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ESPN Thematic Report on Social Investment

Slovenia

2015

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EUROPEAN SOCIAL POLICY NETWORK (ESPN)

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The European Social Policy Network (ESPN) was established in July 2014 on the initiative of the European Commission to provide high-quality and timely independent information, advice, analysis and expertise on social policy issues in the European Union and neighbouring countries.

The ESPN brings together into a single network the work that used to be carried out by the European Network of Independent Experts on Social Inclusion, the Network for the Analytical Support on the Socio-Economic Impact of Social Protection Reforms (ASISP) and the MISSOC (Mutual Information Systems on Social Protection) secretariat.

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Summary

A **social investment approach** to tackling key social challenges and to the development of national social policies is evident from various policy documents and acts related to children, youth and families, as well as to social and labour market inclusion (except the fiscal consolidation measures that have – temporarily or permanently ― lowered the extent of social investment). The Slovenian benefit system combines more-or-less adequate income replacement with activation and enabling services, ever more targeted at individual needs. There is a relatively high degree of complementarity and interaction between policies and measures.

Slovenia has a relatively well-developed **family policy**, aimed at a horizontal redistribution of income in favour of families with children, enabling the reconciliation of professional and family obligations. Generous **maternity/paternity/parental leave and benefits**, as well as well-developed and highly subsidised early childhood education and care (**ECEC**), have been the main factors supporting parents' labour market participation in Slovenia (since the mid-1970s). The maximum period of continuous paid post-natal leave available in Slovenia is currently 14 months, and a generously compensated leave runs for just over 11 months. Consequently, as a rule, the uptake of (such long) leave does not depend on the family's financial situation. Right from the end of parental leave, there is an entitlement to ECEC on a full-time basis in pre-school day-care centres, so there is no gap between the end of leave and ECEC entitlement. Due to the high subsidy, payment for ECEC is not an obstacle for any family that wishes to include a child in the pre-school day-care centres' all-day programmes.

The overall policy framework for investing in children and thus **tackling the risk of child poverty** has been relatively adequate in Slovenia (the percentage of children below the age of 18 years who are at risk of poverty or social exclusion was less than two-thirds of the EU-28 average in 2013; for the risk of poverty only, it was less than three-quarters of the EU-28 average (Bouget et al. (2015), Annex 3, Tables A5 and A6). However, the situation whereby the worst-off families do not receive child allowances (since these are claimed after relatively high child benefits) requires some revision to the Exercise of Rights to Public Funds Act (2010).

Two **acts regulating social assistance and family transfers from public sources** (the Social Assistance Benefits Act and the Exercise of Rights to Public Funds Act) were adopted in 2010 and became effective on 1 January 2012. Although the minimum income was increased, the interaction of benefits resulted in a decline in many families' disposable income. Amendments to both acts were adopted in December 2013 and further revisions were promised in order to eliminate the remaining (not originally foreseen or intended) unfavourable impact on family budgets, but nothing happened in this respect in 2014. Unfortunately, the fiscal consolidation measures have – temporarily or permanently – reduced the extent of social investment since mid-2012.

In mid-2014, 22% of the registered unemployed were receiving **unemployment benefit** and around 33% were receiving cash social assistance (Trbanc et al. 2014: 100), and we know nothing about the coping strategies of others.

Income support (the minimum income in particular) should be increased to a level that is closer to the minimum cost of living, while at the same time abuse of social assistance should be prevented and the entitlement kept closely linked to work effort, job search or adequate training.

Activation and enabling services ― many of them part of the **active labour market policy** (ALMP) ― are increasingly being targeted at individual needs. Following a two-year period of decline, the number of persons included in ALMP programmes increased again in 2013 (IMAD 2014: 58) and is expected to have remained at roughly the same level in 2014 (Trbanc et al. 2014: 23–24). However, the funds for ALMP measures will shrink in 2015, causing the number of persons included to more than halve.

