



Current system of social benefits in Slovakia and proposed reforms

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CONTENT OF THE PRESENTATION:

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- II. Benefits in material need and supplements to the benefit**
- III. State social benefits**
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 - Benefit in material need and supplements**
 - Allowance for housing**
- V. Employment services**
 - the current status and reform vision**



I. GENERAL INFORMATION

Institutional framework:

- **The Ministry of Labour, Social affairs and Family of the Slovak Republic**
- **The Central Office of Labour, Social affairs and Family**
- **46 Offices of Labour, Social affairs and Family (42 branch offices, 41 field offices, altogether 129 offices)**
 - Material need
 - State social benefits
 - Employment services
 - Social and law protection and child protection
 - Support of handicapped citizens
- **387 838 job seekers, 186 420 beneficiaries of material need benefits**
- 177 average number of job seekers on one employer of UPSVAR employment services (from 123 to 255 clients according to the locality of the office)
 - **Municipalities:**
 - Department of social services (social workers of self-administration)
 - Activation works
 - Special recipients of material need benefits



II. BENEFITS IN MATERIAL NEED AND ALLOWANCE TO THE BENEFITS

Material need

- defined as a status in which the income of a citizen and persons who are considered together with the citizen does not reach the **minimum subsistence**

Minimum subsistence

minimum subsistence of a person or persons whose incomes are considered the sum or total sum:

- **189,83** € per month, concerning one adult person
- **132,42** € per month, concerning another adult person considered together with the adult person
- **86,65** € per month, concerning dependant child or independant not adult



II. BENEFITS IN MATERIAL NEED AND ALLOWANCE TO THE BENEFITS

Benefit belongs to a citizen who is in material need and persons who are considered together with the citizen in material need. It is intended to secure basic living conditions (**one warm meal a day, necessary clothing and shelter**)

Benefit in material need	The actual amount of benefits in €
- a single person without children	60,50
- a single person with 1 to 4 children	115,10
- a single person with more than 4 children	168,20
- two persons without children	105,20
- two persons with 1 to 4 children	157,60
- two persons with more than 4 children	212,30



II. BENEFITS IN MATERIAL NEED AND ALLOWANCE TO THE BENEFITS

The basic benefit in material need increases:

- of **13,50 €** if a person in material need is a pregnant woman (conditioned by regularly visits of a prenatal clinic)
- of **13,50 €** if a person in material need is a parent of a child up to one year of age (conditioned by proper care of the child and participation in physical inspections at the pediatrician)
- of **17,20 €** if a person in material need has a child and this child is in compulsory school attendance (conditioned by proper school attendance)

Persons considered together:

- husband and wife,
- parents and dependant children living with them in one household,
- parents and their children up to 25 years of age who do not have income or have income of not more than minimum wage, living with their parents in one household



II. BENEFITS IN MATERIAL NEED AND SUPPLEMENTS TO THE BENEFITS

When fulfilling the conditions for benefits in material need and other conditions stated by law a citizen in material need can be granted additional allowances

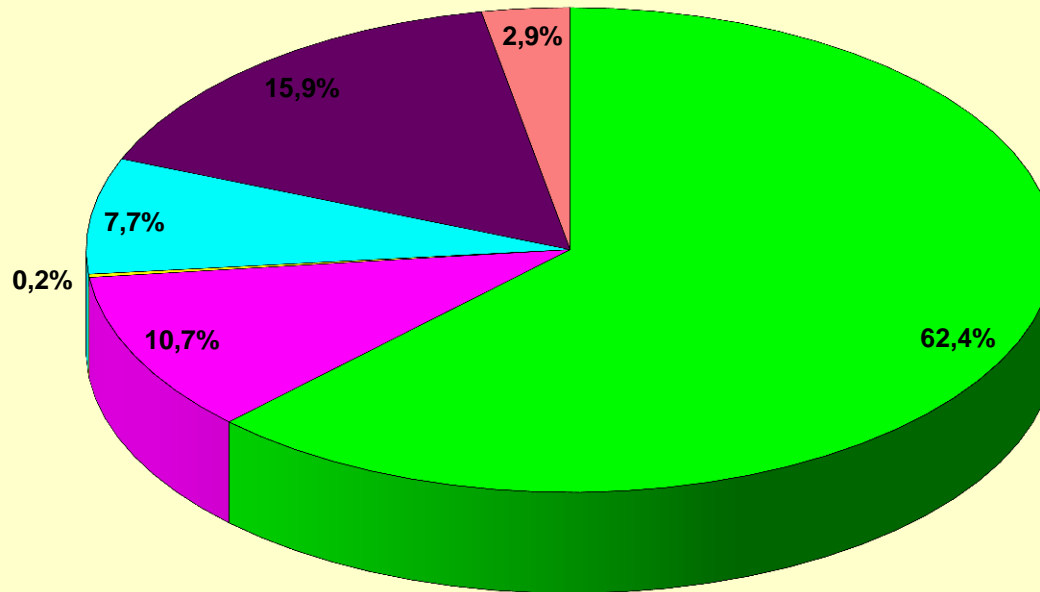
Allowance to benefits in material need	Actual amount of allowances in €
Allowance for health care	2,00
Allowance for housing	
- one person	55,80
- two and more persons	89,20
Activation allowance	63,07
Protection allowance	63,07



