

EUROPEAN PARLIAMENT

2009



2014

Committee on Culture and Education

30.6.2009

NOTICE TO MEMBERS

Subject: The Annual Budgetary Procedure in CULT committee

This working document serves as a short introduction to the budgetary procedure and its main elements.

- It explains the basic principles, concepts and rules that govern this procedure (which is rather different from other dossiers).
- It describes the main features aspects of the Commission budget for 2010
- It discusses the budget lines for which CULT committee is responsible.

CULT committee essentially adopts two documents:

1. A set of amendments to the Draft Budget

CULT is considered the committee responsible for a number of budget lines to which it can table amendments (see below for details). These amendments will be presented in Plenary if the Committee on Budgets (COBU) has given its consent. If Budgets committee rejects an amendment a request can be made by the committee that adopted the amendment to re-table it¹.

2. A non-legislative opinion

The opinion, once adopted, will be incorporated by the Committee on Budgets in its report that will be the basis for a parliamentary resolution.

¹ see also Annex IV of the Rules of Procedure

The timetables suggested for these two elements are:

Date	Opinion	Amendments to the Draft Budget
29 April	Commission presents Preliminary Draft Budget	
15 July	Council adopts Draft Budget	
20 July	CULT meeting / exchange of views on the 2010 Budget procedure	
31 July, noon	---	deadline for tabling amendments in CULT
2/3 September	exchange of views on draft opinion in CULT	vote on amendments tabled in CULT
11 September, noon	deadline for tabling amendments in CULT	---
5/6 October	vote on draft opinion in CULT	---

1. Basic Principles and Procedure

The financial rules and the budgetary procedure governing the EU's Budget are laid down in Art 268-280 TEC¹.

The EU's budget is based on its own resources system which is largely made up of transfers from Member States. All revenue is pooled and used without distinction to finance all expenditure.

To ensure financial continuity and stability, the EU's expenditure has been agreed for the period 2007-2013. This agreement is laid down in the Multi-annual Financial Framework 2007-2013 (MAFF - see chart on next page). It is part of an Interinstitutional Agreement between the Commission, the Council and the Parliament². For each year expenditure has been divided into six categories or headings for which maximum ceilings have been defined.

The rules for implementation of the budget and its control are set out in the Financial Regulation³.

¹ As regards the 2nd and 3rd pillar financial provisions are contained in Art 27 and 41 of TEU. They are of no relevance in this context.

² Interinstitutional Agreement (IIA) between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management (2006/C139/01). If the modifications provided for by the Lisbon Treaty come into force the Multiannual Financial Framework will be included in the Treaty.

³ COUNCIL REGULATION (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities, amended in 2006 and 2007

The 2007-2013 Financial Framework (in EUR million)

	2007	2008	2009	2010	2011	2012	2013
1. Sustainable Growth	51 267	52 415	53 616	54 294	55 368	56 876	58 303
<i>a. Competitiveness</i>	8404	9097	9754	10343	11295	12153	12961
<i>b. Cohesion</i>	42 863	43 318	43 862	43 860	44 073	44 723	45 342
2. Natural Resources	54 985	54 322	53 666	53 035	52 400	51 775	51 161
3. Citizen, freedom, security, justice	1199	1258	1380	1503	1645	1797	1988
<i>a. freedom, security and justice</i>	600	690	790	910	1050	1200	1390
<i>b. citizenship</i>	599	568	590	593	595	597	598
4. The EU as a global player	6199	6469	6739	7009	7339	7679	8029
5. Administration	6633	6818	6973	7111	7255	7400	7610
6. Compensations (BG and RO)	419	191	190				
total commitments	120 702	121 473	122 564	122 952	124 007	125 527	127 097

in 2004 prices

In the light of the above remarks, the annual budgetary procedure can be described as serving essentially the purpose of determining the details of the EU's expenditure within the limits of the Financial Framework. It involves the Commission, the Council and the European Parliament. Two readings by the Council and the Parliament are foreseen.

At the beginning of the budgetary procedure the Commission adopts what is called the Preliminary Draft Budget (PDB). It presents the budget in 32 titles or policy areas each of which contain numerous chapters composed of articles and finally individual items¹. The 32 titles/policy areas are associated to the 6 headings. The PDB is usually adopted end of April/beginning of May. After this the Council adopts the Draft Budget, which is a modified version of the Commission's document (Council 1st reading). It is adopted around 15 July. The European Parliament reacts to this Draft Budget and for its part by amending the Draft Budget in its 1st reading (October). Then the Council can accept or change what has been modified by the Parliament (Council 2nd reading). The results go back to the Parliament which again can re-table those changes that it had proposed in 1st reading. The EP second reading of the budget takes place in December and concludes the annual procedure.

