

Allocation of Public Funds from The State Budget to The National Sports Associations in Slovakia

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Abstract

National sports associations in Slovakia are the umbrella organizations for individual types of sports and help achieve the objectives of public policies in the field of sports. In the Slovak Republic, these sports organizations are predominantly funded from public funds. This paper focuses on the system of financing of national sports associations in the Slovak Republic according to the rules laid down by the new law on sports in 2016. The aim of the paper is to identify the main changes in the methodology of financing national sports associations in the Slovak Republic and redistribution of public resources. Based on an interview with a selected group of experts in the field of sports in Slovakia and analysis of empirical data, changes in the methodology of financing national sports associations were identified. In conclusion, it could be said that the new system of financing national sports associations following the adoption of the new law on sport is not only not fairer from the point of view of the redistribution of public funds, but also poses fundamental implementation problems.

Keywords

National Sports Associations, Recognized Sports, Public Funds, Contributions to Recognized Sports, Share of Recognized Sports, Financial Brake System

JEL Classification

H41, H51, I18

Introduction

Sport and its economic aspects and impacts are still poorly understood and unexplored field of knowledge. Fitzel (2006) states that the economy of sport is becoming an increasingly attractive and respected industry. The professional public has also started to pay attention to the outputs of the field. In Slovakia, but also in many other countries, the primary and decisive source of income of many sports organizations are public funds provided mainly from budgets of central government and local government as without these it is not possible to ensure the implementation of sports activities, competitions but also operation of sports organizations themselves.

In the Slovak Republic, as of 1 January 2016, the basic legislative act regulating relations in sport is Act no. 440/2015 Coll. on Sport and on Amendments to Certain Acts, as amended (hereinafter referred to as the "Sports Act"), which regulates relations within the framework of sport and the wider sports community in a fundamentally new way. The Sports Act also significantly changed the financing of national sports associations, which are entities of the private non-profit sector, from public funds. Pursuant to the amended Sports Act, those are the national sports associations that participate in the fulfilment of the objectives of public policy in the field of sport. These are financed from public funds through transfer payments and other specific financing instruments outlined further in the paper.

The aim of the paper is to identify the main changes in the methodology of financing national sports associations in the Slovak Republic and to verify whether the new financing methodology brings a higher degree of fairness in the allocation of public resources and better motivates sports associations to meet the goals of state sports policy.

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Even though the research focuses on the situation only in one country, that does not mean that the paper will not have wider implications. The discussion on the appropriate way of allocating public resources for the non-profit sector in order to achieve the set public policy priorities is extremely broad (public-private-civil sector mix, co-creation - see e.g. Wettenhall, 2003, Siddiquee, 2011 and Voorberg et al, 2014). Mapping the pros and cons of the current model in Slovakia is one of the driving forces behind the research.

The paper is organized as follows. In the introduction, the paper presents the new system of financing national sports associations from public funds in Slovakia. It summarizes its main features, including the definition of conditions that must be met by national sports associations to obtain public funds. Subsequently, the method of providing public funds to national sports associations before and after the adoption of the new law on sports is explored. The core of the paper is an analysis of the benefits of the new system in terms of fair distribution. The final part of the paper summarizes the findings and presents policy recommendations.

Literature Review

In the submission report to the Act No. 440/2015 Coll. on Sport (adopted by the Slovak Republic in 2015) is stated that the effort of the new law is to increase transparency and a fairer redistribution of public funds to sports organizations (mainly to the national sport associations). The idea of fairness is the essential parts of sports movement and is represented by the term "sports integrity". Fair conditions for distribution of public funds should be also one of the main integral parts of sports public policies worldwide.

From the point of view of the criterion of justice, we note that Tóth (2008) perceives justice as the highest value criterion for assessing not only human behaviour but also the organization of social relations, institutions and entire legal systems. Capíková (2011) summarized the ideas of Greek thinkers Plato and Aristotle and considers justice to be the basic normative principle of coexistence of people in society and draws attention to Aristotle's *The Nicomachean Ethics*, in which Aristotle distinguishes between the legal (deeds in accordance with the law) ethical (assessment of law in terms of existing ideas of society), dividing (dividing for all according to the same principle) and balancing (if unjust inequalities have been caused by the distributive justice) form (or role) of justice.

For the purposes of this paper, a fair distribution of public funds will mean a funding methodology which, in addition to meeting the legal role (which inherently fulfils automatically), also fulfils the ethical form (fair distribution according to results achieved) and also distributive (same principle of distribution for all) and balancing form (if public funds have been redistributed unfairly).

The financing of sport in general from public funds is connected mainly with the allocation and partly also the redistributive function of public finances. Stiglitz (1989) describes the allocation function as a state's way of supporting the optimal allocation of scarce resources, as the state buys, produces and provides various goods and services outside the normal market environment. By financing the national sports associations - their activities and tasks that they perform in accordance with the Sports Act, the state aims to contribute to the development of positive externalities of sport - representation and promotion of the country, development of physical competencies, supporting healthy lifestyle and well-being of the population. Orviská, Caplanová and Hudson (2014) perceive the good health of the population as an important part of the overall well-being of the country's population. In this context, however, Montolio and Planells-Struse (2019) identify also significant negative externality of the most popular sport in the world - football, in particular crime committed by football hooligans or the so-called ultras. According to Hou and Liu (2020), the possible negative impact of the organization of sporting events on the environment should also be included among the negative externalities of sport.

