

An Empirical Study of Anhui Province Fiscal Expenditure Structure and Performance

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Abstract — This paper examines new trends in the total amount and local fiscal expenditure structure within local economic development and performance. The new economic normality seems to be full of financial shortfalls, excessive dependence on land finance and local debt. We take a fresh view of more prominent factors that are necessary for scientific research and standardized evaluation of the performance of fiscal expenditure. We analyze as an example the amount and structure of Anhui province fiscal expenditure in recent years and recognizes some problems such as: lack of social security expenditure, inefficient local fiscal expenditure, less capital expenditure ratio of the area for development and insufficient support area economic and technological development. Finally the paper puts forward some relevant countermeasures.

Keyword - Anhui province; fiscal expenditure; structure and performance; empirical study

I. INTRODUCTION

The total amount and structure of local financial expenditure are closely related to development structure of local economy and its performance, under the background of new economy normalcy of current local financial shortage, immoderate reliance of land finance and local debt, scientific research and norm evaluation of financial expenditure performance become more prominent and necessary. Qiu Tairu (1986) talked about the issue on central and local financial expenditure scope ^[1] for the first time; Liu Xiaochuan (1989) indicated the proportion that local financial expenditure among national financial expenditure is an important index used to measure the status of local finance, and proposed an opinion that it is more scientific to use an index on expenditure level per capita for measurement standard which is adopted to compare total amount of local financial expenditure ^[2]. Since 2010, the research on local financial expenditure made by our country's scholars mainly focuses on local financial expenditure structure and structural optimization, local financial expenditure performance evaluation issue, relationship between local financial expenditure and economic growth, etc. Wang Tiezheng et al (2014) analyzed structural issue of financial expenditure in Shangdong Province and proposed structural optimization measures for financial expenditure ^[3]; Zhang Hongxia (2010) evaluated and researched governmental investment performance in Liaoning Province by application of gray relative analysis method systematically, and obtained a conclusion that governmental investment has the strongest investment invitation ability for resource allocation performance and the secondary ability for economic growth performance ^[4];

Deng Yue et al (2013) proved a conclusion that local financial expenditure promoted economic development obviously by use of panel data, and such effect also has more distinct regional otherness ^[5]. In addition to research on the relationship between financial expenditure in whole area and regional economic growth, there are some scholars researching the relationship between certain project and economic growth in financial expenditure, Gao Yuemei et al (2012) analyzed the relationship between education financial expenditure and economic growth in Anhui Province aiming at Anhui education financial expenditure data, and obtained a conclusion that Anhui education expenditure had a promotion effect on its economic growth within both short and long term.

Research shows that all existing literatures analyze local financial expenditure from a certain aspect, and they rarely analyze it from the two aspects of entirety and structure of local financial expenditure. Based on this, this text makes a comprehensive analysis on Anhui financial expenditure data from these two aspects. In the second part, it makes an overall description on total amount of financial expenditure in Anhui Province; and in the third part, it conducts research on financial expenditure structure by use of principal component analysis method, and extracts main principal component factor, and makes a regression analysis by use of principal component scores for each city in Anhui Province in 2013 and other index used to evaluate financial expenditure efficiency; in the fourth part, it indicates main issues existing in Anhui financial expenditure and proposes countermeasures.

II. DESCRIPTION ON TOTAL AMOUNT OF ANHUI FINANCIAL EXPENDITURE

Firstly, the growth rate of financial expenditure is relatively fast, which exceeds the growth rate of gross value of production largely. To be able to compare the distinction on such growth rate intuitively, this text systemizes 2000-2013 GDP Total Value in Anhui Province and financial expenditure as well as its growth rate condition, as shown in following Table 1. We can see from the table that the

growth rate of financial expenditure in each year exceeds that of GDP total value, even in some years, such gap has reached 2-3 times, for example. For example, in 2001, the growth rate of financial expenditure reached 25.2%, however, in the same year, the growth rate of GDP total value was 8.89% only, similarly, during 2006-2008, the growth rate of financial expenditure reached above 30%, and the growth rate of GDP total value kept stable around 13%.

