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Study of the Education and Health
expenditures in Comunidad Valenciana
between the years 2003-2018

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Student: Arantxa Castillo García
Supervisor: Enrique Salvador Aragón

Summary

The following study analyzes the Comunidad Valenciana's budgetary expenditure on health and education between 2003 and 2018. Respect to the budget items in education, the sections of primary education, secondary education, university and higher education, and research, technological development and innovation are analyzed. In the case of health, the items of drug addiction, health care, external benefits, mental health and medium and long-stay health care, and pharmaceutical benefits are analyzed. These items suffer cuts due to the crisis that the country is going through, especially during the years 2011 to 2013. From 2014 onwards, the amount allocated to health and education will increase once again, but their relative weight in the total budget will fall by around 5%. The budget items that fluctuate most in the health expenditures are pharmaceutical benefits, while in education we find two sections with a wide fluctuation: secondary education and university and higher studies.

Keywords: Budgets, Health, Education, Expenditure, Comunidad Valenciana.

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1. Introduction

The evolution of expenditure in the Comunidad Valenciana over the last fifteen years has varied depending on which political party is in government and the economic situation in which the country finds itself, as well as the repercussions that other countries have had on the Spanish economy, such as the financial crisis that broke out in the United States in the summer of 2007.

To this end, the causes of this evolution will be explained by the events that took place in Spain. First, the Spanish regional financing model will be explained, followed by an emphasis on the structure of the budgets, the criteria to be followed and the budgetary principles used for their preparation, approval, execution and control, as well as the person in charge of preparing the budgets. In the preparation of budgets for a given financial year it is necessary to know economic information, which includes forecasts of income and expenditure. In this way, it will be possible to analyze the evolution of the revenue budgets and the spending powers of the Comunidad Valenciana.

Finally, the evolution of expenditure on health and education in the Comunidad Valenciana over the last fifteen years will be analyzed. Not all the items of expenditure on health and education have been analyzed. Instead, it has been decided to concentrate the study on the items that most directly affect the daily lives of citizens, such as, for example, the items of primary education, secondary education, university and higher education, and research, technological development and innovation. In health care, the items of drug addiction, health care, external benefits, mental health and health care of medium and long stay, and pharmaceutical benefits are analyzed. The aim of this work is to compare the economic events that have occurred in order to observe the changes that have taken place in the Comunidad Valenciana. As a conclusion, the reflections that have been reached throughout the study will be presented.

The main objective of the following study is to address the evolution of expenditure in the Comunidad Valenciana over the last fifteen years on health and education, for it will explain chronologically the causes of this evolution by events in Spain, and the effects this has on society. Until the onset of the economic and financial crisis at the beginning of 2007, Spain enjoyed rapid growth and convergence with the highest per capita income economies of the European Union, in addition to the macroeconomic stability it enjoyed, this helped fiscal consolidation in Spain. At the same time, rapid convergence has been drastically reversed and has favored the emergence of imbalances in the Spanish economy. From 2008 onwards, the imbalance in public finances became more evident,

with the fall in real estate prices and the government's failed stimulus to reactivate growth. Until the end of 2011 State revenues fall as a result of the contraction of activity and the loss of public revenues, which aggravate the imbalance in Public Administrations, which will be represented later. From 2012 onwards, the Spanish government launched an economic strategy geared towards fiscal discipline. These reforms are intended to meet the objectives of the Europe 2020 Strategy.

2. Spanish Autonomic Financing Model

In Spain there are two financing models for the Autonomous Communities: the common regime model and the foral regime model. The Comunidad Valenciana is within the common regime. Therefore this model will be explained in depth.

The common system is governed by some basic axes, which are: the benefits of the *Welfare State*, equity (**guarantee fund for fundamental public services and convergence funds**) and sufficiency in the financing of the set of autonomous competences (**global sufficiency fund**), autonomy and co-responsibility (**cession of a percentage of the taxes to the Autonomous Communities** so that they can decide the composition and volume of income available to them) and finally the dynamics and stability of the system and its capacity to adjust to the needs of citizens.

Due to the current crisis, in July 2012 the Council of Ministers held a press conference in which it announced the reduction of 12.2% in spending for the Ministries in 2013, through the approval of the objective of budgetary stability (Organic Law 2/2012 on Budgetary Stability and Financial Sustainability).

Next, we outline the different resources that help fund budgets of autonomous communities:

1. The *transfer of the Guarantee Fund for Fundamental Public Services*. It ensures that each community receives the same resources per unit of need to finance the essential public services essential to the Welfare State.
2. The *ceded tributes*. The following resources make up the tax capacity:
 - a. Collection of the Tax on Patrimonial Transmissions and Documented Legal Acts, of the Tax on Inheritance and Donations, of the Tributes on the Game and Rates affected to the transferred services. These resources are managed and collected directly by the Autonomous Communities.

- b. Collection of the Tax on Retail Sales of Certain Hydrocarbons and the Special Tax on Certain Means of Transport. These resources are managed by the State Tax Agency on behalf of the Autonomous Communities. The AEAT transfers the proceeds produced in their territories to them on a monthly basis.
- c. The Autonomous Fee for Personal Income Tax, which amounts to 50% of residents in the Autonomous Community.
- d. Assignment of 50% of the net proceeds of Value Added Tax.
- e. Assignment of 58% of the liquid collection from the Special Manufacturing Taxes on Beer, on Wine and Fermented Beverages, on Intermediate Products, on Alcohol and Derived Beverages, on Hydrocarbons and on Tobacco Labors.
- f. Assignment of 100% of the liquid collection for the Electricity Tax. The resources in sections c, d, e and f are managed through payments on account subject to settlement and final settlement.

3. *The Global Sufficiency Fund.*

It acts as a closure resource for the system, ensuring that the global financing needs of each Community are covered by its tax capacity, the transfer of the Guarantee Fund and the Global Sufficiency Fund itself.

4. *Convergence funds.*

Created with the contribution of State resources with the aim that the Autonomous Communities obtain a more similar financing and thus favor the territorial economic balance, contributing to equality and equity.

5. *Other resources of the Autonomous Communities from the State*

Article 158.2 of the Spanish Constitution establishes that in order to correct inter-territorial economic imbalances and give effect to the principle of solidarity, a **Compensation Fund** shall be set up for investment expenditure. With an amount of not less than 35% of the investment of the State and its Autonomous Bodies.

The Autonomous Communities are not only financed with the resources coming from the autonomic financing but they also have more resources such as their own taxes, transfers from the General State Budgets, funds from the European Union... and they can also issue their own debt in order to obtain financing under the

terms foreseen by the current regulations.

3. Structure and financing of budgets

Firstly, since 2001, the State has passed several budgetary stability laws, in order to ensure that budgetary stability is permanent in the public finances of all our country's administrations, in line with its commitments under the Stability and Growth Pact. Since the government annually makes the relevant changes in the National Program of Reforms, with the economic crisis that the country was going through the reforms carried out in 2012 and 2013, allowed the Spanish economy to regain the confidence of international markets in 2014. Thanks to the reduction in public expenditure and the increase in revenue, they help to clean up public accounts.

As stated in Spain's National Reform Program in 2014, "On the expenditure side, the measures have covered almost all budget items. Thus, the General State Budgets for 2013 foresaw a reduction in ministerial expenditure of 8.9% in 2013 and a reduction of 4.7% in 2014 is foreseen (CSR 1.1.3)". (p. 11).

The structure of the budgets is drawn up in the document that is presented and debated annually in The Courts of the Generalitat, defined in Law 1/2015, of 6 February, as "*the quantified, joint and systematic expression of the rights and obligations to be liquidated during the fiscal year by each of the subjects that form part of the public sector of the Generalitat.*"

The scope of application of the budgets of the Generalitat comprises:

- 1) Institutions: The Courts, Syndicate of accounts, Valencian Council of Culture, Syndicate of Grievances, Advisory legal counsel, Valencian Academy of the language, Economic and Social Committee, they have a character of independent legal personality and differentiated budgetary treatment.
- 2) Organs: Presidency of the Generalitat and Council, made up of the ministry: Presidency of the Generalitat, Vice Presidency and Ministry of Equality and Inclusive Policies, Finance and Economic Model, Justice, Public Administration, Democratic Reforms and Public Liberties, **Education, Research, Culture and Sport, Universal Health and Public Health**¹, Sustainable Economy, Productive Sectors, Trade and Labor, Agriculture, Environment, Climate Change and Rural Development, Housing, Public Works

¹ In this study we will focus on the organs responsible for health and education.

and Vertebrate of the Territory, Transparency, Social Responsibility, Participation and Cooperation.

- 3) Autonomous Organizations: Valencian Institute of Youth, Valencian Institute of Agricultural Research, Valencian Cartographic Institute, Valencian Employment and Training Service, Valencian Institute of Safety and Health at Work, Valencian Agency for Agrarian Development and Guarantee, Valencian Institute of Administration Tax.
- 4) The instrumental public sector.

As for the sources of financing, additional resources are incorporated into the system through three funds: the Guarantee Fund for Fundamental Public Services (FGSPF), the Global Sufficiency Fund (FS) and the Autonomous Convergence Funds (ACF), which determine the financing of the Autonomous Communities in three phases.

- Phase 1: determines the transfer of the Guarantee Fund for Fundamental Public Services. It is financed with all the resources of the system, which they are: Tax Capacity, Guarantee Fund for Fundamental Public Services, Global Sufficiency Fund and Competitiveness Fund, and the Cooperation Fund. This financing model is very complex in terms of the number of variables and funds. In addition, it should be noted that no Autonomous Community with a common system covers the expenditure corresponding to fundamental public services with the Guarantee Fund for Fundamental Public Services.
- Phase 2: status quo rule through the Global Sufficiency Fund.
- Phase 3: liquidation of the resources of the financing system and of the Autonomous Convergence Funds.

