

***DECENTRALISATION AND METHOD OF FUTURE  
FINANCING OF SOCIAL SERVICES IN SLOVAKIA***

*June, 1999*

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## **INTRODUCTION**

In the beginning of 1998 The Social Services Support Fund was established as a part of Phare project SR 951802 - Decentralization of social services. Total budget of this Fund was 10,3 mil. SKK (250.000 ECU). The short term goal of this Fund was financing (on the grant base) of pilot projects, which had to verify new types of social services according to the aim of Ministry of Work, Social Affairs and Family of Slovak Republic (MWSAF SR) to decentralize the providing of social services. Provided financial means had had to be used by pilot projects for 6-9 months. Its long-term goal has been the financing of social services provided by local self-government and by nongovernment organizations on longer and structural base.

Submitted study has several basic goals. The first, it is arbitration of recent situation of social services financing. Then, it is proposal of further financing of social services on the base of experiences from existing, higher mentioned, Fund (by recent pilot projects). And social services built on mutual co-operation of public and private sectors.

By analysis of recent situation of financing and present evolution we tried to define the events, which still remain in the centralized system of social services providing and which restrain to create a new system of social services. In recommendations we designed real system of decentralization of social services as well as of possibilities of its financing.

The study was processed within March and May 1999. Data basis has been obtained by MWSAF SR, detached workstation Nitra, by Regional Authorities - divisions of social affairs, by nongovernment organization (NGO) - S. P. A. C. E. social policy analysis center of and Council for social work counseling as well as organizations involved in project Decentralization of social services.

## **1. LAW ON SOCIAL HELP - CHARACTERISTIC**

The Act No 195/1998 Corpus Juris on social help in accordance to Art. 39 Sect. 2 of Constitution of Slovak Republic guarantee inevitable help to everybody in material distress. Replacing the term "social care" by the term "social help" has to express more eloquent the basic change of state approach to citizen in distress. The change is based on following point. The role of State is only to help to citizen to overcome his cross life situation, while it is expected that citizen himself will active look for starting points and for its solutions. If citizen himself is not able to solve arose situation neither he cannot ensure his basic living conditions together with help and support by his family, there is the state help with its means. The law defined the ways of solving the material and social distress of citizen. These are as follows: social consulting, social-legal protection, social services, social help benefits, services and allowance for compensation of social consequences of seriously disabling.

Ambiguous appointment of law is becoming the source of subjective decisions of those that has the power to decide. What is the conception of partnership between citizen, state and social services providers?

European Social Charter gives competencies to local self-government. This document deals with principle of subsidiarity. All the problems, also those connected to social services, has to be solved on the place of problem rising.

## **2. SLOVAK REALITY IN 1999**

Help in social distress can be provided by state as well as by local self-government and nonstate subject, but:

- State does not guarantee an allowance to service for citizen. It means that citizen does not choose provider of social services, which he wants.
- Law on social help does not create equal legal conditions of social services providing for all participants (nonstate subjects have two additional conditions for obtaining state allowance to remittance operating expenses, law allowed local self-governments to provide some forms of social help instead of state, but without co-financing)
- Partnership between state and the others (local self-governments, NGO) is not that of partners. State does not order services and it does not make agreements on paying for provided services. But it can satisfy or not requests of local self-government or NGO for allowance to remittance provided services.
- Law is based on fact that it will be state which will provide on critical part of social help in the future. And that is why it does not create any legal way of giving executive function of state to local self-governments and to NGO.

Scale, structure and network of state providing services have not changed very much for 10 years. Facilities projected and started to build in former regime added. New types of services are developing by state at minimal level. Arising of new services is just because of NGO. Responsibility of local state administration (region, district) for creating of optimal social services network for inhabitants of territory is not its priority. So, it can be stated that social help has still work on the rest principle (Social assurance of citizens until 1990 was fully guaranteed, financed and executed by state on so called "rest principle"). Quality of provided services in state facilities does not go ahead absolutely. The reason can be the absence of

general management, control and provision of database. Stagnation of state provided services become a break for NGO provided services development, because these are expensive and cost crucial part of state budget means (analysis of recent situation concerns these conclusions).

### 3. ANALYSIS OF CONTEMPORARY SITUATION IN PROVIDING OF SOCIAL SERVICES

#### 3.1. FACILITIES OF SOCIAL SERVICES – PRESENT SITUATION

In 1998 there were together 1097 facilities, offering social services, (FSS) in Slovak republic. 801 FSS were defined according to act No 195/1998 CJ. Art. 18 Sect. 2 (table no 1) and 296 according to the same law Art. 18 Sect. 3. (Table no 2). By number 801 FSS, 380 were institutional and 421 noninstitutional. Besides walk-in offered social services - nursing service. Following FSS according to founder it goes for remark reality, that in 1998 271 institutions were established as physical body or corporation (nongovernment organization - NGO). Higher share of NGO is possible to follow at noninstitutional facilities - almost 55 %, while in type of resident facilities dominated FSS founded by state administration through regional office or district office (RO, DO) - 86 % in 1998. Position of facilities founded by municipal or town self-government, is almost identical as for institutional (3,4%) as well as noninstitutional FSS (6,2%).

Table 1: FSS according to act No 195/1998 CJ. Art. 18 Sect. 2 in SR in 1998

Type of social services facility	number of facilities according to founder			
	Total	RO/DO	TO/MO	NGO
Retirements homes (RH)	108	91	6	11
RH and boarding houses for pensioners	23	22	1	
Boarding houses for pensioners	23	19	4	
Homes of social services for children and youth	49	37		12
Homes of social services for adults	68	56	2	10
Homes of social services for children and adults	29	27		2
Children's homes	80	74		6
<b>total for institutional FSS</b>	<b>380</b>	<b>326</b>	<b>13</b>	<b>41</b>
Home for lonely parents	24	19	3	2
Facility of fosterer care	19	19		
Station of nursing service	18	17		1
Facility of nursing service	88	67	9	12
Asylum	49	31	6	12
Crisis centre	5	3		2
Resocialization centre	13	1	1	11
Rehabilitation centre	7	3	1	3
Protected living	5	1		4
Charity	70			70
Agency	31		1	30
Other subjects of social services	92	4	5	83
<b>total for other specific FSS</b>	<b>421</b>	<b>165</b>	<b>26</b>	<b>230</b>
<b>Total for mentioned FSS</b>	<b>801</b>	<b>491</b>	<b>39</b>	<b>271</b>

Source: MWSAF SR, Section of social affairs, detached workstation Nitra 1999

According to law no 195/1998 CJ. Act. 18 Sect. 3 296 FSS existed in 1998 - only noninstitutional facilities of social services. Among these facilities, however, it is possible to find also other than just "municipal" facilities, although their number is not high (total 29 facilities). Facilities, dominating in this summary, are clubs of pensioners. Their number 205 suggests that on self-government level it is paid attention especially on spacing leisure time of old citizens, which are not asked special care and founding of such clubs does not need high entrance expenses. Report on social situation of population of SR in 1998 mentions number 585 indeed.

Table 2: FSS according to act No 195/1998 CJ. Art. 18 Sect. 3. in SR in 1998

Type of social services facility	number of facilities according to founder			
	Total	RO/DO	TO/MO	NGO
Home of nursing service (not involved to FSS)	8	2	6	
Canteen for pensioners	33	1	15	17
Club of pensioners	213	2	205	5
Laundry of nursing service	3		2	1
Station of personal sanitation	15	1	14	
<b>Total for mentioned facilities</b>	<b>272</b>	<b>6</b>	<b>242</b>	<b>23</b>

Source: MWSAF SR, Section of social affairs, detached workstation Nitra 1999

Except all these facilities, in 1998, as a project Phare, started to work also facilities of social services, whose status was not included in law No 195/1998. Therefore they are not included in previous tables.

In 1998 the capacity of facilities of social services (according to act No 195/1998 CJ. Art. 18 Sect. 2) was 29 703 places in institutional facilities. The real number of places within all FSS is not possible to designate exactly, indeed. The reason is incompatibility of disposal statistical reports. Although thereinbefore applied records stem at MWSAF SR considerably differ from other records from the same body - especially those of noninstitutional facilities. Therefore it is possible to consider the most realistic data within institutional facilities. In 1998 total capacity of FSS was 75523 places and nursing service was offered to 17349 citizens. Thus total there was 92872 "receivers" of social services.

In 1998 it worked total 16 026 workers in 801 FSS and efficiency of these facilities (institutional) was 95,9 %. Also this entry is apparently possible regards just as informative, concerning the experience with abnormal counts of applicants for placement in FSS opposite their capacity.

### 3.2. FACILITIES OF SOCIAL SERVICES - REGIONAL LOOK

The survey, according to present territorial and administrative units - regions, offers better information about layout of FSS in Slovakia (table 3). The most of facilities, following the evidence of MWSAF SR, were in Nitra region - 215 and the least in Trnava region - 80. The lowest number of facilities in Trnava region correlate with the lowest number of inhabitants in this region, but on the other hand Nitra region is not the biggest one by population.

