Tendencies in the Evolution of Social Services in Romania in the Context of the Economic and Financial Crisis

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Abstract

Social services represent an essential component of social protection and a premise for increasing the quality of life. This paper aims to highlight the position of social services in the social protection system. At the same time we present the main changes in the dynamics and structure of social services after 2008 as well as the issues on funding the sector of social assistance in the economic decline in Romania. The economic decline is analyzed in terms of relevant indicators, with direct influence on social services. The authors also propose a system of indicators that could be used for a better and a more complex characterization of the activity of social services.

Key words: social services, social assistance, funding, quality of life, economic decline, statistic indicators of social services

JEL Classification: H55

Introduction

During a period when the economy is characterized by decline, instability, increasing number of unemployment and of poor people, ensuring quality social services that can meet the needs of all who require such services, gains significant consideration.

The modalities of ensuring social services, their typology, implementing policies in this area, the categories of beneficiaries and providers, are different from one country to another, but in all cases social services occupy an essential place in social protection policies.

The importance of social services for sustaining an appropriate level of quality of life determines the need to continuously study and monitor them. Extensive studies on the status of social services, their dynamics and structure, issues on funding under the financial crisis, have been realized both at European level and in Romania.

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The diagnosis of the system of social services allows identifying the problems they face, the factors that block innovative approach in the field and finally the establishment of measures for improving social policies and increasing the quality of life.

Determining the changes in the dynamics and structure of social services, the performance in this field, the efficiency of social policies, involves quantifying these aspects through a system of indicators.

In Romania, the efforts of establishing a system of indicators on social services were oriented in two directions, i.e. whether to propose indicators that characterize the overall social status (The system of social statistics indicators of the National Institute of Statistics, Bucharest) or to quantify punctual aspects, specific to social assistance, such as services for disabled adults.

Considering the evolution of social services at European level as well as the Strategy for Reform the social assistance in Romania (2011-2013), a group of specialists from the Ministry of Labour, Family and Social Protection, proposed in 2012 a system of indicators for monitoring the national system of social services.

In addition to some individual studies on a possible system of social indicators in public services, monitoring of these aspects has been the subject of the studies of specialized institutions in statistical research.

In this paper, the authors propose a system of specific indicators of social services, that can be calculated based on already available data, without requiring the development of special surveys.

**Social Services – an Important Component of Social Assistance System**

For any member of the European Union, the access to the social assistance is a core element of social policies and an important factor to increase the quality of life. Social assistance assumes granting of rights in the form of money, goods or services, to individuals and families that are unable to cover basic needs with their own resources. Social assistance, along with social insurance, forms the social protection system.

In Romania, the social assistance system, governed by the Social Assistance Law no. 292/2011, comes subsidiary or, where appropriate, complementary to social security system and comprises two components: social security benefits and social services.

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Social protection and assistance are essential for ensuring the basic needs of individuals, personal care, recovery/rehabilitation, and social reintegration. Social benefits include state allowances for children, benefits for childraising, monthly allowances for severely handicapped adults, and heating benefits. Social insurance encompasses pensions, health insurance, and unemployment benefits. Social assistance benefits are an additional form or substitution of individual or family incomes to ensure a minimum living standard. However, social services account for only a small percentage compared to social benefits. The role of social services is judged by their diversity and social impact. Adequate social services are influenced by the quality of suppliers and their organization into a coherent system with other social services.

Source: made by authors

Social assistance benefits represent an additional form or substitution of individual or family incomes. In 2012, social benefits in Romania totaled 7.8 billion lei, which is 1.3% of GDP. The Ministry of Labour, Family, and Social Protection for non-contributory social benefits was directed in 2012 for the state allowance for children (35.1%), followed by child allowance (22.3%) and monthly allowance for severely disabled adults (14.7%).

Social services are designed to meet social needs, as well as special, individual, family, or group needs. In 2012, costs on social services amounted to 42.6 million lei, representing 0.5% of social security benefits. The role of social services should be judged by their diversity and social impact.

The provision of adequate social services is influenced by the quality of suppliers. They can be natural or legal persons, public or private. To achieve coherent and efficient social actions, social services can be organized under an integrated system with other social services.

