

# FAMILY POLICY AND ITS REALIZATION TRENDS IN LITHUANIA FOR 2005–2012

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**Abstract.** *The purpose of the article is an overview of the objectives and criteria of the classification used in state family policy in the sphere of economic relations, a discussion of family policy types and sub-types, relations between forms and types, and their characteristics in contemporary conditions. It discloses the significance of a systemic approach to family policy, emphasizes that family policy can be investigated both as a separate system and as a subsystem emphasizes that a particular family policy must reflect the inherent relations of the subsystems and components, i.e. an implementation area of family policy, its targets, goals, priorities, directions and state's ability to provide economic support draws attention to the fact that family policy should be associated not only with the family as a general institution but also with individual family forms, describes the trends of public financial social assistance for families raising children and for poor residents in 2005–2012.*

**Key words:** *family policy, types of family policy, family forms, benefits for families raising children, financial social assistance for poor residents*

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## Introduction

The effectiveness of state family policy depends on many circumstances, processes, values, traditions, etc. Of particular significance among them is the complexity of family policy and the different treatment of its concept in specific areas of social relations. The absence of a unified national family policy poses a serious demographic, cultural, emigration, labour, poverty, health care, law enforcement, etc. problems and has a negative impact on the family institution. The current family policy raises a lot of debate and controversy. This relates to the fact that the concepts of family policy, approved by both the Government in 1996 and the Seimas of the Republic of Lithuania in 2008, have not been fully implemented. Partial implementation of the concepts has led some members of society to failed paternalistic expectations that the state can solve the problems of poor families, the syndrome of frustration in state family policy, and contradictions in

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Article was published as part of research framework in Lithuanian Research Council funded project „Social, economic and legal measures for stability and development of families“ (grant agreement No. SIN-10/2012).

incentives to work falling into a low-wage (poverty) trap (Lazutka, 2010) Therefore, while selecting effective family policy implementation measures in practice, an objective necessity for a targeted classification of family policy in accordance with the criteria of the disclosure of the contents of this policy in the real country's economic and political life has arisen. This classification allows not only to reveal the family policy causation, but also to define the problem-solving directions and measures.

In the scientific literature, family policy is often analyzed in the context of generalized social relations without dividing them into economic, legal, ethical, etc. This prevents the use of a systemic nature of analysis and distinguishing among the specific types of family policy. In terms of practice, it is difficult to implement the conclusions of such kind of analysis in real life. The specific forms (implementing measures) of family policy are effective only if they have a targeted nature and are used not in an abstract but a specific area. Therefore, family policy research should be targeted, i.e. linked to a specific scientific discipline in the analysis of social and economic processes. In such classification, family policy, formulated in different fields of social life, should be linked into a logical sequence and its types, subtypes, and components bound by subordinated bonds. This is possible only upon a clear definition of the basic classification criteria. Family policy in a particular area needs to disclose the specific nature of social relations and the basic family policy reasons, directions, and realization forms exactly in the range of these relations.

In today's world, there exist diverse forms of family, some of them being formalized neither by marriage nor by any other legal relations. Despite this fact, the state has to ensure their legal and social protection. Therefore, family forms have to become an important classification criterion for family policy.

Research aim: to discuss the necessity for family policy-making not only in the context of common social relations, but also in the fields of specific social relations (economic, legal, etc.), to overview the types of family policy in the sphere of economic relations and their classification criteria, and to disclose trends in state financial assistance for families in 2005–2012.

The article consists of three sections. The first section offers a discussion why it is necessary to analyze family policy in the spheres of specific social relations (economic, legal, cultural, etc.). It shows that a systematic approach should be followed in the formation of family policy, as it helps to identify more accurately the types and forms of family policy. The section presents the definition of family policy in the economic sphere and describes the classification criteria of family policy by types. The second section analyzes trends of financial assistance for families with children in Lithuania in 2005–2012. It discloses the reasons which have determined these trends, and changes in the financial assistance legislation. The third section discusses the trends of public cash assistance for

poor residents in 2005–2012. It describes the trends in public spending on low-income people by providing social benefits to compensate their expenses on heating and water.

Research methods: scientific literature analysis, statistical data structuring, benchmarking and comparative indicators, logical analysis, systematic evaluation, descriptive methods.

Authors' contributions: V. Gavelis submitted the introduction, Sections 1 and 2, and conclusions, and E. Visockas submitted Section 3 of the article.

## **1. Necessity of family policy classification**

The actual public support of the family strongly depends on what family forms are recognized by the state as legitimate when forming the family policy of the country. The treatment of both family forms and family policy is highly dependent on researchers' approach, the selected criteria, traditions entrenched in the country, cultural and social values, the prevailing demographic, economic, and political situation, etc. As shown in the literature review, the researchers usually put stress on family policy, while family forms are analyzed less frequently.

The criteria, types, and targets of family policy have been widely considered only in the second half of the 20th century. Among the first to make a classification of family policy were S. Kamerman and A. Kahn (1978). According to the target of family policy and the character of its implementation, they distinguished between a clearly defined family policy (explicit) which has a direct influence on the development of family, and family policy indirectly affecting the family (implicit). This policy, in turn, can be a structural part of a wider policy. Subsequent scientific studies of different countries revealed the family policy criteria specific to individual countries (Hantrais, Letablier, 1996), family policy influence on demographic processes (Pinnell, Hoffmann-Novotny, 2001), social policy relations between the family and the state (Eydal, 2003), and family policy peculiarities in “welfare states” (Gauthier A., 1996).

Comparatively much attention has been devoted to various aspects of family policy in Lithuania as well. Research studies present family policy as a structural part of public policy (Kavoliūnaitė-Ragauskienė, 2012) and population policy (Stankūnienė, 2001) with a special emphasis on demographic issues, as well as problems of gender equality in the labour market (Kanopienė, 2006), combining family and work (Jančaitytė, 2006), social assistance to family (Lazutka, 2008), etc. Often, researchers (Maslauskaitė, 2005) analyze the narrow and broad approaches to family policy, discussed by A. Gauthier (Gauthier, 1996). In a narrow sense, family policy is described by conventional elements of financial assistance to family, and in a broad sense, family policy covers family life issues solved in different areas of social life and economic sectors.

Despite the fact that many valuable studies on family policy have been published, the debate on the family policy concept and its definition is still going on. As pointed out by V. Jelizarov (1998), this is explained by the fact that the researchers investigate the family policy simultaneously in both the social and the demographic contexts and simultaneously analyze the problems in many different areas. The family policy concept is also determined by the scope of analysis. V. Smalskys (2005) believes that there should be a distinction between the traditional and the modern family policy. The traditional family policy must perform two essential functions: to support the demographic development and to support poor families, all in conjunction with meeting the basic needs of the young generation. The Modern family policy should place more emphasis on the qualitative aspects of the development of the family and on the fact that the fundamental democratic values should prevail in the family.