General capacity of facilities together within all regions was 75 523 places. Facilities in Nitra, Kosice and Presov region have the biggest capacity. Capacity of institutional facilities - indicator, which can be considered more relative to reality than general capacity of FSS, does

not differ very much in individual regions. Facilities in Trnava region provide the least places (3140) and in Nitra region the most (4361).

Table 3: FSS according to regions in 1998

district	Number of facilities		Capacity of facilities		number of employees	
	institutional	total	institutional	total	institutional	total
Bratislava - BA	37	123	3528	6427	1641	2044
Trnava - TT	50	80	3140	5197	1565	1715
Trenčín - TN	47	125	3396	6344	1663	1858
Nitra - NR	51	215	4361	20606	1892	2144
Banská Bystrica - BB	58	110	3851	6410	1955	2244
Žilina - ZA	50	94	3922	6427	1712	1879
Prešov - PO	45	145	3712	11114	1873	2216
Košice - KE	42	195	3793	12998	1896	2264
<b>Total Slovakia</b>	<b>380</b>	<b>1097</b>	<b>29703</b>	<b>75523</b>	<b>14197</b>	<b>16364</b>

Source: MWSAF SR, Section of social affairs, detached workstation Nitra 1999

Considering individual types of facilities, most of retirements homes can be found in Trencin region - 20 facilities (but it is not the biggest capacity here - Banská Bystrica region (1660 places)). In Banska Bystrica region there are 18 facilities, in Nitra and Zilina region there are 13 facilities. These four regions have overall capacity of retirements homes every above 1300 places. Contrariwise the least number of retirements homes is in Bratislava and Kosice region - 9.

Relatively big difference in the number of facilities of social services is possible to see also by homes of social services for adults. The most of facilities exist in Nitra and Banska Bystrica region - 12 (capacity 1158 or 823 places) and in Presov - 11 and Zilina region - 10 (capacity 1065 or 613 places). As for homes of social services for children, youth and adults the largest number of facilities exist in Trnava region - 11 (capacity 433 places) and Zilina region - 9 (512 places). Irony by this type of facilities is that in Presov region there are only 3 facilities, whose capacity presents together 352 places. It means at a discount the average on one facility 117 places (for comparison in Trnava region it is 39 places).

The second largest group of facilities of social services are children's homes. In 1998 altogether there were 80 facilities there. Ultimate number was in Banska Bystrica region - 14 (but capacity was not the biggest here - 384 places), it follows Kosice region - 13 facilities with capacity of 782 places (the biggest capacity) and Trencin region - 12 facilities (586 places). The least of children's homes was, following the source of MWSAF SR, in Bratislava region - 6 facilities with total capacity 261 places. It seems to us as a entry not reflecting reality.

Monitoring of FSS abreast regions is insufficient indeed, because at contemporary spatial decomposition of regions, which does not respond to "natural" social-economic regions of Slovakia, cannot be recognized the justness of existence of some facilities in the specific place.

### 3.3. FINANCING OF FACILITIES OF SOCIAL SERVICES

Present financing of FSS is assured by four basic ways. The first way is by state budget, the second by municipal or town budget, the third - there are various grants, subsidies, sponsoring etc., and the last is the contribution of recipients of social services.

Facilities, whose founder is state, are financed through budget chapter of individual regional offices, where item - social services can be found. Facilities, where founder is municipal or town office, are financed by their budget and are obtaining also allowance from state budget (in case they are accredited by relevant regional office). The rest of facilities are referred to last two ways of financing, notwithstanding that these facilities can receive allowance from state budget - from the chapter of regional offices as well as from chapters of other members of state administration (expenditure for civic associations, foundations and alike organizations).

Figure no 1 offers review of separate flow of financing by state budget. This review is elaborated on basis of state budget draft 1999. Sources of money for social services offer in SB mainly budget chapters of regional authorities, general cash administration, Ministry of work, social affairs and family and partially also Ministry of interiors and the Government office.

In 1999 through regional offices is selected to social services jointly 3839,269 mil. SKK, thereout capital expenditure are 201 mil. SKK. From the chapter of general cash administration it is 125,7 mil. SKK and from MWSAF SR 44 mil. SKK. Other mentioned budget chapters are only indirect source, because there are means for civic associations, foundations and alike organizations in total amount 180,589 mil. SKK. From this means, however, it is used for social services only some part.

Municipal and town budgets are the second possible source of financing from public sector. Following the authors of publication *Financing of local self-government in Slovak republic* (1999), in 1997 in these budgets there was selected to social care 1,6 % of total fiscal expenditure - 414,7 mil. SKK. However, inclusive not only expenditure to social services, but also financial and material amount for people in need. At the same time incomes of municipalities from charges for provided services refunded only 17,5 % of expenditure on segment of social care. In 1998 it was 418,7 mil. SKK - for FSS and the nursing service 139,5 mil. SKK - in percent fall on the level of 1,5 % of total expenditure of self-governments. Incomes on segment of social care (79 mil. SKK) refunded only 18,9 % of expenditure.

According to the evidence of state closing account (SCA) of Slovak republic within the years 1994 -1998 it is possible to identify the financial flows to social services directly, but apparently these are not the total flows. It is possible to find expenditure of state budget according to different groups here. Social security is group no 44, but detailed division of this group to subdivisions, which would allow identification of flows to social services, is not available year after year.

According to SCA in 1998 it was spent on social services by state budget 3457,4 mil. SKK (table no 4), SCA within a year 1997 does not provide detailed division of expenditure of group 44, in 1996 it was 2511,5 mil. SKK, in 1995 2008,4 mil. SKK and in 1994 1620,0 mil. SKK. It is possible to find also financing of social services facilities by municipal budgets in SCA. In 1998 there were 139,5 mil. SKK for FSS and the nursing service, in 1997 135,4 mil. SKK, in 1996 136,4 mil. SKK and in 1995 161,7 mil. SKK.

According to SCA a systematic accumulation of expenditure on social services can be watched. It is not only inflation-adjusted expenditure from previous year. In 1998 expenditure presented 2,1 times larger amount than in 1994. In 1998 the most means tended by SB to facilities of social care and to centers of social care services - 2,81 mld. SKK. There were



invested 0,33 mld. SKK to nursing service, 14 mil. SKK to asylum centers. So in 1998 the most of means was provided to institutional facilities of social services.

Table 4: Financing of social services by state budget (in mil. SKK)

	1994	1995	1996	1998
FSS and Centers of social care services (within asylum centres)	1342,2	1726	2108,3	2821,4
Nursing service		244,7	292,1	331,4
Other services of social care	255,8			
other activities		37,7	111,1	
other expenditure of social care and social help	23			304,6
<b>Total expenditure</b>	<b>1621</b>	<b>2008,4</b>	<b>2511,5</b>	<b>3457,4</b>

Source: MF SR, State closing account of SR, 1994,1995,1996,1998

### 3.4. ECONOMY OF SOCIAL SERVICES PROVIDERS

Similar to previous analyses, also analysis of financial managing of social services providing subjects had serious problems with reliability of input data. Again, we can confront the fact that data from the same source are not equal (MWSAF SR).

In 1998 the total expenditure of 1097 FSS gained 3207,5 mil. SKK. Within this amount expenditure of budgetary organisations constituted 2896,15 mil. SKK and the flow for NGO by state budget gained 82,72 mil. SKK inclusive subjects with share of town or municipal offices – TO/MO. As for facilities established according to act No 195/1998 CJ. Art. 18 Sect. 2 (according to table 1 – 801 FSS), in 1998 total expenditure gained 3151,96 mil. SKK. Expenditure of institutional facilities constituted 2874,7 mil SKK (as a part of total expenditure). The gains of institutional facilities created 618,554 mil. SKK. Nursing service expenditure (not included in previous review) created 329 mil. SKK .

When the founder of facility is state, gains are deriving to state budget. Last year gains constituted 514,115 mil. SKK . So, money selected in state budget for social services are “fading” in social services without any financial effect.

While comparing expenditure of SB for social services and total expenditure of FSS has to be mentioned that SB amount (in 1998 approximately 3,4 mld. SKK) is a bit lower than total expenditure of FSS and nursing service (in 1998 3,53 mld. SKK). But this amount is higher than expenditure of SB financed social services (identified by us) – total 3191,6 mil. SKK . Expenditure of state facilities gained 2796,0 mil. SKK, NGO allowance by regional authorities gained 66,4 mil. SKK and expenditure of district authorities to nursing service gained 329,2 mil. SKK.

The highest expenditure registered retirement’s homes – 850 mil. SKK. From this amount expenditure by state budget created 799 mil. SKK. As for institutional facilities, the highest expenditure (except retirement’s homes) gained homes of social services for adults (563,3 mil. SKK) and children’s homes (547,7 mil. SKK). In case of institutional facilities the expenditure were constituted mainly by common expenditure (97,5 %). In case of noninstitutional facilities the highest expenditure gained facilities of nursing service – 108,8 mil. SKK. Likewise this expenditure was created mainly by common expenditure (98,9 %).