On the other hand, there are also non-financial operations, which are also economically classified into three blocks:

- 1) Income of a tax nature: **direct taxes**, Wealth Tax, Inheritance and Donation Tax, and the autonomous rate of Personal Income Tax; **indirect taxes**, taxes ceded managed by the State and subject to liquidation, taxes ceded under its own management and its own taxes; **taxes, public prices**, tax and administrative fees, public prices, refunds for current operations and other income of a non-tax nature **and other income**.

- 2) Transfers from the state and transfers from collaboration agreements with other entities or public administrations.

Current transfers: in the area of education, the area of health, employment, work area and social services. **Capital transfers:** in the area of public infrastructure and transport and in the area of agriculture, livestock and fishing.

- 3) Transfers from abroad, European Union funds, such as **the Common Strategic Framework funds**. These funds should be used to promote research, technological development and innovation; improve the use and quality of and access to information and communication technologies; improve the competitiveness of SMEs, the agricultural sector and the fisheries and aquaculture sector; promote the transition to a low carbon economy in all sectors; promote adaptation to climate change and risk prevention and management; protect the environment and promote resource efficiency; promote sustainable transport and remove bottlenecks in critical network infrastructures; promote employment and foster labour mobility; promote social inclusion and fight poverty; invest in education, skills development and lifelong learning; Improve institutional capacity and ensure efficient public administration. Examples of these funds are the **European Regional Development Fund 2014-2020, European Social Fund 2014-2020, Operational Program for Youth Employment 2014-2020, European Agricultural, Fisheries and Rural Development Funds, European Globalization Adjustment Fund.**

The selection made in the items of Income to be studied is detailed below. These items are: direct and indirect taxes, taxes, current and capital transfers, financial liabilities and others. Once these data have been obtained from the Treasury portal of Comunidad Valenciana, it is verified that the most noteworthy data in income are the items of taxes, transfers and financial liabilities.

Once the income received by the budgets of Comunidad Valenciana is known, the expenditure is studied, specifically the expenditure made by the Ministries of Education, Research, Culture and Sport, and Universal Health and Public Health. In the case of education, primary education, secondary education, university and higher education, and research, technological development and innovation are studied. In health care, the items of drug addiction, health care, external benefits, mental health and health care of medium and long stay, and pharmaceutical benefits are analyzed. For these items we find sub-areas in which budgets are invested that

are personnel expenditure, purchase of goods, current transfers, real investments, capital transfers and financial assets, although not all items spend budgets in all sub-areas.

The methodology used in the elaboration of the following work has been the analysis of data of the budgets of the Comunidad Valenciana, collection and representation of the data by means of tables and graphs that will be seen throughout the document, thanks to the data obtained from the [Ministry of Finance of Comunidad Valenciana](#)². Where annual budgets can be found, within each budget there are several volumes which are used is the "Volume I". Ley de Presupuestos de la Generalitat" (Budget Law of the Generalitat), which contains the income statements and the summary of expenditure by sections and chapters.

4. Evolution in revenue budgets

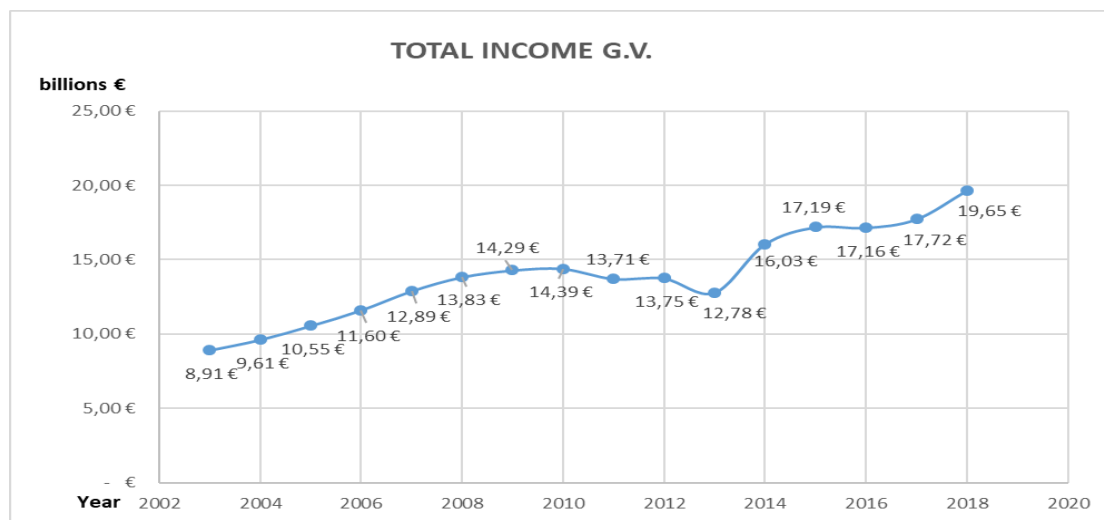
First of all, in order to be able to analyze subsequently the behavior of income in the budgets of the Comunidad Valenciana, the basic concepts of a budget will be explained.

In the case of the income budget of Comunidad Valenciana, it contains different economic resources that are expected to be obtained throughout the year and that will be used to finance all expenses. The budget is structured in accordance with articles 36 and following of Law 1/2015 of 6 February, taking into account the organization of the public sector, the economic nature of income and expenditure, and the aims and objectives to be achieved. It is ordered on the basis of three fundamental structures: the budget section, the revenue or expenditure chapter and the program. As for the estimation of income, these forecasts are made taking into account the own macroeconomic model developed by the Ministry of Sustainable Economy, Productive Sector, Trade and Labor. The GDP generated by the Valencian economy must be taken into account, as well as compliance with the three basic objectives established by Organic Law 2/2012 on Budgetary Stability and Financial Sustainability, which are: *"to guarantee the financial sustainability of all Public Administrations, to strengthen confidence in the stability of the Spanish economy and to reinforce Spain's commitment to the European Union in terms of budgetary stability"*.

² Annex I shows the laws that regulate the budgets of Comunidad Valenciana in the period under analysis.

Graph 1 shows the evolution of Comunidad Valenciana's income over the last fifteen years. It began with revenues of 8.91 billion euros in 2003, a figure that increased annually. In 2004 it increased by 0.71 billion euros with respect to the previous year, thus increasing until 2007 when it obtained the highest increase of 1.29 billion euros. This is when the American economy begins to destabilize, this affects the Spanish economy so that in subsequent years the increase is reduced. In 2008 increases by 0.93 billion euros, so the growth is decreasing until 2010 where it reaches an amount of 14.39 billion euros. From 2010, it can be observed a fall in revenue that lasts until 2013: in 2011 the amount obtained in budgets decreases by 0.68 billion euros for the first time since 2002. This case is repeated in 2013 where the budget obtained a fall of 0.97 billion euros, being a revenue of 12.78 billion euros, which could be compared to the levels of revenue in 2007 where the figure amounts to 12.89 billion euros. However, in 2014 the amount for the budgets increases by 3.25 billion euros with respect to the previous year, which means an increase over the values reached until then, far exceeding the figures obtained in 2010. From 2014 onwards, budget figures continue to increase steadily from year to year until 2018.

Graph 1 Evolution of the Total Income Statement of Generalitat Valenciana.



Source Own elaboration based on data provided by Hisenda GVA

The following table provides the economic data collected for the period between the years 2007 and 2013 of the income statement of Comunidad Valenciana and its items broken down. Several events can be highlighted; from 2005 on, interest rates are raised to control inflation, but this leads to a series of defaults until 2007 when the slowdown in the financial sector begins. For these reasons, although income continues to grow, the annual variation is seen as a percentage of up to 11 points. In

this period of time, economic, social, political, etc. changes are experienced with the deceleration. The growth increases step by step to 3 percentage points and continued to decrease until reaching negative points. That leads to a decrease in the income growth, as for example in 2008, until then the income increased every year with respect to the previous one. By this date, the growth was less than in previous years. From that moment on, there are even negative percentage variations, to the point of decreasing amounts higher than the increases of subsequent years, as can be seen in 2011 with a fall in income of -4.72% or the most significant fall in 2013 of -7.05% reaching a lower level of income than in 2007. Due to the crisis that the country was going through and the political changes, from 2004 to 2011 we find José Luis Rodríguez Zapatero (PSOE) as president of the government. At the end of December 2011 there was a change in the government and Mariano Rajoy Brey (PP) was elected president of the government until June 2018. This does not mean that when the region recovers a certain stability in income, these are distributed correctly.

Table 1 Variation in the Income of the Budgets of Comunidad Valenciana (2007-2013)

