

CURRENT TRENDS IN FINANCING SPORT AT MUNICIPAL LEVEL IN THE CZECH REPUBLIC

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Aim of the abstract

The aim of the paper is to present the trends of financing sports activities in municipalities in the Czech Republic, which increasingly rely on controlled development of own sports infrastructure. A partial objective is an analysis of the causes and future implications of municipality-owned sports infrastructure.

Background

According to the results of a research study performed in the Czech Republic (www.projektimpala.cz), any provision of local sports infrastructure legally subject to regions and municipalities is spontaneous with the absence of regulative and normative mechanisms for conceptual and systematic provision. The result is spontaneous development of sports infrastructure that has not only economic but also externality implications.

Methods

Based on the current categorization of municipal budgets and analyses of financial flows in sports promotion, methods allowing to monitor the development of 'institutional' and 'non-institutional' sports promotion were produced in a constructivist way (quality-based research) in order to identify the implications of the proportion of institutional and non-institutional sports promotion for municipal budgets. This methodical concept was verified on case studies of three municipalities in the Czech Republic: Olomouc (A), Mladá Boleslav (B) and Němčice na Hané (local municipality C).

Results

The system of covering municipal needs for sports products is ensured in different ways as shown by indexes I_I (institutional promotion index), I_{NO} (non-institutional promotion index) and I_{NGP} (non-grant policy index). While Municipality A relies on an institutional form of sports promotion, to which about 83 – 87% of sports funding is allocated ($I_I = 0.83 - 0.87$), Municipality B maintains a balance between institutional and non-institutional promotion: $I_I = 0.35 - 0.65$ and $I_{NO} = 0.37 - 0.65$ %. Municipality C predominantly focuses on an institutional form of promotion: $I_I = 0.72 - 0.95$. Given a high proportion of non-institutional sports promotion ($I_{NO} = 0.37 - 0.65$), municipalities have a higher degree of expenditure flexibility and can, therefore, not only react more flexibly to current needs through grant programmes, but also respond to a possible decrease in expenditures by immediately limiting grant programmes (e.g. in 2010, Municipality B). As a rule, municipalities with a predominant proportion of expenditures allocated to sport through institutional promotion ($I_I > 0.7$) report, apart from a low degree of non-institutional promotion, a high level of grant policy ($I_{NGP} > 0.5$). Municipalities with $I_I > 0.7$ apply non-institutional sports promotion only as a complement to overall sports promotion ($I_{NO} = 0.05 - 0.28$).

Conclusions

Grant support is not evaluated according to aliquot cost-utility methods and does not have an established tradition in CEE countries; therefore, municipalities use it in a limited extent, which leads to a low proportion of non-institutional sports promotion ($I_{NO} < 0.3$).

If municipalities report $I_I > 0.7$, higher operating costs are fixed in the budgets, which, during the periods of tight budgets, results in a burdensome ('mandatory') expense with implications in the area of the development and financing of sport.

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