TABLE 1. 2000-2013 GDP TOTAL VALUE AND FINANCIAL EXPENDITURE AND ITS GROWTH RATE IN ANHUI PROVINCE, SOURCE: [15]

Year	GDP total value (hundred million Yuan)	Financial expenditure (hundred million Yuan)	Growth rate of financial expenditure (%)	Growth index of GDP total value (%)
2000	2902.09	323.4728	12.1	8.27
2001	3246.714556	403.7988	25.2	8.89
2002	3519.719505	456.8579	13.1	9.61
2003	3923.11	507.4398	11.1	9.36
2004	4759.3	601.528	18.5	13.31
2005	5350.17	713.0633	18.5	10.97
2006	6112.5	940.2329	31.9	12.53
2007	7360.92	1243.8342	32.3	14.17
2008	8851.66	1647.1253	32.4	12.67
2009	10062.81974	2141.9217	30	12.94
2010	12359.32641	2587.6135	20.8	14.59
2011	15300.64558	3302.9911	27.6	13.51
2012	17212.05062	3961.008	19.9	12.1
2013	19038.87	4349.6871	9.8	10.35

Secondly, from the view of whole province, the proportion of regional financial expenditure among its gross value of production is relatively large. It can be seen from Table 2 that the proportions of regional financial expenditure for each city among its gross value of

production are above 15% mostly, among which, the proportions for Fuyang, Bozhou, Liuan, Chizhou and Huangshan have been close to 30%; although the proportion for Hefei is the lowest, it reached up to 13.5%.

TABLE 2. COMPARISON TABLE ON 2013 FINANCIAL EXPENDITURE AND GROSS VALUE OF PRODUCTION FOR EACH CITY IN ANHUI PROVINCE, SOURCE: [16]

Region	GDP total value (hundred million Yuan)	Total expenditure (hundred million Yuan)	(%) occupied among GDP total value by expenditure	Region	GDP total value (hundred million Yuan)	Total expenditure (hundred million Yuan)	(%) occupied among GDP total value by expenditure
Hefei	4672.91	630.85	13.5	Liuan	1010.32	286	28.31
Huaibei	703.66	108.72	15.45	Ma'anshan	1293.02	202.59	15.67
Bozhou	791.09	206.43	26.09	Wuhu	2099.53	319.63	15.22
Suzhou	1014.33	222.66	21.95	Xuancheng	842.8	205.18	24.34
Bengbu	1007.85	191.5	19	Tongling	680.59	100.59	14.78
Fuyang	1062.48	312.65	29.43	Chizhou	462.25	130.68	28.27
Huainan	819.39	168.63	20.58	Anqing	1418.24	279.72	19.72
Chuzhou	1086.14	250.87	23.1	Huangshan	470.32	136.73	29.07

Thirdly, the financial expenditure for 16 cities in whole province is changed with a trend same with GDP total

value, and the specific variation trend is as shown in Figure 1. It can be seen from the figure that the financial expenditure for each city is closely related to GDP, for the

relationship between them, Zhu Baiming *et al* [1] thought that there is a positive correlativity presenting between financial expenditure related to economic construction and economic growth, however, Li Jingping *et al* [2] thought that the financial expenditure shall not be taken as main driving

force but only external factor of economic growth. It can be seen from Comparison Figure on Financial Expenditure and GDP total value for 16 Cities in Anhui Province, in addition to Liuan and Fuyang, the remaining region shows relatively strong correlativity for the relationship on these two aspects.