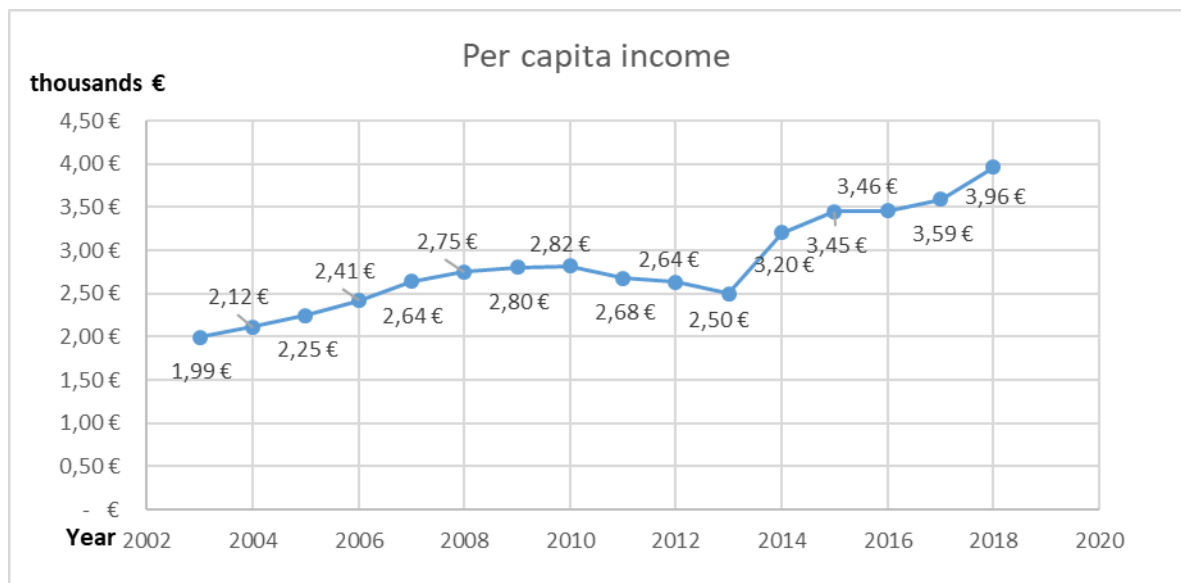
	2007	2008	2009	2010	2011	2012	2013
Direct taxes	2.224.494,92	2.621.131,03	3.285.096,84	2.725.267,76	3.557.341,88	3.484.181,40	3.213.757,69
Indirect taxes	5.846.454,76	6.113.555,51	5.185.667,90	4.354.393,45	5.922.540,72	6.012.956,41	5.502.291,47
Rates	634.443,58	746.710,24	830.036,66	837.895,13	859.152,95	752.082,82	833.442,74
Current transfers	3.525.192,91	3.818.812,93	3.610.493,88	3.884.566,92	1.366.478,60	1.403.923,77	1.433.803,11
Capital transfers	369.504,14	380.455,42	325.163,55	309.481,18	268.985,06	211.606,81	214.375,08
Financial liabilities	276.415,36	129.579,43	1.032.832,09	2.263.363,83	1.328.317,67	1.479.390,00	1.086.327,14
Others	16.929,77	17.950,15	17.551,69	17.881,30	410.820,39	410.513,19	500.914,53
TOTAL INCOME G.V.	12.893.435,44	13.828.194,71	14.286.842,61	14.392.849,57	13.713.637,27	13.754.654,40	12.784.911,76
Annual income variation	11,13%	7,25%	3,32%	0,74%	-4,72%	0,30%	-7,05%

Source Own elaboration based on data provided by Hisenda GVA. Numbers represent 1,000 euros.

With the effects of the economic crisis that coincides with the implementation of the financing model, we can observe the insufficiency and inadequacy of this model for the sustainability of fundamental public services. Revenues from the financing model have been drastically reduced by cyclical behavior, while expenditure on key public services continues to rise.

Taking into account the population growth in the Comunidad Valenciana and comparing it with the income endowed in the budgets, it can be observed that the resulting per capita income does not grow according to the population. Since the population increases from 2003 when it was with 4,326,708 inhabitants to 2012 when it reaches 5,219,266 inhabitants. In 2013 the population of the Comunidad Valenciana begins to decrease to 4,941,509 inhabitants in 2017, in 2018 the population increases again.

Graph 2 Per Capita Income (2003-2018)



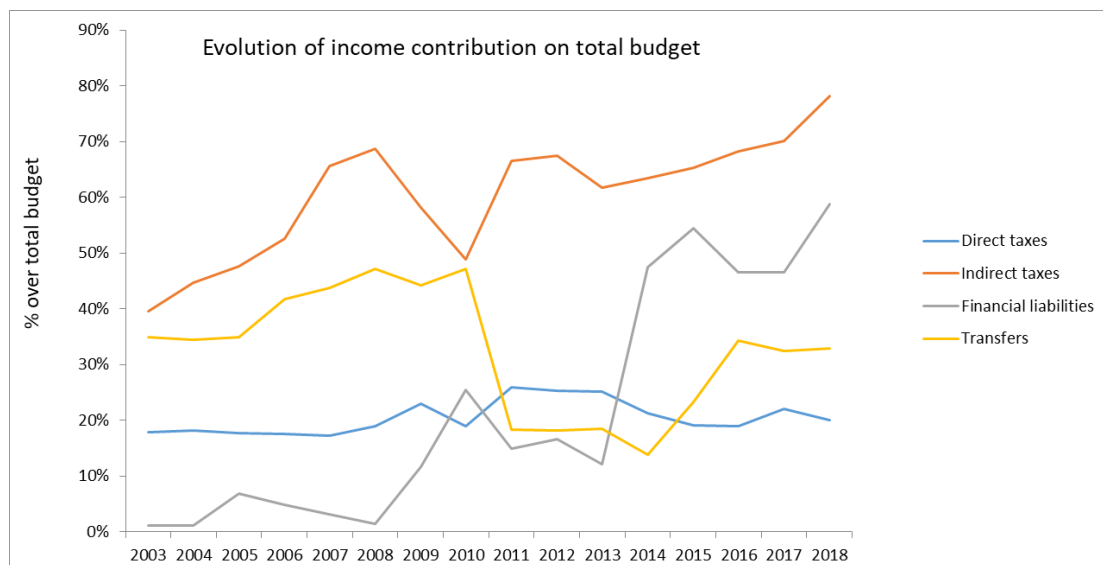
Source Own elaboration based on data provided by Hisenda GVA

If we look closely at graph 3, the evolution in the contribution of income items to the budgets highlights the changes in financial transfers and liabilities. From the beginning of the study in 2003, the item that contributed the most was indirect taxes that reached 39.59%, followed by transfers with 34.89%. In this section of transfers, for better study, current transfers and capital transfers have been combined in a single section. In terms of direct taxes they begin with 17.82%. Finally, the item that contributed the least in income were financial liabilities 1.20% due to the fact that at that time the economy did not need to get into debt since it had sufficient resources not to do so.

If you look at the evolution of the items, all of them suffer drastic variations, except for the direct tax item which, within the fluctuations due to the changes, remained stable from 2003 at 17.82% to 2018 at 20.01%. Indirect taxes are increasing their contribution until 2009 when there is a fall of 10.42% that continues in 2010 decreased this time by 9.33% due to the crisis in Spain, the so-called bursting of the real estate bubble, although later this item continues to increase its contribution to revenue. It is in 2010 when transfers go from contributing 47.09% in 2011 to only 18.36%, maintaining this decrease until 2014 with a minimum of 13.84%. From then on, it begins to recover the percentage in the contribution and again reaches 32.89% in 2018.

Direct transfers changes the role with the item of financial liabilities: the Comunidad Valenciana in 2003 was practically not financed with financial liabilities; but from 2009 onwards it begins to do so with 11.60%. In the period from 2009 to 2013, continuous fluctuations are observed although it is in 2014 when the change in financing is observed that 47.49% of the income is contributed by the item of financial liabilities reaching its peak in 2018 with 58.82%, a financing with long-term debt is not appropriate to maintain it.

Graph 3 Evolution of the Contribution of Income Items to Total Budgets



Source Own elaboration based on data provided by Hisenda GVA

5. Expenditure Powers of Comunidad Valenciana

According to the Statute of Autonomy of Comunidad Valenciana (Title IV. The Competitions. Article 49), the Generalitat has exclusive competence over 36 matters, including the 1st Organisation of its institutions of self-government, within the framework of this Estatut.³ The Generalitat also has exclusive competence over those other matters that the Estatut expressly attributes as exclusive and those that are transferred by the State with this character and by means of Organic Law. Finally, The Generalitat has exclusive competence, without prejudice to the provisions of Article 149 of the Constitution and, where appropriate, the bases and organization of the general economic activity of the State. The Generalitat also has exclusive competence for the development and implementation of European Union legislation in the Valencia Region, in those matters that fall within its competence.

³ The complete list of competences delegated to Comunidad Valenciana can be found in Annex II.

The Organic Law 5/1982 of 1 July 1982 on the Statute of Autonomy of the Comunidad Valenciana, outlines the main competences delegated in the regional parliament for expenditures related to education (article 53) and education (article 54):

Article 53 1. The Generalitat has exclusive competence for the regulation and administration of education in all its extension, levels and degrees, modalities and specialties, without prejudice to the provisions of Article 27 of the Spanish Constitution and the Organic Laws which, in accordance with paragraph 1 of Article 81 thereof, develop it, of the powers attributed to the State by number 30 of paragraph 1) of Article 149 of the Spanish Constitution, and of the high inspection necessary for its compliance and guarantee.

2. The Generalitat, in the exercise of its powers, shall guarantee the right of all citizens to adequate professional training, to ongoing training and to the appropriate means of professional guidance that enable them to make an informed choice of career, occupation or profession.

Article 54 1. The Generalitat has exclusive competence for the organization, administration and management of all public health institutions within the territory of the Comunidad Valenciana.

2. In matters of Social Security, the Generalitat shall be responsible for: a) the legislative development and implementation of the basic legislation of the State, with the exception of the rules that make up its economic system. b) The management of the economic system of Social Security.

3. The Generalitat is responsible for the implementation of State legislation on pharmaceutical products.

4. The Generalitat may organize and administer for those purposes, and within its territory, all the services related to the aforementioned matters, and shall exercise the tutelage of the institutions, entities and functions in matters of health and social security, and the State shall reserve for itself the High Inspectorate for the fulfilment of the functions and competences contained in this article.

5. The Generalitat, in exercising its powers in matters of health and social security, shall guarantee the democratic participation of all interested parties, as well as of workers' unions and employers' associations under the terms established by law.

6. The Generalitat shall guarantee the rights of citizens to know the medical treatments to which they will be subjected, their possible consequences and risks, and to give their approval to those treatments prior to their application.

7. The Generalitat will ensure that research by means of people complies with

the provisions agreed in the European Convention on Human Rights and Biomedicine.

