

Analysis of budget incomes in Romania

Abstract

This study analyzes the importance of work on the one hand and on the other hand, the incomes obtained by the teachers in higher education and the doctors in the field of health. At the same time, we highlight the significant differences that exist between the areas of work supported by the state budget, regarding the obtained income. The workplace is the framework in which a professional activity is carried out and where the following criteria are extremely important: the conditions in which the work is performed, the incomes obtained, the inter-human relations between employees and between employees and management, the possibilities of affirmation and promotion, the duration of the working time, location of work in relation to domicile, content of work. All of these can make work more attractive than another, while also dimensioning, by implication, some elements related to the social importance of the work.

Keywords: income, education, health

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Introduction

The income indicator is decisive in sizing the quality of life of the population. At present, in Romania, a smaller number of people are concentrating in their hands, great financial resources, and the majority of the population lives with much less than they should for a decent and dignified life. The draft National Strategy on Social Inclusion and Poverty Reduction (2014-2020) shows that one in five Romanians is experiencing poverty caused by insufficient income, and a large part of the poverty caused by the low level of income is persistent.

Three quarters of the poor are has been in this situation for at least three years.¹ Also, one-third of the population cannot afford to purchase items that are considered desirable or even necessary for a decent living. According to the same document, there are still children who never went to school, and the percentage of young people without a proper education is high. Many people are inactive or formally unemployed, with little chance of gaining proper access to the labor market, and that there are inequalities in coverage of basic medical services. The largest categories include children in difficult situations, people with disabilities, single or dependent elderly people and Roma, which total three million people, but the population estimated to be poor or vulnerable is about five million people.

The dynamics of wages and the perspectives of population consumption

The incomes of the population began to erode since 1991. The critical years for the real value of the average net wage income are the years: 1993 with 59.9%, 2000 with 60.8%. For the entire period 1993-2003, the average net salary stood at just over 60% of what could be obtained in the reference year, 1989. The anti-crisis political measure, reducing by 25% the value of the real salary and increasing the VAT at 19 to 24%, in June 2010, they affected the net average wage income, approaching it with its purchasing power since 2008. The incomes of one third of the budgetary workers, as well as the personal income from the private environment, led either to the reduction of the employed personnel or to maintaining the number of employees, but with the decrease of wages by 10 to 15%.

The real value of the minimum wage income on the economy had during the studied time period 1989-2018, a tendency of first decrease. Basically, since 1991 it has continuously decreased,

reaching a maximum level in 1999 and 2000, with 74.2% and 75.6% respectively. The decrease of this income indicator was influenced by the increase in prices for fuel, energy and water, but also for the general increases in the prices of goods and services on the market.

In other words, between 1999 and 2000, the purchasing power of a minimum wage was one-quarter of what could be bought in 1989. From 1994, and until 2002, except 1999 and 2000, the power of the purchase of the minimum net wage income was about one third of that for the year 1989. The situation was quite fluctuating in the following period, as from 2013 the purchasing power of this income will have an increasing trend until 2018, when reached a value of almost 132% compared to 1989. The minimum wage increases implicitly increase the purchasing power for other wage incomes.

An increase rate of 1% of the minimum wage positively influences the dynamics of the average wage at national level (+ 0.15%),² proving both the statistical effect of the increase of the lowest wages and the increase of the income of some employees who were earning nearby the minimum level. Thus, successive increases in the minimum wage have generated additional earnings for other categories of employees and not just for those who previously obtained this income.

According to the National Forecast Commission,³ the actual individual consumption of households is expected to increase between 2017 and 2020, at a rate exceeding the cumulative economic growth of 24% (Table 1).

At national level, the net salaries will increase between 2017 and 2020 by more than 300 lei and will advance in real terms by 28.8% (Table 2).

The Budget and Salary Planning Report is a document prepared by the data service of Willis Towers Watson, a world leader in consulting, brokerage and solutions, which currently has 42,000 employees in over 145 countries. According to this study Budget and Salary Planning Report for 2017, Romania will register an average salary increase of 4.5%: "...taking into account the inflation rate forecast at 1.2%, Romania will have a real wage growth of 3.3%" [4]. The inflation rate in Romania is not comparable with similar values from other Eastern European economies: Hungary (0.6%), Bulgaria (1.7%), Austria (0.6%), Czech Republic (0.6%), Croatia (1.4%), Poland (1.4%), Slovakia (1.1%) and Slovenia (0.8%).

