



POVERTY WATCH REPORT

Slovakia 2020



EUROPEAN ANTI POVERTY NETWORK

Analysis of the current situation and Recovery Plan

The coronacrisis brought the worst fall of European economies since World War II. The European Central Bank estimates an average decline in the Union's economies of 8 to 15% of GDP this year. It is an economic shock and a crisis that none of the EU countries has caused. And yet each of them must pay for the situation. Germany and France have come up with an offer to create a Europe-wide common recovery fund of **EUR 750 billion** to save the economies and social systems of the EU countries in the years 2021-23, proving that the European Union is viable, actionable and cares about each Member State – about us. And that means a lot to SAPN.

Slovakia is entitled to **EUR 7.5 billion** from the **Recovery Plan** in the form of grants to revitalize the economy after the crisis caused by the COVID-19 pandemic. Slovakia could conveniently borrow another EUR 6.5 billion from the EU. Thanks to this Recovery Plan, Slovakia has a unique chance to move a long way forward in the coming years. On the one hand, however, there are plans, on the other their implementation. **How to modernize Slovakia so that we can become one of the developed European states and avoid the fall of many into poverty?**

Slovaks are not ready for the crisis. Slovaks' financial assets are among the lowest in the EU, but also among the lowest in the region of Central and Eastern Europe, the Working Poverty Association found out based on the Allianz Wealth Report 2020. The average Slovak has savings of EUR 6,778, while only Romanians are in a worse situation in our region.

In 2018, GDP per capita reached 78% of the EU average (in purchasing power). In economic terms, Slovakia has caught up with countries such as Portugal and Greece, but it has been based only on low wages. This is one of the reasons why the fund of EUR 7.5 billion for Slovakia was called **Modern and Successful Slovakia**.

Our companies invest little in research and innovation. Not only is their competitiveness reduced, but outdated technological equipment has a higher energy intensity and it pollutes the environment.

That is why in **POVERTY WATCH REPORT 2020** we think about solving the biggest problem that has an impact on the increase or decrease of poverty in Slovakia, in Europe, and in the world. We analyze today's current (mainly social) situation after the first wave and during the

second wave of the coronavirus pandemic and get acquainted with the tools and long-term plan of Slovakia and the EU.

Measures financed by loans are not only aimed at rescuing the economies affected by the crisis, but also at **reorganizing the economies** of the Member States and standardizing them across Europe. The basic idea is that the EU will borrow up to EUR 750 billion in international financial markets, which it will then use - mostly as grants and subsidies - to support the worst-affected sectors of each Member States' economies. The money will then be distributed in the form of targeted grants and support programs within the Union's budget and will be managed by the European Commission. The Commission will also be important in analyzing which sectors of the Member States' economies the money will go to. In Slovakia, we are expected to reduce poverty and eliminate the so-called "hungry valleys". It is therefore good information that one billion euros will go to the 2nd largest minority in Slovakia – the Roma – and there is a mutual benefit to integrating this minority into society as an investment.

The coronacrisis has reopened the debate on basic income. In this model of the money support by the state for each citizen, there is also the protection of people in case they lost their job. Originally, the **universal basic income** went hand in hand with digitization and automation and it has already been tested by some EU countries. However, the coronavirus pandemic took many jobs even earlier. According to the Slovak government party Za Ľudí (For the people), this could help the art industry and culture in Slovakia, in which people have been left without income while they would like to work.

During the pandemic, we realized **the importance of digitization** of individual sectors (in sales and purchases of goods, in public administration, in education, in healthcare, etc.). The subsidies are meant to be for the European standardization of digital networks and other strategic sectors, which should create independence from non-European suppliers.

SAPN and the situation in Slovakia

Slovak Anti-Poverty Network (SAPN) is the Network of Non-Profit Organizations founded in 2004, aimed at protecting human dignity in every area of life. It brings together socially oriented NGOs, united by efforts to fight against poverty and social exclusion, mutual alienation of social strata, political indifference, social polarization and disrupted social cohesion.

