

EUROFOUND PROJECT

Families in the economic crisis: mapping policy responses in 5 European Member States

Coordinators: Austrian Institute for Family Studies, University of Vienna (Sonja Blum, Olaf Kapella)

Countries and partners:

Austria – Sonja Blum, Austrian Institute for Family Studies at the University of Vienna

Finland – Mikael Nygård, Abo Akademi University Vasa

Portugal – Karin Wall, Sónia Vladimira Correia University of Lisbon

Slovenia – Tatjana Rakar, Social Protection Institute of the Republic of Slovenia

UK – Mary Daly, University of Oxford

Portuguese Report

The Economic Crisis and Policy Developments in Portugal

Tasks 4 & 5

Karin Wall
Sónia Correia
Institute of Social Sciences- University of Lisbon

October 2014

1. The Economic Crisis and Policy Developments in Portugal - Summary

The economic crisis has introduced major changes in family policies in Portugal, in particular since 2010. There has been a move away from an explicit pro-family, pro-egalitarian and pro-natalist perspective focusing on the strengthening of support for families at the level of services, cash benefits and leave schemes, towards a more implicit and residual policy perspective underlining support for very poor families and a move away from state responsibility for families in general, also encouraging the non-governmental sector and families themselves to act as the “front-line” of support. Families have been more affected by increased selectivity and reductions in cash benefits, whereas policies concerning leave entitlements and services have suffered less change.

At the level of the governmental framework, family policy during the last three years has been in the shadow of social policy and there has been strong delegation of state responsibility for disadvantaged families to third sector institutions (mostly private publicly-subsidized NGOs) and to regional and municipal authorities. At present there is no specific governmental body with responsibility for overseeing family policy developments and their impact.

In the context of high unemployment rates, sharp cut-backs in salaries, pensions and cash benefits (e.g. family benefits, the minimum income guarantee) and heavier taxation for all families, these policy developments have created a weaker safety net for vulnerable families, in particular those with children. Nearly half a million families with children have lost access to family benefits since 2010, the fertility rate dropped to 1.21 in 2013 (the lowest ever in Portugal), and the risk of poverty rate for children below 18 (24.4% in 2012) has increased and is higher than the risk of poverty for elderly persons over age 65 (14.6% in 2012) and the Portuguese population in general (18.7% in 2012). The risk of poverty is particularly high in lone parent families (33.1%), in families with two (19.8%) or three or more children (40.4%) and for unemployed persons (40.2%).

Measures introduced to support disadvantaged families include the setting up of a network of third sector canteens, the introduction of free breakfast at school for children from disadvantaged families, and an uprating of unemployment benefits for low-income couples with children where both are unemployed; local authorities, third sector institutions, charitable church organizations and schools have often introduced other forms of support, thereby seeking to reach out to needy children and families and to compensate for a decline in state responsibilities for families.

Two major research issues may be identified. First, it is important to understand the impact of the crisis and recent policy developments on disadvantaged families, with a specific focus on the lives and experiences of children, namely by examining how unstable living and work conditions are affecting the care, the health, the activities, and the education of children. A second issue is to examine how third sector and local institutions, the so-called new “front-line” of support, have been dealing with the needs and growing poverty levels of more vulnerable families.

2. Selected measures and methods

The following 3 policy measures/developments have been selected for analysis in Portugal:

- Third sector canteens/food banks : the aim is to understand how NGOs who have taken on this task, with or without public subsidizing, are responding to disadvantaged families' difficulties in this domain and how they perceive the gaps and problems in providing support and assess the public subsidizing of this measure.
- Unemployment benefits and income support for disadvantaged families: the aim is to understand to what extent this type of measure has impacted favorably on these families' capacity to face poverty and to provide well-being for young children in spite of difficulties (e.g. high levels of indebtedness, housing problems and difficulty in paying rent and essential goods, undernourishment, no means to buy school materials).
- Delegation to local level (municipalities, local councils, schools etc.): the aim is to understand how local councils and other institutions such as schools or civil society organizations are stepping in to support needy families in times of crisis. Which strategies are being implemented at a local level to compensate for gaps in state support? With what means? And how do these actors perceive the impact of the crisis on families and the existing measures of support?