There are a number of budgetary concepts which it is important to understand:

➤ Compulsory/ Non-compulsory expenditure

¹ Thus, budget lines can be composed of up to 8 digits (for example: 15 01 02 01 title 15, chapter 01, article 02, item 01).

Whereas the Council has the final say over those parts of the budget considered "compulsory expenditure" (about 45% of overall annual expenditure) i.e. expenditure "necessarily resulting from the Treaties or from acts adopted in accordance therewith"¹. The Parliament takes the final decision on the remainder of the budget which is considered "non-compulsory expenditure" (about 55%)..

<i>Heading</i>	<i>compulsory / non-compulsory</i>
1a Sustainable Growth / <i>Competiveness</i>	non-compulsory
1b Sustainable Growth / <i>Cohesion</i>	non-compulsory
2 Natural Resources	mainly compulsory (CAP and fisheries aids)
3a Citizen, freedom, security, justice / <i>freedom, security and justice</i>	non-compulsory
3b Citizen, freedom, security, justice / <i>citizenship</i>	non-compulsory
4 The EU as a global player	non-compulsory, except for EU-3rd country agreements, contributions to int. organisations, loan guarantee fund
5 Administration	mainly non-compulsory
6 Compensations (BG and RO)	compulsory

➤ Margin

As mentioned before the Financial Framework needs to be respected. In its annual Preliminary Draft Budget, the Commission however usually remains even below the ceilings provided for in the Financial Framework. This means a margin remains between the proposed amount and the maximum amount that can be committed according to the MAFF. That way there are "unused" margins that can be exploited by EP.

➤ Commitments and payments

For every budget line a distinction is made between "commitments appropriations" (CA) and "payments appropriations" (PA). Commitment appropriations constitute the amount authorised to be spent in a budget year. This type of appropriation constitutes the upper limit of expenditure which can be committed during the financial year. By contrast payment appropriations cover all expenditure arising from commitments entered into during the current financial year or preceding years. They follow more complex budgetary rules, as an amount committed in one year is not necessarily spent during that year: payments depend on the progress of a measure or activity and may stretch over several years.

➤ Operational and administrative expenditure

Another important distinction is between operational and administrative expenditure. Whereas operational expenditure represents the budget to be spent on policy-implementation, administrative spending represents the costs of administering a policy area. This distinction is

¹ see IIA

a means of making the budget more transparent.

➤ Budgetary remarks

Each budget line is accompanied by a set of remarks, which explain the reason for which the budget line has been created and any special characteristics it may possess. The remarks also indicate the legal base for expenditure: this is important because all expenditure must be justified with reference to a legal base. Finally, it should be noted that the EU's financial rules do not allow specific sums to be set aside ("earmarked") for named bodies or organisations.

➤ Reserve

Parliament, instead of granting funds right-away to the Commission for a given activity, can put parts of the monies (or all) into a reserve from which they are released only once the Commission has fulfilled certain conditions. This is an important tool that the EP can use to make sure that the Commission respects the political priorities it has expressed in the budgetary procedure.

➤ Pilot Projects and Preparatory Actions

For every financial commitment there needs to be a budget line. And for every budget line there needs to be a legislative act which authorises the expenditure in question to be made. The exceptions to this rule are Pilot Projects and Preparatory Actions: in these cases, funds can be committed without a legislative act. These instruments introduce an important element of flexibility into the budget, but they are nevertheless subject to strict conditions. A pilot project can only run for 2 years. A preparatory action (which is supposed to pave the way for a programme) may not more than 3 years before a legislative act establishing the programme has to be adopted. There is an overall ceiling for all preparatory actions in any budget year of EUR 100 million (and for *new* preparatory actions of EUR 50 million per year). Pilot schemes may not exceed the total amount of EUR 40 million per year.

To sum up, Parliament mainly

- **fills up the margins left by the Commission in the PDB, often by proposing new Preparatory Actions or Pilot Projects**
- **modifies commitment appropriations rather than payment appropriations**
- **modifies remarks**
- **puts funds into the reserve**

2. The CULT budget lines

CULT is responsible for around 65 or so budget lines, with a total annual budget of around EUR 1,9 billion¹ which represent ca 1,5% of the total EU budget. Most of these fall under

¹ see list attached.

heading 1a "Competitiveness for growth and employment" or heading 3b "Citizenship" of the multi-annual financial framework. Both headings are considered to cover non-compulsory expenditure. In the Preliminary Draft Budget (PDB) presented by the Commission these are essentially the titles 9, 15, and 16.

