



Fiscal Council's Opinion on the legislative proposal for amending and completing the Law no. 61/1993 on the republished state child allowance – b524/2021

On December 3, 2021, the Fiscal Council received the address of the Romanian Senate no. XXXV/5602 dated 15.11.2021, by which it is requested, in accordance with the Fiscal Responsibility Law no. 69/2010 (FRL), the opinion on a legislative proposal amending and completing the Law no. 61/1993 republished on the state child allowance (the proposal no. b524/2021).

According to the article of law to which reference is made, the attributions of the Fiscal Council are:

e) analysis and elaboration of opinions and recommendations, both before the approval by the Government and before the transmission to the Parliament, on the annual budgetary laws, on the budgetary revisions, as well as on other legislative initiatives that may have an impact on the budgetary expenditures, as well as the assessment of their compliance with the fiscal principles and rules provided by this law.

Brief description of the legislative proposal

The legislative proposal subject to examination by the Fiscal Council envisages the amendment and completion of Law no. 61/1993 on the state allowance for children by doubling the allowance for each child up to 18 years of age, in the case of families with 2 or more minor children. Thus, it is proposed that starting with January 2022 the level of the state allowance for children to be set at:

a) 600 lei

- for children up to 2 years of age and for children with disabilities up to 18 years of age;
- for each child up to the age of 18, in the case of families taking care of 2 or more minor children.

b) 300 lei for children with age between 2 and 18 years.

In favor of this proposal, the authors of the legislative proposal mention in the explanatory memorandum that for 31 years Romania has been facing a sharp demographic decline, amid a low standard of living relative to the European average, and a high poverty rate, especially among

children, and an increase in their allowance is likely to increase the birth rate and reduce the risk of child poverty.

Budgetary impact of the proposal

Although the legislative proposal is not accompanied by the financial statement showing its impact on the general consolidated budget, the attached explanatory memorandum states that it would be 375,000 thousand lei/month¹ to increase the allowance from 300 to 600 lei for children from families with 2 or more children.

Currently, according to Law no. 61/1993 amended by GEO no. 126/15 December 2021, from 1 January 2022, the state child allowance is set at:

- a) 600 lei for children up to 2 years of age and for children with disabilities aged between 2 and 18 years;
- b) 243 lei for children with age between 2 and 18 years.

Starting from the level of allowances established from January 1, 2022 according to the law in force, statistical data on persons with disabilities² published by the National Authority for the Rights of Persons with Disabilities, Children and Adoptions, NIS data on demographic structure on July 1, 2021, FC estimates a budgetary impact generated by the legislative proposal of 575,000 thousand lei / month, respectively of about 6.9 billion lei / year. Most of the budgetary impact is due to the proposed substantial increase in allowances for families taking care of 2 or more minor children (proposed increase of about 147%).

Assessment of the Fiscal Council regarding the legislative proposal

- Regarding the opportunity of the legislative proposal, the Fiscal Council has no attributions in deciding, because the establishment of child allowances is the prerogative of the Parliament, the Government or other institutions.
- The legislative proposal is not accompanied by the financial statement in which its impact on the general consolidated budget is presented. The additional budgetary effort related to the legislative amendment is significant (6.9 billion lei for 2022) and, in the opinion of the FC, significantly affects the budgetary targets for the current year and in the medium term.

Given that the financial impact on the overall consolidated budget of the measure is significant, and in the absence of a financial statement or a full budget projection showing that the proposal does not affect the medium-term budgetary targets, the FC considers that this legislative proposal will adversely affect the general budget consolidated by about 6.9 billion lei considering

¹ Evaluated by the authors of the legislative proposal starting from the premise that from January 1, 2022, the level of the state allowance is 300 lei for children aged between 2 and 18 years.

² <http://andpdca.gov.ro/w/date-statistice-persoane-cu-dizabilitati/>

as a reference the foreseen levels of the allocations at the level of 2022 and in the absence of sources of compensation taken into account by the initiators of the legislative proposal.

The opinions and recommendations formulated above by the Fiscal Council were approved by the Chairman of the Fiscal Council, according to the provisions of art. 56, para (2), letter d) of Law no. 69/2010 republished, after being agreed by Council members, through vote, in the meeting of January 21, 2022.

January 21, 2022

Chairman of the Fiscal Council

Professor DANIEL DĂIANU