Table 1 Household consumption compared to the previous year in 2015-2020

Year	2015	2016	2017	2018	2019	2020
Household consumption (% compared to the previous year) – January 2017	+5,5	+8,1	+6,7	+5,9	+5,7	+5,6

Source: National Forecast Commission.³**Table 2** Evolution of net income until 2020

Year	2015	2016	2017	2018	2019	2020
Net income (lei)	1.859	2.047	2.247	2.476	2.674	2.864
(% real compare with the previous year)	10,1	11,9	9,6	6,2	5,6	4,8

Source: National Forecast Commission.³

The areas with the highest increases in the average net salary are: health and education, according to data published by the National Institute of Statistics.⁵ The net average earning increased, at national level, by 446 lei between February 2018 – February 2019 is the following:

1. Education: 879 lei (from 2,402 to 3,281 lei)
2. Health and social assistance: 878 lei (from 2,787 lei to 3,665 lei)
3. Constructions: 831 lei (from 1,932 lei to 2,763 lei)
4. Other extractive activities: 792 lei (from 1,740 lei to 2,532 lei)
5. Activities auxiliary to financial intermediation, insurance activities and pension funds: 739 lei (from 3,307 to 4,046 lei)

At the opposite poles are:

1. Manufacture of tobacco products: - 408 lei (decrease from 4,779 lei to 4,371 lei)
2. Air transport: 58 lei (from 5,079 lei to 5,137 lei)
3. Manufacture of beverages: 68 lei (from 2,768 lei to 2,836 lei)
4. Manufacture of garments: 157 lei (from 1,571 lei to 1,728 lei)
5. Manufacture of electrical equipment: 146 lei (from 2,422 lei to 2,568 lei).

The gain in health will be increased by 70% and 172%. The most favored by the new measures will be the doctors and the medical staff. "For doctors it is very clear what is happening since March 1. It goes up the grid from 2022. Doctors and nurses, unlike all the other budgets, they are the favored category. Thus, doctors' salaries will increase from March 1, 2018, some of them they will reach 4,000 Euros. The salary of a nurse will reach from 1,205 lei to 2,856 lei, without bonuses."⁶ For physicians, the gross basic salaries will increase to 9,106 lei, without including the bonuses, which will double the net salary. The resident doctors will be able to get money from the guards and will benefit from the food rule.

The unitary wage law voted and promulgated in 2018, shows that the proposed increases are in some cases and 200%. The main purpose of this law was to maintain the medical staff in the country. Following the huge influx of doctors who have migrated professionally to

countries such as Germany, England, the US and Canada, the authorities hoped that doctors of different specialties, as well as nurses, who were planning to migrate further, would be materially and financially stimulated to stay in the country.

According to the Law on unitary wages, a primary doctor who earns 4,500 lei, will be remunerated according to the current law with 12,500 lei, starting in 2018.

Things will be fine even for the specialist doctors, who will earn 9,900 lei in 2018, compared to 3,544 lei, how much they earned until the enactment of the current law.⁷ Between June 13 and 28, 2018, a research was conducted within the Center for Social Research and Development "Solidarity", which included a sample of over 680 health workers.⁸ The Federation "Sanitary Solidarity" released the results of a second impact assessment of the law of pay, and they show that 50% of health workers were dissatisfied and very dissatisfied with the total net income resulted after the law was applied. The biggest negative impact is the situation of the bonuses: about 64% of the respondents declared themselves dissatisfied and very dissatisfied with the situation of the bonuses; only 16.4% of the employees declared themselves satisfied and very satisfied. It should be noted that about 15% of the respondents are satisfied with the total net income, but dissatisfied with the decrease of the incomes related to the increases. Only 37.46% of the respondents stated that they receive a 100% increase (compared to the salary of January 2018) for the activity performed on non-working days.

Although they received the basic salary increase as of March 1, 2018 (at the level corresponding to the year 2021 of the wage law), only 60% of the nurses indicated an increase in the total net salary income in June compared to February 2018.

The number of employees in public administration and defense decreased by 20 thousand, in the field of culture it decreased by half, but the number of employees in education increased by 17 thousand, and the number of health workers increased by over 200 thousand people (Table 3), but there is still a lack of staff in rural areas.

