

SCIENTIFIC INFORMATION

The implementation of agreed public-beneficial job for the long-term unemployed in the year 2001

Uplatňovanie dohodnutých verejnoprospešných prác pre dlhodobo nezamestnané v roku 2001

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Legislative and financial framework of agreed public labours for the long-term unemployed (hereinafter APBJLTU) realization in the year 2001

The subsidy was set for the year 2001 from the state budget of the SR in the amount *SK 1.5 billion* under the Act No. 472/2000, Coll. on the state budget of the SR for the year 2001.

District labour offices provided employers with *the contribution to employee wage or salary compensation* intended for APBJLTU granted from the purpose subsidy. It amounted maximum to 1.3 times the minimum subsistence income for one natural person of age under the Act No. 125/1998 Coll. on minimum subsistence income and on fixing the sums for the purposes of state social benefits in the wording of later amendments.

Under this Act, *the minimum subsistence income* for one natural person of age *during the 1st half of the year 2001* amounted to SK 3 490. The maximum contribution to employee wage or salary compensation was SK 4 537 (1.3 times the minimum subsistence income).

The amount of the subsistence minimum income has been adjusted to SK 3 790 for one natural person by the amendment No. 232/2001 on subsistence minimum income adjustment from July 1, 2001. The maximum contribution to employee wage or salary compensation increased to SK 4 927.

In addition, a district labour office provided employers with the contribution to health insurance, illness insurance and pension scheme premium payments paid by the employer from the maximum basis of assessment as paid by the state. The state paid a premium from the basis of assessment amounting to SK 2 400 in the year 2001. The average *contribution to premium payments paid by the employer* for 1 APBJLTU ranged from *SK 840 to 841*.

The total agreed contribution represented SK 5 378 (SK 4 537 + SK 841) within the 1st half of the year. In case that an employer applied for its increase, it could amount to SK 5 768 (SK 4 927 + SK 841).

Citizens on APBJLTU were in regular working relationship for the definite period in compliance with the relevant provisions of the Labour Code.

The development of APBJLTU in 2001

There have been created 38 446 new APBJLTU in the year 2001. Altogether, 48 300 APBJLTU existed in 2001 in common with 9 854 extended APBJLTU from 2000.

The highest number of jobs has been created in Košický (8 051), Banskobystrický (7 887), Prešovský (7 216) and Nitriansky (6 023) regions. In the district profile, the majority of these jobs has been created in the following districts: Rimavská Sobota (1 992), Levice (1 591), Trebišov (1 544), Nové Zámky (1 467), Michalovce (1 455), Košice – surroundings (1 357), Lučenec (1 193) and Spišská Nová Ves (1 169), etc.

The highest numbers have been concentrated since the beginning of the program implementation in the Southern and Eastern districts with high unemployment rate, high portion of ethnic minorities and hardly employable registered unemployed.

The creation of APBJLTU concentrated in two seasonal peaks in 2001. The first culmination in creation of these jobs manifested itself in the spring months April (5 622 jobs) and May (12 744 jobs). The second culmination point manifested itself in August (5 284 jobs) and September (4 068 jobs). In these four months, 72.1 per cent of all jobs in 2001 were created (Table 1).

40 509 long-term registered unemployed (hereafter "LTRU") entered new APBJLTU created in 2001. The highest number of these persons has been placed in the regions Košický (8 612 LTRU), Banskobystrický (8 185 LTRU), Prešovský (7 628 LTRU) and Nitriansky (6 177 LTRU). In terms of districts, the most of the unemployed have been placed in the following districts: Rimavská Sobota (2 062 LTRU), Levice (1 607 LTRU), Trebišov (1 604 LTRU), Michalovce (1 554 LTRU), Nové Zámky (1 510 LTRU), Košice – surroundings (1 440 LTRU), Spiš-

Table 1. The number of placed (in the observed month) on APBJLTU created in 2001 according to regions

Region/month	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	Total
Bratislavský	1	86	22	85	169	68	26	73	59	73	7	0	669
Trnavský	5	102	211	182	926	214	142	225	161	274	21	0	2 563
Trenčiansky	18	178	201	56	1 071	94	62	477	255	138	19	0	2 569
Nitriansky	23	320	843	1 859	827	235	347	530	711	477	5	0	6 177
Žilinský	22	132	344	582	1 353	288	167	521	463	126	8	0	4 106
Banskobystrický	73	249	237	859	2 689	724	446	1 432	1 060	394	21	1	8 185
Prešovský	126	356	540	556	3 370	290	152	1 201	397	449	190	1	7 628
Košický	38	139	840	1 645	2 644	282	262	891	1 073	619	176	3	8 612
Slovakia	306	1 562	3 238	5 824	3 049	2 195	1 604	5 450	4 279	2 550	447	5	40 509

ská Nová Ves (1 224 LTRU), Lučenec (1 194 LTRU), etc. The number of placed unemployed exceeded thousand persons in twelve districts during the monitored period.