Sport and national sports associations also perform selected tasks in the social field, for example organizing sports competitions for children and adults. In identifying the value of sport from the point of view of public policy, Brookes and Wiggan (2009) pointed out the need to perceive the financing of sport (and therefore also the financing of sports organisations) as the financing of the "higher good". Parnell et al. (2019) argue that public funds are an important tool in promoting social inclusion and the provision of conditions for the leisure activities of the population in terms of improving the quality of life of the population. Brown et al. (2016) use similar arguments and indicate that public sources allocated by state administration bodies is one of the possible ways of financing a sports organization.

In addition to arguments for co-financing sport from public funds, the researchers also point out that public funding of sport can lead to problems associated with several aspects found in the theory of public choice (e.g. Mueller, 2012 or Johnson et al., 2021). One of the results of such failures may be a situation where public funds dominate the structure of sports associations financing. Sam (2009) identifies the dependence of national sports associations on state subsidies and thus public funds as one of the main problems in the development of sport, especially due to the high dependence on the will of the current political representation.

One of the main tasks in public funding of sport is to achieve efficiency and effectiveness of public funds spent. One of the tools for fulfilling this goal is to set up allocation mechanisms so that public resources are allocated in a transparent, fair and motivating manner in accordance with the public interest. Murray Svidroňová, Mikušová

Meričková and Gondášová (2016) pointed out on the e-procurement as the example of a way how to possibly improve efficiency of the bureaucratic systems and achieve the efficiency and effectiveness. The issue of mechanisms for allocation public resources in sport was addressed by several authors - e.g. Andreff, 2009; De Carlos, Alen and Perez-Gonzales, 2017; Downward et al, 2019; Kassale, Winand and Robinson, 2018; King, 2009, Lowther et al, 2016; Mitchell, Steward and Spong, 2012 and Wilson, 2011; Škoric and Hodak, 2011; Groothuis and Rotthoff, 2016. The issue was also addressed by Czech and Slovak authors such as Pavlík and de Vries, 2013; Pavlík, 2013; Pavlík, 2015, Nemeč, Nemeč and Pavlík, 2014 and Novotný, 2011. The main issues of allocation of public resources identified by the authors may be summarized:

1. Identification and appreciation of the value of sport for the public.
2. Efficiency of the use of public funds in sport.
3. Fair and transparent distribution of public funds based on achieved results in sport.
4. High dependence of sports organisations on public funds

From the point of view of entities receiving state support, Wilson (2011) distinguishes 2 main types of sports organizations – profit-generating organizations, such as professional sports clubs and organizations that focus primarily on providing services to their members. Sports associations provide their members, which may be natural or legal persons, with services aimed mainly at organizing national and international competitions for their members, ensuring participation of their members in such events, while also carrying the know-how. Lowther et al. (2016) also see national sports associations, within the structure of top-down sports management, as entities that fulfil in particular the tasks of strategic management and sport administration.

The use of public funds to finance sport should be justified within the framework of sports policies at the national or international level. Malíková (2003) states that every government, at any level, should establish a certain hierarchy of social priorities and rank problems according to their significance and impact on the public. Fil'a and Juráňová (2015) draw attention to the often only declaratory nature of strategic documents of public policies, emphasizing the need to address the fulfilment of set goals.

Background: Act on Sports and Sports Associations

The basic legislative act regulating the field of sport in the Slovak Republic is Act no. 440/2015 Coll. on Sport and on Amendments to Certain Acts, as amended, which was adopted in 2015 with effect from 2016. Its next major amendment is currently being prepared, which should enter into force in 2022. Before the adoption of the new Sports Act, Act no. 1/2014 Coll. on the organization of public sports events and on the amendment of certain laws was in force.

Sports Act defined the objectives of public policy in the field of sport in 4 areas in the implementation of which the national sports associations are to participate according to the Act no. 440/2015 Coll.:

1. support and development of youth sports,
2. ensuring the preparation and participation of athletes in major competitions,
3. protection of the integrity of sport,
4. promoting a healthy lifestyle.

According to the Sports Act, national sports associations are private sector sports organizations that have an exclusive, monopoly position in particular type of sport. This monopoly position is created on the one hand by the internal regulations of international sports associations, of which only one entity per country can become a member, which it then represents at the international level and also by the legislative environment of individual countries. The Sports of the Slovak Republic as well as similar legal acts of other countries allow only one organization to obtain the status of a national sports association (Figure 1).

Obtaining the status of a national sports association is a basic prerequisite for obtaining public funds from the Ministry of Education, Science, Research and Sports of the Slovak Republic. The Ministry is also the largest provider of public funds for these organizations.

As already mentioned, national sports associations are private sector organizations with the legal form of civic associations, established based on Act no. 83/1990 Coll. on the association of citizens. These are therefore entities of the non-profit sector.