Theoretical uncertainties in family policy can explain the situation why Lithuania so far has not formed and approved the state family policy. As far back as 2008, the Seimas of the Republic of Lithuania approved the state family policy concept "... designed to justify the need for family policy ... to define family policy objectives and principles" (Lietuvos..., 2008). Although five years have passed, the state family policy has not been constructed and approved so far because of the eclectic nature of the concept itself. The goal of the state family policy, formulated in the concept as "... to prepare and implement overall policy that will support and strengthen the family institute, ensure a framework for providing differentiated assistance of state and public institutions to the family in every way ...", has a systemic nature and reflects the entire system of social relations, whereas the directions and objectives of the family policy do not contain any features specific to subsystems. The concept does not foresee to develop family policy in the context of specific, i.e. economic, ethical, legal, health, cultural, etc. social relations. Therefore, family policy directions are not specified by any criteria, do not reflect reciprocal links, and in fact cannot become a unified, coherent, consistent framework allowing classification of family policy by type and form.

A classification containing the practical value is only possible if the object of analysis is grouped and systematized in the area of specific social relations, i.e. law, economics, culture, etc., because the independent family policy in the system hierarchy is analyzable as a structural part of a larger system. As every system, it consists of identified, closely related elements changing in time and space. A systematic approach to them allows revealing the criteria of the system and its components, peculiarities, developmental stages and characteristics, and the perspective. As a system, family policy is investigated in the context of common social relations, while as a subsystem the family policy is analyzable in respect of economic, legal, ethical, political, demographic, religious, and other social relations. Objectively, every researcher, while analyzing family policy as a subsystem in

the context of his/her academic discipline, refers to specific criteria, factors, and forms. This may lead to a different evaluation of the same components of the family policy. The aspects that in the areas of legal ethics, health care or transport can be seen as components of family policy, in the context of economic relations can be considered as a regular health care service, education, public transport, law enforcement and other official bodies that altogether do not require any specific economic policy to be applied. For example, the right to marriage, divorce, abortion, contraception or cohabitation and the relevant services can be components of family policy in the context of legal, ethical, educational and health-care relations. However, from the economic point of view, they cannot be the subjects to which economic regulation is applied. This shows that there are no unified, reflecting the whole system of social relations, generalized criteria of family policy, which should be of practical value. Therefore, the state family policy as a system needs to be classified into subsystems. To define the type of family policy, its scope of coverage, strategic and tactical criteria and feasibility is only possible if family policy as a subsystem is analyzed in the sphere of specific economic, legal, ethical, educational, health, religious and other social relations.

Family policy in the context of economic relations should be the central part of the state family policy (subsystem). An independent family policy formulated in any other sphere of social relations should be based on the financial capability of the state and have a close relation with family policy in the context of economic relations. Family policy in the sphere of economic relations is the basis for implementing family policy measures in all other specific social areas of life, i.e. education, health care, etc. According to the authors, family policy in the context of economic relations is the totality of the targeted state economic actions which have a direct or indirect impact on both the whole family institution and on a particular family form.

Family policy classification into types and forms (implementation instruments) plays an important role in implementing it in practice. *Type* is the most important structural unit of scientific classification, allowing to define a certain component of family policy by its own classification criteria, revealing specific characteristics of particular families and their logical relationship with the classification criterion. Analysis of type allows the selection of more specific implementation forms (instruments) of family policy to assess the economic behaviour of families. The *form* (instrument) of family policy is a specific way of implementing family support, without which family policy cannot be realized, for example, a public benefit for child guardianship. The form (instrument) is a driving force of family policy, which gives it explicitness as it shows the way in which the policy is implemented in practice. The form (instrument) and content make a unity in family policy. The content is unrealizable without the form (instrument), while the form cannot exist without the content, either. The type of family policy is a theoretical category

of scientific analysis. A change in form (instrument) may change the content of family policy as well. In turn, changes in the content may require a new form (instrument) for its realization.

The authors believe that at present it is relevant to classify family policy in the context of economic relations according to the following criteria: in respect of the addressee (family form), in respect of children, an average family income per one family member, and the direct or indirect way of financial assistance.

Currently, most of the theoretical and practical discussions in Lithuania and abroad result from the diversity of legitimate and illegitimate forms of family. By the mid-twentieth century, marriage-based family relations were in fact the only legal family relations regulated by legislation. Over time, the role of marriage has decreased. The European Court of Human Rights (hereinafter ECHR) has stated that the concept of family cannot be attributed solely to marriage, because the concept of family includes unformalized legal relations arising between individuals who are not married. The ECHR case law shows that the concept of family involves various forms of families: conjugal family, family life leading unmarried families, one-parent families or families consisting of both parents and children, childless families, same sex families, families among close relatives. The large diversity of family forms has led to the fact that in Lithuania they usually do not fall under legislative regulations; there is no difference in terms of content between the terms “family” and “family members”, and such widely used concepts of family members as “close persons”, “persons living together”, “related persons” do not reveal the actual family form (Ambrazevičiūtė et al., 2012). Therefore, the authors consider that the family policy in respect of the addressee (family form) may be classified into family policy in respect of a married couple, family policy in respect of a single parent with children, family policy in respect of unmarried persons, and family policy in respect of partners. Family policy according to the number of children can be classified into family policy in respect of family without children, family policy in respect of families with 1–2 children, and family policy in respect of families with 3 or more children. According to the average income per family member, family policy can be classified into family policy when the average income per family member is lower than the state-supported income, and family policy when the average income per family member is higher than the state-supported income. As regards financial assistance, family policy is classified into direct family support policy (support is paid in cash) and indirect family support policy (support is provided in tax benefits by paying loan interest, for children’s holiday, summer camps, etc.).

The above family policy classification reflects the inherent relations and components of subsystems, i.e. targets, objectives, priorities, and directions of family policy. The extent to which such a classification can be implemented in practice depends on the

political will and capacity of the state to provide economic support to the family. In any case, family policy is a dynamic process. With the growing economy, the changing concept of the family and its structure, arising new demographic, gender, etc. issues, some family policy types may disappear while others are to occur. The implementation of the continuity and consistency principles plays a highly important role in family policy. Unfortunately, the analysis in the following sections shows that these principles are badly met in the contemporary Lithuanian financial system of family assistance.

## **2. State financial social support for families with children in 2005–2012**

The state's social and economic protection of the family system is a special type of social institute. It reveals the state family policy, its direction, functions, and criteria for the implementation Article 39 of the Constitution of the Republic of Lithuania states that “the State takes care of families raising children at home by providing them with support in accordance with law” (Lietuvos..., 1992).

The most important element of social support is financial (monetary) assistance aimed at ensuring the necessary living conditions for families with insufficient income due to objective reasons. Financial assistance is governed by the following legislation of the Republic of Lithuania: the Law on Cash Social Assistance for Poor Residents, the Law on Benefits for Children, the Law on Social Assistance for Pupils, the Law on Children's Maintenance Fund; the Law on Fundamentals of Protection of the Rights of the Child, the Law on Implementation Procedure of the Law on Fundamentals of Protection of the Rights of the Child, the Law on State Assistance for Acquisition or Lease of Accommodation and Renovation (Modernization) of Multi-family Houses, the Law on Implementation of the Law on State Assistance for Acquisition or Lease of Accommodation and Renovation (Modernization) of Multi-family Houses, the Law on Assistance in the Case of Death, the Lithuanian Government regulations. The above legal acts govern the criteria of the cash assistance, its types, principles of the support of residents, and payment methods.

