

IDSS COUNTRY STUDY

SLOVENIA

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Section I: Summary

1. Key features of the reform period

During the 1990s and in the first years after 2000 Slovenia went through a long period of relatively successful economic, employment and social development under relatively stable Centre-left governmental coalitions. The whole period was characterized by gradual and cautious reforms, focused on partial sectoral solutions rather than on systemic ones. After 2000, that approach was increasingly criticized by Slovenian economists who called for structural economic and labour market reforms as well as the modernizing of different public sectors (e.g. the pension system, social benefits, the health sector). After the general election in 2004 that brought a change in government towards the political right, the emphasis on the need for economic and labour market reforms and for the modernization of the social protection and public services systems was voiced by the new Government. The economic and labour market reforms aiming at more flexible employment relations were most emphasized, but the modernization of the social protection system was planned too. The Development Strategy of Slovenia for the period 2005-2013 (the main strategic development document that was prepared by the Governmental Institute of Macroeconomic Analysis and Development and endorsed by the Government) outlined the development of a modern social state with an increase in employment as one of the five development priorities. It comprised three goals, namely to increase the flexibility of the labour market, to modernize the social protection system, and to reduce social exclusion and social vulnerability. The listed measures included the implementation of the flexicurity concept (linking social protection to activation as well as to increased flexibility of employment relations and jobs), activation (social benefits should be more closely associated with active job search) and the prevention of unjustified accumulation of social benefits by individual beneficiaries/families (i.e. the prevention of fraud). The idea behind the need to reform the social benefits system was thus connected at the beginning to the flexicurity concept, the activation principle as well as to the prevention of fraud and unjustified accumulation of benefits.

The reform of social benefits concerned means-tested social benefits, not insurance based, financed from the state budget (and in a small part financed from the municipalities budgets). The main issues addressed by the reform were: (1) decisions and delivery of the means-tested social benefits (targeted at people with the lowest income) and subsidies were done by different institutions and agencies, with different procedures, taking into account different criteria (incomes, material situation) and using different definitions (e.g. on family members); (2) the social benefits system in its fragmentation enabled the unjustified accumulation of benefits and thus fraud; (3) the system enabled a passive attitude from benefit claimants.

The need to increase the efficiency of the social benefit system was highlighted in another important document, the Resolution on the National Programme of Social Protection for the period 2006-2010, adopted by the National Assembly in April 2006. The listed measures of how to increase the efficiency of the system included:

- Design a single (uniform) procedure for the decision-making process on the granting of all social (means-tested) benefits and set up one entry point for claiming them;
- Improve the targeting to people with the lowest income and prevent the accumulation of benefits; align the definitions of family and incomes for means-testing purposes;
- Introduce a priority order for claiming social benefits;
- Connect various data bases to allow the transfer of the required information on claimants (more up-to-date data and better accessibility of data).

The elements listed above sum up the key orientations of the preparation of the reform. The main intention was to make the reformed system more transparent, uniform, more efficient, simpler and more user-friendly. Active job search (registration at the employment service) was formally obligatory for claimants of the basic means-tested social benefit – financial social assistance – even before the reform, but the tightening of activation conditions was envisaged to prevent benefit dependency.

The outline of the reform was prepared by the public administration and experts linked to the Government gathered in working groups composed of public employees representing different sectors and ministries and the Governmental Institute of Macroeconomic Analysis and Development. Independent experts or representatives of stakeholders were not involved. The Ministry of Labour, Family and Social Affairs (MLFSA) as the responsible sectoral ministry (and within it the Directorate of Social Affairs) had the leading role in the preparation and drafting of the reform. It chaired the working groups, coordinated the activities and reported to the government, and prepared and coordinated the implementation. The role of the Ministry of Public Administration was also important as it was responsible for coordinating the development of technical solutions of the IT support and software modules to connect relevant administrative and business databases to automatically check data on benefit claimants and thus support the decisions on means-tested benefits and subsidies.

It is only when the two legal acts underpinning the social benefits reform (the Exercise of Rights to Public Funds Act and the Social Benefits Act) were drafted that they were presented to experts and the wider public and discussed at the Economic and Social Council. In the public discussion procedure (Spring 2011), opposition was voiced regarding some of the reform solutions (e.g. the means-testing on incomes, real-estate and savings, the priority order of claiming rights). There was also a general concern from independent experts from the social policy field and unions about a more targeted approach to granting social benefits and its consequences. However, globally, there was a relatively broad support for the reform, and the idea of more targeted benefits (to those most in need) with a higher level of benefits (an increase of the minimum basic income level – the basic amount of financial social assistance – FSA). The providers of services in social and employment fields (Employment Service of

Slovenia – ESS and Social Work Centers - SWC) were not involved in designing the reform, except in the phase of the public discussion where they could participate as any other stakeholder. As the SWCs are central to this reform as they became the one-stop shop for claiming all means-tested social benefits and subsidies, the fact that they were not involved in the design of the reformed system led to several problems and misunderstandings in the first months of the implementation as well as to low ownership.

The reform was prepared under two different governmental coalitions, under a right-leaning one in the period 2004-2008, followed by a Centre-left one in the period 2008-2011. Despite of different political orientations, it was understood by the Ministers responsible for social affairs at the time as important and necessary. However, the emphasis of the reform was somewhat different under each governmental coalition: while at the beginning there was a strong emphasis on the connection to the flexicurity concept and the activation of social benefit recipients, it later shifted to distributional and adequacy issues of benefits (the assessment of minimum level of social security related to minimum living costs). In general, there was a relatively large and stable political agreement on the need for a means-tested social benefits reform through the whole period of its preparation and passing of legislation. Also, the role of the public administration in the reform preparation was strong and constant, with a continuity of people preparing the reform under different governments.

The reform was prepared through legislative changes and their implementation. The two main acts underpinning the reform were the Exercise of Rights from the Public Funds Act as the act defining the procedures, the areas, and the benefits, subsidies and payments of services that were part of the reform; and the Social Benefits Act, defining the basic social means-tested assistance such as FSA, income supplement and activity supplement. The Exercise of Rights from Public Funds Act was drafted by governmental working group(s), while the Social Benefits Act was mainly drafted by the MLFSA Directorate of Social Affairs. Both acts went through the complete adoption procedure: coordination of the draft acts at the level of the government (ministries), public discussion procedure, discussion at the Economic and Social Council, endorsement by the government, and the parliamentary procedure (in National Council and National Assembly). Both acts were adopted by the National Assembly in July 2010, with the implementation planned for June 2011 and later postponed to January 2012.

The period of preparation of the social benefits reform was characterized by resistance from the public (unions, several independent experts, media) to reforms that were understood as diminishing the rights of people and deepening social inequalities, that is the planned fiscal reforms and the reforms related to flexibilization of employment relations which eased dismissal procedures. There were two main waves of public discontent against the reforms and the governments preparing them, the first one already at the end of 2005 under the right leaning governmental coalition, and the second one in 2011 under the Centre-left government coalition. This second wave of discontent culminated in referendums on three already adopted legislative acts prepared by MLFSA: The Pension Reform Act, the Small Jobs Act and the Act on Hindering the Grey Economy. All three acts were strongly rejected by the popular

votes, which caused political destabilization and led to early general elections at the end of 2011. The legislation for the reform of the social benefits system (the two legislative acts underpinning the reform that were adopted by the National Assembly in July 2010) was thus the only reform legislation of MLFSA between 2008-2011 that was sustained or rather, was not contested at the referendum and did not face major resistance from the public either. As stated in the interviews with the MLFSA staff responsible for the reform, the implementation of this reform became symbolically important to the ministry and the Minister himself, as it was the only reform that 'survived' at the time.

Despite political turbulence in 2011, the preparation for the implementation of the social benefits reform continued and the MLFSA Directorate of Social Affairs took on the main coordinating role for its preparation, the development of IT support falling to the Ministry of Public Administration. SWCs were also involved in the preparation, together with the Association of Social Work Centers. The most time-consuming activities in the preparation were: (1) the development of the IT support solutions (the tray, connecting administrative and business databases, automatic data check on benefit claimants, traceability and data protection issues, software for different content modules e.g. for issuing the decisions, for statistics...); (2) the recruitment of new staff at SWCs (transfer of public employees from municipalities to SWCs, opening new and fixed-term posts for counsellors at SWCs to assist customers with the new claim procedures); (3) the training of new and existing SWC staff on content issues (the rights, the procedures, the legislation) and in the use of the new software. The preparatory work was split between different working groups. The reform implementation was originally planned for June 2011, but due to delays in preparation, especially the development and testing of IT support, it was delayed until January 2012. The delay required the modification of both reform acts. According to the report of the Audit Court, the time and human resources necessary for the preparation of the implementation were underestimated, the work of the working groups was poorly documented, and the preparation was inefficient, without realistic deadlines and delayed at all important points.

The reform was implemented in January 2012, on a full scale, simultaneously across the country. In the first months, the reform faced severe difficulties due to the inadequate preparation, especially the ill-functioning IT support but also the inadequately informed and trained SWCs staff and the much wider scope of beneficiaries and claimants of rights who were previously handled by other institutions (e.g. income supplement transferred from the pension system; kindergarten subsidy and housing-rent subsidy that were previously taken care of by municipalities; state scholarships previously under the responsibility of ESS). The SWCs were overloaded with claims and the backlog in decisions started from the beginning and so did the complaints over the SWC decisions at the MLFSA. On top of that, the implementation coincided with the second peak of an economic crisis in Slovenia, with high unemployment, and austerity measures introduced by the government that also lowered the expected increase in the level of minimum basic income as the base for FSA calculation. The public quickly associated the reform with the austerity measures, also because of the

obligation to reimburse the received amount of benefits from the inheritance – if any – of a deceased beneficiary, a regulation that existed prior to the reform but was implemented very rarely due to data collection difficulties. This fuelled a negative representation in the media and negative public opinion on the reform right from the start, and to some extent also influenced the increase in non-take up of benefits, especially among the elderly potential beneficiaries of income supplement.

The reformed system of means-tested social benefits is broad and complex as it not only targets social assistance intended for covering the basic living needs (FSA, income supplement), but also includes means-tested benefits and subsidies for specific purposes (functions), such as child benefit, state scholarship, kindergarten subsidy, housing-rent subsidy, subsidies related to school children, payment of basic health insurance... The reform therefore affected a relatively large proportion of the population, not only the unemployed and inactive although the thresholds for child benefit and for subsidies are set higher than the threshold for social assistance.

In its implementation, the reform included four means-tested benefits: child benefit, FSA, income supplement and state scholarship. It also comprised nine types of means-tested subsidies and payments for services. The entitlement conditions for some benefits that were before the reform granted by other institutions or agencies, changed with the reform, most notably for the income supplement. Previously, income supplement was intended to top up very low pensions (income-tested at the individual level), while after the reform the entitlement broadened to people unable to work, including the elderly, and became means-tested at the family level, including incomes, savings and property. Child benefit entitlement also changed to up to 18 years of age of the child when previously, its end coincided with the conclusion of regular education, and with the reform state scholarship started at 18 years old.

SWCs are now functioning as one-stop shops for all means-tested social benefits and subsidies. Many of the beneficiaries are SWC service clients as well as PES clients. But the focus of the reform was on the benefits, not so much on the services. A unique procedure gives access to all means-tested benefits and subsidies. The claimant does not have to provide any proof or statement as the data on family composition, income, savings, property and similar are checked automatically through 53 administrative and business databases (banks, insurance companies). Means-testing is performed at the family level (in the case of rent subsidy at the household level). The reform also introduced a priority order in claiming social benefits: first the child benefit, second the FSA, third the income supplement and fourth the state scholarship. The priority order is important because the amount of previously granted benefit(s) is added to the family income when means-testing for the next benefit. The aim of introducing the priority order was to prevent the accumulation of benefits, which it did, but it also influenced the amount of benefits families with children received and it put children within the same family in different positions. Child benefit received for the younger child can raise the family income over the threshold for the state scholarship of an older child. The

consequences of the priority order and the first position of child benefit in that order triggered expert discussions on the role of child benefit.

In the first months of implementation, there were many problems with the IT support and the use of software at the SWCs, which contributed to the delays in issuing the decisions on claims. The development of the IT structure that enabled the connections between numerous administrative and business databases (e-Social Security), the preparation of the data, the quality of the data and individual data protection, as well as the development of several content modules and the software for processing SWC decisions, all of it was a huge undertaking, technically coordinated by the Ministry of Public Administration. It took several modifications and adaptations even during the reform implementation itself for the software to function relatively well. At the end, the solutions of IT support for the reform were recognized as an example of good practice in Digital Government Strategies by the OECD and received a UN Public Service Award in 2013.

The activation was not as emphasized in the implementation of the reform as it was in the first phase of its design. As previously, the FSA beneficiaries remain obliged to actively look for a job, to be registered at the PES and comply with the job-search requirements if they are capable of work. The incapacity to work has to be established by special committees of the Pension and Invalidity Insurance Institute or by rehabilitation committees of the PES. If the unemployed beneficiary of FSA is deleted from the PES register for non-compliance with his/her obligations, he/she also loses the FSA at SWC. There are no softer sanctions available in the system, only the deletion from the register of unemployed at the PES and termination of FSA at SWC. However, the SWC has some discretion in deciding on termination of FSA in such cases. It can decide to conclude a special agreement with the client to solve the individual's problems and deliver the FSA based on this agreement for a defined period.

There is an automatic exchange of basic information on common clients between the PES and SWCs (whether the person is registered as unemployed, is an active job seeker, his/her potential employment, whether s/he receives FSA). Another feature in the cooperation between PES and SWCs introduced by the reform is the cooperation at the local level, created by the formalization of special common committees of regional and local employment offices and SWCs. The aim of the common committees is to discuss cases of long-term unemployed individuals with complex problems or circumstances that hinder their employability and the possible measures and solutions that could help. If the common committee members agree that the person is temporary unemployable due to his/her circumstances and that the employment office has no suitable support programmes to offer, the person is registered as temporary unemployable and is transferred to SWC for support. In principle, it is expected that the support provided by SWC (e.g. participation in rehabilitation programme, in social protection programme or similar) helps the person to return to an active job search. In reality, such cases are few, as the complexity and longevity of problems and circumstances often make these individuals unemployable or only employable under specific conditions (sheltered employment).

Regarding the activation, the reform introduced the activity supplement as a top up to the amount of FSA for the recipients working (performing some work) or participating in some employment programmes, social rehabilitation programmes or certain social protection programmes (with the aim to increase their employability). Activity supplement to FSA is intended as a positive stimulation for activation of FSA beneficiaries. There are two levels (two amounts) of activity supplement that can be granted (lower and higher), depending on the hours of work or activity performed (60 to 128 hours per month; more than 128 hours per month). Since 2014, the FSA beneficiaries performing occasional voluntary work at humanitarian organisations (based on a specific contract with the humanitarian organisation) can receive the lower amount of activity supplement. In any case, the FSA topped with the higher activity supplement remains considerably below the minimum wage for a full-time job.

With the reform, the issue of adequacy of social benefits was addressed. During the process of the reform legislation preparation, the MLFSA tendered a study on minimum living costs to the Institute of Economic Research (study completed in 2009). Based on the study findings, the MLFSA increased the amount of minimum basic income as the basis for calculation of FSA (minimum basic income equals FSA for a single person without any supplements). Due to austerity measures valid at the time of the reform implementation, the minimum basic income increased less than planned, but it did increase. It is stipulated in the Social Benefits Act that the level of minimum living costs has to be calculated anew at least every five years and if there is an increase, the minimum basic income level should be adapted.

The reform was complex and had multifaceted effects, including some unexpected side effects, such as the increase in non-take up of income supplement among the elderly and the change in public opinion from neutral or rather positive before the implementation to negative after its start. The implementation difficulties of the first months (the IT support and software not working well, problems with administrative databases, the delays in SWCs' decisions), coupled with the implementation of austerity measures and cases of families and individuals that were granted lower benefits than before the reform, directed the expert and public attention to distributional issues. Namely, the ex-ante study by the Institute of Economic Research using a microsimulation model had showed that the structure of recipients would change, but that the number of recipients of the two main social assistance benefits – FSA and income supplement – would increase due to a higher threshold. Understandably, the MLFSA expected an increase in the number of beneficiaries of FSA and income supplement, but the opposite happened. Their numbers dropped in the first months, especially dramatically for income supplement beneficiaries (by more than 70%). This was a consequence of both the means-testing procedure for eligibility, which added property and savings to income at the family level, and the increase in non-take up, especially among the elderly who feared their heirs would have to repay the amount of benefits received from their inheritance after the beneficiary's death. For families, the priority order for claiming rights also had an impact on their eligibility as child benefit could increase the family income over the threshold for FSA.

In the second half of 2012 and first months of 2013, the assessment study on the reform implementation was carried out by the Social Protection Institute of RS for MLFSA. The aim was to assess whether the first effects were in line with the set goals, to identify the population categories that were most affected, and to establish the types of income, savings and property that influenced most the eligibility for benefits and subsidies in the new system.

The study revealed that some of the objectives were actually met, e.g. the increased adequacy of individual benefits, targeting of benefits and subsidies towards those with the lowest incomes, more transparent procedure of claiming the rights that also at least partially became more user friendly (only partially because of the rather complicated application process, difficult to understand for some claimants). The study showed that in cases of beneficiaries receiving lower amounts of benefits than before or not being entitled to benefits any more, the main reasons were the enforced priority order of claiming rights and the means-testing of the whole material situation of a family (incomes, savings, property). The types of families (categories) most affected by the reform in terms of receiving less benefits were single parent families, families with housing loans or mortgages which lowered their disposable income while that element was not factored in the means-testing, families with children in secondary education because state scholarships shifted to start from the age of 18, large families, and long-term unemployed people aged over 50 years.

Some of the study recommendations were the following: to increase the basic minimum income to the amount foreseen in the Social Benefits Act which had been lowered by the austerity measures; to rethink the priority order and the role of child benefit among means-tested social benefits (the argument being that child benefit has other functions than a social one and that the FSA should be claimed first or that children related benefits should be excluded from the priority order); to address the problem of using income data from the previous year for means-testing and in general the need to improve the quality of data in the databases used for means-testing; the need to clarify more precisely the repayment of benefits (FSA and income supplement) after the death of a beneficiary and the exceptions from this; to rethink the entitlement of secondary school pupils below the age of 18 to state scholarship; to address the problem of non-take up among elderly persons entitled to income supplement.

Additionally, the Audit Court prepared a report on the reform implementation in 2013. It focused on the preparation, the first year of implementation and the effectiveness and efficiency of the reformed system and decisions on the means-tested social rights. The Audit Report was very critical towards MLFSA as the main body responsible for the preparation of the reform and the implementation itself, especially towards the activities undertaken in the preparatory year.

In 2013, the MLFSA drafted modifications for the two reform legislative acts, thus responding to the problems identified by the assessment study or exposed by independent experts, NGOs and unions as well as by the MLFSA and SWC staff. The modified acts were adopted by the

National Assembly in November 2013 and were implemented from January 2014 onwards, September 2014 for state scholarship and some subsidies. The main changes and adaptations of the social benefits reform were the following: the modification of some entitlement conditions, e.g. loosening the conditions for FSA with a higher threshold for savings and ownership of real estate; state scholarship for secondary school pupils under the age of 18 was returned; the current income situation was more taken into account; 20% of child benefit was withdrawn from the calculation of the family income; the FSA for the second adult person in the family was slightly increased; for single parent families the addition to FSA for children was increased from previously 10% to 20%; the threshold on savings for income supplement was increased. Also, the rules of repayment from inheritance were changed to enhance the take-up of income supplement in general, but especially among elderly people. The amount equivalent to 12 months of benefits was exempt from repayment, and only up to 2/3 of the total amount received was subject to repayment. For the activation of FSA recipients, there was a change in entitlement to activity supplement: the FSA beneficiaries performing (occasional) voluntary work at humanitarian organizations (based on the formal agreement with the voluntary organization) became entitled to the activity supplement (in the lower amount).

At the end of 2016, the MLFSA prepared another modification in the Social Benefits Act. Adopted by the National Assembly in December 2016 (entered into force in January 2017), it introduced two important changes in the entitlement to FSA and income supplement: an increase of the threshold for the value of the property owned and occupied by the claimant to 120,000 EUR (up to this value, the property is excluded from the means-testing), and the total abolition of the repayment to the state of benefits received by a deceased beneficiary before his/her death.

Since 2016 the MLFSA has been working on the social activation project, i.e. developing an activation system and social activation programmes to address the persistent long-term unemployment and long-term dependency on social benefits (more than 50% of adult FSA recipients are long-term). Another project of the MLFSA in 2017 is the reorganization of SWC towards more services for clients and more social work, supported by automated calculation of child and family related benefits and subsidies.

2. Driving forces, success and failure factors of the reform period

The main driving forces behind the reform of means-tested social benefits were the relatively stable political support to the reform, the support of Ministers responsible for social affairs in both governments, but especially the Minister of MLFSA in the period 2008-2012, and the commitment of high ranking civil servants in government institutions.

The reform was prepared under two governmental coalitions and the political support for the reform and its overall goals (unification and simplification of the system, increased

transparency and efficiency, less possibilities of fraud, more targeted benefits) was relatively strong among parliamentary parties, whether left or right oriented, through the whole period of the reform preparation. It is only after the reform landed into difficulties and critical judgements from independent experts, NGOs and unions caught the public's attention that some political parties attempted to somewhat distance themselves from the reform.

The MLFSA was responsible for the reform and the role of its Minister was very important, especially in the period that was decisive for its design and implementation preparation. As in 2011 other legislative acts drafted by MLFSA were rejected by referendums, the reform became the main focus and symbolically important for the Minister and for the Ministry. The high ranking civil servants, at MLFSA and other governmental bodies (Ministry of Public Administration, Ministry of Finance, other participating ministries and bodies – e.g. Governmental Institute of Macroeconomic Analysis and Development), were the continuing driving force behind the reform. The staff working on the reform hardly changed under different governments. Their role was important in the process of formulation of the reform ideas, its general objectives and its design as well as in finding solutions while remaining committed to the policy. The MLFSA Directorate of Social Affairs staff believed in the reform, and when it was implemented the SWCs staff bravely took on the increased amount of work and the pressure from the clients and the public. Overtime and exhaustion of SWCs employees were recorded.

If before the adoption of the two legal acts underpinning the reform the circumstances were relatively favourable, the situation changed for its implementation. Unfavourable factors started to accumulate from the beginning of 2012, and they can be divided into internal and external factors. The internal ones relate to the delayed and inadequate preparation of the implementation, namely the development and testing of the IT support and the connection of administrative and business databases, and the recruitment of additional staff and training at SWCs. The additional workload at the SWCs was underestimated, and problems arose from insufficient testing of the software supporting SWCs decisions and new procedures (e.g. order of claiming the rights, means-testing on income, property and savings).

The external unfavourable factors influencing the reform implementation were the coincidence with the economic and employment crisis, and with the austerity measures, as well as the strong public disapproval of the reform that developed soon after it started. In 2012 and 2013 the unemployment was the highest ever in Slovenia and the pressure on benefits (insurance based and means-tested ones) was high, while on the other hand the budgetary revenues decreased, and the Government pushed the austerity measures. These austerity measures addressed all public areas, cutting budgets of all public institutions and civil servants' wages, the pensions and some insurance-based benefits (unemployment benefit, maternity benefit). In this context, the basic minimum income of FSA that should have increased more considerably with the reform, was limited to a lower increase in the amount (still somewhat higher than before the reform, but less than planned). This affected the general perception of the social benefits reform in the media, among experts, unions, service

providers, etc., as the reform became associated with the austerity measures and understood as a way of reducing the rights and social protection of the poorest in society. This general perception of the reform was actually the opposite of the reform intentions and goals (increased amounts of benefits, but more targeted to the poorest). The constant public pressure on the MLFSA led to modifications, softening some conditions for benefits and rules of means-testing in the second year of implementation.

3. Good practices and dissemination possibilities in an EU context

The reform was heavily criticised and its positive effects were largely overlooked. The reform did meet its main goals (increased transparency, decreased possibility of fraud, simplification of the system) and redirected the distribution of benefits to those most in need, who ended receiving higher benefits. Even when austerity measures were put in place, the benefits for people without incomes were protected and the cuts were applied to benefits and subsidies for families with incomes over the poverty threshold. It is the middle classes, especially the low middle classes, who paid the highest price for the crisis.

The following features of the reform can be stated as successful and potentially useful for other countries:

- Establishing a one-stop shop for all means-tested social benefits and subsidies (one place for all decisions related to social means-tested benefits and subsidies) and granting the benefits under the same definitions (family/household, income, material situation) and rules. When a one-stop shop is a social work centre, the benefits and services can be connected, allowing long-term claimants of basic social benefits to get counselling, support, information and suggestions on relevant programmes. This is currently being developed in Slovenia as an up-grade of the reform of means-tested social benefit reform.
- The IT solutions supporting the decision process at the SWCs, especially the linking of relevant administrative and business (banks) data bases, with high personal data protection and traceability. This enables more user-friendly decisions (as for the claimant, there is no need for providing proofs on income, material situation, family composition and similar), simplifies the procedure and contributes to equal treatment and decisions, as little discretion is left to the public servant or social worker. The Slovenian experience shows such IT applications and software modules have to be carefully tested on real data and the staff using the system needs to be trained. Experience also shows that connecting relevant administrative data bases and making it a tool to reach decisions on benefit claims triggered a process of cleaning and up-to-dating data in administrative registers (here especially the data base on real estate).
- For countries that have separate social and employment services with separate treatments of clients at social and employment services: the exchange of basic information between employment and social work services can be formalised.