According to the data of the sports information system (<https://sport.iedu.sk>), as of 31 August 2021, 74 sports organizations with the status of a national sports association, 5,488 sports clubs, 286,401 athletes and 38,250 sports experts were registered in Slovakia (coaches, referees, etc.).

A) CRITERIA FOR THE EXCLUSIVE REPRESENTATION IN THE SPORT

- membership in an international sports organization with worldwide operations for the sport in question
- having exclusive competence to preside over the relevant sport in the territory of the Slovak Republic
- have at least five competing sports clubs registered in the register of legal entities in sport and at least 100 active athletes registered in a sports club in the register of natural persons in sport
- organize a national competition for adults and young people in at least two consecutive years
- preside over the selection and recruitment of athletes to national teams and their participation in international competitions
- provide support for talented athletes

B) CRITERIA FOR ENSURING COMPLIANCE BETWEEN INTERNAL MANAGEMENT ACTS AND PROCESSES AND THE SPORT ACT

- the statutes must be in accordance with Section 19 to 23 of the Sports Act
- incorporate into the regulations of the National Sports Association the rules of the World Anti-Doping Program, measures against manipulation of the course and results of competitions and other rules and measures against negative phenomena in sports resulting from international regulations and decisions
- keep records of contracts and agreements pursuant to Sections 35, 39, 43, 47 and 48 and their amendments
- provide cooperation to the Ministry of Education and other public administration bodies in fulfilling tasks in the field of sport
- meet the conditions for the eligibility of the recipient of public funds pursuant to Section 66 of the Sports Act

Fig. 1. Scheme of conditions for obtaining the status of a national sports association in Slovakia

Source: processed by the authors using information specified in the Sports Act

Regarding the valid legislation, national sports associations can be financed as follows:

1. the state budget of the Slovak Republic at the central level intended for the area of sports (consisting also of income from the proceeds of lottery games),
2. budgets of self-governing regions, cities and municipalities intended for sports.

According to a KPMG study: The Concept of Financing Sport in the Slovak Republic 2017 (KPMG, 2018), the dominant part of the total financial resources for sport is public funds provided by the Ministry of Education, Science, Research and Sport of the Slovak Republic with a share of up to 49.8% of the total, followed by municipal budgets (47.6%) and other government institutions with a share of 2.6%.

At the level of the Ministry of Education, Science, Research and Sport of the Slovak Republic, these are funds provided from program 026 - National Program for the Development of Sport in the Slovak Republic and 021 - Policy Creation and Implementation (Table 1).

In program 026, public funds are divided as follows:

- a) at least 50% for contributions to a recognized sport, except for the recognized sport of football and the recognized sport of ice hockey,
- b) at least 17% for contributions to the recognized sport of football and at least 13% for the contributions to the recognized sport of ice hockey,
- c) at least 7% for a national sports project - top team athletes,
- d) at least 2% for a national sports project - a contribution to the Olympic and Sports Committee,
- e) at least 3.5% for a national sports project - sports for the disabled,
- f) the remaining funds will be used for subsidies, other national sports projects, for the administration and operation of the Information System in Sport, education and examinations of inspectors, other tasks of the Ministry of Education in the field of sport.

Table no. 1 showed that more than 56% of public funds are dedicated only to the national sports associations (sub-program 026 02). National sports associations are also financed from the sub-programs 026 01, 026 03, 026 04 and 021 07 by participating in the announced calls under these sub-programs. The main source of income (public and also private funding sources) of these associations in Slovakia is from the contribution to a recognized sport¹

¹ F.e. the contribution to a recognized sport represents more than 93 % of total budget (in 2021) of The Slovak Bobsleigh Federation and more than 74 % of total budget (in 2021) of The Slovak Association of American Football

(sub-program 026 02), governed by the following rule:

- a) - max. 15% for the associations' own activities,
- b) - min. 15% for sports for young people under 23 divided proportionally among sports clubs,
- c) - min. 20% for the development of talented athletes,
- d) - min. 25% to ensure sports representation.

Table 1. Structure of allocated funds under the 026 and 021 programs in 2020.

PROGRAM 026	Approved in EUR	Amended in EUR
(026 01) Sport for all, school and university sport	1 600 000,00	1 250 000,00
(026 02) Recognized sports (current transfers)	52 199 878,00	56 581 451,00
(026 02) Recognized sports (capital transfers)	800 000,00	758 366,00
(026 03) National sports projects	13 186 231,00	15 321 215,00
(026 04) Sports infrastructure (capital transfers)	4 500 000,00	4 500 000,00
(026 05) Cross-cutting activities (current transfers)	886 324,00	186 324,00
(026 05) Cross-sectional activities (goods and other services)	51 398,00	49 941,00
Subtotal	73 223 831,00	78 647 297,00
Directly managed organizations of the Ministry		
Anti-Doping Agency of the Slovak Republic (026 05)	484 261,00	484 261,00
National Sports Center (026 05)	1 299 871,00	1 299 871,00
Anti-Doping Agency of the Slovak Republic (0EK 0F) - operating expenses	26 500,00	26 500,00
National Sports Center (0EK 0F) - information system and information technology	110 000,00	110 000,00
TOTAL PROGRAM 026	75 144 463,00	80 567 929,00
PROGRAM 021		
(021 07) Sport Support Fund	22 000 000,00	22 000 000,00
(021 08) Contributions for merits of athletes (according to Act No. 228/2019 Coll. on the contribution for merits in the field of sports and on amendments to certain acts ...)	1 361 117,00	1 361 117,00
TOTAL PROGRAM 021	23 361 117,00	23 361 117,00
TOTAL PROGRAM 026 + 021	96 584 948,00	102 008 414,00

Source: processed by the authors using information published on the website of the Ministry of Education.