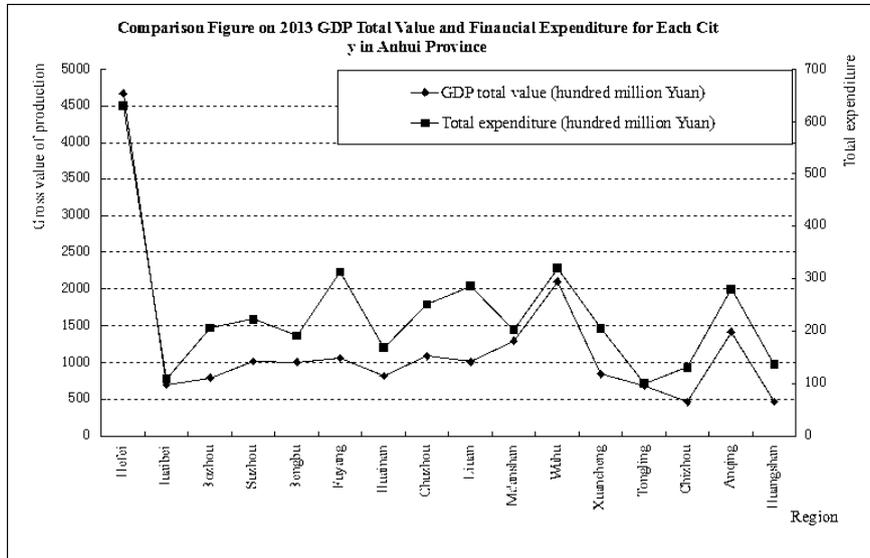


Fig.1 .Comparison Figure on 2013 GDP Total Value and Financial Expenditure for Each City in Anhui Province, Source:

III. EMPIRICAL ANALYSIS ON ANHUI FINANCIAL EXPENDITURE STRUCTURE

A. Variable Selection and Model Building

1. Variable Selection

When considering the financial expenditure structure, this text selects 17 items of structural index: general public service (X1), education expenditure (X2), science and technology expenditure (X3), cultural education and media expenditure (X4), expenditure for medical care and public health (X5), national defense expenditure (X6), public safety expenditure (X7), social security and employment expenditure (X8), expenditure for agriculture, forestry and water affairs (X9), expenditure for resources exploration electric power information and other affairs (X10), expenditure for business service industry and others (X11), energy-saving and environmental protection expenditure (X1), expenditure for financial regulation and other affairs (X13), housing security expenditure (X14), transportation expenditure (X15), expenditure for urban and rural community affairs (X16), and grain and oil supplies storage affairs expenditure (X17). When making a principal component analysis in the following text, with consideration of the relationship between variable quantity and sample quantity, remove two variables with relatively low correlation from above indexes, namely expenditure for business service industry (X11) and grain and oil supplies storage affairs expenditure (X17) respectively, therefore, only 15 financial expenditure structural indexes are confirmed in this text finally.

As the regression analysis on financial expenditure efficiency may be involved in the following text, it also selects the following evaluation indexes as well: select gross regional production index (Y1) when considering the relationship between financial expenditure and social and economic development; meanwhile, select a series of indexes such as rural per capita net income (Y2a), urban residents per capita income (Y2b) and quantity of effective invention patents (Y3) and urban forest cover rate (Y4) when considering the relationship with income of urban and rural residents, regional science and technology level and environment.

2. Principal Component Analysis Method

For a sample data, set t concomitant variables x_1, x_2, \dots, x_t observed and n samples, then the data matrix is:

$$X = \begin{pmatrix} x_{11} & x_{12} & \dots & x_{1t} \\ x_{21} & x_{22} & \dots & x_{2t} \\ \vdots & \vdots & \vdots & \vdots \\ x_{n1} & x_{n2} & \dots & x_{nt} \end{pmatrix} = (x_1, x_2, \dots, x_t)$$

$$\text{Where: } x_j = \begin{pmatrix} x_{1j} \\ x_{2j} \\ \vdots \\ x_{nj} \end{pmatrix}, \quad j = 1, 2, \dots, t.$$

For principal component analysis, it integrates t concomitant variables observed into t new variables, namely:

$$\begin{cases} F_1 = a_{11}x_1 + a_{12}x_2 + \dots + a_{1t}x_t \\ F_2 = a_{21}x_1 + a_{22}x_2 + \dots + a_{2t}x_t \\ \dots \\ F_t = a_{t1}x_1 + a_{t2}x_2 + \dots + a_{tt}x_t \end{cases}$$

The above form can be abbreviated as:

$$F_j = \alpha_{j1}x_1 + \alpha_{j2}x_2 + \dots + \alpha_{jt}x_t \quad (j = 1, 2, \dots, t)$$

F_1 is referred to as the first principal component, the rest may be deduced by analogy, then F_t is referred to as the t as principal component; a_{ij} represents principal component factor hereby.

