators of municipalities of the RF Federal State Statistics Service, and reports of local governments.

At the second stage, the level of budget capacity of municipalities is measured. It is proposed to carry out sequential settlement operations to standardize indicators characterizing budget capacity of municipalities (Table 3).

Table 3: Sequence and content of mathematical calculations used at the second stage of assessing the municipalities' budget capacity level

Name	Function
1. Calculation of the indicator value (I_{ij})	There are two thresholds for each indicator. If the indicator value is outside the minimum, then the indicator score is 0, outside the maximum – 1. If the indicator value lies in the interval between two threshold intervals, the score is calculated by the formula: $I_{ij} = \frac{x_{ij} - x_{min}}{x_{max} - x_{min}}$ Where: I_{ij} – estimate of the i -coefficient; i – estimated coefficient; j – municipality; x_{ij} – actual coefficient value; x_{min} – minimum coefficient value; x_{max} – maximum coefficient value.
2. Standardizing of coefficients characterizing the group (P_{ij})	$P_{ij} = \frac{\sum_{i=1}^n I_{ij}}{m_j}$ where P_{ij} – summary estimate obtained within the group; m_j – number of indicators characterizing the group.
3. Calculation of the index of budget capacity (IBC)	$IBC = \frac{\sum_{i=1}^p P_{ij}}{n}$ where IBC – integral value of the index of budget capacity; n – number of groups.

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The integral assessment is interpreted at the third stage. At the same time, we choose the methodology based on calculation of relative indicators and their combination into the integral index, as it can give an idea of the scale of increment in the municipalities' budget capacity level in dynamics, as well as the ability to compare budget capacities of different territories. Various methods are used to combine all indicators in economic methodologies. Believing that opportunities should be uniformly distributed among territories, we consider it correct to take the average indicator value as an optimal standard. The arithmetic mean or geometric mean are most common and convenient for interpretation. At the same time, the arithmetic method reveals increment dynamics best, while the geometric method – differences between study objects in the static state. Taking into account the purpose of the methodology for assessing budget capacity, it is reasonable to use the arithmetic mean for calculating the integral index.

To determine the level in accordance with the multiplicative integral index values, we propose a scale of equal-size intervals from zero to one, which makes it possible to single out five levels of budget capacity of municipalities (Table 4).

Table 4: Interpretation of threshold values of the integral assessment of the municipalities' budget capacity level

Budget capacity level	Boundaries of the integral index interval	Characteristics of the ability to develop budget capacity of q municipality
High level	$0.80 \leq IBC \leq 1.00$	Municipality of growth
Above average	$0.60 \leq IBC < 0.80$	Municipality of realizable opportunities
Average level	$0.40 \leq IBC < 0.60$	Municipality of potential growth
Below average	$0.20 \leq IBC < 0.40$	Municipality of underutilized opportunities
Low level	$0.00 \leq IBC < 0.20$	Municipality of weak opportunities

Compiled by the author.

3. Key research results

In order to test the methodological tools developed in the study, the first stage of monitoring was carried out on the example of municipalities of the model region of the Russian Federation – the Vologda Oblast. The Vologda Oblast is a typical Russian region in terms of most socio-economic development indicators; it became a pilot region and in 2006 started implementing the reform of local self-government. At the same time, this methodological toolkit can be also used in other regions. Monitoring covered the period from 2006 to 2018. The year of 2006 was chosen as the starting point; since that time Russian municipalities have entered a new legal framework dictated by Federal Law No. 131-FZ “On General Principles of Organization of Local Self-Government in the Russian Federation”. The results of the integral assessment are presented in Table 5.

Table 5: Distribution of municipal districts and urban districts of the Vologda Oblast by budget capacity level, in % to the total number of municipalities

Level	2006	2009	2012	2015	2018
High <i>(from 0.80 inclusive and above)</i>	0	0	0	0	3.57
Above average <i>(from 0.60 inclusive and up to 0.80)</i>	7.14	0	3.57	0	14.29
Average <i>(from 0.40 inclusive and up to 0.60)</i>	3.57	7.14	35.71	35.71	46.43
Below average <i>(from 0.20 inclusive and up to 0.40)</i>	89.29	64.29	60.72	64.29	35.71
Low <i>(less than 0.20)</i>	0	28.57	0	0	0

Calculated by the author.

The dynamics of integral assessment of the municipalities' budget capacity level according to the developed methodological tools allows us to draw a number of fundamental conclusions.

1. Budget capacity of most municipalities in the model region was average and below average in 2006-2018.

2. There is positive dynamics in the transition of the budget capacity level from the category “below average” to “average”. If in 2006 the “below average” level was characteristic of 25 municipalities, then in 2018 – only of 10. Moreover, for the first time a high level of efficiency in the formation of budget capacity was recorded (in the city of Cherepovets).