As for regional look, the expenditure of all FSS (table 5) ranged between 317,2 mil. SKK (Trnava region) and 440,7 mil SKK (Košice region). The paradox is that there are differences

between amount of expenditure and the capacity of facility in individual region (graph 1). The Nitra region expenditure is the second highest (436,6 mil. SKK), what is equal to its highest capacity of facilities (20606 places). The other extreme, the lowest expenditure of Trnava region facilities is equal to the lowest capacity of facilities in this region (5197 places).

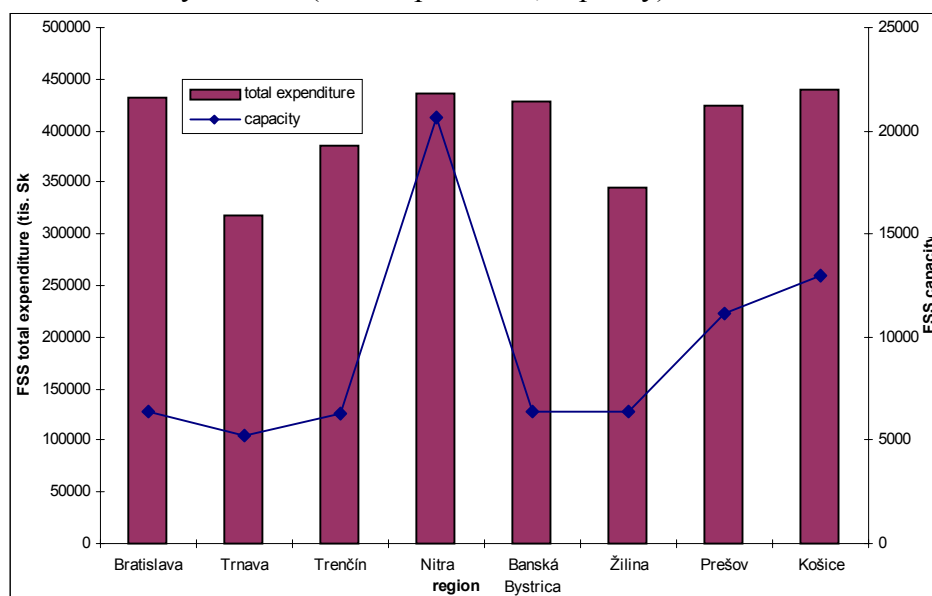
Opposite relatively high expenditure of Banska Bystrica region facilities (427,6 mil. SKK, it means almost 9 mil. SKK more than Nitra region) can be assigned facilities capacity only 6410 places (almost 3 times lower number than Nitra region facilities capacity). Alike asymmetries can be seen in total expenditure by state budget. In this case, the difference between Nitra and Trnava region facilities (regions with “extreme” capacity) is almost 111 mil. SKK. Similar very interesting is the fact that expenditure are the highest in Košice region although the capacity of Košice region facilities is 7608 places lower than Nitra region facilities capacity.

Table 5: FSS economy in 1998

region	total expenditure tis. SKK
Bratislava - BA	431951
Trnava - TT	317176
Trenčín - TN	385189
Nitra - NR	436616
Banská Bystrica - BB	427618
Žilina - ZA	344267
Prešov - PO	423995
Košice - KE	440697
<b>Slovak republic total</b>	<b>3207509</b>

Source: MWSAF SR, Section of social affairs, detached workstation Nitra 1999

Graph 1: FSS economy in 1998 (total expenditure, capacity)



Source: MWSAF SR, Section of social affairs, detached workstation Nitra 1999

In the next observing of FSS expenditure regional differences we will focus on relation of expenditure and capacity. In the concrete it is total expenditure in the individual types of FSS in individual regions per one place (according to capacity). It allowed comparing of FSS

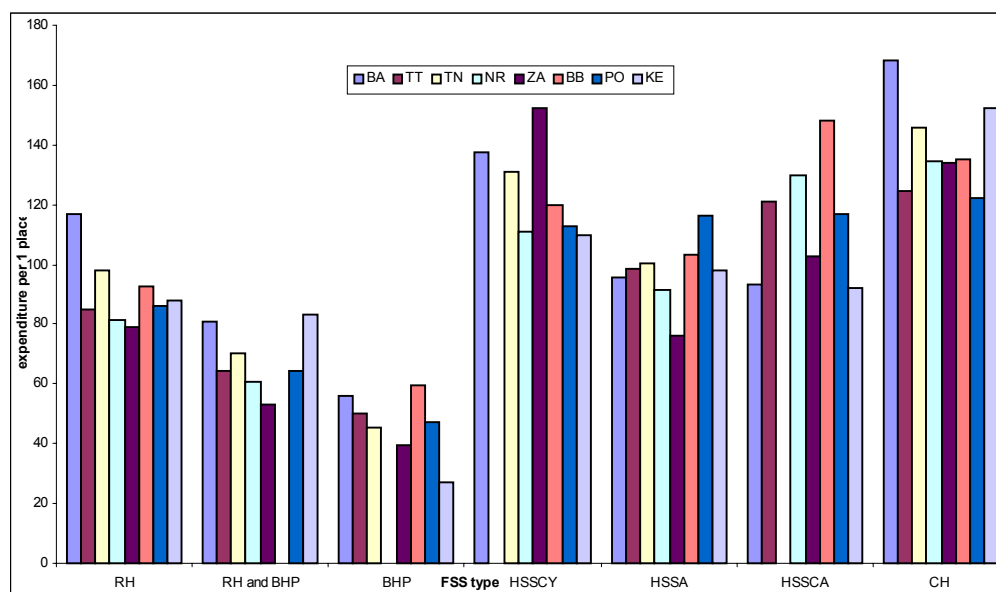
managing according to individual regions. Because of the majority of expenditure can be found in “institutional” facilities, we will more focus on this group of FSS (Graph 2).

Total expenditures per 1 place in retirement’s homes (RH) ranged between 79300 SKK in Žilina region and 116800 SKK in Bratislava region. The second highest expenditure was gained in Trenčín region – 92200 SKK, Bratislava region with expenditure 92800 followed. Then, the group of regions with almost equivalent expenditure (8787700 to 85000 SKK) – Košice, Prešov and Trnava region follows.

Total expenditure per 1 place in facilities involved to category retirement's homes and boarding houses for pensioners (RH and BHP) was, comparing to previous category, lower but it was higher comparing to the next category (boarding houses for pensioners - BHP). Its range was 53200 SKK (ZA) to 83200 SKK (KE). The second place in the list of expenditure occupied Bratislava region (81000 SKK). Trenčín region followed (70000 SKK) and again Trnava and Prešov region (64300 SKK). Trnava and Prešov region had similar expenditure like in category RH.

As for BHP, the expenditure varied between 27300 SKK (KE) and 59400 SKK (BB). The second highest expenditure was registered in Bratislava region (55800 SKK), Trnava region (50300 SKK), Prešov region (47000 SKK), Trenčín region (45600 SKK) and Žilina region (39600 SKK).

Graph 2: FSS expenditure per 1 place in 1998 (000 SKK)



Source: MWSAF SR, Section of social affairs, detached workstation Nitra 1999

Total expenditure per 1 place in the next type of FSS – Homes of social services for children and youth (HSSCY) gained 109900 SKK (KE) to 152000 SKK (ZA) in 1998. Žilina region was followed by Bratislava region (137400 SKK), Trenčín region (131200 SKK), Banská Bystrica region (119800 SKK), Prešov region (112700 SKK) and Nitra region (111100 SKK).

Among the all regions in the category homes of social services for adults Prešov region has gained the highest level of expenditure per 1 place (116400 SKK). The other end of scale was occupied by Žilina region (76100 SKK). Expenditure more than 100000 SKK has been gained

also by facilities in Banska Bystrica region (103500 SKK) and Trenčín region (100500 SKK). As for other regions, three regions had approximately the same expenditure (TT – 98700 SKK, KE - 97900 SKK and BA – 95400 SKK). In Nitra region the expenditure per 1 place gained 91200 SKK.

In the homes of social services for children, youth and adults (HSSCA) the expenditure per 1 place ranged between 91900 SKK (KE) and 147900 SKK (BB). The next in the scale was Nitra region (130000 SKK), Trnava region (120800 SKK), Prešov region (116800 SKK), Žilina region (134000 SKK) and Bratislava region (93200 SKK).

The last closer pursued type of facilities is children’s home (CH). In this category the highest expenditure gained facilities in Bratislava region (168300 SKK). Košice region (152000 SKK) and Trenčín region (146000 SKK) has followed. A group of three regions had almost identical expenditure per 1 place. These were Banská Bystrica region (134900 SKK), Nitra region (134300 SKK) and Žilina region (134000 SKK). The lowest expenditure gained facilities in Trnava region (124800 SKK) and Prešov region (122000 SKK).