3.1.3 Building of Regression Model

According to indexes used to evaluate financial expenditure efficiency which are selected above as well as the principal component scores calculated based on principal component analysis method, build corresponding regression model, and the regression equation built from four aspects are as follows:

(1) Regression model for financial expenditure structure and regional economy:

$$Y_1 = \beta_{10} + \beta_{11}X_1 + \beta_{12}X_2 + \dots + \beta_{1j}X_j \quad (1)$$

(2) Regression model for financial expenditure structure and resident income:

$$Y_{2a} = \beta_{20a} + \beta_{21a}X_1 + \beta_{22a}X_2 + \dots + \beta_{2ja}X_j$$

$$Y_{2b} = \beta_{20b} + \beta_{21b}X_1 + \beta_{22b}X_2 + \dots + \beta_{2jb}X_j \quad (2a;2b)$$

(3) Regression model for financial expenditure structure and regional scientific and technological level:

$$Y_3 = \beta_{30} + \beta_{31}X_1 + \beta_{32}X_2 + \dots + \beta_{3j}X_j \quad (3)$$

(4) Regression model for financial expenditure and environment:

$$Y_4 = \beta_{40} + \beta_{41}X_1 + \beta_{42}X_2 + \dots + \beta_{4j}X_j \quad (4)$$

Where: X_1, X_2, \dots, X_j represent principal factors

scores calculated according to above principal component analysis method, β_{ij} ($i = 1, 2, 3, 4, j = 0$) represents constant item in regression model, and β_{ij} ($i = 1, 2, 3, 4; j = 1, 2, \dots$) represents corresponding partial regression coefficient for variable.

B) Empirical Analysis on Financial Expenditure Structure in Anhui Province

1. Principal Component Analysis

Firstly, conduct standardized process on original data by use of spss19.0, and test its reliability and validity. For result of KMO, Bartlett and reliability test, it is shown in Table 3:

TABLE 3. KMO, BARTLETT AND RELIABILITY TEST

Kaiser-Meyer-Olkin with measurement of sufficient degree sampled	0.746
Bartlett sphericity degree test	210.614
Df	55
Sig.	0.000
Cronbachs Alpha based on standardized item	0.960

It can be seen from test result that each index data selected in this text complies with the requirement of principal component analysis.

Then process the standardized data, and obtain correlation matrix among each items; when extracting the principal component, the accumulative contribution rate required generally shall reach up to above 80%, in this text, it only extracts two principle components according to the condition that characteristic root is higher than 1, however, its accumulative contribution rate has been close to 80%, indicating that the principle components extracted can represent changes of 15 original variables basically. For specific accumulative result, see Table 4, and draw scree plot according to this extracted result, as shown in Figure

TABLE 4. TOTAL EXPLAIN VARIANCE

Component	Initial characteristic value			Extracting quadratic sum loading			Rotating quadratic sum loading		
	Total	Variance %	Accumulation %	Total	Variance %	Accumulation %	Total	Variance %	Accumulation %
1	9.787	65.248	65.248	9.787	65.248	65.248	6.4	42.669	42.669
2	2.205	14.697	79.945	2.205	14.697	79.945	5.591	37.276	79.945