The bulk of expenditure goes to the 7 multi-annual funding programmes. These programmes are politically very visible elements of EU policy-making, close to the citizens and often very popular (for example, Erasmus which is part of the Lifelong Learning programme; or Town-Twinning, which is part of the Europe for Citizens programme). Most of the actions in these programmes provide for individual grants that go directly to individuals or organisations.

The legal acts which established these programmes also fixed their budgets for the whole period 2007-2013. The breakdown is as follows:

Programme	Budget (in EUR million)
Lifelong Learning 2007-2013	6 900
Youth in Action 2007-2013	855
Media 2007	755
Erasmus Mundus (2009-2013)	494
Culture 2007-2013	400
Europe for Citizens 2007-2013	215
Media Mundus (2011-2013)	15

in 2004 prices

These programmes are implemented through different management structures that involve in varying degrees the Commission, National Agencies and an Executive Agency. It should be noted that, whereas the administrative expenditure for the Commission and the subsidies for the Executive Agency are clearly indicated in the budget, the financial contributions to the functioning of the national agencies are taken from the operational budget of the programmes strands they are managing and are therefore less visible.

3. The 2010 Budget procedure

For 2010 the proposed overall ceiling for commitment appropriations (CA) is EUR 139 789¹ million and represents 1,19% of the Gross National Income (GNI) of the EU-27 whereas the ceiling for payment appropriations (PA) corresponds to 1,14% GNI. The Preliminary Draft Budget adopted by the Commission for 2010 foresees commitments of EUR 138 563 million, which is an increase of 1,5% compared to 2009. It leaves a global margin of EUR 1 754 million.

As far as the main headings are concerned that are of interest to the CULT committee,

¹ at current prices

heading 1a has a margin of EUR 118,6 million whereas heading 3b disposes of a small margin of only EUR 18,7 million.

In the past, where the Council in its Draft Budget proposed cuts to the budget lines for which this committee is responsible, the Committee's budget rapporteur tabled amendments to restore the amounts originally indicated in the PDB.

A few remarks may be made about the individual budgetary titles in the PDB and Draft Budget for which the CULT committee is responsible:

➤ Policy Area 09 - Information Society

Under this policy area fall the "Media 2007" programme and the Preparatory Action "Media 2007 in third countries" that will be replaced in 2011 by the Media Mundus programme.

➤ Policy Area 15 - Education

Most of CULT's budget lines can be found in this policy area. The programmes "Lifelong Learning", "Youth in Action", "Culture", "Europe for Citizens" as well as the Preparatory Action in the field of sport fall appear here. Overall spending levels for 2010 see a slight increase compared to 2009, but the budget for the Preparatory Action on sport is cut from EUR 6 million to EUR 1,5 million.

A new Preparatory Action has been proposed by the Commission, entitled "Preparatory Action - European Year of Volunteering 2011". This action is intended to prepare the ground for the European Year of 2011. However, it should be noted that the legal basis for this European year has not yet been adopted. Under these circumstances, the Parliament might need to request further information from the Commission before accepting this preparatory action (all the more so since it lowers the margin left under heading 3b) or it might choose to place the appropriations requested in the reserve until the legal act is adopted.

➤ Policy Area 16 - Communication

In 2008, the Commission, Parliament and Council signed a joint declaration to commit themselves to improve the EUs communication activities by fostering interinstitutional cooperation. And in budget 2009 the Parliament made sure that enough funding was given to communication activities to provide for greater resources to be available for the EP elections. For budget 2010, the appropriations requested by the Commission in the area of "going local" are lower than in 2009 (falling from EUR 39 million to EUR 34 million). Therefore the overall budget for communication foreseen for 2010 is slightly lower than that made available in 2009.

