

Slovenia

The interplay of supply- and demand-side instruments in financing CVT/ adult learning (in particular job-related)

Publicly subsidised adult education programmes include those that target basic skills; programmes aimed at achieving a formal educational qualification; programmes targeting the unemployed or those at risk of becoming redundant; and liberal (popular) adult education programmes. Several adult education programmes that cover the area of basic skills have been developed through public funds. An important centrally developed framework programme is Training for success in life. Adult education and training targeting the transition to the labour market is offered through the Public Employment Service which caters to the registered unemployed jobseekers.

Demand-side instruments for individuals are rather scarce and limited to formal students. The same applies to demand-side incentives targeting companies, as the most relevant incentive is a tax incentive related to research and development activities.

Demand-side instruments in financing CVT/ adult learning (in particular job-related)

- **Key institutions involved and funding sources**

The key institution for adult education and training is the Ministry of Education, Science and Sport and its Upper Secondary, Higher Vocational and Adult Education Directorate. The European Social Fund is a main source of funding for demand-side instruments in Slovenia.

- **Instruments targeting individuals**

Demand-side incentives for individuals are limited to formal students. Adults holding the status of a student are entitled to a deduction of tax share ([#195](#)). The Student Services Office only withholds the tax when an income of more than EUR 400 is paid out at once, which is considered a special personal student allowance according to the Slovenian Personal Income Tax Act. Students can use a loan scheme ([#199](#)) with a fixed interest rate and free credit granting introduced to support students in initial education to cover tuition fees in higher education, living costs or any other costs during full-time education. Furthermore, but of limited importance, corporate scholarships ([#198](#)) are available to individuals up to 27 years coming from socially and financially disadvantaged family backgrounds. The scholarships are granted by employers, who want to ensure the development of appropriate staff and thus encourage the development of companies.

- **Instruments targeting companies**

The most relevant instruments targeting companies are tax incentives related to research and development activities and related to the employment of an apprentice or a student. Companies can deduct costs for research and development activities ([#193](#)) including education and training costs from their taxable profits. Up to 100% of any formal and non-formal education and training costs intended exclusively for the needs of research or development projects carried out in the company can be eligible for deduction.

Companies employing an apprentice or a student to undergo practical training may claim a reduction in the tax base ([#194](#)) but not exceeding 20% of the average monthly salary in Slovenia. Training programmes for vocational education, allowing to obtain a qualification of ISCED 3-5 level, are eligible. The eligible costs are the monthly salary of an apprentice or a student that is undergoing practical training in the company.

Based on a dismantled compulsory system, companies join in on a voluntary basis and contribute to sectoral as well as regional training funds. Companies pay a levy amounting to 1% of minimum gross salary in Slovenia ([#192](#)). The Foundation for Employees Training is responsible for managing/operating the scheme.

Companies employing and providing training to previously unemployed adults may receive a grant for eligible training costs [#197](#). Furthermore, a grant scheme is established to strengthen the skills of mentors in companies (who mentor high school pupils and students that undergo vocational/practical training in company within their formal educational programme).