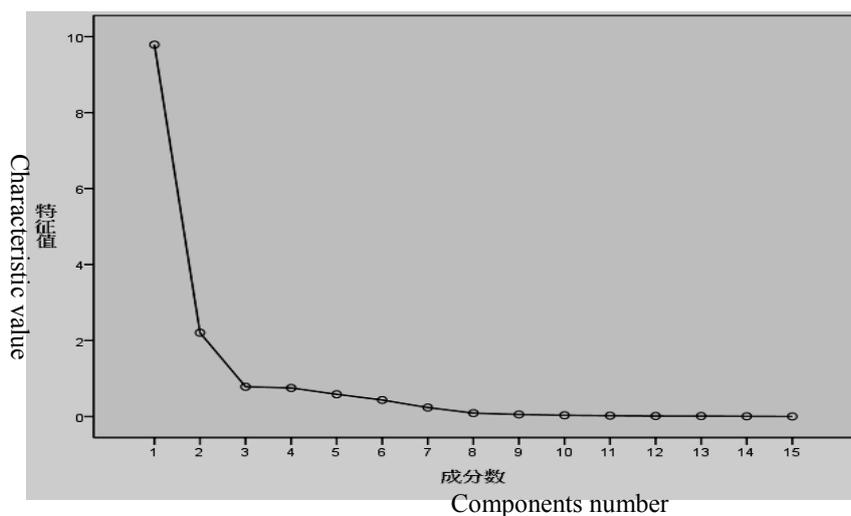


Fig.2. Corresponding Screen Plot for Principal Components

TABLE 5. ROTATING COMPONENT MATRIX					
Component scores coefficient matrix					
	Component			Component	
	1	2		1	2
Zscore(X1)	0.588	0.729	Zscore(X1)	0.025	0.113
Zscore(x2)	0.801	0.571	Zscore(x2)	0.108	0.029
Zscore(x3)	0.158	0.861	Zscore(x3)	-0.109	0.228
Zscore(x4)	0.458	0.655	Zscore(x4)	0.004	0.114
Zscore(x5)	0.977	0.134	Zscore(x5)	0.23	-0.131
Zscore(x6)	0.39	0.439	Zscore(x6)	0.024	0.062
Zscore(x7)	0.752	0.613	Zscore(x7)	0.088	0.05
Zscore(x8)	0.838	0.426	Zscore(x8)	0.143	-0.02
Zscore(x9)	0.927	0.183	Zscore(x9)	0.208	-0.108
Zscore(x10)	0.319	0.874	Zscore(x10)	-0.07	0.204
Zscore(x11)	0.234	0.948	Zscore(x11)	-0.105	0.24
Zscore(x12)	0.718	0.172	Zscore(x12)	0.156	-0.075
Zscore(x13)	0.711	0.224	Zscore(x13)	0.145	-0.058
Zscore(x14)	0.866	0.296	Zscore(x14)	0.173	-0.064
Zscore(x15)	0.123	0.966	Zscore(x15)	-0.137	0.265
Extraction method: principal components.					
Rotation method: orthorhombic rotation method with Kaiser standardization.					

According to rotating component matrix and component scores coefficient matrix shown in Table 5, the principal component factor can be named as social service expenditure and regional development expenditure, and obtain factor scores equation further:

$$f1=0.025 * ZX_1 + 0.108 * ZX_2 + \dots + 0.173 * ZX_{14} + -0.137 * ZX_{15},$$

$$f2=0.113 * ZX_1 + 0.029 * ZX_2 + \dots + -0.064 * ZX_{14} + 0.265 * ZX_{15}.$$

For financial expenditure structure, the comprehensive scores equation can be expressed as $F=W_1*f1+W_2*f2$, where, where, W_1 and W_2 are confirmed according to ratio of characteristic value of principal component factor accounting for the sum of all characteristic value.