The Lithuanian state financial support system for family and children consists of two main parts. The first consists of benefits, the granting of which is irrespective of family's assets and income. These benefits are based on the objectives and criteria of the country's demographic, child protection, and social-economic policy. The second part of the financial support system consists of benefits paid in respect of the assets and income of the residents. This type of benefits reflects the poverty reduction policy of the state, its goals, techniques, and trends. This assistance is given to the households that meet the state-supported income criteria.

According to the Lithuanian Department of Statistics, in the period 2005–2011, public expenditure on family and children benefits and services increased a bit more than two times (Table 1).

TABLE 1. Public expenditure on family and children benefits and services, 2005–2011

(million LTL)

2005	2006	2007	2008	2009	2010	2011
805.1	947.0	1194.5	2094.0	2597.5	2131.1	1748.0

Source: Statistical Yearbook of Lithuania 2011, Vilnius, 2011, p. 95; Social Protection in Lithuania, 2010, Vilnius, 2011, p. 43. Available at: [http://www.google.lt/socialine\\_apsauga\\_Lietuvoje\\_2010m.\\_2035pdf-Adobe Reader](http://www.google.lt/socialine_apsauga_Lietuvoje_2010m._2035pdf-Adobe Reader); Socialinė apsauga Lietuvoje 2011 m., Vilnius, 2012, p. 55. Available at: [http://www.google.lt/Social\\_Protection\\_in\\_Lithuania\\_2011\\_2200-1.pdf-Adobe Reader](http://www.google.lt/Social_Protection_in_Lithuania_2011_2200-1.pdf-Adobe Reader). Viewed on 28/03/2013.

Table 1 shows a significant fluctuation in public expenditure on family (children) in the period under analysis. The significant expenditure growth in 2007–2009 was changed by its sudden decline in 2009–2011. While such public expenditure as compared with 2007 increased 2.2 times in 2009, in 2010 it decreased 1.5 times as compared with 2009. The fluctuations were caused by a significant rise of maternity (paternity) allowances in 2008 and their subsequent reduction. According to the procedure applied in 2007, maternity (paternity) allowance was paid for one year. In January–June 2007, the amount of a maternity (paternity) allowance made 85% of the reimbursed remuneration. In July–December of the same year, this amount until a child reached the age of half a year made up 100%, and until the child turned one year it reached 85% of the reimbursed remuneration. Since 2008, the maternity allowance duration has been increased to 2 years. The first year, parents were paid 100% of the reimbursed remuneration and the second year 85%. This resulted in both increased maternity (paternity) allowances and a higher birth rate (see Table 2).

TABLE 2. Maternity (paternity) allowances and birth rate in Lithuania, 2005–2011

	2005	2006	2007	2008	2009	2010	2011
Maternity (paternity) allowance (million LTL)	135.58	164.18	284.36	789.50	1221.48	1190.20	937.1
Number of births	30.541	31.265	32.346	35.065	36.682	35.626	34.385

Source: Statistical Yearbook of Lithuania 2012, Vilnius, 2012, p.96; Statistical Yearbook of Lithuania 2011, Vilnius, 2011, p.45, Social Protection in Lithuania, 2011, Vilnius, 2012, p.42 Available at: [http://www.google.lt/Social\\_Protection\\_in\\_Lithuania\\_2011\\_2200-1.pdf-Adobe Reader](http://www.google.lt/Social_Protection_in_Lithuania_2011_2200-1.pdf-Adobe Reader). Viewed on 28/03/2013.

The volume of maternity (paternity) allowances in 2008 as compared with 2007 increased 2.8 times (see Table 2) and in 2009, as compared with 2007 and 2008, 4.3 and 1.5 times, respectively. The allowance volume growth led to a significant increase in the birth rate. In 2008, the number of born children as compared with 2005 and 2007 increased by 14.8% and 8.4%, respectively, while in 2009 the birth rate as compared with 2008 was on the further increase of 4.6%. The reduction of maternity (paternity) allowances to 90% (until the child turned one year) and 75% (until the child turned two years) of reimbursed remuneration since July 2010, and respectively to 70% and 40% since the



mid-2011 led in 2011, as compared with 2009, to a decrease in the volume of maternity (paternity) allowances and the number of births by 23.3% and 6.3%, respectively. These trends did not change even after an alternative option was provided since 1 July 2007 for allowance recipients to receive an allowance of 100% of the reimbursed remuneration for one year only.

The growth of maternity (paternity) allowances in 2008–2009 and their subsequent decline had a significant impact on the relative weight of public funds allocated to family (children) in all social protection expenditure. Lithuania was distinguished for this indicator changes among other European Union countries (see Table 3).

TABLE 3. Share of family and children funding in social protection expenditure in EU countries

Name of country	2005	2006	2007	2008	2009	2010
EU-27 countries	7.95	7.91	8.12	8.06	8.07	8.00
Ireland	14.69	14.63	14.74	14.74	13.98	12.90
Austria	10.65	10.38	10.13	10.26	10.30	10.41
Belgium	7.82	7.86	8.14	7.79	7.70	7.71
Bulgaria	6.80	7.41	8.65	8.69	11.96	11.42
Czech Republic	7.55	7.55	9.20	7.97	7.28	6.83
Denmark	12.93	13.14	13.09	13.18	12.91	12.42
Estonia	12.15	12.15	11.57	12.01	11.93	12.75
Greece	6.42	6.15	6.20	6.27	6.70	6.38
Spain	5.89	6.02	6.23	6.31	6.16	6.01
Italy	4.37	4.49	4.89	4.86	5.05	4.58
United Kingdom	6.21	5.92	6.62	6.66	6.87	6.87
Cyprus	11.80	10.69	10.83	11.14	10.53	9.97
Latvia	10.72	9.80	10.70	11.16	10.39	8.49
Poland	4.38	4.33	4.47	4.02	3.99	4.22
Lithuania	8.90	8.48	8.26	11.70	13.47	11.92
Luxembourg	16.87	16.92	16.61	19.80	17.80	17.79
Malta	6.41	6.22	6.01	6.70	6.38	6.25
Netherlands	4.86	5.44	5.84	4.39	4.36	4.10
Portugal	5.15	5.12	5.27	5.51	5.83	5.74
France	8.52	8.90	8.81	8.69	8.54	8.31
Romania	13.93	14.12	12.68	10.58	10.04	9.64
Slovakia	10.52	10.48	10.04	9.53	9.41	9.75
Slovenia	8.60	8.57	8.32	8.52	8.85	8.90
Finland	11.58	11.55	11.62	11.60	11.28	11.11
Sweden	9.41	10.01	10.22	10.44	10.22	10.40
Hungary	11.79	12.87	12.78	12.75	13.13	12.96
Germany	10.75	10.33	10.35	10.48	10.44	10.86

Source: Eurostat, available at: <http://epp.eurostat.ec.europa.eu/tgm/refreshTableAction.do?sessionId=9ea7d07d30da0b47f07a9e7347729831dd9ca1cbd273.e34MbxSaxaSc40LbNiMbxNaxuRe0?tab=table&plugin=1&pcode=tps00106&language=en>

Table 3 shows that the relative weight of family and children's funding in social protection expenditure remains to be a more or less constant value in the majority of the EU countries. Its fluctuation amplitude of 2005–2010 (compared with the whole period as well as with the previous year) reached only 0.1 to 0.5 percentage points. In Lithuania, the relative weight of family and children's funding in social protection expenditure ranged from 0.2 to 3.4 percentage points. Such a considerable fluctuation indicates that the Lithuanian policy of the family and child support, in contrast to most of the EU countries, is inconsistent: its criteria are mainly determined not by the long-term social policy, but by the economic capacity of the country.