Slovenia developed cooperation of employment and social services (besides the daily informal cooperation of case managers in both services) in the form of common committees that are focused only on the long-term unemployed with severe difficulties (mental health, dependency issues, other complex social issues) who are not employable unless their difficulties are addressed. The main aim of common committees is to search for the best solutions (treatment, participation in rehabilitation programmes, housing arrangements, etc.) for individual clients facing complex situations. Besides, the common committee meetings provide the opportunity for an exchange of expertise and experience from social and employment areas and contribute to align the support provided to clients at employment and social services.

Section II: Detailed description of the reform episode

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1. Setting the scene

1.1. The broad socio-economic and political context

During the 1990s and in the first years after 2000 Slovenia went through a long period of relatively successful economic and social development. During this period the governmental policies were consistently focused on the macro-economic stability (that at the same time strongly sheltered national economy), and the approach to economic and social reforms was gradual and very cautious. The gradualist approach to economic and public sector reforms in Slovenia was unique compared to other transition countries in Central and Eastern Europe. It was a consequence of a combination of factors, most important ones being a relatively good economic situation at the beginning of transition, relative political stability and continuity during the period from 1992 to 2004 (the strongest political party at that period were Liberal Democrats, gravitating towards the left center, that won 3 consecutive elections and hold the majority of votes for 12 years, which enabled them to form coalition governments with different parties), and a high general consensus (reflected in public opinion, media and also the attitudes of social partners) on the concern to prevent too quick and radical economic and social differentiation in the population. Slovenia was characterized by relatively low poverty rates and comparatively low income inequalities up until 2008 when the last economic crises started.

After the year 2000 the existing gradual approach to development and reforms was increasingly criticized by economists (for example: Mrak, Rojec and Silva-Jauregui, 2004), who pointed at the need for structural economic and labour market reforms (flexibilisation of employment relations, the need for a system that would enable the flexicurity), as well as reforms for modernization of pension, social transfers, health and other public sectors.

At the 2004 general election the right wing Slovene Democrat Party won the majority and formed a right-centre Government with several other right and populist parties (prime minister Mr. Janša). The Government made a list of economic measures¹ and public sectors (systems) to be reformed, and modernization of social transfers' system was included. The argumentation for the need of the reform of social transfers' system included the prevention of fraud, the prevention of unjustified accumulation of social transfers, the prevention of long-term dependency (low incentives to work) and the need for activation of minimum income recipients. The discussion on the right balance between the rights and the obligations (duties) of minimum income beneficiaries was also present as some minor changes in the social legislation enabled the Social Work Centres (SWC) to ask the minimum income beneficiaries to be eligible for voluntary and humanitarian work when needed. The SWCs practically never practiced that, but there was a lot of criticism against this article in the social legislation from the side of more left-oriented experts in social policy.

The goal of modernization of social transfers' system (by measures of prevention of unjustified accumulation of social transfers, reduction of benefit dependency, social activation, closer link between job search obligations of the unemployed and receiving social benefits and similar) was explicitly stated in the Development Strategy of Slovenia prepared by Office of RS for Macroeconomic Analyses and Development and endorsed by the Government in 2005 (UMAR 2005). The most important development document in the social filed, the Resolution on National Programme of Social Protection for the period 2006 – 2010 (ReNPSV 2006–2010) also had the goal of increasing the efficiency of social transfers stated and also listed the measures to reach it, such as: one-stop-shop and uniform procedure for claiming all social benefit rights, more targeted approach in delivery of social benefits (targeted to the lowest income groups), introduction of priority order for claiming the rights,

¹ Some of the planned economic measures were quite liberal, for example, the intention to introduce an uniform income tax rate, which was strongly opposed by public, unions and media (the opposition culminated in the public protests at the end of 2005).

connection of records and gathering the data on social benefit claimants. The Government established a cross-cutting working group, composed of representatives of different ministries (sectors) and Governmental Institute of Macroeconomic Analysis and Development, that worked on the concept of modernization of the system of means-tested social benefits, including some means-tested family benefits. The group prepared the first draft of proposed legislative changes already by the end of 2006 (Računsko sodišče 2013: 33). However, the governmental drive for reforms slowed down in 2007 (also because of public and union opposition to governmental reform intentions, especially the labour market reforms aimed to increase the flexibility of employment contracts) and the reform of means-tested social benefits was put on hold.

After the 2008 election, the Governmental coalition was again more left-center oriented (led by Social Democrats, prime minister Mr. Pahor). At that time (from 2008 on) Slovenia was severely hit by economic crisis, causing bankruptcies of several (mainly work-intensive) companies and the unemployment increased. The Government responded by investing in different employment measures to prevent severe social consequences, which delayed the rise in unemployment and poverty rates, peaking in 2012 and 2013. Despite the economic crisis or exactly because of it (as claimed by some of our interviewed experts who see the main intention behind the reform in reduction of budgetary expenditures), the need for social transfer's reform was picked up by the Governmental coalition. The coalition even put the goal of ensuring a one-stop-shop for claiming all social transfers and the uniform evidence of all social transfers received by the individual in the Coalition agreement on cooperation of the Government of RS for the period 2008-2012. A new governmental cross-cutting working group was formed in January 2009 with the aim of preparing the proposal of new legislation that would underpin the reform of social transfers. The 'new' working group had a strong continuity from the previous one, as many members stayed the same (governmental professionals representing different sectors).² As in the previous working group, there were no external (non-governmental) experts included. Ministry of Labour, Family, Social Affairs and Equal Opportunities (MLFSA)³ had the leading role in the working group (steering and drafting the proposals and solutions). There was also continuity in the content of work of the group as it started from the review of first draft proposal prepared by previous group.

By 2010, the working group and the MLFSA prepared the draft legislation. The two (new) acts that formed the basis for the reform of social transfers are the Exercise of Rights to Public Funds Act and Social Benefits Act. The Exercise of Rights to Public Funds Act is a procedural law, and states the rights covered, defines the procedures of claiming the rights (the order), the conditions for entitlement and similar. The Social Benefits Act focuses on two main means-tested social benefits, that is on financial social assistance (including the activation supplement) and on income supplement, defines the entitlement conditions, the rules of delivery, the procedures and similar. Both acts were adopted in the Parliament in July 2010.⁴

Other Governmental proposals of the reforms in different public sectors were met by strong resistance of trade unions, different interest groups as well as the general public opinion and the media (all

² The group was composed by the representatives of MLFSA, Office of RS for Macroeconomic Analyses and Development, Ministry of the Environment and Spatial Planning, Ministry of Finance, Governmental Office for local self-management and regional policy, Ministry of education and sport, Ministry of Justice, Ministry of Health, Ministry of Higher Education, Science and Technology, Ministry of Public Administration and Financial administration of the RS.

³ The long-term name of the ministry was Ministry of Labour, Family and Social Affairs – MLFSA (*Ministrstvo za delo, družino in socialne zadeve - MDDSZ*), but in March 2013 the name was changed to Ministry of Labour, Family, Social Affairs and Equal Opportunities (*Ministrstvo za delo, družino, socialne zadeve in enake možnosti*), with the same abbreviation as before – MLFSA (*MDDSZ*).

⁴ Besides these two acts, other (several) legislative acts ruling the delivery of rights before the reform (rights delivered within different systems and by different agencies) had to be changed too.

reform proposals were regarded as reducing the rights of people). The anti-reform resistance culminated in 2011, when three already adopted acts (passed in the Parliament), namely the Pension reform Act, Small jobs Act, and Act on hindering grey economy, were refused on referendums. This led to political destabilization and early election at the end of 2011. For one year (February 2012-February 2013) the Government was formed by right-centre coalition (prime minister Mr. Janša), after the Governmental coalition changed to left-centre one (from February 2013 to the new early election in 2014 the prime minister was Mrs. Alenka Bratušek).

The so-called 'new social legislation' (the two acts mentioned above) that forms the basis for reform of means-tested social transfers was thus the only reform legislation successfully passed in the period of great public criticism against the reforms. Despite the unstable political situation in 2011, the preparation for implementation of new social legislation went on and after one postponement (initially the start of implementation was set for June 2011 and for rights related to school children for September 2011), the implementation started in January 2012. One can summarize that the reform of means-tested social transfers was initiated under the right-oriented government, the legislation was prepared and passed as well as the implementation prepared under the left-centre government, while soon after the start of the implementation, there was again the right-centre government. As governments of all political orientations supported the reform, it can be concluded that the role of MLFSA administration in the process was important.

1.2. The activation and poverty alleviation agenda and other relevant political issues

Already in the 1990s there was a strong emphasis on ALMP measures, as the unemployment had strong structural nature (bankruptcies of several labour intensive industries in manufacturing, textiles, heavy industries and similar in the first part of the 1990s). Around the year 2000 the activation principle was implemented in employment policy (employment activation). In terms of registered unemployed, the activation principle was implemented by setting more strict obligations of the unemployed (regular visits to the employment counsellor, providing proofs of active job-search, more intense job-search activity, availability for different jobs, participation in ALMP programmes). A form of individual employment plan was introduced at the PES – it included a job search plan for each unemployed person prepared together by the person and his/her counsellor and reviewed at each visit of the unemployed person.

It became obligatory for beneficiaries of financial social assistance (minimum income) delivered by social work centres (SWC) to be active job seekers (if capable of work – that is in working age and without the disability status), meaning the persons had to register at PES as active job seekers in order to be eligible for financial social assistance. The modifications in the Act on Social Protection from 2007 (Official Gazette No. 3/2017) clearly stipulated (in article 24) that no matter of the lack of financial resources the person was not entitled to financial social assistance in cases the person voluntarily gave up activities that could lead to employment or other means of improving the social situation (e.g. voluntarily leaving the job, did not register at PES as active job seeker, did not want to accept temporary job on civil contract or occasional humanitarian work, was deleted from the PES register of active job seekers due to noncompliance with the obligations...). In case the person was deleted from the register of active job seekers at PES (due to not fulfilling the obligation of active job search or participation in employment programmes, or because the person performed some kind of cash-in-hand work) it in principle as well lost the right to financial social assistance at SWC. The unemployed beneficiaries of financial social assistance were in principle even obliged to accept some humanitarian or voluntary work in cases the SWCs would ask them to (which was practically never done by SWCs).

For several years before the reform the PES had been highlighting the problem of unemployed people with complex social problems and situations (e.g. mental health problems, dependency issues,

complex domestic situations), often long-term unemployed and hard-to-employ, and living on financial social assistance. The need for social activation programmes that would increase their motivation, help them to solve their social problems and situations and bring them closer to the labour market has been highlighted for a longer period and is pointed out in several policy documents (e.g. Resolution on national programme of social protection 2013-2020, National Reform Programmes).

Other (interconnected) issues that have repeatedly been discussed among experts and in public in the past decade and a half include:

- The level of minimum income (financial social assistance) compared to the poverty threshold. Minimum income is below the poverty threshold all the time, in a period before 2010 also the minimum wage was below the poverty threshold.
- The issue of inactivity trap (due to accumulation of social transfers and subsidies) and how to motivate people for job search (including the issue of how to make work pay).
- The issue of the balance between rights and obligations of the registered unemployed persons and of beneficiaries of financial social assistance.

Despite the governmental changes in the past two decades the need to protect the most vulnerable in society (individuals and families without income or with very low income) was always acknowledged and the poverty issues were always (at least officially) high on the political agenda. The level (amount) of minimum income was never cut (except in 2012 at the beginning of implementation of new social legislation when the minimum income amount was supposed to increase more substantially, but due to austerity measures the increase was more modest). However, with time the means-tested social transfers (even before the reform) became more targeted, with stricter eligibility conditions and less universal. The rather strong focus on family policy and family benefits (and subsidies and exemptions of payment for services) has also remained through all the observed period.

1.3. A brief overview of the institutional setting at the starting point of the reform

The key governmental institution responsible for designing and implementing employment and social policies and measures is Ministry of Labour, Family, Social Affairs and Equal Opportunities (MLFSA). Within the Ministry there are five directorates covering different areas: (1) Labour Relations and Labour Rights, (2) Family, (3) Labour Market and Employment, (4) Social Affairs, (5) Disabled, War Veterans and War Victims. Labour Market and Employment Directorate covers the employment policy, and Directorate of Social Affairs covers social policy. The cooperation between both Directorates exists, but is not very close and not at the level of policy measures design.

Slovenia is a rather centralized country. There are only two levels of governance, the national level and the local level of municipalities. The administrative regional units (regional governance) do not exist, although the Statistical Office uses the term 'statistical region' and defines 12 regions for statistical measurement purposes. Since 2011, there are 212 municipalities in Slovenia, ranging from the two large urban municipalities (i.e. Ljubljana 280.000 with inhabitants and Maribor with 111.000 inhabitants) to the small rural ones, sometimes only with three or four hundreds of inhabitants (i.e. Hodoš with 320 inhabitants and Osilnica with 399 inhabitants respectively). Municipalities have certain social responsibilities (e.g. kindergartens, subsidies for childcare, primary education, housing subsidies, co-funding home care services for elderly, subsidies for institutional care for elderly) and some municipalities (especially large urban ones) regularly (co)finance social care programmes, programmes for children and youth and programmes for vulnerable groups (including programmes that have activation elements). However, the responsibility for employment and social policy remains exclusively on the national Government and MLFSA.

On the policy implementation level, the division between employment policy on one hand, and social policy on the other one, continues. In the area of employment policy, the key organisation responsible for policy implementation is Employment Service of Slovenia (ESS). In the area of social policy, the key implementing organisations (providing social support and services) are Social Work Centres (SWC).

ESS is an independent legal entity with public institute status and it operates uniformly across the entire country. The basis for its operation is provided by Labour Market Regulation Act from 2010 (with later amendments), which also defines the types of ALMP programmes. ESS offers services of career orientation and job placement to the unemployed and as well provides some services to the employers. It is also responsible for implementation of ALMP measures and programmes (mainly through outsourcing) and for delivering the unemployment benefit to the unemployed individuals entitled to it (the entitlement conditions refer to the duration of previous employment – insurance). The operating of ESS is financed through annual contracts with MLFSA from the national budget, and for ALMP programmes as well from ESF. ESS is organised on three levels: a management and central office, 12 regional offices and 59 local employment offices. The tasks of central office are: providing guidelines and uniform methodology for professional and operational execution of procedures related to ESS activities, and providing informational, analytical, legal, personnel, financial, accounting and developmental support to regional and local employment office. The tasks of regional offices are to perform professional and operational tasks related to ESS activities in their area, monitor and study employment and unemployment trends, provide advice, professional and operational support to local employment offices, and work with employers, providers of ESS programmes and local actors on the labour market. Local employment offices work directly with the unemployed (at this level there are employment counsellors) offering employment advice, career guidance, job placement, referring the unemployed to the ALMP programmes, and ensuring the unemployment benefit to the unemployed entitled to it. When the unemployed person registers at ESS (local employment office) as a job seeker, he/she gets an employment counsellor (who functions as a case manager). At the first meeting of the unemployed and his/her employment counsellor they agree on the employment plan of a person and the activities the person has to undertake. After, there are regular meeting in the frequency decided by the counsellor and depending on the situation and the planned activities of the unemployed person (monthly, every three months, every six months). Employment counsellors are specialized for specific groups of unemployed (first-job seekers, poorly qualified, older unemployed, very long-term unemployed).

SWCs are organized at the local level; there are 62 SWCs. SWCs have a tradition of more than 50 years as they were established in the 1960s by the Government of Republic of Slovenia (as part of federal Yugoslavia). When established there was one SWC in each municipality of Slovenia. The independent Republic of Slovenia organized the local management and self-management in a way that the number of municipalities increased considerably. The number of SWCs stayed the same and they stayed located in the same areas as before, thus covering more than one municipality (in some cases, especially in Štajerska and Prekmurje region, many municipalities). Each SWC is managed by Director (5 year mandate), who is responsible to the Management Board (*Svet zavoda*). The Management Board is composed of 7 members (appointed for a 4 year period): 4 representatives of the founder (the Government and within it the MLFSA), 1 representative of local community(ies), and 2 representatives of employees. The Management Board carries out a call for the director and the procedure of selecting one candidate among several ones. After the candidate for director is selected, the local community (communities) have to approve the choice (Municipality Councils give the positive or negative opinion). After, the Minister of Labour, Family, Social Affairs and Equal Opportunities has the final say in approving (or not) the selected director of SWC. In case of non-approval, this has to be explained and in this case the call for director is repeated. The Minister also has the right to appoint an acting director to manage the SWC for the time of the procedure duration.

SWCs (their functioning and services) are financed from the national budget through MLFSA. They provide and organize basic social services and social work for individuals and families in need and as well function as coordinators of different social care programmes in the local environment. They decide on the applications for means-tested minimum income (financial social assistance), child benefit, income supplement, state scholarship and (non-means tested) parental and family allowances. They also decide on applications for several subsidies and exemptions of payments of social services. After the decision of SWC on applications, all social and family benefits and transfers are paid to the beneficiaries directly by the MLFSA.

The registered unemployed persons that do not have any means of subsistence (no income, because they are either not entitled to unemployment benefit or they already finished their unemployment benefit) and receive means-tested financial social assistance are 'common clients' of both ESS and SWC. In the last decade the cooperation and exchange of information on 'common clients' between ESS and SWC increased, and was formalized in the reform (common committees, exchange of basic information on registered unemployed persons that are beneficiaries of financial social assistance).

1.4.A brief overview of the benefit system at the starting point of the reform

The main means-tested benefit available to citizens of Slovenia (not only working age⁵ but to all adult population fulfilling the entitlement conditions) is financial social assistance (FSA) – *denarna socialna pomoč*, which is defined as minimum income for individuals and families that are without the income (or have very low income) and other means of subsistence because of the circumstances that are beyond their control. Thus, the FSA is the last safety net for people in need. It is in its nature meant as a time-limited support and is granted first for a period of three months and then again for six months; in some cases it can be granted for one year. After the expiry of the granted right to FSA, the individual or a family can reclaim (with a new application) the right to FSA for as long (as many times) as the poor social situation exists (as long as the person or family meets the entitlement conditions). There also exists a permanent FSA for people permanently unable to work (disability status) and elderly people without other income (higher than FSA), but it is granted very rarely. For example, in 2016 there were on average around 81,000 persons monthly receiving FSA (around 51,000 families/households), but only around 400 people were receiving permanent FSA (Trbanc et al, 2017). Despite the fact that FSA is meant as a temporary benefit, more than 50 % of adult beneficiaries are receiving it for at least two years in the last three years, which is in Slovenia defined as a long-term receipt (and the percentage is slightly increasing) (ibid.).

The amount of FSA is based on the amount of minimum basic income, which is defined in the legislation (before the reform in the Social Protection Act, after the reform in the Social Benefits Act).⁶ It is in principle automatically adjusted to inflation twice per year.⁷ For a single person (person living in a single household) the amount of FSA equals to the amount of minimum basic income. For families, the

⁵ There are no means-tested (social) benefits available only to working age population in Slovenia.

⁶ The amount of minimum basic income is defined based on a calculation of minimum living costs performed by researchers of Institute of Economic Research and based on a complex methodology. The calculation was performed in 2009 (and again in 2016/2017).

⁷ During the period of last economic crises the automatic adjustment of minimum basic income (FSA) and other social transfers to inflation was temporary cancelled as part of austerity measures. The FSA stayed at the same level from January 2012 to February 2013.

eligible persons are attributed specific weights according to their role (first adult, second adult, child) and the amount of FSA is calculated as the sum of weighted individual amounts.⁸

Means-testing on the eligibility for FSA is done on the family basis and since the reform testing not only the income but also the property, bank savings and other assets evident from administrative registers of all family members (before the reform the claimant had to provide some evidence from bank accounts and other relevant evidences). The FSA is granted to the person that claims it for himself/herself and other entitled family members. The amount of FSA for a family depends on its structure (weights for family members). For a longer period already, the majority of beneficiaries of FSA are single households (around 70 %).

If the person claiming FSA is capable of work (i.e. does not have a recognised disability or illness that makes the person temporary or permanently incapable of work) he/she has to be registered as active job seeker at ESS – PES (and act in accordance with the obligations of active job seeker) in order to be eligible for financial social benefit. If the person violates the obligations as an active job seeker (is not seeking a job, performs undeclared work, is not reporting to the employment counsellor...) he/she can be deleted from the unemployment register and consequently can lose the FSA.

In cases of people with complex social problems or vulnerabilities (e.g. mental health problems, dependency problems, domestic problems, health problems...) the social worker at SWC that decide on the claim have a discretion right to grant the FSA without sending the person to register at ESS. In such a case the SWC would have to conclude a contract with the person on active resolving on his/her social problems or circumstances (although in some cases, SWCs grant the FSA to people not registered as unemployed even without the contract on active resolving the situation). However, the large majority of beneficiaries of FSA are registered as active job seekers at PES.

For registered unemployed persons the (insurance) unemployment benefit (if eligible) is claimed first as its amount is higher than the amount of FSA. The amount of unemployment benefit depends on the average level of previous wage, but it cannot be lower than 350 euro (and not higher than 892.50 euro gross), while the current basic amount of minimum income (FSA for a single household/family) is 297.53 euro. The only situation when the person receiving the unemployment benefit can claim the FSA as well is the case of two adults in a family, one receiving the minimum unemployment benefit and the other being without any income or property. In case of a family with dependent children (and one adult on unemployment benefit), child benefit is claimed first and it raises the family income above the FSA threshold.

There is also a possibility to claim an extraordinary FSA (for one month or in specific cases for a few months) for covering the extra living costs (heating, buying a washing machine or similar) or in cases of accidents, natural disasters, serious illness and similar.

Before the reform there were no supplements to the FSA; the reform introduced two possible supplements: activity supplement and income supplement.

⁸ Before the reform (in the second half of 2011) the amount of minimum basic income (FSA for a single person) was 230.61 euro, with the start of reform implementation (January 2012) it raised to 260.00 euro (according to Social Benefits Act the amount should had been 288.81 euro, but the austerity measures applied). Since February 2013 it is regularly adjusted twice per year to inflation. In January 2016, after the termination of all austerity measures related to social transfers it was raised to the amount originally stipulated in the Social Benefits Act, i.e. 288.81 euro. Currently (as of 1. August 2017) it is 297.53 euro.

The aim of activity supplement (*dodatek za aktivnost*) is to top up the FSA for persons working or participating in certain employment or rehabilitation programmes (performing paid work, participating in some ALMP programmes – such as work training, participating in psychosocial rehabilitation programmes, performing voluntary work at humanitarian organisations, participating in employment rehabilitation). The activity supplement can be granted in two levels (amounts) – depending on the hours of work or activity, with the threshold of 60 hours per month.⁹ At the beginning of reform implementation, the numbers of beneficiaries receiving the activity supplement were small, but currently, there are around 10% of adult beneficiaries of FSA receiving activity supplement (Trbanc et al. 2017).

Another change introduced with the 2012 reform was the transfer of income supplement (*varstveni dodatek*) from the pension and disability system to social system. Before the reform the income supplement was a supplement to very low pension and was granted (by Pension and Disability Insurance Institute) to pensioners on individual bases (mainly testing the individual income). With the aim of ‘cleansing’ the pension system of transfers that are not contribution based, the benefit was transferred to means-tested social transfers’ system.

The non-take up was traditionally very low in Slovenia, as there is a tradition of awareness of the existing benefits and claiming the financial rights. But after the reform the non-take up increased, especially among elderly people, because of the regulatory regime that the received means-tested social benefits (FSA and income supplement) should be partially repaid to the state after the death of the beneficiary (from his/her heritage), of course if he or she had any property (real estate) or belongings. Such arrangement was based on the Inheritance Act from 1976; it was in order all the time since then, but was never practiced due to problems with connections among administrative registers and other evidences. With the reform, the administrative evidences became more connected and it was highlighted by the MLFSA that such arrangement would be strictly implemented (the claimants of FSA and income supplement had to sign in the application to agree with such arrangement). The repayment of part of the received FSA and income supplement to the state after the death of the beneficiary became one of the points of strongest public and target groups opposition to the reform. This reflects the specific Slovenian situation with the property ownership, when even people with low incomes and in vulnerable social situation were building houses (often with the support of friends and neighbours) in the socialist period. Especially elderly people did not want to ‘leave any debts’ to their heirs so they rather resigned from the benefit, that is why the non-take up increased especially for the income supplement (*varstveni dodatek*) and especially among elderly. It is possible that it increased also for FSA, but there are no estimates or research available on that. In the changes of the reform legislation in 2013, the repayment of the received FSA and income supplement was limited and in the latest changes (at the end of 2016) it was abolished completely (so there is no repayment of received means-tested benefits any more).