3. The growth in the integral index was observed in 2012. If in 2009 the budget capacity level ranged from low to medium, then since 2012 the low level has not been typical for any municipality of the region. The average level in 2012 was observed in 10 districts compared to 1 district in 2006.

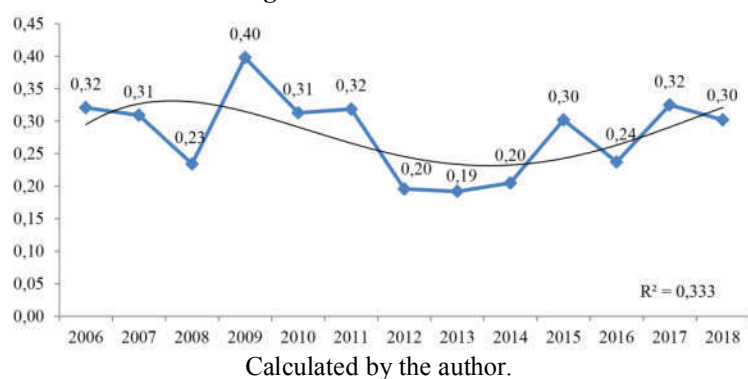
The fourth stage involves assessment of inter-municipal differentiation by budget capacity on the basis of econometric convergence models.

To measure the size of the gap in the level of budget capacity among municipalities, as well as trends in municipal inequality, the methodology uses:

- first, calculation of the variation coefficient;
- second, testing of the presence of σ -convergence.

Figure 2 reveals a wave-like trend in the inequality of municipalities in the Vologda Oblast in terms of the budget capacity level within 0.19–0.40. In the 2009–2015 there was a decrease in the value of the variation coefficient, which indicated the process of convergence. Since 2016 there has been an unstable growth in municipal differentiation.

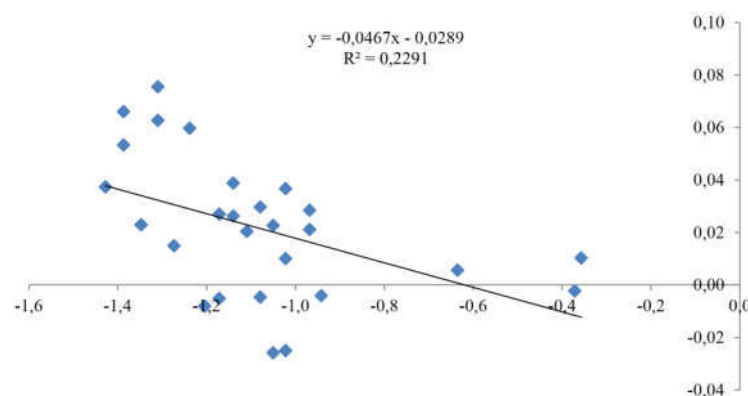
Figure 2. Dynamics of the variation coefficient in the municipalities' budget capacity level in the Vologda Oblast in 2006–2018.



We get a similar result by testing the presence of σ -convergence on the basis of construction of the regression equation for the dependence of average annual growth rates of municipalities' budget capacity in 2006–2018 on the logarithm of the value of budget capacity of the regional municipalities in 2006

($y = -0.0755x - 0.0828$) (Figure 3).

Figure: 3. Dynamics in dispersion of average growth rates of Vologda Oblast municipalities' budget capacity in 2006–2018 depending on the logarithm of the initial value of budget capacity in 2006



At the same time, the study shows that the equalization of budget capacity occurred not due to its growth in all municipalities, but due to the increase among the lagging behind and the decrease among the leaders. This indicates that the potential of local budgets was not influenced by the pace of socio-economic development of territories, but by the mechanism of inter-budgetary relations between the region and municipalities.

This situation undermines the municipalities' incentives to boost their own income base and provokes the growth of dependent sentiments. In this case, it is necessary to shift the emphasis of the inter-budgetary relations system towards a stimulating function, focused on encouraging local governments to mobilize profitable resources. Consequently, the tools of tax and transfer policy should take into account the results achieved in increasing the rates of municipalities' socio-economic development and prevent "dependent" sentiments of local self-government bodies. Gradual decentralization of revenue sources is required, based on joint decisions and concerted actions of all government levels.