1 Assessment of overall approach to social investment

A social investment approach to tackling key social challenges and to the development of national social policies is evident from various policy documents related to children, youth and families,[1] and to social and labour market inclusion, as well as from respective regulation. There is a relatively high degree of complementarity and interaction between policies and measures. For example, there is an entitlement to early childhood education and care (ECEC) on a full-time basis in pre-school day-care centres right from the end of parental leave, so there is no gap between the end of leave and ECEC entitlement. Due to very high public subsidies, ECEC is widely available and affordable, while the programmes are of high quality; all this facilitates early childhood development. The regulation of early childhood education and care has an impact on child development; together with generous maternity/paternity/parental leave and benefits, it supports parents' (especially mothers') employment and alleviates the risk of poverty. For those experiencing social and labour market exclusion, the Slovenian benefit system combines more-or-less adequate income replacement and other kinds of financial support with activation and enabling services that are increasingly targeted at individual needs.

Unfortunately, the fiscal consolidation measures have – temporarily or permanently – reduced the extent of social investment since mid-2012, particularly as concerns family benefits, maternity/paternity/parental leave, wage compensation, ECEC subsidies, and the state educational grant. It should be noted that the most vulnerable children (families with children) have been exempt from cuts in family benefits. So far, health care and education have not experienced cuts that would directly affect children (there was, however, a negative impact on wages in the public sector).

In its 2013 communication on social investment, the European Commission urged Member States to "simplify benefit systems and their administration for users and providers, reduce administrative burdens as well as fraud and increase take up" (EC 2013: 9). One-stop shops for social benefits were established in Slovenia at the Centres for Social Work (CSW) in January 2012, based on substantial systemic changes related to means-tested cash benefits (child allowance, cash social assistance, pension support and national educational grant), subsidies (like pre-school day-care subsidy) and payments from public sources (Exercise of Rights to Public Funds Act 2010). There are uniform rules and procedures for the allocation of benefits, as well as rules to avoid potential accumulation or exclusion of benefits. The order in which cash benefits should be applied for is defined, as is the definition of the family, as well as income and property to be taken into account in means testing. Relevant information is taken from various registers, and eligibility and entitlement to various social benefits and subsidies are decided at the same time.

Cash social assistance is targeted and conditional upon active job search and inclusion in the active labour market policy (ALMP) measures. The minimum income was increased in January 2012, but the impact was largely neutralised by the implementation of the order in which social benefits are claimed. Namely, child allowances are claimed first and counted in the family income (albeit not fully since January 2014) as the entitlement to, and the amount of, cash social assistance are decided upon. Since child allowances are relatively very high for children in low-income families, many such families do not qualify for cash social assistance, and this has been criticised as a rare deviation from the social investment approach.

Activation and enabling services — many of them part of ALMP — are increasingly targeted at individual needs. This is in line with the European Commission's communication on social investment, namely that "if a person can temporarily not find work, the focus should be on improving their capabilities with a view to them returning to the labour market. This needs to be done through a targeted approach focused on

[1] Resolution on Foundations of the Family Policy (Resolucija o temeljih… 1993), Programme for Children and Youth 2006–2016 (Programme... 2006) and National Programme of Social Protection for the Period 2013–2020 (Resolucija o nacionalnem programu socialnega varstva... 2013).

the individual needs" (EC 2013: 8). Following a two-year period of decline, the number of persons included in ALMP programmes increased again in 2013 (IMAD 2014: 58) and is expected to have remained at roughly the same level in 2014 (Trbanc et al. 2014: 23–24).

2 Assessment of specific policy areas and measures/instruments

2.1 Support for early childhood development

The overall policy framework for investing in children and thus tackling the risk of child poverty has been relatively good in Slovenia. Slovenia is implementing integrated strategies combining support for children, families and parents' working life (e.g. by combining adequate maternity/paternity/parental leave schemes, child benefits, as well as available and affordable early childhood education and care).[2] Unfortunately, the fiscal consolidation measures have – temporarily or permanently – reduced the extent of social investment in children and their families since mid-2012.

The percentage of children below the age of 18 years who are at risk of poverty or social exclusion was less than two-thirds of the EU-28 average in 2013; for the risk of poverty only, the figure is less than three-quarters of the EU-28 average (Bouget et al. 2015, Annex 3, Tables A5 and A6). The risk of poverty for children (families with children) has generally been increasing in the years of the financial and economic crisis, particularly due to high unemployment among people of active age.