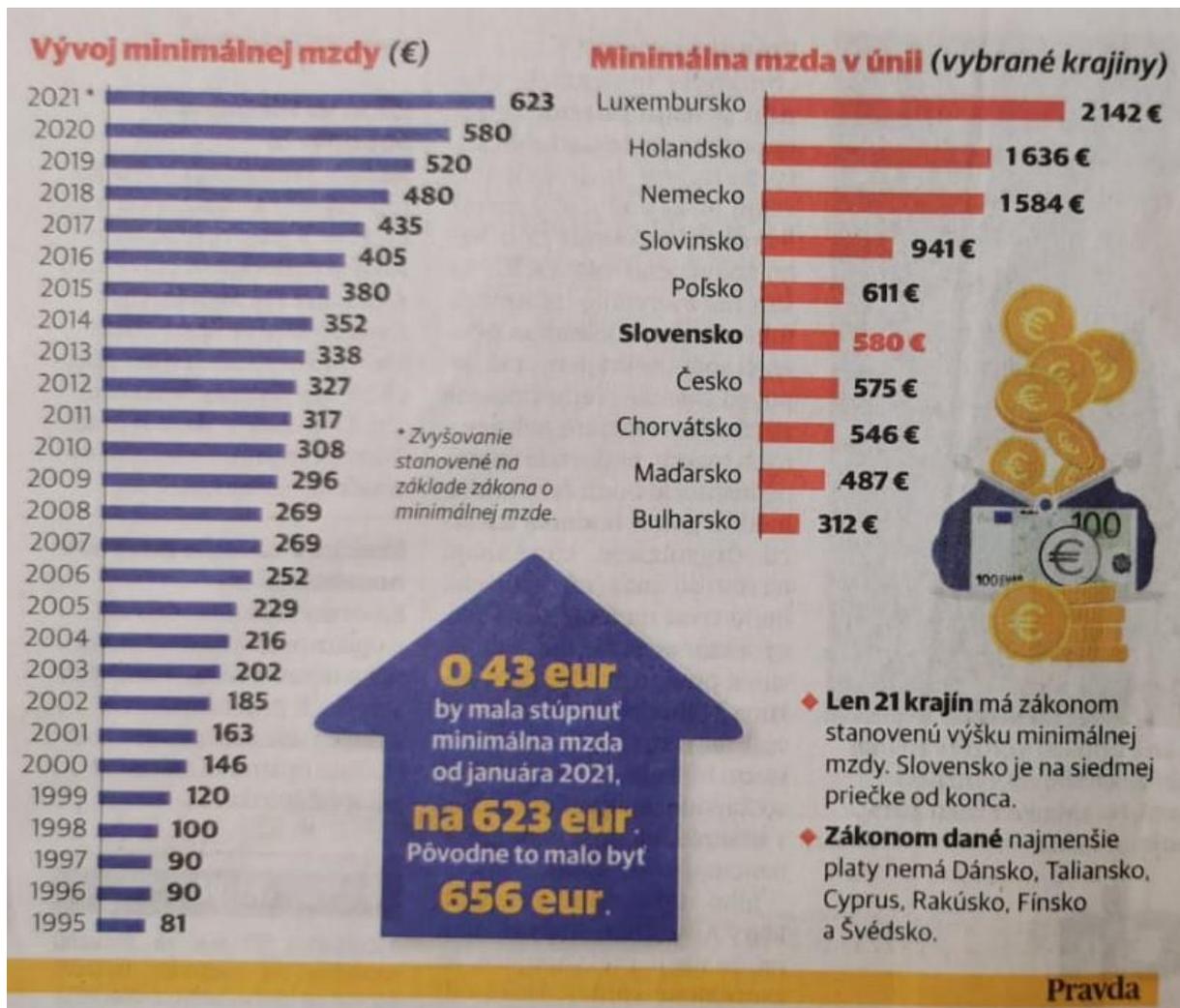
Poverty has not disappeared from Slovakia

According to the European Commission's definition of poverty, people in this category have such a low income and standard of living compared to other people in their home region or country that they have difficulty engaging in normal economic, social and cultural activities. According to statisticians, people earning less than 60% of median income are at risk of poverty.

Almost a million people live in Slovakia below the poverty line. We expect that greater poverty will also affect Europe, including Slovakia, where in the case of material deprivation, we are talking about an increase in the number of people in this category from the current 430,000 to something around 450,000,” said Lenka BuchlÁková, an analyst at bank Slovenská sporiteľňa. In Slovakia, currently 16.3% of families are below the poverty line, which represents 872 thousand people. As a result of the pandemic, another 50,000 people may be in this category. In our case, it determines from the limit of EUR 373 per month for a one-member household. In the case of a household with 2 adults and 2 children under 14, it is EUR 780 per month. In Slovakia, the unemployed are the most endangered group (58.3%). Only 9% of employees face the risk of poverty and social exclusion. In the case of gender, the risk is the same, with people who have children (18.9%) being somewhat more at risk, as they have higher monthly expenses.

„We also have unflattering statistics on child poverty. In Slovakia, 19.9% of children are at risk of income poverty, while the persistent poverty among children under 18 is twice as high as in the entire population. In recent years, the risk of poverty for households with three or more children has also increased to 35.4%, and in recent years it has been higher than the European average in Slovakia,” added BuchlÁková.

As many as 50.9% of single-parent households and 38.6% of households with three or more children could not cope with unexpected expenses. 30.2% of single-parent households and 24% of households with three or more children cannot afford meat food, fish or poultry every other day.



