

The crisis affecting Russia's public services: healthcare, education, and the postal service

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Russia's public services are facing chronic issues, stemming from insufficient funding, staff shortages and uneven socio-economic development. These challenges have been exacerbated by Russia's armed aggression against Ukraine, as the state budget has prioritised military spending. The direct and indirect consequences of the war have further strained these services. The crisis is evident in critical sectors including those of key importance to the state such as health care, education, and the postal service. Despite the prolonged and severe nature of these problems, the situation remains under control and poses no risk of a total collapse.

The problems will not be solved in the immediate future. Moreover, they are likely to escalate, particularly affecting the residents of Russia's poorer and more remote regions. Despite this, it is unlikely that these issues will evolve into a major political challenge for the Kremlin.

Wartime priorities and unfulfilled promises

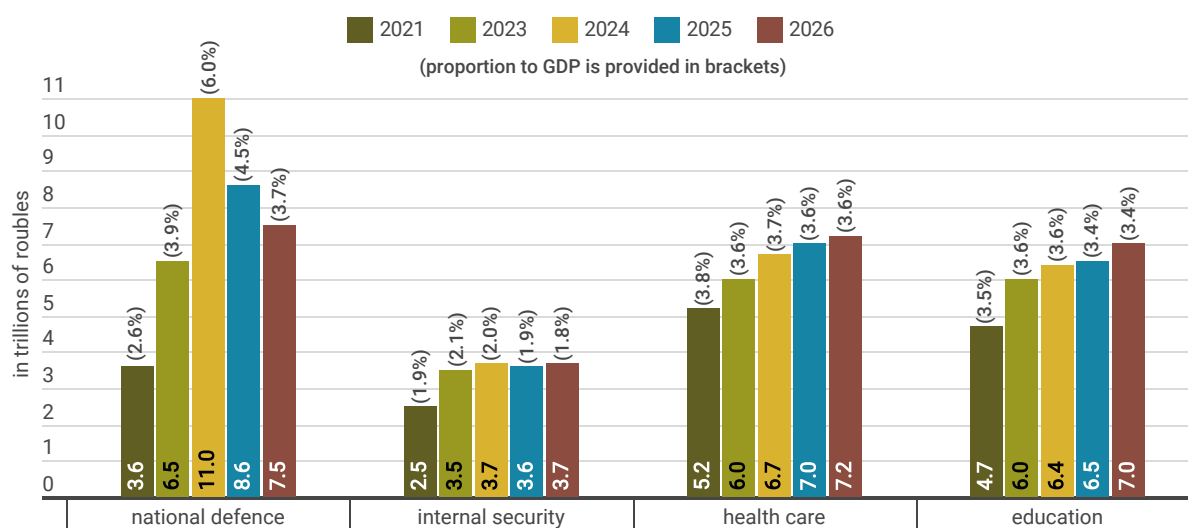
During Russia's full-scale invasion of Ukraine, the rise in war spending overshadowed the increase in other expenditures, including those for public services. In 2021, in its federal budget, the regional budgets and extra-budgetary funds, Russia allocated a total of 6.1 tn roubles (4.5% of its GDP) to defence and internal security. The figures for 2022 have been classified, and in 2023 this sum increased by nearly 70% to 10 tn roubles (6% of Russia's GDP; around \$120 bn). At the same time, it should be noted that a portion of defence-related outlays is included in other budget items. Meanwhile, funding for healthcare and education has increased by just 20%.

The Kremlin has prioritised war spending, as evidenced by its plans for 2024–26. Over the next three years, the official (most likely far from final) budgetary outlays for defence and security (38 tn roubles or around \$450 bn) will be only slightly lower than the sum earmarked for healthcare and education (41 tn roubles or around \$490 bn). The latter two spending categories are additionally affected by the direct and indirect consequences of the war. It should be noted that healthcare expenditure from the federal budget alone will decrease from 1.65 to 1.62 tn roubles, and spending on education will fall from 1.6 to 1.4 tn roubles.



Although the government has taken steps to counter the permanent underfunding of public services, its efforts are inconsistent, selective, and provisional. In May, following the inauguration of his illegitimate presidency, Vladimir Putin signed additional ‘May decrees’,¹ setting new tasks and development goals, including this one, extending the timeline to 2030 and subsequently to 2036. The previous editions of this document (signed in 2012 and 2018, and modified in 2020) envisaged, among other things, a salary rise for public sector employees, including teachers, health care workers etc. Since funds for their salaries mainly come from regional and municipal budgets, which receive additional subsidies from the state, this resulted in at least a partial shift of the financial burden from the federal level to the lower levels of government.