2.1.1 Early childhood education and care (ECEC)

ECEC is well regulated and organised in Slovenia. It is also widely available and affordable, due to very high public subsidies. On the one hand, this enables the employment of mothers;[3] on the other hand, parent fees are not a heavy burden for family budgets. From the end of parental leave (when the child is just over 11 months old) there is an entitlement to ECEC on a full-time basis in pre-school day-care centres that comprise nursery and kindergarten classes; thus there is no gap between the end of leave and ECEC entitlement. The ECEC programmes are of high quality. The ratio of children to teachers and teaching assistants is among the most favourable in the EU (8:1 in 2013 – SI-Stat Data Portal). Teachers have tertiary education, while teaching assistants have secondary education. All the above features mean that ECEC in Slovenia facilitates early childhood development.

The act regulating ECEC (Kindergarten Act 2005) requires services to be available to all children and directs municipalities to open additional classes or units, or to grant a concession, if the number of parents who have expressed interest in enrolling their children in ECEC programmes is high enough to open at least one pre-school class. In the school year 2013/2014 some 54% of children up to the age of 3 years were included – far exceeding the EU 2020 target[4] – as were 89% of older pre-school children (Ložar 2014). The majority of children attended all-day programmes.

All families with children included in approved ECEC programmes provided by public and private pre-school day-care centres/providers are entitled to a subsidy. On average, the subsidy amounted to 68% of the costs per child in 2011. There are nine income brackets, with parent fees ranging from 0% to 77% of the programme price.

[2] According to TARKI (2010: 71), in 2007 Slovenia was the EU country with the highest proportion of social transfers received by children aged 0–5 years.

[3] According to TARKI (2010: 65), in 2007 Slovenia was the EU country with the highest proportion (81%) of children (below the age of 18 years) with mothers in full-time employment. Women remain attached to the labour market even when there are small children in the family. In 2013, the employment rate for women aged 15–64 years with a child below the age of 6 years was 73.6% (Eurostat 2014).

[4] In 2002 the European Union Member States agreed to provide full-day places in formal childcare arrangements to at least 33% of children under 3 years of age (EC 2011: 2). Slovenia reached that target as early as 2003.

The Exercise of Rights to Public Funds Act (2010), implemented in January 2012, revised the income brackets for parent fees for ECEC services and reduced the maximum parent fee from 80% to 77% of the price. This is paid by families with a net monthly income per family member over 99% of the average net wage in Slovenia. No longer are families in receipt of cash social assistance automatically exempt from paying parent fees, but only if the income per family member is below 18% of the (net) average wage in Slovenia.

From 2008 to 2012, the ECEC programmes were free of charge for the second and any subsequent child from the same family concurrently included in subsidised ECEC. According to the Public Finance Balance Act (2012), parents now have to pay for the second child (30% of the parent fee for their income bracket), while the services remain free of charge for each subsequent child.

It is evident from the description of the parent fees that payment for ECEC is not an obstacle for any family that wishes to include a child in the pre-school day-care centres' all-day programmes.

Spending on ECEC per inhabitant (in Euros purchasing power parity, 2005 constant prices) has remained stable in the years 2008–2012, and in that respect Slovenia is placed in the upper half of the EU-28 (see Bouget et al. 2015: Table A1). In terms of the percentage of children in formal childcare, Slovenia was ranked 8th in 2012 for both younger and older pre-school children. Its ranking is higher when only children who attend programmes of 30 hours and over per week are taken into account.

2.1.2 Family benefits

Cash benefits for families with children range from cash social assistance to birth grant, parental allowance (for parents not entitled to the parental leave and benefit), child allowance, and a large family allowance. A number of benefits are related to education (free textbooks, subsidised transport to school, subsidised school meals, scholarships, etc.). There are elements of family policy in the tax policy and the housing policy, too. Some family policy measures are designed or adapted for families with disabled children (the allowance for nursing a child, partial payment for lost income, etc.). There are also policies focused on children at increased risk because of multiple disadvantages (like the Roma children). There are also tax allowances (a reduction of the tax base) for dependent children that increase according to birth order (i.e. first child, second child, subsequent children).