„After the crisis, especially in 2010, the number of people in this category grew significantly. The reason was redundancies, record unemployment in the country, a general economic downturn. Despite the fact that we are currently experiencing a public health crisis – the causes of the crisis are different than in 2009, but the literally stopped economy will be under the rise of unemployment and lower living standards,” added Buchláková.¹

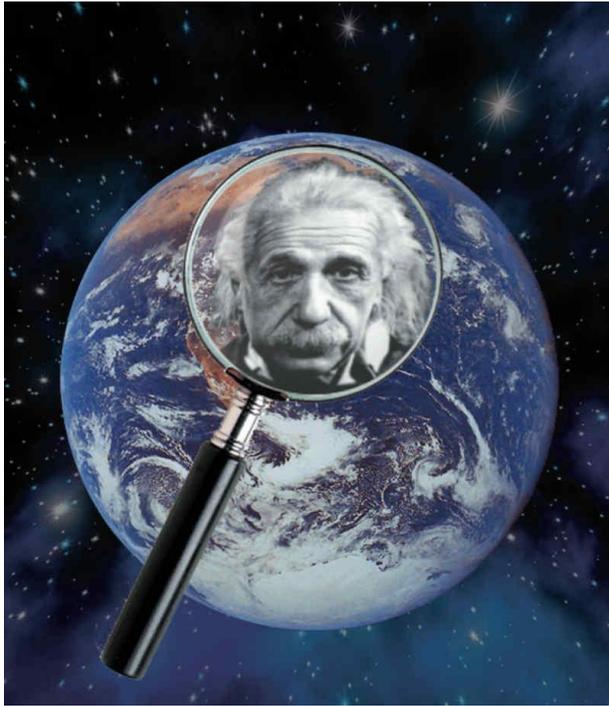
¹ source: TS Slovenská sporiteľňa, Lenka Buchláková

The first wave of the pandemic and measures

Slovakia managed the first wave of the pandemic without major problems. We had the lowest number of infected people and the lowest number of deaths caused by COVID-19. However, the number of deaths increased to 54 by 2nd October 2020. 251 patients are currently hospitalized, 215 of whom have confirmed the disease. 24 people need the support of lung ventilation.

According to a September 2020 survey by Datmar and Mnforce, the vast majority of people spend as much or even more money than last year. This is related to the fact that we in Slovakia have not had the same experiences as in the other European countries – massive deaths caused by COVID-19.

Overcoming the first wave without major problems was mainly because of the measures of **the newly elected government with Prime Minister I. Matovič, who to this day not only verbally prioritizes the health of citizens and their lives.** The government has given pandemic experts the opportunity to make erudite decisions, without political pressure, without pressure from those who focus more on economic values than on health or social values. Another important step of the new government was to **inform the citizens in detail** about the facts directly after the end of professional discussions and meetings. Daily multi-hour press conferences were open to discussion to journalists which could ask for details and receive answers directly from experts. Mass media as well informed in detail for people who did not have the opportunity to hear or watch a press conference of experts with the Prime Minister and they informed not only about the situation in Slovakia, but also around the world, especially in the neighboring countries and in Europe in general. At the same time, telephone numbers were set up where citizens could obtain further information. The vast majority of TASR (News Agency of the Slovak Republic) respondents (90%) have agreed with government actions and consider government action to be appropriate. Only 1% of the adult population did not change their behavior and these were mainly manual workers with lower education aged 40-65 years. On the contrary, up to 95% of the Slovak population underwent 5 – 7 measures. The survey shows that more than $\frac{3}{4}$ residents fear that they could become infected. 90% of respondents have a positive expectation that the situation will return to normal within a year.



Even though the first case of infection in Slovakia came from abroad (from northern Italy) and we were not affected to a large extent, we responded promptly, based on the events in Italy and Spain. Compared to developed European countries, we have weaker healthcare, a shortage of nurses, doctors – many of whom work in neighboring countries due to higher pay – and many hospitals are postponing the necessary renovations for a long time due to lack of funding. For this reason, our experts, together with the new government, decided not to take risks at the very beginning, not to endanger human lives, and a partial lock-down was implemented. Schools and universities were closed, parents stayed at home with their children, and if possible, work and schooling processes were changed to home-office and home-schooling. Many workplaces had limited operations due to the absence of orders from abroad.

A pandemic is a living process in which we must accept improvisation and efficiency as well as a change of decision from day to day. According to Slovak professor Krčméry, **the main problem in Europe is skepticism, misinformation, and anti-vaccination activities in general.** This may cause the disease to persist even if the vaccine is available and it will unnecessarily cause a further increase in the numbers of weak, vulnerable, disabled, poor people, and families.