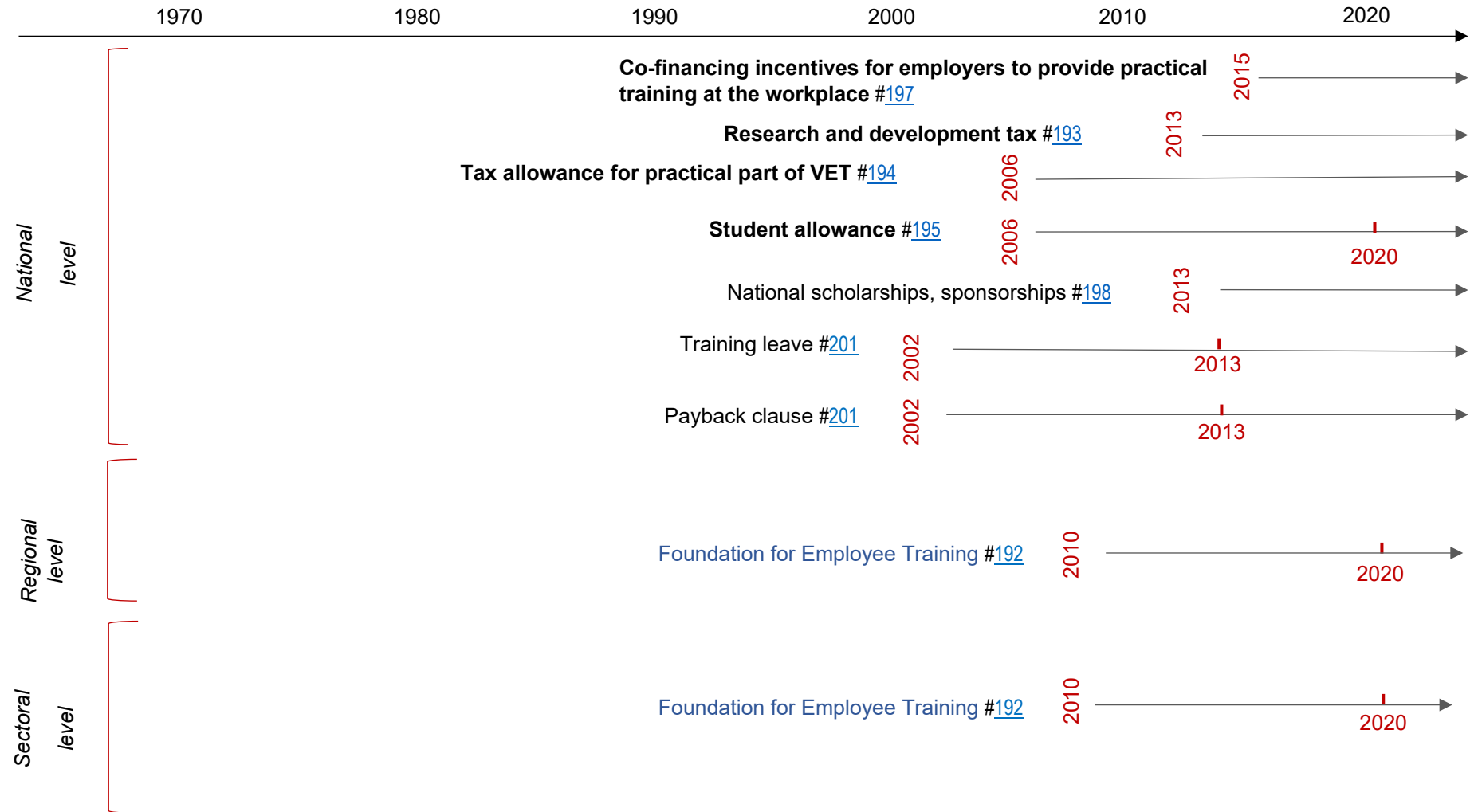
Employers and employees can agree on a payback clause [#201](#).

Table 1. Overview of demand-side financing instruments in Slovenia by 2020

Level of implementation	Importance of the level of implementation	Overall importance of the instrument	Demand-side instruments targeting individuals		Demand-side instruments targeting companies		
National level	High	Key instruments	Tax incentives for individuals	Student allowance #195	Tax incentives for companies	Research & development tax incentive #193	
			Loans	Study loans #199		Tax allowance for practical part of vocational education #194	
						Grant for companies	Co-financing incentives for employers to provide practical training at the workplace #197
		Further instruments	Grants for individuals	National scholarships, corporate scholarships #198	Grant for companies	Training of mentors #338	
					Payback clause	Payback clause #201	
Regional level	Moderate	Key instruments					
		Further instruments			Training Fund	Foundation for Employees Training #192	
Sectoral level	Moderate	Key instruments					
		Further instruments			Training Fund	Foundation for Employees Training #192	

- Evolution of demand-side instruments over time

Figure 1. Overview on the evolution of demand-side instruments in Slovenia until 2020



Source: Cedefop, based on the 2020 data collection

Blue = group of instruments

Bold = key instruments

- **Statistics on volumes of funding and beneficiaries**

Table 2. Statistical data on volumes of funding and beneficiaries

ID	Name of the instrument	Year of reference	Volume of funding (EUR)	Year of reference	Beneficiaries (individuals)	Year of reference	Beneficiaries (companies)
<u>193</u>	Research & development tax incentive	Not available	Not available	-	-	2017	568
<u>194</u>	Tax allowance for practical part of vocational education	Not available	Not available	-	-	Not available	Not available
<u>195</u>	Student allowance	Not available	Not available	2020	13 000 ^e	-	-
<u>338</u>	Training of mentors	2020	200 000	2019	1 395 ^e	2020	2
<u>197</u>	Co-financing incentives for employers to provide practical training at the workplace	2020	2 100 000	2019	2 354	Not available	Not available
<u>198</u>	National scholarships, corporate scholarships	2019	70 201 776	2019	50 715	-	-
<u>199</u>	Study loans	Not available	Not available	Not available	Not available	-	-
<u>200</u>	Training leave	Not available	Not available	Not available	Not available	-	-