Family benefits – along with cash social assistance – are among the most important reasons why the risk of poverty for children did not explode after the outbreak of the crisis. The financial consolidation measures,[5] implemented since June 2012, have not affected families already experiencing poverty and social exclusion or at high risk of becoming poor or excluded. The most vulnerable children (families with children) have been exempt from cuts in entitlements (family benefits, ECEC subsidies and state educational grants). Most of the negative impact has been borne by individuals and families with medium (but in absolute terms barely sufficient) income. These measures will be in force until the year that follows the year in which economic growth exceeds 2.5% of GDP (which may be a decade or so away). Consequently, this may have a long-term impact on families' budgets and their material deprivation in particular.

The Exercise of Rights to Public Funds Act (2010) that became effective on 1 January 2012 made social benefits and subsidies more targeted and resulted in a reduction in many families' disposable income. On the basis of the study on the impact of the new regulation of social transfers (Dremelj et al. 2013),[6] revisions to the act were adopted in December 2013 (Act Amending the Exercise of Rights to Public Funds Act 2013)

[5] The financial consolidation measures (Public Finance Balance Act 2012) made family benefits even more targeted. Income ceilings for entitlement were lowered, as were the levels of family benefits, state educational grants and paternity/parental leave wage compensation.

[6] For more results from this study see Stropnik (2014: 19).

that relaxed the income and property conditions for entitlement to social benefits. Also, minors enrolled in higher secondary education regained their entitlement to a state educational grant, which resulted in a decrease in their child allowance by the element intended to cover educational costs) (Articles 7 and 8). Article 25 limits child allowances and the state educational grant in line with the Public Finance Balance Act (2012: Article 144). Further revisions were promised in order to eliminate the remaining (originally unforeseen or unintended) unfavourable impact on family budgets, but nothing happened in this respect in 2014.

Child allowances differ by income group and birth order and are particularly high for the lowest income brackets, both in absolute terms and relative to other social transfers and the minimum wage. According to the Public Finance Balance Act (2012), child allowances were reduced by 10% for beneficiaries with a *per capita* income of over 42% of the net average wage (€414.70 in 2012), and were abolished for those with a *per capita* income higher than 64% of the net average wage (€631.93 in 2012) until the year that follows the year in which economic growth exceeds 2.5% of GDP. Due to the impact of the new regulation of social transfers implemented in January 2012 (aimed at simplified and better targeted benefits) and the financial consolidation measures implemented in June 2012, the number of child allowance beneficiaries was 35% lower in 2013 than it was in 2011, while the total amount of child allowances decreased by 25% in 2013.

In terms of spending on family benefits (cash and in-kind) per inhabitant (in Euros purchasing power parity, constant 2005 prices), Slovenia is in the upper part of the EU-28 (Bouget et al. 2015, Annex 3, Table A2). That spending was higher after 2008, but decreased in 2012, mostly due to the financial consolidation measures. Expenditure on family benefits accounted for 9.2% of GDP in 2008 and 11.5% in 2011 (the EU-28 average was 10.4% in 2011) (EC 2014: 49).

2.1.3 Parenting services

There is a wide range of various social services for children and their families. The implementation of various services is being transferred from the public to the private sector. Along with public social institutions (which cooperate closely with major non-governmental organisations – NGOs), the NGOs themselves are important providers of services and programmes for families and children. There are social services for “problem” families and for families with children in need of support.

Help for the family encompasses three types of assistance:

- help for the household, including professional counselling and help to re-establish family relationships, professional counselling and help in caring for children and educating the family in performing its daily functions;
- domestic help, including social care at home and mobile assistance as alternatives to institutional care; and
- social services, including help with domestic and other chores in certain cases, like birth, illness, disability, accident, etc. (MLFSAEO 2015a).

There are nine crisis centres for youth (providing first social assistance and personal assistance to young people in distress; short-term accommodation and board for children and youth until their problems are solved; shelter in case of an urgent need for temporary removal from the family, etc.) and a crisis centre for children up to the age of six years (providing short-term accommodation for children with only one parent or no parents as well as for children from foster families in case the fostering arrangement is cancelled or the foster parent is ill or absent; violence prevention programmes; child-parent contacts in the case of imposed supervision or in the case of crisis intervention) (MLFSAEO 2015b).