Current system of social benefits in Slovakia

Benefit in material need and supplements - Beneficiaries structure (August 2011)

The structure of beneficiaries of BMN and AtB in % in August 2011



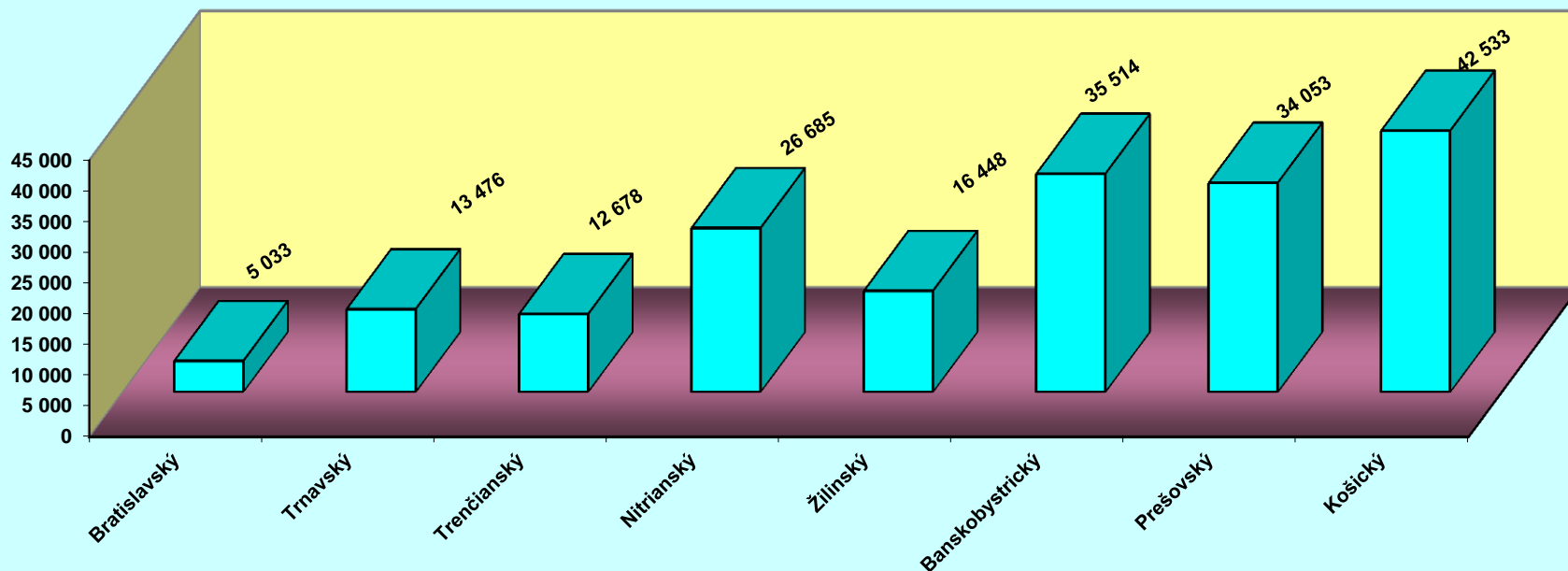
Person, Person with 1-4 children, Person with more than 4 children, Couple, Couple with 1-4 children, Couple with more than 4 children