The number of persons placed in APBJLTU (the situation by the end of the month) has been continually increasing since January to June and in June it culminated (the number of persons placed amounted to 34 169). Fol-

lowing to this five-month growth, a regular monthly decrease occurred. Still, 16 187 LTRU have been placed in APBJLTU by the end of December.

The number of persons placed in APBJLTU culminated in all regions in June 2001. The most of LTRU were placed in these jobs in the Prešovský and Košický regions.

Table 2. The influence of public beneficial jobs (PBJ) on unemployment rate throughout 2001

Index	Jan	Feb	Mar	Apr	May	June	July
RU number (in PBJ)	561 026	558 092	545 289	519 011	498 655	505 163	510 671
Disp. RU number (in PBJ)	533 676	530 515	518 360	492 271	471 645	478 487	483 974
Unemployment rate (with PBJ)	20.82	20.7	20.22	19.25	18.49	18.74	18.94
Unemployment rate (disp.) with PBJ	19.79	19.68	19.22	18.26	17.49	17.75	17.95
RU number (without PBJ)	571 258	569 568	559 899	539 235	531 608	539 332	543 193
RU number disp. (without PBJ)	543 908	541 991	532 970	512 495	504 598	512 656	516 496
Unemployment rate without PBJ	21.19	21.12	20.77	20	19.72	20	20.15
Unemployment rate (disp.) without PBJ	20.17	20.1	19.77	19.01	18.71	19.01	19.16
Difference (number)	9 980	11 476	14 602	20 224	32 953	34 169	32 522
Difference (rate %)	0.37	0.43	0.54	0.75	1.22	1.29	1.21
Portion of monthly outflow	0.9	5.4	8.8	11.2	24.1	6.2	4.6
Portion of placed	1.5	7.3	11.4	14.7	29.4	8.2	7
Index	Aug	Sep	Oct	Nov	Dec	Average	
RU number (in PBJ)	506 136	497 625	499 294	513 086	533 652	520 642	
Disp. RU number (in PBJ)	479 595	469 024	467 012	477 828	502 251	492 053	
Unemployment rate (with PBJ)	18.77	18.46	18.52	19.03	19.79	19.31	
Unemployment rate (disp.) with PBJ	17.79	17.39	17.32	17.72	18.63	18.25	
RU number (without PBJ)	536 081	526 134	522 931	532 413	549 839	543 458	
RU number disp. (without PBJ)	509 540	497 533	490 649	497 155	518 438	514 869	
Unemployment rate without PBJ	19.88	19.51	19.39	19.75	20.39	20.16	
Unemployment rate (disp.) without PBJ	18.9	18.44	18.2	18.44	19.23	19.3	
Difference (number)	29 945	28 509	23 637	19 327	16 187	22 794	
Difference (rate %)	1.11	1.06	0.88	0.72	0.60	0.85	
Portion of monthly outflow	14.8	8.8	6.0	1.5	0	7.69	
Portion of placed	19.9	13	9.0	2.1	0	10.29	

The impact of APBJLTU on the development of unemployment in 2001

The implementation of APBJLTU reduced unemployment rate monthly by 0.85 percent point (hereafter "p. p."), in average in 2001 while during the five months (August to December) of the year 2000, APBJLTU reduced the unemployment rate by 2.05 p. p.

With respect to the reduction in unemployment rate, *the effect* of the public beneficial jobs institute for LTRU was *lower in the year 2001* (taking into account the reduced volume of funds and the longer period of APBJLTU implementation, the number of persons placed was lower). This should be supported by the fact that APBJLTU reduced the number of the unemployed monthly by 23 080 persons in average during the whole year 2000 (by 0.86 p. p.) and in 2001 by 22 816 persons only (by 0.85 p. p.).

The average number of the registered unemployed without respect to the APBJLTU program amounted to 541 005 persons in 2000 and 543 458 persons in 2001 (Table 2).

