

## **Approval of the 2017 General State Budget 2017, driving economic growth and job creation while prioritising social spending**

*La Moncloa, Madrid, Monday 26 June 2017*

**Today the plenary session of the Upper House of Parliament approved the General State Budget (Spanish acronym: PGE) for 2017. Since the accounts approved on May 31 by the Lower House of Parliament were not altered by the Upper House, it is not necessary to send it back to the Lower House; the budget has thus been definitively approved.**

It is a budget which gives a fresh boost to the Spanish economy so that the country can continue moving towards the grand objective that has guided the economic policy of the Government: employment.

It is a budget which strengthens the credibility of the Spanish economy, since it continues along the path of fiscal consolidation, which will ensure that the public deficit will shrink by 3.1% in 2017, thereby paving the way for the Spanish economy to exit the Excessive Deficit Procedure in 2018.

Mention should be made of the important backing received by this budget during its passage through Parliament. Seven parliamentary groups supported the budget, which has enabled the 2017 budget to become a reality, while ensuring continued economic growth, budgetary stability, and job creation.

### **Social protection**

The 2017 PGE has placed special importance on social protection and basic public services. Pensions are once again one of the Government's major priorities and continue to account for a large part of the Spanish budget, totalling 139.65 billion euros (including civil service pensions) and representing 12% of GDP.

Social spending is up by 1.7% compared to 2016 and accounts for nearly 56% of all PGE expenditure in 2017, compared to 53.5% the previous year.

Pension spending in the 2017 PGE grew by 4.2 billion euros in comparison with 2016, accounting for over 40% of total consolidated budget expenditure. There is also an important commitment to public employment, since the PGE includes the consolidation of temporary employment and a major public employment offer that may involve as many as 67,000 jobs throughout the public administrations, affecting, among others, the state security forces.

The budget allocation to Health totals 4.09 billion euros, 2.3% higher than in 2016, while Culture will receive 803 million euros.

Meanwhile Education will receive 2.52 billion euros, representing an increase of 1.6%. The programme of student grants and aid deserves special mention due to its qualitative and quantitative importance; with an allocation of 1.52 billion euros it accounts for 60.4% of the total budget for education. Within this programme the allocation for student grants and aid for studies of a general nature totals 1.42 billion euros, thereby consolidating the efforts made in recent years, in which the amount allocated has grown by 252 million euros since 2011. The 2017 figure is the highest of the time series.

### **Funds of the autonomous regions financing system**

The autonomous regions will receive 99.82 billion euros as financing system funds, 5.39 billion euros more than in 2016, while local authorities will be given 17.97 billion euros. In addition to the funds allocated as part of their financing systems, the PGE also includes credits to meet agreements, grants and other expenses whereby the State participates in the financing of goods and services provided by regional governments. All of the above is complemented by amounts set aside to fund financial aid mechanisms for autonomous regions and local authorities to ensure they have access to better market conditions. In 2017 this amounted to 16.50 billion euros for the autonomous regions and 1 billion euros for the local authorities.