The use of the contribution and its distribution shall be valid for all national sports associations, regardless of the specifics of the sport they represent. It is clear that highest amount of public funds, which is divided into 2 programs managed by The Ministry of Education, Science, Research and Sport of The Slovak Republic, is intended to finance mostly elite sport. De Bosscher, Shibli and Weber (2019) found in their study that smaller states (like Slovakia) prioritised funding of the elite sports more than f.e. grassroots sports and are tended to be less successful than those which prioritised less. Sam (2012) also stated that performance-based funding of the national sports associations may not bring the expected effect of better sports results.

Methods

The aim of the paper is to identify the main changes in the methodology of financing national sports associations in the Slovak Republic and to verify whether the new financing methodology brings a higher degree of fairness in the redistribution of public resources. Two research questions were formulated to meet the goal:

1. How has the amount and structure of funding for national sports associations changed since the adoption of the amended Sports Act?
2. Is the new system of financing national sports associations fairer in terms of the redistribution of public funds?

The object of the research is the national sports associations, and the subject of the research is the financing of these sports organizations from public funds in the Slovak Republic following the adoption of the amended Sports Act.

The basic source of information is the amended Sports Act, internal documents of the Ministry of Education, Science, Research and Sport of the Slovak Republic (hereinafter MESRS) regulating the provision of public funds for sports, data from the sports information system and data contained in reports on public funds drawn by the selected sample of associations and the submitted documentation used to calculate the contribution to recognized sports which the associations submit to the Ministry on an annual basis.

The paper relies on quantitative and also qualitative research methods. To meet the first research goal, the secondary analysis of data contained in the amended Sports Act and in the internal documentation of the Ministry of Education, Science, Research and Sport of the Slovak Republic was used. The identified specifics of the new method of financing national sports associations are compared with the original system of financing valid until the end of 2015. The measurable indicator for the purpose of comparison will be the value of the 1% coefficient of the contribution to recognized sport calculated individually for each national sports association. Interviews with experts in the field of sports financing in Slovakia were conducted to obtain an in-depth picture of the issue.

To meet the second research goal, we used data obtained from interviews with experts in the field of sports financing in Slovakia as well as empirical, exploratory and statistical methods of examining secondary data contained in the accounts of public funds and statistical data submitted by national sports associations to the Ministry of Education to calculate the contribution to recognized sports. The basis is a multi-case study of a selected sample of 3 national sports associations, which represent 2 Olympic and 1 non-Olympic collective sports.

In order to find out whether the new system of funding national sports associations is fairer in terms of redistributing public funds and meeting the objectives of public policy in the field of sport, we proceeded as follows:

1. Calculation of the contribution to the selected sample of associations and subsequent comparison of the calculated value with the real amount of public funds provided in the observed period 2012-2015 (before the amended Sports Act came into force) and 2016-2020 (after the amended Sports Act came into force). At the same time, the deformation, representing the difference between the calculated and provided amount of public funds, was also studied.
2. We identify and compare the development of the value of the 1% coefficient of the contribution to recognized sport for each of the 3 national sports associations in the period 2012-2020.
3. We model and compare the amount of the contribution for 2015 and 2020 according to the change in the coefficient for each of the 3 national sports associations.
4. In the last step, we compare the answers of the interview with the outputs of the calculations.

We conducted interviews with 6 experts² who address the issue of financing sports in Slovakia, are active in national sports associations or have taken part in or are involved in drafting legislation in the field of sport. The open encoding method was used to evaluate the results of answers, measured by percentage of consent. The aim of the interviews was to summarize the views of experts in the field of sports financing on the new as well as previous system and methodology of financing national sports associations in Slovakia.

Results

Regarding the point of view of the first research question, the answers are simple - one of the key benefits of the amended Sports Act was the increase in the volume of public funding for sport at the level of the state budget – Figure 2.

As far as "justice" itself is concerned, the situation is much more complicated. In Program 026, the MESRS redistributes the contribution to recognized sports according to the following formula (a defined by the Sports Act):

$$P = (A \times KVVD + A \times KVVM) \times (B \times ZD + C \times ZZ) + (1 - 2 \times A) \times M23, \quad (1)$$

where

- P proportion of the recognized sport concerned,
 A the weight of the achieved sports success in percentage,
 B the weight of interest in sports on a national level in percentage,
 C the weight of interest in sport on an international level in percentage,

² I) Mme. Mariana Dvorščiková - the Chief Sports Inspector of the Slovak Republic - an independent inspection body established under the amended Sports Act

II) Mr. Branislav Strečanský - Director of the Office of the State Secretary for Sport, co-author of the formula for calculating the subsidy for recognized sports (financing of associations prior 2016)

III) Mr. Pavol Swiec - Director of the Sports Financing Department of the Ministry of Education, Science, Research and Sport of the Slovak Republic

IV) Mr. Jiří Jeřábek - the Slovak American Football Association Inspector

V) Mr. Štefan Vaľko - the Slovak Football Association Inspector

VI) Mr. Vladimír Szűcs - General Secretary of the Slovak Chess Association

- KVVD coefficient of significance of the success in particular sport in the category of adults KVVM: coefficient of significance of the success in particular sport in the category of youth,
- ZD interest in the recognized sport in question on the national level, calculated based on opinion polls,
- ZZ interest in the relevant recognized sport on the international level calculated based on audience surveys in the media abroad,
- M23 average number of active athletes in a recognized sport under the age of 23.