Placement in APBJLTU averaged monthly 7.7 per cent of the total monthly outflow and it represented one tenth (10.3%) of persons placed through the labour office. *Every tenth registered unemployed was placed in APBJLTU in the year 2001.*

The long-term unemployed placed in APBJLTU reduced the unemployment rate the most in June in all regions, namely in Košice (2.06 p. p.), Banská Bystrica (1.97 p. p.) and Prešov (1.87 p. p.). The greatest average decrease in the unemployment rate was again in the regions of Košice (1.34 p. p.), Banská Bystrica (1.27 p. p.), Prešov (1.24 p. p.) and Nitra (1.03 p. p.). Only in these regions, the decrease in unemployment rate through the APBJLTU program exceeded the Slovak average (Table 3).

According to districts, there was the highest average decrease in the unemployment rate recorded in 2001 in the districts as follows: Rimavská Sobota (2.94 p. p.), Revúca (2.64 p. p.), Sobrance (2.43 p. p.), Rožňava (2.15 p. p.), Veľký Krtíš (2.06 p. p.), Trebišov (1.89 p. p.), Svidník (1.83 p. p.), Gelnica (1.78 p. p.), Michalovce (1.72 p. p.),

Poltár (1.68 p. p.), etc. Five districts reduced the monthly unemployment rate by more than 2 percent points in average and 34 districts by more than one percent points.

The influence of the APBJLTU implementation on long-term unemployment

Public beneficial labours intended for the long-term unemployed reduced long-term unemployment in the monitored period in a differentiated way. The number of the long-term unemployed fell below 200 000 persons in September and October 2001. The increase in LTRU occurred in November and December as a result of the reduced number of persons placed in APBJLTU. The number of LTRU amounted to 219 713 by the end of December (the annual decrease by 1 103 persons). *They represented 41.2 per cent of the total number of the registered unemployed.*

Long-term unemployment slightly increased in three regions (Nitrianský, Banskobystrický and Košický) and in 34 districts in the monitored period.

The highest annual relative decrease in long-term unemployment was recorded in the districts as follows: Pezinok (by 35 per cent), Bratislava III (by 32.2 per cent), Myjava (by 24.8 per cent), Bratislava II (by 23.1 per cent), Púchov (by 18.5 per cent), Žilina by 18.5 per cent), Bratislava V (by 17.1 per cent), etc. These districts are urbanized and there is a lower unemployment rate and a lower absolute number of LTRU. The outflow of LTRU was significantly higher than the inflow.

On the contrary, *the highest annual increase* was recorded in the districts as follows: Liptovský Mikuláš (by 23.1 per cent), Senec (by 20.2 per cent), Žiar nad Hronom (by 18.5 per cent), Kežmarok (by 18.2 per cent), Banská Bystrica (by 14.4 per cent), Veľký Krtíš (by 12.05 per cent), Detva (by 12.4 per cent), etc. In these districts, even the placement of LTRU in public beneficial labours did not reversed the trend towards prevalence of LTRU inflow over outflow.

The analysis of the APBJLTU impact on the LTRU group over 4 years indicated that the total number of

Table 3. Decrease in unemployment rate in per cent through APBJLTU (§ 91a) from January to December 2001 according to regions

Region	Jan	Feb	Ma	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Average
Bratislava	0.00	0.03	0.03	0.05	0.10	0.12	0.1	0.10	0.10	0.08	0.06	0.03	0.07
Trnava	0.21	0.24	0.32	0.38	0.71	0.77	0.7	0.74	0.74	0.55	0.46	0.43	0.52
Trenčín	0.20	0.26	0.32	0.33	0.67	0.69	0.7	0.59	0.59	0.52	0.43	0.32	0.47
Nitra	0.41	0.49	0.73	1.25	1.47	1.51	1.5	1.33	1.33	0.97	0.78	0.65	1.03
Žilina	0.21	0.33	0.42	0.58	0.96	1.02	1.00	0.94	0.94	0.74	0.6	0.48	0.69
Banská Bystrica	0.58	0.65	0.73	0.99	1.78	1.97	1.8	1.62	1.62	1.50	1.09	0.86	1.27
Prešov	0.57	0.66	0.79	0.93	1.81	1.87	1.80	1.72	1.72	1.15	0.95	0.86	1.34
Košice	0.62	0.65	0.87	1.30	2.00	2.06	1.8	1.60	1.60	1.37	1.28	1.04	1.34
Slovakia	0.37	0.43	0.54	0.75	1.22	1.29	1.2	1.11	1.06	0.88	0.72	0.6	0.85

LTRU slightly increased by the end of December 2001. The increase was recorded in all regions except Banskobystrický and Prešovský and in 42 districts.