According to art No 195/1998 CJ the individual regional authorities are processing the standards of operating expenses for FSS. Certain measure of effectiveness of FSS operation in individual regions can designate also comparing of facility expenditure per 1 place (according to capacity) in state established facilities and those of other founder – self-government, other physical or corporate body (nonstate facilities) just with the standard for individual type of facility in individual region. Since there is not the whole scale of institutional facilities, the comparing with the standard will be just in case of RH and CH.

The review of FSS expenditure according to founder presents Graph 3. Here is the way of how were these data counted. Total FSS expenditure minus state facilities expenditure and similar the capacity. But these entries can be considered just informative, because there are huge asymmetries between state and nonstate facilities. In this stage, the asymmetries can be done mainly by “nonquality” of basic data (MWSAF SR), which are offered to public use (or facilities did not deliver required statistical data). At least, these data approximately reflect reality that state and nonstate facilities are unequal in effectiveness of financial means use.

Table 6: Comparing of FSS expenditure per 1 place and “standards” in 1998 according to regions (000 SKK)

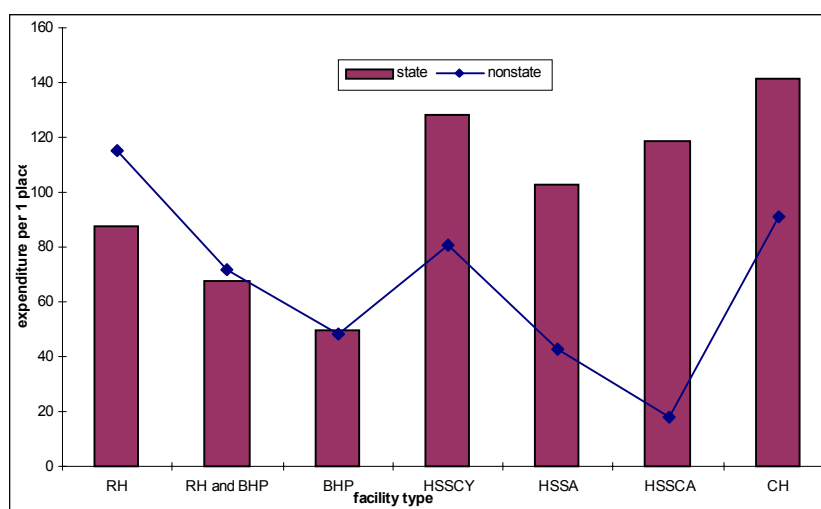
region	retirements homes		children’s homes	
	reality	standard	reality	standard
<b>Bratislava</b>	105	116,8	182	168,3
<b>Trnava</b>	126	85	140	124,8
<b>Trenčín</b>	97	98,2	110	146
<b>Nitra</b>	98	81,7	146	134,3
<b>Žilina</b>	110	79,3	118	134
<b>Banská Bystrica</b>	100	92,8	142	134,9
<b>Prešov</b>	116	85,9	114	122
<b>Košice</b>	91	87,7	127	152

Source: MWSAF SR, Section of social affairs, detached workstation Nitra 1999;  
Regional authorities

Also while comparing expenditure per 1 place and operating expenses standards data can be considered just as informative, because there are not the same standards for individual regions for every type of facility. Every region has other categories of facilities according to its

capacity and the standard presented in this study is just simple arithmetical average of standards in individual size categories of facilities.

Graph 3: FSS expenditure per 1 place according to founder in 1998 (000 SKK)



Source: MWSAF SR, Section of social affairs, detached workstation Nitra 1999

Afterwards, there is a result that standards are higher than FSS expenditures in case of some regions (RH in Bratislava and Trenčín region, CH in Žilina, Prešov and Košice region). The standards defined by regional authorities, defined on the base of certain type of facility economy, should be an average value for FSS in that region. Therefore the FSS expenditure counted per 1 place should converged to this value. Asymmetry in standards value according to individual regions is gaining 37500 SKK in case of RH (Bratislava region vs. Žilina region) and in case of CH 46300 SKK per 1 place in facility (Bratislava region vs. Prešov region).

While closer analysing the economy of state and nonstate facilities it can be discovered the fact that there is a difference between nonstate facilities themselves (depends on whether the founder is self-government or other subject). Paragraphs offering several examples within 1998 follow. Information on nonstate facilities economy are originated directly by regional authorities (it is not only total amount of expenditure (or capacity) minus values of state facilities).

Tnava region: The expenditure per 1 place in nonstate facility - retirement's home - gained 104704,7 SKK (the capacity 20 places). Regional authority in Tnava specified the operating expenses standard for facility with the capacity up to 25 places to 166880 SKK. Average expenditure per 1 place in state RH (expenditure divided by total capacity) achieved 86238,3 SKK. The standard per 1 place in RH with the capacity over 100 places is 84720 SKK (the lowest expenditure in category RH).

Nitra region: The expenditure in nonstate facility - children's home - gained 49333,3 SKK per 1 place (the capacity 15 places). The standard presents 146000 SKK of operating expenses. Average expenditure per 1 place in "state" facilities was 136950 SKK. The expenditure per 1 place in nonstate facilities - nursing service - gained 15729 SKK (an average of 9 facilities). Standard defined for this category achieves 18000 SKK. Expenditure of nonstate facilities – resocialization centre - gained 49000 SKK per 1 place (2 facilities). The standard was 87000 SKK. Expenditure of nonstate facility – asylum – achieved 31379,3 SKK per 1 place opposite to 46000 SKK of standard.

Banská Bystrica region: The expenditure per 1 place in nonstate facility – children’s home gained 140642,9 SKK or 136833,3 SKK (the capacity 14 or 6 places). Average expenditure of “state” facilities reached 135082,4 SKK per 1 place. The regional authority standard was 141931 SKK. Expenditure of nonstate facility – asylum- gained 37240 SKK per 1 place while the standard was 53272 SKK.

Prešov region: The expenditure per 1 place in nonstate facility – home of social services for children and youth - gained 157916,7 SKK, the average expenditure of state facilities was 110531,4 SKK and regional authority standard was 156536 SKK. Expenditure of nonstate facility – children’s home - gained 95133,3 SKK, state facilities average was 128420 SKK and the standard mentions 114920 SKK. As for retirement’s homes, there were different results in case of nonstate facilities, so we mention economy just of one of them (the results of others were 1-2 times lower). Expenditure of nonstate facility was 107200 SKK per 1 place (the capacity 20 places), the average mean of state facilities achieved 88745 SKK and the regional authorities standard was 141260 SKK (the capacity up to 50 places).

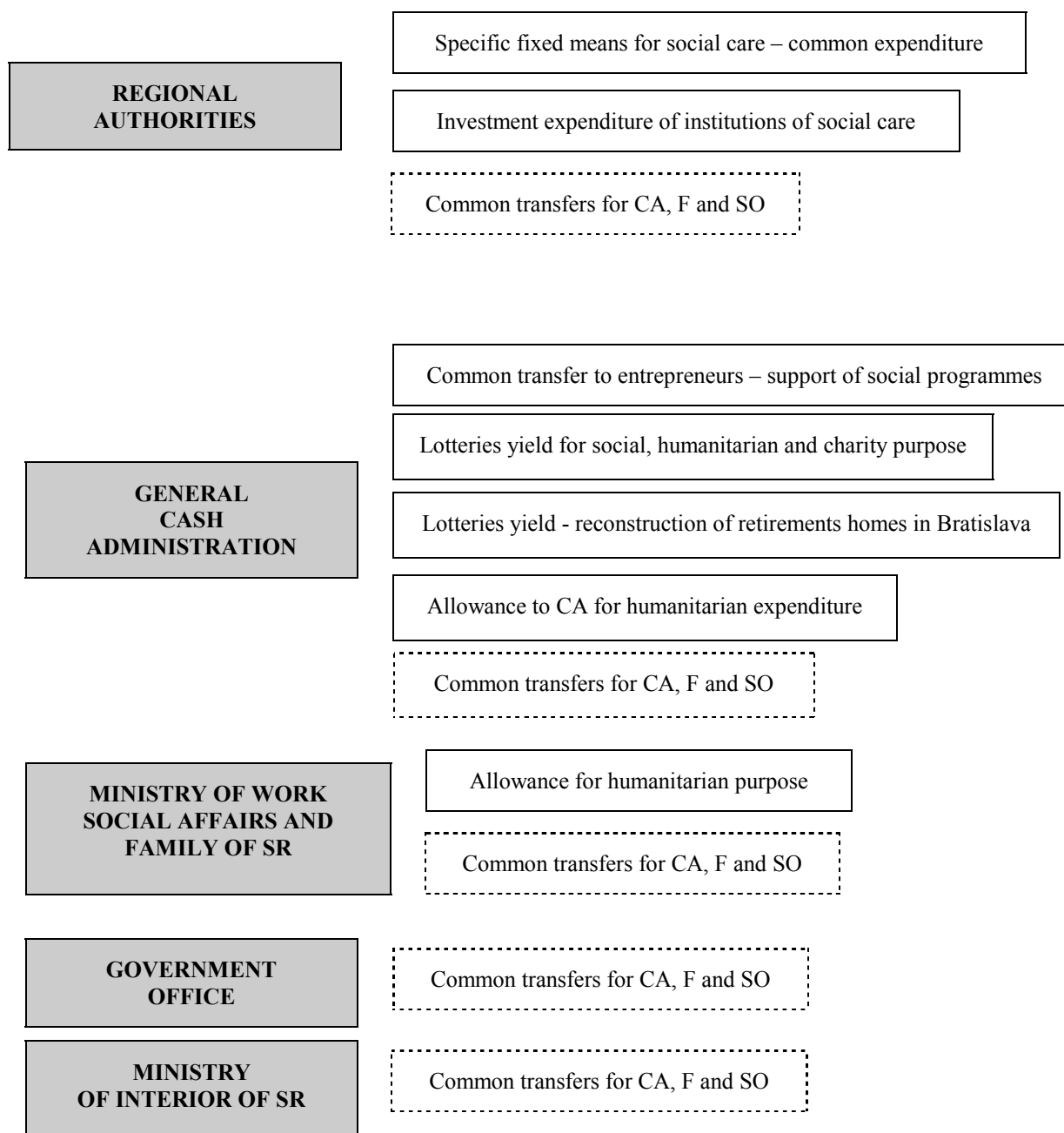
Bratislava region: Expenditure of retirements home established by clerical organisation achieved 84500 SKK per 1 place (the capacity 22 places), of that established by self-government achieved 143657,1 SKK (the capacity 140 places) and 161957,1 SKK (the capacity 70 places). State facilities average expenditure gained 74780 SKK and regional authority standard was 105121 SKK. Expenditure of nonstate facility – boarding house for pensioners - gained 67837,5 SKK, State facility expenditure was 57008 SKK and the standard was 70796 SKK per 1 place a year. Expenditure of children’s home established by clerical organisation achieved 112800 SKK, of state facilities 171047,8 SKK and the standard was 190281 SKK.