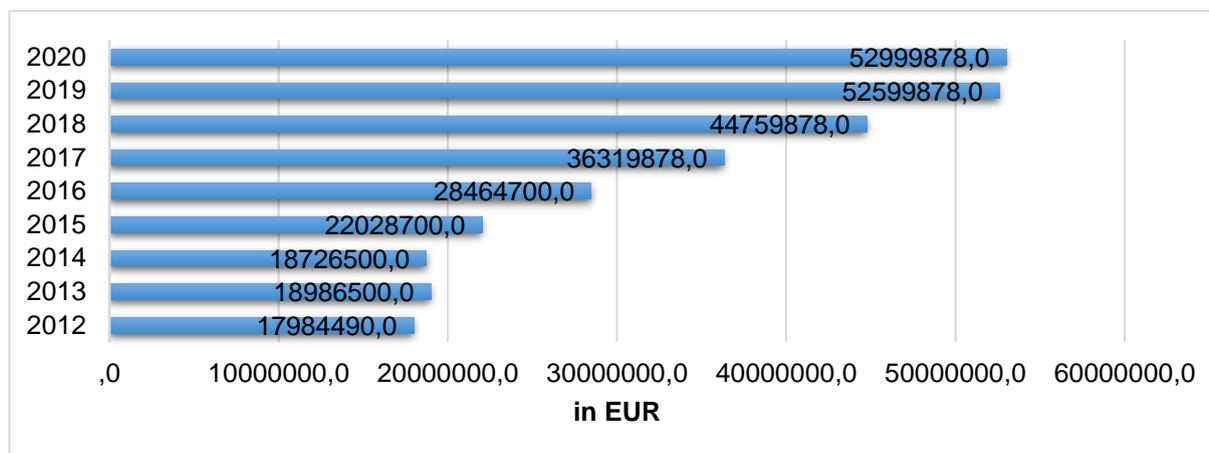


Fig. 2. Development of the volume (€) of public funds provided to national sports associations.

Source: processed by the authors using information published on the website of the Ministry of Education³

The share of recognized sport represents the output of production, while the higher the value of a given output, the more public funds a national sports association can obtain. This is a figure that should theoretically express the % share of the total amount of allocated public funds. An exception is the share 2 national sports associations get from the contribution to recognized sports, which is fixed for the Slovak Football Association at 17% and at 13% for the Slovak Ice Hockey Association.

Table 2. Specifics of brakes in comparison before and after the adoption of the amended Sports Act.

Before the adoption of the Sports Act (subsidy for 2015)	After the adoption of the Sports Act (subsidy for 2019)
An applicant whose calculated subsidy for 2015 is lower than - 100% of the previous year's amount in the case of an applicant representing the Olympic sport, a subsidy will be provided in the amount of 100% of the indicative amount, - 95% of the previous year's amount in the case of an applicant representing non-Olympic sport, the subsidy will be provided in the amount of 95% of the indicative amount.	The maximum possible decrease in the contribution is 90% of the coefficient of the share of the contribution in the previous year. The brake limits are tied to the % share of the association in the total package for the previous year. If the value allocated for the contribution increases, the % share is adjusted accordingly.
An applicant whose calculated subsidy for 2015 is higher than - 140% of the previous year's amount in the case of an applicant representing the Olympic sport, a subsidy of 140% of the indicative amount will be provided, - 120% of the previous year's amount in the case of an applicant representing non-Olympic sport, a subsidy will be provided at 120% of the indicative amount..	The maximum possible increase in the contribution is 120% of the coefficient of the share of the contribution in the previous year. If the nominal value allocated for the contribution increases, the % share is adjusted accordingly.
A subsidy cap is EUR 4,000,000.00	The Slovak Ice Hockey Association is provided with a fixed contribution of 13% and the Slovak Football Association with 17% of the total volume of allocated contribution funds for the given year, regardless of the achieved coefficient of the share.

Source: author's own processing according to the information under Call no. 2015-01 and Government Regulation no. 245/2018 Coll. on the methodology for calculating the share of recognized sport for 2019.

The real share of recognized sport does not represent a % share of the total amount of allocated public funds. Due

³ The analyzed data are available on the [website](#) of the Ministry of Education, Science, Research and Sports of the Slovak Republic.

to the fixation of a stable amount of the annual contribution to national sports associations, the system of so-called financial brakes entered the calculation. This system was also introduced before the adoption of the amended Sports Act (it was corrected following the adoption of the amended law) (Table 2).