For financial expenditure structure scores for each city in Anhui Province calculated according to principal component factor scores equation and comprehensive scores equation, it is shown as Table 6:

TABLE 6. STATUS TABLE ON FINANCIAL EXPENDITURE STRUCTURE SCORES FOR EACH CITY IN ANHUI PROVINCE

Region	Scores of Factor 1	Scores of Factor 2	Comprehensive scores	Comprehensive ranking
Hefei	0.903	3.34	2.039	1
Huaibei	-1.3	-0.355	-0.86	16
Bozhou	0.321	-0.754	-0.18	8
Suzhou	0.477	-0.602	-0.026	7
Bengbu	-0.388	-0.113	-0.26	11
Fuyang	1.861	-0.891	0.579	2
Huainan	-0.938	0.109	-0.45	13
Chuzhou	0.589	-0.35	0.152	6
Liuan	1.258	-0.657	0.366	5
Ma'anshan	-0.472	0.059	-0.225	10
Wuhu	0.082	1.035	0.526	3
Xuancheng	-0.156	-0.251	-0.2	9
Tongling	-1.445	-0.131	-0.833	15
Chizhou	-0.974	-0.219	-0.622	14
Anqing	1.194	-0.417	0.443	4
Huangshan	-1.012	0.198	-0.448	12

C) *Linear Regression Analysis*

(1) Model Significance Testing

The model significance analysis result listed in Table 7 shows that corresponding R-square value for Model 1 and Model 3 is 0.961, and R-square value after adjustment is 0.955, and the requirement on 0.8 above is reached, and the significance level of F value of these two models is lower than 0.05, which indicates that the independent variable selected in these two models can explain the changes condition of dependent variable effectively, and also proves the validity of regression model among financial

expenditure structure, regional economy and scientific and technological development level. However, from the view of significance analysis of Model 2a, Model 2b and Model 4, regardless of R-square value and F value after adjusted, the validity of regression model can't be verified by virtue of significance level, therefore, it is invalid to explain resident income and regional environment condition by use of financial expenditure structure. As these three models fail to pass significance test, in the following regression analysis, we will focus on discussion of the regression relationship among financial expenditure structure, regional economic development level and scientific and technological level.

TABLE 7. MODEL SIGNIFICANCE ANALYSIS

Model	R	R ²	Adjusted R ²	Significance	F test
Model 1	0.98	0.961	0.955	0	160.552
Model 2a	0.724	0.524	0.451	0.008	7.159
Model 2b	0.584	0.341	0.24	0.066	3.368
Model 3	0.98	0.961	0.955	0	160.176
Model 4	0.336	0.113	-0.024	0.46	0.826

(2) Model Variance Analysis

The model variance analysis listed in Table 8 shows that F values for Model 1 and Model 3 are 160.552 and 160.176 respectively, and the statistical significance are both lower than 0.05, therefore, it can be thought that there is a linear

relationship existing among Anhui financial expenditure structure, regional economic development level and scientific and technological development level, and the validity of regression model is also proved again.

TABLE 8. MODEL VARIANCE ANALYSIS

Model		Sum of variance	Degree of freedom	Mean square	F value	Significance
Model 1	Regression	14.416	2	7.208	160.552	0
	Residual	0.584	13	0.045		
	error					
	Total	15	15			
Model 3	Regression	14.415	2	7.208	160.176	0
	Residual	0.584	13	0.045		
	error					
	Total	15	15			

(3)Model Parameter Estimation

TABLE 9. MODEL PARAMETER ESTIMATION AND ITS SIGNIFICANCE RESULT

Model/ parameter	Model 1			Model 3		
	Parameter value	Standard deviation	Significance	Parameter value	Standard deviation	Significance
$\beta_{10}(\beta_{30})$	3.719E-16	0.053	0.000	1.169E-16	0.053	0.000
$\beta_{11}(\beta_{31})$	0.398	0.055	0.000	0.211	0.055	0.002
$\beta_{12}(\beta_{32})$	0.896	0.055	0.000	0.957	0.055	0.000

It can be found through analysis of model parameter estimation and its significance calculation result that, in Model 1 and Model 3, the regression coefficients for Factor 1 (social service expenditure) are 0.398 and 0.211 respectively, and the statistical significance are 0.000 and 0.002 respectively, lower than 0.05, which indicates that statistical significance is equipped, meanwhile, it also indicates that social service expenditure among Anhui financial expenditure has a positive influence on both regional economic development level and scientific and technological development level; and for Factor 2 (regional development expenditure), its regression coefficients are 0.896 and 0.957 respectively, and the statistical significance are both 0.000, lower than 0.05, which also indicates that regional development expenditure among Anhui financial expenditure has a significant positive influence on regional economic development level and scientific and technological development level.