The social services system must be adapted to available resources and social issues.

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**Fig. 1. Components of social protection in Romania**

Social services:
- Social assistance and support to ensure the basic needs of the individual;
- Personal care;
- Recovery/rehabilitation;
- Insertion/social reintegration etc.

Social benefits:
- State allowance for children;
- Benefit for child raising;
- Monthly allowance for severely handicapped adults;
- Heating benefits etc.

Social insurance:
- Pensions;
- Health insurance;
- Unemployment benefits etc.

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12 Idem.
13 Idem
Funding Social Services in Romania under the Economic and Financial Crisis

Providing quality services in accordance to the diverse needs of the population is especially determined by their proper financing. Given that the social service needs of the population are in a continuous process of change, diversification, ensuring the balance between these needs and the financial resources can be achieved in two ways:\(^1\):

- by increasing the resources allocated to social services;
- by reducing the demand for social protection from the state.

Concerning the amount of resources allocated to social services, there are several possibilities of its growth:

- by increasing the Gross Domestic Product, accompanied by maintaining or even increasing the share of GDP expenditures on social services;
- through government loans, a recommended solution only for short term, during the economic decline;
- by increasing the contribution to social security funds (not a very popular action);
- by increasing state’s incomes in other ways, such as selling its properties, tax rate increase, receiving grants etc.

Reducing the demand for social services from state and implicit the costs with these services can be achieved mainly by:

- transferring responsibilities from the state to other social services providers (private companies, non-governmental organizations etc.);
- reducing the number of beneficiaries of social services both by increasing exigency regarding the criteria for granting them and through rigorous verification of the applicants’ fulfilment of these criteria.

However, it must be noted that the funding of social services is highly influenced by the level and dynamics of the Gross Domestic Product. Moreover, this method is the most recommended and favourable in order to raise the value of social services mentioned above. Also, an important role in the development of social services is kept by the state policy in this field, reflected in the share of expenditures on social services in GDP, a share that is currently well under one percent.

The financial and economic crisis, globally triggered at the end of 2008, has negatively influenced the Romanian economy, the most relevant in this respect being the evolution of Gross Domestic Product (Table 1).

**Table 1.** The evolution of Gross Domestic Product, in Romania, between 2008 and 2012

<table>
<thead>
<tr>
<th>Indicators</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP – billon lei current prices</td>
<td>514700.0</td>
<td>501139.4</td>
<td>523693.3</td>
<td>557348.2</td>
<td>587499.4</td>
</tr>
<tr>
<td>Dynamic index (2008 = 100) (%)(^1)</td>
<td>100.0</td>
<td>93.4</td>
<td>92.3</td>
<td>94.4</td>
<td>95.1</td>
</tr>
</tbody>
</table>


\(^1\) The dynamic index is calculated using the chained indices (previous year =100)

The impact of the crisis was obvious, especially in the first two years, when the GDP decreased as compared to 2008, with 7-8%. Even if the drop has attenuated since 2011, in 2012 there was still a decrease of almost 5% as compared to 2008. The negative dynamics of Gross Domestic

\(^{15}\) Preda, M., *Politica socială românească între sărăcie si globalizare*, Editura Polirom, Iași, 2002, pp.82-86
Product has directly or indirectly influenced all sectors of activity, both economic and social. Therefore, the National Public Budget (consisting of the State Budget, State Social Insurance Budget and Local Budgets), which plays an important role in the financing of social services, recorded a growth deficit in the analyzed period, with a maximum of -33 billion in 2010 (Table 2).

Table 2. Execution of the National Public Budget, between 2008 and 2011
- billion lei current prices -

<table>
<thead>
<tr>
<th>Indicators</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>137612.7</td>
<td>140599.8</td>
<td>153341.7</td>
<td>172635.9</td>
</tr>
<tr>
<td>Expenditure</td>
<td>156801.2</td>
<td>172317.0</td>
<td>186475.4</td>
<td>198061.1</td>
</tr>
<tr>
<td>Surplus/ Deficit</td>
<td>-19188.5</td>
<td>-31717.2</td>
<td>-33133.7</td>
<td>-25425.2</td>
</tr>
</tbody>
</table>

Data source: Romanian Statistical Yearbook, editions 2011 and 2012, Chapter Finances, National Institute of Statistic, Bucharest.