"Justice" of the new funding system

The system of brakes and the fixed amount of the contribution provided to the 2 largest national sports associations significantly contributes to the distortion of the volume of public funds provided. The share of the recognized sport does not correspond to the amount of allocated funds, while the percentage difference between the calculated coefficient and the actually allocated public funds represents a critical distortion. We illustrate this deformation on the example of 3 selected national sports associations - the Slovak Ice Hockey Association, the Slovak Basketball Association and the Slovak Floorball Association - Table 3.

Table 3. Development of the volume of provided public funds to a selected sample of national sports associations.

Contribution in EUR									
	2012	2013	2014	2015	2016	2017	2018	2019	2020
Ice-hockey	3250410	3385900	3216600	3756500	5200000	6086728	7273480	8547480	8612480
floorball	71480	105600	110800	125200	175200	284827,7	380419,1	536403	647020
basketball	709530	638500	574600	574600	694300	812695,3	1085445	1236292	1307680
Coefficient of recognized sport									
	2012	2013	2014	2015	2016	2017	2018	2019	2020
Ice-hockey	15,96%	18,61%	17,01%	12,38%	21,01%	13,64%	16,25%	10,00%	10,01%
floorball	0,47%	0,94%	1,09%	0,66%	0,77%	1,66%	1,53%	2,20%	2,57%
basketball	3,47%	2,21%	1,11%	1,59%	2,46%	1,32%	4,36%	3,00%	3,18%
Deformation									
	2012	2013	2014	2015	2016	2017	2018	2019	2020
Ice-hockey	13%	-4%	1%	38%	-13%	23%	0%	62%	62%
floorball	-15%	-41%	-46%	-14%	-20%	-53%	-44%	-54%	-53%
basketball	14%	52%	175%	64%	-1%	69%	-44%	-22%	-22%

Source: drawn up by the authors according to internal materials of MESRS

The above table shows that the Slovak Ice Hockey Association received 62% more public funds from the budget allocated to recognized sports in 2020 while the Slovak Basketball Association received 22% less funds than projected in the model without the system of brakes and fixings. The Slovak Floorball Association received up to 53% less funds than it should have received according to the results.

Under the funding scheme in force before the adoption of the amended Sports Act and while maintaining the ceteris paribus condition, the Slovak Basketball Association, for example, would be potentially more competitive with the Slovak Ice Hockey Association in raising public funds for recognized sport. The Slovak Basketball Association, while continuously increasing the indicators entering the formula for calculating the contribution (including the system of financial brakes), would be able to obtain the same amount of public funds as the Slovak Ice Hockey Association in about 6 years. Under the new scheme, after the amended Sports Act entered into force, the same would take about 11 years.

Figure 3 documents different values of the one percent of the share of recognized sport and thus clearly demonstrates that this percentage does not have the same value for all recognized sports (and thus national sports associations). The difference has become even more pronounced after the adoption of the amended version of the Sports Act. In simple terms, we can say that even after the adoption of the new legislation, which was supposed to introduce a fairer redistribution of public funds, the state still "pays" for the same type of public goods different prices to the "producers".

The value of the 1% coefficient should be the same for all national sports associations representing recognized sports, based on the logic that 100% of the coefficient represents 100% of the outputs of national sports associations and 100% of the total amount of contribution / subsidy allocated for a given purpose. From the formulas given at the beginning of the chapter the same indicators enter the individual types of sports calculations the total share of which differs only in the ratio of individual weights, which are different for collective and individual sports, Olympic and non-Olympic sports.