Methods:

In order to get an in-depth and grounded account of the impact of current policy perspectives and measures on disadvantaged families, a case study approach will be adopted. The municipality of Odivelas was chosen as the locus for data collection and observation, for the following reasons: it is a large municipality on the outskirts of Lisbon (families with children are concentrated in Portugal's main cities), with high proportions of disadvantaged and migrant families and has been developing multiple strategies, both at the municipal level and in collaboration with non-governmental and other institutions, to help families face the impact of the economic crisis. Local actors and institutions were also open to observation due to previous collaboration with the OFAP and personal contacts. Interviews and observation will be organized along the following lines:

- 4-8 interviews with disadvantaged families, including: lone parent families, families receiving benefits (unemployment, minimum income), immigrant families and families with two or more children;
- 3-4 interviews with social assistants working in different institutions
- 4-6 interviews with local actors, including: a member of a local food bank, three representatives of local authorities (Vice-president of the Odivelas town council; President of the Ramada parish; Vice-president of same parish who is a school teacher; a member of the Ramada parish's Social Commission and active member of the Parents' Association in a local school; the Director of a private non-profit publicly-subsidized crèche which receives many children from vulnerable families.

Portugal factsheets (Existing Family Policies)

Official title	English translation	Responsible agency/ department	Eligibility criteria / Target population	Means-tested (yes/no)	Estimated annual cost	Other details (e.g. implementation date, information about implementation process, etc.)
1.Child/family cash benefits (allowances) and tax relief for families with children						
Abono de família para crianças e jovens	Family Benefit	Ministry of Solidarity, Employment and Social Security (MSESS)	Criteria: Household income level below threshold; family benefit for children resident in Portugal below age 18 or below 24 if a student. Higher benefits when child below one, in lone parent families and families with two or more children.	Yes	After the cuts, in 2013: 659.667.000	Created in 1942 as a universal benefit. Selectivity introduced with five income levels in 2003; in 2010 changed to three income levels, only for very poor families. Between 2009 and 2013 the monthly amount received for a child under 1 year decreased from € 174.72 to € 140.76 for the 1st level and from 43,68€ to 35.19€ for a child over age 1.
Abono Pré-Natal	Pre-Natal Family Benefit	MSESS	Entitles pregnant woman to a monthly allowance for the last six months of pregnancy. Amounts vary according to the same 3 income levels used to determine family benefit.	Yes		Created in 2007. Between 2009 and 2011, this allowance decreased from 124 644 to 89,248.
Benefícios Fiscais	Tax Relief	Finance Ministry	For each dependent child a tax deduction of 45% (up from 40% in 2012) of the Social Index (419.22€ in 2013), 90% if child below age 3; 70% (down from 80%) if child in lone parent family; 50% (up from 45%) if family with 3 or more children.	No		Fiscal policy measures have increased taxation of families since 2011. The State Budget for 2013: <ul style="list-style-type: none"> - increased the average rate of tax on personal income (IRS) from 9, 8% to 13.2%; - reduced tax allowances for health and education expenses; - maintained the extraordinary surcharge of 3.5% on all income levels above the national minimum wage; - broadened the range of incidence of the solidarity tax, which now has two different levels; - increased taxes on capital gains and rents. Only poor families e.g. (annual income below € 7,000) are exempted from ceilings on specific tax allowances.