1.5. The main agents involved in managing the benefit system and providing employment and social services

The Ministry of Labour, Family, Social Affairs and Equal Opportunities (MLFSA) is responsible for policy making in employment and social areas. It is also responsible for delivery of social and family financial

⁹ The two amounts are: for the first adult person in a family 0.28 of minimum basic income on top of FSA for 60 to 128 hours of activity per month and 0.56 of minimum basic income on top of FSA for more than 128 hours of activity per month; for the second adult person in the family 0.14 of minimum basic income on top of FSA for lower work activity and 0.28 of minimum basic income on top of FSA for higher work activity.

benefits that are determined by the legislative acts and are financed from the national budget. In case of any means-tested social benefit (financial social assistance, income supplement, but also child benefits and state scholarships) the individual has to apply for the right (claim the benefit) for him/herself and the family members at social work centre (SWC). Professionals at SWCs rule on the eligibility of applicant for the benefit (perform the means-testing) and issue a decision (normally for a limited time period). After the positive decision on the eligibility for certain benefit is issued by SWC, the MLFSA directly monthly transfers funds to the bank account of the beneficiary.

Employment Service of Slovenia (ESS) is an autonomous public body, financed by the central government (via MLFSA). It is managed autonomously by a Director General, who is responsible to the Administrative Board (composed by 13 members: 6 representatives of the government, 3 representatives of employers – employer associations, 3 representatives of unions and 1 representative of employees' council). As described in section 1.3, the ESS is organised on three levels: a management and central office, 12 regional offices and 59 local employment offices. Local employment offices are the ones directly working with the unemployed: they register unemployed and check their eligibility for unemployment benefit (which is insurance based). After establishing the eligibility for unemployment benefit, its amount and duration, it is the ESS (not MLFSA) that monthly transfers the unemployment benefit to the bank account of the unemployed person. Unemployment benefit is the only financial transfer delivered by ESS. All social benefits are claimed at SWCs.

SWCs are autonomous public bodies responsible for providing social services. They were established by the Government (represented by MLFSA) and are locally placed; all together there are 62 local SWCs and the large majority of them cover the area of more than one municipality. The SWCs range from small (with less than 10 employees) to big ones (the biggest SWC being SWC Maribor with 89 employees and covering 7 municipalities). Each SWC is managed by a Director, who is responsible to the Management Board (*Svet zavoda*). Local communities have a say in the choice of a director (they give a positive or negative opinion on the candidate selected by the Management Board) and so does at the end the MLFSA (Minister at the end of the procedure confirms or rejects the choice of a candidate director). In reality, the SWCs are closely related to MLFSA as their functioning and their services are financed by MLFSA (on monthly bases) and they report on their performance of activities and services to MLFSA.

SWCs provide social work and social services in the local environment and since the 2012 reform function as a one-stop-shop for claiming all rights from public funds that are means-tested (4 financial benefits – child benefit, financial social assistance, income supplement and state scholarship – and several means-tested subsidies and exemptions of payment in the housing area, child care, school lunches, health insurance and social services for elderly). The SWCs consider the applications for means-tested benefits and other rights, do the means-testing and issue a decision on the eligibility which is valid for a stated period. Based on these decisions, the MLFSA monthly transfers funds directly to the bank accounts of beneficiaries.

The discussion on the need for a reorganisation of SWCs has been going on for the last decade, and the MLFSA is now issuing a reorganisation reform (in spring 2017 the legislative act that will enable the administrative reorganisation of SWCs was in a public discussion procedure and it is expected to be passed in the Parliament by the end of 2017). The main aim of the reorganisation of SWCs is to enable more time to social workers to work with individuals in need (less time needed for administration) by providing automatic informative calculations of child and family benefits (without the application needed, similar to income tax decision by financial administration), and to establish 16 regional level units that will support the professional work of local offices.

The Association of centres for social work is a business association that connects all SWCs in Slovenia (SWCs are at the same time the funders and the members of the Association). It offers professional support to SWCs and cooperates with MLFSA. Based on the Social Security Act, the Association also has two public authorisations, namely to determine the catalogue of tasks, which are carried out by SWCs (services, tasks based on public authorisation and tasks given to SWCs by other regulations), and to determine the standards and norms for carrying out the types of tasks performed by professionals at SWCs. The MLFSA often addresses the Association of centres for social work for consultation in issues related to functioning of SWCs or social work issues. In practice, the Association often plays the role of advocacy of SWCs towards the MLFSA.

At the national level the Pension and Disability Insurance Institute (PDII) has to be mentioned too. It is an autonomous public body, financed by the central government (via MLFSA). It is managed autonomously by a Director General, who is responsible to the Administrative Board – so, its organisation is similar to ESS. PDII is responsible for delivering pensions and disability benefits (financial transfers that are based on pension insurance and on disability insurance) to beneficiaries. PDII runs so-called invalidity committees (composed of external professionals, mostly physicians) that through a detailed procedure determine the permanent inability to work – full or partial – for working age population. The procedure is normally started on the request of an individual in question, however it can also be started at the initiative of a personal (family) physician or at the initiative of professional at SWC.

The local communities (municipalities) have the responsibilities in granting means-tested social subsidies in the area of child care, housing, care for elderly, and health insurance to their residents, namely they grant:

- Subsidy for public child care facility programmes (kindergartens),
- Housing (rent) subsidy,
- Subsidies and payments in the area of care for elderly and long-term care in general (home care service, care in residential homes for elderly, family assistant for severely disabled children),
- Payment of compulsory health insurance for people not insured any other way (through work/employment, through family members).

All mentioned subsidies (and exemptions of payment) for services are means-tested. Before the reform, the applicants had to issue their requests to the local community (municipality) of their place of residence and provide the evidence of their income and material situation. The employees at the municipality decided on the request and issued a decision on a reduced (subsidised) price of the service. The funds (from the municipality budget) were transferred directly to providers of service and the beneficiary only paid the reduced price of service. After the 2012 reform, the process of claiming and deciding on the above subsidies (and exemptions of payment) was transferred to SWCs. So, the applicants request the right(s) at SWCs that issue a decision, but the funds are still provided by municipalities – in the same way as before: the municipalities transfer the funds for subsidies directly to providers of services, and the beneficiaries only pay the reduced price (e.g. people who are granted the subsidy to the price of child care facility only pay the reduced price to the child care facility and the rest is covered by municipality). Municipality funds for subsidies are partially from their own revenues and partially from the central budget (per capita subsidy from the central budget).

Municipalities also often finance different social programmes for youth or for vulnerable groups – especially bigger, urban municipalities have several local social programmes running (mostly by NGOs that are financed for running the programmes through municipality tenders). In addition, some municipalities have a scheme of local financial support for people in severe need or in extraordinary

circumstances (flood, fire, over-indebtedness and similar), and families with many children. However, this is normally a one-time support and not a regular benefit.

NGOs and humanitarian organisations offer various support to people in need and vulnerable groups. Often they implement different programmes for vulnerable groups (e.g. people with mental problems, people with addiction problems, homeless people, people with experience of domestic violence...) that are (co)funded by MLFSA (through tenders), local communities and from profits from lotteries. Red Cross and Caritas (selected by a MLFSA tender) are delivering packages of food and supporting activities to the most vulnerable groups from Fund for European Aid to the Most Deprived. The NGOs working in social area developed a lot in the last 10 years (also due to the funds for programmes for vulnerable groups provided through regular annual tenders of MLFSA and through tenders of other ministries and Governmental bodies). Among humanitarian organisations the strongest and most developed ones are Red Cross of Slovenia (*Rdeči križ Slovenije*) and Slovene Caritas (*Slovenska Karitas*), besides them the Slovene Philanthropy (*Slovenska Filantropija*) and the Association of Friends of Youth (*Zveza prijateljev mladine*), the latter focused at deprived children and families, have to be mentioned for their work with vulnerable groups. The regional coverage of NGOs in Slovenia is uneven, but has been slowly improving over the years (again due to the fact that MLFSA is with the tenders encouraging the expansion of NGOs to weakly covered areas and regions). According to the EU-SILC survey in 2012 and in 2013 around 5% of households in Slovenia received material or financial help from humanitarian organisations. Help of NGOs was focused at the most vulnerable: in 2013 humanitarian organisations helped 20% of people with income below the poverty threshold (Trbanc et al., 2016, p.66). In the context of social policy it is understood by MLFSA that the NGOs and humanitarian organisations provide complementary activities to the services of SWCs. The SWCs and NGOs occasionally cooperate on individual cases of people in need. Humanitarian organisations also offer the possibilities for voluntary work to beneficiaries of financial social assistance, so they can claim the activity supplement (introduced by the 2012 reform).

1.6. Brief description of the institutional status quo before the reform

	Provision of benefits/services	Client group
Name of provision (benefit or service)	Means-tested social benefits and subsidies, and related services	Unemployed people on financial social assistance
Main purpose of the benefit/service	<p>The main means-tested social benefit is financial social assistance (FSA) that functions as a minimum income ('last-resort') for people without income (from employment and/or from insurance-based transfers). Other means-tested social benefits are related to different situations and/or functions of people with income below income thresholds (child benefit, child-care subsidy, rent subsidy, state scholarship, subsidy for school meals...).</p> <p>FSA is granted by SWC (decided on, funds transferred by MLFSA) and is not directly linked to SWCs services. However, the FSA beneficiaries often are clients of SWCs services (first social assistance, personal assistance, assistance to a family at home and some other services for disabled and people who cannot live an independent life). Child benefit is also granted by SWC (funds transferred by MLFSA).</p> <p>Other benefits and subsidies targeted at people with low incomes are decided on and granted by different institutions and agencies (state scholarship by ESS, child-care subsidy and housing rent subsidy by municipalities, subsidies related to school children –</p>	<p>FSA claimants that are formally capable of work (i.e. not disabled) have to be registered at PES – Employment Service of Slovenia (ESS) as active job seekers in order to be eligible for FSA. As active job seekers they have obligations to ESS (job search behaviour, reporting to employment counsellors, availability for interviews with employers, availability for temporary jobs and occasional humanitarian work if asked). ESS services available to all registered job seekers include ALMP programmes as well as career orientation and counselling. Unemployed people on FSA are often stated among target groups of certain ALMP programmes (public works, on-the-job training, employment subsidies).</p> <p>ESS points out the lack of programmes for long-term unemployed people with complex social problems and situations (dependency issues, mental health problems, violence problems, etc.); the majority of these people are beneficiaries of FSA.</p> <p>For other means-tested benefits and subsidies there is no job search-condition.</p>

	school meals, public transfer to schools - by Ministry of Education).	
Main access criteria (insured, means-tested, other criteria, e.g. age, family status, etc.)	<p>Means tested, but definitions and criteria for different benefits and subsidies vary (e.g. the definition of family and household, family members, the scope of means-testing – only incomes, also real estate).</p> <p>FSA is means-tested at the family level. SWCs have several problems in establishing the incomes and material situation of FSA applicants; the applicants have to bring different proofs of their situation (e.g. bank statements); the strictness of professionals at SWCs varies.</p> <p>No evidence of how many benefits and subsidies (granted by different agencies) the individual or family/household is receiving.</p>	<p>FSA claimants that are formally capable of work (i.e. not disabled) have to be registered at PES (ESS) as active job seekers in order to be eligible for FSA. As registered unemployed they have to comply with the obligations (proofs of active job search, meetings with the employment counsellor, no performance of illegal work, availability for jobs, availability for occasional humanitarian work if asked to). In case the unemployed person is deleted from the ESS register due to noncompliance to the rules, the person in principle loses the FSA at SWC. But, the exchange of information between ESS and SWCs is not systematic and not very accurate, and sometimes the SWC is not aware of the fact that FSA beneficiary was deleted from the ESS register (and sometimes the SWC does not act on the information).</p>
Target group and its size in proportion to total non-working active age population	<p>Target groups of means-tested social benefits and subsidies are broad as they cover people with low incomes (or without income) through the life cycle (from benefits for children to benefits for elderly). As the benefits overlap, the thresholds differ and the benefits are granted by different agencies (no common evidence of the benefits received by individual or family), it is hard to estimate the size of target groups. A very rough estimate would be that around 400.000 people receive different means-</p>	<p>The information of ESS on the number of unemployed people receiving FSA differs from information of SWCs on the number of adult FSA beneficiaries: the group of adult FSA beneficiaries at SWCs is about 40% bigger than the group of unemployed persons registered at ESS and receiving FSA. The reasons behind are that the FSA beneficiaries registered at SWCs are also people that are not capable of work (disabled, elderly-retired, ill), and that SWCs in some cases grant the FSA (have</p>

	<p>tested social benefits and subsidies (including those targeted at children), between them around 250.000 to 300.000 people in active age population (15-64 years). So, a rough estimate would be around 25% of active age population receiving different means-tested social benefits and subsidies. The broadest coverage is (was) for the child benefit and kindergarten subsidy as the threshold for claiming both was very high (up to the level of average salary in Slovenia per person) and thus claimed and received by the large majority of parents. The same is truth also for subsidy for school meals.</p>	<p>some discretion in decisions) even if the person is not registered as unemployed.</p> <p>In 2010, there were according to ESS on average 100,504 registered unemployed persons per month; among them, there were on average monthly 34,235 persons receiving FSA. In relative terms: among unemployed, 34% were FSA beneficiaries. Compared to the total active age population aged 15-64 (1,017,000 persons in 2010), the group of registered unemployed beneficiaries of FSA represents 3,4%. In 2011, 32% of the registered unemployed were receiving FSA. Compared to the total active age population (997,000 persons in 2010), the group of registered beneficiaries of FSA in 2011 represents 3,5%.</p> <p>According to the data on FSA beneficiaries from SWCs, there were on average around 76,000 persons per month receiving FSA (including children) in 2010, among them 60,000 were adult FSA beneficiaries. Taken into account that some adult FSA beneficiaries are older than 64 years, the estimate of the share of FSA beneficiaries in the total active age population would be around 5%. In 2011, there were on average around 72,000 persons per month receiving FSA (including children), among them 57,000 were adults. Taken into account that some adult FSA beneficiaries are older than 64 years, the estimate of the share of FSA beneficiaries in the total active age population in 2011 would be between 4,5 and 5%.</p>
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		<p>So, the share of adult FSA beneficiaries in the total active age population (before the reform) is between 4,5 and 5%, and the share of registered unemployed beneficiaries of FSA in the total active age population is about 3,5%.</p>
<p>Who is the main actor that determines the client journey?</p>	<p>Means-tested social benefits and subsidies are granted by different institutions (agencies): SWCs (FSA, child benefit), municipalities (kindergarten subsidy, rent subsidy, basic health insurance, subsidies for elderly care), ESS (state scholarship), Ministry of Education (school meals subsidy, transfer to school subsidy).</p> <p>Clients have to claim each benefit and subsidy separately according to the rules set by granting organisation. Thus, the granting organisations (agencies) determine the rules of granting and define the client journey.</p>	<p>SWC professional (social worker or other profile).</p> <p>SWC (social worker dealing with the claim for FSA) checks the application and the provided proofs of social situation; also checks if the person is registered at PES (ESS) as unemployed. In not, the person is referred to ESS for registration (being the active job seeker is a condition for receiving the FSA). SWC professional has some discretion in deciding on the FSA claim (related to the registration of person at PES), but this is not clearly defined and the practices at SWCs regarding the strictness of linking FSA to job seeking behaviour (registration at PES) vary.</p>
<p>Who evaluates claims for this benefit / decides on who can participate in this service (if the service is open to all, please indicate that)?</p>	<p>Employees (specialised professionals) at different institutions (agencies) that grant the benefits: at SWCs (FSA, child benefit), at municipalities (kindergarten subsidy, rent subsidy, basic health insurance, subsidies for elderly care), at ESS (state scholarship), at Ministry of Education (subsidies related to school kids – school meals, public transfer subsidy).</p>	<p>Claims on FSA are evaluated by professionals at SWC (social workers and other profiles). Registration at ESS as active job seeker is a precondition for claiming, but professionals at SWCs have some discretion in deciding on a claim.</p> <p>Services provided by SWCs are open to all people in need and/or in vulnerable situations. SWC professionals (social workers and other profiles) consult the clients also the conditions for receiving</p>

	<p>Services provided by SWCs are open to all people in need and/or in vulnerable situations, regardless of receiving FSA or any other means-tested benefit or subsidy.</p>	<p>the FSA, extraordinary FSA and other benefits and subsidies (e.g. within their service ‘first social assistance’).</p> <p>Services of ESS are open to all unemployed. However, individual ALMP programmes are targeted at specific target groups and not open to all registered unemployed (e.g. long-term unemployed, poorly qualified, older, young...). Unemployed beneficiaries of FSA are often targeted by ALMP programmes, such as public works, on-the-job training, subsidies for employment and for self-employment, and similar.</p>
<p>Who enforces the activation (job search, accepting job offer, etc.) requirements (if these exist)?</p>	<p>Except for FSA, there are no activation requirements for means-tested social benefits and subsidies.</p> <p>For FSA: active job search behaviour is enforced by ESS (employment counsellors – case managers: the unemployed have to report on job search activities and other activities agreed in the employment plan).</p> <p>According to legislation, social worker (professional at SWC) can ask the FSA beneficiary to perform some humanitarian work (but this is hardly ever exercised).</p>	<p>For all unemployed people (not only FSA beneficiaries): employment counsellors at ESS (PES).</p> <p>For FSA claimants and beneficiaries: besides ESS also SWC’s professionals (but in practice no enforcement of activation at SWC – partially also because of the organisational and professional culture at SWCs that is not activation oriented).</p>
<p>Who decides on sanctions (in case of non-compliance)?</p>	<p>For FSA: in case of non-compliance with job search obligations (or in case of performance of undeclared work) the employment counsellor (case manager) at ESS decides on deletion of the unemployed from the</p>	<p>Employment counsellor at ESS: deletion from the register of active job seekers in case of non-compliance. Professional (social worker or similar profile) at SWC: suspension/termination of FSA in</p>

	<p>ESS register. As a consequence the professional in SWC can cancel the FSA to the person.</p> <p>For all other benefits and subsidies: professionals at organisations (agencies) that decide on the benefits and subsidies. However, the only reason for sanctions (taking the benefits and subsidies away) is fraud (in terms of cheating – presenting a poorer material situation and lower incomes than in reality).</p>	<p>case the beneficiary is deleted from the ESS register of active job seekers.</p> <p>So, if the person is removed from the register of unemployed at PES, he/she should consequently lose the FSA at SWC. In practice, the link is not direct, SWC has some discretion in deciding on sanction and usually decides after a meeting with the person.</p>
<p>Who pays the benefit / delivers the service?</p>	<p>For FSA and child benefit: the funds are transferred to the bank account of beneficiary by MLFSA (from the state budget).</p> <p>Subsidies related to school children (school meals subsidy, public transfer subsidy) are paid by the Ministry of Education (from the state budget) directly to service providers.</p> <p>Kindergarten subsidy and rent subsidy are paid by local communities (municipalities) directly to service providers. The same is true for subsidies for elderly care.</p> <p>Basic social services (e.g. first social assistance, personal assistance, assistance to a family for home) are provided by SWC but are open to all population in distress and not linked only to FSA beneficiaries).</p> <p>ESS services for the unemployed are delivered partially by ESS professional staff and outsourced in</p>	<p>The amount of FSA is transferred to the bank account of the beneficiary (after the formal decision is issued by SWC) directly by the MLFSA (on a monthly basis).</p> <p>At ESS the basic job search counselling and basic services are provided by ESS staff (job counsellors, career advisers), while the ALMP programmes are mostly delivered by external providers – outsourced (selected by ESS at public tenders).</p> <p>At SWC the counselling (basic social services) is provided by social workers.</p>

	the case of majority of ALMP programmes (providers of programmes selected by public tender by ESS).	
Who provides the funding behind (e.g. local government using their own revenues or local gov. using a per capita subsidy from the central budget)	<p>Central (national) budget.</p> <p>Municipality budgets for public kindergarten subsidy and housing (rent) subsidy as well as for elderly care subsidy. Municipalities annually receive a per capita amount from the central (national) budget. Municipality funds for subsidies are partially from their own revenues and partially from the central budget (per capita subsidy from the central budget).</p>	Central (national) budget.

What were the main inefficiencies in this original system in terms of:

- Access to services and benefits by certain client groups (e.g. issues of non-take-up)
- Unjustified overlap between the services of various actors
- Activation of benefit recipients or other clients
- Administrative costs

Were there any other major inefficiencies in the original system?

The original system of means-tested social transfers was slowly developing and changing in the direction of activation over the decade before the reform (after 2000 to 2010). Several years before the reform it was already obligatory for a person (capable of work) applying for financial social benefit, to be an active job seeker (registered at PES) – this and other obligations of recipients of financial social assistance (e.g. to accept the offered temporary job on civil contract or occasional humanitarian work in cases of need) was formalized in the modified Social Protection Act from 2007. Already in years before the reform the cooperation between PES and SWCs started to develop, not on a very formal level, in terms of exchange of information on common clients between professional case workers. This cooperation differed across the country and depended of the engagement of local PES and SWC. In some cases the joint committees of PES and SWCs for discussing the common clients with complex problems were already established. Thus, the reform specified and formalised the already developed forms of cooperation between PES and SWCs.

Before the reform, different means-tested benefits and subsidies for people with low incomes and vulnerable groups were granted within different systems (social, pension, housing, education, child care), by different authorities (agencies), without interconnections. The system was not transparent and there were often discussions in public about people unduly exploiting the system and benefits. It was a general perception (in media, among politicians, in general public) that benefit fraud is possible and exists, although no study or research paper was ever carried out on the issue (and there was no evidence based estimation available). The argument of preventing the benefit fraud was used exhaustively in the argumentation for the reform by MLFSA and by politicians. However, it has to be added that in the public perceptions the notions of fraud and of social injustice were often mixed. Namely, before the reform the entitlement conditions for means-tested social benefits were different, mainly taking into account the individual or family income, while the officials deciding on the benefit applications had very limited means to check the savings and property of applicants. But in any case, these arguments about the benefit fraud were not based on any serious evidence (calculation, evidence based assessment) and no study was carried out on it. MLFSA used different estimations for benefit fraud, one of our interviewed persons (independent expert, Mrs. Leskošek) even recalls the Minister talking about 18 to 20% of benefit fraud.

The main inefficiencies of the means-tested social (and family) transfers and subsidies before the reform, as explicitly pointed out in discussions and argumentation for the reform, and in the justification of the new legal acts underpinning the reform, are the following:

- Definitions of income, family and other elements of means-testing were different for different means-tested benefits and subsidies;
- Procedures for claiming the benefits were based on different legal acts and conducted (decided) by different authorities (actors), e.g. SWCs, local municipalities, PES...;

- The system was not transparent (no connection between benefits); it enabled abuse and accumulation of benefits, on one hand, and did not provide enough support for high-risk-of-poverty groups, on the other hand;
- The system enabled the passivation of beneficiaries, the focus on active measures was weak, there were no incentives to work;
- The amount of minimum income (financial social assistance) was too low compared to the minimum living costs calculated in 2009.

In general, the system of means-tested social benefits and subsidies was less targeted before the reform. Before the reform, some benefits (e.g. child benefit) and subsidies (e.g. kindergarten subsidy) were also available to people from middle classes (relatively high income thresholds and the amounts of benefit depending on income class). After the reform, the means-tested benefits and subsidies became more targeted at the most vulnerable, i.e. at those without the income or with very low income.

2. Details of the reform episode (initiative)

2.1. Brief description of the initiative

The milestones of the reform episode are the following:

- 2004 - 2007: initiation, first discussions and draft concept of the reform (including first draft of legislation);
- 2008 – 2010: designing the reform, preparation of legislation (The Exercise of Rights to Public Funds Act, the Social Benefits Act), the procedure of adopting the two legislative acts, public, expert, social partners' and political presentations and discussions; the acts passed in the Parliament in July 2010;
- 2011: preparation for implementation (IT platform and software application, new job openings at SWCs, training of SWC employees, preparation of new applications (claims) for rights; presentation of changes to different actors...). First changes to both legislative acts (to postpone the implementation from September 2011 to January 2012). Act on Balancing Public Finances passed in the Parliament – the act introduced some austerity measures, among others it lowered the increase in minimum basic income (basic amount of FSA);
- January 2012: start of implementation (full scale), big problems and delays in first months, accumulation of complaints at the MLFSA, negative perception of the reform in public and among experts;
- Autumn 2012 – March 2013: assessment study prepared by Social Protection Institute;
- Autumn 2013: change of both legislative acts, several changes regarding the conditions for benefits ('softening' the conditions); activation supplement granted to FSA beneficiaries occasionally volunteering in humanitarian organisations;
- 2014: implementation of changes to the reform;
- 2016: both legislative acts changed again: more 'softening' of the entitlement conditions (the repayment of the part of the sum of FSA after the death of the recipient from his/her heritage abolished). Most of the austerity measures introduced by Act on Balancing Public Finances abolished.
- 2017: The last changes in social legislation: abolition of repayment of received amount of FSA and/or income supplement after the death of beneficiary from his/her heritage; also the increase of threshold for the value of apartment or house the claimant is living in to 120.000 EUR. Further changes are being prepared (reorganisation of SWCs, activation programmes, automatic informative calculation of certain rights – e.g. child benefit, kindergarten subsidy, state scholarship, school meals subsidy).