A network of centres and shelters provides accommodation for women and children who are victims of violence, as well as various forms of professional assistance aimed at integrating the abused women and children into society as soon as possible.

There are also specialist prevention programmes for children with problems that have already been diagnosed, special telephone helplines for children and young people, intergenerational and other self-help groups, reception centres and shelters for homeless people, and other projects aimed at eliminating social hardship (MLFSAEO 2015c).

Foster care has a long tradition in Slovenia. However, the number of foster families does not meet the need for this form of alternative care in Slovenia.

Basic and hospital-level health care capacities are geographically evenly distributed and accessible to everybody in Slovenia. All children in Slovenia up to age 18 (up to 26 if in regular education) are covered by compulsory (basic) and supplementary health insurance. Still, there are a few children who are not covered by health insurance (Stropnik 2014). The Act Amending the Exercise of Rights to Public Funds Act (2013: Article 13) granted the right for children in foster care (and for foreigners with permanent residence in Slovenia who are beneficiaries of cash social assistance or who fulfil the conditions for cash social assistance) to have their mandatory health insurance paid from the municipal budget.

2.2 Supporting parents' labour market participation

The regulation of parental leave and ECEC enables parents to balance their work and parenting roles on an equal footing.

2.2.1 Childcare

Please see section 2.1.1.

2.2.2 Long-term care

Long-term care (LTC) has not yet been systematically regulated in Slovenia. Its regulation for various groups of recipients and for various long-term care benefits is dispersed among several systems of social care (health care, pension and social transfer systems). The National Programme of Social Care for the years 2013–2020 (Resolucija o nacionalnem programu socialnega varstva za obdobje 2013–2020) sets long-term care as a priority area. Deinstitutionalisation and modernisation, coordination of care provided in various kinds of facilities, and transparent criteria for defining the beneficiary are all generally supported. Some major issues in setting up an LTC system and drafting the relevant legislation remain unresolved. The drafting of legislation has therefore been postponed to March 2015.

In LTC, no measure has been drafted or implemented since 2010 that would refer to the area of social investment. Similarly, no publicly available plans exist for social investment in the coming years. Since 2009, most of the activities have had to be in line with fiscal consolidation measures, and therefore even possible ideas for social investment are not put forward.

The majority of disabled children, particularly those with mental disabilities, live at home. Parents caring for their children are entitled to a cash allowance for care of a child who needs special care. Institutional care and day care are available as well. Institutional care and education/training in social welfare training institutions is free for all beneficiaries. Social assistance beneficiaries and recipients of disability benefits are exempt from payment for all services, except institutional care.

No analysis of the impact of the lack of measures (in the area of LTC) that would support the labour market participation of parents (mothers in particular) has ever been performed. Even in those cases where individual measures were enacted – e.g. in 2004, when the institution of "family helper" was introduced; or in 2007, when the changes in regulation caused many of family helpers (mainly women taking care of their elderly parents) to renounce the status of family helper[7] – no evaluation was performed. Most family helpers who renounced their status were actually forced to exit the labour market and became unemployed. However, this information is only based on newspaper articles, individual stories and data on the number of family helpers. Since no measure was taken afterwards, and since there was no *ex ante* evaluation of the 2007 revisions, it would be unrealistic to expect any evaluation to have been considered and conducted after 2007. An overall analysis of the labour market and the impact of various measures is expected to have been performed in the course of the preparation for legislation on long-term care and long-term care insurance.

2.2.3 Maternal/paternal/parental leave schemes

Everyone covered by parental leave insurance (which is part of social security insurance) just prior to the first day of the leave is entitled to maternity, paternity and parental leave with wage compensation. Since 2005, in order to provide cover for previously insured persons who happen to be unemployed just before the start of the leave, anybody who was insured for at least 12 months in the three years before the start of the leave is now also covered.

There are 105 days of maternity leave and 260 days of parental leave; to this 90 days of paternity leave were gradually added between 2003 and 2005. The Parental Protection and Family Benefit Act, adopted in April 2014, declares that when the economy recovers from the current financial crisis (that is, from the year that follows the year in which economic growth exceeds 2.5% of GDP), paternity leave will last for 30 days, the second 15 days to be used by the time the child completes the first grade of primary school.