According to the previous review the differentiation of expenditure per 1 place in individual types of FSS can be seen not only territorial but mainly the differentiation by founder. The review confirmed assumption that nonstate facilities are managed more effective (but it is not valid for 100 percent) than state facilities. Respectively, its expenditure per 1 place is lower than operating expenses’ standards defined by regional authorities. Recent situation can be explained also by following two remarks:

1. In most of cases the same people as in the past regime continuously administrate state facilities. Customs of the past cannot be erased easy. And they are sure about state allowance for them (exactly the whole financing), so there is no will to decline expenditure.
2. Nonstate facilities must have very detailed elaborated financial plan of existence – they are forced by the fact itself that the state allowance for them is not certain.

In 1998 directed to social services by state budget 3,2-3,5 mld. SKK (directly identified flows to FSS, 304 mil. SKK present other expenditure of social care and social help) and by local self-government budgets 140 mil. SKK . So, total amount by public sources 3,34-3,64 mld. SKK. Indeed, this means do not present total financial means to social services, because the information about means by other sources is missing (recent FSS information system as well as many other “public” information systems are not sufficient). Afterwards we can suppose that in 1998 the total number of social services receivers was higher than 92872, what was the total capacity of social services facilities.

Figure 1: Financing of social services by state budget in 1999



Additional text:

- Chapter of state budget
  - Budgetary chapter directly handling of social services
  - Budgetary chapter indirectly handling of social services
  - Budgetary chapter with possibility for social services
- CA, F and SO – Civic Associations, Foundations and similar organisations

### 3.5. OPERATING EXPENSES STANDARDS

#### 3.5.1. Present situation characteristic

Operating expenses' standards are rational tool for nonstate subjects expenditure financing. The standard is defined for individual types of social services and for care provided in social services facilities. It is defined for 1 place for the time of 1 year. It respects also special conditions of region. Regional authority through general obligatory note (art. 83 sect. 3) defines the standard. Expenses for social prevention and social consulting providing are not involved in these standards indeed. These are services provided mostly by nonstate subjects.

#### 3.5.2. 1999 standards' analysis

Operating expenses standards reflect also special conditions of region. The standards counted for individual regions differ. The differences cannot be explained by objective criteria in every case. These differences are visible in the review of operating expenses standards according to individual regions and to selected social services facilities - table 7. For example, the standard of operating expenses for retirement's home, which create a large part of FSS, range in interval 85000 to 167000 SKK. It is true that these entries do not reflect reality for 100 percent. There is not equal FSS capacity of one type of facilities as well as material base within all FSS (although this is not covered by standards of operating expenses). Character, age or position of facility, however, influences the level of expenses. But the existence of these differences can be confirmed by comparing of the same facility among three regions by selection.

Table 7: 1999 standards of operating expenses according to regions of SR and to selected facilities of social services

Type of FSS	Standards of operating expenses per 1 place (meal) in budgetary year 1999 (000 SKK)							
	1	2	3	4	5	6	7	8
Children's home	182	138 - 141	110	146	118	142	127	114
Home of social services for youth	112 - 215 <sup>4)</sup>	104 - 167 <sup>4)</sup>	158	130	-	111 - 159 <sup>3)</sup>	137	134 - 184 <sup>4)</sup>
Retirements home	105	85 - 167 <sup>4)</sup>	97	98	77 - 142 <sup>4)</sup>	83 - 117 <sup>4)</sup>	91	90 - 141 <sup>4)</sup>
Home of social services for adults	123 - 149 <sup>4)</sup>	85 - 99 <sup>4)</sup>	118	96	-	-	108	102 - 107 <sup>4)</sup>
Resocialization facility	-	141	101	87	-	130	<sup>1)</sup>	15
Facility of nursing service	57	109	80	55	67	103	110	107
Asylum	-	10	-	46	-	53	59	54
Home for lonely parents	28	34	-	25	-	22	28	37
Nursing service	-	16	30	18	-	17	28	58
Canteen for pensioners	-	-	9	8	-	--	<sup>1)</sup>	-
Common meals	9	20	6	-	16 <sup>2)</sup>	26	<sup>1)</sup>	-
Station of nursing service (children)	78	130	-	--	-	117	108	-

Source: Divisions of social affairs of individual regional authorities, MWSAF SR, 1999

Notes:

<sup>1)</sup> Division of social affairs suggests respecting really declarable operating expenses reduced by incomes for provided service

<sup>2)</sup> Without foodstuffs

<sup>3)</sup> Type is not differentiated

<sup>4)</sup> Entries in interval for 1,2,5,6,8 as a result of different partition of FSS according to capacity, which is not comprehensive

Key:

1 Bratislava region, 2 Trnava region, 3 Trenčín region, 4 Nitra region, 5 Žilina region, 6 Banská Bystrica region, 7 Košice region, 8 Prešov region

The standard per 1 citizen presents for Banská Bystrica region with the capacity up to 30 places 116000 SKK, for Trnava region with the capacity up to 25 places 167000 SKK (up to 55 places 107000 SKK) and for Prešov region with the capacity up to 50 places 141000 SKK. These are retirement's home entries.



Differences of standards by individual regions as well as by individual types of FSS do not create equal situation for nonstate subjects. Standards are not either the motion for state administration to effective spending of state budget means. An analytical view is missing by side of composers as well as by subject responsible for social legislation (in this case MWSAF SR).

Methodology of standards of operating expenses creating deals with differences among regions, too. But another moment towards discrimination of nonstate subjects is hidden in this definition. According to our opinion, this moment is also the obstruction of social services providers' competition development. That is why one of conclusive recommendations will tend to reflection of creating standards not only for social services defined by law, but for new services, not involved to amendment of law on social help, just and only because of fear of not ensuring of financial means for new services. New social services are involved in part "Pilot projects".

Control mechanism, not only of effective spending the means but also the quality of provided services as well as a low transparency of individual facilities economy is missing in the whole system of standards of operating expenses involving as well as before it.

### **3.5.3. Legal aspects**

According to art 86 of act No 195/1998 CJ, since 1999 the allowance for nonstate subject is compulsory allowance in case of verifying subject registration conditions and conditions for citizen, who the social service is provided by nonstate subject to. After verifying conditions of allowance providing relevant regional authority is due to finance noncovered expenses of nonstate subject following contract. The maximal level is the value of standard. Every citizen, who the social service following the law on social help is provided by nonstate subject to, will be appreciated individually according to required amount. And so, total allowance of nonstate subject will be defined according to the contract depending on incomes or property situation of citizens (clients), who are naturally moving element of nonstate facility (decease, leaving the facility, recovering of self-sufficiency without any need of social service).

### **3.5.4. Administrative aspects**

An allowance to citizen, who will satisfy conditions of providing according to law on social help, will be provided based on counted standards for individual social services. This allowance has an address character, which disqualify subjective approach of provider to amount of financial allowance. It means, allowance to nonstate subject will be provided in the amount equivalent to social or material need of citizen, who the social service is provided to. It would be useful to use similar approach in the case of facilities established by state.