2. Leave policies						
Licença parental inicial (120-150 dias)	Initial Parental Leave	MSESS	All employees with a record of six months of insurance contributions. Parents who have no record of or insufficient contributions are entitled to a monthly flat-rate benefit but only if their family income is below 80% of the Index of Social Support (ISS) (€419.22 in 2013).	No	In 2012 € 531 919.000	Introduced as “Maternity Leave” in 1976 (3 months) changed to “Initial Parental leave” in 2009. 120 calendar days at 100% of previous earnings or 150 calendar days at 80% of earnings. First 45 days reserved for mother.
Partilha da Licença Parental Inicial entre o pai e a mãe	Sharing Bonus	MSESS	All employees as above.	No		Introduced in 2009. 30 extra days of initial parental leave available if parents share the leave (e.g. on condition the father takes at least 30 consecutive days of leave without the mother). Two options: a) five months, paid at 100% of earnings; b) six months paid at 83% of earnings.
Licença exclusiva do pai	Paternity leave	MSESS	As Initial Parental leave. Fathers who have no record of, or insufficient, contributions are entitled to the obligatory paid leave of ten working days as well as to the ten optional working days (daily payment corresponds to 80 per cent of 1/30 of ISS (€419.22 per month)).	No		Created in 1995 unpaid. Latest reform 2009. 20 working days, 10 of which are obligatory and must be taken during the first month after birth with 100% of earnings with no ceiling. The ten obligatory days are increased by two days for every additional child (multiple births).
Licença Parental Complementar	Additional Parental Leave Length of leave: Three months per parent. Individual entitlement.	MSESS	As Initial Parental Leave.	No		Created in 1999 unpaid. Reform 2009. Three options: a) on a full-time basis for 3 months; b) on a half-time basis for 12 months per parent; c) on an alternating basis, i.e. working half-time and full-time up to a maximum of three months full-time per parent. Compensation: 25% of average earnings for 3 months for each parent, only if taken immediately after the Initial Parental leave.

Licença de Assistência à Criança	Childcare leave or career breaks	MSESS	As Initial Parental Leave. After Additional Parental leave, and only if this leave has been taken, one of the parents may take up two years of unpaid 'childcare leave' - formerly 'Special Parental leave'- on full-time, extended to three years when there is a third or subsequent child.	No		Introduced in 1984. This special leave can only be taken by one parent who must prove that the other partner is employed or incapable of working.
3) Childcare policies						
Rede de Creches, Amas e Pré-Escolar	Childcare Services (creches, childminders) and full-time Pre-schools	Education and Science Ministry(ESM) & MSESS	All children from 3 months to 6 years. 3 types of institutions: Public (free of charge); Publicly subsidized NGOs (mean-tested); Private profit.	Yes in NGOs		Repeated investments to expand public and publicly subsidized childcare since early 1980's. In 2012: Coverage rate of 41.8% for children under 3 and 91%for pre-school children aged 3-6.
Bolsas de estudo	Scholarships	ESM	For beneficiaries of the 1st and 2nd level of family benefits, students in secondary school with final grade >= 14.	Yes		In 2009/2010, 25,565 scholarships were awarded.
Ação Social Escolar	Student Welfare	ESM	Children who receive family benefits	Yes		Created in 1971. Two levels of support, A and B. Includes mainly: - food (free or subsidized meals and school milk); - School books and materials;
Passes Escolares	Student Public Transport ticket	ESM	Only for children and young people from poor families belonging to band A and B of the Student Welfare.	Yes		50% deduction for student public transport ticket, Universal (for children aged 4 to 18 years) until 2011, today only for Students on Welfare.
Atividades de Enriquecimento Curricular	Extra-curricular Activities	ESM	After school activities for all children in public primary school (3-5.30 p.m.).	No		Created in 2006/07. Free of charge. Compulsory activities: music, English (other: gym, art etc.). Coverage rate: 99.4% in 2011/12.Changes in 2013: schools have only to provide 5 hours of activities (even if care is guaranteed until 5.30pm), English no longer compulsory.