A negative tendency was also recorded in employment, the unemployment level reaching high levels, both overall and in terms of long-term unemployment. Thus, the number of ILO unemployed persons (according to the methodology of the International Labour Office) increases from 575 thousand in 2008 to 701 thousand people in 2012, generating an unemployment rate of over 7% (Table 3).

Table 3. The evolution of the unemployment, in Romania, after 2008

<table>
<thead>
<tr>
<th>Indicators</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>ILO unemployed – thou persons</td>
<td>575</td>
<td>681</td>
<td>725</td>
<td>730</td>
<td>701</td>
</tr>
<tr>
<td>Dynamic of ILO unemployed (2008=100) - %</td>
<td>100.0</td>
<td>118.4</td>
<td>126.1</td>
<td>127.0</td>
<td>121.9</td>
</tr>
<tr>
<td>ILO Unemployment rate (%)</td>
<td>5.8</td>
<td>6.9</td>
<td>7.3</td>
<td>7.4</td>
<td>7.0</td>
</tr>
<tr>
<td>Long-term unemployment rate (12 months and over) %</td>
<td>2.4</td>
<td>2.1</td>
<td>2.5</td>
<td>3.1</td>
<td>3.2</td>
</tr>
</tbody>
</table>


Also, long-term unemployment intensifies in this period, its rate increasing from 2.4% in 2008 to 3.2% in 2012 (Figure 2).

Fig. 2. The evolution on ILO unemployment rate, in Romania, between 2008 and 2012

In this social and economic context with a clear tendency of decline, funding of social services in Romania has become even more difficult. Moreover, their funding was difficult even under normal conditions, because the Romanian economy is not a powerful one, but particularly fragile and vulnerable to external influences, previously proven.
Changes in the Dynamics and Structure of Social Services in Romania, after 2008

The analysis of the evolution of social services through suggestive statistical indicators allows drawing conclusions regarding the factors behind this evolution and therefore taking the decisions on future activities.

Currently we cannot talk about a unitary system of specific indicators of social services in the European Union, to characterize this sector being used, differently from country to country, some social indicators that are found in the European System of Integrated Statistics in the Social Protection – ESSPROS16.

Therefore, taking into account the current information available from various sources, a possible system of indicators on social services could be structured into three main groups, as follows:

1. Indicators on mobilized financial resources:
   - The level of total expenditure on social services (CS);
   - The level of social services expenditure by categories of beneficiaries (CSi);
   - The structure of social services expenditures:
     \[ r_{CS} = \sum_{i} \frac{CS_i}{CS} \times 100 \]  
     \[ r_{CS/CPS} = \frac{CS}{CPS} \times 100 \]  
     \[ r_{CS/PIB} = \frac{CS}{PIB} \times 100 \]  
   - The weight of expenditures with social services in total expenditure on social protection (CPS):
     \[ r_{CS/CPS} = \frac{CS}{CPS} \times 100 \]  
     \[ r_{CS/PIB} = \frac{CS}{PIB} \times 100 \]  
   - The weight of expenditures with social services in Gross Domestic Product:
     \[ r_{CS/PIB} = \frac{CS}{PIB} \times 100 \]  
   - The dynamics Index of social services expenditures:
     \[ I_{CS_{i,0}} = \frac{CS_i}{CS_0} \times 100 \]

   CS1 – expenditure on social services in the current period;
   CS0 – expenditure on social services in the basic period;

   The dynamic index can be calculated both for total expenses for social services and for various social services expenditures.

2. Indicators on the mobilized human resources:
   - Total number of persons employed in the social services system (NS);
   - The number of people employed in the social services system by categories, by different characteristics (gender, age, level of education, etc.) NSi;
   - The weight of number of persons employed in social services in total employed persons in social protection:

The structure of employees in social services:

\[ g_{NS} / NPS = \frac{NS}{NPS} \times 100 \]  

The dynamics index of employees in social services:

\[ I_{NS_{i/o}} = \frac{NS_i}{NS_0} \times 100 \]  

\( NS_1 \) – number of employees in social services in the current period;  
\( NS_0 \) – social services expenditure in the basic period;  

The dynamic Index is calculated both for total employees in social services and for employees in various social services.