### **3.5.5. Economic aspects**

According to act no 195/1998 CJ art 86 sect 3 financial allowance will be provided to nonstate subject to cover the expenses occurred by providing of social service to citizen, who verified the conditions of its providing. And who cannot covers expenses of provided social service either in the level of standard according to his income and property situation. It results from previous sentences that the standard will create maximal possible allowance amount, which can obtain nonstate subject by state for citizen on case of providing social service

following cited law and who is without property and income. **In any other cases the allowance for one citizen will be provided in lower amount than standard. And it will be not more than the difference between standard and income reflecting property situation of citizen. Meaningful lower cover of expenses by state allowance to nonstate subject comparing to budgetary or subsidised facilities of similar features will be reached by this way.**

**Essentially, standard of operating expenses is the price of social service.** Client, who is service provided to, pays a part of this price. Everybody pay differently, according to his income. Other part of price should be reflected to state allowance provided to nonstate subject. Nonstate subject has to cover difference between real price of provided service and the standard by its own or additional financial sources.

#### **4. DECENTRALISATION OF SOCIAL SERVICES**

From a point of view of decision-making and execution of social help, the new law does not bring radical change. It is just taking over recent situation valid after the reform of public administration in 1996. Departments of social affairs of district authorities and state facilities with its legal subjectivity remained the base executive element. Expected controlled transferring, at least of a certain part, of executive functions of state towards local self-governments and NGO did not come. Although, some conditions for starting the process of decentralisation have drafted (for example the plurality of sources). Nonstate subjects and self-governments, a new subject of services, are still considered by state as additional, alternative systems. It can be seen in the sphere of financing, more specific in the sphere of admission of allowance for covering operating expenses. But, they proved in many cases that they are providers of more quality, cheaper and also of new services. There are several definitions of decentralisation. We will follow practical and the closest to us level. For us, decentralisation of social services presents the fact that state, concerning more quality solving of social help, transfers its competencies and responsibility to subjects co-operated in solving citizen's problems and which relatively do not report to state management. Then, the state, following citizen's interest, transfers competencies of solving by way to be solved and decided by sources, which can more exactly identify and fulfil them.

Our state did not drive according to this definition, although there were no legislation barriers. Maybe it was due to decentralisation has not been a political programme of former government. Neither present government did uniform declaration, although the process of decentralisation of public administration, including social affairs, is a part of government programme. That is why we try to draft solutions, which would help to come true an obligation of government presented in government programme. "Government will rethink effectiveness and quality of social services in the system of providers plurality and the role of state administration and self-government in the field of social help providing".

## **5. RECOMMENDATIONS**

### **5.1. SOCIAL SERVICES AND POSSIBLE DISTRIBUTION OF COMPETENCIES**

There is an increasing of social services expenditure, regularly larger diversification of requests and needs of citizens (tax payers and payers of insurance) in one side and regularly increase of public finances' lack for supplying social help in the other side. These are leading to the reflections about more radical change in the field of social help supplying and about new distribution of responsibility among citizen, family, municipality, region and state.

The price of provided service will be more and more important in the process of provided help of public sector to private sector (as well as to citizen) decision. Also differentiation of services providing as well as expenditure differentiation among individual cities, villages and regions will be regularly more important. The differences will have not just "objective" character (natural conditions), but regularly more it will be the question of local and regional politicians. Economic conditions of the development, transformation of economic activity incomes to social sphere and election programmes (volunteer tasks) are subjective features of differences. After decentralisation the state in its new position will have its unique role in the creating of conditions by:

- Legislation (equalisation of all providers, amendment of law on Social insurance company, definition of minimal measure of public interest,...)
- Financial mechanisms (tax laws, tax distribution,...) which will be fair, clear and as simply as possible

The strategy of further decentralisation of public affairs administration recommends also social help to transfer (mostly) to competence and responsibility of local occasionally regional self-government. That is why it is necessary to consider this goal also following reflections about the future financing of social services.

Proposal of decentralisation concerns following features:

- Establishing and administration of FSS (help) will be the competence of local self-government, occasionally regional self-government and of course with possibilities for private sector
- Present state facilities can be transferred to property and administration of local or regional self-government, or they can be privatised
- Local or regional self-government (in relation to new tax distribution) will finance local or regional obligatory tasks together with volunteer tasks, which will be specified by voted representatives of citizens based on presented election programmes.

### **5.2. DEFINING OF PUBLIC INTEREST MATTER**

Opposite to present system of social services, when the change of terminology has changed - not social care but social help, it is necessary to clearly define the matter of public interest. Based on presented analysis as well as on incoming process of decentralisation. In modern approach, social help is not the matter of charity, but it is a highly professional and widely structured activity of the state and its subjects. They provide, their activity, the help to citizens occurring in hard social situation and needing special help. This help can be characterised as a help to overcome this hard social situation and to protect society to negative phenomenon threatening basic values of society existence.

More and more citizens are escaped economic activity by modern economy and the problem of their care within the social system and mainly the question of quality and possibility of this care is growing up.

It is more important exact and clear defining the role of state and also of self-government and nonstate subjects and of their relations. Not just because of Slovak republic belongs to the countries with the highest measure of centralisation, but mainly because of all our efforts leading towards European structures. In this context it cannot be forgotten to mention increasing share of NGO representing different civic associations according to present legislation.

The state is allowed and has to guarantee only the tasks in its competence. According to present legislation, these are social help benefits, stipulating income up to the level of living minimum as well as benefits reflecting verified special needs of citizens, for example disabled citizens.

The state has to participate on protecting of negative phenomenon of a man living reason creation. Its activities have to lead mainly towards the field of social intervention and of social prevention. It would be the contents of national conception of social policy reflecting legal norms. Delegating competence to special bodies, which will cover the whole area of the state, can provide these activities. The state has to secure the basic assumptions (legislative, financial) for realisation of social activities tangent the alcoholism, drug dependence, crime, prostitution, homeless - the problems crossing the borders of self-governments and threatening the basic values of society life.

In present system, however, the state does not manage the situation through de-concentrated administration of social services. The state does not create appropriate conditions to municipalities and other subjects - social services providers, it has insufficient information base and control activity, which can clearly define the situation achieved in our society in this field.

Activity of state - public interest in the field of social services, which reflects results of the health situation decline, can be limited just for that tasks, which it is able to guarantee. The state ought to supplement the sources of citizens having claim but not having sufficient sources to they could buy or ensure by other way needed social services according to their own decision. State should come to supporting position. Public sector should have just the competence to permit the activity of subjects following the law, which will provide social services for citizens and parallel to control adherence of laws and rules.

### **5.3. HOLDER OF SOCIAL SERVICES PROVISION**

The state has to retreat from position of FSS providing provision and to transfer them to self-governments and NGO. Public interest must be focused mainly towards enforcing of control activity, which goal is to ensure quality, effective and economical providing of services. It means the public means protection as well as protection of interests of citizens, who are services or benefits provided to.

The result of provided analysis is also the fact that the operation of state FSS, which are in many cases of mass character (often not reflecting regional or local demand) is mostly

financial challenging than that of present nonstate facilities. If the **state** wants to involve the policy of effective use of public means together with application of regional or local interests, **it ought to accept the programme of its transferring to self-government or NGO through tender notice (selection) with guarantee of providing services co-financing.** This way can be the way how to verify one of European structures enter conditions - the use of subsidiarity principle. It means to solve the problem in the level it has occurred. Holder of social services provision would be self-government (together with transfer of related finance means) and NGO. The state as a provider would stay just occasionally (special FSS).

Presented conclusions are also recommendations how to solve the system of transition from present almost centralised to decentralised system. This decentralised system must be, however, connected to general change of whole system financing.

The principal reason for change is necessary need to create a modern system of social help. Inhabitant has not only due but also real possibility to ensure himself for wide range of social situation by his own means as well as by help of his family. **Thus the position of citizen is changing from passive, carried by state, to active position.** At the same time as a member of municipality he can actively and effectively influence the conditions for satiation of social needs in his living environment.

#### **5.4. CONTROL MECHANISMS**

Present law concerns the quality of provided services in FSS or in subjects provided social services. Economy controlling in state facilities achieved just the level of economy controlling of budgetary or subsidised organisations.

Indeed, the system of social services presents very wide range of activities, significantly affected the life of individual citizens and families. And these activities are realised by different subjects, they are often special difficult and in many cases they need high expenses covered by public means. Following the part "Defining of public interest", the field of control is the part of enforcing and clearly defining the state role. There must be the authority, which is needed to ensure high professional level, to have competencies and to contract all the subjects concerning to social services to co-ordinate with controlling.

There are several ways how to involve the control into the process of social services. It can be the form of "state supervision" as a part of organisational structure of department or independent body established by department (MWSAF SR). Or it can be created the position "supervisor of social help" according to the neighbour countries. Its form is nearly relating to future organisation of relations within decentralisation of public administration.

