

# Croatia: suspension of financial compensation for unemployed parents of preschool aged children in the City of Zagreb

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*New authorities in the City of Zagreb have decided, as of May 2022, to cut the level and reduce the period of payment of the compensation for unemployed parents with the status of parent-educator raising and caring for three or more children, of which at least one of preschool age. In mid-2021, this new coalition already adopted a decision preventing new beneficiaries from entering the scheme as of September 2021, because of its high costs and controversial demographic impact. They propose instead to increase funding for the construction of nurseries and kindergartens and to include the preschool children covered by the measure in early and preschool education programmes.*

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## Description

Šučur (2020) presented a specific benefit for the City of Zagreb, known as Financial compensation for “parent-educators”. The benefit was introduced in September 2016 for unemployed parents raising and caring for three or more children below the age of 26, if one of these children is of preschool age. Its primary goal was to increase the number of third- and later-born children. Once the right is exercised, the compensation is to be paid until the child is 15.

Between September 2016 and October 2021, 5,808 unemployed parents acquired the status of parent-educator, and the City of Zagreb spent about HRK 1.8 billion (€240 million) on this measure. Since the benefit was introduced, it has been estimated that about 5,400 children have dropped out of kindergartens/ nurseries due to the measure (Basis for public debate – parent-educator measure).

In 2019, the City of Zagreb envisaged tightening the conditions for acquiring the status of parent-educator and reducing the benefit, but after parent-educators opposed the suggested changes, it withdrew the proposal.

However, in mid-2021, the left-wing activist platform “We Can” came to power in the city, in coalition with the Social Democratic Party. The new coalition firstly passed a decision preventing new beneficiaries from entering the scheme as of 5 September 2021; then, in November 2021, it put a proposal out to public consultation for permanent suspension of the measure. Shortly afterwards, in December 2021, it was decided that a

parent would henceforth receive the compensation until the child turns 7 instead of 15, as previously, and the amount of the benefit was reduced from about HRK 4,800 (€640) to HRK 1,000 (€133) per month. The mentioned changes were to come into force on 1 May 2022. It was predicted (according to a daily newspaper, Jutarnji list, 5 November 2021) that about 2,700 parents would be left without the right to the compensation at that time, while the remaining parents (around 3,000 of them) would receive four times less compensation.

The Association of Parent-Educators has repeatedly protested against these changes, and on 21 January 2022, it filed a lawsuit with the High Administrative Court to assess the legality of the amended decision. The Association claimed that the changes in the decision violated the principles of acquired rights and legitimate expectations. On 25 April 2022, the Zagreb High Administrative Court issued a decision temporarily suspending implementation of the amended decision on the parent-educator measure until a final decision is made on its legality (this means that since 1 May 2022, the compensation is paid as before).



## Outlook and commentary

Although there has been no proper analysis of the effectiveness of the measure, due to unavailable or unreliable data, the new City of Zagreb authorities state a few reasons for its suspension.

The measure did not have the expected demographic effect, since 47% of parents receiving the compensation in October

2021 have not had further children since 2015 (Basis for public debate – parent-educator measure).

The measure is contrary to the principle whereby preschool age children have the right to accessible, affordable and quality education: children aged 1-6 whose parents are beneficiaries of the compensation are not entitled to services in kindergartens and nurseries, which means that these children can exercise their right to care, but not their right to education.

Long-term exclusion of parents (mostly mothers) from the labour market makes it difficult for them to return, which increases the risk of poverty for parents and families in the period after the measure expires.

The city authorities also considered that the financial expenditure on this measure is too high and that the funds should be used for other purposes that would benefit all children in Zagreb. According to the city authorities' estimates, the birth of third- and later-born children costs the city around HRK one million (€133,000) per child. It is also estimated that the funds spent up until October 2021 on the measure were sufficient for the construction of 27 kindergartens.

Based on the stated shortcomings of the measure, the city authorities proposed the following steps: to invest the funds spent on the compensation in the construction of nurseries and kindergartens; to include the preschool age children covered by the measure in institutional early and preschool education programmes; to develop concrete measures to combat poverty for children and families who may suffer poverty after leaving the measure; to design and implement, in cooperation with the Employment service, measures to help parents rejoin the labour market.

In addition, parents who continue to benefit from the measure after 1 May 2022 will be allowed to be employed (simultaneously receiving the benefits and their wage). Furthermore, parents with children aged between 3 and 6 will have the right to enrol children in kindergarten, which they have not had so far.

Maintenance of the compensation was, however, supported by opposition parties in the city assembly, church authorities and various associations for the protection of families and children. They made the following arguments in favour of maintaining the measure:

- There has been no dialogue between the city authorities and parents on the proposed changes, and due to the sudden decision, families and children will be confronted with a very difficult economic situation.
- There is not sufficient capacity for all children in kindergartens in the City of Zagreb (especially for children whose parents are unemployed) and it can hardly be expected that the kindergarten capacity will increase soon.
- The compensation was designed primarily as a demographic measure and over 50% of parents with three or more children have had at least one more child, meaning that the measure was successful over these five years.

Also, some advocates of the measure suggested introducing part-time work opportunities for women covered by the measure, which would result in savings for the city and give women choice and access to the labour market. They also claimed that this is one of few measures that fights against the "double oppression of women" because it recognises and financially compensates women's housework – unseen and unpaid.

## Further reading

[Odluka o izmjenama Odluke o novčanoj pomoći za roditelja odgojitelja \(Službeni glasnik Grada Zagreba, 29/2021\)](#) [Amendments to the Decision on financial compensation for parent-educators (Official Journal of the City of Zagreb, 29/2021)].

[Podloga za javnu raspravu – mjera roditelj odgojitelj](#) [Basis for public debate - parent-educator measure].

Šućur, Z. (2020). [Croatia: Financial compensation for unemployed parents of preschool aged children](#), ESPN Flash Report 2020/15, European Social Policy Network (ESPN), Brussels: European Commission.

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