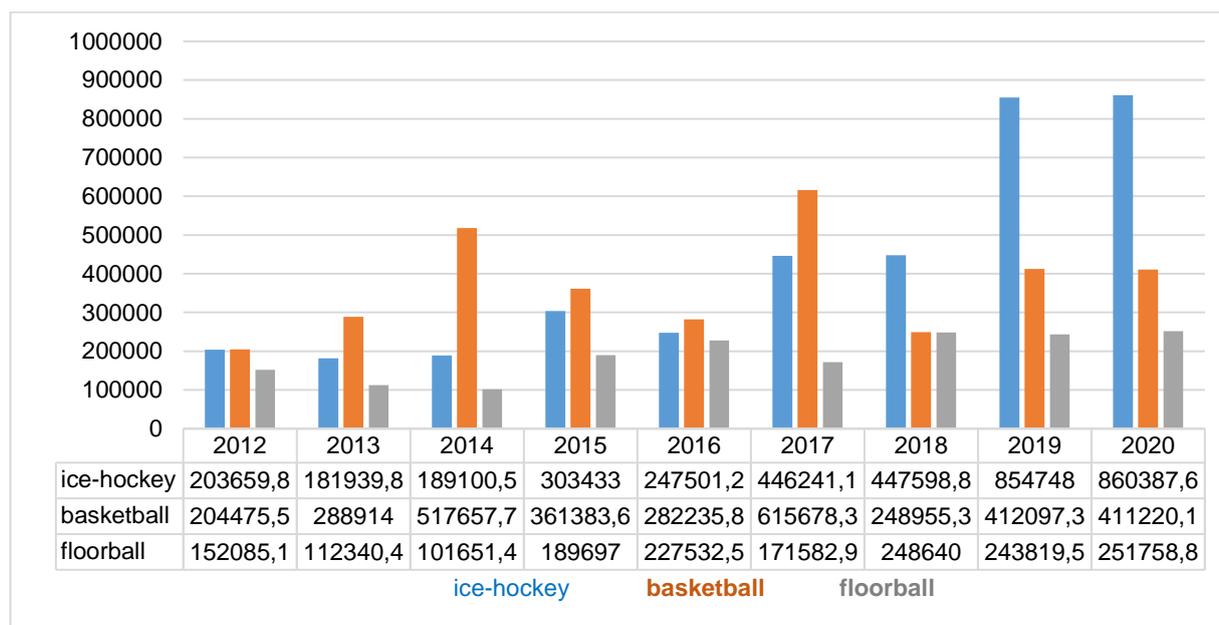


Fig. 3. Development of the value of the 1% contribution / subsidy coefficient
Source: drawn up by the authors according to internal materials of MESRS

These findings suggest that the amended Sports Act has failed to bring any improvement in terms of a fairer redistribution of public funds among national sports associations given the results achieved. The increase in the 1% share of recognized sport caused should, however, be mentioned.

The current system of financial brakes in the redistribution of the contribution to recognized sport among the national sports associations significantly reduces the competitiveness of the associations in drawing public funds from the scheme in question. The problem is its oversizing, which causes an excessive degree of stagnation in the amount of the actually allocated contribution. If e.g. The Slovak Basketball Association achieves great success (e.g. a step up in the ranking of countries, the number of active athletes, etc.) which would translate into an increase in the coefficient from 1.59% to 8% (representing an increase in output by 500%), the association would receive a subsidy higher by only 40 % of last year's value. On the contrary, the decrease from 1.59% to 0.1% would not be reflected in any decrease as the association would have been allocated a subsidy in the amount from the previous year. Floorball, due to the financial brake disadvantageous to non-Olympic sports, would in case of reduction in the coefficient from 0.66% to 0.1% receive a subsidy lower by 10% of the original value. If the coefficient would increase from 0.66% to 5%, the association would receive a subsidy higher only by 20% despite the multiplier value of the coefficient. From the point of view of fairness and thus a fair redistribution of public funds on the basis of the results achieved, the current system of financial brakes has put those who are more successful in achieving sports goals more at a disadvantage (compared to the previous system) than those who are not.

A special case is hockey (and football, which the paper does not analyse in detail) which follows the same basis applies due to the fixation of the amount of the subsidy provided to the Slovak Ice Hockey Association in the amount of 13% of the total subsidy. In this case, it is therefore completely irrelevant what contribution coefficient has been assigned to hockey, as it always receives the same amount of contribution, which significantly increases its competitive position as opposed to that of basketball which, unfortunately, cannot receive a bigger contribution than hockey under any circumstances.

Opinions of experts on the new methodology of redistribution of public funds to national sports associations

In addition to verifying the impact of the new system of financing sports using specific data, we also conducted semi-structured interviews to complete the picture. Their results are summarized in the following text.

1. In the Slovak Republic, the amended Act no. 440/2015 Coll. on Sport and on Amendments to Certain Acts, as amended has entered into force. What do you consider to be the most significant changes in the financing of national sports associations that this Act and other related legislation have brought?

The answers of the experts were basically uniform – 100 % of consent in both groups of experts: guaranteed amount of funds based on meeting the parameters, properly secured claims regarding public funds, mandatory disclosure of data by associations, greater transparency of financing, increase in public funds, transition to more systematic management of sport in Slovakia.

2. In your opinion, have the changes in association funding contributed to improving or deteriorating the meeting of public policy objectives in the field of sport and the public interest in sport, and if so, in what specific way?

Experts' answers to this question differed with 50 % of consent to this topic. Some (to the surprise it was mostly government officials) said that the process of meeting public policy objectives in the field of sport had deteriorated, but that the link with the new funding rules had not been proven. The experts from sports associations said that the more funds they got the more activities they could carry out. On the other hand, the red tape has increased. Both groups pointed to an increase in the membership base of the national sports associations, which, however, can be artificial due to the requirement for a minimum number of members of these associations and possible higher portion of public funds.

3. In your opinion, have the new conditions for obtaining and drawing public funds for national sports associations brought along more paperwork?

All experts agreed (100 % of consent) that the paperwork regarding the financial management of the association had become more complex, while many processes and systems (e.g. the Sports Information System) were not and still are not finished or has not been put into operation by the state.

4. Do you consider the new method of redistribution of funds in the form of contributions to recognized sport to be fair in terms of achieving the objectives of public policy in the field of sport by individual national sports associations and more equitable than the previous one?

Experts agreed (with 100 % of consent) that a great benefit the new model brought along is the reduction in the degree of subjectivity in the allocation of funds, but there are still distortions caused mainly by the system of brakes and fixed cap. Due to these deformations, the new system is not motivating enough to achieve better results in the field of sport and better fulfilling of the public policy goals in the field of sport. The experts also stated that the whole system of sports funding should be reviewed so that the system of funds allocation reflects the state's most important public policy goals in the field of sport more realistically, the rules for the use of funds are looser and attention is paid to the results achieved.