The relationship between pandemics and ecology and quality of life

Ecological activities relate to economic and social ones. In Slovak conditions, three billion euros would help to cover the needs of more than a million households with renewable resources. Buildings are responsible for 36% of emissions and 2/3 of Slovak apartment buildings, family houses and public buildings are in the original state in which they were built under socialism between the years 1960 and 1990. During the construction of new neighborhoods and reconstruction of buildings, architects and builders should be well prepared from schools and universities to choose the best available materials - such as wood.

The #StayHome movement and the slowdown of life have proven themselves in various spheres of everyday life. Measures and restrictions on travel and tourism have significantly contributed to the reduction of carbon dioxide emissions. Daily global emissions fell by as much as 17% at the beginning of April compared to last year. The decline was caused by state measures to slow the spread of the new coronavirus. In a study published in the journal Nature Climate Change, the researchers also estimated how much the measures could reduce year-round carbon dioxide emissions. The largest decline was in air transport and by April 7 it was up to 60% lower than in the same period last year. Aviation was followed by land transport with 36%, of which 21% was public transport.

Carbon dioxide emissions need to be reduced by 7.6% in each of the next ten years. Thanks to the pandemic, total emissions could be reduced by 4% by the end of this year if we maintained our current lifestyle and did not return to the way of living before the pandemic. In this way, global warming can be slowed down, and carbon neutrality achieved.

The negative impact of a pandemic on quality of life

1) Children and education.

The pandemic brought a distance form of teaching to schools and there was a problem with children who do not have access to the Internet or technical aids. These are mainly children from poor families, living mainly in certain regions, for example in some poorer Roma communities. According to research by the Institute of Educational Policy, which was carried out in cooperation with the National Institute of

Certified Measurements, **52,000 children did not participate in education after school closure.** Of these, up to 2/3 come from regions with poor Roma communities: Prešov, Košice and Banská Bystrica. This is 7.5% of the total student population of primary and secondary schools in Slovakia.

The research confirmed the assumption of multiple social exclusion of the poorest (usually Roma) children, mostly from eastern Slovakia. The numbers are alarming. It shows the state's inability to provide access to education for tens of thousands of children in times of crisis. In their report, they stated that up to 128,000 children are without an Internet connection, of which 83% were from primary schools. Teaching from worksheets did not work for these children either because today's automatic social scholarship in the same amount of EUR 17 does not motivate parents enough to pay attention to the preparation of children and their success.

The Office of the Attorney of the Government of The Slovak Republic for the Roma Community, headed by Andrea Bučková, confirms from its findings that the problem is nationwide. "During distance education, we identified the lack of aids (writing utensils, paper, etc.) and the lack of technical equipment for distance education as the main problem for the poorest children," says Bučková. In such a case, **there is a risk of losing skills, learning habits, and acquired knowledge.**

The problem of unavailability of education during the pandemic for the most vulnerable children has shown complex difficulties in education. According to teachers and school principals, poor children will catch up with this outage for years. Therefore, **the Minister of Education of The Slovak Republic allowed these children to learn for 3 weeks during the summer holidays** together with teachers in schools, also in cooperation with activists, non-governmental organizations, to start the day's routine and catch up with missed schoolwork. There was a great interest in the summer education of students. It took place on a voluntary basis and was decided by the principals and parents. Other methods of education than just classical education have been also used. Students of pedagogical schools are preparing to help these children even during the 2nd wave of the pandemic in case of the closed schools.

2) National minorities

In Slovakia, approximately 440,000 Roma live in approximately 600 settlements.

There were cases of infection from abroad (from the United Kingdom) in Roma settlements near Žehra, to where a Roma family returned home after the outbreak of a pandemic, but without compulsory placement in the state quarantine associated with testing for COVID-19. Žehra is one of the localities where the state has closed entire Roma villages, in which approximately 6,000 people live. However, domestic quarantine is almost impossible to maintain in a household with sometimes up to ten inhabitants, which has caused the growth of infected people. From the beginning, people were not aware of the seriousness of the disease, many activists (also from our network) helped with education in person and the crisis staff and the prime minister themselves came to this area. Gradually, the people there acquired hygienic habits.

The pilot testing of settlements has had relatively favorable results. Out of more than 100 tested settlements, the infection was confirmed in 16, and only in three of them there was a larger number of infected. There is an organization called Healthy Regions (which is under the Ministry of Health of Slovak Republic) which is present mainly in marginalized Roma communities and continues to promote health in public health and their aim is mainly prevention and effort to create better conditions for health at the community level. Especially for vulnerable people, the help and work of NGOs have proved to be extremely useful, as the "service" of the state at the local level for disadvantaged populations – not only for Roma, but also for the elderly or homeless – with the transition from socialism to the market economy ceased to be supported and problems began to arise, the solution of which was taken over by the non-profit sector. The COVID-19 pandemic also revealed that the most affected by this disease are the poorest and most vulnerable, who do not have adequate and healthy food, a room for home quarantine and isolation, do not read newspapers, do not watch television and due to the worse financial situation, they miss basic aids such as a thermometer. **These people need the information to be delivered to them in person.** Members of non-profit organizations, also associated in our network, also played this role during the pandemic. In the settlements, the life expectancy is 10 years lower than within the national average. The number would be

larger, as the average also includes Roma from settlements. However, even Roma living outside settlements, even though they have a higher average age, do not reach the level of health of the majority society.