ANNEX: List of CULT budget lines 2010 PDB

Budget Line	Title	2009 Budget		2010 PDB	
		commitments	payments	commitments	payments
09 01 04 05	MEDIA 2007 — Support programme for the European audiovisual sector — Expenditure on administrative management	500.000	500.000	400.000	400.000
09 01 04 06	Other measures in the audiovisual sector and media — Expenditure on administrative management	50.000	50.000	50.000	50.000
09 01 04 30	Education, Audiovisual and Culture Executive Agency — Subsidy for programmes of Heading 3b	8.860.000	8.860.000	8.926.500	8.926.500
09 02 02 02	Completion of Safer Internet plus — Promoting safer use of the Internet and new online technologies	-	12.000.000	-	7.900.000
09 03 03	Preparatory action for the creation of an Internet-based system for better legislation and for public participation	p.m.	1.900.000		1.077.000
09 06 01	MEDIA 2007 — Support programme for the European audiovisual sector	0	0	0	0
09 06 01 01	MEDIA 2007 — Support programme for the European audiovisual sector	97.580.000	80.000.000	101.678.500	92.100.000
09 06 01 02	Preparatory action on the implementation of the MEDIA 2007 programmes in third countries	5.000.000	5.000.000	p.m.	780.000
09 06 02	Completion of previous MEDIA programmes	-		-	1.000.000
09 06 03	Other measures in the audiovisual sector and media	950.000	1.200.000	950.000	1.200.000
09 06 04	Growth and the audiovisual sector: preparatory actions under the i2i audiovisual initiative	-	p.m.	-	p.m.
15 01 01	Expenditure related to staff in active employment of 'Education and culture' policy area	47.197.837	47.197.837	51.289.437	51.289.437
	<i>reserve</i>	699.382	699.382		
15 01 02 01	External staff	3.573.358	3.573.358	3.818.280	3.818.280
	<i>reserve</i>	188.072	188.072		
15 01 02 11	Other management expenditure	4.968.263	4.968.263	5.417.963	5.417.963
	<i>reserve</i>	261.488	261.488		
15 01 03	Expenditure related to equipment, furniture and services of 'Education and culture' policy area	3.273.615	3.273.615	3.740.214	3.740.214
	<i>reserve</i>	172.296	172.296		

15 01 04 14	Erasmus Mundus — Expenditure on administrative management	2.536.000	2.536.000	770.000	770.000
15 01 04 17	Cooperation with non-member countries on education and vocational training — Expenditure on administrative management	115.000	115.000	115.000	115.000
15 01 04 20	Visits to the Commission — Expenditure on administrative management	650.000	650.000	720.000	720.000
15 01 04 22	Lifelong learning — Expenditure on administrative management	7.743.000	7.743.000	8.843.000	8.843.000
15 01 04 30	Education, Audiovisual and Culture Executive Agency — Subsidy for programmes under Heading 1a	19.766.000	19.766.000	21.199.000	21.199.000
15 01 04 31	Education, Audiovisual and Culture Executive Agency— Subsidy for programmes under Heading 3b	9.891.000	9.891.000	10.283.000	10.283.000
15 01 04 32	Education, Audiovisual and Culture Executive Agency — Subsidy for programmes under Heading 4	640.000	640.000	597.000	597.000
15 01 04 44	Culture Programme (2007 to 2013) — Expenditure on administrative management	646.000	646.000	529.000	529.000
15 01 04 55	Youth in Action — Expenditure on administrative management	780.000	780.000	780.000	780.000
15 01 04 66	Europe for Citizens — Expenditure on administrative management	274.000	274.000	250.000	250.000
15 01 60 01	Library stocks, subscriptions and purchase and preservation of books	2.700.000	2.700.000	2.720.000	2.720.000
15 01 61	Cost of organising graduate traineeships with the institution	6.910.000	6.910.000	7.042.000	7.042.000
15 02 02 05	Erasmus Mundus	90.250.000	76.000.000	93.153.000	78.000.000
15 02 02 06	Pilot project — Individual mobility of upper-secondary pupils	-	p.m.	-	-
15 02 03	Cooperation with non-member countries on education and vocational training	8.042.000	6.200.000	8.000.000	5.200.000
15 02 09	Completion of previous programmes in the field of education and training	-	27.000.000	-	13.000.000
15 02 22	Lifelong learning programme	940.363.000	905.000.000	978.113.000	950.000.000
15 02 23	Preparatory action — Erasmus-style programme for apprentices	p.m.	210.000	-	300.000
	<i>reserve</i>	<i>1.000.000</i>	<i>790.000</i>		
15 02 28	Pilot project — European Neighbourhood Policy scholarships at the College of Europe	-	p.m.		-
15 02 30	Pilot project — European Neighbourhood Policy — Enhance education through scholarships and exchanges	p.m.		p.m.	p.m.