The Lithuanian Department of Statistics does not publish the number of families in the country. With slight reservations, the average public expenditure on family (child) support is defined by the data on expenditure per average (2.4 people) household (see Table 4).

TABLE 4. Public expenditure on family (child) support per household, 2005–2011

	2005	2006	2007	2008	2009	2010	2011
Households (in thousand)	1440	1425	1425	1413	1393	1389	1392
Public expenditure on family (child) support (million LTL)	850.1	947.0	1194.5	2094.0	2597.5	2131.1	1748.0
Public expenditure on family (Child) support per household	590.3	664.6	838.2	1,482.0	1,864.7	1,534.3	1,255.7
Public expenditure on family (child) support per household as compared with the previous year (%)	-	112.6	126.1	176.9	125.8	82.3	81.8
Public expenditure on family (child) support after deduction of maternity (paternity) allowances (million LTL)	714.4	782.8	910.1	1304.5	1376.0	940.9	810.9
Public expenditure on family (Child) support per household after deduction of maternity (paternity) allowances (LTL)	496.1	549.3	638.6	923.2	987.8	677.4	582.5
Public expenditure on family (Child) support per household after deduction of maternity (paternity) allowances as compared with the previous year (%)	-	110.7	116.3	144.6	107.0	68.6	86.0

Sources: Statistical Yearbook of Lithuania 2012, Vilnius, 2012, p. 96, 188; Statistical Yearbook of Lithuania 2011, Vilnius, 2011, p. 45; Social Protection in Lithuania, 2011, Vilnius, 2012, p. 43.

Table 4 shows that public expenditure on family (child) assistance per household grew 2.1 times in 2005–2011 and in 2011 was 1255.7 million LTL per year. Its growth of 76.9% in 2008 as compared with the previous year, and a significant decline in 2011 as

compared with 2010 (17.7%) were mainly due to changes implemented in the maternity (paternity) allowance policy in 2008–2011. Upon deducting the maternity (paternity) allowances from the total public expenditure on family support, you can see that expenditure per household increased only during the peak of the economic crisis, i.e. in 2008–2009. In 2010–2011, this expenditure declined and basically coincided with the expenditure of the pre-crisis period (2006–2007). While in 2006 and 2007 public expenditure on family (child) support per household upon deducting maternity (paternity) allowances amounted to LTL 549.3 and LTL 638.6, in 2010 and 2011 it was LTL 677.4 and LTL 528.5, respectively.

An essential difference between the two periods is that in 2006 and 2007 the economy was in a boom phase when the unemployment rate was only 5.6% and 4.3%, respectively. Meanwhile, in 2010 and 2011 the economy was in a recession with the unemployment of 17.80% and 15.4%, respectively. (Lietuvos..., 2011, Lietuvos..., 2012. Therefore, the fact that in circumstances of the global crisis the country's government managed to maintain the pre-crisis level of family (child) support should be considered as a positive point in its work.

The state-provided cash social assistance consists of two main groups: benefits for families raising children and financial assistance for poor residents (see Table 5).

TABLE 5. State financial expenditure on social assistance, 2005–2012

	2005	2006	2007	2008	2009	2010	2011	2012
Benefits for families raising children (LTL million)	363.1	358.2	398.75	596.53	601.19	260.94	223.61	213.10
Benefits for poor residents (LTL million)	94.0	88.9	100.36	142.56	282.41	642.39	768.51	781.00

Source: Ministry of Social Security and Labour. Available at: [www.socmin.lt/index.php.?-1166618840](http://www.socmin.lt/index.php.?-1166618840). Viewed on 01/04/2013.

Table 5 shows that in 2008–2012 the benefits for families raising children and the benefits for poor residents were changing in opposite directions. The first ones decreased, while the second were increasing. The benefits for families raising children in 2012, as compared with 2008, decreased 2.8 times (from LTL 596.53 million to LTL 213.1 million). Meanwhile, payments to poor residents in 2012, as compared with 2008, actually increased 5.5 times (from LTL 142.56 million to LTL 781.0 million). Both trends were caused by the same reason – the economic crisis in the country, which began in 2008. It limited the economic ability to maintain the pre-crisis level of benefits for families raising children. The economic crisis led to a rising unemployment and subsequently to an objective increase of benefits for poor residents. All these factors resulted in a substantial relative weight change of both the one and the other public expenditure as compared to a

total amount of social assistance benefits. Benefits for families raising children amounted to 79.4% of total benefit payments in 2005, 80.7% in 2008, while in 2012 they made up only 21.4%. The relative weight of benefits for poor residents changed in an opposite direction. In the face of crisis, the state was adjusting its social assistance policies by reducing benefits for children and allocating more funds to support needy residents.

The state cash social assistance for families raising children includes the following benefits: a lump sum child benefit, a lump sum benefit for a pregnant woman, a child benefit, a benefit for a child of a conscript, a guardianship (curatorship) benefit, a lump sum settlement benefit, and a lump sum social assistance under the procedure set forth by the municipal decisions.

One of the main cash assistance benefits paid under the Law on Benefits of the Republic of Lithuania irrespective of family's assets and income is a lump sum child benefit after birth. Each newborn child is granted a lump sum benefit in the amount of 11 base social benefits (BSB). The BSB is an indicator used for the calculation and payment of social protection benefits. Its amount is approved by the Government of the Republic of Lithuania. In 2005–2006 the BSB was LTL 125, and since 2007 up to now it is LTL 130. After the birth, the child's parents or guardians are paid a lump sum benefit in the amount of 11 months, i.e. LTL 1430.00.

In 2005–2012, the total amount of lump sum child benefits after birth nationwide increased 1.5 times. In 2005, the state paid LTL 28.5 million of such benefits, and in 2012 LTL 45.5 million. As compared with the preceding years, the lump sum child benefits essentially (1.3 times) increased in 2009. This rise was caused by an increase by 37.5% of the lump sum child benefit since the beginning of 2009: up to 2009, it was equal to 8 BSB (LTL 1040), while since 2009 it has increased to 11 BSB (LTL 1430). A 6.5% decrease of benefits in 2012 as compared with 2010 was proportionate to the decline in the number of their recipients (i.e. the birth rate decline) (see Table 6).

**TABLE 6. Lump sum child benefits and the number of their recipients in Lithuania, 2005–2012**

	2005	2006	2007	2008	2009	2010	2011	2012
Lump sum child benefit (LTL million)	28.50	29.80	31.11	36.08	47.09	48.75	46.95	45.50
Recipients (thousand people)	29.50	29.80	30.13	34.70	34.20	34.00	32.90	31.80

Source: Ministry of Social Security and Labour. Available at: [www.socmin.lt/index.php?-1166618840](http://www.socmin.lt/index.php?-1166618840). Viewed on 01/04/2013.

The Law on Benefits for Children of the Republic of Lithuania has established that a pregnant woman who is not entitled to maternity allowance under the Law of the Republic of Lithuania on Sickness and Maternity Social Insurance is 70 calendar days before

the scheduled childbirth date granted a lump sum benefit. Its amount is a lump sum of two BSB (LTL 260).