However, since the beginning of the pandemic, we have seen that hospitals are ready for the immediate hospitalization of patients from closed settlements at increased risk. The entire staff of experts also moved directly to the territory of the settlement to be nearby and promptly solve the emerging problems.

It turned out to be a more appropriate option, if necessary, to set up a "**green zone**" directly in the settlement than to move the infected against their will to a state quarantine facility. During the pandemic, especially in the screening of Roma settlements, there was help by the army as well.

Long-term problems of national minorities

According to the Evaluation Report of the Committee for National Minorities and Ethnic Groups on the Support of Cultures of National Minorities, on the State of National Education and on the Use of Languages of National Minorities for the Period 2017-2018 by Alena Kotvanová, the following minorities live in Slovakia:

Bulgarian, Czech, Hungarian, Croatian, Moravian, German, Polish, Roma, Ruthenian, Serbian, Ukrainian, Jewish.

For the year 2018, an amount of EUR 7,680,000 was allocated to support the culture of national minorities, funds were disbursed for 1,447 projects (there were 679 unsupported projects) in the amount of EUR 7,251,689. As much as EUR 428,311.00 remained unpaid, of which more than 50% was for Roma (EUR 258,722). Compared to other minorities, the Roma professional councils did not distribute the most funds, both in absolute numbers and in terms of the share of the total allocated amount for the given minority. An amount of EUR 1,720,320 was set for Roma culture (the second highest, after the Hungarian minority, for which funds of EUR 4,070,400 were earmarked) and an amount of EUR 1,461,598 was paid. 196 projects were supported, 159 projects remained without support.

In the academic year 2019/2020, the university study of the Romani language of pedagogical was opened for the first time at the University of Prešov. The study is covered by the Institute of Roma Studies

In order for members of minorities to be employed, they need to speak Slovak. However, the self-confidence and the need for this second largest minority in Slovakia are also important, so that they have a need for education, to be proud of their roots and culture, to overcome stigmatization and prejudices more easily, which prevents them from cooperating and proactivity towards the majority.

The right to education in the language of a national minority is not fulfilled in the case of the Roma (as one of the few national minorities) in the Slovak Republic and this is one of the largest minorities (estimated at more than 400,000) In connection with Roma education, inclusive education and the availability of quality education for pupils from marginalized Roma communities are discussed, less attention is paid to education in the Romani language, when - as mentioned above, the Ministry of Education, Science, Research and Sport currently declares the need to support the introduction of the subject Romani language. Most of the time, however, we encounter an interest in using language as a tool for compensating for social inequalities (the language barrier of some Roma children entering the school system), less in the context of supporting the national minority. The correctness of prioritizing the solution of problems connected with the education of children from marginalized Roma communities is unquestionable, within the support of the national minority, however, targeted state intervention in the area of the development of national education outside the context of “social disadvantage” is also valued SAPN project.

3) Seniors, older people

More than 872 thousand people aged 65 and over live in Slovakia and are most at risk of infection with COVID-19.

At the beginning of the pandemic in April, three seniors were among the first victims in the Home for the Elderly in Pezinok near Bratislava. 55 seniors were infected, so the experts and the prime minister decided to test the Homes for the Elderly as a matter of priority and avoid deaths in these facilities. **In facilities in Slovakia, of which there are 1266** according to the data of the Ministry of Social Affairs of Slovak Republic,

30,000 seniors live. Of these, $\frac{3}{4}$ are clients of retirement age which means older than 63 years. There are 18,000 employees in social service homes and there can be only 1.7 people per employee.

According to a March study by the Institute of Health Policy of the Ministry of Health, up to 43% of people over the age of 70 went through the infection. Sanitary facilities have therefore adopted strict hygiene and epidemiological rules, which, while protecting seniors to some extent from infection, also restrict their freedom and normal life. In most facilities, seniors could not leave the premises to not bring the infection inside. Similarly, shopping times were determined as a precaution for seniors, when they were alone in the store and not in contact with young people who could be infectious even without symptoms. Even at this old age, it turns out to be the most important rule to be **disciplined**. Adhere to state recommendations, do not go shopping outside the premises and do not expose the entire staff to the risk that sooner or later the virus could be spread inside of the facility and people will become infected and may die in increased numbers, such as in Pezinok.