■ jednotlivec ■ jednotlivec s 1-4 deťmi ■ jednotlivec s viac ako 4 deťmi ■ dvojica ■ dvojica s 1-4 deťmi ■ dvojica s viac ako 4 deťmi



Current system of social benefits in Slovakia

The number of beneficiaries of BMN and AtB according to regions (August 2011)





Current system of social benefits in Slovakia

Development of the number of beneficiaries of BMN and allowances to the benefit in the period from 2006 to 2010 (December)

	2006	2007	2008	2009	2010
Number of beneficiaries	212 516	182 479	153 516	179 910	190 391
From that job seekers	112 269	95 852	78 029	114 260	125 041
Portion of job seekers in %	52,83	52,53	50,83	63,51	65,68
Paid in €	23 384 285	20 010 686	15 789 095	22 373 789	23 899 218
average amount of a benefit in €	110,04	109,66	102,85	124,36	125,53



III. State Social Benefits – Non-regular Benefits

➤ **Allowance at birth**

birth of child	151,37 €
birth of twins or more children	+ 75,69 €

➤ **Supplement to allowance at birth (paid with 1st, 2nd and 3rd child)**

birth of child	678,49 €
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➤ **Allowance for twins and more children – once a year**

up to 6 years	81,99 €
from 6 to 15 years	101,25 €
at 15 years	107,55 €

➤ **Funeral allowance**

for costs related with funeral	79,67 €
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III. State Social Benefits – Regular Benefits

Effective from 01/2011

- **Parental allowance**
up to 3 years, up to 6 years of disabled child **190,10 €/monthly**

- **Allowance for proper care of child**
reimburses real costs of care for child for working or studying parents up to a cap of **230 €/monthly, (41,10 €/monthly in case of no evidence of costs)**

- **Child allowance**
dependant child **22,01 € monthly**
supplementary allowance (in case of disabled child up to 25 years of age) **10,32 € monthly**

- **Supplementary alimony** (effective from 07/2011)
if alimony is not paid **103,98 €**, or proportionate part if alimony is paid partly

- **Allowances for support of supplementary family care (foster care)** (effective 09/2011)
one time benefit at entrustment **352,86 € each child**, at termination **883,90 €** each full-age child
regular allowance **132,39 €/monthly for child**, regular allowance **168,32 €/monthly for supplementary parent**



IV. Proposed reform – Material Need Benefit Act

- Equity** each person in material need is entitled for support
- Meritoriousness** increase of the benefit for activity, more activity, higher benefit
- Motivation** new system will help those, who are working for minimum wage by combining income from social system and work

Basic aim is to set optimum mechanism for balancing **activation, motivation and protection principles** – create system, which would be motivational for largest group of beneficiaries possible, minimize „inactivity traps“.



IV. Material Need Benefit Act

➤ Basic amount

20 % of subsistence minimum (37,97 €) – necessary minimum

Currently, basic benefit (62,50 €) is provided generally, without consideration of activity

➤ Solidarity allowance

40 % of subsistence minimum (75,94 €)

Currently, protection allowance (63,07 €) is heavily misused

➤ Motivation allowance for adults

- **20 % of subsistence minimum (37,97 €)**
activities in the community centre, activities of NGOs
- **45 % of subsistence minimum (85,43 €)**
activation works or education



Proposed reforms

➤ Motivation allowance for children

- pre-school age - **15 % of subsistence minimum (28, 50 €)**
- children with compulsory school attendance or at secondary education - **25 % of subsistence minimum (47, 50 €)**
- scholarships are not considered as income

➤ Targeting poverty of working

- calculation of only **65 % of real income from work + entitlement for activation allowance**
- motivation for maintaining employment with low remuneration

➤ Motivation measure for long-term unemployed

calculation of only **45 % of real income from work (first 3 months), respectively 55% (another 3 months) after long term unemployment**