While the starting point of the reform is clear, it is harder to define the ending point. I would suggest to take the end of 2013 (when the reform 'mistakes' and 'injustices' were 'corrected' by several changes in both legislative acts underpinning of the reform) as the end of the reform episode. It was understood by the experts and public that the legislative changes passed in the end of 2013 were meant to fix the anomalies in the reform and correct the injustices caused to the target groups (mostly related to certain rights, conditions for benefits, etc.) and this seems like a logical conclusion of the reform. Further changes (in 2016 and 2017) and the planned changes (reorganisation of SWCs) and activities (2017 social activation system and programmes financed from ESF) are not part of the reform any more although of course, there are many connections (upgrade of the reform).

The issues related to the modernisation of the means-tested social benefits and activation of beneficiaries were discussed by economists for a longer period before and the reform (modernisation of the system) was already envisaged before, without serious objection of any political party. But the final (actual) concept of the reform was developed in 2009 and 2010 under the Minister of Labour,

Family and Social Affairs, Mr. Svetlik. Although there was a cross-cutting governmental working group set up for discussing the concept and reform specifics (and another group for the development of IT support), the main driver behind the concept and the legislative solutions was MLFSA, Directorate for Social Affairs. The common perception of all actors (gathered by interviews) was that the initiative for the reform as well as the concept and the legislative solutions came from the side of MLFSA that also provided arguments for the reform in the process of obligatory public and expert discussion on the proposed changes.

The main aim of the reform initiative was to make the system of means-tested social benefits more transparent, targeted, efficient and user-friendly. The intention was to target the benefits more to those really in need (most vulnerable) and thus make the system more just and the fraud more difficult. The intention was also to make the system more activation oriented and to introduce incentives for work or activity leading to employment.

Contrary to the general opinion (general public, media, experts), the interviewed professionals from MLFSA claim that the question of reduction of budgetary expenditure for social benefits was not the primary concern when preparing the reform. However, they do admit it was implicitly expected that with more transparent and targeted system, and with more client activation and incentives for the work activity in the system, the overall costs (the funds) of social transfers would be reduced on the long term and this was also an important concern for the Ministry of Finance. On the short term the MLFSA expected the increase of FSA beneficiaries because of the raised threshold (raised basic minimum income), abolition of the non-contributory state pension and potential transfer of its beneficiaries to FSA, and transfer of income supplement from pension to social benefits. This expectation of MLFSA was based on the ex-ante study of Institute for Economic Research that assessed the numbers of beneficiaries of social benefits after the reform using a microsimulation model. According to the study, it was expected that the number of FSA beneficiaries would increase and the structure of recipients would change: as many as 46% of new FSA beneficiaries were expected, but also that 7.3% of those receiving FSA before the reform would not be entitled any more (because of property, savings, etc.) (Kump, Majcen 2011).

For the procedure of public discussion and proposing the Exercise of Rights to Public Funds Act (in 2010) in the Parliament, the Government (MLFSA as the ministry responsible for preparation of the act) prepared an explanatory text (introduction to the proposed act), in which it stated that the main goal of the new legislative act and the reform it was introducing was 'to ensure more effective and just policy of granting the social transfers' (Računsko sodišče 2013: 26). Related to that goal the proposed act as well as the reform was intended to enable:

- More just granting of rights from public funds,
- Simplification of the system,
- Increased transparency,
- Increased efficiency,
- Decreased possibility of fraud (ibid.).

The Audit Court of RS in 2013 carried out an audit review on the performance and efficiency of implementing the new system (the reform) and was quite critical about the above goals. According to the Audit Report, the stated goals were not sufficiently precise, and there was no evidence (data, empirical proof) available on the existing (before the reform) situation of the benefit system regarding the main goals (i.e. unjust delivery, effectiveness, complicated system, non-transparent system, the extent of fraud), so it was impossible to assess or measure the improvements brought about by the reform. Besides, there were no indicators set in the reform for measuring the achievement of goals

(ibid.: 27). The Audit Report critically concludes the achievements of the set reform goals cannot be measured accurately, because the goals were not adequately defined.

2.2. The rationale behind the initiative

The basis for the reform were the changes of legislation underpinning the functioning of the system. Two legislative acts were passed in mid-2010, namely the Exercise of Rights from Public Funds Act and the Social Benefits Act (both were amended already in 2011 – before the start of implementation). Besides, several legislative acts from other areas (e.g. housing, education), had to be modified in the paragraphs related to the procedures and decisions on benefits and subsidies.

The main means for achieving the goals of the reform were seen in:

- making SWCs a one-stop-shop for claiming all means-tested social benefits and subsidies; with one application for all rights (transparency, user-friendly approach – all benefits at one place, unification of procedures; simplification of the system); additional staff at SWCs to advice the clients on benefits (user friendly),
- unification of definitions (family members..) and elements of material situation taken into account for establishing the eligibility for benefits (means testing) – transparency, more just granting (also more targeted granting),
- priority order of claiming the rights (benefits) – transparency, efficiency, decreased possibility of fraud,
- IT platform that enables connection to 53 different data sources (public, administrative data sources and business ones) and automatic inquiry for data on the claimant and his/her family members (under strict data protection rules) as well as the computer application supporting the decisions on claims at SWCs (transparency, more just decisions, increased efficiency, less possibility of fraud),
- Activity supplement (two possible amounts depending on the hours of work or activity) to top the FSA for beneficiaries who are working or performing another activity which is leading to employment (some employment programmes, social rehabilitation programmes and similar) at least 60 hours per month (incentive for activation).
- Definition of common committees of ESS and SWC to deal with registered unemployed that are very hard-to-employ due to complex social problems and circumstances (cooperation between ESS and SWC on a target group of very hard-to-employ people who are at the same time FSA beneficiaries).

2.3. Detailed description of the NEW system

	Provision of benefits/services	Client group
Name of provision (benefit or service)	Means-tested social benefits (4 types: child benefit, FSA, income supplement, state scholarship), subsidies and exemptions of payment.	People (individuals and families) with low income (below the threshold). Unemployed people on FSA.
Main access criteria (insured, means-tested, other criteria, e.g. age, family status, etc.)	Means-tested social rights (benefits, subsidies, exemptions of payment), but with different thresholds (the lowest threshold is the FSA one). Priority order for claiming the financial benefits is defined and the benefits have to be claimed in the following order: child benefit, FSA, income supplement, state scholarship. This means that the benefit granted first is included in the family income when deciding on the next benefit (this has practical consequences, e.g. families with more children can get FSA only if they are completely without own income, because the child benefits raise their income). Claimants of FSA that are capable of work (not disabled) have to be registered as active job-seekers at ESS.	All benefits and subsidies are means-tested (but different thresholds). FSA: it is means-tested, besides the claimants that are capable of work have to be active job seekers (registered at ESS and in compliance with the job search obligations).
Target group	People (individuals and families) with low (or no) income (below the thresholds).	People (individuals and families) with low (or no) income (below the thresholds).

	FSA: people without income (or very low income) and unable to secure the means of survival; actively seeking job if capable of (registered unemployed).	Unemployed people who are not entitled to insurance-based unemployment benefit or have already used up the unemployment benefit.
Who is the main actor that determines the client journey?	<p>SWCs: defined procedures for application; professionals at SWCs (social workers and other profiles).</p> <p>For FSA beneficiaries: SWC professionals and ESS professionals (employment counsellors).</p>	<p>SWC professionals (deciding on FSA claim). If capable of work the claimant has to be registered at ESS (active job seeker) – when registered at ESS the person gets an employment counsellor (case manager) with whom the person meets periodically (they prepare employment plan of a person, the person has to report on job search activities...).</p> <p>In cases of complex (severe) social problems that make the claimant temporary unemployable, the SWC professional has a discretion to give the FSA to the claimant who is not registered at ESS as active job seeker on the basis of agreement between the claimant at the SWC on active solving of his/her social situation.</p>
Who evaluates claims for this benefit / decides on who can participate in this service?	SWC professionals (supported by IT platform).	<p>SWC professionals for deciding on FSA.</p> <p>ESS professionals for enforcing the obligations of registered unemployed (job search).</p>
Who enforces the activation (job search, accepting job offer, etc.) requirements?	<p>Activation requirements only apply for FSA (for claimants capable of work).</p> <p>For FSA beneficiaries: SWC professionals check if the person is registered as a job seeker at ESS. ESS professionals (employment counsellors) enforce</p>	ESS professionals (case managers) for registered unemployed (regular meetings, signed employment plan defining the activities of the unemployed person, referrals to employers with open posts).

	<p>active job search and participation in different ALMP programmes.</p>	<p>SWC professional in a sense that a claimant of FSA has to be registered as unemployed at ESS (if capable of work). If not capable of work due to complex social situations or circumstances, the FSA can be granted on the basis of an agreement on actively solving the social situation (participation in rehabilitation etc.) – in this case it is SWC professional enforcing the active behaviour (solving the barriers to LM participation).</p>
<p>Who decides on sanctions (in case of non-compliance)?</p>	<p>For FSA beneficiaries: in case of non-compliance with the job search obligations (or in case of performance of undeclared work) the employment counsellor (case manager) at ESS decides on deletion of the unemployed from the ESS register. As a consequence the professional in SWC can cancel the FSA to the person.</p> <p>For all other benefits and subsidies: professionals at SWC. The only reason for sanctions in case of benefits and subsidies other than FSA is fraud (but since the decisions are IT supported and there is automatic checking of administrative and business databases the fraud is not likely).</p>	<p>For unemployed persons registered at ESS: professional (employment counsellor – case manager) at ESS. The main sanction in the case of non-compliance with the job search behaviour is deletion from the register of unemployed.</p> <p>For FSA beneficiaries: SWC professional – if the unemployed FSA beneficiary is deleted from the ESS register of unemployed, the SWC professional decides on cancelling the FSA of the person. In cases of complex problem situations (homeless people, dependency problems, domestic violence...) SWC professional can agree with the person on actively solving the person’s social situation (on the basis of such agreement, the person can receive FSA without being registered as unemployed at ESS). The decision is based on the discretion of SWC professional and the agreement they can (or cannot) reach with the client. In case of a concluded agreement on actively solving the social situation, the SWC professional decides on sanctions (cancelling the FSA).</p>

<p>Who pays the benefit / delivers the service?</p>	<p>4 types of benefits (child benefit, FSA, income supplement, state scholarship): MLFSA (after the decision of SWC, MLFSA monthly transfers the funds directly to the bank accounts of beneficiaries.</p> <p>In case of subsidies for services – kindergarten subsidy, housing-rent subsidy: the municipalities for the resident beneficiaries (after the decision of SWC, the municipality transfers the funds directly to the service provider and the beneficiary only pays the remaining cost of the service).</p> <p>In case of subsidies related to school kids (subsidised transfer to school, subsidised school meals): after the decision of SWC, the Ministry of Education transfers the funds for beneficiaries to the service providers and the beneficiary-parent only pays the remaining cost of the service (or in some cases nothing).</p>	<p>After the decision of SWC, the FSA is paid by MLFSA directly to the bank account of beneficiary (monthly payments).</p> <p>FSA beneficiaries are often beneficiaries of other means-tested benefits and subsidies as well (in case they have children: benefits and subsidies related to children and schooling; housing-rent benefit, payment of compulsory health insurance...). Financial (cash) benefits are paid by MLFSA (monthly payments to the bank account of a beneficiary). Some benefits are paid by municipality of residence (child-care subsidy, housing-rent subsidy, payment of compulsory health insurance) to the service providers (for the beneficiary) and some (school meals, transfer to school) by Ministry of Education.</p>
<p>Who provides the funding behind (e.g. local government using their own revenues or local gov. using a per capita subsidy from the central budget)</p>	<p>Means-tested benefits (4 types: child benefit, FSA, income supplement, state scholarship) and some subsidies: central (national) budget.</p> <p>Kindergarten subsidy, housing-rent subsidy and payment of compulsory health insurance: municipalities' budgets (but partially reimbursed from the national budget later on). The same as before the reform the municipalities annually receive a per capita amount from the central (national) budget. Municipality funds for subsidies are partially from their own revenues and partially</p>	<p>National (central) budget for all cash benefits and some subsidies (school meals, transfer to school).</p> <p>Municipalities' budgets for kindergarten (child-care) subsidy, housing-rent subsidy, payment of compulsory health insurance. Municipalities get partially reimbursed from the state budget later on (housing-rent subsidy).</p>

	<p>from the central budget (per capita subsidy from the central budget).</p>	
<p>Notes</p>	<p>The main differences before and after the reform are in the procedures and rules of granting the rights:</p> <ul style="list-style-type: none"> - The role of SWC (one-stop-shop for means tested benefits and subsidies, - Priority order of claiming the benefits, - Uniform procedure, uniform definitions, - IT supported decision process (platform application, automatic connection to administrative and business databases). <p>There were some changes in the definition of benefits and the scope of entitlement. Consequently, the system became much more targeted at those with no income or with very low income (no more universal or close-to universal benefits).</p> <p>However, there were no changes in the services of SWCs and ESS. Exchange of basic information between both organisations on common customers improved, the function of common committees was formalised.</p>	<p>No more obligation that FSA beneficiaries have to accept humanitarian or similar voluntary work if asked by SWC. Activation turned into more positive one (incentives): activity supplement on top of FSA for individuals that perform some work or participate in certain programmes (intended to lead to employment or back to LM, e.g. some employment programmes, rehabilitation programmes) – 60 hours per month threshold (lower supplement 60–128 hours worked; higher supplement over 128 hours worked). Since the modifications of Social Benefits Act in 2013, FSA beneficiaries can get the lower amount of activity supplement also in case they volunteer in humanitarian organisations. This contributed to the increase in the share of adult FSA beneficiaries receiving the activity supplement on top of FSA: in 2012 and 2013, around 2.5% of adult FSA beneficiaries received also the activity supplement, after 2013 the share increased, in mid-2016 already slightly over 10% of adult beneficiaries of FSA (Trbanc et. al. 2017).</p> <p>Common committees of ESS and SWC were defined in social and LM legislation to deal with (discuss) the (long-term) unemployed with complex social problems or circumstances that hinder their employability. The Protocol of work of common</p>

		committees was prepared by ESS and Association of SWC and endorsed by MLFSA.
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2.4. Context of the initiative: where did the idea come from?

After the year 2000, the economists started the public debate on the need for structural economic, labour market and public sector reforms, and after the general election in 2004 (when there was the first real change in the Governmental coalition towards the political right after the independence of Slovenia) the Governmental coalition put the reform goals into its programme (coalition agreement). The most important reforms planned by the Governmental coalition (led by the right wing Slovene Democrat Party) in the period 2004-2008 were the economic ones (privatisation, restructuring), labour market (more flexible labour relations) and also public sector ones, among which also the modernisation of social benefits system, together with imposing more obligations to the beneficiaries of FSA to stimulate them for job search (and prevent long-term benefit dependency). The political and administrative (by MLFSA staff) argumentation for the reform of the social transfer system was concentrated around three issues: the need for unification and modernisation of the system, the need to prevent the fraud in the system (by making it more transparent and focused), and the need to prevent passivation of beneficiaries (to impose the obligations and stimulate them to take jobs).

The draft legislation for the social benefits reform was prepared already by the end of 2006 (by Governmental inter-sectoral working group led by MLFSA), but the reform was put on hold after. The main reason for that was strong opposition towards the proposed labour market and other public sector reforms (not so much the opposition towards the social benefits reform itself) by trade unions, experts (social scientists) and public in general (media presentation of the reform proposals was rather negative). Especially the proposed labour market reforms were seen as too liberal (flexibilisation of labour relations) and diminishing the (employment and social) rights of people, and the attempts of partial privatisation of public sector provision (education, health sector) were strongly contested as well. Besides, the Minister of Labour, Family and Social Affairs (Mr. Drobnič) was changed at the very end of 2006 (for mainly political reasons, not connected to the reform plans), and the new minister (Mrs. Cotman, minister 2007-2008) did not pursue any reform plans so strongly.

After the 2008 general election the Governmental coalition changed more towards left-centre (again) and the new Minister of Labour, Family and Social Affairs became Mr. Ivan Svetlik, an independent expert who was a university professor (labour market and social policy issues). Under his leadership, the Ministry started the preparation of several reforms that were set as goals in the coalition agreement of the Governmental coalition for the period 2008-2012: the pension reform, the labour market reform, and the reform of means-tested social transfers. The starting points for the preparation of the reforms were conceptual (in line with the concepts like active inclusion, inclusive LM, intergenerational justice, sustainability of the public systems, etc.), aiming at answering the social, economic and demographic challenges, and were not so liberal oriented as in the attempts of the previous government. At that time Slovenia was hit by economic crisis severely and the MLFSA prepared (and the Government accepted) a series of employment measures (e.g. subsidies to employers for pay of temporary redundant workers who were trained at the time of redundancy) that prolonged the increase in open unemployment for some years. The reforms were prepared and adopted in the Parliament in 2010 and 2011. In 2011, the resistance of trade unions, different interest groups and the right-wing political opposition parties¹⁰ against the reforms culminated again in a general anti-reform atmosphere, and the three already adopted legislative acts, all prepared by MLFSA (the Pension Reform Act, Small Jobs Act and Act on Hindering Grey Economy) were strongly refused

¹⁰ The arguments of trade unions and experts against the reforms were different than the arguments of political opposition (right-wing) parties. Above all, the right-wing political parties tried to present the opposition to reforms as the opposition to the Government.

on referendums. This caused a political destabilisation that led to early general election at the end of 2011.

The reform of social transfers was not as severely contested in the public discussions as other reforms, nor was the opposition to it so strong. Actually, it was mainly the opposition from the side of some experts in social sciences and trade unions, while there was hardly any political opposition or opposition from other interest groups. During the public discussion on the social transfers reform (before the formal procedure in the Parliament) the arguments against it from the side of trade unions and social policy experts concentrated on emphasising the fear that some groups of beneficiaries would be worst off after the reform – arguments against certain reform solutions, such as the priority order of claiming the rights, the changed role of child benefit, changes related to state scholarships, the abolition of non-contributory state pension and transfer of the right to income supplement for retired people with low pensions from pension to social benefits system. On the other hand, there was a relatively high consensus on the solutions among political parties. As explained above, the reform was already on the agenda and prepared during the time of the right-centre Government (2004-2008) and was not substantially changed under the left-centre Government (2008-2011) when it was adopted. The main arguments for it remained the need to make the system more transparent, efficient and more just (more targeted at those really in need) as well as to prevent the fraud in the system. Especially preventing the fraud was mentioned frequently, although no evidence based estimate or research was ever made by researchers or policy analysts. The arguments provided by MLFSA, the Government and the Governmental coalition in the process of public discussion on the reform and adopting of two underlying acts were mostly based on experiences of SWCs and ESS, different public stories and indirect conclusions. As pointed out by the Audit Report (Računsko sodišče 2013), the clear data supported evidence on the baseline situation of the social benefits system before the reform and its malfunctioning was missing.

The reform of social transfers system was thus the only reform of Minister Svetlik that sustained (was not contested at the referendum) and the preparations for its implementation went on (as stated in the interviews with the MLFSA staff responsible for the reform, the implementation of this reform was symbolically important to the Ministry and the Minister himself, as it was ‘his’ only reform that ‘survived’).

2.5. The political decision phase: the actors

power \ interest	low	medium	high
low	Employers' organisations		
medium	Individual SWC	Ministries covering some areas of benefits/subsidies (Ministry of Education, Ministry of the Environmental and Spatial Planning)	Political parties

		<p>Governmental Institute of Macroeconomic Analysis and Development (in the preparation phase)</p> <p>Municipalities</p> <p>Employment Service of Slovenia</p> <p>Economic and Social Council</p>	
high	<p>Trade unions</p> <p>Independent experts</p> <p>NGOs representing the target groups</p>	Association of SWC	Government and key Ministries (especially MLFSA – Directorate of Social Affairs, to some extent also Ministry of Finance)

The placement of different stakeholders in the table is done on the criteria of their actual role in the process of passing and implementing the reform of social transfers. This means that their role could have been different, i.e. that there are possibilities in the system that would in different circumstances enable them a more influential role.

Political parties are not differentiated in the table, as no party stood out distinctively or persistently either supporting or opposing the reform. The parties of governmental coalition supported the reform and the opposition parties opposed it in some points, but since the reform was initiated under one political governmental coalition (right-wing), actually passed (the legislation) under another political coalition (left-centre) and was implemented under yet another governmental coalition (February 2012 – February 2013 right-centre coalition; after left-centre one), the roles of political parties either supporting the reform or expressing doubts were changing. The interviewee from New Slovenia (Christian Democrats) claimed they opposed the reform from the beginning, however, the party did not have any MPs at the time and was not heard much. They voiced concerns on certain reform solutions regarding the benefits received by families (e.g. changes in the state scholarship and child benefits)¹¹ fearing that certain families will receive less benefits than before, but did not oppose the reform as such and its goals.

Placing stakeholders on the dimension of interest is done on the criteria of how much involved they actually were in different phases of the process of passing the reform legislation and implementation. For example, the employer's organisations were not involved in the reform much, as they did not

¹¹ Before the reform the parents were entitled to child benefit until the end of schooling of the child (up to 27 years), with the reform the child benefit was limited to the child age of 18 (regardless of schooling). State scholarship was before the reform granted to children in regular public secondary and tertiary education programmes (if entitled to regarding the income threshold), after the reform, it was given from the age of 18 on.

recognise the reform to be an important issue for them (so they are placed as low interest, and also low power). However, in case they would see it as important, they could have employed different channels of influencing the decisions (e.g. through Economic and Social Council, through public pressure on the MLFSA and the Government).

Placing of stakeholders on the dimension of power is done on the criteria of how much power they actually had in the process of passing and implementing the social benefits system reform and not how much power they in principle have (can have) in the decisions on reforms in general. This means that the main criteria for placing on the dimension of power was whether and how much the comments and proposed changes they issued were taken into account. In fact, the trade unions, independent experts (from the fields of social policy and social sciences) and some NGOs (informally representing the most vulnerable, that is the benefit recipients) issued most concerns regarding the reform and were most suspicious on the real goals of the reform (claiming the reform would lead to reduction of rights of benefit recipients, reduction in their number, reduction on budgetary spending on social benefits...).

2.6. The political phase: the actions

Slovenia is a rather centralised country with only two levels of governance: national and municipality level (212 municipalities). At the national level, the national Parliament is composed of two chambers: the first chamber is National Assembly, which is the highest representative and legislative body in Slovenia (legislative, supervision and election functions), and the second is the National Council, which functions as the representation of social, economic, occupational and local interests. The National Assembly passes the legislative acts, while the National Council discusses the proposed acts and gives the opinion. The general election system in Slovenia (for places in the General Assembly) is proportional, the regular general election is every 4 years. The National Assembly is composed of 90 members (representing political parties), of which two are representatives of minorities (Italian and Hungarian) and normally not politically profiled. The National Council has 40 members, who represent different interests, and are elected for 5 years.¹² The role of National Council is to prepare opinion on all documents, legal acts and other affairs prepared for discussion and adoption in the National Assembly, propose the adoption of legal acts to National Assembly, and (in cases of disagreement with the acts adopted by the National Assembly) demands the re-discussion and re-decision on the act in the National Assembly (so-called veto on the already adopted legal act). Such demand of the National Council on the re-discussion and re-decision on adoption of the already adopted legal act is binding for the National Assembly, however, it normally decides the same way as the first time.

The usual procedure of adopting legislative acts that are prepared by the Government (i.e. by the responsible ministries)¹³ has to follow certain steps that were followed also in the case of the two acts

¹² The National Council is composed of elected representatives of different interests, i.e. 4 representatives of employers, 4 representatives of trade unions (representatives of employees), 4 representatives of farmers, craftsmen and free lancers, 6 representatives of non-economic activities and 22 representatives of local interests.

¹³ Besides the strategic documents and legislative acts proposed to the parliamentary procedure on the initiative of the Government, there is also a possibility that the document/act is proposed for the parliamentary procedure on the initiative of political parties that form the governmental coalition or on the initiative of the political (parliamentary) parties that form the governmental opposition (or on the initiative of 5,000 citizens-voters). In each case (the initiative of the Government, political coalition or political opposition) the parliamentary procedure is different.

underpinning the reform of social benefits system (The Exercise of Rights from Public Funds Act and the Social Benefits Act)¹⁴:

- Preparation of draft act by responsible ministry (the two reform acts prepared by MLFSA staff in cooperation with the governmental inter-sectoral working group),
- Public discussion on the draft act with the accompanying explanatory text (text explaining the goals, the design and the main elements of the reform) – the responsible ministry publishes the draft act and accompanying text (usually on web page) and announces the start of public discussion. The public discussion phase is open for all stakeholders and interested actors (i.e. the independent experts, different organisations and institutions, providers of services, NGOs...) that react on the proposed act (send written comments and suggestions) and at the end the responsible ministry has to review all the comments, reactions and proposals and answer them (either in a way that they are accepted and included in the proposal/proposal modified or in a way that they are rejected with argumentation).
- Inter-sectoral coordination: the draft act with the accompanying explanatory introduction is sent to other ministries for comments and opinion (sometimes only to ministries covering the relevant sectors, but obligatory to the Ministry of Finance). The comments and objections of other governmental sectors have to be integrated in the act or answered.
- The proposal (prepared according to the legal requirements and checked by the legal office of the Government) is sent to the Government for discussion at the Government session (where it is presented by the responsible minister). The Government can either send the document back to the responsible ministry for additions or modifications or endorse it and send it to the parliamentary procedure for adoption.
- Strategic development papers, important economic and social documents (national strategies, national sectoral programmes) and legal acts have to be discussed at Economic and Social Council. **Economic and Social Council (ESC)** is the main consultative (advisory) and coordinative institution for social dialogue in Slovenia. It was established in 1994 and is composed of representatives of three main social dialogue stakeholders: trade unions, employers and the government.¹⁵ The ESC decisions and opinions are taken by consensus; if consensus cannot be reached even after negotiation, the ESC may not formally adopt a common position on the issue. The ESC opinions and decisions are binding for the institutions represented in the ESS, however, there are no legal sanctions if they are not followed.
- Once in the parliamentary procedure, the documents and proposed acts have to be discussed by relevant committees of National Council and of National Assembly. In the case of relevant committee of National Council, it prepares an opinion on the proposal for discussion at the National Council. At the relevant committee of National Assembly (members are representatives of political parties elected in the National Assembly), the proposed documents are discussed and the representatives of political parties can also propose the modifications of the documents/acts (modifications of articles) and the committee members vote on each proposed modification. The proposed document/act is then discussed by National Assembly (up to three times, i.e. three sessions) and by National Council. The procedures (how many

¹⁴ The two legal acts underpinning the social benefits system reform went through the described procedure in the period 2009-2010, although the first draft of both acts was already prepared under the previous government in 2007-2008 and was temporarily put on hold.