If clients need to be treated in a hospital, they have temporary clothing, from which they undress immediately upon arrival. In some facilities they canceled eating together and clients eat in their rooms. Due to their mental state, participation in activities in small 3-member groups is allowed. It does not prove to be a desirable complete isolation of clients.

A telephone number has been set up for seniors living alone if they need help with shopping and medicines. There is another phone number for information about the new coronavirus. There is also a helpline for seniors called Forum which helps them protect their rights.

The government has approved 13th pensions for pensioners, as well as free bus travel (until now, only trains were free). The highest 13th pensions will be given to the recipients with the lowest pensions. Before the election, they capped the retirement age. **It is a social package worth EUR 500 million**, which will also cover the allowance for pregnant women and children under the age of 6, pensioners and people with disabilities will not have to pay surcharges on medicines.

4) Homeless people

A facility with beds and the option of testing if necessary was set up for the quarantine of the homeless. The new government also took good care of them and prepared for the risk of infection from this possible outbreak.

We should thank professor Krčméry and his member of Tropicteam of the University of St. Elizabeth (patrons of the poor), who are still active, whether in the integration of migrants in Greece, Albania, Iraq, Bosnia and Herzegovina, but most of them help the homeless in Slovakia. Organizations such as Equity, DePaul, Dobrý Pastier, Oáza nádeje, and other help homeless people. In 6 months, no homeless person was officially infected, and the first migrant was infected only on September 2. This situation shows that in Slovakia there is no different approach to the poor and the rich at the level of health care during the second wave of the pandemic.

5) Rising unemployment

Slovakia fell into the red. We expect that greater poverty will also affect Europe, including Slovakia, where in the case of material deprivation we are talking about an increase in the number of people in this category from the current 430,000 to something around 450,000," said Lenka Buchláková, analyst at the bank Slovenská sporiteľňa.

Economic output declined by 12.1% year on year in the second quarter. Compared to the first quarter, it was by 8.3% as data from the Statistical Office showed. The lowest decline in economic output so far was reflected in the second quarter of 2009, when the decline in GDP reached 6%. In terms of GDP development, the Slovak economy has reached negative numbers after more than 10 years of continuous growth since the financial crisis in 2009.

In the first three months of the year, according to Eurostat data, the Slovak economy fell by 5.2% quarter on quarter and by 3.8% year on year. In the 2nd quarter, the economic downturn was already 8.3% significantly smaller than in other European countries by 12.1%. During the second wave of the pandemic, the disrupted part of the supply could affect the automotive industry in particular, as it lacks component stocks.

The average nominal monthly wage in the second quarter of 2020 fell by 1.2% year on year and reached EUR 1,088, while last year it was EUR 1,101. Compared to the first quarter, the real wage decreased by 4.9%.

Unemployment increased by 14.7%. The last such significant growth was in 2010. It reached 6.6%, i.e. the level of 2 years ago. The highest number of unemployed people was in the **age group 35 – 49**, accounting for up to 40.6%. The services sector was hit the hardest. The impact of the coronacrisis was manifested by a rapid increase in the number of people who were **short-term unemployed** – from one to three months. Unemployment increased the most in the **Prešov Region**. It reached 12% with its fastest year-on-year growth of 2.6%. The Minister of Economy expects **redundancies of up to 20% in the state administration** (schools, hospitals, offices). In industrial regions, people work in companies for 80% of their wages and they depend on orders (especially from abroad in the automotive industry). The **lowest unemployment rate was in the Bratislava region** with 3.1%, a year ago it was 2.4%. Job offers on the Slovak job-listing portal Profesia fell by 2/3.

Businesses are **discouraged from massive redundancies by state support** and **the belief in the rapid start of production after the end of the pandemic**. There is a huge revenue shortfall in public finances (EUR 114 million was missing from the start of the pandemic in the state budget for unpaid taxes). On the one hand, the state has used loans to maintain employment, but on the other hand, it needs to get its money back into the budget in some way. The end of the so-called tax emergency is to be set for 30 September.

Tourism

In September, **529 personal bankruptcies were declared in Slovakia**, and in the third quarter of this year their number reached 2,034 according to the analysis of CRIF - Slovak Credit Bureau s. r. o., which manages the credit registers of banking and non-banking institutions. **The biggest drop is in tourism, gastronomy, and hospitality**. According to the Statistical Office, they fell below the level of the minimum wage. During the first wave of the pandemic, 25,000 tourism establishments stopped in Slovakia (according to the CEO of Tourism Association M. Harbuľák). 64,000 employees may also lose their jobs, with a total of approx. 160 thousand people in industry. Tourism

accounts for about 3% of Slovak GDP. **Short-term rental providers confirmed that these were most negatively affected during the closure of the economy.** This year, revenues will fall by 40-50% for short-term rent.