In 2005–2012, the total amount of state-paid lump sum benefits for a pregnant woman and the number of recipient women changed insignificantly (Table 7).

TABLE 7. Lump sum pregnancy benefits in Lithuania, 2005–2012

	2005	2006	2007	2008	2009	2010	2011	2012
Lump sum pregnancy benefits (LTL million)	2.0	1.9	1.72	1.47	1.72	2.14	2.23	2.1
Number of lump sum pregnancy benefit recipients (thousand people)	8.1	7.5	6.67	5.70	6.6	8.2	8.6	8.2

Source: Ministry of Social Security and Labour. Available at: [www.socmin.lt/index.php?-1166618840](http://www.socmin.lt/index.php?-1166618840). Viewed on 01/04/2013.

As shown in Table 7, the total amount of state-paid lump sum pregnancy benefits in the period under analysis nationwide was on average LTL 1.9 million. The decreasing trend in the number of such benefits and their recipients in 2005–2008 is related to high economic growth rates and a reduced rate of female unemployment in this period. In 2005, the female unemployment rate was 8.3%, while in 2006, 2007 and 2008 it was, respectively, 5.4, 4.3 and 5.6% (Lietuvos..., 2011). In the following years, with unemployment rates among women increasing (14.4% in 2010), the number of lump sum pregnancy benefit recipients went back to the level of 2005. In 2010–2012, these benefits were paid to over eight thousand women, i.e. a quarter of all women at childbirth.

The largest part of public cash social assistance to families with children is granted in the form of a child benefit. A child benefit is a benefit granted to a child from birth to 2 years, who is raised and/or under guardianship of persons living together, and paid in the amount of BSB 0.75 per month. It would be paid if the average monthly income of the persons living together, as specified in paragraph 1 of Article 17 of the Law on Cash Social Assistance for Poor Residents, is lower than the amount of 1.5 state-supported income. When a child is aged between 2 and 7, this benefit, under the same conditions, is about BSB 0.4. The same amount of the benefit is paid also for each child to a family raising or having under a guardianship three or more children between the age of 7 and 18 and children over the age of 18 who study according to the general education curriculum, according to the formal vocational training programme for the acquisition of the first qualification, or at a higher education establishment according to the full-time study form of the sequential study programme or the programme of continual study form, but no longer than until they reach the age of 24. The nationwide child benefit trends of 2005–2012 are characterized in Table 8.

TABLE 8. Child benefits in Lithuania, 2005–2012

	2005	2006	2007	2008	2009	2010	2011	2012
Child benefits (LTL million)	260.8	254.5	286.1	481.9	469.2	127.3	92.8	87.1
Number of child benefit recipients (thousand people)	323.3	320.6	350.7	624.2	495.3	152.0	117.3	107.1

Source: Ministry of Social Security and Labour. Available at: [www.socmin.lt/index.php?-1166618840](http://www.socmin.lt/index.php?-1166618840). Viewed on 01/04/2013.

Analysis of Table 8 suggests two periods quite opposite in their trends, i.e. the pre-crisis period (2005–2008) and the post-crisis one (2009–2012). With the economic growth in 2005–2008, the overall child benefits and the number of benefit recipients were increasing as well. The total amount of benefits paid increased 1.85 times in 2008 as compared with 2005. In 2005, the amount of child benefits was LTL 260.8 million, while in 2008 it made up LTL 481.9 million and in 2009 LTL 469.2 million. The number of benefit recipients in 2008, as compared with 2005, increased from 323.3 thousand up to 624.2 thousand people, i.e. 1.9 times. Such a substantial country-wide growth in the total amount of child benefits in 2008 was determined by a number of reasons. Firstly, the amendments to the Law on Benefits for Children that entered into force on 1 August, 2008 (Lietuvos..., 2008) allowed the number of benefit recipients to expand. The Law on Benefits for Children of 2004 established that “in a family raising one or two children, each child aged between 3 and 18 and older, who studies according to the curriculum of a secondary school, is granted a monthly benefit of 0.4 BSB” (Lietuvos..., 2004), while under the amendments to the Law in 2008, this part of the Law has been extended to children aged 18–21 who study according to the vocational training programme to acquire their first qualification (Lietuvos..., 2008); secondly, the Law on Benefits for Children of 2004 established that “in a family with 3 or more children, each child aged between 3 and 18 and over the age of 18 who studies according to the curriculum of a secondary school, formal professional training or in a high school according to a full-time consequential study programme, including the period of academic holiday, but no longer than until they reach 24 years of age, is granted a monthly 0.4 BSB benefit” (Lietuvos..., 2004), while under the amendments to the Law of 2008 this benefit was increased to 0.75 BSB (Lietuvos..., 2008); and thirdly, in 2005–2009, the birth rate in Lithuania was growing. In 2008, as compared with 2005, it increased by 14.8% and in 2009, as compared with 2008, by 4.6% (Lietuvos..., 2011).

An essential turning point in the state policy regarding child benefits took place in 2010 when benefits for children nationwide, as compared with 2009, decreased 3.7 times. In 2011 versus 2010, these benefits decreased by 37% and in 2012 versus 2011 by another 6.2%.

The sharp cut in benefits for children was conditioned by the economic crisis in the country. A decrease in the state's economic capacities forced the government to change the benefit allocation rules and to establish new conditions. By 2009, a child benefit was allocated irrespective of the average income per family member, while the amendments to the Law on Benefits for Children of the Republic of Lithuania, adopted on 19 December 2008, set forth a provision that since 1 March 2009, the benefits for children at the age of 3–18 would be related to the state-supported income. Further, conditions for benefit granting to children were even more tightened by the Temporary Law on Conversion and Payment of Social Benefits of the Republic of Lithuania, adopted on 9 December 2009. Under the Law on Benefits for Children of the Republic of Lithuania, 2004, a benefit of 0.75 BSB was paid to a child for 3 years after birth regardless of family income, while the Temporary Law on Conversion and Payment of Social Benefits of the Republic of Lithuania of 9 December 2009 not only reduced the payment period of 0.75 BSB granted to a child from the birth but also related it to the average family income. Pursuant to this law, in the period 2010–2011 a child from birth until 2 years was granted a benefit in the amount of 0.75 BSB (LTL 97.5) per month, if a child's parents (or guardians) were not paid a maternity (paternity) allowance or were paid it below the level of 1.5 of the state-supported income. The temporary law established that to children aged 2 to 7 years (in a family with 3 or more children aged 7–18 years) a benefit in the amount of 0.4 BSB (LTL 52) was granted if the average income for one person per month was below 1.5 of the state-supported income (LTL 525). The amounts of benefits for children under this law remained in principle unchanged also after the Seimas (Parliament) of the Republic of Lithuania had approved amendments to the Law on Benefits for Children on 1 December 2011, which governed the payment of benefits since 2012 (Lietuvos..., 2014). Starting from 2012, a benefit for children from birth until the age of two is granted without considering the maternity (paternity) allowance. A benefit for a child is granted where the average monthly income of persons living together per family member is lower than the 1.5 state-financed income, i.e. less than LTL 525.