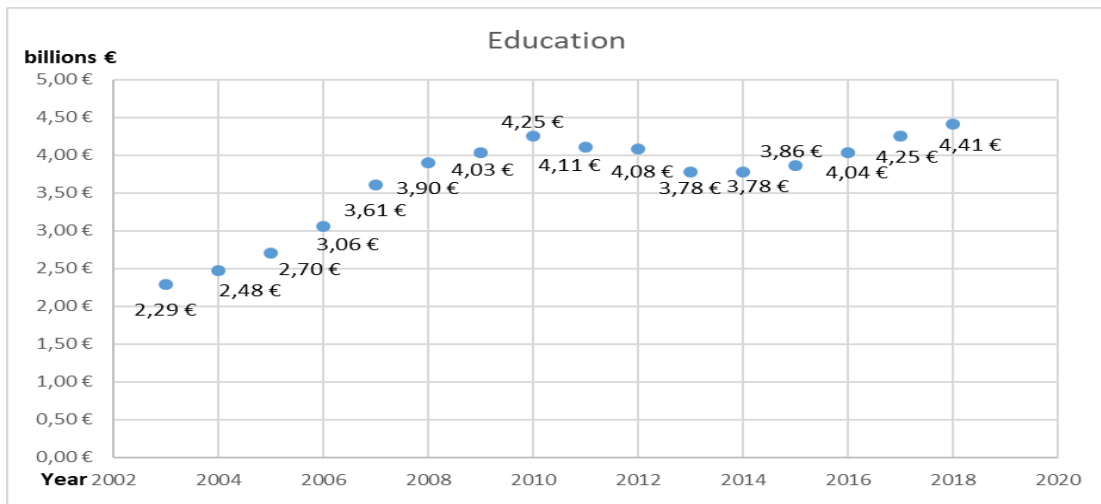
The competences in the field of education and health will be explained in greater detail: *"The Generalitat will also participate in the management of the national public economic sector, in the cases and activities in which it may be appropriate"*. (Congress of Deputies, 2003). In addition to the expenditure allocated to each item in the regional budgets from 2003 to 2018, each subsection of the items is taken into account.

A. Investment in education

In good times when the economy was sustainable and revenues covered most of the deficit, the public administrations of the Autonomous Communities increased the provision in education, which is reflected during the period from 2003 to 2010. This does not mean that during the last years of that period the economy was no longer in imbalance. On the contrary, due to the increase in investment during previous years, the Autonomous Communities could not sustain their continuity and increased to a lesser extent until the figures could be reduced as it was limited by the basic regulations. Once the economic crisis entered, changes were made to the legislation that allowed the Autonomous Communities to reduce investment in the education system, bearing in mind that the increase in investment had not produced an improvement in academic results.

Although observing graph 4, the contrast in budgetary deviations is quite significant given that the variation in the amount with which education is allocated in the Comunidad Valenciana almost reach five hundred million euros. Therefore, if we compare Figure 6, which compares the variation in the increase in education with the total invested in budgets, we see a great difference in the moment that the deviations are suffered for the budgets allocated to education.

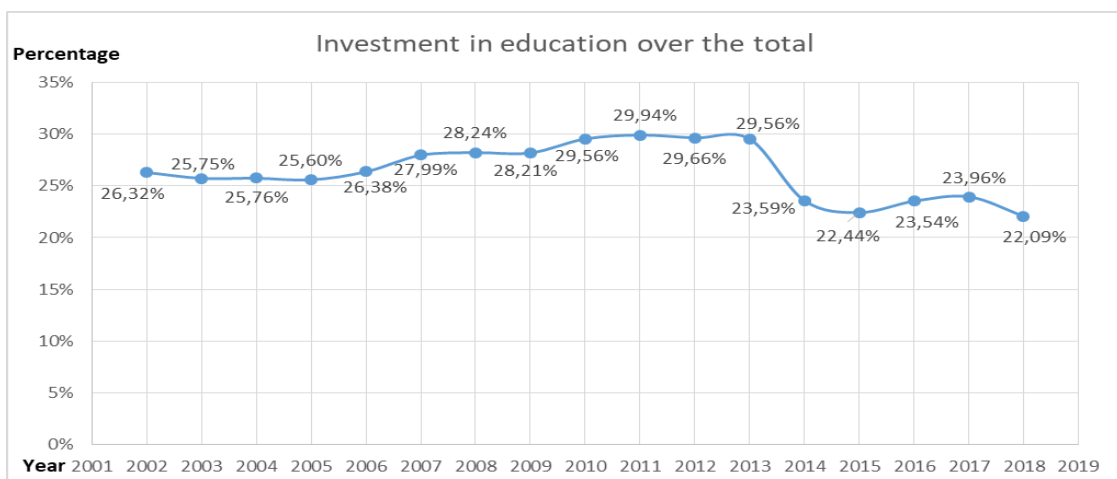
Graph 4 Amount Given To Education In The Budgets Of Comunidad Valenciana



Source Own elaboration based on data provided by Hisenda GVA.

Comparing the variation of the total amount invested in the budgets of Comunidad Valenciana with the amount received by each item seems to be that the increase is not proportional in all items. In the heading of Education it can be observed that the investment in this over the total oscillates from 2003 to 2013 on 25.50% and 30% of the total, an oscillation of 5% in ten years. However, in 2014 there is a fall in investment in education of almost 6% in just one year. This loss of power for education does not improve over the next four years, and it no longer reaches the level of investment that was in 2002 over the total budgets.

Graph 5 Percentage invested in Education over the total budget of the G.V.



Source Own elaboration based on data provided by Hisenda GVA.

This decrease in the budgets is due to the modifications in the budgets, being reinforced by new laws of the parties that at the time were in the government.

In 2013, the Organic Law for the Improvement of Educational Quality, better known as LOMCE, was approved, in which the ratio of students per classroom is modified. This ratio increases by an average of 10%. Education sets a minimum price for enrolment that each autonomous community can raise enrolment fees. In addition to tightening the requirements for obtaining a scholarship or the reduction of aid for school material, transport or canteen scholarships, this law added to the decrease in the budget for education provokes demonstrations, not only in the Comunidad Valenciana but in all of Spain the discontent of the population is felt. The daily El País highlights the strike called in Valencia on May 9, 2013, in which they demand the unconstitutionality of the Organic Law for the Improvement of the Quality of Education and against budget cuts in the education sector.

≡ **EL PAÍS**

La escuela pública convoca huelga general para el 9 de mayo

La Plataforma Estatal por la Escuela Pública llama a paros a docentes, alumnos y padres en todas las etapas de la enseñanza contra los recortes y la reforma educativa y universitaria

Source News of El País Newspaper



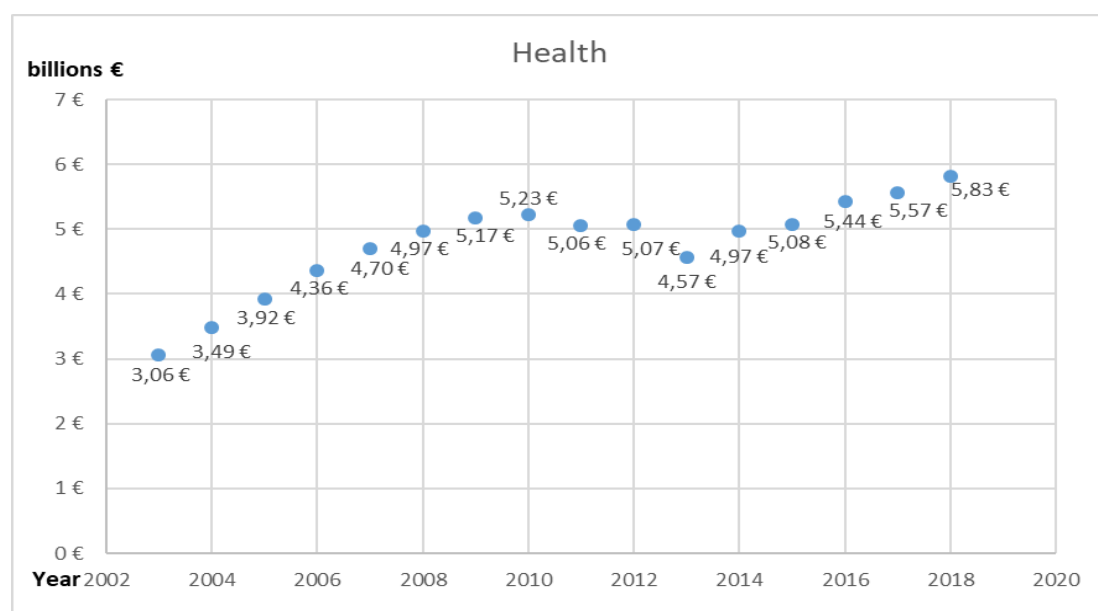
Manifestación de interinos contra los recortes en Valencia en marzo. EUROPA PRESS

These marches against the decrease in budgets in the item of education came to be known as *green tide* by the momentum of an association that created a green t-shirt with the logo "Public school of all, for all", as you can see in the image above.

B. Investment in health

As a consequence of the international financial and economic crisis in recent years, the debt of the health system has increased. In order to make the health system sustainable, reforms were approved that rationalized health spending and introduced budgetary discipline - this is the *National Health System Reform. National Reform Budget 2012*. This leads to a decrease in investment in health. From 2010 onwards, budgetary investment in health decreases, a total of 0.66 billion euros until 2013. From 2014 onwards, budgets increase again to higher levels than they were in 2010.

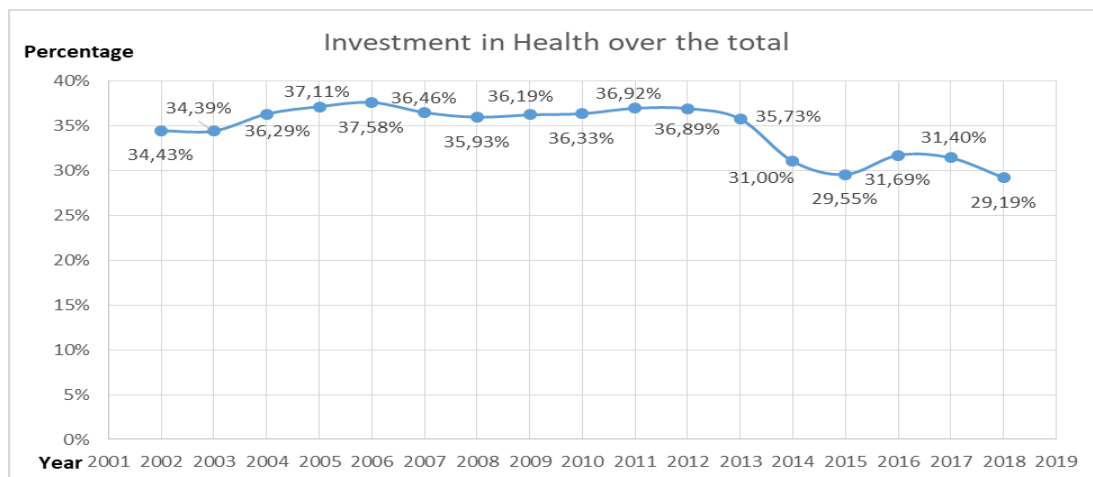
Graph 6 Budgetary Investment in Health in Comunidad Valenciana



Source Own elaboration based on data provided by Hisenda GVA.