Chart. Spending from the Russian Federation’s* budget system from 2021–26**



* total spending from the federal, regional, and local budgets as well as from state non-budgetary funds
 ** statistics regarding the implementation of the budget in 2022 have not been published; statistics for 2024–26 have been drawn from the Ministry of Finance plans published in September 2023

Source: Ministry of Finance of the Russian Federation.

To facilitate the announced salary increases, the regional average salary, rather than the national average, was used as a benchmark. The plans stipulated that public sector salaries should account for 100% or 200% of the regional average, depending on the occupational category. The methodology for calculating these salaries was also changed. In addition, the regional authorities often manipulated the data by employing procedural tricks, such as reducing the number of employees and transferring them to other positions while retaining their responsibilities. Nevertheless, by the end of 2023, only 11 regions (13%), including the illegally annexed Crimea and Sevastopol, had fully implemented all salary recommendations in the public administration sector.² Due to the lack of uniform rates, these salaries are typically lower than the Russian average, even in institutions which have fulfilled their obligations. Moreover, salaries vary within each region, as employees of federal institutions receive higher remuneration for specific roles compared to their counterparts in institutions supervised by regional and municipal authorities. This disparity results in the migration of specialists to wealthier federal subjects, and a shift towards the private sector.

¹ ‘Указ о национальных целях развития Российской Федерации на период до 2030 года и на перспективу до 2036 года’, The President of the Russian Federation, 7 May 2024, kremlin.ru.

² ‘«Полубедная жизнь»’, Вёрстка, 6 May 2024, verstva.media.

Although Putin has ordered the implementation of the recommendations by the end of 2023 (with 190 bn roubles from the federal budget earmarked for this purpose³), it is doubtful,⁴ that this will be fulfilled in the immediate future. This is due to their unrealistic assumptions, the lack of a mechanism to enforce the recommendations, insufficient funding, and debt owed by individual regions, as well as the fact that priority was given to war spending. Meanwhile, low salaries are one of the main causes of a persistent crisis in the most important branches of Russian public services: healthcare, education, and the postal service.

Problems faced by the healthcare sector

Low salaries translate into staffing problems in the healthcare sector. In 2023, the salaries of 75% of healthcare employees were below the targets set in the 'May decrees', which proposed that physicians should earn 200% of the average regional salary, while for other medical staff it's 100%.⁵ Nearly 60% of Russian physicians said that their salaries were insufficient to meet basic needs, and almost 80% had to work two or more jobs as a result.⁶ Considering inflation, the real salaries of healthcare professionals have decreased over the years. As a result, despite an increase of almost 11,000 physicians, the government estimated that, by the end of 2023, Russia faced a shortage of around 26,500 doctors and almost 60,000 mid-level practitioners (paramedics, nurses, midwives, technicians etc.). In response to this staffing crisis, Russia significantly simplified the procedure for employing foreign medical professionals in 2023.

A major shortfall of medical personnel has been recorded in almost 30 regions (some experiencing a deficit of half the required number of oncologists) while

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a surplus has been reported in 11 regions. The situation is complicated by Russia's highly uneven socio-economic development: among the 10 federal regions with the highest spending on healthcare in 2024, Moscow's expenditure will exceed the total expenditure of the other nine. Large cities and resource-rich regions, associated with state-controlled energy and mining companies, attract medical specialists from across Russia by offering significantly higher salaries. The average salary earned by a physician in Russia is around 100,000 roubles (around \$1,100), in Saint Petersburg it is more than 120,000 roubles, in Moscow it is almost 170,000 roubles, in the Chukotka Autonomous Okrug (AO) it is more than 210,000 roubles and in the Yamalo-Nenets AO it is more than 220,000 roubles (all these locations are among the top ten regarding the number of physicians per 100,000 residents). The regional differences could be reduced if a unified remuneration system in the healthcare sector were adopted. However, the launch of the pilot programme, which is to comprise seven regions, has been postponed until 2025.