In the period under analysis, public expenditure on benefits for a child of a conscript was relatively low (see Table 9).

TABLE 9. Benefits for a child of a conscript and the number of their recipients in Lithuania, 2005–2012

	2005	2006	2007	2008	2009	2010	2011	2012
Benefits for a child of a conscript (LTL million)	0.04	0.02	0.02	0.01	0.00	0.004	0.002	0.004
Number of recipients (thousand people)	0.02	0.007	0.01	0.01	0.00	0.006	0.004	0.006

Source: Ministry of Social Security and Labour. Available at: [www.socmin.lt/index.php?-1166618840](http://www.socmin.lt/index.php?-1166618840). Viewed on 01/04/2013.

Under the Law on Benefits for Children of the Republic of Lithuania, every child of a conscript is granted, for the father's service period, a monthly benefit of 1.5 BSB (LTL 195). A benefit to the child's mother is granted irrespective of the average income of people who live together per family member. The benefit amount did not change over the period under analysis; therefore, the only country-wide factors of benefit payment were the number of recipients and the benefit payment period. In 2005, this type of benefit country-wide made up LTL 40 thousand and in 2010 and 2012 LTL 4 thousand each year.

According to the Law on Benefits for Children of the Republic of Lithuania, a guardianship (curatorship) benefit is granted irrespective of the assets and income of guardians (curators). A child who has been placed under guardianship (curatorship) of a family, social family or a child care institution is granted a benefit in the amount of 4 BSBs (LTL 520) per month. Such a benefit aims at creating financial conditions for a child's upbringing and care in the environment that would facilitate the growth, development, and progress of a child. Guardianship (curatorship) has the following forms: guardianship (curatorship) in a family, guardianship (curatorship) in a social family, and guardianship (curatorship) in a child care institution. If guardianship (curatorship) of a child is ensured in a social family, the guardian (curator) is paid 4 BSBs, i.e. a targeted guardianship (curatorship) benefit supplement in the amount of LTL 520. Guardianship (curatorship) benefits in Lithuania during the period under analysis are presented in Table 10.

TABLE 10. Guardianship (curatorship) benefits and the number of their recipients in Lithuania, 2005–2012

	2005	2006	2007	2008	2009	2010	2011	2012
Guardianship (curatorship) benefit (LTL million)	62.2	63.1	70.0	68.0	68.2	69.0	69.0	65.0
Number of guardianship (curatorship) benefit recipients (thousand people)	11.3	11.7	12.5	12.4	12.4	12.5	12.4	12.1

Source: Ministry of Social Security and Labour. Available at: [www.socmin.lt/index.php?-1166618840](http://www.socmin.lt/index.php?-1166618840). Viewed on 01/04/2013.

Table 10 shows that the volume of granted guardianship (curatorship) benefits and the number of recipients in 2005–2012 were changing only slightly. In 2005, the state allocated LTL 62.2 million for benefits, and they were paid to 11.3 thousand people, while in 2012 these figures increased by 4.5% and 7%.

In the context of family (children) policy, as a negative point should to be considered a rapid decrease in the number of children under guardianship in families during the period 2006–2011 (see Table 11).



**TABLE 11. Number of children under guardianship according to its form in Lithuania, 2006–2011**  
(end of year)

	2006	2007	2008	2009	2010	2011
Number of children in families	7663	7560	7240	6931	6665	6329
Number of children in social families	277	257	264	286	292	365
Number of children in child care institutions	3760	4683	4802	4391	4173	4119

*Source:* The State Child Rights Protection and Adoption Service under the Ministry of Social Security and Labour. Report for the year 2009, p. 31–33, available at: <http://www.jvaikinimas.lt/assets//2009%20pilna%20visu.pdf>, =i8r4ta 2013-04-06; source: Report for the year 2011 of the State Child Rights Protection and Adoption Service under the Ministry of Social Security and Labour, p. 67. Available at: <http://www.vai-koteises.lt/media/file/2011patigalutine.pdf>, viewed on 06/04/2013; Lithuanian Department of Statistics, children under guardianship (curatorship) in a family at the end of the year. Available at: [db1stat.gov.lt/statbank/selectvarval...](http://db1stat.gov.lt/statbank/selectvarval...), viewed on 06/04/2013; Statistical Yearbook of Lithuania 2011, Vilnius, 2011, p. 99.

Table 11 indicates a clear declining trend in the number of children under guardianship in families. In 2006, families took care of 7663 children, while in 2011 only of 6329 children, or by 17.4% less. A relative weight of children under guardianship in families decreased by 7 percentage points, i.e. from 65.5% in 2006 to 58.5% in 2011, as compared to the total amount of children under guardianship. Also, public funding for guardianship in families decreased accordingly (see Table 12).

**TABLE 12. Public benefits for child guardianship (curatorship) in families, 2006–2011**

	2006	2007	2008	2009	2010	2011
Public benefits for child guardianship (curatorship) in families (LTL million)	47.8	47.2	45.2	43.2	41.6	39.5
Public benefits for child guardianship (curatorship) in families versus the previous year (%)	-	98.7	95.8	95.6	96.3	94.9

*Source:* author's calculations according to data of Tables 10 and 11, based on the state-established monthly guardianship benefit in the amount of four base social benefits.

As shown in Table 12, public benefit payments for guardianship (curatorship) in families were decreasing in each year of the period under analysis. In 2006, the state allocations for guardianship (curatorship) benefits to families reached LTL 47.8 million, while in 2011 they amounted to LTL 39.5 million, or by 17.4% less. In 2007, as compared with the previous year, these benefits fell by only 1.3%, while in 2009 they fell by 4.4% and in 2011 by 5.1%. A relative decrease of such benefits in the total amount of public guardianship (curatorship) benefits shows the state policy that children must grow in their foster families to be fundamentally flawed, and it needs to be improved (see Table 13).

TABLE 13. Relative weight of benefits for child guardianship (curatorship) in families in total public expenditure for child guardianship (curatorship), 2006–2011 (per cent)

2006	2007	2008	2009	2010	2011
75.6	67.4	66.5	63.3	60.3	57.2

Source: author's calculations based on data of Tables 10 and 12.

Table 13 shows that the relative weight of benefits for child guardianship (curatorship) in families in the total public expenditure for child guardianship (curatorship) during the period under analysis has fallen by 18.4 percentage points – from 75.6% in 2006 to 57.2% in 2011. Accordingly, the share of payments for child guardianship (curatorship) in social families and child care institutions has increased. This did not change the number of children under guardianship in social families and child care institutions and did not become a real factor in stimulating for more children to be cared of in social families and fewer in institutions. As shown in Table 11, the number of children under guardianship in both social families and institutions in 2011, as compared with 2006, increased by 88 children in social families and 359 children in institutions. This indicates that the legislature's decision since 2009 to increase the benefit for a child placed under guardianship in a social family to the amount of 8 BSB per month has not given any real effects in respect to the family and child policy (Lietuvos..., 2008). In 2010, as compared with 2009, the number of children under guardianship in social families increased by only 8 persons, and in 2011, as compared with 2010, by 73 persons.

Under the Law on Benefits for Children, the persons upon termination of their guardianship due to reaching the age of maturity, emancipation or marriage, are granted a lump sum settlement benefit in the amount of 75 BSB (LTL 9,750.00). The country-wide dynamics of such benefits in the period 2005–2012 is shown in Table 14.