According to the Parental Protection and Family Benefit Act (2014), parental leave is an individual rather than a family entitlement: 130 days belong to the mother and 130 days to the father. Thirty of the mother's 130 leave days are non-transferable (since January 2014), but the father may transfer to the mother all of his 130 days. Up to 75 days of the parental leave may be taken by the time the child completes the first grade of primary school.

During maternity leave, parental leave and the first 15 days of paternity leave, income compensation amounts to 100% of the beneficiary's average monthly gross wage in the 12 months prior to the leave (due to the temporary financial consolidation measures implemented in June 2012 — Public Finance Balance Act 2012 — it is currently 90% if that average is €763.06 or over). The minimum wage compensation is set at 55% of the minimum wage and the maximum compensation is 2.5 times the average wage in Slovenia (normally, the upper limit is not applied to the compensation during maternity leave). During the remaining 75 days of paternity leave only social security contributions (based on the minimum wage) are paid from the state budget. Once the economy recovers from the economic crisis (that is, the year following the year in which economic growth exceeds 2.5% of GDP), there will be 100% wage compensation for all 30 days of paternity leave (adopted in April 2014). The Public Finance Balance Act (2012) and the Act on Emergency Measures in the field of Labour Market and Parental Care (2013) temporarily lowered the ceiling from 2.5 times to 2 times the average wage in Slovenia.

The leave regulation undoubtedly supports the participation of parents, especially mothers, in the labour market, and it contributes substantially to the work-life balance. Parents are able to take care of their children at home for the first year, and normally without any loss in income. Consequently, as a rule, the uptake of leave does not depend on the family's financial situation.

[7] Since 28 January 2007, family helpers are no longer paid by local communities, but rather by the disabled persons (see: http://www.dnevnik.si/slovenija/225209).

2.3 Policy measures to address social and labour market exclusion

2.3.1 Unemployment benefits

After the outbreak of the current economic and financial crisis it became clear that unemployment insurance frequently failed to guarantee sufficient security in the event of loss of employment. This was particularly the case for young employees who did not fulfil the conditions for entitlement to unemployment benefit, which was 12 months of employment in the last 18 months. The condition for entitlement is milder under the Labour Market Regulation Act (2010) (at least nine months of employment in the last 24 months), while unemployment benefit in the first three months was increased from 70% to 80% of the assessment base).[8] On the one hand, the data show no significant improvement in the unemployment benefit accessibility for young unemployed people: the share of beneficiaries increased by 0.9 percentage points in the years 2010–2011 (from 7.5% to 8.4% of the young unemployed). On the other hand, the average benefit amount increased by 10% in 2011 (from €601 to €665.72) (IMAD 2012).

The Public Finance Balance Act (2012) reduced the unemployment benefit received after 12 months of entitlement from 60% to 50% of the base. The consequences will be felt by unemployed persons older than 50 years and by those with more than 25 years of insurance. The act also decreased the maximum amount of unemployment benefit from €1,050 per month to €892.50.

The Act Amending the Labour Market Regulation Act (2013) has extended the entitlement to unemployment benefit to persons below 30 years of age with at least six months of insurance in the preceding 24 months (Article 13). The same act also includes the revision of unemployment benefits already implemented through the Public Finance Balance Act (2012) and aimed at reducing the unemployment trap. Namely, unemployment benefit cannot amount to more than €892.50 and the benefit received in the 13th and subsequent months is reduced from 60% to 50% of the base (Article 15).

In 2008–2014 the share of the unemployed receiving unemployment benefit never exceeded 35% of the registered unemployed (in mid-2014 it was around 22%), which indicates a high share of long-term unemployed and (never employed) young unemployed persons (Trbanc et al. 2014: 21, 100). Since mid-2013, the share of unemployed people receiving cash social assistance has exceeded the share of those receiving unemployment benefits. In mid-2014, around 33% of the registered unemployed were cash social assistance beneficiaries (Trbanc et al. 2014: 100). Altogether, just over half of the registered unemployed were receiving one of the benefits in mid-2014; we know nothing about the coping strategies of the others.