The staff shortfall is particularly acute in remote regions and small towns.⁷ As part of the 'Zemstvo doctor' and 'Zemstvo paramedic' programmes,⁸ launched in 2012 and 2015 respectively, high one-time payments (up to 2 mn roubles or around \$22,500) were offered to individuals who took up

³ Т. Замахина, 'Мишустин назвал системную основу для борьбы с бедностью', Российская газета, 3 April 2024, rg.ru.

⁴ К. Букетов, 'Пустые обещания', Новая газета Европа, 18 May 2024, novayagazeta.eu.

⁵ В. Кулакова, 'Средняя в больнице: врачи заявили о несоответствии их зарплат указам президента', Известия, 25 January 2023, iz.ru.

⁶ Т. Струкова, 'Более 50% врачей жалуются на то, что зарплата не покрывает базовые потребности', RTVI, 19 March 2024, rtvi.com

⁷ 'Удручающее состояние экстренной службы', Газета на Дом, 13 May 2024, газетанадом.su.

⁸ The names of these programmes refer to zemstvo, a local government body which operated in Russia from 1864–1919 and was responsible, among other things, for the organisation of health care and education in rural regions.

employment in towns – with fewer than 50,000 inhabitants – and in villages. Over 12 years, more than 60,000 individuals were expected to benefit from the programmes, which have been extended until 2030. However, this number is insufficient, as evidenced by the makeshift solutions frequently implemented by regional and local authorities. For example, in Altai Krai, which has a shortfall of more than 1,500 physicians and 1,200 mid-level practitioners, more than fifty residents of villages without access to a paramedic have received training in basic patient care.⁹

In an attempt to improve the situation on an ad hoc basis, the government introduced special monthly allowances for healthcare workers of up to 18,500 roubles in 2023. In March, the maximum allowance was increased to 50,000 roubles, although payments to paramedics and nurses in emergency wards remained unchanged at 7,000 roubles. In protest, employees of at least fifty health care facilities in small towns across Russia independently appealed to Putin for help.¹⁰

Work overload has been on the rise due to low salaries, the need to seek supplementary employment, and the shortfall of staff. At the beginning of 2024, general practitioners across Russia reported a significant rise in this issue.¹¹ Work shifts have been extended, and the number of admitted patients has increased because the duration of individual appointments was reduced. The reason for this change may be due to pressure from the federal authorities aiming to improve the approval rating of the United Russia party and Putin himself among the primarily older electorate by rapidly increasing the availability of medical care. However, in the longer term, this practice is likely to contribute to a decline in the quality of healthcare services and will exacerbate staffing problems.

New peculiarities in Russia's public health sector also include restrictions on access to abortion. By the end of 2023, more than a dozen

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regions had introduced or were considering introducing relevant laws,¹² and the Ministry of Health has increased its supervision of pharmaceutical substances that could be used to terminate pregnancies. Reasons for this move may include the conservative agenda dominating Russian political life, although Putin himself has blocked further legislative changes and publicly criticised a tough anti-abortion stance. Another new development recorded in Russia has been a significant rise in the incidence of measles (13,000 cases diagnosed in 2023, the highest number since 1993, a 128-fold increase compared to 2022), whooping cough (53,000, the highest number since 1990, a 17-fold increase) and flu (245,000, the highest since 2011, a three-fold increase).¹³ This results from a shortage of vaccines (in March, at least 16 regions reported this shortage), low vaccination coverage, and people's reluctance to get vaccinated.

Russia's full-scale invasion of Ukraine launched in February 2022 has also generated numerous challenges to the Russian health care system. Although international sanctions have not comprised the pharmaceutical market, the war has increased the cost of doing business for foreign companies. This has contributed to a decline in the variety of medicines available in pharmacies. In 2023, the range of available medicines shrank by 11% compared to 2022. Of the 2,200 medicinal products removed from the Russian market, more than half were imported, while the Russian generic drugs replacing

⁹ 'Сколько помощников фельдшера работает в малых селах Алтая и чем они занимаются?', Amic, 5 May 2024, amic.ru.

¹⁰ 'В правительстве отреагировали на массовые видеобращения сотрудников скорой помощи', Медицинская Россия, 4 April 2024, t.me/mediamedics.

¹¹ 'Записаться на приём к врачу стало легко, но получить помощь — непросто', Вёрстка, 24 May 2024, verstka.media.

¹² К. Лысяков, '11 регионов России вводят меры против аборт. Что они хотят запретить и почему врачи выступают против?', Lenta.ru, 25 November 2023, lenta.ru.

