

## ***FERTILITY AND FAMILY POLICIES***

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### **FAMILY ALLOWANCES – ADVISED CHANGES AND FINANCIAL ASSESSMENT**

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**Abstract:** *The article contains suggestions for changes in family allowances for children and the material support of insured and uninsured parents / adopters in pregnancy, childbirth and child care, incl. of children with permanent disabilities. The proposals are aimed at solving identified problems and are supported by data from a national representative sociological survey. A financial assessment of the necessary budgetary resources for the implementation of the measures in this area is also presented.*

**Keywords:** family allowances for children; financial support for insured and uninsured parents.

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#### ***Contribution:***

**Yordan Hristoskov:** identification of problems of the family allowances for children; suggestions for amendments in the family allowances for children system, based on the principle of universalism (programs “Family allowances for children of insured parents” and “Family allowances for children of uninsured parents”); detailed recommendations for changes in the material support of insured and uninsured parents / adopters; financial assessment of the necessary budgetary resources for the implementation of the suggested measures; conclusions and evaluations.

**Georgi Shopov** – introduction; suggestions for changes in the family allowances for children system, based on the principle of universalism (program “Monthly benefits for care of children with permanent disabilities”); financial assessment of the necessary budgetary resources for the implementation of the suggested measures; conclusions and evaluations.

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## INTRODUCTION

This publication contains proposals for changes to be made to family child allowances and to the material support of insured and uninsured parents/adoptive parents during pregnancy, childbirth and child rearing. In the first place, the need for changes to be introduced into these systems stems from their obvious shortcomings, which have given rise to well-founded public discontent. Secondly, almost all researchers and politicians note the low or no effect of the existing forms of family support on the fertility in the country, despite repeated changes introduced into the social laws, regulations and ordinances.

The purpose of this publication is to propose changes to the policies and legislation to overcome the shortcomings and increase the effectiveness of family policy.

Based on an analysis of the current regulatory framework, statistics on the results of its implementation, as well as on the results of a representative empirical sociological study (ESI<sup>1</sup>), issues were identified within the systems of family child allowances and financial support provided to insured and uninsured parents.

This is the basis, some changes are suggested on, which are as follows:

1. Transition from a selective to a universal principle of providing family child allowances, i.e. achieving the full range of support for families with children.
2. Differentiated approach in the conditions for access and the way of providing family child allowances to insured and uninsured parents.
3. Differentiated amount of benefits according to the number of children in the family - with an emphasis on stimulating the birth of a second child.
4. The amount of family child allowances should be significantly higher, depending on the degree of disability of the child.
5. Bonus (additional amount) for the child's education when passing to a higher educational degree.
6. Binding childcare benefits to the minimum wage and a flexible regime of using leaves.
7. Automatic mechanism for annual updating of family child allowances and benefits for uninsured parents/adoptive parents – at least in line with the harmonised consumer prices index.

The suggested changes in the systems of family child allowances and material support of parenthood were supported by more than two thirds of the respondents who participated in the national representative ESI. This means that in their implementation as practical measures, they would have broad public support.

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<sup>1</sup> This study covered the population aged 18–50 (women) and 18–55 (men) and was conducted in the period March–April 2018 by the Agency for Social and Marketing Research “Market Links” OOD for the needs of the project entitled *Measures for overcoming the demographic crisis in the Republic of Bulgaria*, developed by BAS on behalf of the Government.

## **PROBLEMS AND SUGGESTIONS FOR CHANGES IN THE 'FAMILY ASSISTANCE FOR CHILDREN' SYSTEM**

### *Disadvantages and problems of the existing system of family child allowances*

In the analysis of the current system of family child allowances, based on the income test of families, the following shortcomings and problems stand out:

1. The target of support would be mainly families without income or with low officially declared income. The majority of these families generally have a low culture of family planning due to religious and other beliefs and give birth to three or more children. Moreover, the birth of children has become a major source of income generation.
2. The introduced income criterion for access to family benefits in the mass case deprives almost half of the families whose incomes are slightly below the average income for the country and above. For the most part, these are the families that should be encouraged to have a second and possibly a third child, because they are the ones who can raise children in a relatively good and very good quality environment;
3. The income criterion itself is determined quite subjectively and its size is subject to political motives. In addition, as with all systems providing access to benefits based on income and wealth tests, there is a problem with the limit of the criterion. This would stimulate income evasion, encourage work in the informal economy and sanction the conscientious;
4. The connection between the right to receive family child allowances and the child's education level is quite formal, i.e. all you need is school attendance. Success in upgrading or higher education degrees are not encouraged and the growing costs of families to receive higher education levels, including the development of children's talent in extracurricular activities, are not taken into account.

Irrespectively of the changes made in 2018, which consisted in forming an intermediate group of families with BGN 400–500 of medium income per capita that would be receiving family child allowances amounting to 80% of the legally established benefits, the problems still remain.

With regard to family benefits for raising children with permanent disabilities, for which no income criterion for access is applied, the main shortcomings may be formulated as follows:

1. Introducing lower monthly allowances for children with permanent disabilities aged up to 18 in families of relatives of theirs or foster families rather than by their own parents. Given the fact that the goal stated in this part of the family child allowances Act (FACA) is to “meet the basic and specific needs of children with permanent disabilities due to disability” in the home/family environment, there are hardly any grounds to consider that the needs