

# Slovakia: A proposal to improve support for families affected by controversies and political turmoil

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*In May 2022, the Slovak Parliament approved a package aimed at helping households with children cope with the rising cost of living, as well as improving their socio-economic situation. This "package for families" includes a significant increase in the tax bonus for children and the child allowance, and introduces a new measure to cover the costs of leisure activities for young children. It faced strong criticism on various grounds. Moreover, part of the package was vetoed by the President of the Slovak Republic and referred to the Constitutional Court. Partly due to recent policy developments, resulting from a governmental crisis, the future prospects of the package remain unclear.*

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## Description

Family policy in Slovakia combines an emphasis on universal cash transfers and long parental leave, on the one hand, with limited capacity in early childcare and education facilities, on the other (Dančíková 2021; Gerbery 2016). Family public spending per child, expressed as a share of GDP per head, as well as its redistributive capacity, have been below the EU average for a long time (European Commission 2019: 128). According to Eurostat, 33.9% of persons living in single-parent households were at risk of poverty in 2020 (close to the EU-27 average of 31.5%); and among persons living in a household consisting of two adults and three or more children, the proportion was 37.1% (much higher than the EU-27 average of 25.5%).

The socio-economic vulnerability of some household types with children, and inadequate indexation of family benefits over the past years, were mentioned by the government as the main arguments for introducing a proposal for family policy reform in spring 2021. The so-called "package for families" was prepared by the Minister of Finance with the original aim of mitigating the effects of inflation and improving the design and outcomes of family policy. Later, an effort to address the demographic decline was added to the objectives of the proposed reform.

In May 2022, Parliament approved the package for families, which comprises three measures: an increase in the tax bonus for children, an increase in the child allowance and new support for children's leisure time activities. A gradual increase

in both the tax bonus and child allowance was proposed: a first increase was planned for July 2022, to cover the rising cost of living in 2022, and an additional increase from January 2023.

The tax bonus is paid to people with taxable income amounting to at least six times the minimum monthly wage during the reference year and who are caring for a child, until completion of compulsory schooling (up to a maximum age of 25 if the child is studying or preparing for work). The monthly tax bonus is currently €47.14 for children aged under 6, €43.6 for children aged between 6 and 15 and €23.5 for children older than 15. The proposal was that as of July 2022, it would be increased for children aged 15 or below to €70; and as of January 2023, to €100. For children above the age of 15, it would be raised to €40 in July 2022, and to €50 from January 2023.

A gradual increase was also proposed for the monthly child allowance, a non-means-tested family cash transfer for all children, paid until the end of compulsory schooling (age 16) or for students and vocational trainees up to the age of 25: from €25.88 to €30 in July 2022 and then, as of January 2023, to €40. The conditions applying to the child allowance have also been changed to some extent. One of the most strongly criticised new rules is that the amount of the child allowance would be halved if the child has "inexcusable absence from school". This applies to cases where the allowance is not provided directly to the child's household but rather to the municipality, which can take over responsibility for the child allowance (if, for

example, socially vulnerable parents do not spend the allowance “properly”). Experts warned that this measure would discriminate in particular against families from marginalised Roma communities (Lajčáková, 2022).

The so-called “contribution for leisure activities”, which is a new measure, is designed for all children aged from 5 to 15 as from 2023. This benefit of €60 per month can be used to cover the costs of children’s cultural, sport or educational activities.

If adopted, it is estimated that the package will benefit 1.1 million children at a total cost of €1.2 billion in 2023. As no future indexation mechanism has been designed for the measures, the costs are not expected to grow in the next few years. According to the Council for Budget Responsibility (2022a), in 2023 the average income of households with children in the first income decile will increase by 21% thanks to the package, compared to 4% among the top decile. However, families with unemployed parents will be worse off because they will not benefit from the tax bonus. In general, the risk of poverty among households with children could decrease by between 2.6 and 5.2 percentage points.

In June 2022, the President of the Slovak Republic vetoed part of the proposal (the measures that are to take effect from January 2023). After the breaking of her veto by parliament, she turned to the Constitutional Court to delay the entry into force of the approved legislation. This was based on three main arguments (Slovak Spectator, 2022a). First, that a fast-tracked legislative procedure had been followed, to avoid more rigorous review and discussion, without relevant justification. Second, there has been no detailed calculation of the cost of the measures and their impact. Third,

the President pointed to the potential for discrimination stemming from the fact that a) the child allowance may be halved if the child has inexcusable absences from school; and b) the allowances are managed by the municipalities. Since the Constitutional Court has not yet decided, the future of the family package remains unclear.



## Outlook and commentary

Aside from the fact that the package was approved by the government and parliament without serious debate, it has faced strong criticism from many sides. The Office for Budget Responsibility (2022b) pointed to the risks for the stability of public finances due to the fact that the funding of the proposal was not clearly defined. Municipalities raised strong objections against the package because they would lose significant financial resources from income taxes: the increased tax bonus would in effect lead to lower income taxes, which are the main source of income for municipalities. They warned that the proposal would significantly affect their capacity to provide services for inhabitants, including social services and schools, and would restrict their future development (Slovak Spectator, 2022b). Further, the lack of a clear main objective for the reform hampers its future evaluation.

Recent policy developments mean that the proposal’s future prospects are unclear. In August 2022, the Ministry of Finance announced that the contribution to leisure activities will not be implemented. Moreover, in September 2022, one of the coalition parties in the government submitted to parliament a new, competing proposal for increasing the child allowance.

## Further reading

Council for Budget Responsibility, 2022a: *Kvantifikácia vplyvu proti-inflačných opatrení a opatrení v oblasti rodinnej politiky* (A quantification of anti-inflation measures and family policy measures).

Council for Budget Responsibility, 2022b: *Stanovisko RRZ k balíčku opatrení* (An opinion of the CBR on the package for families).

Dančíková, Z., 2021: *Slovak Republic country note*. In: Koslowski, A., Blum, S., Dobrotič, I., Kaufman, G., and Moss, P. (eds.): *International Review of Leave Policies and Research 2021*.

European Commission, 2019: *Employment and Social Developments in Europe. Annual Review 2019*. Luxembourg: Publication Office of the European Union.

Gerbery, D., 2016: *Rodinná politika na Slovensku v komparatívnej perspektíve* (Family policy in Slovakia in a comparative perspective). In: *Slovenská štatistika a demografia* 26(3), 48-68.

Lajčáková, J., 2022: [Prehliadaný "hnedý detail" Matovičovho balíčka. Kto je zaň pripravený zahlasovať?](#)

Slovak Spectator, 2022a: [Matovič's package not done yet](#)

Slovak Spectator, 2022b: [Matovič proposes cutting municipality money, mayors oppose](#)

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