Thus, monitoring of the municipalities' budget capacity level for the period under study, using the example of the Vologda Oblast, indicates a clear trend towards their leveling. At the same time, there is an increase in the level of budget capacity in the municipalities with an initially low level and a decrease in the indicator in the municipalities with an initially higher level of budget capacity. Consequently, it is quite reasonable to say that budget capacity of less wealthy municipalities in the region has grown not so much due to a rise in their own income base, but due to the regional policy of equalization. This conclusion is also justified by the fact that the burden of regional budgets associated with the need to provide financial

assistance to local budgets amounted to over 30% of the total expenditures of the regional budget¹ in the period under study.

The results of assessing the level of budget capacity of municipalities can be used by public authorities in determining the model of financing the settlement network² of the region (Table 6).

Table 6. Comparison of the model for financial support of a settlement network with the level of budget capacity of municipal districts

Budget capacity level	Municipality characteristics	Settlement type	Financial support model characteristics
High (from 0.80 inclusive and above)	Municipality with a high and sufficiently high level of local budgets' potential and predominance of its own funds for exercise of powers	1	The district level provides financial support for settlements
Above average (from 0.60 inclusive and up to 0.80)	Municipal entity with a sufficiently high level of local budgets' potential and predominance of its own funds for exercise of powers	2	
Average (from 0.40 inclusive and up to 0.60)	Municipality, whose budget capacity is at the average level, the internal reserves for strengthening the income base are not fully used	3	Differentiated approach to financing by settlement type depending on the amount of budgetary provision
Below average (from 0.20 inclusive and up to 0.40)	Municipal formation, characterized by low utilization of budget capacity	4	
Low (less than 0.20)	Municipality characterized by low and extremely low utilization of budget capacity	5	Estimated financing

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In case of types 1 and 2 (municipal districts with a “high” or “above average” budget capacity level), the network of settlement budgets should be retained, provided that all powers of their financial support are transferred to the district. In case of types 3 and 4 (municipal districts with “average” or “below average” budget capacity), a differentiated or selective network of settlement local budgets should be formed: a regional center and 3-4 financially strong settlements. The rest settlements are to be financed according to costs estimates. At the same time, a district is also eligible to financially support settlements, provided that the level of provision of the population with key types of budget expenditures and critical types of budget services with the estimated cost principle is equalized. Concerning Type 5 (municipal districts with a low level of budget capacity), the district budget should function, settlements should be financed on the basis of estimates. At the district level, a similar level of provision of the population with the main types of budgetary expenditures in settlements financed on the basis of estimates is maintained.

It is important to mention that the rejection of a certain share of settlement budgets does not mean automatic liquidation of the corresponding number of settlement municipalities themselves. In addition, the estimated costs principle does not exclude the functions of financial planning and control, which can be carried out by a representative body of local self-government. Undoubtedly, this model introduction will require changes to the budget legislation. So, in the Budget Code, it is advisable to replace the legal norm that “each municipality has its own budget” by the following one: “each municipality has its own budget or other source of financial coverage of the assigned expenditure powers established by the current legislation”. This interpretation, thus, will allow eliminating the existing contradictions between the formal approach to the formation of the institution of local self-government and the obvious idea of economic rationale in the choice of forms of organizing the budget process at the local level.

The model is tested on the Vologda Oblast municipal districts (Table 7). It shows that the fourth-type model will prevail in the region, i.e. a differentiated approach depending on the budgetary provision of a settlement.

¹ According to the reporting data of the Vologda Oblast Finance Department.

² Differentiation by municipal districts is justified by the fact that the consolidated budget of a district is a set of budgets of urban and rural settlements and reflects trends of their functioning quite objectively.

Table 7: Distribution of the Vologda Oblast municipal districts by type of settlement network financing with regard to the level of budget capacity of municipal districts

Settlement type	2006	2009	2012	2015	2018
1	0	0	0	0	0
2	0	0	3.8	0.0	11.5
3	3.8	0	34.6	34.6	50.0
4	96.2	69.2	61.5	65.4	38.5
5	0	30.8	0	0	0
Average value	0.5407	0.4002	0.4235	0.4205	0.4425

Compiled by the author.

Summing up, we note that the methodology developed in the research process provides an opportunity to obtain a relative assessment of the level of budget capacity of a municipality, reflecting the place of each municipality in the overall ranking. Considering the optimally small amount of information required for measurement, the integral index is characterized by a certain degree of information content and sensitivity. The composition of the indicators included in the integral index calculation makes it possible to estimate the level of municipalities' budget capacity with a sufficient degree of reliability. Elaboration of the measures to form an optimal model of inter-budgetary relations and their implementation with the help of the developed scientific and methodological support for monitoring the level of municipalities' budget capacity will enhance the efficiency of using budget capacity of the region and mitigate the negative impact of dynamism of the external and internal environment while achieving economic growth.

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