However, it is undisputed that control has to be fitted, as close as possible to the execution of controlled activity, but parallel it must respect the principle of effectiveness (space distribution). Controllers ought to know local individualities and at the same time they should have a sufficient distance from individual facility and people providing relevant activity. The fitting of such body to the central level is too distanced to the place of control. Its establishing on the lowest (local) level is noneffective indeed. Its position should have been somewhere on the level of considering higher self-government territorial units. The assessment of particular situation of help receiver or service receiver (also very hard quantificateable) will have relevant role in the process of providing the state social help. The possibility of auditing by controllers will have important role for ensuring the citizen's rights, but mainly for

effectiveness of service providing. The possibility of using missing information in the process of state allowances providing decision (not only to NGO) will be ensured. These informations should be used also in comparing of economy of individual facilities. Another necessary condition of controlling will be the observing of quality of provided services, which should lead towards mentioned attributes as well as to enhance the public credit of activities not only the state administration but also of NGO.

## **5.5. FINANCING OF THE PROCESS OF SOCIAL SERVICES DECENTRALISATION**

### **5.5.1. Present situation**

MWSAF SR established the Social Services Support Fund. It was based on its endeavour to decentralised social services providing on the basis of delegating (transferring) of special competencies from central and regional level to district and local bodies. It was also based on contract relations outwards - by challenging and supporting nongovernment and private organisations to provide certain (in many cases new) social services, which were mainly provided by public institutions by now. The character of Fund has been short-term. Its goal has been to finance the pilot projects (on grant basis), which had to verify new forms of social services. Secondary, there was a longer-term goal - the financing of social services provided by self-governments and by nongovernment organisations on the longer term and structural fundament.

### **5.5.2. Pilot projects**

As a part of project Phare "Decentralisation of social services" the projects have been financed (appendix no 2) by the Fund special for this purpose. These projects have been selected according to created criteria. They have been monitoring regularly. Their realisation had to verify accuracy of the plan having the features of decentralisation (delegating of competencies to transfer public responsibilities to NGO and self-governments, developing of co-ordination between state institutions, self-governments and NGO). The fundamental idea of this part of project has been also development of alternative ways of supporting and financing of social services provided by NGO. The goal has been also to show new (abroad verify) approach to social services - decentralisation as well as to obtain new knowledge in realisation of new types of social services and to use them in creating of national strategy or the programme of involving of decentralisation to the social services.

We involved presented part on pilot projects to our study to create complete view on the whole project. According to review of pilot projects as well as to map (appendix 1), we can state following:

1. pilot projects has been focused on involving of new social services with the elements of decentralisation in the 4 fields:
  - family a children help
  - disabled people help
  - elder and indisposed people help
  - other field (transformation of facilities provided social services)
2. pilot projects do not cover the whole country
3. pilot projects has been realised on the base of multi-co-operation of subjects (founders)

In further financing project of the pilot projects as well as of social services decentralisation in transitional period we built up not only on the final monitoring reports but also on the entries provided by project co-ordinators (proposal of budget for 2000)

Securing of financing is the most unstable point in the continuing of social services providing in present social services financing system (state budget, abroad grants, indigenous grants) and it spends a lot of energy and time of project co-ordinators following the objectives.

In some cases there is a situation that regional authority as a subject of state administration refused the contract relevant social service provider to cover operating expenses. It is because of legislative barrier (the law on social help do not define some new services - for example Agency of personal assistance in Košice).

According to final reports there is a request to define standards of operating expense for some new services for transitional period. It concerns mostly of social prevention and social counselling, hospice care, outdoor social services to family and agency services.

There was amount of 10 mil. SKK selected for the realisation of pilot projects within 8 months (October 1998 to May 1999). Project budgets contained operating expenses as well as establishing expenses in newly founded subjects provided new types of social services.

As for quantification of financial means necessary for further financing of pilot projects within 2000 it can be came out from their budget proposals. It is about 11 mil. SKK (operating expenses only). Suggested system of financing should have to come out from this amount (minimal) in the beginning (if there is the will to continue in the realisation of new types of social services).

### **5.5.3. Proposals**

Successful existence of the pilot projects financed by Social Services Support Fund suggests justness of transformation and change of structure not only of FSS but also social services generally intention, as well as following introduction of innovative services. All these processes (transformation, change of structure and decentralisation) need certain financial means. However, Social Services Support Fund does not provide any means now. Apparently the financing of pilot projects will go by present ways of financing in the whole system of social services (as described in analytical chapter 3.3). The following lines offer other way of financing not only of these projects but also of the whole social services system. We suggest following to finance social services. Basically, these are consistent steps towards decentralisation of the whole system not only of social services:

1. The first step should be **equalisation of financing** of nonstate and state subjects
2. After equalisation of conditions for all social services providers two ways can follow how to stimulate creation and existence of effectively managed FSS verifying the conditions of the modern social services system:
  - A. **Creation of Fund** for support the financing of transformation, decentralisation and change of structure oriented services and for introduction of new services. This Fund is created only for transitional period until the conditions of its decentralisation to regions are not here.
  - B. **Radical change of social services approach** - to support citizen (receiver of social service) not facility provided the service.

Suggested solutions can be used separately, too. Not just as an individual step leading towards full decentralisation of social system.

The first suggested solution of social services financing (equalisation of nonstate and state providers) we understand as a necessary because of effectively using of financial means (financial means by state budget are guaranteed for state providers of social services). The following solution could be a transitional way of social services system financing (its transformation and change of structure) until realising and finishing the process of public administration decentralisation. The third suggested solution could be the final state before the final decentralisation of social services as well as the whole social system. The change of citizen position - as a buyer of social services - to position of self-selecting the provider should be the guarantee of effective use of financial means selected for social services.

#### **5.5.3.1. Equalisation of individual social services providers financing**

Contemporary different system of individual FSS financing (according to founder) apparently handicapped nonstate subjects. Following the analysis of FSS economy, this uneven access to financial sources makes their ineffective using by state FSS (to be budgetary or subsidised organisations have the direct flow of financial means by state budget).

On the other hand the existence of nonstate providers, which has not any state means guaranteed, demonstrate possibility of lower expectations on state budget social services providing. Their existence has insured well-elaborated financial plan of sources obtaining as well as more effective use of these sources.

The simplest form of social services providers' equalisation has been the defining of financial means standards per unit (citizen, meal, counselling time, etc.) for individual type of social services. The financial means by state budget will allocate based on multiplying of standard by capacity or by the number of citizens, who the service was provided to. Several basic problems arise here:

- This way of financial means allocation put high demands on amount selected for social services in state budget
- In that case, state founded facilities could not be budgetary organisations anymore. They could not work in the recent basis. They should privatise (to private, municipal or mixed facilities)
- The other ways of financing should have to be added to state guarantee of social service by financial allowance standard. The standard would guarantee only the needed minimum (in better occasion necessary optimum) and the other sources would finance "over standards".
- The standards cannot be defined on state providers economy base (alike present standards of operating expenses defined by regional authorities), because of not verifying the condition of effective use of financial means.

Any way of access possibilities converging cannot be performed without transformation of state facilities of social services to nonstate facilities.



### 5.5.3.2. Financing of Social Services Support Fund

#### 5.5.3.2.1. Fund creation

The Fund established according to act no 147/1997 CJ. on noninvestment funds will be **non-profit corporate body**. The founder of Fund will be the Ministry of Work, Social Affairs and Family of Slovak republic (because to be equal partner if financing by EU). The existence of Fund based on law on noninvestment funds will be the guarantee of transparency of its economy and work (noninvestment funds must publish economy report, auditing).

#### 5.5.3.2.2. Fund sources

Fund's main source will be:

- Means obtained by lotteries and other similar games (law no 194/1990 CJ.) - in law on state budget the means will be objective fixed for the use in this Fund only

Additional sources will be:

- Means by budgetary chapters for social services - MWSAF SR and regional authorities, as well as the means of these bodies for civic associations
- Means by physical or corporate bodies
- Means by Central and Eastern Europe Funds of European Union

Means will be objective fixed.

#### 5.5.3.2.3. Basic principles of Fund

a) the principle of concentration:

- Concentration of presented sources of Fund to new services (established within the project Decentralisation...). Concentration to services due to change of present structure of FSS. Concentration to services verifying the criteria of modern system of social services. Concentration of sources to the facilities based on beforehand-elaborated criteria.

b) the principle of partnership:

- Partner to MWSAF SR - the founder. Partner to relevant bodies of state administration, local self-government or partner bodies. Partner to Commission of EU (in case of obtaining means by EU)

#### 5.5.3.2.4. Fund members and their activity

Administrative council is an administrative body. It is the top body of Fund and the solving of all affairs is its competence. Administrative council should have 5 members (2 members delegated by MWSAF SR and 3 representatives of nonstate (professional) organisations). The member of administrative council cannot be a representative of subject, which the means of Fund are provided to.

Selected competencies of administrative council:

- defining the criteria of project selection according to fund statue (the criteria of recent Social Services Support Fund corrected by experiences of pilot project's operation can be used)
- responsibility and decision on system of support by Fund providing
- responsibility for co-operation within other bodies and organisations

- responsibility for financial monitoring and providing of additional entries, expected by auditing
- provision and receiving of financial means by individual sources
- decision on Fund means use
- elaboration and publishing of annual report in media (Nonprofit, etc.)