If graph 6 and 7 are compared, it can be seen that the deviation in the budgets is different from one another. This is due to the fact that the total of the budgets has increased more in comparison with the amount received by each item. It seems that the increase is not proportional in all items. In the heading of Health, it can be observed that investment in Health over the total ranges from 2003 to 2013 on 34% to 37% of the total, an oscillation of 7% in ten years. However, in 2014 there is a fall in investment in health of almost 5% in just one year. This loss of power does not improve over the next four years, as it does not return to the level of investment that it was in 2002 over the total budgets. This does not mean that the amount budgeted for health does not increase; but the growth observed in the budget is not observed in the items of health in the same proportion and it is not in line with expectations.

Graph 7 Percentage of Investment in Health over the Total of the Budgets of the G.V.



Source Own elaboration based on data provided by Hisenda GVA.

In the Comunidad Valenciana the citizens begin to mobilize against the decrease in the investment of the budgets in health. General strikes are summoned against these cuts and asking that the health not be privatized. Many citizens are sensitive to these privatizations, as with the administrative concession of some public centers to private companies as it was carried out in the Comunidad Valenciana with the intention of following the "Alzira model".

The Alzira model consists of a private company in charge of building and managing health facilities, hiring professionals who are not public employees, all this in exchange for an annual fee paid by Comunidad Valenciana, and citizens must continue to receive care free of charge. This model affects the jobs of public employees, as these new jobs will not be created.

≡ EL PAÍS

COMUNIDAD VALENCIANA

ANDALUCÍA CATALUÑA C. VALENCIANA GALICIA MADRID PAÍS VASCO MÁS COMUNIDADES TITULARES »

La 'marea blanca' clama en Valencia por una sanidad pública sin recortes

Los sindicatos ponen de manifiesto su preocupación por las privatizaciones que se llevan a cabo en la sanidad madrileña

Source Noticia del Periódico El País



Los participantes en la manifestación en defensa de la sanidad pública celebrada este domingo en Valencia. JOSÉ JORDÁN

C. Breakdown of budget variances within each section

Next, the sections of the different expenditure items will be analyzed in depth. For education, primary education, secondary education, university and higher studies will be analyzed, and finally research, technological development and innovation; in health, drug addiction, health care, external benefits, mental health, medium and long-stay health care and, finally, pharmaceutical benefits will be analyzed.

Table 2 shows the budgetary changes of each section of the education item. The section with the highest amount is secondary education with an amount of 967.69 million euros in 2003. This amount is very similar for the primary education section. However, the university obtains a lower amount of 378.31 million euros in 2003, bearing in mind that not all students who finish their compulsory studies continue to study at university or higher studies, but many of them go directly into working life. The amount received by the Research, Technological Development and Innovation section is much lower, around 29 million euros in 2003.

Observing the data in the table, different deviations are detected for each section. Not in all sections, the amount granted on the same date decreases, taking as an example the year 2008, the only section that registers a decrease is R+D+I, the rest continue to increase. This is logical in a certain way since the country was going through a complicated economic situation and the budgetary law does not allow decreasing the amount granted in education. Until 2009, when this law was modified in order to be able to reduce the amount granted, the amount received in the primary and

secondary education section did not decrease, but rather the increase was not so significant. However, in the university and higher studies section the amount decreased in 2009 with respect to the previous year.

Table 2 Analyzed Sections of the Education Line of the G.V. Budgets

	2003	2004	2005	2006	2007	2008	2009	2010
Primary Education	918152,78	1000414,66	1058194,57	1148844,58	1338621,6	1457534,7	1547163,92	1565820,91
Secondary Education	967691,53	1048039,29	1160438,66	1292025,43	1499393,53	1638386,43	1708708,44	1732965,86
University and Higher education	378307,81	396137,55	452756,43	586917,29	734457,71	775114,37	742883,13	925486,08
R + D + I	29385,42	31890,75	30412,87	33160,38	36043,03	33659,31	30921,58	30496,34

	2011	2012	2013	2014	2015	2016	2017	2018
Primary Education	1521511,83	1561389,84	1483704,34	1493612,96	1516592,13	1584353,07	1636727,07	1997574,05
Secondary Education	1642557,48	1663622,63	1527317,11	1534720,4	1588457,94	1652174,08	1709474,05	1560981,78
University and Higher education	912519,78	826504,33	743233,94	731280,5	729658,02	772824,11	868202,72	804444,53
R + D + I	29017,58	28704,65	24618,08	23372,59	22878,51	28621,52	32072,98	44537,13

Source Own elaboration based on data provided by Hisenda GVA Numbers are represented in thousand euros.

Table 3 shows the budgetary changes of each section of the health item. The most significant amounts in this item are health care with an amount of 1,831,943,520 euros in 2003 and pharmaceutical benefits with an amount of 758,925,670 euros in 2003, with significantly lower amounts is observed drug addiction that in 2003 had no amount, external benefits with an amount of 248,597,570 euros and mental health, medium/long stay health care with an amount of 32,056,230 euros.

Observing the data in table 3, different deviations are detected for each section, not in all the sections. The amount granted on the same date decreases, taking 2008 as an example, the only section that registers a decrease are the external services that reduce their amount by 111,386,800 euros. In the following years the oscillation in the different sections is very varied, it will be possible to verify in the later graphs.

Table 3 Analyzed Sections of the Health Item of the G.V. Budgets

	2003	2004	2005	2006	2007	2008	2009	2010
Drug addiction	0	13027,12	14733,45	14950,05	15253,17	15625,71	15431,87	15433,55
Healthcare	1.831.943,52	1.972.449,78	2.343.180,41	2.598.796,68	2.857.944,63	3.207.958,89	3.418.404,34	3.612.622,61
External benefits	248.597,57	266.391,27	304.211,01	376.268,31	405.176,80	293.790,00	299.045,00	299.000,00
Mental health, medium/long health care stay	32056,23	34458,27	38703,67	56684,91	59319,38	65918,44	65923,08	69178,86
Pharmaceutical benefits	758625,67	790270,8	789986,85	869357,84	1022668,17	1117692,87	1169548,78	1174369,21

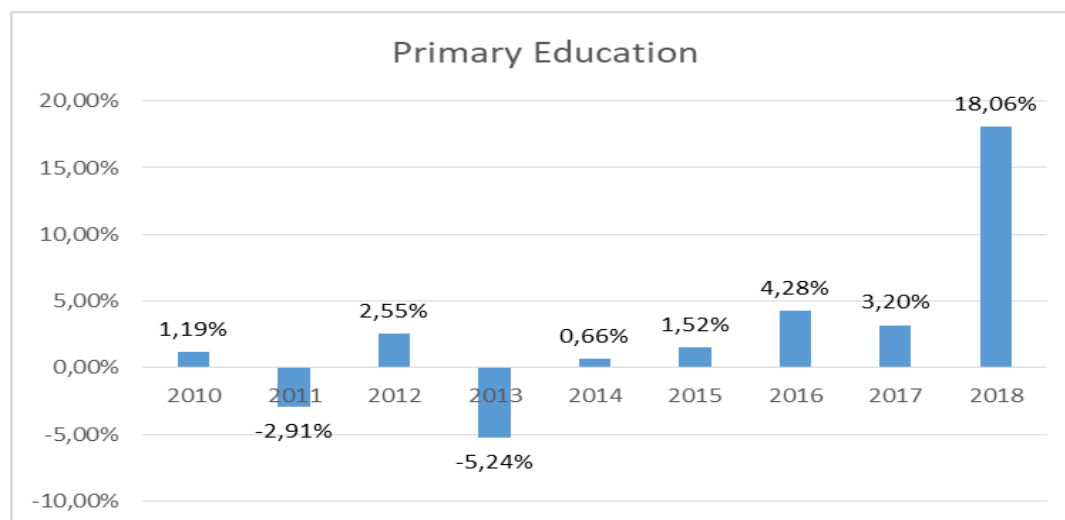
	2011	2012	2013	2014	2015	2016	2017	2018
Drug addiction	14797,63	12566,65	11663,55	12544,92	12515,3	12442,08	11680,59	12091,25
Healthcare	3.527.228,01	3.558.117,39	3.452.342,30	3.792.968,84	3.901.190,22	4.095.136,73	4.048.510,57	4.234.191,62
External benefits	271727	259270	206270	207600	207600	248000	248000	281950
Mental health, medium/long health care stay	76075,12	75670,85	71220,56	72895,94	74752,04	77174,53	76140,67	77273,85
Pharmaceutical benefits	1173458,37	1169133,98	826694,46	884799,13	884805,34	1003939,36	1181186,99	1220096,75

Source Own elaboration based on data provided by Hisenda GVA. Numbers represent 1,000 euros.

The following graphs analyze the variations for a certain time range, from 2010 to 2018, where the most significant deviations are found.

Graph 8 shows the variation in budgets for the primary education section, where it is not until 2011 that the amount is affected for the first time, because education was protected under certain laws that were later modified. And although this item in 2012 has a positive variation the following year suffers a more significant percentage fall. From 2014 the variation begins to recover and to obtain positive amounts although in 2018 the percentage variation is undoubtedly the most outstanding with 18.06%. This is due to the fact that in the 2018 annual budgets a law comes into force whereby primary schools with fibrocement must be rebuilt since this must be eliminated (amendment number 607), so that although the total budgeted for education increases, a greater amount must be distributed for primary education, so that the other items will be affected, which can be seen in the graphs below.