3. Indicators regarding the people’s access to social services:

- The total number of beneficiaries of social services (NBS);
- The number of beneficiaries of social services by category (NBSi);
- The structure of beneficiaries of social services by category:

\[ g_{NBS} = \frac{NBS_i}{NBS} \times 100 \]  

- The weight of beneficiaries of social services in the total beneficiaries of social protection measures:

\[ g_{NBS / NBPS} = \frac{NBS}{NBPS} \times 100 \]  

- Annual average costs of social services, per inhabitant:

\[ \bar{CS} = \frac{CS}{\bar{P}} \]  

\( \bar{P} \) = average number of population;

Apart from these quantitative indicators characterizing social services, qualitative indicators can also be used\(^\text{17}\), such as those relating to the quality and accessibility of social services, user involvement in the planning, management and evaluation of social services etc.

Further, we will use some of the indicators presented above to highlight the main changes in the dynamics and structure of social services in Romania after 2008. Thus, in 2012, were allocated from the state budget to finance social services, 42.6 million lei, in real terms 27.8% less than in 2008 (Table 4).

Table 4. Amounts allocated to the financing of social services in Romania during the period 2008 - 2012

<table>
<thead>
<tr>
<th>Indicators</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>Real dynamic(^1) 2012/2008 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total social services - thousands lei</td>
<td>48211</td>
<td>51645</td>
<td>43449</td>
<td>37337</td>
<td>42622</td>
<td>72.2</td>
</tr>
<tr>
<td>Subsidies from the State Budget for associations, foundations</td>
<td>13102</td>
<td>18902</td>
<td>19306</td>
<td>23320</td>
<td>26343</td>
<td>164.1</td>
</tr>
<tr>
<td>Programs of national interest</td>
<td>8218</td>
<td>5533</td>
<td>1285</td>
<td>4557</td>
<td>11549</td>
<td>114.7</td>
</tr>
<tr>
<td>Financing of social assistance units</td>
<td>26891</td>
<td>27210</td>
<td>22858</td>
<td>9460</td>
<td>4730</td>
<td>14.4</td>
</tr>
</tbody>
</table>


\(^1\) Dynamic based on inflation rate in 2012 comparing with 2008

Of total allocations from the state budget for social services, the largest share in 2008 was represented by funding social welfare institutions (55.8%), which is reduced to only 11.1% in 2012, favourable to grants to non-governmental organisations, whose funding increases as share from 27.2% in 2008 to 61.8% in 2012 (Figure 3).

![Fig. 3. Structural changes in the allocation of funds from the state budget to finance social services in 2012, compared to 2008](image)


The increasing funding from the state budget of social services provided by non-governmental organizations has naturally led to an increase of their beneficiaries with 7% in 2012 compared to 2008 (Table 5).

The same can not be said about the Programs of National Interest, because the number of undertaken projects decreases with 52.2% in the analyzed period, while their funding increases with 14.7%. This means that the developed projects had higher individual values.
Table 5. Beneficiaries of social assistance programs in social services in Romania, during 2008-2012

<table>
<thead>
<tr>
<th>Indicators</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>Dynamic 2012/2008 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beneficiaries of actions of associations and foundations who received money from the State Budget</td>
<td>15408</td>
<td>15597</td>
<td>15335</td>
<td>15717</td>
<td>16494</td>
<td>107.0</td>
</tr>
<tr>
<td>Beneficiaries of national interest programs</td>
<td>46</td>
<td>27</td>
<td>25</td>
<td>20</td>
<td>24</td>
<td>52.2</td>
</tr>
<tr>
<td>Beneficiaries of social assistance institutions</td>
<td>63</td>
<td>61</td>
<td>40</td>
<td>25</td>
<td>10</td>
<td>15.9</td>
</tr>
</tbody>
</table>


An unfavourable situation stands for social assistance institutions, providers of social services, which records an almost equally decrease, both in terms of funding and in terms of the number of beneficiaries.