Through above analysis, the following conclusion can be drawn in this text: in four linear regression models, only regional economic development level and scientific and technological development level can be explained by use of social service factor and regional development factor among financial expenditure structure, and it is invalid to explain resident income condition and regional environment condition by use of two principal component factors among financial expenditure structure; However, through process of regression analysis on financial expenditure structure and regional economic and scientific and technological level, it can be proved that increase of financial investment in social service expenditure and regional development expenditure can improve local economic development level and scientific and technological development level effectively.

By contrast, for local development financial expenditure, the action on driving economic and scientific and technological development is more obvious.

IV ANHUI FINANCIAL EXPENDITURE ISSUES AND MEASURES

A) *Main Issues on Anhui Financial Expenditure*

(1) The proportion of regional development infrastructure construction expenditure is not enough to support regional economic and scientific and technological development

The above analysis indicates that there has been a very contradictory situation occurred in Anhui financial expenditure in recent years, financial deficit has become larger and larger, however, the expenditure of local finance in the aspect of regional development infrastructure construction is not enough to support regional economic and scientific and technological development. In a region, its infrastructure construction expenditure is directly linked to its economic development, if the infrastructure construction in a region can't reach up to the standard required by economic development, it can't attract foreign investment into local economic development. Therefore, regional infrastructure construction is an effective guarantee for economic development. As the geographical position in Anhui is not dominant, it is lagged far behind the eastern coastal provinces in previous decades of development If Anhui Province intends to exceed the development level of other province, it must continue to strengthen its investment in economic construction. In addition, a certain unbalance is behaved internally while the economic and scientific and technological development in Anhui Province is lagged

behind that of other provinces wholly, the economic and scientific and technological development level in the north region of Anhui is more lagged than that in other region of Anhui comparatively. As a whole, the financial expenditure proportion in the aspect of infrastructure construction in Anhui Province is too low, which has a severe influence on its economic and scientific and technological development level.

(2) The social security system is unsound, and people's benefit can't be guaranteed

The soundness of social security system in a region influences social stability and people benefit's guarantee to a large extent. It can be seen from Anhui financial expenditure data that proportion of project expenditure for people's livelihood is too low, for some project it is even far below national mean level. The proportion of financial expenditure in some aspect reflects the government's emphasis on this project to a certain degree, regardless of education, housing security or employment service, such projects are linked with people's benefit, and the proportion of expenditure on such projects can reflect the sound degree of social security system in a region. However, from the view of actual condition in Anhui Province, although education expenditure, housing security expenditure, expenditure for medical care and public health, social security and employment service account for a relatively high proportion from the view of this province, in some provinces with developed economy, the proportions of expenditure on such projects are far beyond expenditure proportion in Anhui Province.

(3) The financial expenditure efficiency is low, and it is difficult to reach the best benefit

The usage of financial fund may also generate different effect on allocation process of governmental resources and different resource allocation schemes to a certain degree, reasonable arrangement of fund usage scope and structure has an important influence on financial expenditure efficiency. From the view of Anhui financial expenditure condition, there are issues on unreasonable structure and undefined usage scope existing. In the process of fund usage, it is difficult to reach the best allocation mode, so that it can't reach the best financial benefit. At present, the financial expenditure operation mechanism in Anhui Province is unsound. In addition, there are no complete sets of financial expenditure efficiency evaluation index system and method establishing in Anhui Province, and necessary supervision on usage process of financial fund and its effect is lacked, the accountability system is also lacked for failure of financial expenditure, and there is scientific verification and normative procedure lacked for decision of financial expenditure, which leads to severe waste of financial fund, and the unusual phenomenon on coexistence of financial constraint and financial waste is occurred frequently.