Guarantee of income from work and social system



Proposed reforms

Housing benefit

- independent state social benefit without consideration of existence of material need
- **more just, less bureaucratic, more accessible**
- (currently 96 thousand, proposed cca 108 tisíc entitled beneficiaries)
- **higher amount**
 - individual** currently 55,80 €/monthly, proposal **68,91 €/monthly**
 - 2 persons and more** currently 89,20 €/monthly, proposal **116,98 €/monthly**
- it will not be considered as income for purposes of calculation of the material need benefit, i.e. will be provided next to the material need benefit
- depending on minimum costs of housing, i.e. not as lump sum as currently
- conditioned by fulfilment of payment duties related with housing (motivation)



Proposed reforms

Comparison of incomes of individual at minimum and maximum activity

Minimum option – individual with 0 -8 children, minimum activity (basic amount of material need benefit, child allowance)

type recipient family	1+0	1+1	1+2	1+3	1+4	1+5	1+6	1+7	1+8
present	62,5	119,1	121,1	123,1	125,1	180,2	182,2	184,2	186,2
proposal	37,97	55,28	72,59	89,9	107,21	124,52	141,83	159,14	176,45
decrease	-24,53	-63,82	-48,51	-33,2	-17,89	-55,68	-40,37	-25,06	-9,75

Maximum amount – individual with 0 -8 children, (maximum material need benefit,,housing benefit, child allowance)

type recipient family	1+0	1+1	1+2	1+3	1+4	1+5	1+6	1+7	1+8
present	181,37	311,11	352,85	377,4	419,13	496,77	538,51	563,05	604,79
proposal	192,3	333,34	388,34	434,7	489,69	536,04	591,04	624,41	679,41
increase	10,93	22,23	35,49	57,3	70,56	39,27	52,53	61,36	74,62



Proposed reforms

Comparison of incomes of couple at minimum and maximum activity

Minimum option – couple with 0 -8 children, minimum activity (basic amount of material need benefit, child allowance)

Typ poberateľa /rodiny	2+0	2+1	2+2	2+3	2+4	2+5	2+6	2+7	2+8
súčasnosť	109,2	163,6	165,6	167,6	169,6	226,3	228,3	230,3	232,3
návrh	64,45	81,76	99,07	116,4	133,69	151	168,31	185,62	202,93
decrease	-44,75	-81,84	-66,53	-51,2	-35,91	-75,3	-59,99	-44,68	-29,4

Maximum amount – couple with 0 -8 children, (maximum material need benefit,,housing benefit, child allowance)

Typ poberateľa /rodiny	2+0	2+1	2+2	2+3	2+4	2+5	2+6	2+7	2+8
súčasnosť	324,54	418,68	460,42	485	526,7	605,94	647,68	672,22	713,96
návrh	352,28	407,28	462,28	508,6	563,63	609,98	664,98	698,35	753,35
decrease / increase	27,74	-11,4	1,86	23,7	36,93	4,04	17,3	26,13	39,39