The European Commission called for the gradual opening of borders in the summer. **Tourism accounts for about 10% of the EU economy.** The opening of a type with a similar and favorable epidemiological profile has also proved successful, as far as Slovakia is concerned. It has proved useful to give priority to domestic tourism and stays in nature as well. As many tourists from neighboring countries come to Slovakia, it is important to harmonize the time schedule for opening borders with neighboring countries with the provision of hygienic measurements.

Agriculture industry

In this situation of the pandemic, it is important, according to farmers and food producers, for Slovakia **to focus on food self-sufficiency.** This is related not only to the fertile land in Slovakia, but also to the long-term unemployment of people who worked in agriculture in poorer regions, while it also helps with reducing regional differences hand in hand with the green industry. This approach could also solve unemployment, especially in young school leavers who could gain practical experience and skills. At the same time, it concerns the protection of the environment with a healthy lifestyle without pollution (cycling, energy self-sufficiency using solar, wind energy, etc.)

Kurzarbeit in Slovakia

Even the largest factories, such as those in the automotive industry, associated in 7 unions, spoke and called on the prime minister to help them. They employ hundreds of thousands of people and hundreds of thousands more are linked to their production through suppliers. Therefore, they chose the introduction of a priority measure, proven abroad – the German model of **kurzarbeit** (part-time work), which prevents mass redundancies. During a pandemic, when employees had to stay at home, they were still paid EUR 880 in support from Eurofunds if the worker's salary fell to 60%. There was an agreement of all social partners that this model will be implemented in our country in the future.

The current system of social security support in Slovakia

Minimum wage

According to the agreement of the former government and ex-Prime Minister R. Fico shortly before the election, when the minimum wage was increased to EUR 580 gross should be from 2021 increase to EUR 656 gross. The new government has increased the minimum wage since 2021 to EUR 623 gross.

In-work poverty

The analysis of the current impact of the **minimum wage, introduced only in 1999**, proves those who are not afraid to increase the minimum wage due to possible higher unemployment. It turned out that the increase in the minimum wage did not lead to a reduction in the number of jobs, but at the same time did not reduce in-work poverty.

Which employers were most worried about raising the minimum wage? – asks economist Anton Marcinčin, a former government representative for the poorest regions of Slovakia, who regularly acted as an expert on poverty during the Public Hearings organized by the Slovak Anti-Poverty Network in recent years. His article *The lower the wage - the better?* published in the daily Pravda September 21 2020 is based on an analysis published in August by the British Learning and Work Institute and Carnegie UK Trust research on the attitude of employers to future increases in the minimum wage. The research was conducted during the pandemic by statistical surveys with interesting results: 54% of employers supported the plan to increase the minimum wage to 2/3 of the middle income by 2024 and only 9% were against. 35% of employers were worried about rising unemployment (58% had the opposite view), while 52% agreed that the added value of the British economy would increase (35% had the opposite view). According to the authors, **the level of the minimum wage is important for several reasons:** wages are a basic attribute of good work as well as job safety, work intensity and the offer of work progress and training. At the same time, it is an important part of the social contract.

The pandemic brought two different conflicting views on raising the minimum wage. On the one hand, fears of a further decline in unemployment, on the other hand, the increased need to ensure the basic functioning of society, which often performs the worst paid professions. More than ¼ employees received low wages in sectors

such as restaurants, hotels, leisure activities, health services, industry and retail, and companies with 10-49 employees.

People want the government to **invest in working poverty** – employers expect the government to support investment in skills and training (37%), temporary reductions in taxes (33%) and advice on introducing a minimum wage (31%). Low-wage companies agreed on the need to reduce levies and taxes (49%) and to support skills and training (39%).

Living wage

From 1 July 2020, the minimum income has risen to **EUR 214.83. It increased by EUR 4.63.** (In the years 2013 – 2017, it stagnated at the level of EUR 198.09). Most follow-up benefits will increase from January 2021. Minimum pensions will increase by EUR 26 and more. Contributions for parents, a tax bonus for a child or help in material need (minimum income) will also increase by a few euros. The living wage is an amount that even executors cannot reach.

Assistance in material need

People whose monthly income does not exceed the living wage are entitled to this allowance. **The amount of the allowance is then graduated according to how many people live in the household.** An individual without children will be entitled to **EUR 67.80** from January 2021. A single parent with 1 to 4 children will be entitled to EUR 129 and the state will add less than 3 euros to them from January 2021. The state will provide the highest benefit to a couple with more than five children in the household, namely EUR 237.70.