¹⁵ According to the amended Rules of Procedure of ESC, each category of social partner can have up to eight members in the Council. The ESC is currently composed of 24 members and their alternates. The Government is represented by five ministries (MLFSA, Ministry of Finance, Ministry of Economy, Ministry of Public Administration, Ministry of Development and European Affairs), the director of the Governmental Institute of Macroeconomic Analysis and Development, the state secretary for social dialogue in the Prime minister's office and the secretary general of the government.

discussions) differ depending on the type of proposed document/act and which stakeholder proposed it, but in principle the procedures in the National Council and in the National Assembly can run in parallel. The important thing is, that after the document/act is passed at the National Assembly, it has to go through the National Council, which has the veto possibility on the document/act passed by National Assembly. In the case of a veto, the document goes back into the National Assembly for re-discussion and re-adoption (which has to be with a higher majority of votes).

So, before the document/act prepared and proposed by the Government is in the parliamentary procedure, there are two points at which the stakeholders can express their opinions, suggestions, proposals and potential opposition to the proposed document/act, namely the public discussion procedure, and the ESC. However, it is not binding for the government (the ministry responsible for preparation of the document/act) to accept the proposals (and, given the often diverse and contradictory comments and proposals, this is usually not even possible).

Once in the parliamentary procedure, the most important veto point is the National Council, which can return the document/act already passed in the National Assembly back to the discussion and another voting on the document/act at the National Assembly (the second time the act has to receive a more qualified majority of votes). However, this in the large majority of cases only prolongs the procedure not really prevents the adoption of the document/act. It is also worth noting that the amendments accepted by the majority of votes in the responsible committee of the National Assembly and the National Assembly itself can sometimes change somewhat the content of the adopted act.

After the act is passed in the National Assembly, there also exists a possibility of a legislative referendum.¹⁶ Since the last constitutional changes in 2013, the legislative referendum initiative can be started by any voter, association or political party that announces it to the chair of the National Assembly within 7 days from the passing of the act; in a 35 days deadline the initiator of the initiative has to collect at least 40,000 signatures of voters for the legislative referendum on a certain act. The result of the referendum is binding, i.e. the act is rejected, if at least 20% of all voters voted against. The rules on legislative referendum before 2013 were less sharp (e.g. the initiative could come also from the members of National Assembly – delegates of political parties or from members of the National Council; the result of the referendum was binding for the government regardless of how many voters actually voted). In the relatively strong anti-reform public atmosphere in 2011 three acts prepared by the Government (the responsible ministry MLFSA) and passed in the National Assembly were contested on referendums (the pension act, Act on Small Jobs and Act on Hindering Grey Economy). All three acts were rejected on referendums and did not enter into force.

The two acts that form the legislative basis for the reform of social benefits system (The Exercise of Rights from Public Funds Act and the Social Benefits Act) passed through the whole procedure described above: prepared by MLFSA (responsible sectoral ministry within the government) with the support of inter-sectoral working group, public discussion procedure, inter-sectoral coordination, discussion at the ESC, approval by the Government, regular parliamentary procedure at the National Assembly and the National Council. There were different comments and worries voiced by independent experts, trade unions, NGO representatives in the process (mainly around different solutions in the reform), but there was in general no strong opposition to both acts. Also the parliamentary political parties of the time did not differentiate much around the acts and there was a relatively broad political consensus about it. After all, the two 'social' acts were the only reform acts

¹⁶ The Constitution of Republic of Slovenia defines three types of referendums: the legislative, the constitutional and the consultative referendum. For three types of referendum different rules and procedures apply. The results of legislative and constitutional referendums are binding for the Government.

prepared by MLFSA in the period 2010-2011 that were not contested (and refused on referendums). Both acts underpinning the social benefits system reform were passed in the National Assembly in July 2010.

The reform of social benefits system was initiated already by the right-oriented Governmental coalition in the period 2004-2008 as part of the governmental efforts of modernisation and reform of different public spheres. The definition of the problem and the main development goals were written in the Development Strategy of Slovenia for the period 2005-2013 prepared by governmental Institute of Macroeconomic Analysis and Development (IMAD) and endorsed by the Government in 2005. The Strategy stated five key development priorities for Slovenia, one (the fourth) of them being 'Modern social state and increased employment'. This fourth key development priority included three goals: to improve the flexibility of labour market, to modernise social protection system, and to reduce social exclusion and social vulnerability (UMAR 2005: 37-38). In the measures stated under the modernisation of social protection system goal, the flexicurity concept is explicitly mentioned (linking social protection to activation as well as to increased flexibility of employment relations and jobs). Social system should become more activation oriented, social benefits should be more related to job search behaviour and to accepting of jobs; the unjustified accumulation of social benefits in individual beneficiary/family should be prevented (ibid.). So, the idea on the need to reform the social benefits system was at the beginning connected to the flexicurity concept and the activation principle as well as to preventing the fraud and unjustified accumulation of benefits. Another important development document, Resolution on the National Programme of Social Protection for the period 2006-2010¹⁷, adopted in the National Assembly in April 2006, states among the goals achievement of greater efficiency at granting the social benefits (Resolucija 2006). To achieve this goal, several measures were sketched in the Resolution, among them the following:

- To determine the single (uniform) procedure for deciding on all social (means-tested) benefits and one place for claiming them;
- To increase the targeting of social benefits to people with lowest incomes and to prevent accumulation of benefits (potential introduction of a ceiling for different benefits and subsidies granted to individuals and to families), and to unify the definitions of family and incomes taken into account when deciding on the benefits;
- To introduce an order of claiming the rights to benefits;
- To make the granting of social benefits more rational and efficient;
- To connect the data evidences (data bases) for obtaining information on claimants needed for granting the benefits (more up-to-date data and better accessibility of data).

The Government in 2006 established the first (governmental) inter-sectoral working group (composed of representatives of different sectors – ministries and the IMAD) headed by MLFSA as the responsible sectoral ministry with the aim to prepare the draft legislative acts for the reform of social benefits system. The group and the MLFSA worked on the 'guidelines' outlined in the Development Strategy and the Resolution on the national programme, and by the end of 2006 already prepared the first draft. But due to the increased public resistance to the reforms (above all to the reforms that aimed to

¹⁷ The basic act in the social area is The Social Protection Act. It defines the national programme of social protection as the key development document in the social area. The national programmes are prepared by the government (ministry responsible for social affairs) and have to be adopted by the National Assembly following the same procedure as for the legal acts. Until now, there were three national programmes of social protection: the first one for the period 2001-2005, the second one for the period 2006-2010, and the third one for the period 2013-2020.

increase the labour market and employment relations flexibility), the instable political situation and the change of the Minister of MLFSA, the reform proposal (draft legislation) was put on hold.

After the general election of 2008, the new, more left-centre oriented Government coalition took over the goal of the reform of social transfers system. In the Coalition Agreement on the Cooperation in the Government of RS in the mandate 2008-2012, among the goals set for the areas covered by MLFSA there were the employment growth, strengthening the labour market with the emphasis on flexicurity and (decent) income (pay) policy, changes in the pension system, reduction of poverty, improved social inclusion and more effective policy of social transfers (benefits). The activation approach was not mentioned any more, the emphasis was more on the level of benefits (the agreement promised a new assessment of minimum level of social security and setting the level of basic minimum income at the level sufficient to ensure a decent life).¹⁸ Also the uniform entry point into the system of social benefits and subsidies (one-stop-shop) and the uniform evidence of all benefits and subsidies received by individual/family were explicitly planned in the coalition agreement (Coalition Agreement 2008). So, the social benefits reform remained on the agenda of the new (left-centre oriented) governmental coalition, but the emphasis was more on one (uniform) entry point to the benefit system (one-stop-shop), uniform evidence of all benefits and subsidies received by individuals/families and on the (decent) levels of benefits; more on social inclusion and integration (e.g. through the support to social entrepreneurship) and less on activation of beneficiaries of FSA.

In January 2009, a new governmental inter-sectoral working group was appointed, headed by MLFSA (there was a strong continuity in members) and it continued the work of the previous working group on the draft legislative acts for the reform. The Minister of MLFSA in the period 2008-2011, Mr. Svetlik, Ph.D., was very engaged in pushing the reform legislation to adoption and the staff of Directorate of Social Affairs played an important role in drafting, fine-tuning and coordinating the legislative acts.

Through the time (from 2007 to 2010) the draft versions of the acts (The Exercise of Rights to Public Funds Act and the Social Benefits Act) differed in some detailed solutions, but the main purpose and the design of the solutions remained the same. For example, the solution to transfer the right to non-contributory income supplement from pension system to the social benefits system and to abolish the non-contributory state pension for elderly people without income (as part of 'cleaning' the pension system of all non-contributory, i.e. 'social' benefits) came in the draft legislation after 2008. There were never more alternatives of the legislation (and the reform) drafted, always a single proposal (which was changing in details somewhat through the time).

As already explained, the reform was actually planned and prepared by different governments, i.e. different political governmental coalitions. It was initiated under a more right-wing political governmental coalition (2004-2008), the preparation completed and the legislation passed under left-centre political coalition (2008-2011) and it was implemented under yet another governmental coalition (February 2012 – February 2013 right-centre coalition; after February 2013 a left-centre one). So different political parties (with different agendas) actually supported the reform. Although the details were changing (e.g. more emphasis on activation of benefit recipients before 2008 and less after 2008), the main argumentation for the reform, i.e. increasing the efficiency of the benefit system, prevention of fraud (accumulation of benefits) and simplification of the complex system stayed the

¹⁸ The level of minimum basic income (the basic amount of FSA) is calculated in relation to the minimum living costs (and is in principle adopted to inflation twice per year). The last calculation of minimum living costs before the reform was performed in 1998 by researchers of Institute of Economic Research (Stanovnik, Stropnik) and it was in 2001 used to set the level of minimum basic income. As promised in the coalition agreement in 2008, the Government tendered out the new study on minimum living costs that was completed in 2009 (prepared by Stropnik and colleagues from Institute of Economic Research).

same. The parties in opposition mainly opposed certain reform solutions (e.g. solutions regarding certain benefits) and not the need for the reform and the reform itself.

It can be assessed that in the relatively unstable political situation of the time and changing governments, the role of IMAD was important as it functions as an expert governmental agency that provided the general argumentation for the reform (in the context of developmental goals and priorities). And, of course, the role of MLFSA staff was an important continuity element of the reform. In the MLFSA, the role of minister Svetlik was important, as well as the role of Mr. Dominkuš, the Head of Directorate of Social Affairs in the period 2007-2014. Both are strongly personally associated with the reform (and in some cases blamed for) by practically all stakeholders ('the reform of minister Svetlik').

The available evidence (the Audit Report, the interviews) does not indicate any role of the EU at any major stage of the reform (no involvement of EU officials, experts). However, Slovenia reported on the reform on several occasions and in several documents and presented the reform as a successful endeavour and example of the social benefits reform (e.g. at the SPC meetings in different reports to the EC, including the National Reform Programmes in the context of EU2020 country reporting). During the implementation phase of the reform, temporary employment of so-called informers (new employees at SWCs that were informing customers on new rules and procedures and helping them to fill-in the claims) was financed from ESF funds.

2.7. The designing phase: the actors

The main policy goals of the reform were stated already in the Development Strategy of Slovenia for the period 2005-2013 and in Resolution on the National Programme of Social Protection for the period 2006-2010 (**see the detailed description under section 2.6**). These two documents are also mentioned as the ones defining the goals for the reform by the Audit Report (Računsko sodišče 2013: 26-27). The main goals stated in the introductory text to procedural legislative act which provided the basis for the reform (The Exercise of Rights from Public Funds Act) were:

- More just granting of rights from public funds,
- Simplification of the system,
- Increased transparency,
- Increased efficiency,
- Decreased possibility of fraud (ibid.).

The preparation of the reform solutions was from the beginning structured around two new legislative acts (The Exercise of Rights from Public Funds Act and the Social Benefits Act) and formulation of articles that outlined the reform. The solutions were seen in legal formulations that defined the rights (benefits, subsidies), the entitlement, conditions for granting, procedures, definitions, etc.

As sectoral ministry responsible for social affairs as well as for the labour market and employment sector, the MLFSA was responsible for designing the reform and the legal acts underlying it. Within the MLFSA it was the Directorate of Social Affairs that prepared the reform design. In the Government that actually completed the reform design, prepared both legislative acts and prepared for the reform implementation (the Government of the 2008-2011 period), the MLFSA had a relatively strong position: first, because of the crisis situation and the threatening unemployment that the MLFSA was relatively successfully addressing with different ALMP measures (some of them were only used in 2009 and 2010, e.g. subsidies to employers for pay of temporary redundant workers who were trained at the time of redundancy), and second, because the Minister of that period Mr. Ivan Svetlik was a renowned professor.

The work on the preparation of the reform was done mainly through the working groups. In January 2009, the Government established an inter-sectoral working group to support the preparation of the reform, i.e. to prepare the procedural legislative act (The Exercise of Rights from Public Funds Act) that was planned to intervene not only in social but as well in other sectors (as means-tested benefits and subsidies were previously granted by different authorities and within the responsibility of different ministries).¹⁹ The inter-sectoral working group for drafting the Exercise of Rights from Public Funds Act consisted of representatives of MLFSA (that headed the group), representatives of IMAD, Ministry of the Environment and Spatial Planning, Ministry of Finance, Governmental Office for the Local Self-management and Regional Policy, Ministry of Education and Sports, Ministry of Justice, Ministry of Higher Education and Technology, Ministry of Public Administration and Financial Administration of the Republic of Slovenia (Računsko sodišče 2013: 33). The working group produced the draft Exercise of Rights to Public Funds Act (with the support of MLFSA administration) already in April 2010²⁰, while the second legislative act (The Social Benefits Act) was prepared by Directorate of Social Affairs (MLFSA).

The whole process of preparation of legislation (that is of the designing of the reform through the legislation) was carried out within (by) the governmental sectors. The only expert representative in the process was the IMAD, but even IMAD is the governmental institute. No external (independent) experts were included in the designing process (drafting the legislation) and even no representatives of service providers (no representatives of SWC – which were largely affected by the reform –, Association of SWC, ESS or other service providers). Even more, as pointed out by the Audit Report, not even the representatives of municipalities (as granters of funds for child-care subsidy and housing-rent subsidy) were included in the working group and could not participate directly in formulating the draft solutions (Računsko sodišče 2013: 34).

Parallel to the preparation of both legislative acts, there was also the preparation of IT support for decisions on rights from public funds (benefits, subsidies) going on. In January 2010, the Government endorsed the concept of the project titled e-Social (*e-Sociala*) that roughly defined the development of IT support (the platform, connection to administrative and business data bases, the software) for the reform. The responsibility for the IT support project was divided between MLFSA (as responsible for the content) and the Ministry of Public Administration (as responsible for the technical side of the project) (Računsko sodišče 2013: 34). The issue of personal data protection was very highlighted and the Information Commissioner was consulted on regular basis.

As the reform was prepared through the legislative changes it was from the beginning meant that it would be implemented on a full scale (nationwide) at the same time. The start of the reform implementation was the start of implementation of both acts (The Exercise of Rights from Public Funds Act and The Social Benefit Act), which was initially set for June 2011 (September 2011 for rights related to school children), but was postponed due to the problems (delays) in the preparation for the implementation (especially the delays with the IT support) to January 2012 (both legislative acts had to be amended in 2011 to enable the postponement of the start of the reform implementation).

Once the legislation for the reform was prepared, i.e. in the period of preparation for the implementation, the ex-ante assessment study was carried out by Institute of Economic Research (IER). IER had a contract with the Ministry of Finance to provide the microsimulation model ex-ante

¹⁹ As already explained in previous sections of the report, the previous right-oriented government (2004-2008) already had an inter-sectoral working group working on the same task (with similar composition of the group) that already prepared the first draft of the legislative act at the end of 2006 (but was put on hold after that).

²⁰ The task of the working group was done in a relatively short time, because the group started from the first draft act that was already prepared by the previous working group in 2006 and 2007.

assessment on several planned reforms, especially the effects of pension reform to different population cohorts. The calculations of IER were based on a microsimulation model in which data from several administrative (statistical) data bases were combined (demographic data on individuals, individual income tax data, household/family structure, transfers paid by Pension and Invalidity Insurance Institute, benefits granted by MLFSA, data on students, data on active – employed population and ESS data on the unemployed). The sample used by IER (combined data base) in the microsimulation model included 5.6% of Slovene population. The assessment of IER in the case of social reform focused on distributional effects of social benefits and the beneficiaries of each benefit after the legislative changes (as the entitlement and the conditions were changed; the more broad material situation was taken into account, there was an order of claiming the rights enforced etc.). For MLFSA it was especially important to have an estimate of the number of FSA beneficiaries and the beneficiaries of income supplement (that was transferred from the pension system to the social one) after the reform. Due to the unavailability of data on material situation of beneficiaries for the microsimulation model (real estate, savings, bank deposits, etc.) the IER assessment was severely limited, however it did show that the structure of beneficiaries would change and that some of the previous beneficiaries would not be entitled any more after the reform. For example, the assessment showed that 7.3% of previous FSA beneficiaries would not be entitled to FSA after the reform any more, and that after the reform there would be 46% of new FSA beneficiaries (Kump, Majcen 2011). IER assessed there would be major changes in beneficiaries of income supplement (after its transfer from pension to social system): 51% of previous beneficiaries (people with low pensions) would lose the entitlement to income supplement (mainly due to means-testing on family material situation), while there would be 56% of new beneficiaries after the reform (mainly people permanently not capable of work but not elderly). In general, the IER study showed the increase of beneficiaries of FSA and income supplement on the short term and their changed structure (Kump 2011, Kump, Majcen 2011). For the child benefit and the state scholarship it was assessed the number of beneficiaries would drop due to changes in entitlement (child benefit only up to 18 years and state scholarship from 18 years on until the end of regular public education).

Based on the microsimulation model assessment of IER, the expectation of MLFSA at the start of the implementation of the reform was that the number of FSA beneficiaries would increase (also because the threshold for FSA was raised) and so would the number of beneficiaries of income supplement. However, it turned out that in reality, in the first year of implementation (2012), the number of beneficiaries of FSA and income supplement dropped (especially in the first months) and started raising only in 2013. This experience pointed at the importance of behavioural and cultural factors of the vulnerable groups and the population in general when introducing the reform. It also pointed at the importance of open communication about reform changes with target groups of the reform. In Slovene case, the main message of MLFSA to the target groups was that ‘not much would change after the reform’, except the claiming of benefits would be more fair and user friendly for beneficiaries. But soon after the start of the reform (January 2012) the media started reporting on cases of previous beneficiaries who received lower benefits after the reform or lost them because of some property they own or another reason (e.g. some savings at the child’s bank account or some inheritance that people can not dispose of), which was generally perceived as the ‘injustice’ of the new system. If the overall image of the reform in public (media) was neutral or positive when the reform legislation was adopted and in the period of preparation for the implementation, it soon turned to the negative image after the implementation started. This had psychological effects on claimants who became very suspicious, especially about the repayment of part of the received FSA and income supplement from the heritage

(property) of beneficiary after his/her death. The non-take up of FSA and even more of income supplement increased in the first year of reform implementation.²¹

2.8. The designing phase: the decisions

The reform targeted individuals and families receiving means-tested social benefits and subsidies. This is per definition the population with the lowest incomes, however the reform introduced stricter means-testing not only on incomes but on the whole material situation (property ownership, expensive cars, savings, bank deposits, etc. of all family members). Because of the stricter means-testing and because of IT supported platform enabling the connection to different administrative and business data bases and checking for information on the claimants, the reform introduced a more targeted benefit and subsidy system than before (targeted at most vulnerable, i.e. without the income or with very low income). This targeting was especially emphasised at the beginning of the reform implementation (2012) which was in the period of economic crisis and austerity measures that somewhat limited the transfers from the state to all but the most vulnerable groups (unemployed, without income).

Basically, the primary focus of the reform was on the system of means-tested social rights (benefits, subsidies and exemptions of payment for social services), that is on the distributional issues of the means-tested social rights. Within that there was still some emphasis on activation (activity supplement, exchange of information between SWC and ESS, common committees) but it was not the main focus. Also, the services (of SWCs and ESS) were not in the focus of the reform and they remained as they were before the reform.

The key changes (highlights) of the reform (compared to the previous system) are:

- SWCs became one-stop-shops for claiming all means-tested social benefits, subsidies and exemptions of payment for social services. A uniform application form was prepared for claiming all means-tested rights. One-stop-shop means that the SWCs decide under the same rules on all rights (the thresholds for different rights differ). But the payment of the rights (benefits, subsidies) once they are decided upon by SWCs remains the responsibility of the same agencies as before (e.g. the four financial benefits – child benefit, FSA, income supplement and state scholarship – are paid off monthly by MLFSA directly to the bank accounts of beneficiaries; kindergarten subsidies and rent subsidies are paid off by the municipalities directly to service providers for the beneficiaries who pay only the remaining part of the service cost, or nothing in case of full subsidy).
- The new IT platform (special application, connection to 53 administrative and business data bases, computer software) was designed and introduced to SWCs. It enabled the automatic checking of administrative and business data bases to get the data on individuals needed for means-testing (income, savings, property, valuable movables) in the process of granting the benefits. The applicants do not need to provide any documents or evidence, as it is collected automatically. The IT support to the reform was titled e-Social Security (*e-Sociala*) and was developed (the platform and different modules) by the Ministry of Public Administration with the cooperation of Slovene IT companies (the detailed description in English in: EC 2016, pp.145-154). The development of IT platform (different modules, including the connection to

²¹ In 2013 there were already some changes and modifications of the two social acts adopted, mainly in the direction of loosening the entitlement conditions. Since 2013 the numbers of FSA beneficiaries started to increase again and the number of beneficiaries of minimum income stabilised (although on a much lower level than before the reform).

data bases, module for supporting the decisions of SWCs, module for statistics on granted rights, etc.) faced several start-up (initial) problems that dragged on through the first year of implementation and were topped with the problems related to accuracy and timeliness of data from administrative data sources. However, despite of this problems, the solutions of IT support used for the reform of social benefits and the whole IT structure developed for the electronic data gathering (e-Social Security) were described by OECD as a good practice in Digital Government Strategies (OECD 2015). It as well received a United Nations Public Service Award in 2013 in the Category 4 Promoting Whole-of-Government Approaches in the Information Age (UN 2013).

- A priority order for exercising the rights to means-tested social benefits was introduced; if eligible, the applicant had to be granted first the child allowance, second the FSA (together with the activation supplement, if eligible), third the income supplement (if eligible), and fourth the state scholarship (for pupils and students aged over 18 in regular publicly verified education) (if eligible). The priority order is important because the amount of previously granted benefit(s) is calculated in the disposable income when means-testing for the next benefit (e.g. the granted child benefit is calculated in the disposable income of the family when deciding on FSA). Priority order was a new feature introduced by the reform and was not much discussed before the reform. With the start of the reform it became one of its most criticised features (by experts), especially the order of first two rights (first child benefit, second FSA). Namely, the consequence of priority order of exercising the rights is that families receiving child benefit receive less FSA (as child benefit is counted as family's income). As pointed out by one of the interviewees (Mrs. Barbara Starič Strajnar) the concept of child benefit, what it is intended for, is it by nature only a social benefit or has other (educational, investment, cultural) aims, was never properly defined. The critics (experts) were stating that after the reform the children have to partially sustain the family (with the means of child benefit), while it should be the other way around.
- Criteria for granting four types of social benefits and eight types of subsidies and exemptions of payment for the services were harmonised, and the uniform definition of family, e.g. different types of family - a single family etc., income, property and other elements of means-testing were adopted.
- The basic amount of minimum basic income (amount of FSA for a single person) was increased in relation to the minimum living costs calculated in 2009 by IER.²² The amount of minimum basic income (basic FSA amount) was 229.52 EUR in 2011 and was supposed to increase to 288.81 EUR (as set in the Social Benefits Act), but due to the austerity measures valid at the time of the reform implementation²³, the minimum basic income was 'only' increased to 260 EUR (and later on adopted with the inflation).
- Activity supplement (*dodatek za delovno aktivnost*) was introduced in the reform as increased weight to minimum basic income with the aim of motivating the unemployed recipients of FSA to perform work or undertake any activity that would lead towards employment (participate

²² The amount of minimum basic income was set at 75% of the minimum living costs calculated in the IER study. Together with the activity supplement or with the income supplement (for FSA beneficiaries unable to work) the amount received appropriately equalled to the total amount of calculated living costs.