Componente de Apoio à Família	Before and After School Care	ESM	As above	Yes		Created in 2006/07. Care for children before curricular activities (8am to 9am) and after extra-curricular activities (17.30 19h). Organized by schools and Parents' Associations. Also provides care during holidays.
4) Housing benefits for families with children						
Tarifa Social de Electricidade; Tarifa Social de Gás Natural; Apoio Social Extraordinário ao Consumidor de Energia	Social Rate of Electricity; Social Rate of Natural Gas; Extraordinary Social Support to Energy	MSESS	Only for beneficiaries of: 1st level of family benefits; minimum income; unemployment assistance; complementary supplement for the elderly and social disability pension.	Yes		Created in 2011, to support poorest households.
Mercado Social de Arrendamento	The Social Market of Renting	MSESS	Disadvantaged persons who cannot afford to rent a house on the open market.	Yes		Created in 2011. Rents are 20% to 30% lower than on the free market. Only 600 beneficiaries at national level.
5) Support for families with caring responsibilities towards the elderly or other dependents						
Licença para cuidar de dependentes	Leave to care for dependant persons	MSESS	Employment Related	No		Introduced in 1984. Last reform 2008. - 30 days for care for sick children under the age of 12, with no age limit in the case of a child who is chronically ill or disabled; - 15 days/year to care for a sick child above age 12; - up to 15 days unpaid leave/year to care for a spouse or a close relative; - extra 15 days unpaid leave/year to care for a severely handicapped or chronically ill spouse; - 6 months leave to care for a handicapped or chronically ill child; This leave can only be taken by one of the parents and it is paid at 65% of earnings.
Complemento de dependência	Dependency Allowance	MSESS	For dependent elderly persons needing the care of a third person. Two levels of benefit, the first level is means-tested.	Yes/ No		Introduced late 80's. Latest reform 2011.
Complemento solidário para idosos	Complementary Benefit for the elderly	MSESS	For very low incomes: 4,909.00/ if elderly person (65 + years old) living alone	Yes		Created in 2005. One of the parents is entitled to use this leave until 4 years.

Portugal factsheets (Other family-related policies or services for families with children)

Official title	English translation	Responsible agency/ department	Eligibility criteria / Target population	Means-tested (yes/no)	Estimated annual cost	Other details (e.g. implementation date, information about implementation process, etc.)
Rendimento Social de Inserção	Social Integration Income (Minimum income)	MSESS	Only households with monthly income below € 463. Neither the applicant nor his/ her household may have movable property exceeding 25 153.20 €.	Yes	In 2013, 315.100.000€	Created in 1996 to ensure that individuals and their family have sufficient resources to cover their basic needs. More restrictive eligibility criteria since 2010, leading to drop of 22,4% in number of beneficiaries.
Subsídio de Desemprego/Subsídio social de desemprego/	Unemployment Benefit and Social unemployment benefit	MSESS	12 months of contribution/have received unemployment benefit	No/Yes		Created in 1975. Recent changes (2012) in amounts, duration of benefit and eligibility.
Majoração do subsídio de desemprego	Family Addition (10%) to Unemployment benefits	MSESS	For unemployed lone parents, couples and couples with children where both are unemployed and beneficiaries of family benefits up to 4 th income level.	Yes		Created in 2011.
Programa de Emergência Social	Social Emergency Program	MSESS	Social assistance, in particular: food assistance, for disadvantaged people (social canteens/food banks); increase of 10% in unemployment benefits for couples and lone parents receiving family benefits (up to 4 th level of income); public transport ticket for very poor families in Lisbon and Porto.	Yes	In 2013, the government allocated € 251, 000.000	Created in 2011. Implements a network of social assistance which aims to ensure access to basic needs. In October 2013 approx. 49,150 meals per day were distributed.
Cheques Dentista	Cheques Dentist	MSESS	For children (below 15) in public school or in private non-profit sector.	Yes		Created in 2008. The yearly value of each check is €35.
Fundo de Garantia de Alimentos Devidos a Menores	Advanced Alimony Payment	MSESS	Children Under 18. Income level below € 419.22 / month.	Yes		Created in 1998. Reformed in 2012. Through this Fund, the State guarantees maintenance to lone parents in case other parent does not fulfill alimony obligation.