V. CONCLUSIONS AND FUTURE WORK

(1) Strengthen the proportion of infrastructure construction, and promote the sound development of regional economy

The infrastructure construction expenditure in a region is base guarantee for regional economic development. At present, the economy in Anhui has still been at an undeveloped level, and many infrastructures need to be perfected constantly. To adapt to requirement on rapid development of economy, Anhui Province shall strengthen its investment in transport infrastructure, etc. and infrastructure projects, with completion of highway, railway, aviation and high-grade waterway as main skeleton, high-density rural highway network as basis and transport hub station as node, develop regional transport and urban and rural transport harmonically, link up highway, waterway, railway and aviation organically, its transportation capability, traffic information level and service quality are improved obviously, and the comprehensive transport system suitable to rapid development of economy and society is established. Just like transport construction, local government shall also pay attention to other infrastructure projects. Therefore, to adapt to rapid development of Anhui Province in recent years, the government needs to strengthen proportion of infrastructure expenditure to support the economic development of whole Anhui Province.

(2) Strengthen investment in social security, and perfect social security system

Anhui Province shall adjust the financial expenditure structure constantly aiming at current state that the social security insurance expenditure proportion is relatively low, and strengthen expenditure in social security and other projects linked with people's base benefit directly, and add financial investment; accelerate to establish fairer and sustainable social security system, improve financial proportion used for social security expenditure gradually, and provide a strong social support for realization of whole coverage and sustainable development.

(3) Optimize financial expenditure mechanism and framework, and improve financial expenditure efficiency

The financial expenditure mechanism and framework have an influence on financial usage efficiency and affect the development of regional economy further, therefore, we shall try to establish and perfect performance evaluation system for financial fund; on the basis of implementation of project management, the government shall give corresponding feedback timely aiming at the usage efficiency and effect of financial project fund, in this way, the issues occurred during financial expenditure can be found, then correct them timely according to actual condition, and improve fund usage efficiency. Meanwhile, it needs to invest the financial fund to the most-needed departments, adjust financial expenditure plan flexibly, and optimize financial expenditure structure reasonably. During

financial expenditure, Anhui Province shall make a reasonable budget, refer to successful experience from other region, and try to form financial expenditure mechanism and framework with regional feature and capacity on supporting regional economic development in the aspect of financial expenditure combined with its own feature.

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ANNEX 1. CORRELATION MATRIX AMONG ITEMS															
	x1	X2	X3	X4	X5	X6	X7	X8	X9	X10	X11	X12	X13	X14	X15
X1	1														
X2	0.905	1													
X3	0.593	0.608	1												
X4	0.773	0.702	0.645	1											
X5	0.707	0.87	0.243	0.488	1										
X6	0.446	0.472	0.456	0.368	0.429	1									
X7	0.916	0.963	0.579	0.749	0.817	0.511	1								
X8	0.767	0.909	0.491	0.526	0.882	0.636	0.888	1							
X9	0.731	0.844	0.244	0.579	0.948	0.459	0.829	0.798	1						
X10	0.887	0.787	0.68	0.615	0.451	0.423	0.804	0.67	0.461	1					
X11	0.827	0.72	0.846	0.739	0.354	0.521	0.744	0.587	0.411	0.899	1				
X12	0.469	0.66	0.38	0.523	0.671	0.298	0.627	0.714	0.542	0.302	0.326	1			
X13	0.503	0.713	0.387	0.376	0.718	0.307	0.654	0.728	0.641	0.469	0.322	0.394	1		
X14	0.702	0.857	0.478	0.667	0.871	0.429	0.788	0.772	0.889	0.468	0.526	0.687	0.593	1	
X15	0.782	0.669	0.846	0.613	0.265	0.433	0.707	0.544	0.274	0.908	0.909	0.243	0.348	0.35	1