²³ The Additional Intervention Measures Act entered into force on 1. January 2012 (the same day as the reform implementation). After, there was the Act on Balancing the Public Finances (entered into force on 31. May 2012; the measure of limiting the amount of basic minimum income was valid until the end of 2015).

in certain ALMP measures or in social rehabilitation programmes). Since the legislative changes in 2013, the FSA recipients are as well granted the activity supplement in cases they have a contract with humanitarian organisation for (occasional) performance of voluntary work. The activity threshold for receiving the activity supplement is 60 hours per month – the lower amount of activity supplement refers to work or active participation in the scope of 60 to 128 hours per month and the higher amount of activity supplement refers to work or active participation for over 128 hours per month. If the person is working, but (because of part-time work or similar) gets wage lower than the threshold for FSA topped with the activity supplement, the person is entitled to get the FSA in the amount between the wage earned and the FSA + activity supplement threshold.²⁴ When the unemployed recipient of FSA gets a job (employment), he/she is entitled to FSA (topped with the higher activity supplement) for one more month (the first month of employment). Besides this, there are no other measures to reduce the poverty gap and no specific benefits to supplement low wages (above the FSA threshold).

- Income supplement (*varstveni dodatek*) was transferred from the pension system to the social system of means-tested benefits.²⁵ The scope of entitlement broadened from retired people with low pensions to all people permanently not capable of work (if not retired, the incapability to work should be established by disability committees of the Pension and Disability Insurance Institute) with income below the FSA + income supplement threshold.²⁶
- The exchange of basic information on clients between ESS (PES) and SWCs was enabled through the IT platform (e-Social) developed for the reform. The person at SWC deciding on FSA of a claimant can check in the computer application if the claimant is registered at ESS, as well as if/when the client is deleted from the register of unemployed due to noncompliance with the obligations. But social worker at SWC cannot access the information on treatment of the client at ESS (employment plan of a client, employment counselling, ALMP's attended) and the other way around (due to different information systems of ESS and SWC and due to personal data protection of clients).
- The cooperation between ESS and SWCs was formalised in the form of joint committees that deal with the unemployed, hard-to-employ people that have complex social problems or are in vulnerable situations that make them temporary unemployable. ESS has no means to help such unemployed people, so they are (after discussion on their cases and on available options) transferred to SWC for social work treatment. SWC concludes an 'agreement on the active solution of the social situation' with such person, which is the basis for the person to continue receiving the FSA (without being an active job seeker). It is normally expected that such person would be included in a social rehabilitation programme or some other sort of social programme (provided by NGOs and funded by MLFSA).

²⁴ Currently – July 2017 – the threshold for FSA + activity supplement is set at 464 EUR for working more than 128 hours per month and at 381 EUR for working between 60 and 128 hours per month. For comparison, the minimum wage for full time employment is currently 614 EUR net.

²⁵ The logic behind was the 'cleansing' of the pension system of all non-contributory transfers that actually had a social (solidarity) nature. The same was with the (non-contributory) state pension for persons over 70 years that had no other income (no pension from contributions) – with the reform this state pension was abolished and the previous beneficiaries could apply for FSA (if eligible regarding the material situation).

²⁶ Currently – July 2017 – the threshold for FSA topped with the income supplement is 485 EUR.

2.9. Who implemented the initiative?

The governmental body responsible for preparation of the reform, for the legislation and for implementation of the reform was MLFSA. From the beginning of the reform design, it was planned that SWC would become a uniform entry point into the system of means-tested social benefits and subsidies (one-stop-shop). The choice was logical due to the position of SWC as central public service for people in need, vulnerable groups and people in vulnerable situations. Besides, SWCs were before the reform already public services responsible for the decisions on important means-tested benefits (FSA, child benefit). But despite the fact that the role of SWC in the reform process was crucial and that they (with the reform implementation) received an enormous additional work load, they or the association representing them (Association of SWC) were not participating in the design of the reform legislation process. Only after the legislation was adopted and the preparation for the implementation started, the MLFSA integrated Association of SWC into the process of preparation for the implementation (consultations around defining and organising the new tasks of SWC, new personnel needs of SWC, offices needed, training needed, etc.).

Except for getting new tasks, the overall role of SWCs in the system and their organisation did not change. The role of ESS did not change either and both public services (SWC in the social sphere and ESS in the employment sphere) remain the same, offering the same programmes and services as before the reform. Their exchange of information improved and so did their cooperation, but the reality of double treatment of common clients (unemployed persons receiving FSA) remains.

The SWCs and ESS are described in sections 1.3 and 1.5.

2.10. Implementation process

According to the large majority of our interviewees the preparation for the implementation was the weakest point of the reform. The preparation was fragmented, done in different working groups, poorly documented. One can assess that the amount of work that needed to be done before the start of the implementation was underestimated and the planned deadlines were not realistic. The Audit Report describes that in practically all elements of preparation (e.g. functioning of the IT support system, testing of the IT support, employment of new staff at SWCs, additional space and new computer equipment at SWCs, employment of new staff at the MLFSA) there were delays and were done at the last moment or already after the start of the implementation (Računsko sodišče 2013). This can be assessed as a common problem in Slovenia as the general perception is that once the legislation is adopted, the change is there – but the proper preparations for the implementation are often underestimated and so are the resources needed (in terms of human resources, finances), which lessens the success of the action. In the case of the Slovenian social benefits reform it has to be emphasised that the reform tackled one of the biggest public systems in Slovenia, which covers not only the means-tested social transfers, but also the means-tested subsidies and exemptions of payment in different areas of social care (child care, subsidies related to school meals, housing-rent, health insurance, home care and institutional care for elderly) – and since the thresholds for different benefits and subsidies differ, the system addresses a relatively large proportion of population.²⁷ To illustrate the scope of the system: according to statistics from ISCS2 system (statistical module), in

²⁷ The Court of Audit pointed out in the Audit Report on the effectiveness and efficiency of the system of deciding on the rights from public funds that all the rights that were (are) included in the reform cannot really be considered 'social' – some of them are means-tested transfers from public funds, but are not social transfers in a sense that are targeted at those with the lowest incomes only. The threshold for some benefits and subsidies is relatively high, so that people with up to 99% of the average salary in Slovenia can get them (child benefit, kindergarten subsidy) (Računsko sodišče 2013: 28-29).

the period of the first nine months of the reform implementation (January to September 2012) there were applications (claims) issued to SWCs for 1,155,434 rights from public funds and the SWCs issued the decisions on 987,729 rights (Računsko sodišče 2013: 17).

In general, the circumstances in which the reform preparations as well as the start of its implementation were going on were marked by the economic crisis and the austerity measures, which were launched at the same time as the reform. The Additional Intervention Measures Act, which among other measures limited the intended increase of basic minimum income (basic amount of FSA) from the planned 288.81 EUR (as set in the Social Benefits Act) to 260 EUR²⁸, entered into force on 1. January 2012, i.e. the same day as the reform implementation. It was later followed by The Act on Balancing the Public Finances that entered into force on 31. May 2012 and was limiting the amount of basic minimum income at the same level (260 EUR) until the end of 2015. The reform (the implementation of both social acts that started on 1. January 2012) was thus in public and among experts strongly associated with the austerity measures, although this was not the main reform intention. Two factors (circumstances) that also influenced the pace of preparations for the reform implementation (after the reform legislation was adopted in 2010) were:

- The fact that the reform was designed mainly by the sectoral ministries (the Government), under the lead of MLFSA and that the organisations charged for the implementation of the reform (SWCs, Association of SWCs), providers of services, municipalities and other important actors in the social area were not involved in the design phase of the reform contributed to the very reluctant attitude of those actors in the phase of preparation for the implementation and at the start of implementation itself. The SWCs were not taking any initiative, they were asking for explanations and guidelines from MLFSA at every step of preparation for the reform implementation and at the beginning of implementation.
- The main responsibility for the preparation of the reform implementation was on the MLFSA, Directorate of Social Affairs – and the Directorate was not sufficiently staffed for such a project (the two new employees were employed only in August 2012), besides the staff did not have experience with the implementation of such project.

Formally, the preparation for the implementation of the reform started soon after both reform acts were adopted in the National Assembly (summer 2010). For the main preparatory activities, working groups were established – but their work is not well documented, there are no clear plans with deadlines, the produced documents are not public or got lost in the process so that it is not possible to clearly follow the process of preparation for implementation. Even at the end of 2012 and beginning of 2013, when the audit (revision) on the effectiveness and efficiency of the system of granting the rights from public funds was performed by the Court of Audit, the auditors were unable to acquire all required preparation documentation from MLFSA and the Government (Računsko sodišče 2013).

When the inter-sectoral working group for preparation of legislation completed its task, the Minister of MLFSA (Mr. Svetlik) appointed a new working group (in April 2010) with several tasks related to preparation of the reform implementation. The working group for the preparation of the reform implementation had 12 members: 6 employees of MLFSA, 3 representatives of SWCs, 1 representative of Association of SWCs, and 2 representatives of a (private) consulting firm that worked with the MLFSA on the project management (Računsko sodišče 2013: 34). The tasks of this working group were the following: discussion of proposals for appropriate information support (IT support needs and solutions), needs assessment for new personnel at SWCs and assessment of possibilities to transfer public employees from other governmental sectors and from municipalities to SWCs, assessment of the need for new office space and new computer equipment at SWCs, definition and description of

²⁸ From 229.52 EUR as it was in December 2011.

the new job tasks at SWCs, selection of the SWCs for testing the IT application and software for decisions, definition of the content and the scope of education and training of SWC (training needs of SWCs).

In 2010 and 2011 the Government appointed two inter-sectoral working groups for e-Social Security (*e-Sociala*). The first one focused on establishing the IT support (IT problems and solutions) and had 54 members (!), and the second one focused on obtaining the links to administrative and business data sources (47 members and 18 invited representatives of organisations). The members of both working groups for e-Social Security were mostly identical (representatives of MLFSA, Ministry of Public Administration, Office of the Information Commissioner – for data protection issues – and representatives of organisations responsible for different administrative data sources). The tasks of both working groups were often overlapping and the work of both groups is rather poorly documented (Računsko sodišče 2013: 35).

In February 2011, the Minister of MLFSA appointed 7 members of the Project Council for the project of maintaining and development of IT support for decisions and granting of rights from public funds (e-Social Security). Besides the project Council, there was a working group appointed including 34 members from the sectors of family, social affairs, labour market and employment (all MLFSA) and a technical advisor for the technical support.

The responsibility (formally and practically) for the whole development of e-Social Security (IT platform and different modules of application) was divided between the Ministry of Public Administration (that was responsible for technical solutions and was cooperating with the Slovene IT development firms), and the MLFSA that was responsible for the content of the solutions. As concluded by the Audit Report, the division of tasks between MLFSA and Ministry of Public Administration is evident from the minutes of the meetings, but it is also evident that both were facing numerous problems (Računsko sodišče 2013: 35).

The most important activities in the preparation phase for the implementation were focused at:

- Design and solutions of the IT platform, automatic connections to 53 administrative and business (banks, insurance companies) data bases and software solutions (different modules). A lot of attention was put on the issues of data protection and privacy of data of applicants and the data protection solutions were regularly checked with the Information Commissioner. The IT system was being developed (changes and adaptations made) until the last moment and it was not clear if it was properly tested and when it was (Računsko sodišče 2013: 44).²⁹ As a consequence, it was not working properly when the implementation started, which caused severe delays in decisions of SWCs on the claims from the beginning. The other problem which caused much dissatisfaction and anger among clients and in public (and consequently many formal complaints on SWC decisions to MLFSA) was the quality and timeliness of data in administrative registers, especially the register of land and real-estate. However, there was intense cooperation between MLFSA and the Surveying and Mapping Authority of the Republic of Slovenia (*Geodetska uprava Republike Slovenije*), which is responsible for register of land and real-estate (and is an agency of Ministry of the

²⁹ A three-month testing period of the software supporting the decisions on the claimed rights (IT platform and software modules for connection to different data bases and for preparing the decisions) was planned by the Working group for the preparation of the reform implementation. The Audit Court could not obtain any clear documentation on whether the testing was actually done and what was its scope, so it concluded the testing of the IT application and the software supporting the SWCs decisions was not carried out in an appropriate way and this was one of the main reasons for a series of mistakes and malfunctioning of the software when the real (full-scale) implementation started (Računsko sodišče 2013: 43-44).

Environment and Spatial Planning – *Ministrstvo za okolje in prostor*). The register improved a lot already during the first year of reform implementation. ‘Cleaning’ and updating of the administrative registers can be considered one of the positive side effects of the reform. Yet another problem was the register on income tax managed by Financial Administration of the Republic of Slovenia (*Finančna uprava Republike Slovenije*), which is under the Ministry of Finance (*Ministrstvo za finance*). The income tax for individual citizens is calculated annually and there are time gaps before the information on individual annual gross income is available. Thus, the entitlement to means-tested social rights was sometimes calculated based not only on last year’s income data but in some cases even on the data of the year before. This was very problematic in the economically turbulent years 2012 and 2013, when many people who had decent income (employment) a year ago, lost their jobs or were on minimum wage, but got lower benefits and subsidies because of higher income in the past. Despite all the problems, it can be said that by now, the procedures and checking of data on claimants in administrative and business (bank) data bases is working relatively well. As already mentioned in section 2.8, the solutions of IT support used for the reform of social benefits and the whole IT structure developed for the electronic data gathering (e-Social Security) were recognised as an example of good practice in Digital Government Strategies by OECD (2015) and received a UN Public Service Award in 2013 (UN 2013).

- Employment of additional staff at SWCs because of the increased work burden (SWC as a one-stop-shop for all decisions on means-tested social benefits and subsidies). The first MLFSA’s assessment of new staff needs at SWCs was 283 new employees, but later on the MLFSA reduced that number and the Audit Report questions whether the planning was realistic (Računsko sodišče 2013:38-39). The plan of MLFSA was that public employees, who were before the reform working on decisions on kindergarten subsidy, housing-rent subsidy and payment of compulsory health insurance contribution at the municipalities or the municipality housing funds, would be transferred into employment at SWCs (voluntary re-employment). The realisation of this plan had two main weak points: the municipalities not willing to let go of their good employees and many individual employees not willing to leave their jobs at the municipalities to be re-employed at the SWCs. At the end, 84 public employees from municipalities were re-employed at SWCs (voluntarily transferred from jobs at the municipalities to the SWC jobs) by February 2012. Also in February 2012, 68 additional persons were employed at SWCs through the regular employment procedure (from the labour market). In addition, by the end of March 2012, 63 so-called informers were employed at SWCs from the ESF funds (public tender for employment of informers carried out by Association of SWCs). The main task of informers (one at each SWC and 2 in Maribor as the biggest SWC in the country) was to support the customers (claimants of benefits and subsidies) by offering them information and advice, and sometimes (if needed) help them fulfil the application. The employment of informers was on temporary (project) basis, first for two years and then for one more year (ended in June 2015). All together, 62 SWCs in Slovenia got 215 new employees by the middle of 2012 (Računsko sodišče 2013: 39-40). The informers were employed on temporary basis, but the rest of new SWC staff were employed on open contracts. Overall, the SWCs had about 1,700 to 1,800 employees before the reform (estimation based on the number from 2008 – Nagode and Dremelj 2008: 18), which means that their staff increased for around 12% due to the reform. But, despite of the new staff (that was mostly not employed in time to be properly trained before the implementation started), the SWCs were overloaded with the increased scope of new tasks (several means-tested rights that were before the reform decided elsewhere came under the decisions of SWCs; e.g. income supplement, state scholarship and subsidies related to schooling, kindergarten subsidy, housing-rent subsidy,

payment of compulsory health insurance) and the new customers (claimants). It has been constantly claimed by SWCs and the Association of SWCs that the SWCs remain understaffed.

- Training of the new and the existing staff of SWCs was done by staff of MLFSA (public employees involved in the design of the reform and the technical support staff). Because the IT support was not yet prepared, some training sessions were also delayed until the reform already started. According to the Audit Report, the training on the design and content of the reform was carried out in June and December 2011 and all together 967 persons participated. Training for the use of the computer software supporting the decision on claims was carried out in November and December 2011 and January and April 2012. All together 860 persons participated in the computer training – of course, the numbers of trainees are overlapping as most persons participated in the content training and in the computer software use training (in all more than once). Besides, the MLFSA staff prepared the written guidelines and was answering the questions of SWCs by the phone ('help line'). The impression of MLFSA staff was (see interview with Mrs. Starič Strajnar) that the SWC trainees were often poorly prepared and had practically no knowledge on the reform and the two acts (especially the new employees that had no previous experience with the functioning of the social benefits system). On the other hand, the impression of the majority of SWCs (47 out of 62) was that they were not informed and trained enough and in time for the new tasks (Računsko sodišče 2013: 42). According to the Audit Report, the extent of questions and needed clarifications from SWCs in the first months of the reform implementation clearly suggests the training was not carried out in an effective way.
- Most SWCs needed additional space capacities (offices) and new computer equipment for the new employees. The procedure of renting or buying additional space for the SWCs was carried out by the SWCs themselves (with the consent of the MLFSA). The new computer equipment was bought centrally by MLFSA through the tender procedure.
- As the complaints over the decisions of SWCs on all rights covered by the reformed system are solved at the secondary level, that is at MLFSA, it was assessed by the Working group for the preparation of the reform implementation that there would be around 21 to 26 new employees needed at the MLFSA (six of them in the informatics department) (Računsko sodišče, 2013: 40-41). The Exercise of Rights from Public Funds Act envisaged that the MLFSA would take over all public employees who were before the reform working on the decisions on the rights to state pension and income supplement within the pension system (Pension and Disability Insurance Institute) and the public employees that were before the reform working at the Ministry of the Environment and Spatial Planning on solving the complaints against the decisions of municipalities on housing-rent subsidy. In reality, MLFSA got only two persons from Pension and Disability Insurance Institute in mid-2012. Similarly as in the case of transfer of employees to SWCs, other institutions were not very keen in transferring any of their employees to MLFSA and the individual employees in question did not want to be moved to MLFSA. After the reform implementation started, the complaints over the SWCs decisions started to accumulate at the MLFSA that did not have enough personnel to solve them in due time.
- A Protocol of Cooperation between ESS and SWCs was prepared and signed by the Employment Service of Slovenia and the Association of SWC; the Protocol was also endorsed by the MLFSA (by Labour Market Directorate and Social Affairs Directorate). In 2012, the

common committees were established by all employment offices (and the corresponding SWCs) and started with the meetings (in average around 3 meetings per year).

Because of the delays in preparation for the implementation, both legal acts (Exercise of Rights from Public Funds Act and the Social Benefits Act) had to be amended in 2011 to postpone the start of the reform implementation from June 2011 (September 2011 for kindergarten and school related subsidies) to January 2012.

Still, in the first months of the reform implementation, several problems accumulated and contributed to the poor public image of the reform. The reform implementation was strongly associated in public with the austerity measures that were launched by the Government practically in the same period.³⁰ The Additional Intervention Measures Act entered into force on 1. January 2012 (the same day as the reform implementation) and it among other measures limited the increase of minimum basic income (basic amount of FSA) to 260 EUR (instead of planned 288.81 EUR). In 31. May 2012 the Act on Balancing the Public Finances entered into force – it limited several transfers that are insurance based (not means-tested), e.g. maternity benefit, unemployment benefit, pensions; but also child benefit for higher income classes; and kept the restriction on the minimum basic income (to 260 EUR).

The main (most highlighted) problems of the first year of the reform implementation can be summarised in the following:

- the IT platform and the software (especially the modules enabling the connectivity to administrative and business data bases and the module supporting the decisions) were not working properly in the first months, mostly because it was a full-scale implementation and the system was never tested on real data (and poorly tested in general), so there was an overload of demands at the beginning. Also, some other modules of the IT support system were not ready yet (e.g. the module for statistics) and were developed and connected to the IT support later.
- There was a problem with timeliness and accuracy of data in some administrative data bases, especially the register of land and real-estate and also the income tax data (updated only once per year). This created a lot of disapproval in public and many complaints on the decisions of SWCs (based on the obtained data). On the other hand, the use of data from administrative registers influenced the cleansing and up-to-date in the registers and also motivated people to check the registers on the data about themselves and their property and up-date the information (e.g. on real estate ownership and similar).
- As a one-stop-shop, the SWCs became the central public institution (service) for claiming means-tested social benefits and subsidies from different areas and, at the same time, (the same as before the reform) the main provider of social services for people in need and in vulnerable situations. This put the SWCs in a sometimes controversial role, as on one hand the SWCs staff is deciding on the benefits and is doing the means-testing and checking the material situation of claimants, while on the other hand they as social workers have to be on the side of the client, helping and supporting the client. Several independent experts claimed that with the reform of social benefits system the SWCs became more administrative, bureaucratic

³⁰ The aim of austerity measures was the reduction of outflows from the (state) budget for public expenditures including the wages in public sector and different transfers and benefits. In the economic crisis and increased unemployment the inflows to the budget have decreased and the pressures for different public expenditures increased, so the Government decided to temporary limit the public sector wages, different supplements to wages and pensions, different transfers and benefits.

organisations and less practical social work oriented (also the staff performing more administrative tasks than social work).

- When the implementation started the SWCs were not properly prepared (not completely staffed yet, the staff only partially trained, the software not tested) and were often reluctant about the process. They were overloaded with the claims from the very beginning of the reform implementation as they became responsible for decisions on 'new' (transferred) rights (rights transferred from other systems, such as subsidies related to kindergarten and school, to housing, health insurance, the income supplement). With the transferred rights, there also came new customers (claimants). The claimants had to wait for the decision of the SWC for several months. In the first months of implementation the SWCs with most delays in issuing the decisions had to report to the MLFSA on the steps taken to speed up the process. The MLFSA issued guidelines on priority order of decisions (e.g. claims of families with children, FSA claims, especially claims for extraordinary FSA; in some periods the kindergarten subsidy claims). The SWCs staff often worked over hours to speed up the process. The MLFSA also decided that the previous FSA beneficiaries and child benefit beneficiaries who issued new claims should be receiving the benefits continuously (without interruptions for waiting on new decision) until the decision was issued – however, this created further problems, as some of the claimants were not entitled any more or were entitled to lower benefits (often the case with child benefit), so they had to return the overpaid amount.
- A combination of initial implementation problems and the austerity measures that were implemented in parallel to the reform lead to a very negative public image of the reform. The public (clients, media) and the experts perceived the reform as reducing the rights of the poor and the MLFSA and the Government were not very successful in explaining 'the real' intentions of the reform in public. This poor public image was not much present before the implementation, when only individual independent experts were rather suspicious of the reform intentions, but when it started there were cases of people (individuals and families) who received less benefits or were not entitled to benefit(s) any more (and perceived it as a big injustice) all over the media.³¹ There was a common impression among the beneficiaries that they were 'deceived' as the MLFSA was previously claiming that not much would change for beneficiaries, the amount of basic minimum income would increase (and so would the FSA) and the benefits and subsidies would be claimed in a more simple procedure (no more providing proofs, such as bank statements, etc.). Another important issue that contributed to the poor public image of the reform, was the enforcement of stipulation of The Inheritance Act from 1979 in the part which prescribed that the received FSA should be repaid to the state (budget) from the heritage of the deceased beneficiary (if there is enough heritage – real estate, land, savings, etc. – and if the direct heirs are not socially endangered by this). This article in The Inheritance Act existed from 1979, but was before the reform exercised extremely rarely, mostly because the evidences were rather poor and not connected (e.g. the evidence on FSA and the central register of population where the death of the beneficiary or former beneficiary would be registered).³² In the social benefits reform the Government (and

³¹ The main reason behind being entitled to lower benefits or not entitled to benefits any more was the priority order of claiming the rights and counting previously granted rights into the income when deciding on further benefits and subsidies. Checking the data on complete material situation of claimants (bank deposits and savings, real estate, etc.) also had a role.

³² The same stipulation is used for the subsidies or total payment of care in the elderly homes (long-term care institutions) for elderly people that do not have the finances to cover it themselves or their immediate relatives.