Spending on unemployment benefits increased from 0.4% of GDP in 2008 to 0.8% in 2011 and 2012, but was just over half the average percentage of GDP in the EU in 2012 (Bouget et al. 2015, Annex 3, Table C1).

2.3.2 Minimum income

The Social Assistance Benefits Act (2010), implemented in January 2012, increased the minimum income and introduced an activity supplement granted to the beneficiaries of cash social assistance who work for at least 60 hours per month or participate in ALMPs, or who are included in psycho-social rehabilitation programmes. On the minimum income equivalence scale there is an additional weight of 0.28 for 60–128 hours of work per month and 0.56 for more than 128 hours of work per month.

According to the same act, for any person who is able to work, a condition of eligibility for cash social assistance is that that person must be on the Register of Unemployed Persons or the Register of Job Seekers, both maintained by the Employment Service of

[8] The assessment base equals the average monthly salary received by an insured person in the eight (previously twelve) months prior to unemployment.

Slovenia. At the same time, the Labour Market Regulation Act (2010: Article 35) establishes that priority participation in ALMP measures is provided to persons receiving unemployed cash benefit, cash social assistance or income support (*varstveni dodatek*). This means that Slovenia provides adequate, activating and enabling support to those experiencing social and labour market exclusion.

The Exercise of Rights to Public Funds Act (2010), implemented in January 2012, made non-contributory social benefits more targeted – due to harmonised definitions of family and income and the order in which benefits must be claimed (cash social assistance comes second, after child allowance). In 2013, the number of cash social assistance beneficiaries was 12% lower than in 2011, while the total amount of cash social assistance decreased by 6% (MLFSAEO 2013).

The Act Amending the Social Assistance Benefits Act (2013) and the Act Amending the Exercise of Rights to Public Funds Act (2013) relaxed the income and property conditions for entitlement to social benefits. Since September 2014, for single-parent families the basic amount of the minimum income is increased by 20% for each child living in the family (it was previously 10%). The Act Amending the Social Assistance Benefits Act (2013) also reduced the amount of cash social assistance received that has to be repaid in the event of the beneficiary's death and abolished the obligation to pay the cash social assistance back if it has been received for no more than 12 months.

Child allowances are relatively very high for children in low-income families, both in real terms and compared to wages and the minimum income. Since child allowances are the first social transfer that is applied for and are counted in the family income when the decision on the (amount of) cash social assistance is taken, many low-income families do not qualify for cash social assistance. Cash social assistance should thus become the first social benefit to be claimed. Under the Act Amending the Exercise of Rights to Public Funds Act (2013), 20% of child allowance is not taken into account in family income; this move has, for instance, increased the monthly amount of cash social assistance for two-parent families with one child by €23 per month and for two-parent families with three children by €75 per month (Trbanc et al. 2014: 80).

The Public Finance Balance Act (2012) – effective from June 2012 – fixed the minimum income at €260.00 (i.e. less than the €288.31 enacted in 2010) until the end of 2014. The minimum income for a single person (indexed to €269.20 since August 2014) remains well below the at-risk-of-poverty threshold (€593 per month for a single person in 2013, i.e. based on the 2012 income), at about 45% of its value. However, if the person works more than 128 hours/month, the minimum income exceeds 70% of the at-risk-of-poverty threshold. For instance, a two-parent family (none of the parents working) with one child is entitled to the minimum income of around €646, which is just over the net minimum wage. With one child more, the minimum income rises to around €835 per month, which is about a third more than the minimum wage. Income support (the minimum income in particular) should be increased to a level that is closer to the minimum cost of living, while at the same time abuse of social assistance should be prevented and the entitlement kept closely linked to work effort, job search or adequate training.

Spending on social assistance increased continuously from 0.4% of GDP in 2008 to 0.7% in 2012 and is higher than the EU average (0.4% in all years from 2008 to 2011 – Bouget et al. 2015, Annex 3, Table C2).

2.3.3 Active labour market policy

Unemployment benefits and services, including ALMPs, are integrated through one-stop shops (Employment Offices).