Labor migration represented an alternative to unemployment or too low wages in Romania. In 2013, the number of those born in Romania living abroad was approaching, according to World Bank data, 3 and a half million. Over 85% of them were in the European Union, Italy and Spain concentrating more than half.

Table 3 Teaching staff in higher education and medical-sanitary personnel

Total staff	1990	1995	2000	2005	2011	2015	2018
Teaching staff from higher education	15.072	23.477	27.959	31.543	29.746	27.555	26.266
	48.530	40.112	42.371	47.388	52.204	56.110	58.583
Physicians	(555 population to 1 physician)	(565 population to 1 physician)	(529 population to 1 physician)	(456 population to 1 physician)	(411 population to 1 physician)	(353 population to 1 physician)	(334* population to 1 physician)
	6.717	6.045	4.983	10.249	12.990	15.556	15.653
Dentists	(3.455 population to 1 dentist)	(3.752 population to 1 dentist)	(4.502 population to 1 dentist)	(2.110 population to 1 dentist)	(1.650 population to 1 dentist)	(1.274 population to 1 dentist)	(1.251* population to 1 dentist)
		2.646	1.588	9.283	13.624	17.135	17.833
		(8.572)	(14.128)	(2.329)	(1.573)	(1.157)	(1.098*
Pharmacists	-	population to 1 pharmacist)	population to 1 pharmacist)	population to 1 pharmacist)	population to 1 pharmacist)	population to 1 pharmacist)	population to 1 pharmacist)

* Provisional data

Sources: Anuarul Statistic al României 2018, INS, București, 2019, Tab.83/p.318, „Personalul didactic pe niveluri de educație și pe sexe” și Tab.7.2/p.298, „Personalul medico-sanitar în unități cu proprietate majoritară de stat”.⁹ Anuarul Statistic al României 2011, INS, București, 2011, Tab.8.3/p.246, „Personalul didactic pe niveluri de educație și pe sexe” și Tab.7.2./p.228, „Personalul medico-sanitar în unități cu proprietate majoritară de stat”.¹⁰ Anuarul Statistic al României 2001, INS, București, 2001, Tab.7.1.12, „Personalul didactic pe niveluri de educație și pe sexe” și Tab.6.2/p.179, „Personalul medico-sanitar în unități cu proprietate majoritară de stat”.¹¹ Anuarul Statistic al României 1991, CNS, București, 1992, Tab.5.1./p.132, „Învățământ de toate gradele” și Tab.7.4./p.214, „Personalul medico-sanitar în unități cu proprietate majoritară de stat”.¹²

The migratory movement consists of three broad categories of labor force:

- high-skilled workforce, with validated competencies in leading fields of science and technology, as well as in some services, such as education and health. This category recruited directly, often even from the last years of studies or through specialized Romanian or foreign bodies, has the most chances to obtain long-term contracts and finally to obtain the right of establishment in the host country. In addition, it falls into the 25-40 age category, considered the most creative and productive;
- the workforce with a medium level of qualification, specialization covering a wide range of activities and professions, such as builders, para-medical staff (nurses), for which the demand of employers from different countries is increasing (Italy, USA, Canada, Switzerland), hotel and public catering staff, also requested in certain Western markets;
- and the unqualified or semi-skilled labor force in agricultural activities (during harvesting periods), in sanitation, construction, etc. The emigration of people with high levels of education also seems to be a growing phenomenon.

The greatest visibility in the Romanian public space was the migration of doctors. The phenomenon has seen an upward trend in

the period 1991-2004,¹³ and after 2004 the estimates suggest that the growth trend is maintained. Given the national staff shortage, as a result of emigration, investing in human resources is essential for increasing the quality and social efficiency of medical services.

Conclusion

The social importance of the work but also the level of the income obtained by the teachers in the higher education and the doctors in the field of health are topics worthy of reflection for those who govern. Certainly, the economic factor has determined most researchers to opt for other jobs, despite the attractiveness of the field, of the inter-human relations, apart from other fields of activity. Through the Law of unitary pay voted and promulgated in 2018, the aim was to maintain the medical staff in the country.

But the shortage of personnel not only from health, but also from education demands investments in the human resource for increasing access, quality and efficiency of medical services, education and research-development-innovation.

The Romanian society needs people to work, but it also needs people with high professional competence, specialists who can make highly informed decisions, in the key areas of economy and social development.

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Conflicts of interest

The author declares no conflicts of interest.

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