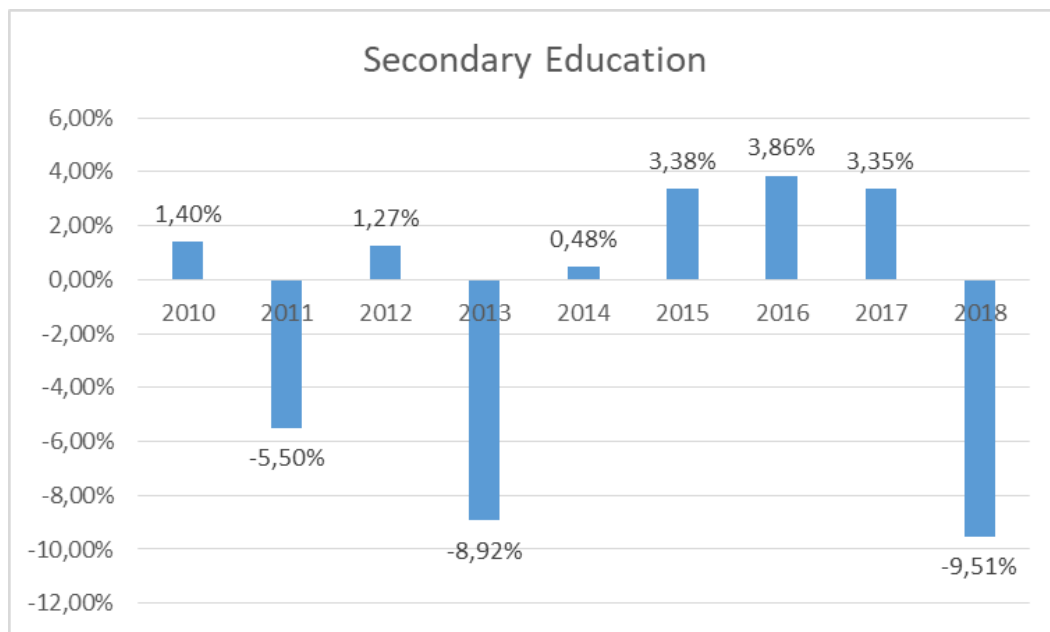
Graph 8 Variation in the Budgets for the Primary Education section, 2010-2018



Source Own elaboration based on data provided by Hisenda GVA.

Regarding secondary education, the percentage variation in the period analyzed is more significant. In 2010, the amount granted to secondary education was 1,732,965,860 euros, a figure that in subsequent years decreases by 5.50%. Although the following year the variation increases, the most significant fall is 8.92% in 2013, where it reaches an amount of 1,527,317,110 euros. From 2014 onwards, the variation begins to increase. Although in the following years the amount increases it is not until 2017 that it reaches the levels of investment it had previously, even so in 2018 the amount is again reduced by 9.51%. Alike in the Primary Education item, it is due, as mentioned above, to the readjustment within education so that primary education centers can be rebuilt.

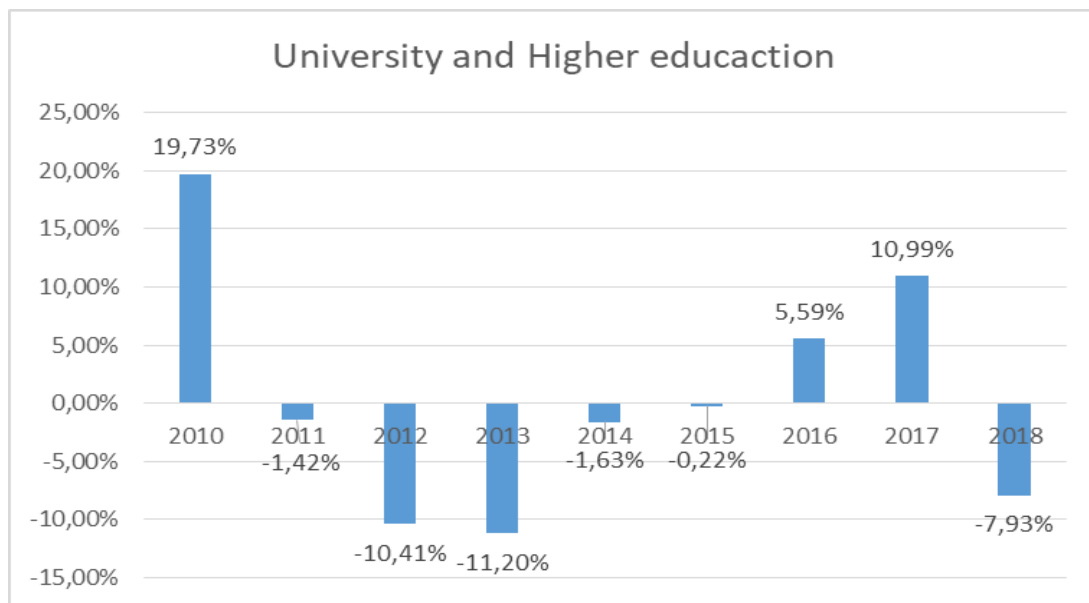
Graph 9 Variation in the Budgets for the Secondary Education section, 2010-2018



Source Own elaboration based on data provided by Hisenda GVA.

However, in the section of university and higher education the variation is very different. Although the amounts are lower for this given that in 2010 the increase is 19.73%, the decreases in the amount you get is not as significant for 2011. On the other hand, the 2012 fall means that it is back around the level of income before the 2010 increase. Adding the following decreases in the coming years, 11.2%, 1.63% and 0.22%. In 2016 the variation increases again bringing a little stability to the budget, but the instability of 2018 causes them to fall again. In this section, the same thing happens as in secondary education, the amount that has decreased is directed towards primary education.

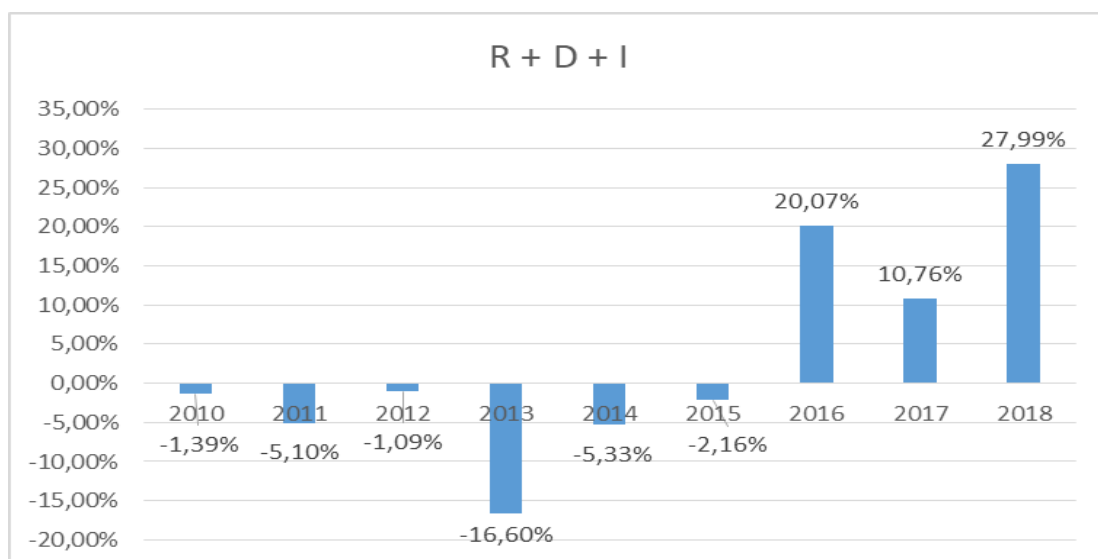
Graph 10 Variation in the Budgets for the University and Higher Studies section, 2010-2018



Source Own elaboration based on data provided by Hisenda GVA.

The section that has suffered the most consecutive negative variation has been that of Research, Technological Development and Innovation. This section is provided with an amount of 30,496,340 euros in 2010. This amount is decreasing annually: in 2011 by 5.10%; in 2012 by 1.09%; the largest fall was in 2013 to 16.6% that in figures means 4,086,570 euros, until reaching in 2015 an amount of 22,878,510 euros. Compared to the other sections, this is the only one that increases every year from 2016 onwards, even in 2018, reaching an amount of 44,537,130 euros.

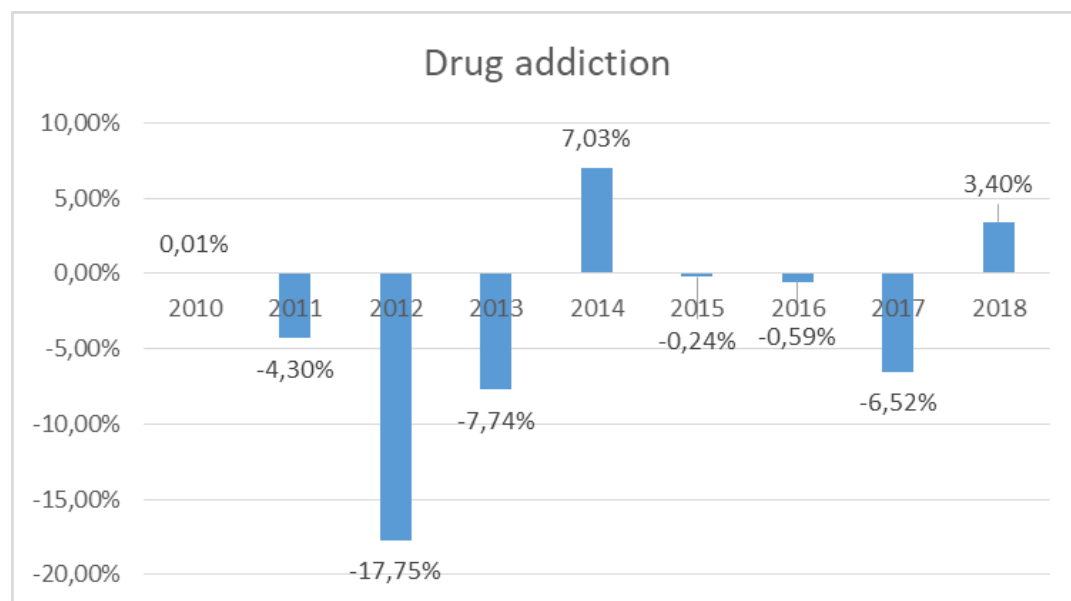
Graph 11 Variation in the Budgets for the R + D + I section, 2010-2018



Source Own elaboration based on data provided by Hisenda GVA.