From the beginning of 2011, the active employment policy has been regulated by the Labour Market Regulation Act (2010). This is aimed at increasing the effectiveness of the Public Employment Service, including its work with the most vulnerable unemployed social groups. The Labour Market Regulation Act (2010) has introduced: (1) new active labour market policy measures, such as job rotation and job sharing,

(2) new providers of the ALMP programmes, (3) inclusion of social partners at the local level, and (4) systematic monitoring and evaluation of active labour market policy measures. The responsibility of employment counsellors has been increased and services vary according to the situation of individual job seekers. Cooperation between the Employment Service of Slovenia and Social Care Centres has become obligatory.

According to the Labour Market Regulation Act (2010), beneficiaries of unemployment benefit or social assistance, persons from vulnerable groups and those unemployed who have not yet been included in any ALMP measure are given priority in inclusion in the ALMPs. Now, more emphasis is placed on the promotion of inclusion in ALMPs of those beneficiaries of long-term social assistance who are employable.

Relatively new active labour market policy measures include the Youth Guarantee, co-financed from the European Social Fund, for which the 2014–2015 implementation plan was approved by the Government in January 2014 (MLFSAEO 2014a). At the end of 2014, of the 19 employment and training measures, 13 had been implemented, one had been partly implemented and five were under preparation (MLFSAEO 2014b).

Expenditure on ALMPs, as a percentage of GDP, increased considerably from 2008 to 2010,[9] but then decreased in both 2011 and 2012 (Bouget et al. 2015, Annex 3, Table C3). The same is true for the number of ALMP participants per 100 persons wanting to work. The number of unemployed included in the ALMP programmes was 60,000 in 2010, 39,000 in 2011, 29,000 in 2012, 41,000 in 2013 and was expected about the same as the 2013 figure in 2014 (Trbanc et al. 2014: 23–24). Roughly half of all persons in ALMPs were included in training and education in each year. In 2013, the number of participants in training and education programmes increased by 52% relative to 2012 (GRS 2014: 13).

While the funds for ALMP measures increased by a quarter in 2014 compared to 2013, they will shrink in 2015, resulting in the number of persons included being more than halved (from 35,134 in 2014 to 15,398 in 2015). In 2014, €104.6 million were available for ALMP measures, while the Government plans to allocate only €47.2 million for these measures in 2015; the explanation offered is that it is a consequence of the transition to a new EU financial perspective (for the years 2014–2020). The greatest share of funds will be used for training and education. The *Mentorship for the Young* programme will continue. However, no funds have been planned for replacement of absent employees and job sharing. In the underdeveloped regions, employment will be stimulated through subsidies for the social security contributions paid by employers. The Minister of Labour predicts that the considerable decrease in the funds for ALMP will be reflected in the unemployment rate (STA 2014). In both the state budget and the municipal budgets there is a lack of funds for public works that focus on the long-term unemployed. The financing of public works is also challenging due to limitations regarding partner organisations.

The 2012 evaluation of the major ALMP programmes (EIPF 2012) found that on-the-job training had a negative or neutral impact in the short term. By contrast, training and education of the employed had a positive (short-term) impact, while training and education of the unemployed showed positive and statistically significant long-term effects. The exit of included persons into employment has not been frequent in recent years; to a great extent this is due to the ban on new employment in the public sector, which is one of the financial consolidation measures (Zabukovec 2014).

2.3.4 Social services

Families with children have to wait for social housing, which is in short supply, and favourable housing loans are scarce. Due to a shortage of non-profit housing, means-tested rent subsidies are available also to those renting at market prices.

The Public Finance Balance Act (2012) abolished the national housing savings scheme and subsidies for young families that were designed to help them with their first

[9] It has never reached the EU average (see Bouget et al. 2015, Annex 3, Table C3).

housing. According to the Minister of Infrastructure and Spatial Planning, the two programmes cost a lot but had little real impact. In future, the Government intends to increase accessibility by providing more apartments for rent and by subsidising the housing costs of persons on low income (Křižnik 2012).

The work incentive was reduced for housing subsidy beneficiaries by the Act Amending the Exercise of Rights to Public Funds Act (2013: Article 11). The income ceiling for entitlement no longer includes an activation supplement, which has resulted in narrower targeting.

Other social services relevant to social investment are covered elsewhere in this report.

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