The highest annual relative increase manifested itself in the districts as follows: Tvrdošín (by 81.8 per cent), Košice II (by 57.4 per cent), Košice I (by 36.6 per cent), Košice IV (by 31.5 per cent), Snina (by 29.6 per cent), Bánovce nad Bebravou (by 28.8 per cent), Dolný Kubín (by 27.9 per cent), etc. *Placement of LTRU in public beneficial labours could not reverse the trend towards the increase in the segment of extreme long-term unemployment. It seems that this trend has rather stopped or stagnated.* It indicates that in the selection of persons for APBJLTU, there was not too much focus on this group.

The implementation of APBJLTU according to employer's subjects

Communities and towns created the highest number of APBJLTU. 30 401 LTRU were placed in these jobs. The second highest number of APBJLTU was created by budgetary or contributory organizations established by municipality. 3 006 LTRU were placed in these jobs. It means that municipalities alone or municipalities through their budgetary and contributory organizations created 86.89 per cent of the total number of the created jobs (see Table 4).

Table 4. The structure of APBJLTU created in 2001 according to the type of employer

Type of employer	No. of APBJLTU created	Share in the total number of APBJLTU created (in per cent)
Municipality	30 401	79.07
Budgetary or contributory organization established by municipality	3 006	7.82
Civic association	2 554	6.64
Non-profit organization	112	0.29
Foundation	86	0.22
Non-investment fund	26	0.07
Health care facility	356	0.93
Social services facility	577	1.50
Churches and religious societies recognized by the state	1 028	2.67
The Slovak Red Cross	300	0.78
Total	38 466	100.00

CONCLUSION

The present-day situation at the labour market is characterized by the long-term predominance of labour force supply over demand. Labour market is over-saturated

with supply of unskilled manual professions. The strong competition in the field of less skilled work creates conditions for pushing part of labour force outside into the field of black labour. This structural deformation of labour force has been partially solved by the means of the public beneficial labours plan for the long-term unemployed.

Previous experience with the implementation of APBJLTU in 2001 showed interest in this instrument not only on the side of the unemployed, but also of the employer's organizations (communities in particular). In the situation of reduced creation of effective jobs, increasing long-term unemployment rate, dominance of high supply of unskilled and insufficiently qualified persons registered among the long-term unemployed, it seems that the application of this active labour market policy instrument is a pragmatic step towards reducing the regional polarization through cutting down high unemployment in the most endangered regions. At the same time, it partially removes the low labour market flexibility and revives the inflexible social and ethnic groups in the sense of their return to the labour market.

The implementation of the APBJLTU program alone and the related experience obtained certain positive and negative elements with the impact on all interested parties.

Positive elements:

1. Creation of the possibility to obtain employment for the risk groups of the registered unemployed who can hardly be placed in the labour market;
2. Recovery of working habits or presentation of LTRU skills;
3. Realization of many investment activities in municipalities and labours aimed at the improvement of municipalities
4. Financial and material contribution to employers providing matters of public interest and especially to municipalities.
5. Reduction in the total unemployment and in the regional polarization of the unemployment rate;
6. Partial opportunity to reveal black labour through a job offer.

Negative elements:

1. The interest of the long-term unemployed to obtain work within APBJLTU only in order to obtain social assistance benefit in the amount of minimum subsistence income (MSI);
2. Frequent sick leaves among the employed on APBJLTU, the loss of working habits and bad working morale of part of the employees, non-observance of working hours, alcoholism, absenteeism;
3. Lack of interest among employers to employ the preferred groups of LTRU, i.e. persons who are registered for the longest time, have the lowest level of education and are in higher age categories;
4. Demanding administration of the APBJLTU implementation with respect to the related legislation and its amendments in the course of the year 2001;

5. High costs of the APBJLTU implementation with respect to the consecutive impact in the field of increased social benefits or title to unemployment benefits;
6. High return to new unemployment registration at the end of APBJLTU.

Employers were better prepared for the implementation of APBJLTU in 2001 in terms of the expertise and material

in comparison with the previous year. However, there were some shortcomings were still persisting with respect to the Labour Code, e. g. the obligation of an employer to provide catering, protective gear for hard wear; observance of the beginning and end of working hours, breaks and so on.

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