¹³ И. Горбунова, 'В России — рекордная за много лет заболеваемость корью, коклюшем, гриппом и менее распространенными инфекциями. Объясняем, с чем связана вспышка', Если быть точным, 8 May 2024, tochno.st.

them are often of inferior quality. Additionally, the number of foreign-made products on sale has been reduced by a third compared to pre-war levels.¹⁴ Alongside this, the number of products vulnerable to shortages has increased by 1.5 times. Problems with the availability of medicines have particularly affected certain sensitive patient groups.

Many Russian regions, including large cities such as Moscow and Saint Petersburg, experienced a shortage of insulin, 75% of which is imported. In 2023, pharmacies

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sold the lowest number of insulin drugs in five years.¹⁵ Several federal subjects have also recorded problems with access to HIV treatment, while Russia’s official number of individuals infected with this virus is around 1.2 mn having increased by 27% between 2017 and 2023. Moreover, independent estimates suggest that in 2023, the Health Ministry’s spending on antiretroviral drugs (ARVs) allegedly decreased by 29% y/y.¹⁶ According to the ministry, this reduced funding allowed healthcare facilities to provide treatment to just 400,000 of the required 750,000 patients. Additionally, there are significant discrepancies in the reported proportion of HIV-infected patients receiving ARV treatment: according to the Zdravresurs analytical group this proportion stands at slightly more than 30%, while according to the Ministry of Health it is at nearly 90%.

The situation is similar regarding medical equipment, over 70% of which is foreign-made. Although no formal sanctions have been imposed on this category of goods, imports from the US, Europe, and Japan have become significantly more difficult, as has their operation and maintenance. This is due to payment and logistical problems, along with restrictions on dual-use goods. Given the unlikely prospects for a significant increase in domestic production, finding replacements for this equipment is the only solution. Russia could switch to Asian-made equipment, mainly Chinese-made, within a few years. However, this will most likely negatively impact the quality of Russian healthcare services.

The war also directly burdens the Russian healthcare system. During the two years of hostilities, at least 2,500 physicians from 50 regions have been posted to occupied Ukrainian territories. In 2023, the Kremlin earmarked 8 bn roubles for healthcare services in the territories illegally annexed in 2022, with the corresponding sum expected to rise to 8.8 bn roubles in 2024. Moreover, the mobilisation of 300,000 reservists in September 2022 reportedly included 3,000 physicians and mid-level practitioners. The losses on the front have also contributed to increased demand for medical services, evidenced by a record high increase in the number of individuals requiring rehabilitation equipment, wheelchairs and limb prostheses.¹⁷ Russia’s only hospital specialising in treating cystic fibrosis patients is to be transformed into a facility for treating wounded soldiers, after which it will be closed.¹⁸

¹⁴ ‘Из российских аптек исчезло более 2 тысяч наименований лекарств’, *The Moscow Times*, 29 January 2024, [moscow-times.ru](https://www.moscow-times.ru).

¹⁵ ‘«Нет ни в одной аптеке». По всей России из продажи исчезает инсулин’, *The Moscow Times*, 18 January 2024, [moscow-times.ru](https://www.moscow-times.ru).

¹⁶ Н. Костарнова, ‘У ВИЧ-положительных заподозрили отрицательный бюджет’, *Коммерсантъ*, 4 June 2024, [kommer-sant.ru](https://www.kommer-sant.ru).

¹⁷ ‘В 2023 году число Россиян с инвалидностью, нуждающихся в колясках и протезах ног выросло на 42%’, *Вёрстка*, 24 May 2024, [verstka.media](https://www.verstka.media).

¹⁸ С. Мустаева, ‘В Москве единственную больницу в РФ для пациентов с муковисцидозом перепрофилируют под госпиталь участников «СВО». Затем ее окончательно закроют’, *Новая газета Европа*, 4 June 2024, [novaya-gazeta.eu](https://www.novaya-gazeta.eu).

Problems faced by the education sector

Russia has a shortfall of teachers, totalling 11,000 in 2023. In at least 20 regions, the staff shortage amounted to as much as 10% of the total workforce. In recent years, the number of teachers leaving the profession increased by one-third, and in more than 30% of the federal regions, it increased by more than 50%. In 2017, 141,800 teachers quit their jobs, while in 2023, the number rose to 193,500. Including auxiliary and executive staff, the total number of individuals who left their jobs in the education sector in 2023 amounted to 316,300.¹⁹ Consequently, the number of weekly working hours for teachers has increased by 1.5 to 2 times. At present, teachers often teach multiple subjects or provide distance education.