The members of this body follow fund statute and negotiation order while rating and selecting the projects as well as using the Fund means. Statutory body of Fund managing its activity is fund manager (administrator). Administrative council can create also advisory bodies. The most important advisory body will be **Advisory council** clustered by regional, district and self-government bodies, social services institutions and NGO representatives. Advisory council provides recommendations of the criteria for selection of projects oriented for transformation, change of structure and decentralisation of FSS as well as the projects oriented towards new forms of social services. Advisory council will submit **the criteria for means providing** and these must be for projects of social services on previous purposes oriented.

#### *5.5.3.2.5. Fund expenditure*

##### A. Fund objective financing expenditure: operating expenses

- for multiplication of pilot projects or services not provided by state subjects
- for implementation of new services within the transformation of present social services system

B. Fund administration expenditure: It covers total fund expenditure per accounting period (since 01/01 to 12/31) connected to fund administration (for example, expenditure for fund advertising - once, condition publishing, etc.). Operating expenses can be minimal (none) if the model of using of MWSAF SR office spaces and including possible salary means for fund administrator is used. In our opinion it is possible to involve institutionally this Fund to MWSAF SR organisational structure - as a part of Social affairs section. To select one person (maybe the person insured the grant commission) as a fund administrator, which will provide Administrative council and Advisory council meetings. The members of Administrative council and Advisory council will work in the principle of voluntarism. In case of abusing this situation the minimal payment can be considered. But operating expenses cannot be more than 0,5 % of the total state allowance to Fund.

#### *5.5.3.2.6. Time and material schedule of Fund creation and operation*

- MWSAF SR will establish noninvestment fund until 07/31/99 to be allowed to involve the request of means by lotteries and other similar games for Fund to the proposal of law on state budget. (In 1999 the amount gained 70 mil. SKK and assumption for 2000 is higher)
- Fund administrator publish the conditions of obtaining the means (suggested by Advisory council and endorsed by Administrative council - the conditions for pilot projects can be used) for realisation of projects through press (Nonprofit, at least one whole-country daily newspaper), through regional authorities and through self-governments until 08/31/99
- potential person interested in will submit requests (projects) until 09/31/99
- Administrative council will verify projects selection (based on Advisory council recommendation) until 10/15/99
- State budget for 2000 will be endorsed by the National Council of Slovak republic
- projects realisation since 01/01/00 until 12/31/00

- projects realisation monitoring and controlling (provided by Advisory council every 3 months)

#### 5.5.3.2.7. Means by lotteries and other similar sources

According to law no 194/1990 CJ on lotteries and other similar games amendment, has became valid since 04/01/99, means by lotteries and other similar games can be used for education, and youth support financing. They can be used also for physical education, sport, medical, social, cultural and environmental purposes. The law on state budget proposal contains the means amount selected for individual branches. The so-called addition to general cash administration contains individual amounts according to branches. We suggest fixing purposely the means for social services in the law on state budget. The amount consists of all means by this budgetary chapter for MWSAF SR.

Recently, there is a procedure to request the allowance by this source. The requests are collecting by relevant ministries and once a half-year they are the objects of government meeting. Then the relevant ministry asks the Ministry of Finance to release the amount based on government decision.

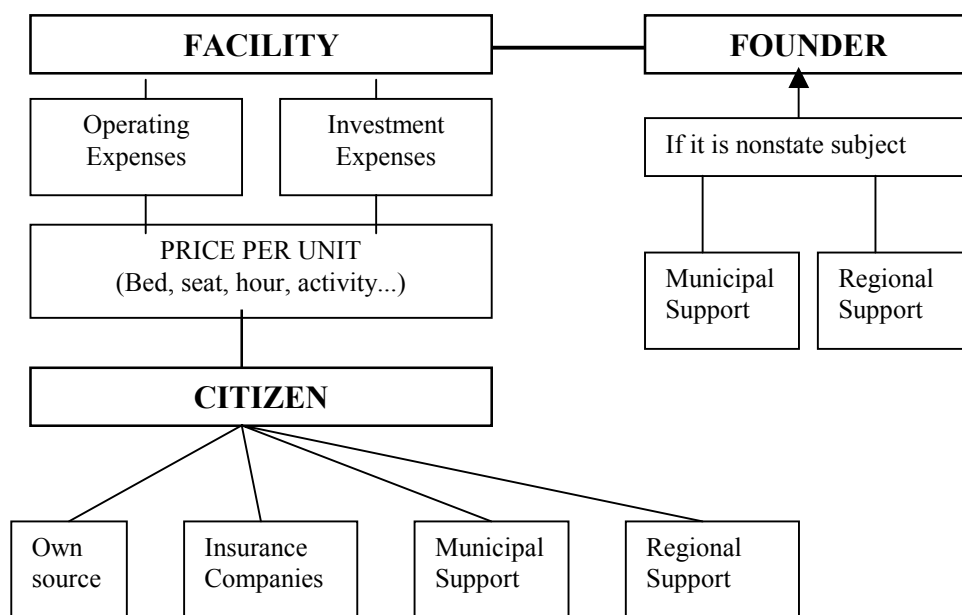
Change of law on lotteries and other similar games is the next suggestion. The law could allow organising the national lottery, which yield of would be used for general useful purposes financing (in our case decentralisation, transformation and change of structure of social services). The means obtained this way would be a source of Fund suggested above. Some psychological aspects of citizens such as "I support good thing and I have opportunity to win" are involved in the presented suggestion.

#### 5.5.3.3. Change of social services approach

According to the intentions of responsibility also for social help providing decentralisation we recommend the following:

1. Local self-government (occasionally regional self-government) or nonstate subject will be the founder of FSS
2. Facilities support will be not provided but support of citizen interesting in service within facility will be. This has to protect for provided services price deformations and to let citizen to choose the facility type himself
3. The founder covers investment's expenditure of facility. Their amount is reflected to the service price.
4. Operating expenditures are covered by service receiver
5. Basically it will be multi-sources financing:
  - **citizen** interesting in provided services has following sources:
    - his own
    - insurance by Social ins. co. and Health ins. co
    - local self-government support, occasionally regional, the amount depends on verifying of his property and family situation
  - **founder** has the following sources:
    - its own
    - as for private facility the support by public sector (municipality, region)
    - gifts, sponsoring ...

Figure 2: FSS financing within the social services approach change



## **6. CONCLUSION**

The system of social help in Slovak republic has to ensure the basic living conditions for citizens, which occurred in the lack of material means as well as when the ability to ensure the basic living conditions is missing.

Transformation of social sphere presents one of the priorities of our society development. Every after-revolution government drafted concept intentions also on creating of socially fair social assurance system. The system, which has to be based on personal participation of citizen, social solidarity, state guarantee and compatibility to jurisdiction of European Union within the Strategic goal of preparing Slovakia to enter European economic and social structures.

According to presented analysis of social services financing present situation it can be observed following. Present multi-sources possible financing (state budget, municipal and town budgets, grants, and allowance of service receiver) and the entries on distributed finances by state sources (mainly for NGO) is not transparent and the legal guarantee is missing (for NGO). Analysis confirms the fact state budget expenditure on social services increased 2,1 times within the years 1994-1998. The largest share (80,3 % - 2,81 mld. SKK) create the means for social service facilities (institutional) with the capacity 75523 places (the number of this type of social service receivers). This fact does not indicate converging of our service providing system to proven systems of European countries (where higher citizen's participation exists).

The social services providing subjects economy analysis confirms nonstate social services facilities economy is economic more effective than state facilities economy. This can be based also on the following. State facilities mostly continued to be managed by the same people as in the previous regime and because of state allowance certainty, there is no will to decrease expenses. Nonstate facilities operate according to well-elaborated budgets, because there is not that kind of certainty and occasional grants must be documented very detailed.

Standards of operating expenses, however, reflect the price of social service in certain social services facility, but they affect very discriminating towards nonstate subjects in general. The differences of standards according individual regions as well as individual types of FSS do not perform equal position not only for nonstate facilities, but they do not stimulate the state facilities to effective managing of state means (even not talking about possible decentralisation even).

How to go on in financing the social services for the next year or until endorsing and involving to practice the decentralisation and modernisation of public administration? Decentralisation presents a long-term process and it is the same within social services that it will go ahead depending on the principle of subsidiarity involving. The substantial part of this process, indeed, will be the change of tax incomes share for individual subjects of territorial administration as well as enhanced participation of citizen within the social services paying.

The first suggested solution of social services financing (equalisation of nonstate and state providers) we understand as a necessary. More effectively using of financial means can be only achieved by equalisation of possibilities to obtain the sources (financial means by state budget are guaranteed for state providers of social services). The following solution could be a transitional way of social services system financing (its transformation and change of

structure) until realising and finishing the process of public administration decentralisation. The third suggested solution could be the final state before the final decentralisation of social services as well as the whole social system. The change of citizen position - as a buyer of social services - to position of self-selecting the provider should be the guarantee of effective use of financial means selected for social services.

All the systems of financing have to operate with easy information system and control mechanism and under absolutely transparency supplied by public control.

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