MLFSA) picked this stipulation on the inheritance up and explicitly put in the application for the FSA and for income supplement (the two means-tested social benefits that are meant to cover the minimum living costs and are not intended for specific functions) that the claimants had to agree with it. Also, if the claimant had any real estate, the state put a mark on it in the register of land and real estate, so it could not be sold or alienated without the agreement of the state. This was severely criticised in the public and by experts as it was perceived as unjust and unsocial (claiming that after the social benefits reform the FSA and income supplement as the two basic means-tested social benefits became a social loan and not a benefit any more).³³ It also contributed notably to the increased non-take up of income supplement and very likely also of FSA.³⁴ Thus, the issue of non-take up was a side effect of the reform and the MLFSA was aware of it and tried to reduce it, but there was never a study issued on the subject (so the more precise estimates on non-take up are not available).³⁵

- Already in the first months of the implementation (as well as later on) there were many complaints on the decisions of SWCs issued to the MLFSA. Mrs. Starič Strajnar, the Head of the Legal and Administrative Unit of the time (MLFSA) explained the ministry did not expect that many complaints. It was understaffed (in terms of staff at the Unit qualified for solving the complaints). Besides, the complaints were very complex, usually related to more (a combination of) rights at the same time (e.g. child benefit and FSA and several subsidies – the

In such cases the municipality (of permanent residence) covers the costs of the care in elderly homes and is repaid after the death of the person from his/her legacy (if any). This is exercised by municipalities a lot (for a long time already), even though they do not get repaid in full very often (because there is no inheritance or it is less than the covered costs).

³³ This arrangement was tested at the Constitutional Court, which ruled that the arrangement (based on the valid Inheritance Act) was not in the contrast with the Constitution, as the right to provide social security demands that the state receives back the funds the beneficiaries received from their property (if they had any), so that the state can provide social security to other people in need.

³⁴ The increase of non-take up of income supplement is connected to the transfer of the right to income supplement from the pension system (before the reform it was a supplement to low pensions and means-tested on the individual level and it was not the subject of 'repayment' after the death of beneficiary) to social benefits system (means-tested on a family level, change of entitlement from retired people to all permanently not capable of work or retired). The number of beneficiaries of income supplement decreased from 46,752 in December 2011 (while it was still within the pension system) to 10,217 in December 2012 (after a year of reform implementation), which is a decrease of 78% (Dremelj et al. 2013: 60-62). Some of the former beneficiaries were not entitled to income supplement any more under the new entitlement conditions (the family income too high, property or savings over the threshold), but many elderly people voluntarily gave up the benefit, because of the possibility that the state repays itself (the benefits received) after their death from the heritage (traditional perception of elderly people that their real estate or land must be left to their children or other heirs). The non-take up in the case of FSA was less pronounced, but the number of FSA beneficiaries dropped in 2012 too (compared to the previous year), and it is likely that some of this drop could be associated with the non-take up.

³⁵ To decrease the non-take up of income supplement and FSA especially among elderly people (who also have very high at-risk-of-poverty rates) the MLFSA in the changes of both social acts adopted in 2013 changed somewhat the 'repayment' of FSA and income supplement after the beneficiary's death: it was stipulated (in the amended Social Benefits Act) that one year of receiving FSA or/and income supplement is exempted from the repayment, and for the rest of the received amount only 2/3 should be repaid from the heritage of the deceased beneficiary. This still seemed to have no effect on the take up of FSA and income supplement among the elderly, so in 2016 the MLFSA proposed another modification of Social Benefits Act that was adopted in the National Assembly at the end of 2016 and it completely abolished the repayment of received benefits after the death of the beneficiary. This showed the results quickly; already in the first months of 2017 the numbers of FSA and income supplement started to raise – the number of FSA beneficiaries for a few per cent, but the number of income supplement beneficiaries increased for 38%.

rights that were not within the social area before) and the MLFSA staff had little experience with that, sometimes they had to discuss the cases before the decision and it was time consuming (interview with Mr. Starič Strajnar). Also, the MLFSA staff did not even start working on the complaints in the first months of the implementation, because they were fully engaged in the support to SWCs (phone help line, answering questions and solving problems, writing guidelines, additional training of SWCs staff), and the complaints started to accumulate. According to the Audit Report, by the end of June 2012 (i.e. in the first six months of the implementation), the SWCs forwarded to the MLFSA 4,533 complaints (that included complaints over decisions on more than one right) and in the same period the MLFSA only managed to solve 87 of them (less than 2%) (Računsko sodišče 2013: 58). In September 2012, the MLFSA temporarily employed ten additional persons (lawyers) for the main task of solving the complaints. But the problem of accumulation of unresolved complaints at MLFSA remained and the process of decisions on the complaints remained very slow until 2014, when the MLFSA finally started the action of speeding up the decisions on unresolved complaints. According to the information from the ministry itself, the MLFSA received all together more than 20,000 complaints by April 2014 and managed to solve 78% of them by the end of November 2014.³⁶ However, the basic statistics on the complaints (how many, time needed for decision on the complaint, percentage of positively – for the compliant - decided complaints) is still not publicly available.³⁷

2.11. Costs of the initiative

The financial costs of the preparation for the implementation of social benefits reform and the implementation itself have been rather poorly documented, and it seems as if they were never fully estimated. The financial costs of establishing the new (reformed) system are 'hidden' under different budgetary items and even the Audit Court (preparing the Audit Report on the reform) had some problems acquiring the information on finances used from the MLFSA.

In general, the financial costs of the reform preparation and implementation can be divided into two parts: the costs of establishing the new system and the costs of the benefits themselves (compared to the costs on the benefits from before the reform).

According to the Audit Report that draw together information of MLFSA on different costs related to establishing of the new (reformed) system of social benefits, and estimated the costs where the information was incomplete, they were the following:

- Costs of the development and maintenance of software solutions for ISCS2 system in the period 2010 to 2012: 1,990,245 EUR (costs of development and maintenance of the IT platform – the tray are not known and were covered from the budget of Ministry of Public Administration) (Računsko sodišče 2013: 49);
- Costs of new (and transferred from municipalities) staff at SWCs (wages and related costs) in 2012: 2,750,762 EUR (ibid.: 40);
- New computer equipment (computers and monitors) at SWCs in 2012: 152,054 EUR (ibid.: 38);

³⁶ Information of MLFSA, accessible at:

http://www.mdds.gov.si/nc/si/medijsko_sredisce/novica/article/1966/7402/ (5.12.2014).

³⁷ It was not possible to obtain these data in the time of preparation of this report, although the MLFSA was formally asked about it twice (and several times informally).

- Training of SWCs employees: 119,876 EUR (ibid.: 42);
- New employees at the MLFSA (2 persons that came from the Pension and Invalidation Insurance Institute in September 2012) in 2012 – costs of wages and related costs: 36,606 EUR (ibid.: 41);
- 63 informers at SWCs, employed on temporary basis from the EU funds (ESF) (85% of funds from ESF, 15% from the national budget): 4,975,462 EUR (ibid.: 39).

This sums up to somewhat less than 10,000,000 EUR (for the costs on establishing and functioning of the reformed system in the first year), but some costs are almost surely underestimated (e.g. the missing cost of development and maintenance of IT support – the tray).

Regarding the costs of the benefits themselves, the data in the Audit Report (data obtained from MLFSA) show that in the case of 4 financial benefits (child benefit, FSA, income supplement and state scholarship) MLFSA planned more budgetary funds for year 2012 than it was actually realised, with the highest discrepancy at FSA (Računsko sodišče 2013: 19).³⁸ The main reason for lower realisation of funds of granted rights was in the lower number of beneficiaries than expected (estimated), but not due to the improved social situation, but to the reform changes (changes in eligibility, priority order, means-testing on complete material situation) and the non-take up of income supplement. For the four financial benefits (child benefit, FSA, income supplement and state scholarship), in 2011 (before the reform) there was in total 608,722,953 EUR spent from the budget, while in 2012 (reform implementation year) 507,090,537 EUR budgetary funds were spent, which is around 17% less (ibid.). So, in reality the Government did save budgetary funds on benefits with the reform in 2012, even if that was not the main intention.

The European funds were used for financing the employment of so-called informers at SWCs, who were employed to support the customers (claimant of benefits), by providing information (in person and by phone), helping them to fulfil the applications (claims) etc. The whole project was carried out by Association of SWCs that issued public tenders for employment of informers at SWCs. There were two phases of the 'informers project': the first one for their employment in the period 2012 – mid-2014, and the second one for their employment in the period mid-2014 – mid-2015 (SCSD 2017).

In the first phase, the Association of SWCs launched two public tenders (December 2011, June 2012), and the informers were employed starting from February 2012 and July 2012; all for a fix-term, until the end of June 2014. All together 63 informers were employed, one for each SWC (and 2 for SWC Maribor, which is the biggest SWC in terms of clients covered). The source of funds was the European Social Fund, within the Slovenian Operational Plan of Human Resource Development for the period 2007-2013; 5. Development Priority: Institutional and Administrative Capacity, Priority Orientation 5.2: Reform of Labour Market Institutions. The total value of the first public tender (December 2011) was 4,495,462 EUR (of which 85% were EU funds and 15% were SI funds). The total value of the second tender (June 2012) was 480,000 EUR (again 85% EU funds and 15% SI funds) (SCSD 2017). All together the value of the first stage of the 'informers project' was around 5 million EUR (85% of which from ESF) for the period 2012 – mid-2014. The funds covered the salaries of informers and all related costs, including their training, and some administrative costs of SWCs and Association of SWCs related to it. Association of SWCs organised several (regular) one-day trainings for the informers through the whole

³⁸ The MLFSA planned 207,611,629 EUR budgetary funds for granting the FSA and income supplement in 2012, but in reality only 189,745,701 EUR were used up (own calculation, based on Računsko sodišče 2013: 19). The lower realisation of granted funds was mainly the result of much lower number of income supplement beneficiaries than expected (the benefit was transferred from the pension system, the scope of eligibility changed, means-testing changed, the non-take up increased enormously).

period, all focused at different issues of rights (benefits and subsidies) and other content issues of their work (SCSD 2017).

As it was established by MLFSA and Association of SWCs in 2014 that the SWCs still needed the informers as they were still overburdened by the amount of work on decisions, the second phase of the 'informers project' was carried out, this time for the informers aiming at empowerment of vulnerable groups. There were two public tenders carried out by Association of SWCs (January 2014, June 2014), both for the ESF funds under the Slovene Operational Plan of Human Resource Development for the period 2007-2013; 4. Development priority: Equality of Opportunity and Fostering Social Inclusion; Priority Orientation 4.1: Equal Opportunities on Labour Market and Fostering Social Inclusion). 62 informers were employed for a one-year period (mid-2014 to mid-2015). The value of the first tender was 1,863,000 EUR and the value of the second one 250,000 EUR (in both cases 85% of the amount are EU funds and 15% SI participation) (SCSD 2017). All together the value of the second phase of 'informers project' was around 2.1 million EUR. The funds covered the salaries of informers and all related costs, including their training, and some administrative costs of SWCs and Association of SWCs related to it. Again, Association of SWCs organised regular one-day trainings for the informers on different content issues (SCSD 2017).

All together there were somewhat over 7 million EUR spent for the employment of informers at SWCs in the four year period of both phases of the project (2012 to 2015). 85% of these funds were from the European Social Fund (nearly 6 million EUR) and 15% were the SI budget participation. There is no assessment of the project publicly available, but the main criticism of the 'informers project' voiced in the expert public was that the informers were in reality not only performing the tasks they had been employed for (i.e. providing information and support to the SWCs customers and vulnerable groups), but were doing many other tasks at SWCs, in some cases even working on the decisions.

Despite the reform becoming very unpopular when the implementation started, there were no political costs in terms of ministerial or even the Governmental resignation. The Audit Report that was performed in the second part of 2012 and the first part of 2013 was very critical in the conclusions on the effectiveness of the preparation for the reform implementation (which was mainly the responsibility of MLFSA) and the efficiency of the reformed system. The conclusions were thus quite critical towards the role of MLFSA. But by the time the Audit Report was finally discussed in the National Assembly (in the second part of 2013), the main inefficiencies and problems of the reform implementation were already corrected by the MLFSA, which was at that time also already preparing the content modifications and changes in both legislative acts underpinning the reform (The Exercising of Rights From Public Funds Act, The Social Benefits Act). Because of that, the political discussion on the critical comments of the Audit Report was relatively short and unproblematic.

However, the two persons that were (professionally, not politically) most responsible and exposed in the implementation preparation and implementation itself, the Director of Directorate of Social Affairs at MLFSA (Mr. Dominkuš) and the Head of the Legal and Administrative Unit of Directorate of Social Affairs at MLFSA (Mrs. Starič Strajnar) were moved from their positions by the Minister of MLFSA, Mrs. Anja Kopač Mrak (minister of MLFSA in the last two Governments, from February 2013 on). Mr. Dominkuš was asked to leave his position as the Director General in Spring 2014, and Mrs. Starič Strajnar was moved from the Head position in 2015 (mainly due to long-standing delays of MLFSA in decisions over the complaints).

2.12. Monitoring

No systematic monitoring was planned in advance and no instruments set for it. The monitoring of functioning of the reformed system developed through the assistance of MLFSA to the SWCs when the

implementation started and through concrete problem solving (related to the IT support, data bases and data, decisions on the claims etc.) – but this process and the monitoring of the implementation remained poorly documented. Also there was hardly any evidence on the decisions of SWCs (on claims for different benefits and subsidies) in the first months of implementation – due to rather confused situation of at the same time still valid benefit decisions from the previous system, new unresolved claims and new issued decisions, as well as many complaints of claimants. The statistical module of the IT support was not fully operational yet, and practically through the entire first year of reform implementation there were no data on beneficiaries published by the MLFSA.

After the implementation started, the SWCs became the key actors in implementing the reform and had to face all the problems deriving from the incomplete preparation process (problems with IT support, software not working, too few employees, the employees not enough familiar with the reform details, etc.). SWCs had to regularly report on the progress to the MLFSA (the number of unsolved decisions, major problems...), although the reporting was done by e-mail and phone and was not systematic nor based on any methodology. The MLFSA did not interfere with the organisation of work within the SWCs – this was within the responsibility of each director that organised the work differently (in some SWCs staff specialised for decisions in certain rights in others not). The support of MLFSA to SWCs (and monitoring the implementation through it) is evident in the following:

- Daily answers to questions and dilemmas of SWCs; there was an open phone line at the MLFSA for this and some MLFSA staff was full-time available for information and clarifications,
- Preparation of guidelines for specific problems and issuing instructions for SWCs (such as the priority order of deciding on claims),
- Organisation of solutions for IT and software problems (not working connections to data bases, problems with software),
- Additional training sessions with SWCs staff in 2012,
- Meetings with SWCs directors,
- Individual contacts with SWCs with most problems and delays in issuing the decisions.

But all this support and monitoring of MLFSA was only focused on smoothing the functioning of the system, while there was no focus on:

- The increased SWC staff workload (caseload) and the relation between the administrative work tasks (deciding on claims) and individual work with customers (social work),
- Staff satisfaction,
- Client satisfaction and client waiting time (also no data, at least not available, on waiting time for decisions at SWCs and waiting time for decisions on complaints at MLFSA).

There was no statistics available on the staff caseload; this and the staff satisfaction was only assessed internally by SWC directors.

The cooperation between Employment Service of Slovenia (ESS) and SWCs strengthened through the implementation of the reform. When the IT support and the software (different modules) became fully operational, there was (is) an automatic exchange of basic information on customers: the SWC case manager deciding on the claim on FSA can see in the IT application if the person is registered at ESS as active job seeker. SWC case manager can also see if the customer is (was) deleted from the ESS register.

2.13. Impact assessment and impacts

It is not clear (not documented) whether the MLFSA was planning the assessment study and at which stage of reform implementation. But because of the problems in the first months of the implementation there was a strong public and expert pressure on the ministry to commission the study

that would assess the first effects of the reform. As the focus of criticism in public, among independent experts and beneficiaries (target groups) was strongly on the distributional effects of the reform (which categories and groups of customers/beneficiaries were receiving less benefits and what the main reasons behind were) there was the expectation that the assessment study would focus on that.

The MLFSA skipped the public tender procedure and commissioned the study to the Social Protection Institute of Republic of Slovenia (SPIRS) by adding it to its annual work plan funded by the MLFSA.³⁹ The main aims of the assessment study were: to assess the first effects of the reform implementation, to assess whether the effects are in line with the set goals of the reform, to identify the population categories that were most affected by the reform (in a positive and in a negative way regarding their social situation), and to identify the types of income, savings and property that influence most the eligibility for benefits and subsidies in the reformed system of means-tested social rights. The study was titled 'The assessment of the effects of implementation of the new social legislation' and was carried out by SPIRS in the period from Summer 2012 to early Spring 2013; the report was completed by the end of March 2013 (Dremelj et al. 2013).

The study actually focused at the process of implementation and the problems the SWCs faced (four focus groups with SWCs employees working on decisions on claims; one focus group with the MLFSA staff involved in the design, preparation of reform implementation and support/monitoring), observation of the implementation process and the problems most often exposed in the public (interviews with independent experts and with representatives of different stakeholders), and on quantitative analysis of data on the structure of beneficiaries of four financial benefits before and after the reform. The monthly data on the number and structure of beneficiaries for the years 2011 and 2012 was obtained from the MLFSA (as it was not publicly available at the time).

The conclusions of the study emphasised mainly the distributional issues and provided some recommendations for the ministry (Dremelj et al. 2013: 71-84):

- Looking at the financial benefits separately, the intention was clearly that the benefit situation would not worsen for any population category (higher thresholds), however the two main reasons for changed benefit situation of some families were enforcing the priority order of claiming the benefits⁴⁰ and the fact that the whole material situation of the family was taken into account when means-testing (incomes, savings, property...).
- The procedure of claiming the rights is more transparent and partially more user friendly (only partially due to rather complicated claim/application for claiming rights, difficult to understand for some claimants).
- The family/household types most affected by the reform (in terms of receiving less benefits) were single parent families, families with housing loans or mortgage (which lowers their disposable income but it is not taken into account at means-testing), families with children in

³⁹ Social Protection Institute of Republic of Slovenia (SPIRS) is an independent public applicative and policy research institute. It was established by the Government in 1996 for performing research, data collection and supportive activities in the areas of social protection. The main part of the SPIRS's annual work programme is financed by MLFSA – Directorate of Social Affairs, Directorate of Family and Directorate for the Disabled (through annual agreements on the programme, i.e. on the list of projects), the rest of projects is financed from different national tenders, ESF projects and European projects.

⁴⁰ Priority order was a new feature introduced by the reform and was not much discussed before the reform. With the reform implementation it became one of its most criticised features (by experts), especially the order of first two rights (first child benefit, second FSA). Namely, the consequence of priority order of exercising the rights is that families receiving child benefit receive less FSA (as child benefit is included in family's income).

secondary education (state scholarships only from 18 years on), big families, adult couples, and long-term unemployed people aged over 50 years.

- Some of the recommendations to MLFSA: to increase the basic minimum income to the amount foreseen in the Social Benefits Act (lowered by the austerity measures), to rethink the priority order and the role of child benefit among means-tested social benefits (child benefit having other functions than the social one, the FSA should be claimed before or children related benefits excluded from the priority order), the problem of using income data from previous year for means-testing and in general the need to improve the timeliness of data in the data bases used for means-testing, the need to clarify more precisely the repayment of benefits (FSA and income supplement) after the death of beneficiary and the exceptions from this, to rethink the entitlement of secondary school pupils below the age of 18 to state scholarship, to address the problem of non-take up among elderly persons entitled to income supplement.

Besides this study, there was no other assessment or evaluation study carried out on the reform or any of its aspects. Except the already mentioned Audit Report of Audit Court, which focused at the preparation of the reform, its implementation in the first year and the effectiveness and efficiency of the reformed system and decisions on the means-tested social rights (Računsko sodišče 2013). The report was very critical towards MLFSA as the main body responsible for the preparation of reform implementation and the implementation itself (see the details under section 2.10.). It can be assessed that besides the audit value of the Audit Report, it is also very important for documenting the details of the process of preparation for the implementation and the first months of the reform implementation that are otherwise not (were not) published or publicly accessible in any way (draft documents, working documents, internal information of MLFSA etc.). Without the Audit Report it would be very difficult to get clear information on the preparation for implementation and the first year of the implementation.

As regards the activation dimension of the reform, it was not emphasised in any assessment, as it was not in the reform implementation. Because of the severe economic and labour market situation at the time of reform implementation, the unemployment in 2012 and 2013 reached the peak and there were very few employment opportunities, so the activation of the long-term unemployed persons receiving the FSA could not have had any employment effect. The data on activity supplement to FSA shows that until 2014, the share of adult FSA beneficiaries that were receiving the activity supplement (i.e. were active or actively engaged in solving their social and employment situation) was below 3% (Trbanc et al. 2017).

2.14. Any important follow-up measures?

From the start of the reform implementation, there was strong public criticism of experts, unions and NGOs present about several reform solutions that influenced the entitlement to benefits and subsidies for previous beneficiaries. Several solutions were generally perceived as unjust and unfair (e.g. the role of child benefit and the priority order, the incomes, savings and property included in means-testing, the mark on real estate and repayment of the state after the death of the beneficiary in the case of two basic means-tested social benefits – FSA and income supplement). The MLFSA staff that supported and monitored the implementation was also aware of certain problems related to severe entitlement conditions (threshold related to the value of real estate and land, threshold related to savings of a person), especially for income supplement. It was clear already in 2012 that some modifications and adoptions in the system were needed. But it was not until the change of the Government in February

2013 and the new minister (from left-centre Social Democrats Party), Mrs. Anja Kopač Mrak⁴¹ that the preparation for modifications started.

The MLFSA prepared the proposal of modifications and adaptations to the Exercise of Rights from Public Funds Act and to the Social Benefits Act, taking into account the critical points exposed by experts, NGOs and unions, SWCs and MLFSA staff as well as the findings and recommendations of Social Protection Institute's assessment study. The modified acts were adopted by the National Assembly in November 2013 and were implemented from January 2014 on (September 2014 for state scholarship and some subsidies).

The main changes and adaptations of the social benefits reform were related to modifying somewhat the entitlements and conditions for the benefits, e.g. loosening the conditions for FSA (higher threshold for savings and ownership of real estate), state scholarship for secondary school pupils under the age of 18 was returned, the current income situation was more taken into account, 20% of child benefit was not any more calculated in the family income, the FSA for the second adult person in the family was somewhat increased, for single parent families the addition to FSA for children was increased from previous 10% to 20%, the threshold on savings for income supplement was increased. In order to increase the take-up of income supplement (and FSA) (in general, but especially among elderly people), the rules of repayment of received FSA and income supplement from the legacy of the deceased beneficiary were changed. The amount of 12 months of benefits became exempt from the repayment, and for the rest of the amount only up to 2/3 was the subject of repayment.⁴² As regards the activation of FSA recipients, there was a change in entitlement to activity supplement (to FSA): the FSA beneficiaries that were performing (occasional) voluntary work at humanitarian organisations (based on the formal agreement with the voluntary organisation) became entitled to the activity supplement (in the lower amount).

As the result of legislative changes in the reform legislation, the numbers of FSA beneficiaries (that dropped in the first year of the reform) slowly started to increase in 2014. The number of income supplement beneficiaries slightly increased too, but not among the elderly. The share of recipients of activity supplement to the FSA increased from the beginning of 2014 to slightly over 10% (Trbanc et al. 2017). But the problem of the share of long-term beneficiaries of FSA (mostly long-term unemployed) remains; there are around 40% of them among all adult beneficiaries of FSA and their share is not decreasing (ibid.).

At the end of 2016, the MLFSA prepared another modification in the Social Benefits Act. The modified act was adopted by the National Assembly in December 2016 (entered into force in January 2017) and introduced two important changes (relaxations) of entitlement to FSA and income supplement. The first one is the increase of threshold for the value of house or flat owned by the claimant to 120,000 EUR (up to this value, the property is excluded from the means-testing). The second one is the total abolition of the repayment of the state on part of the benefit amount received by the deceased beneficiary – so the amount of FSA and income supplement received is not repayable any more (not even partially), regardless of the length of the receiving. As the data on income supplement beneficiaries for 2017 shows, this finally had the effect on increased take-up of the benefit among

⁴¹ Mrs. Anja Kopač Mrak (Phd) was a state secretary at the MLFSA in time of Minister Ivan Svetlik (2008-2011, when the reform legislation was prepared and adopted). She is a member of the left-centre Social Democrats Party and has been a minister of MLFSA for two mandates (in two Governments) – she has been in position since February 2013.

⁴² As also valid before, the repayment of the state was not carried out, if the heirs were in vulnerable social situation themselves. Or, if the deceased beneficiary did not leave any property or savings (the repayment is only possible from the heritage if any).

elderly. It also had an impact on the increased number of FSA beneficiaries in the first months of 2017 (and it is fairly likely that it will have some influence on the potential further increase of the share of long-term recipients of FSA).

Within the described changes and modifications, the priority order of claiming the rights remained the same. However, there are strong discussions (also at the MLFSA and among experts) on the need to separate the child benefit from the priority order of exercising the rights from public funds, which should be linked to clarification of the purpose of child benefit (social benefit or/and investment, education, etc.). The proposal of exemption of the child benefit from the priority order of means-tested social benefits was politically voiced in March 2017 by the Parliamentary United Left Party (6 members in the parliament). Currently, the MLFSA is elaborating the possibilities on whether and how to do it.