Another motivation to work extra hours is the low salaries, which are among the lowest in the category of salaries offered to a qualified

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workforce. There are major discrepancies in the statistics compiled regarding this issue by official and independent sources. According to Rosstat, in 2023, the average salary offered to a teacher in an urban school stood at 56,000 roubles (\$630). The lowest salaries were recorded in Karachay-Cherkessia at 22,000 roubles, while the highest were in Chukotka at more than 140,000 roubles. In Moscow, this figure stands at 120,000 roubles. According to figures compiled by the ‘Teacher’ Trade Union, in as many as 88% of Russia’s federal regions, salaries offered to inexperienced teachers who have not yet earned professional status do not exceed the minimum wage, which is 19,200 roubles (slightly more than \$200). In 40% of the federal regions these salaries are no more than half of the minimum wage, and in 39% they correspond to 75% of this sum.²⁰ In several regions including Karachay-Cherkessia, the Jewish Autonomous Oblast, the Altai Republic, and Vologda Oblast, teacher salaries reportedly stand at less than 5,000 roubles (less than \$60) monthly.

The government intended to solve the problem of staff shortages at schools, which is particularly acute in remote regions, by implementing a programme similar to the ‘Zemstvo doctor’ programme. Under this programme, teachers who pledged to work at village or small-town schools for five years received a one-time payment of up to 1 mn roubles. Over the three years since the programme’s implementation in 2020, 5,000 teachers have participated. However, this has not stopped the outflow of teaching staff; currently, the programme’s database shows 3,000 vacancies in more than 1,700 schools.²¹

Another challenge involves the poor state of repair and insufficient equipment of educational facilities. In 2022, every tenth village school had no central heating (in Tuva this proportion was a staggering 85%), while 12% of schools did not have access to running water and sanitation (in the Republic of Sakha the proportion is more than 50%).²² Across Russia, 6,000 schools lack sanitation, 5,600 lack running water and 5,000 lack central heating, with around 9% of schools operating in wooden buildings (primarily in villages). For example, in the Yamalo-Nenets Autonomous Okrug, this figure includes as much as 25% of urban schools. In 2022, on average, a third of all buildings used for educational purposes in each region (27% of all facilities in Russia) required full renovation. Significant regional

¹⁹ К. Бонч-Осмоловская, ‘В 2023 году из российских школ уволились 193 тысячи учителей. Это максимум за 7 лет’, *Важные истории*, 12 February 2024, storage.googleapis.com/istories.

²⁰ ‘В Год педагога и наставника учителя так и не дождалась улучшения своего положения’, *Профсоюз «Учитель»*, 5 October 2023, pedagog-prof.org.

²¹ ‘Земский учитель’, zemteacher.apkpro.ru.

²² Б. Ги, ‘В российских школах не хватает 900 тысяч мест — и это только одна из проблем. Во многих зданиях нет канализации и центрального отопления’, *Если быть точным*, 6 September 2023, tochno.st.

differences have been recorded: for example, in Moscow, there are no such schools, while in the Yamalo-Nenets Autonomous Okrug, the proportion is 4%; in Zabaykalsky Krai, it is 66%; and in Kirov Oblast, it is 70%. Although nationwide the proportion of school buildings at risk of collapse does not exceed 1%, in Dagestan, this problem affects 8% of village schools, and in the Jewish Autonomous Oblast, it affects 6% of urban schools. In 2022, a federally coordinated programme was launched, as part of which the government plans to renovate more than 7,000 schools.

The war's impact on the situation in the Russian education system is difficult to assess. At least 200 teachers from 30 regions have expressed their willingness to work in schools on annexed Ukrainian territories, where they have been offered high salaries, and around 100 teachers have gone to war. The increasing ideologisation, such as the introduction of a new obligatory subject entitled 'Conversations about Important Things', which relies on propaganda and indoctrination, and the naming of almost 100 schools after the Heroes of the Special Military Operation, as well as the militarisation of the education system, including the reinstating of basic military training, the employment of former servicemen as teachers and the organisation of meetings with war veterans, who frequently include convicted criminals, have also contributed to mounting dissatisfaction among some teachers, leading them to quit their jobs. Additionally, in Russia's border regions, schools have been repeatedly shelled, leaving one teacher injured.²³