15 04 09	Completion of previous programmes/actions in the field of culture and language	-	3.500.000	-	1.000.000
15 04 44	Culture Programme (2007 to 2013)	51.726.000	41.000.000	53.636.000	43.000.000
15 04 45	Pilot project for artist mobility	1.500.000	1.500.000	p.m.	100.000
15 04 47	European Year of Intercultural Dialogue	p.m.	2.800.000		300.000
15 05 09	Completion of previous programmes/actions in the field of youth	-	6.000.000	-	600.000
15 05 10	Amicus — Association of Member States Implementing a Community Universal Service	p.m.	540.000		1.060.000
15 05 11	Preparatory action in the field of sport	6.000.000	6.000.000	1.500.000	1.500.000
15 05 55	Youth in Action	124.106.000	115.000.000	124.106.000	121.000.000
15 06 01	Pilot project in favour of citizenship	-	p.m.	-	p.m.
15 06 02	Completion of cost of organising graduate traineeships with the institution				
15 06 05	Visits to the Commission	2.050.000	1.690.000	2.390.000	2.100.000
15 06 06	Special annual events	1.500.000	800.000	p.m.	450.000
15 06 09	Completion of previous programmes/actions in the field of civic participation	-	400.000	-	15.000
15 06 11	Preparatory action — European Year of Volunteering 2011	0	0	2.000.000	1.200.000
15 06 66	Europe for Citizens	30.460.000	25.000.000	30.480.000	21.000.000
16 01 01 01	Expenditure related to staff in active employment of 'Communication' policy area: Headquarters	50.001.669	50.001.669	53.005.440	53.005.440
	<i>reserve</i>	<i>740.929</i>	<i>740.929</i>		
16 01 02 01	External staff of 'Communication' Directorate-General: Headquarters	5.853.907	5.853.907	5.820.586	5.820.586
16 01 02 03	Local staff of 'Communication' Directorate-General: Representation offices	16.530.000	16.530.000	16.355.000	16.355.000
16 01 02 11	Other management expenditure of 'Communication' Directorate-General: Headquarters	3.530.879	3.530.879	3.750.999	3.750.999
16 01 03 01	Expenditure related to equipment, furniture and services of 'Communication' Directorate-General: Headquarters	3.650.620	3.650.620	3.865.351	3.865.351

16 01 03 03	Buildings and related expenditure of 'Communication' Directorate-General: Representation offices	25.100.000	25.100.000	25.100.000	25.100.000
16 01 03 04	Other working expenditure	1.813.000	1.813.000	1.500.000	1.500.000
16 01 04 01	Communication actions — Expenditure on administrative management	2.900.000	2.900.000	3.200.000	3.200.000
16 02 02	Multimedia actions	29.900.000	25.000.000	30.750.000	25.000.000
16 02 03	Information for the media	6.000.000	5.000.000	4.760.000	4.000.000
16 02 04	Operation of radio and television studios and audiovisual equipment	6.254.000	6.254.000	6.755.000	6.500.000
16 03 01	Information outlets	14.300.000	15.000.000	12.400.000	11.500.000
16 03 02	Communication of the Representations	10.200.000	10.000.000	8.360.000	8.000.000
16 03 04	Communicating Europe in Partnership	12.830.000	12.830.000	13.130.000	12.000.000
16 03 05	EuroGlobe	0	0	0	0
16 03 05 01	Preparatory action — EuroGlobe	1.500.000	1.500.000	p.m.	p.m.
16 03 05 02	Completion of pilot project EuroGlobe	p.m.	590.000		1.000.000
16 04 01	Public opinion analysis	5.800.000	5.800.000	5.900.000	5.100.000
16 04 02	Online information and communication tools	11.620.000	10.620.000	11.850.000	11.500.000
16 04 03	Targeted written publications	2.950.000	5.000.000	3.000.000	3.500.000
16 04 04	Written publications for general use	3.257.000	3.257.000	3.300.000	3.300.000
25 02 01 01	Historical archives of the European Union	1.786.000	1.786.000	2.020.000	2.020.000
25 02 04 01	Documentary databases	700.000	700.000	700.000	700.000
25 02 04 02	General publications	1.463.000	1.463.000	1.463.000	1.463.000
26 01 51	European schools	148.541.807	148.541.807	154.212.044	154.212.044
26 03 02	Erasmus public administration programme	1.000.000	1.000.000	-	750.000

Total selected lines:	1.851.145.122	1.806.388.122	1.894.694.314	1.834.514.814
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