TABLE 14. Lump sum settlement benefits in Lithuania, 2005–2012

	2005	2006	2007	2008	2009	2010	2011	2012
Lump sum settlement benefit (LTL million)	7.50	8.90	9.82	9.00	14.95	13.79	12.66	11.30
Recipients of the lump sum settlement benefit (thousand people)	2.00	2.00	3.06	2.00	2.80	2.60	2.80	3.00

Source: Ministry of Social Security and Labour. Available at: [www.socmin.lt/index.php?-1166618840](http://www.socmin.lt/index.php?-1166618840). Viewed on 01/04/2013.

As shown in Table 14, the lump sum settlement benefits during the period under study were paid to 20,260 people. In 2012, as compared with 2005, the number of these beneficiaries increased by 1,000 persons, and the sum of benefits paid increased by LTL 3.8 million. The amount of benefits significantly increased since 2009, after the benefit had been increased from 50 to 75 BSB (Lietuvos..., 2008). The increased financial assistance and the growth of the number of its recipients by 40% resulted in an increased

amount of the lump sum settlement benefits in 2009, as compared with 2008, by 66.1%.

Of great importance for the stability and development of families is the social support of children who study at general education schools, vocational schools, and pre-school education establishments according to primary, basic, secondary, special or pre-school curricula. The above support is regulated by the Law on Social Assistance for Pupils of the Republic of Lithuania. Pupils have the right to free meals and to assistance in purchasing school's supplies if the monthly average income per family (persons living together) member, or a single person, is lower than the amount of 1.5 state-supported income (LTL 525). In cases established by a municipality (illness, accident, loss of the breadwinner, when persons living together raise 3 and more children, or children are raised by disabled persons living together, etc.), pupils have the right to free meals if the average monthly income per person is less than 2 amounts of state-supported income (LTL 700). Public funds allocated to finance social assistance for pupils in 2005–2012 are presented in Table 15.

TABLE 15. Social assistance for pupils in Lithuania, 2005–2012 (LTL million)

2005	2006	2007	2008	2009	2010	2011	2012
62.7	69.1	93.6	108.3	118.3	114.4	114.2	102.1

Source: Ministry of Social Security and Labour. Available at: [www.socmin.lt/index.php?-1166618840](http://www.socmin.lt/index.php?-1166618840). Viewed on 01/04/2013.

As shown in Table 15, in 2012 as compared with 2005, social assistance for pupils in Lithuania increased 1.6 times. A particular by significant growth of this assistance was noted in the peak of the economic crisis, i.e. in 2008–2009. In 2008, social assistance for pupils, as compared with 2007, increased by 170%, and in 2009 versus 2008 by 9.2%. Since 2010, the amount of social assistance for pupils tends to slightly decrease. In 2010, as compared to the previous year, it decreased by 3.2%, while in 2012, as compared with 2011, by 10.6%. The dynamics of social assistance for pupils was mainly caused by changes in the number of pupils receiving free meals (Table 16).

TABLE 16. Public expenditure on free school meals and school supplies in Lithuania, 2005–2012

	2005	2006	2007	2008	2009	2010	2011	2012
Expenditure on free school meals (LTL million)	60.68	61.06	54.00	93.80	97.40	91.10	92.80	83.60
Number of pupils receiving free meals (thousand people)	115	99	83	210	136	144.4	142.4	128.5
Expenditure on providing of school supplies (LTL million)	2.0	8.0	8.9	14.5	20.9	23.0	21.4	18.5
Number of pupils provided with school supplies (thousand people)	56	79	57	93	134	147.5	137.4	118.3

Source: Ministry of Social Security and Labour. Available at: [www.socmin.lt/index.php?-1166618840](http://www.socmin.lt/index.php?-1166618840). Viewed on 01/04/2013.

Public benefits for free school meals in 2012 as compared with 2005 increased 1.38 times and expenditure on the provision of school supplies 9.25 times (see Table 16). Accordingly, the number of pupils receiving such types of support increased as well. In 2012, as compared with 2005, the number of pupils receiving free school meals increased by 111.3% and of those receiving provision with school supplies even by 211.2%. In particular, these parameters increased in the years of economic crisis. The number of pupils who received free meals in 2008, as compared with 2005, increased 1.8 times and of those receiving provision with school supplies 1.7 times. To relate this support with the state capabilities, in December 2008, the legislature adopted the amendment to the Law on Social Assistance for Pupils, which restricted the allocation of both forms of assistance for pupils. Under the Law on Social Assistance for Pupils, adopted in 2006, a certain category of pupils had the right to a free lunch and provision with school supplies if the monthly income per family member was less than the amount of the state-supported income. After the adoption of amendments to the Law, since 2009, pupils receive such support only if the monthly income per family member is less than the amount of 1.5 state-supported income (Lietuvos..., 2008a). The adopted amendments to the Law, as well as a 15% decrease in the number of pupils in the country during 2009–2012 have become the key factors that contributed to the downward effect of public expenditure on social assistance for pupils. In 2012, as compared with 2009, the number of pupils receiving free meals decreased by 5% and public expenditure on free school meals by 14%. The number of pupils receiving the provision of school supplies and the public expenditure on this type of support in the same period fell by 11%.

### **3. Public cash social assistance for poor residents**

Under the Lithuanian Law on Cash Social Assistance for Poor Residents, low-income people are entitled to two types of cash social assistance: a social benefit, and compensations for the costs of house heating, hot and drinking water. Social support is granted, if the value of the assets held by persons living together does not exceed the state-defined ratio of assets value and their income is lower than the state-supported income. In exceptional cases, municipal authorities may disregard these norms and provide support for the use of up to 2% of the social benefits and compensation funds.

In 2005–2012, public benefits allocated for cash social assistance to poor residents increased 9 times – from LTL 94.0 million in 2005 to LTL 781.0 million in 2012 (Table 17).

As shown in Table 17, cash assistance to poor residents was particularly rapidly growing during the economic crisis. In 2005–2008, payments for cash social assistance increased 1.52 times and in 2009–2012 5.48 times. Before the economic crisis, the number of social assistance recipients was relatively low and public expenditure for this type of

TABLE 17. Cash social assistance for poor persons (families) by assessing their income and assets, 2005–2012

	2005	2006	2007	2008	2009	2010	2011	2012
Cash social assistance for poor residents (LTL million)	94.0	88.9	100.36	142.56	282.41	642.39	768.51	781.00
Social benefit (LTL million)	52.80	43.80	52.41	78.93	190.66	510.59	612.27	599.50
Number of social benefit recipients (thousand people)	54.10	37.80	36.60	37.30	73.50	181.30	221.10	221.90
Compensations for the costs of house heating, hot and drinking water (LTL million)	30.93	30.25	37.70	45.77	79.06	116.51	138.66	169.50
Reimbursement of loan (and interest) taken for renovation (modernisation) of a multi-dwelling building for persons entitled to compensation for house heating costs (LTL million)	-	-	-	-	0.04	1.17	1.82	2.20
Cash assistance from funds of municipal budget (social benefits, compensations for house heating and water supply costs, lump sum benefits, etc.) (million LTL)	10.24	14.87	13.72	15.89	10.04	9.84	9.14	6.50