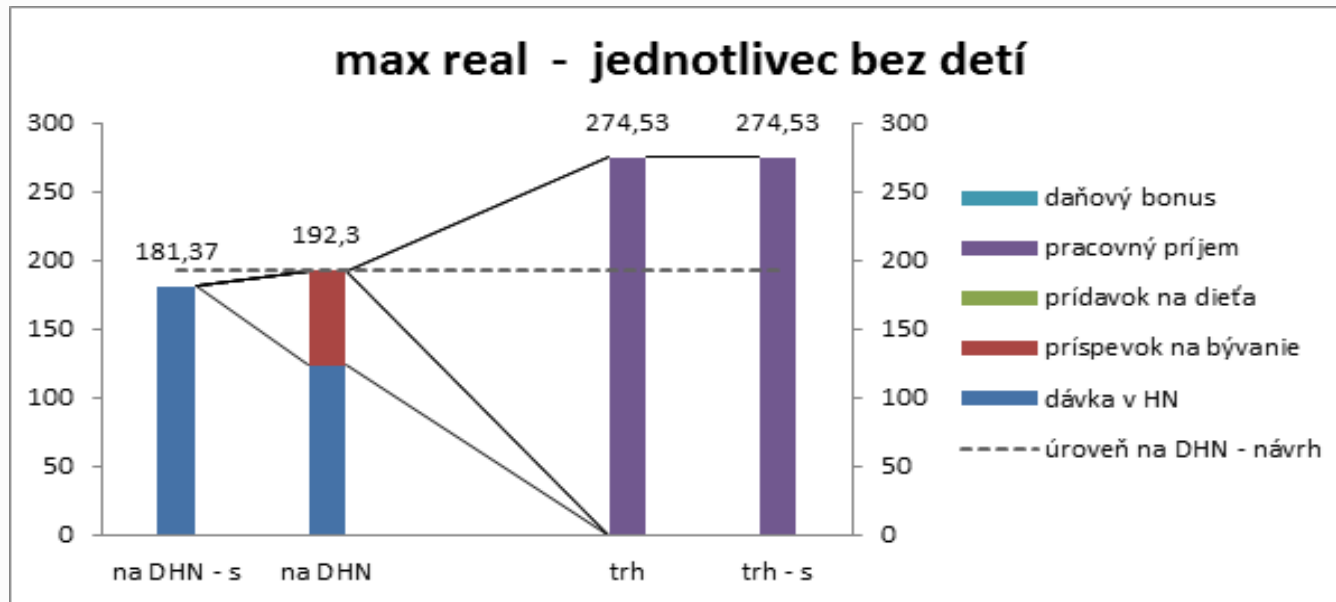
Proposed reforms

Motivation of transfer from safety net on the labour market

1 adult gets employed for a minimum wage

Benefit from maximum amount of benefits to the labour market is **82,2 €** (same as currently)

Person without children



- Na DHN – s – maximum income from material need benefit currently
- Na DHN - maximum income from material need benefit proposed
- Trh – s – income of the family with one adult employed for minimum wage currently
- Trh – income of the family with one adult employed for minimum wage proposed



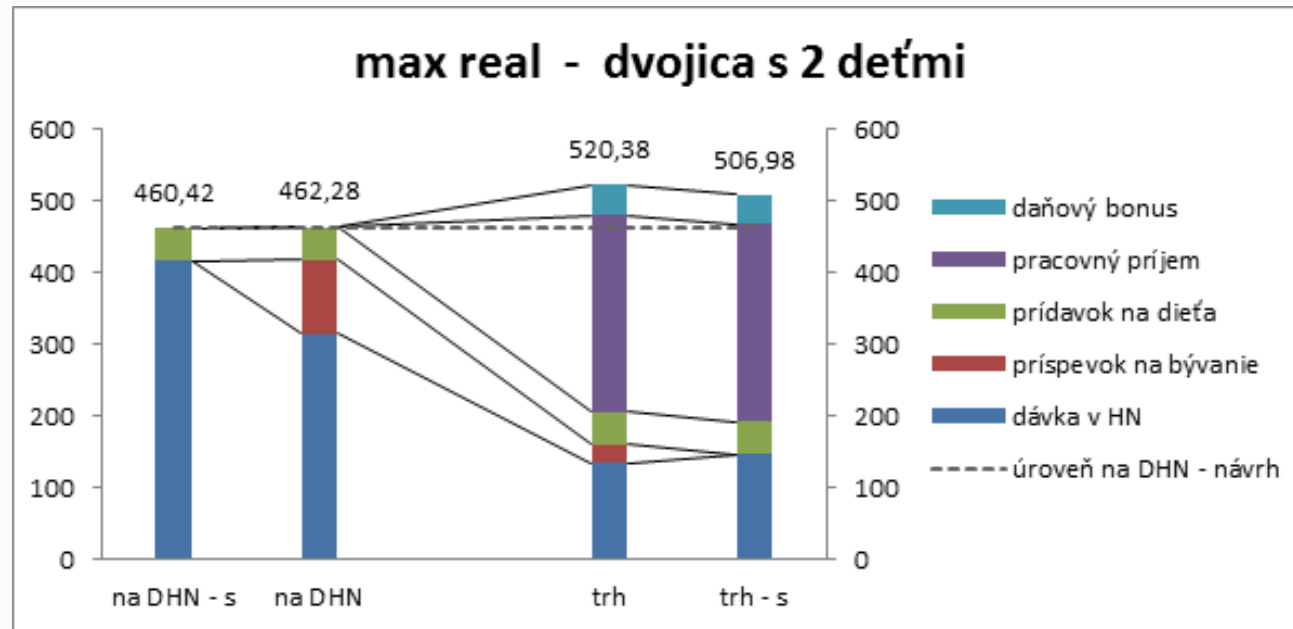
Proposed reforms

Motivation of transfer from safety net on the labour market

1 adult gets employed for a minimum wage

Benefit from maximum amount of benefits to the labour market is **+58,1 €** (+ 13,4 € against current status).