Moving to the item budgets within the health expenditures, we start by the drug addiction section. It is the one that receives the least amount, and even so, the increases made in this section are not significant, as can be seen in graph 13, which increased by 0.01% in 2010. In 2011, it decreases by 4.3%, in 2012 the variation is much more pronounced reaching 17.75%, continuing with 7.74% in 2013. However in 2014 the amount increases, but falls again in 2015 until 2018 where the variation is positive reaching 12,091,250 euros.

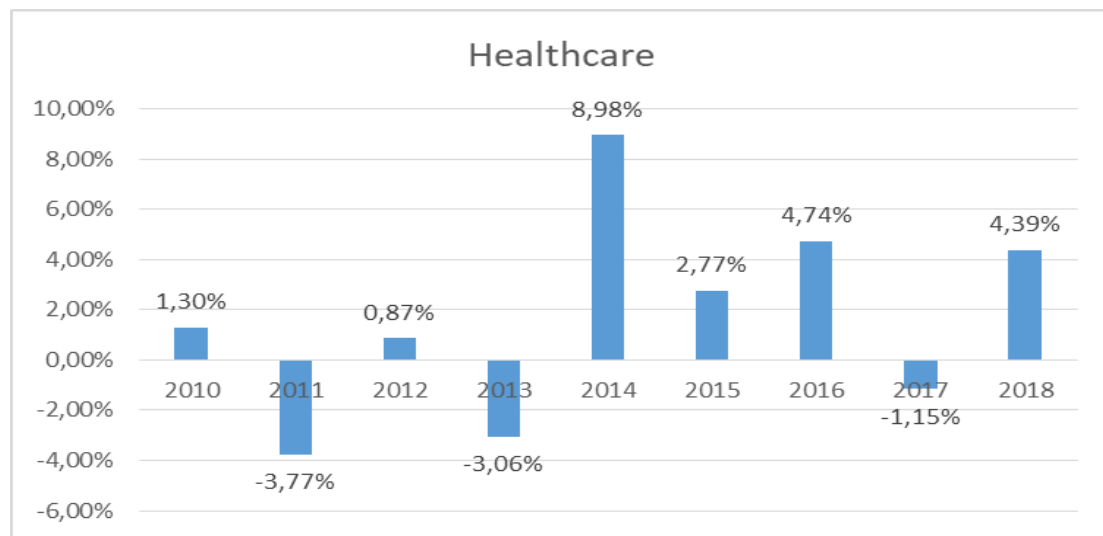
Graph 12 Variation in the Budgets for the Drug Addiction Section, 2010-2018



Source Own elaboration based on data provided by Hisenda GVA.

As for health care, it is the section of the item of health care that receives more amount. In 2010, the increase of 1.30% makes it reach 3,612,622,610 euros. From 2011 to 2013 the variation is negative reaching 3.06% in the last year. This decrease in budgets for health care had a great impact on society in Valencia, causing demonstrations against the cuts, which had a positive response causing the increase in the budget as can be seen in the graph, 4,234,191,620, except for 2017, although the negative variation is not very noticeable at 1.15%.

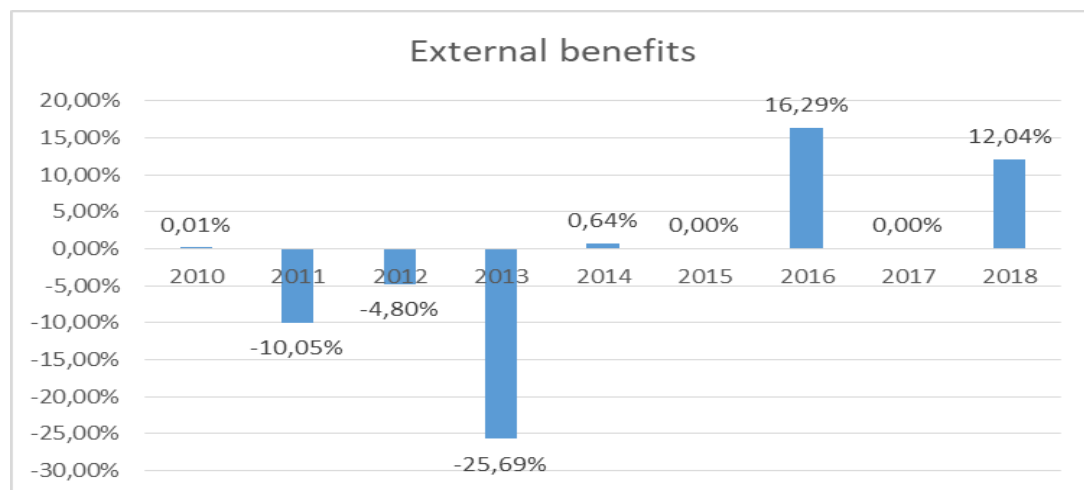
Graph 13 Variation in Budgets for the Health Care Section, 2010-2018



Source Own elaboration based on data provided by Hisenda GVA.

However, for the external services section the same thing happens as in the drug addiction section. In 2010, it increases its variation by 0.01%: from 2011 onwards it decreases considerably by 10.05%, 4.8% and in 2013 25.69% going from 299,000,000 euros in 2010 to 206,270,000 euros in 2013. In 2014, the variation increases 0.64% but in 2015 and 2017 it does not change. It does so in 2016 with 16.29% and 2018 with 12.04%.

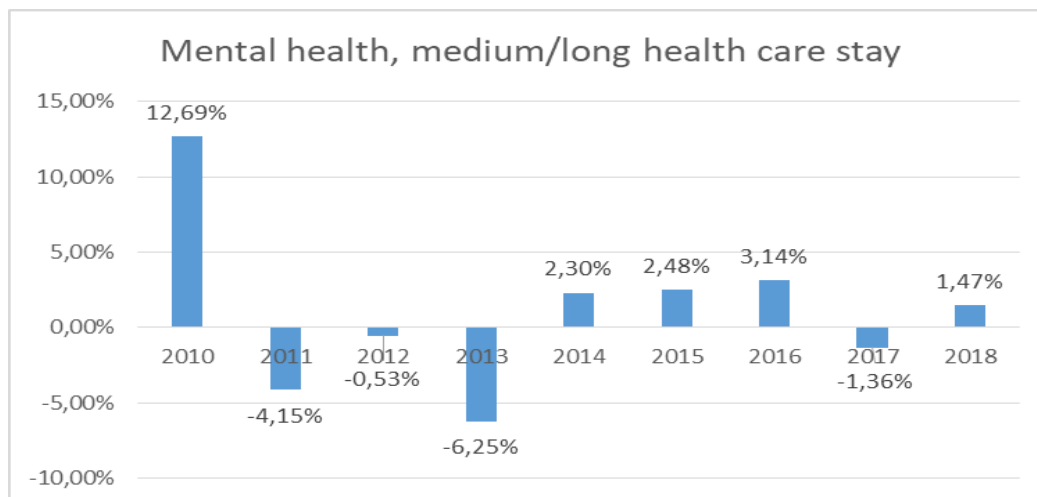
Graph 14 Variation in the Budgets for the External Benefits section, 2010-2018



Source Own elaboration based on data provided by Hisenda GVA.

On the other hand, in the section on mental health, medium and long-stay health care, the most notable increase is in 2010, with 12.69% in subsequent years. This increase is reduced until 2013, when the percentage is 6.25%, and from then on investment increases again consecutively, reaching 3.14% in 2015. However, there was a negative variation of 1.36% in 2017 and a positive variation in 2018.

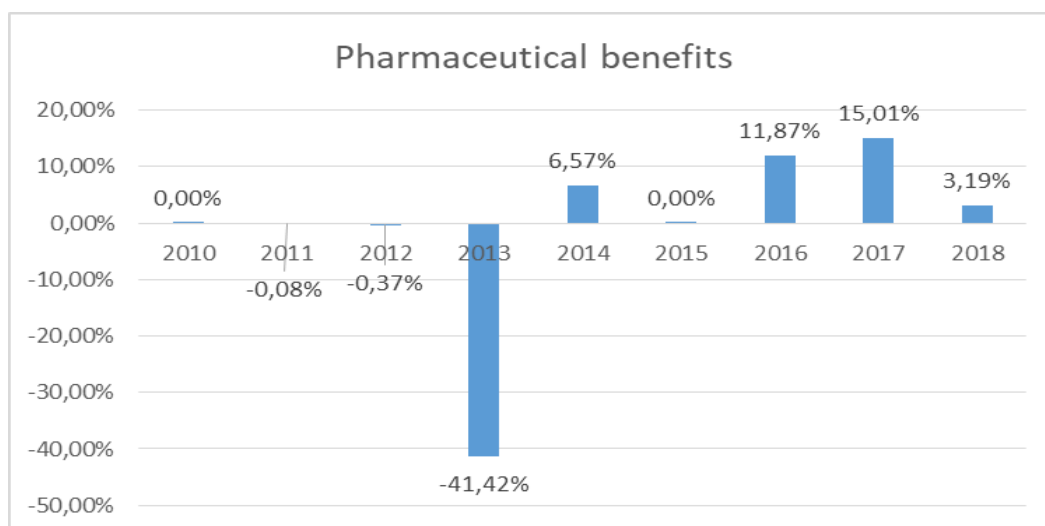
Graph 15 Variation in the Budgets for the Mental Health, Medium and Long-Stay Health Care section, 2010-2018



Source Own elaboration based on data provided by Hisenda GVA.