Problems faced by Russian Post

The problems faced by Russian Post (Russia's second largest employer with a workforce of 300,000 individuals) bear the hallmarks of a social crisis due to the organisation's status as one of the few all-Russian institutions which operate in the country's most remote regions. In 2023, it had more than 38,000 brick-and-mortar offices, of which 27,000 were in villages and remote towns. Most of these were unprofitable and in a poor state of repair. At the end of the 2022 fiscal year, the company recorded a loss of 27 bn roubles, resulting from logistical and transport problems caused by Russia's invasion of Ukraine. In May 2023, the organisation underwent a streamlining reform, which included changes to the rules for calculating employee remuneration. This reform led to a significant reduction in salaries for postal workers, with the average salary being less than 25,000 roubles. However, the most common salary is 19,000 roubles, which is slightly below the minimum wage.

Instances of layoffs and employees quitting their jobs due to low salaries have accelerated the process of closing unprofitable post offices. For example, in the Altai

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Republic 19 of its 89 post offices were temporarily closed in 2023 due to staff shortages. Between 2017 and 2023, 150 post offices were permanently closed in Krasnoyarsk Krai. Although around 500 post offices continue to operate in Krasnoyarsk Krai, half of them are temporarily closed or have reduced their scope of duties and opening hours.²⁴ The reduction in the number of post offices has mainly exacerbated the social, cultural, transport, and economic exclusion of residents of villages and small towns, particularly pensioners. For instance, in 2023, local media reported delays in delivering pension payments to pensioners in several regions of the Ural Federal District and in Zabaykalsky Krai.²⁵ In 2020, 11 mn Russian citizens lived in locations where Russian Post is the only service provider.

²³ 'Война изменила школу. Чем закончился учебный год — в цифрах от «7x7»', 7x7 Горизонтальная Россия, 6 June 2024, semnasem.org.

²⁴ Е. Павленко, 'Местное время. Воскресенье: в регионе массово закрываются почтовые отделения', Вести. Красноярск, 16 July 2023, vesti-krasnoyarsk.ru.

²⁵ '«Почта России» массово задерживает выдачу пенсий в регионах УрФО', Правда УрФО, 12 May 2023, pravdaurfo.ru.

The government needs to find a balance between economically streamlining the company's operations and interventionism. In 2023, the Ministry of Digital Development of the Russian Federation requested the regional authorities to consider the possibility of closing some post offices in towns with more than 10,000 residents. Funds saved in this manner could be spent on maintaining and modernising post offices located in villages. In April 2024, Putin approved a set of instructions for the government regarding the pledge to modernise post offices located in villages and remote areas by 2030.

A functional crisis

The invasion of Ukraine has aggravated the current problems affecting the public service sector due to both its direct and indirect consequences, and the militarisation of socio-economic life. Contrary to the government's declarations, the 2024–26 Federal Budget is effectively a wartime budget, and as such, it gives priority to armaments and internal security at the expense of other sectors. Thus, in the coming years we should not expect any noticeable improvement in the situation of the healthcare sector, the education system, and postal services. It is highly likely that their problems will aggravate and multiply, especially outside the large cities and resource-rich regions, i.e., in remote and underdeveloped areas. This, in turn, will contribute to a reduction in living standards and a decline in the Russian population's general health. It is also unlikely that the 'May decrees' will be effectively implemented concerning the level of salaries offered to public sector employees.

Although Russian public services are in a state of permanent crisis of varying intensity, it should not be expected that they will collapse completely. The federal level authorities are aware of the possible social, political, and economic consequences of such a collapse and have been making attempts to alleviate the crisis's effects by applying provisional remedies and implementing multiannual programmes, which frequently involve a series of reactive measures rather than long-term development plans. Despite the lack of qualitative change, this approach makes it possible to slow down the deterioration of public services and maintain their operation at a certain level, albeit relatively low. However, this state of affairs will most likely generate negative consequences in the long-term perspective.

Although discontent among the Russian public may rise – which is immediately affected by the decline in the quality of public services and the increasingly difficult access to them – the potential for protest is limited. What should be expected are irregular, isolated protests organised by specific professional groups (for example, paramedics). Due to Russia's insufficiently developed horizontal networks, these protests will mainly be local and will not pose any political threat to the Kremlin.