Couple with 2 children



- Na DHN – s – maximum income from material need benefit currently
- Na DHN - maximum income from material need benefit proposed
- Trh – s – income of the family with one adult employed for minimum wage currently
- Trh – income of the family with one adult employed for minimum wage proposed



V. EMPLOYMENT SERVICES - current status

Employment services - job search assistance, implementation of **active labor market measures**:

- **subsidy for the citizen** (for self-employment, for moving for work, for commuting for work)
- **subsidy for the employer** (for support of employment, for support the employment of disadvantaged job seekers)
- **education and preparation for the labor market** (job applicants and candidates for employment)
- **support of employment of persons with disabilities** (subsidy for the establishment of protected workshop or workplace, preparation for employment of disabled people)
- **activation activity** (activation allowance by small municipal services for the municipality, or voluntary service)
- **graduate practice** (subsidy for implementation of graduate practice)



V. EMPLOYMENT SERVICES - current status

Activation activity

- represents **support of maintenance of work habits** of long-term unemployed citizens, who are recipients of the material need benefit
- performed continuously for a max. **period of 6 calendar months**, not more than **20 hours per week** (an additional 12 calendar months possible)

Forms of activation activities

- **small municipal services for the municipality or self-governing region**
(activities in favor of community development, environmental protection, emergencies, social service, cultural and community activities)
- **voluntary service**
(social services, humanitarian aid, emergency)



V. EMPLOYMENT SERVICES - current status

Contributions for the municipality, respectively for self-governing region to cover of working tools, protective equipment, work organization, etc. (citizen receives an activation allowance)

Amount of contribution for small service (max.)

70,41 €	1 jobseeker/month (during 1.– 6.month)	max. 7 % of total labor cost
40,24 €	1 jobseeker/month (other 12 months)	max. 4 % of total labor cost
30,18 €	organizer	max. 3 % of total labor cost

Amount of contribution for voluntary service (max.)

25,14 €	1 jobseeker/month	max. 7 % of total labor cost
20,12 €	organizer	max. 3 % of total labor cost
189,83 €	flat-rate contribution to cover the necessary expenses for jobseekers	Amount of subsistence minimum



V. EMPLOYMENT SERVICES – Reform vision (from April 1, 2012)

➤ **Extension of the activation activities**

- not only the self-government region, any business or natural entity (public services)
- extension of the activities, eg. forestry activities, help in household, waste management, building maintenance and roads, security service, tourism, etc.
- cancellation of existing time limits (6+12 months)
- extending of claim to the subsidies for the organizer (transport), an increase of the subsidy
- cancellation of voluntary service, simplification of the system

➤ **Competition of Employment Services (non-public services)**

➤ **Intermediate labor market**

➤ **Inclusive enterprises**



Intermediate labor market - integration on the labor market

a) of long-term unemployed citizen, who is recipient of the material need benefit

b) of significantly disadvantaged citizen, who is recipient of the material need benefit

➤ integration is performed by business entity or natural person (**non-public employment services**) on base of a project

➤ **Reward to integrating entity** dependent on success of integration on the labor market

➤ Integration is carried out **6 months**

➤ **work for 80% of minimum wage** - after 6 months - **transition to open market**

Integration:

a) activities, actions and services aimed at dismantling barriers that prevent entry and stay on the labor market - **financial advice, integration plan, education**

b) temporary employment on supported work place to obtain professional skills and practical experience (**formalities, training or incorporation, supervision**)

c) support in dealing with problematic situations in the workplace and beyond (6 months)



Inclusive enterprise (proposal of NGO)

- implemented **exclusively selected state contracts (not grants, but guarantee of orders)**
- **separate market specific services to be approved by the Commission**
- employs inclusive employees, who are **at least 75%** of the total number of employees (long term unemployed and other disadvantaged unemployed)
- provides for obtaining of **job skills** to apply on open labor market - **2 years** fixed term contract
- at least **80% of employer net profit** is used for creation of new jobs, improving of work conditions or community
- provides **support and help to inclusive employees** to find employment on the open labor market