Finally, the section on pharmaceutical benefits shows that in 2010 there is no variation, and in 2011 and 2012 it is not very significant although it begins to decrease but in 2013 the reduction reaches 41.42%, which means a decrease of 342,439,520 euros. This is when contributions began to be made for a part of the price of drugs when they were purchased in pharmacies, the so-called copayment. From 2014 onwards the variation is again positive except in 2015 when there is no variation and the amount received by pharmaceutical benefits reaches 1,220,096,750 euros in 2018.

Graph 16 Variation in the Budgets for the Pharmaceutical Benefits section, 2010-2018



Source Own elaboration based on data provided by Hisenda GVA.

6. Conclusion

In this study we analyse the evolution of the education and health expenditures in Comunidad Valenciana from 2003 to 2018. To do so, we collect data on total income and the main budget items of the education (primary education, secondary education, university and higher studies and research and development) and health (drug addiction, healthcare, external benefits, medium-long health care and pharmaceutical benefits) expenditures using the official budget published by the Ministry of Finance of Comunidad Valenciana.

The items that contribute to the income of the budgets of the Comunidad Valenciana have undergone a radical change in the last ten years due to the crisis that was going through. At the beginning of the study it was observed that the budgetary income was financed with taxes and transfers of the state, but from 2008 it begins to observe that the budgets do not cover the expenses corresponding to the public services. As regards the financing of income, more than half of this comes from financial liabilities, which means that the Comunidad Valenciana is spending a greater amount on budgets than it is capable of generating or obtaining through tax revenues, transfers from the state or public administrations and transfers from abroad, even though the latter are only used for R&D&I purposes.

As for the expenditure of the budgets on health and education during this period is very varied. If we compare the variation of the total of the budgets granted to Comunidad Valenciana with these two items we see that the amounts from 2003 to 2010 begins to decrease until 2013 and in 2014 begin again to increase the budgets until today. However, the variation is different: although the total of the budgets increases, the items of education and health do not notice this increase in proportion to the relative weights they had before. It is in 2014 when the budget of Comunidad Valenciana begins to increase after a period of recession and the increase in the health and education items are smaller. As for the item that has suffered the most negative repercussions has been health: the sections of this item have suffered falls in budgets of up to 41.42% compared to the amount obtained in previous years as in the case of pharmaceutical benefits in 2011; are also greatly affected the section of external benefits in 2013 falls 25.69% and drug dependence in 2012 17.75%. With regard to education, the items most affected are R&D&I with the greatest fall in 2013 of 16.6%, university and higher education in 2013 with falls of 11.20% and secondary education in 2018 there is the most significant fall of 9.51%.

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Annex I.- Laws that regulate the budget of G.V between 2003-2018

It is worth noting the laws that regulate the budgets of Comunidad Valenciana in the period under analysis:

- Law 10/2001, of 27 December, on Budgets of Comunidad Valenciana for the financial year 2002;
- Law 12/2002, of 27 December, on Budgets of Comunidad Valenciana for the financial year 2003;
- Law 17/2003, of 30 December, on Budgets of Comunidad Valenciana for the financial year 2004. 2003/13937];
- Law 14/2004, of 29 December, on the Budgets of Comunidad Valenciana for 2005. 2004/13605];
- Law 15/2005, of 26 December, of the Generalitat of budgets of the Generalitat for the 2006 financial year. 2005/14572];
- Law 11/2006, of 27 December, on the Budgets of the Generalitat for 2007. 2006/15536];
- Correction of errors in Law 15/2007, of 27 December, of the Generalitat, on Budgets for 2008. 2008/1196];
- Law 17/2008, of 29 December, on Budgets of the Generalitat for 2009. 2008/15079];
- CORRECTION of errors in Law 13/2009, of 29 December, on the Budgets of the Generalitat for 2010. 2010/1194];
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- Law 11/2015, of 29 December, on the Budgets of the Generalitat for the financial year 2016. 2015/10478];
- Law 14/2016, of 30 December, on the Budgets of the Generalitat for the financial year 2017.
- Last law in force for the preparation of the budgets of Comunidad Valenciana,

Law 22/2017, of 29 December, on the budgets of the Generalitat for the financial year 2018. [2017/11990]

Annex II.- Full set of competences delegated to Comunitat Valenciana according to the Statute of Autonomy

Statute of Autonomy of the Comunidad Valenciana, Title IV. The Competitions.

1) The Generalitat has exclusive competence over the following matters: 1st Organization of its institutions of self-government, within the framework of this Statute. 2^a Conservation, development and modification of Valencian foral civil law. 3^a Procedural rules and administrative procedure derived from the particularities of Valencian substantive law or from the specialties of the organization of the Generalitat. 4th Culture. 5th Historical, artistic, monumental, architectural, archaeological and scientific heritage, without prejudice to the provisions of number 28 of section 1 of article 149 of the Spanish Constitution. 6th Archives, libraries, museums, newspaper libraries and other deposit centers that are not state-owned. Conservatories of music and dance, drama centers and fine arts services of interest to the Valencia Region. 7th Research, Academies whose main field of action is the Valencia Region. Promotion and development, within the framework of its scientific-technological policy, of R&D&I, without prejudice to the provisions of number 15 of section 1) of article 149 of the Spanish Constitution. 8th Local Regime, without prejudice to the provisions of number 18 of section 1 of article 149 of the Spanish Constitution. Alterations of municipal terms and homonyms. 9th Territorial and coastal planning, town planning and housing. 10th Mountains, forest uses and services, livestock routes and pastures, protected natural spaces and special treatment of mountain areas, in accordance with the provisions of number 23 of section 1 of article 149 of the Spanish Constitution. 11th Hygiene. 12th Tourism. 13th Public works that do not have the legal qualification of general interest of the State or whose execution does not affect another Autonomous Community. 14 Roads and paths whose itinerary runs entirely within the territory of the Comunidad Valenciana. 15) Railways, land, sea, river and cable transport: ports, airports, heliports and meteorological service of the Valencia Region, without prejudice to the provisions of numbers 20 and 21 of section 1) of article 149 of the Spanish Constitution. Recruitment centers and freight terminals in the field of transport. 16) Hydraulic developments, canals and irrigation, when the waters flow entirely within the territory of the Comunidad Valenciana, facilities for production, distribution and transport of energy, provided

that this transport does not leave its territory and its use does not affect another Autonomous Community; mineral, thermal and groundwater. All this without prejudice to what is established in number 25 of paragraph 1) of article 149 of the Spanish Constitution. 17^a Inland water fishing, shell fishing, aquaculture, hunting and fishing in rivers and lakes. Fishermen's guilds. 18th Handicraft. 19^a Ordination pharmaceutical, without prejudice to the provisions of number 16 of section 1) of article 149 of the Spanish Constitution. 20th Establishment and organization of centers for the contracting of goods and securities, in accordance with mercantile legislation. 21st Cooperatives, posits and mutualism not integrated into the Social Security system, respecting mercantile legislation. 22nd Professional Associations and exercise of the professions, without prejudice to the provisions of Articles 36 and 139 of the Spanish Constitution. 23rd Foundations and associations of an educational, cultural, artistic and charitable nature, of social volunteering and the like, whose main sphere of action is the Valencia Region. 24th Social Services. 25th Youth. 26th Promotion of women. 27th Public institutions for the protection and support of minors, young people, migrants, the elderly, persons with disabilities and other groups or sectors in need of special protection, including the establishment of protection, reintegration and rehabilitation centers. 28th Sports and Leisure. 29^a Publicity, without prejudice to the rules dictated by the State for specific sectors and media. 30th Shows. 31st Casinos, gambling and betting, excluding Mutual Charitable Sports Betting. 32nd Statistic of interest of the Generalitat. 33rd Chambers of Property, Chambers of Commerce, Industry and Navigation, Agrarian Chambers, without prejudice to the provisions of number 10 of paragraph 1) of article 149 of the Spanish Constitution. 34th Public and Territorial Cooperative Credit Institutions and Savings Banks, in accordance with basic State legislation. 35th Domestic trade, consumer and user protection, without prejudice to general pricing policy, free movement of goods, competition law and State law. 36 Administration of justice, without prejudice to the provisions of the legislation implementing article 149.1.5 of the Constitution.

2. The Generalitat has exclusive competence over those other matters that this Statute expressly attributes as exclusive and those that are transferred by the State with this nature and by means of Organic Law.

3. The Generalitat also has exclusive competence, without prejudice to the provisions of Article 149 of the Constitution and, where appropriate, the bases and organization of the general economic activity of the State, over the following

matters: 1. ^a Defense against fraud and agri-food quality and safety. 2. ^a Agricultural processing companies. 3. ^a Agriculture, agrarian reform and development, and livestock. 4. ^a Agricultural health. 5. ^a Functions and services of the Social Security in the field of health care of the Social Institute of the Navy. 6. ^a Nautical-sports and underwater-sports education. 7. ^a Enseñanza profesional náutica-pesquera. 8. ^a Management of public service functions of state employment in the field of work, occupation and training. 9. ^a Educational, welfare and social services, occupation and vocational occupational training of sea workers, entrusted to the Social Institute of the Navy. 10. ^a Insurance mediators. 11. ^a Second and third category radioactive facilities. 12. ^a Architectural heritage, quality control in building and housing. 13. ^a Professional diving. 14. ^a Civil protection and public safety. 15. ^a Denominations of origin and other indications of quality, including the legal status of their creation and operation; the recognition of designations or indications, as well as the approval of their basic rules and all administrative powers of management and control over the performance of designations or indications. 16. ^a Regime of new technologies related to the information and knowledge society.

4. The Generalitat also has exclusive competence for the development and implementation of European Union legislation in the Valencia Region, in those matters that fall within its competence.