With a view of the individual answers, experts from the state administration and experts from national sports associations do not share the same views regarding financing. National sports associations experts focus more on the specific effects brought along by the new funding methodology while experts from the public administration take into account the public policy objectives in the field of sport. In the summary, all experts agreed on the basic positives (introduction of eligibility of beneficiaries, guarantee of the provided amount based on meeting certain parameters, improvement of transparency in redistribution of funds and increase in the membership base (although only on paper) and negatives (financial brakes, insufficient attention being paid to achieving public policy objectives in the field of sport and more paperwork).

But there were also differing replies. The increase in the volume of public funds was clearly perceived by the associations as a positive thing thanks to the possibility to better meet public policy goals in the field of sport, but from the point of view of government officials the issue improved only partially given the number of association members, with other goals (sports success, sports of the population) stagnation and deterioration were recorded. The new method of financing is perceived by the associations as more motivating, mainly due to a significant increase in public funds allocated, but more demotivating by government officials in terms of meeting the objectives of public policy in the field of sport, which may be due to the system of "financial brakes" and the impact of global / domestic interest in specific sports. The new system of financing sports is considered by the representatives of associations to be fairer (also compared to the previous one), on the contrary, the representatives of state administration perceive it as less fair compared to the previous system, as the calculation formula is almost identical but less vague and a fixation of the amount for the 2 largest sports associations in Slovakia (football and ice hockey) was introduced. Representatives of unions would welcome the liberalization of the conditions regarding the use of the contribution to reflect the "Value for money in sport", the fulfilment of benchmarking indicators of public policy objectives in the field of sport and the improvement of conditions regarding competition among associations in obtaining public funds.

Discussion

Two research questions were formulated in the methodological part:

1. How has the amount and structure of funding for national sports associations changed since the adoption of the amended Sports Act?
2. Is the new system of financing national sports associations fairer in terms of the redistribution of public funds?

From the point of view of research question no. 1, it should be noted that in addition to a substantial increase in the volume of public funds provided (approximately 3-fold increase), the Sports Act also brought many obligations that national sports associations must fulfil if they wish to keep the status of a national sports association and receive public funds. The formal reason for introducing these new obligations was in particular to improve transparency, democratize internal organizational processes in the sports community and, ultimately, to improve the fulfilment of

public policy objectives in the field of sport, which are directly defined in the Sports Act and in the fulfilment of which national sports associations participate.

The new tasks which the Sports Act has brought to associations cannot be perceived only through the prism of paperwork (identified as a consequence of the new Sports Act by the experts addressed), which makes it harder for associations to perform activities for their members and meet their goals. The established conditions for obtaining the status of a national sports association and drawing on public funds improve the quality of these sports associations and increase the transparency of the distribution of public funds, which is perceived as beneficial by the addressed experts. Summerley (2020) points to the absence of a corporate / business approach of traditional sports organizations in their management compared to e-sports organizations.

On the other hand, there is the problem of "small" sports associations, which do not have the personnel and financial capacity to professionalize, as well as the need for greater automation of bureaucratic processes on the part of the state which could help streamline the processes and build more effective system. Gulyás, Sterbenz, and Kovacs (2016) also pointed out that the governments should build a funding system for sport, that will reflect efficiency more.

From the point of view of research question no. 2, we can state that the new system of financing unions is not fair / fairer in the redistribution of public funds in terms of meeting the objectives of public policy in the field of sport, which was confirmed not only by obtained data, but also by semi-structured interviews (especially by experts from the public administration). From the point of view of a fair redistribution of public funds, the system of financial brakes and the fixation of the amount of public funds provided to the 2 largest associations appear to be problematic. This system significantly reduces the competitiveness of associations in obtaining public funds and at the same time, due to the existence of distortions in calculating contributions provided to recognized sport caused by the financial brake system, it cannot be considered fair in terms of redistribution of public funds to recognized sports.

Conclusion

As public funds are the dominant component of the budgets of national sports associations, these funds must be used economically, effectively and efficiently, as the funding system is intended to create the conditions that can be applied in practice. The public funds, not only in Slovakia, should be used to meet public policy objectives in the field of sport clearly expressed in the form of measurable indicators / benchmarks, while such a system should allow adjustment of allocation and use of public funds that potentially could make the process of meeting these objectives more effective, transparent and fair for everybody.

In 2022, an amendment to the Sports Act is being prepared. The amendment should address the rules for providing public funds to national sports associations. An appropriate solution would be to adjust the brake system, maintaining only the maximum amount of the contribution granted to recognized sports, to remove the cap imposed on 2 largest associations and to liberalize the use of this contribution, which would, however, be linked to the benchmarks of public policy objectives in the field of sport and a quantification of the benefits of supporting individual sports for society (so-called "value for money"). The above solutions are in accordance with the opinions of the experts in the field of sports in Slovakia who were interviewed. At the same time, such an adjustment could mean, in addition to a fairer distribution of public funds, also an increase in the competitiveness of associations and, consequently, a more effective fulfilment of public interest objectives in the field of sports in Slovakia.

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