Source: Ministry of Social Security and Labour. Available at: [www.socmin.lt/index.php?-1166618840](http://www.socmin.lt/index.php?-1166618840). Viewed on 01/04/2013.

benefit relatively modest. In 2007, the number of recipients was only 36.6 thousand, and public expenditure for this benefit was LTL 52.4 million. Public expenditure on social benefits in 2008 (50.6%), as compared with the previous year, increased due to the fact that since 1 August 2008, a social benefit for a person who did not receive any statutory income, after increasing state-supported income from LTL 285 to LTL 350, increased by 22.3%, i.e. from LTL 256.5 to LTL 315. In 2008, the increase of state-supported income only slightly affected the number of social benefit recipients. As compared with 2007, in 2008 the number of benefit recipients increased by only 700 people, or 1.7%. A significant growth of social benefits and of the number of their recipients in 2009–2010 was due to a rapid rise in unemployment and a decline in income. In 2010, as compared with 2008, the number of unemployed persons in Lithuania increased by 309% (Lietuvos..., 2011, p. 131), resulting in the increased number of social benefit recipients (by 486%). Although the unemployment rate in 2011–2012 decreased, the number of recipients of social benefits remained stable and comprised 221 thousand people. The amount of annual social benefits paid to them made up LTL 600 thousand.

Similar trends settled also in compensating poor families for the costs of house heating and water (Table 18).

TABLE 18. Compensation for costs of house heating and water to poor residents in Lithuania, 2005–2012

	2005	2006	2007	2008	2009	2010	2011	2012
Compensation for costs of house heating and water (LTL million)	30.93	30.25	33.70	45.77	79.06	116.51	138.66	169.50
Compensation for housing costs (LTL million)	22.99	23.92	27.88	38.13	65.77	98.56	112.50	140.20
Recipients of compensations for heating (thousand people)	131.96	96.10	97.01	102.80	130.32	166.53	220.90	198.80
Recipients of compensations for heating costs in the total number of households (%)	9.17	6.75	6.81	7.28	9.36	12.00	15.87	14.30

Source: Ministry of Social Security and Labour. Available at: [www.socmin.lt/index.php?~1166618840](http://www.socmin.lt/index.php?~1166618840). Viewed on 01/04/2013; National Audit Office of Lithuania. Public Audit Report. Social Assistance System. 9 May 2011, No VA-P-10-1-5, Vilnius, p. 15. Available at: <http://www.vkontrole.lt>. Viewed on 15/04/2013.

According to Table 18, the amount of compensations for house heating and water costs to poor residents in 2005–2012 increased 5.48 times. A particular increase was noted in house heating compensations. In 2012, as compared with 2005, they increased 6.1 times, and the number of recipients 1.51 times. In 2006–2008, the amount of compensations for housing costs and the number of their recipients rose by only 159% and 107%, while in 2008–2012 by 368% and 193%. In 2012, as compared with 2006, the share of households receiving house heating compensation increased 2.1 times. In 2011–2012, about 15% of all households received compensation for heating.

The growth in cash social assistance for poor residents in 2011–2012 shows that the economic growth, reduction of unemployment, wage growth rate have been too low to encourage poor residents capable of working to be actively involved in the hired labour process and to refuse benefits. In order to have such a motivation, the low-income persons, when employed, should be paid more than the minimum wage. Meanwhile, getting a minimum monthly salary often does not contribute to such reasoning. As shown by the National Audit Office estimates (under the law in force in March–December 2009), the wage (after tax) of a family consisting of 4 members where both adults work and receive a minimum monthly salary is only by LTL 94 more than the social benefit of the same family in which both parents do not work. In terms of economic effect, it is not worth working for adults only if they get the minimum wage, neither in family consisting of 3 or 5 people (Lietuvos..., 2011), p. 31–32)

The trends of public financial social assistance for the family suggest that the family policy implemented in the sphere of the country's economic relations lacks a systematic approach, it does not cover the diversity of family forms, is inconsistent, also lacks strategic and tactical links among the types of assistance provided.

## Conclusions

1. The literature review has shown that the widely acceptable concept of family policy is still not formed. According to the authors, family policy in the context of economic relations is a set of state's economically targeted actions having a direct or indirect impact on both the overall family institution and on a specific form of family.
2. Family policy formation and classification should be based on a systematic approach which allows disclosing the structural components of reciprocal links. Family policy, as a system, is developed and analysed in the context of general social relations. As a subsystem, family policy is developed and analysed in respect of the economic, legal, ethical, political, religious, etc. social relations. A systematic approach to family policy allows revealing the criteria, characteristics, dynamism, development stages, current state, and outlook of the system and its structural components.
3. The classification of family policy by type and form (implementation instruments) reflect different classification goals. *Type* is the most important structural unit that allows to define a certain family policy component by its own classification criterion, revealing specific characteristics of particular families, and their logical relationship to the classification criterion. *Form* (instrument) of family policy is a way of providing a certain family support, without which family policy cannot be implemented. Form is a driving force of family policy, which gives it explicitness as it shows the way the policy is implemented in practice. The type of family policy should be analysed only in the context of specific social relations (legal, economic, ethical), while the form analysis (for example, a guardianship benefit) is not restricted by any specific field of social relations.
4. At present, family policy is relevant to classify in the context of economic relations according to the following criteria: in respect of the addressee (family form); in respect of children; an average family income per one family member; the direct or indirect way of financial assistance. Family policy in respect of family form (addressee) can be classified into family policy in respect of spouses, family policy in respect of one-parent families, family policy in respect of unmarried persons, family policy in respect of partners. Family policy according to the number of children in the family can be classified into family policy in respect of families without children, family policy in respect of families with 1–2 children, and family policy in respect of families with 3 or more children. Family policy according to financial assistance can be classified into direct (assistance is paid in cash) and indirect family assistance policy.
5. The Lithuanian state financial support system for family and children consists of two main parts. The first consists of benefits, the granting of which is irrespective of family's assets and income. These benefits are based on the objectives and criteria

of the country's demographics, child protection, and social-economic policy. The second part of the financial support system consists of benefits paid in respect to the assets and income of the residents. This type of benefits reflects the poverty reduction policy of the state, its goals, techniques, and trends. This assistance is given to the households that meet the state-supported income criterion.

6. In 2005–2011, public expenditure on family and children benefits and services increased 2.2 times; public expenditure on family (children) support per household grew 2.1 times and in 2011 amounted to LTL 1255.7 per year. Its significant growth in 2008 (76.9%), as compared with 2007, and the striking decline in 2011 (17.1%) as compared with 2010 were mainly related to changes in maternity (paternity) benefit policy in the period 2008–2011.
7. In 2008–2012, the benefits for families raising children and the benefits for poor residents were changing in opposite directions. The first ones decreased, while the second were increasing. The benefits for families raising children in 2012, as compared with 2008, decreased 2.8 times (from LTL 596.53 million to LTL 213.1 million). Meanwhile, payments to poor residents in 2012, as compared with 2008, actually increased 5.5 times (from LTL 142.56 million to LTL 781.0 million). Both trends were caused by the same reason – the economic crisis in the country, which began in 2008. The crisis limited the state's economic possibilities to maintain the pre-crisis level of benefits for families raising children.

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