In 2013, the Employment Service of Slovenia (ESS) prepared the first pilot project of social activation for hard to employ long-term unemployed and inactive persons titled: Encouragement of inactive persons that are long-term excluded from the labour market for re-entering the labour market through in depth individual and group treatment. The project was financed from the ESF and was carried out in 2013 and 2014 in the form of programmes (composed of four modules, including the triage module at the beginning) provided by external contractors (different organisations) in 12 regions (all together 12 programmes, one in each region). Its evaluation showed some deficiencies of the project on different levels (setting the clear goals of the project, defining the target groups and the target outcomes; defining the exit options; the role of programme providers – different approaches and practices of different providers of programmes; problems with health situation and motivation of participants and similar). The drop-out rate from the programmes was high (no sanctions for participants nor for programme providers), although it varied among the programme providers. The content of the majority of programmes was focused at personal and social empowerment and skills, socialising, health issues (including appointments at doctors), and not at work or employment related skills. Therefore it was not surprising to find out the relatively high satisfaction of participants with the programme (especially in terms of personal well-being, social network, etc.), but practically no improvements towards re-entering the labour market or even employment (Lebar et al. 2014). There was a discrepancy between the general goal of the project and the group that was targeted for participation (91% of participants were partially disabled persons receiving the partial disability benefit from the Pension and Invalidity Insurance Institute and registered as partially unemployed at ESS; only 9% of participants were selected by SWCs and were long-term beneficiaries of FSA), in a sense that it was very unlikely to expect these participants to return to the labour market (ibid.).⁴³

In the last two years, there has been increased policy attention on activation, especially within social policy. Namely, despite of relatively good economic and labour market situation and high labour demand (from 2014 on), the numbers and the share of the long-term unemployed (registered at ESS) remain relatively high, and so do the numbers and the share of long-term recipients of FSA. To address the problem of long-term unemployment and long-term FSA dependency, social activation was set as a special development priority in the Operational programme of Slovenia for the use of ESF funds in the financial perspective 2013 – 2020. It is targeted at long-term unemployed, long-term recipients of FSA with different (complex) social problems that hinder their employability. The ministry responsible for the social activation project is MLFSA. MLFSA has been developing the system of social activation, which includes:

⁴³ Some illustrative characteristics of programme participants: the average age of participants was 53.2 years, in average they were unemployed for 14.4 years, 45% of participants had only primary level education and no other skills (Lebar et al. 2013: 9).

- a project unit with 53 newly employed coordinators of social activation (employed since June 2017) that will assist the SWCs and ESS to support and consult people in the activation process;
- contact persons for social activation at each SWC and each local employment office;
- the procedure for assisting people before the inclusion to the social activation programme;
- the concept of short-term social activation programmes (1 – 3 months) and long-term social activation programmes (up to 11 months, four modules with the central module dedicated to work on concrete projects, if possible in cooperation with concrete employers or public organisations).

The call for tender for short and long-term programme providers in all regions was carried out in Spring and Summer 2017 by MLFSA. The programme providers have been selected and the programmes will start in Autumn 2017.

The current social activation project is part of broader context of reorganisation of social work centres. The reorganisation of SWC is planned to be based on three pillars, namely: the automatic informative annual calculation of child and family rights (benefits and subsidies), social activation approach, and new organisational structure of SWC (introduction of a regional organisation of SWC). The number of local SWC will remain the same (no changes in access for customers), but a new regional structure of SWC will be introduced and some specialised services will be offered at the regional level (e.g. foster care arrangements).

2.15. Any other detail that seemed important but wasn't mentioned so far?

The reform of means-tested social benefits also introduced formalisation of common committees of ESS and SWCs⁴⁴ aimed at dealing with unemployed people that are hard-to-employ due to their complex social problems (dependency issues, mental health issues, mixed complex issues). Common committees are defined both in the social and in employment legislation (The Social Benefits Act, Labour Market Regulation Act).

The common committees were set and started to work in the mid-2012. They are based at local employment offices that have the initiative over the frequency and timing of the meetings. The committees are composed by at least three members (appointed by the Employment Office director, together with the SWC director): employment counsellor, social worker and rehabilitation counsellor; but normally there more employment counsellors and more social workers present at the meeting and also other experts are invited to participate. The main function of the common committees is to discuss the cases of long-term unemployed persons with different complex issues that hinder their employability, i.e. the long-term unemployed persons who need a different, more in depth treatment than the employment offices can offer. At their work, the committees follow the Protocol on Cooperation, that was prepared by ESS and Association of SWCs in March 2012 (and endorsed by MLFSA) and defines the target client group, criteria for defining different types of complex social problems, evidences and different procedural issues (Protocol 2012).

The procedure is that the employment counsellors prepare proposals on clients to be discussed at the committee meeting (description of the specific situation and problems of a person, how the person was treated at the employment office, what procedures or measures the person already participated in, etc.), with the prior agreement of a person (client). At the meeting, the members of the committee

⁴⁴ Similar common committees existed before the social benefits reform, but they were not formalised and they depended on the initiative of individual employment office and SWC directors, thus functioning quite well in some areas and not at all in others.

and other experts discuss each case and try to establish what kind of treatment, support or programme participation would (could) help (assist) the person in question to solve his/her problems. At the end, it is decided whether the person can be registered as temporary unemployable and sent to the SWC for further treatments or the person stays at the unemployment register or enters the rehabilitation process at the employment office. Each decision at the meeting should be reached unanimously (that is both counsellors from the employment office and professionals from SWC have to agree). If the person is sent to the SWC for treatment of different social problems, he/she is no longer registered as unemployed (active job seeker) at employment office but enters a special register of temporary unemployable persons. The aim is that such a person would solve his/her problems with the support/assistance of SWC and later return to active job-search (return to employment office as active job seeker). On average, around 90% of the discussed cases (clients) have been sent to SWCs for further treatment (labelled as temporary unemployable), and 10% of cases (clients) have stayed at employment offices as job seekers (Trbanc et al. 2015: 22).

The committees started their work in the second part of 2012. They worked most intensively in 2013 (when more than 3,000 persons were discussed at the committee meetings), while after the frequency of their meetings and the number of persons discussed slowed down. After 2013, the employment offices reported on having on average 2 to 3 committee meetings per year (Trbanc et al. 2015: 22). In 2013, the committees sent 2,605 persons to SWC treatment and registered them as temporary unemployable at ESS, in 2014 and 2015 the numbers were around 1,000 (each year) and in 2016, the committees sent to SWC treatment 631 temporary unemployable persons. As explained, the majority of these persons should, in principle, later return to employment offices as active job seekers. In reality, the case is that only a small number of them manages to resolve their problems and returns as active job seekers. According to the ESS data, in 2013 10 persons returned from the evidence of temporary unemployable persons to the register of unemployed (active job seekers), in 2014 there were 33 such persons, in 2015 27 persons, and in 2016 40 such persons. One of the reasons for such low number of returnees is that the common committees only discuss the most problematic clients (with most complex and long-standing problems, issues and circumstances). According to the opinion of committee members from both SWCs and employment offices, at least 70 to 80 % of these persons (if not more) are already permanently unemployable (Trbanc et al. 2015: 26).

There have been initiatives to change somewhat the role of common committees in a way that they would discuss the common clients (clients of ESS and SWC) sooner, before the problems of clients escalate and become too complex and long-standing. Also, it is not completely clear yet what role will the common committees play in the social activation project (and social activation process).

3. Assessment and conclusions

3.1. What external factors helped/hindered the launch of the initiative and its successful implementation?

Two factors can be highlighted as supportive (helping) the reform initiative and implementation: the relatively stable political support for the reform (up until the reform faced serious implementation problems) and the relatively stable role and commitment of high ranking public employees at the governmental level institutions (e.g. MLFSA). Among the factors that hindered the reform preparation and implementation, there were three interrelated circumstances that were especially critical for the implementation of the reform: its coincidence with strong economic and employment crisis, its coincidence with the austerity measures and the strong public criticism of the reform that developed soon after the implementation started (experts, NGOs, unions, providers of services, clients...).

The launch of the reform initiative was characterised by relative political instability in a sense that it was actually launched twice, by two different Governments (first outlined by right-oriented governmental coalition, then picked up and prepared by left-centre oriented governmental coalition). Just after the start of implementation there was again the change of Government (to right-centre) and in 2013 another change (to left-centre). Despite of some differences in emphasis (first more on activation in a sense of conditionality, later more on the appropriate levels of benefits, on distributional issues, and less on activation), the political support for the reform and its overall goals (unification and simplification of the system, increased transparency and efficiency, less possibilities of fraud, more just system) was relatively strong among parliamentary parties (between both left and right oriented ones). Thus, the political support to the reform can be pointed out as the helping factor for the reform – even though when the reform implementation faced several problems and public opposition, nearly all political parties tried to distance themselves somewhat from the reform.

The other important supportive element of the reform was the role of public administration, i.e. high ranking public employees, especially at MLFSA, Ministry of Finance and Ministry of Public Administration, but as well in other participating ministries and bodies (for example, the Governmental Institute of Macroeconomic Analysis and Development). Their role was important in the formulation of the reform ideas, basic (general) goals and the design as well as the continuity (and upgrade) of reform solutions and the commitment to the reform. It can be assessed that the need for the reform, the importance of unification of the system of means-tested social benefits as well as the prevention of fraud and other general aims were generally agreed upon by the responsible public employees.

The main unfavourable circumstance of social benefits reform (from the adoption of legislation underpinning it on) was its coincidence with the economic crisis and very limited labour demand. The economic crisis in Slovenia started by the end of 2008, and had two peaks (in 2009-2010 and 2012-2013). The unemployment increased substantially, especially in the years 2012 and 2013 when it was the highest ever in Slovenia. The pressure for benefits (insurance based and means-tested ones) was high, while on the other hand the budgetary revenues decreased and the Government pushed the austerity measures. Austerity measures addressed all public areas (cutting budgets of all public institutions) and public employees (wages), as well as pensions and some insurance based benefits (unemployment benefit, maternity benefit). Just before the start of reform implementation the basic minimum income amount was lowered (from envisaged 288.81 EUR to 260 EUR), but it was still higher than before the reform. This strongly affected the general perception of the social benefits reform in public (in media, among experts, unions, service providers, etc.), as it was strongly associated with the austerity measures and understood as a way of reducing the rights and social protection of the poorest in society. It has to be noted, that in reality the poorest (the unemployed, inactive and others without market income) were relatively well and consistently protected all through the crises by all

governments (left and right), as the austerity measures were actually targeted at middle and lower middle classes that were before the reform entitled to some means-tested benefits and subsidies (relatively high thresholds for child benefit and different subsidies) for which the entitlement narrowed with the austerity measures. The strong negative perception of the implementation of the reform was also fuelled by many problems deriving from inadequate preparation for implementation and in a way premature implementation (the IT support and software not operational and not tested on real data, SWC personnel not adequately trained...) as well as some reform solutions (especially the consistent emphasis on the repayment of the received FSA and income supplement from the heritage of deceased beneficiary). Often even the SWC employees deciding on the claims for benefits and subsidies were voicing doubts about the reform in public. The general public anti-reform atmosphere (including frequent stories in media) that developed soon after the implementation started had effects on some benefit clients, especially the elderly that more often than before the reform decided on non-take up of benefits (especially the income supplement). To sum up: the combination of economic crisis, high unemployment, governmental austerity measures and the general negative public opinion on the reforms seen as diminishing the social rights and social protection of people, presented a very difficult combination of factors hindering the reform implementation.

3.2. Lessons for the country

The reform was a big project, often underestimated, especially when preparing for the implementation. As such the experience holds many lessons for Slovenia on how to approach the policy reforms that affect large population groups and what to be more careful about when preparing for the implementation. The most important lessons are stated below.

Lessons for the designing (development) stage of the policy measure:

- The importance of involvement of important stakeholders (especially the ones representing the providers of services and the ones representing the target groups) already in the design of the reform/measure. Working with them in finding solutions to concrete problems (not designing the system from the office only).
- The importance of clearly stated and documented concepts, definitions and reasons for the designed measure and presentation of these to relevant stakeholders (especially the discussion of the concepts with independent experts).
- Taking into account the need for pilot testing (pilot implementation) of the measure already in the design phase (allowing for sufficient time needed for pilot implementation, monitoring and analyses of experience and lessons learned before the full-scale implementation).

Lessons for the phase of preparation for the implementation:

- Preparation of a clear and realistic implementation plan with clear division of tasks, realistic estimation of resources needed (in terms of finances and in terms of human resources), and realistic deadlines (including backup plans).
- Planning for the pilot implementation in real circumstances (on a small scale), with a clear time plan.
- More emphasis on open communication with the target groups and organisations or stakeholders, important for the implementation.
- Importance of documentation of the process.

3.3. Lessons for Europe

In Slovene public and among Slovene experts the reform implementation was perceived with criticism and in a rather negative way, which neglected any positive effects of the reform (such as the unification of the system, claiming all means-tested rights at one place, more transparency in the system, simplification of the claiming procedure). However, Slovenia presented the reform as a case of good policy development in the social area and activation at the EU level, e.g. at the Social Protection Committee meeting, and in the National Reform Programs.⁴⁵ The IT support to reform (the tray and connected software modules for different functions) was also described as successful (described as a good practice in Digital Government Strategies by OECD; received a UN Public Service Award), despite of many problems with it at the beginning of the implementation – the problems which were the consequence of inadequate preparation, lack of testing on real data and in real situations.

Despite of critical (rather negative) perception of the reform in Slovenia, the following features of the reform can be stated as successful and potentially useful for other countries:

- Establishing a one-stop-shop for all means-tested social benefits and subsidies (one place for all decisions related to social means-tested benefits and subsidies) under the same definitions (family, income, material situation) and rules. When a one-stop-shop is a social work centre, the benefits and services can be connected, at least in a way that long-term claimants of basic social benefits also get counselling, support, information and suggestions for relevant programmes. It is not the case in Slovenia yet, but the current social activation attempt (since this year) is a step in the direction of more connecting the benefits and services.
- The IT solutions supporting the decision process at the SWC, especially the connectivity to relevant administrative and business (banks) data bases, with high personal data protection (traceability). This enables more user friendly decisions on claimed benefits (as for the claimant, there is no need for providing proofs on income or material situation), simplifies the claiming procedure and also contributes to equal treatment and decisions (not the individual decision at the discretion of public servant or social worker). Slovenian experience shows such IT applications and software modules have to be carefully tested on real data (real or realistic situations) and the persons working with it have to be well trained (again in real or realistic situations). The experience also shows that the connectivity of relevant administrative data bases triggered the process of cleansing and up-to-dating of data in administrative registers (in Slovene case especially the data base on real estate).
- For countries that have separate social and employment services and 'double' (separate) treatment of customers (hard-to-employ persons due to complex social problems): exchange of information between PES and social work services can be automatized. Ideally, there would not be separate, parallel treatment of customers (clients) but one individual plan that the case managers from employment and social services could access. In Slovene case, the common committees of employment and social services are focused only at long-term unemployed with severe social problems (mental health, dependency issues, other complex social issues), but this could be expanded to different target groups. The important aspect of the common committees is not only searching for best solutions for individual customers, but as well

⁴⁵ The presentation to the SPC was held at the SPC Multilateral Surveillance meeting, 27.-28. February 2012. The reform was described at more than one National Reform Programme, for example in the National Reform Programme for 2013-2014 (accessible at: http://www.mf.gov.si/fileadmin/mf.gov.si/pageuploads/docs/Razvojni_dokumenti/20130510_NRP_2013_ENG.pdf, page 51-53.

enriching the expertise and experience of experts (counsellors) from social and employment areas. According to Slovene experience such meetings, discussions and cooperation are highly appreciated by the involved experts (counsellors).

3.4. Main strengths and weaknesses

The emphasis of the social benefits reform was primarily on benefits not on services, but the later developments (especially from 2016 on) emphasise services more, i.e. better connect services to the reformed benefits system.

The main strengths of the reform can be summarised in the following:

- Connecting all means-tested social rights (benefits and subsidies) targeted at people with low incomes in the same system; deciding on them under the same rules, procedure, uniform definitions of family, income, property etc. This improved the transparency of the system.
- SWCs developed into a one-stop-shop for claiming all means-tested social benefits and subsidies. As SWCs also provide basic social services (social counselling, support, assistance to people in vulnerable situations), becoming a one-stop-shop for claiming benefits and subsidies meant the opportunity to connect benefits to services, especially in cases of people on FSA and income supplement.
- Connectivity to administrative and business databases that enables automatic checking on data and evidence of claimants – no need for collecting proofs. The process of decisions on benefit and subsidy claims is supported by IT platform and software modules for issuing the decisions. An important side effect of the IT support for the process of decisions on benefit claims was that it influenced the cleaning and up-dating of important administrative databases (e.g. on the real estate).
- The approach to activation of FSA benefit recipients: the condition of being an active job seeker (if capable of work) to be entitled to FSA remains (applied already before the reform), and a positive incentive of activity supplement to FSA was added for FSA recipients active (working or participating in programmes aiming to increase their employability) at least 60 hours per month.
- The basic information exchange (on active job search) on unemployed people, recipients of FSA (common clients of ESS and SWCs) between ESS and SWCs was automatized.
- For addressing the multidimensional problems of long-term unemployed people (registered at ESS) the common committees of ESS and SWC were formally established (formalised in environments where they existed already before the reform). The committees meet on the initiative of ESS and according to the needs (on average two to three times per year) and discuss the cases of long-term unemployed people with severe social (multidimensional) problems and the possibilities for their treatment or programme participation.

The main weaknesses of the reform were the following:

- The communication with the stakeholders in the preparatory phase (designing of the reform) and communication with clients (customers) before the implementation of the reform was rare and not incorporated in the process.
- Absence of involvement of stakeholders in the preparation process (designing the reform); especially the absence of service providers (that had important role later on).

- The main benefits and the aim of each benefit not clearly defined (especially the aim of child benefit); the main changes in the system (e.g. priority order of claiming the rights, means-testing of incomes, property, savings) not adequately explained (the aim, the solutions) – consequently perceived as unjust by the clients.
- The inadequate and delayed preparation for the reform implementation.
- The process of reform preparation poorly documented (several working groups, only internal documents, nearly no documents available to public).
- The IT platform and software modules inadequately tested before the implementation of the reform (on real data and in real situations or real data and real situation simulations).
- No pilot testing (pilot implementation) of the reform to enable corrections and adaptations before the full-scale implementation.
- Underestimated human resource needs for successful implementation of the reform (causing delays in decisions on benefit and subsidy claims at SWCs, huge delays in handling the complaints over SWC decisions at MLFSA).
- Different problems related to reform implementation in its first year, deriving largely from the inadequate and delayed preparation; especially the at the beginning unreliable IT support and not accurate administrative databases.
- Poor communication strategy of MLFSA (and the Government) on the reform (in a situation of public criticism of the reform when the implementation started).

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Zakon o urejanju trga dela (Labour Market Regulation Act). Official Gazette 2010.

Section III: Annexes

A.1. Good practice examples

Field	Information provided
Country	Slovenia
Title of the good practice feature (English and original)	Common committees of Employment Service of Slovenia and Social Work Centres (medinstitucionalne komisije Zavoda RS za zaposlovanje in centrov za socialno delo)
Short sentence summarising the practice	Common committees of employment and social services to discuss the individual hard-to-employ persons with different (complex) social problems; the aim is to establish the type of help and support that is best for these individuals.
Rationale	Common committees are composed of experts from ESS and SWC, they discuss individual cases; the communication and cooperation between experts (employment counsellors and social workers) increased.
Start (and end) date	Informally some common committees existed before the reform, but they were formalised in 2010 (Labour Market Regulation Act articles 9 and 117, and Social Benefits Act, article 40) and the implementation started with the reform of means-tested social benefits in <u>2012</u> (after the Protocol on the functioning of common committees was prepared by ESS and Association of SWC and endorsed by MLFSA. Still going on, there are some suggestions on potential expanding of the scope of work of committees (potential extension to other unemployed).
Which organisation(s) was involved in its implementation?	Main implementer: ESS, SWC Other important partners: Association of SWC, MLFSA
Main elements of the feature	The committees are established and led by regional or local ESS high official or director in coordination with SWC director and are composed by at least three members (employment counsellor, social worker and rehabilitation counsellor; other experts can take part at the meetings). Usually the local and regional ESS offices cooperate with different SWC, not just one (as the ESS offices cover different areas than SWC). The committees are intended to discuss the individual cases of unemployed recipients of financial social assistance and other unemployed persons for who it is assumed they might have dependency problems, mental health problems or other complex social problems that hinder them from getting a job. The members of committees from ESS prepare the description of individual cases to be discussed at the committee meeting. At the meeting, members from ESS and from SWC discuss the options (measures, programmes) that could be offered to the individual in question. If they agree there are procedures or measures that can be done at ESS, the persons remains within the treatment of ESS. In case they agree the person is (temporary) unemployable, the person is transferred for treatment to SWC (and is at the ESS moved to the evidence of temporary unemployable persons). The SWC than concludes an agreement of actively solving the social situation with such a person in which the steps and actions that a person will do for solving the problematic situation are set down. On the bases of such agreement, the person is still eligible for receiving financial social assistance. It is expected that after resolving of social problems or problematic situations the person would return to active job search (and to register of unemployed people at ESS). From

Field	Information provided
	January 2013 to May 2015 (2 and a half years) there were around 5,300 individual cases discussed at the committees and 90.5% of them were transferred to treatment at SWC (Trbanc et al, 2015, p. 22).
Resources 1: money	Officially nothing, as there were (are) no resources allocated to the committees. The work is done by experts from ESS and SWC (members of the committee – appointed by their heads) within their working time (as part of their regular activities). It is a relatively cheap activity.
Resources 2: PES capacity, tools	Well qualified staff at PES and SWC, common training of PES and SWC staff, understanding at the managerial level (PES, SWC) of the importance and added value of cooperation (and the importance of cooperation for ‘common customers’.
Transferability	Specific Slovenian situation: divided employment and social services, requirement to register as unemployed to be entitled to means-tested financial social benefit (also in cases of people with complex social problems due to which they are very hard-to-employ), PES not having any programmes or other means to help hard-to-employ people with complex social problems.
Sources of further information	<p>Description of common committees of ESS and SWC, statistics on their meetings and clients, short survey among committee members – in a study (Slovene language only):</p> <p>Trbanc, Martina, Smolej Jež, Simona, Lebar, Lea, Dremelj, Polona. 2015. <i>Podlage za pripravo in zagon programov socialne aktivacije</i> (The Framework for preparation and start-up of social activation programmes). Ljubljana, Social Protection Institute of RS, June 2015, especially pp.19-24.</p> <p>At: http://www.irssv.si/upload2/Porocilo%20socialna%20aktivacija_koncno.pdf</p>

Field	Information provided
Country	Slovenia
Title of the good practice feature (English and original)	Information system backing the reform of means-tested social benefits (central interoperability infrastructure; interoperability components for electronic data gathering implementation for e-Social security <i>Interoperabilne komponente za elektronsko zbiranje podatkov za podpora e-Socialne (ISCSD2 sistem).</i>
Short sentence summarising the practice	The IT platform (tray) and software applications (different modules) are used by authorised employees at SWCs as a support for decisions on claims for social benefits and subsidies. The relevant data needed for means-testing is gathered automatically from all relevant administrative and business data bases. The individual claimant does not have to provide any information or proof on income or material circumstances. With the signature of the claim application the claimant agrees that the authorised SWC employee can check all the relevant data on him/her and the family members from relevant administrative and business data. There is a high personal data protection included and the traceability on requests for data in all included data sources.
Rationale	To simplify the procedure of claiming the means-tested social rights and to make it more objective; to make the procedure more claimant (customer) friendly and more transparent. The relevant administrative and business data bases are automatically checked for relevant data on each claimant.
Start (and end) date	From January 2012 on (start with the start of reform implementation); many problems in the first months (with the application itself and with the accuracy of data sources), but this improved through the first year and is functioning well from 2013 on.
Which organisation(s) was involved in its implementation?	Main implementers: Ministry of Labour, Family, Social Affairs and Equal Opportunities, Ministry of Public Administration. Other important partners: contracted Slovene IT companies, computer development companies (RAIS, Commland). Users: SWCs.
Main elements of the feature	
Resources 1: money	The total scope of finances not publicly available (financed from budgets of two ministries: MLFSA and Ministry of Public Administration). It can be assessed as expensive.
Resources 2: PES capacity, tools	A long-term project, a few years are needed for development and testing. Needed testing on real data (sample) or very realistic proxy data. Training of staff on real data (or realistic proxy data) is also needed. Time consuming, relatively high investment.

Field	Information provided
Transferability	The main condition for transferability is the existence of relatively accurate digitalised administrative data bases. The high level personal data protection is also needed.
Sources of further information	<p>European Commission (EC). 2016. <i>Analysis of the Value of New Generation of eGovernment Services and How Can the Public Sector Become an Agent of Innovation Through the ICT</i>. Final Report, pages 145-154. At: file:///C:/Users/Martina/Downloads/SMART20140066FinalReport%20(1).pdf</p> <p>OECD. 2015. <i>Digital Government Toolkit</i>. At: http://www.oecd.org/gov/slovenia-SS-interoperable-data-gathering.pdf</p> <p>United Nations (UN). 2013. <i>2013 United Nations Public Service Awards – Winners</i>. At: http://workspace.unpan.org/sites/Internet/Documents/2013%20UNPSA%20Winners%20FINAL.pdf</p>