Tax bonus per child was adjusted according to the age of the child last year. It was doubled for a child under 6 years of age. A child under 6 means EUR 45.44, for an older child there is an income tax relief of EUR 22.72. From 1 January 2021, the tax bonus for a child under 6 years of age will increase to EUR 46.44 and for an older child to EUR 23.22. Only one of the parents can claim the tax bonus per month or once a year. They are entitled to it after the birth of a child. **The child allowance** is EUR 24.95 per month. From January 2021, it will increase to 25.50 euros. From January 2021, **the parental allowance will increase** from the current EUR 226.20 to EUR 275.90. A parent who takes care of a child under the age of 3 and stops receiving maternity allowance is entitled to parental allowance. From January, the parent who received the maternity leave will be entitled to EUR 378.10. As many as 350,000

single parents and children live in **single-parent households** according to the census in 2011. **The non-taxable part** is 21 times the living wage and it is now EUR 4414.20 (annual amount) and will increase to EUR 4511.43.

Gender pay gap

According to the Statistical Office, Slovak women earn EUR 283 less than men and last year, **women earned 20.2% less than their male colleagues.** "Among the factors that result in the slower growth of women's wages are, in particular, education and representation in individual low or high-income economic activities," said Ivan Chrappa, CEO of the Department of Labor Statistics and Education of the Statistical Office. Gross hourly wage for men is EUR 8.25, while for women it is EUR 6.86. Net monthly salary for men is EUR 1046 and women EUR 847.

Even more visible are the differences in rewards. **Men receive 45% more in bonuses than women.** Slovakia is still one of the countries with the highest gender pay gap. According to Eurostat, the EU average is 14.8%. According to Zdenka Kollárová, wage differences also influence prejudices about the suitability of the male and female to perform certain jobs. It is related to career advancement, maternity and parental responsibilities.

Jana Glasová, an analyst at Post Bank, also sees the social stereotypes (such as a man is still considered a breadwinner in Slovakia) as the reason behind the lower salaries of women. In Slovak society, housework and childcare are still referred to as feminine attributes. Women often choose part-time work, as well as prioritizing childcare over a career, which is why they do not often hold, for example, managerial and better paid positions. Earnings also vary by region. Women in the Bratislava, Trenčín and Žilina regions earn almost 1/4 less. Age also plays a role in differences. **The most visible scissors begin to open between the sexes after the age of 35, when they have children and take care of them.** In the 25 – 30 age group, women earn "only" 12% less than men.

However, the gap between the total wages of women and men in Slovakia has been narrowing in recent years. In 2008, it fell from 25.3% to 20.2% last year. The EU average is 14.8%.

Minimum pensions

The minimum monthly pension in 2020 is **EUR 334.30**. From 1 January 2021, the minimum monthly pension will be increased to **EUR 360.40**. Total 216,000 people receive a minimum pension.

More than 1.4 million pensioners will receive more money in January 2021 thanks to the regular valorisation of pensions. The minimum amount by which pensions will be increased is EUR 9.4. Early retirement pensions will increase by at least EUR 9.10 and disability pensions with a rate of decline in ability to work up to 70% by EUR 4.40. If a person has a rate of decline in the ability to work by more than 70%, the pensioner will receive an added EUR 7.80. Widows and widowers will receive 6 euros. Year-on-year growth in consumer prices for the first half of 2020, based on data published by the Statistical Office, was 2.6%. **More than 1.51 million pensioners out of more than 1.7 million paid pensions will increase by pension inflation, i.e. by 2.6%.**

The minimum pensions for 216 thousand of their recipients will not increase from the beginning of the next year 2021, they will remain at the same level as at present. The basic amount of the minimum pension will be disconnected from the average wage in Slovakia. In Slovakia, we will also renew **the consideration of only the so-called qualified years of retirement in assessing entitlement to a minimum pension**. Thus, in terms of entitlement to the minimum pension, only those years of insurance will be considered for which he or she earned at least 24.1% of the average wage per month in gross monthly income.

In Slovakia, there is a problem that in most cases **women have 20% lower pensions**. This is one of the reasons why SAPN appreciates the efforts of the new government and Minister of Labor Krajniak for pension reform, which should include that working adults should contribute to parents for a better pension.

Among the most effective information and awareness-raising tools is POVERTY WATCH, an annual publication funded by the European Commission through EAPN. Each national network of EU Member States will prepare an analysis to shed light on the internal conditions of poverty and social exclusion, through the collection of statistics and direct testimony.

Poverty Watch – Slovakia 2020 was created by a team of experts led by PhDr. Anna Galovičová, member of EXCO (executive coordinator of EAPN) and chairwoman of SAPN.

In 2020, SAPN became a member of the Government Council for Non-Governmental Organizations. SAPN is headquartered in Liptov (Jakubovany), a region of Slovakia with high poverty. More information at www.sapn.info