The network of social assistance units, providers of social services, include among other things, placement centres for children, centres for adults assistance and special education units, whose evolution over the period 2008 - 2011 was as follows:

Table 6. The evolution of social assistance units in Romania, during 2008 – 2011

<table>
<thead>
<tr>
<th>Indicators</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>Dynamic 2011/2008 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Placement centres for children</td>
<td>1595</td>
<td>1593</td>
<td>1554</td>
<td>1546</td>
<td>96.9</td>
</tr>
<tr>
<td>Centres for adults assistance</td>
<td>466</td>
<td>481</td>
<td>490</td>
<td>524</td>
<td>112.4</td>
</tr>
<tr>
<td>Special education units (at the beginning of the school year)</td>
<td>172</td>
<td>170</td>
<td>166</td>
<td>160</td>
<td>93.0</td>
</tr>
</tbody>
</table>


Except for the centres for adults assistance, whose number increased in 2011, as compared to 2008, with 12.4% (+ 58 centres), the number of placement centres for children and special education units was reduced with 3.1% (- 49 centres) and 7.0% (- 12 educational units).

Decreases occurred also in the case of children and adults who have benefited from the services of the centres mentioned above (table 7).

The highest decrease was recorded in the case of children from special education units, whose number was reduced with almost 10% during the analyzed period (-2507 children).

Also the number of children in placement centres was reduced with almost 5% (-1187 children). Even if in 2011 there were 58 more centres for adults assistance compared to 2008, the number of assisted adults was reduced with 8% (-2222 persons).
Table 7. The evolution of the number of people benefiting from the services provided by social assistance units in Romania during 2008-2012

<table>
<thead>
<tr>
<th>Indicators</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>Dynamic 2011/2008 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Children in placement centres</td>
<td>24427</td>
<td>23696</td>
<td>23103</td>
<td>23240</td>
<td>95.1</td>
</tr>
<tr>
<td>Adults in centres for adults assistance</td>
<td>27803</td>
<td>24163</td>
<td>24929</td>
<td>25581</td>
<td>92.0</td>
</tr>
<tr>
<td>Children in special education units (at the beginning of the school year)</td>
<td>27645</td>
<td>26313</td>
<td>25861</td>
<td>25138</td>
<td>90.9</td>
</tr>
</tbody>
</table>


Besides the provider units of social services presented above, at the end of 2011, there were also 960 centres / alternative services (+44 compared to 2008) functional in Romania. Of the total, 60 were maternity centres, (-3 compared to 2008), 287 centres / day care services (+6), 58 centres / services of counselling and support for parents (-12), 165 centres / day care services and recovery for children with disabilities or special needs (-2), 31 services / centres for street children (+11) etc.\(^\text{18}\)

From the analysis performed on social services in Romania after 2008, results a compression of this sector, mainly generated by the economic decline.

**Conclusions**

Social services represent one of the components of the social protection system that in the last period in Romania started to develop both in terms of diversity and in terms of volume, due to existing problems in society.

The evaluation and permanent monitoring of the social services in Romania, the development of a strategic vision on them, however, requires the use of a coherent system of statistical indicators. From this point of view, we believe that the system of indicators proposed in the paper can be a starting point in this direction.

The situation of economic instability or even decline, manifested particularly after the financial crisis in late 2008, has generated numerous social problems, resulting in an increase of people with difficult situations that require social services.

However, the development of social services, at least in terms of value, had not a positive trajectory. Thus, in 2012, the value of the social services was almost 30% lower compared to 2008. Moreover, given that in the next period, significant increases in GDP are not foreseen, we can still expect poor social services funding.

Representing only 0.5% compared to the total amount of social benefits in 2012, the share of social services in GDP is totally insignificant (0.00007%).

The decrease of the value of social services in the analyzed period had generate a decrease between 5% and 10% of the number of person who benefited of these services, even if, as mentioned, the number of person in crisis situations, requiring social assistance, increases.

That is why in the future, more non-governmental organizations should be involved in the provision of social services. Actually, subsidies from the state budget for associations and foundations providing social services increased with 64% in 2012 as compared to 2008.

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