



Abstract

A Study on Effectiveness and Improvement of Early Budget Execution

The purpose of this study is to analyze the current status and effect of the early budget execution of Gyeonggi Province from 2014 to 2018. The early budget execution introduced after 2009 has the purpose of achieving the economic and financial effects. The economic effect means that the regional economy is activated by expanding fiscal expenditure in the first half. On the other hand, the effect of the financial aspect implies a decrease in unused budget by restraining the concentration expenditure behavior at the end of the year. Therefore, this study analyzes the current status and effects of the early budget execution by using the main economic indicators, unused budget and Early budget execution rate.

According to the analysis results, the budget execution results generally exceed the target. However, when it is classified by function, budget execution rate of transportation and public order & safety are relatively low. Also, the periods with high budget execution tendency are consistent with the evaluation cycle. On the other hand, analyzing the operational effects of the institution shows that there is not much economic effect, but financial effect - decrease of unused budget- appears.

Based on the results of this analysis, the following policy suggestions can be made. First, It is necessary to clarify the purpose of the institution. The early budget execution has only financial effect, not regional economic. Therefore, it is desirable that the system clearly set the purpose of the financial effect. Second, it is necessary to consider the direction that local governments operate autonomously. the result that the execution rate varies rapidly by sector suggests that the target rate should be flexibly applied. In

addition, local governments may be more effective in setting the target rate autonomously due to different circumstances such as financial environment and regional characteristics. Lastly, it is considered to establish and operate a periodic monitoring system, because the execution performance evaluation improves the execution rate.