Source: Cedefop, 2020 data collection (^e = estimate)

Table 3. Short descriptions of the financing instruments

ID	Name	Level of implementation	Importance of the instrument	Short description
(1) Training funds				
192	Foundation for Employees Trainings	Regional, Sectoral	Further instrument	Based on a dismantled compulsory system, companies join in on a voluntary basis and contribute to sectoral as well as regional training funds. The training costs of the Employee Training Fund are covered by the employees of the employers, who regularly contribute to the Fund via a levy amounting to 1% of minimum gross salary in the Republic of Slovenia per employee (which is EUR 6.5 per employee per month in 2020). Any formal and non-formal education and training is eligible for funding. The financing of the costs of education and training of employees with the same employer in a calendar year may not exceed EUR 300 per individual employee. An individual employer cannot receive more than EUR 7 000 in reimbursed education and training costs in a calendar year. The operation/management of the training fund is under the Foundation for Employees Training.
(2) Tax incentives for companies				
193	Research & development tax incentive	National	Key instrument	Companies can deduct costs for research and development activities including education and training costs from their taxable profits. Any formal and non-formal education and training costs intended exclusively for the needs of research or development projects carried out in the company can be eligible for deduction. Up to 100% of education and training costs may be deducted. The tax incentive can be used in each calendar year. All companies paying Corporate Income Tax (CIT) are eligible for this incentive.
194	Tax allowance for practical part of vocational education	National	Key instrument	Companies paying Corporate Income Tax (CIT) and employing an apprentice or a student to undergo practical training may claim a reduction in the tax base but not exceeding 20% of the average monthly salary in Slovenia. Training programmes for vocational education, allowing to obtain a qualification of ISCED 3-5 level, are eligible. The eligible costs are the monthly salary of an apprentice or a student that is undergoing practical training in the company. The tax incentive can be used once in each calendar year.
(3) Tax incentives for individuals				
195	Student allowance	National	Key instrument	Persons holding the status of a student are subject to a more favourable treatment for purposes of the withholding tax by the Student Work Service. The Student Work Service only withholds the tax when income of more than EUR 400 / month is paid out at once. However, if they earn more than the set amount that is dependent on the general annual tax allowance per year they pay tax according to the tax rate schedule.
(4) Grants for companies				
338	Training of mentors	National	Further instrument	This is a 5-year project that offers free training for mentors of high school pupils and students in the field of vocational education. The project encourages strengthening the skills of mentors in companies for the quality implementation of mentoring high school pupils and students that must undergo vocational/practical training within their formal educational programme. The funds (80% EU-provided, 20% SI-provided) are allocated each year to two applicants that were granted through a public tender in 2016. There is no preferential treatment.
197	Co-financing incentives for employers to	National	Key instrument	Companies existing for at least one year and employing and providing training to previously unemployed adults can apply for the grant. The eligible costs of training are refunded to the company. Eligible costs include fees and other costs related to the training. The training participant receives a bonus for activity and

provide
practical
training at the
workplace

for transport. The standard cost of the training is in proportion to the amount of training provided (for 2-month training: EUR 526; for 3-month training: EUR 732). The funds are allocated via public tender, including preferential treatment (receiving extra points in the tender) when employing specific vulnerable groups. The same applicant can re-use the grant after a break of a particular period.

(5) Grants for individuals

198	National scholarships, corporate scholarships	National	Further instrument	The Ministry of Labour, Family and Social Affairs offers national scholarships to young persons coming from socially and financially disadvantaged family backgrounds. The students up to 27 years old and the secondary school pupils up to 22 years old may apply. The eligible education and training activities cover fields of study offered by Slovene universities and high schools. Corporate scholarships are granted by employers, who want to ensure the development of appropriate staff and thus encourage the development of companies. High school pupils and students can also apply for this scholarship. The amount of basic scholarship varies from approx. EUR 36 per month up to approx. EUR 195 per month depending on the amount of average monthly income of the household in which the applicant resides. Beneficiaries may receive a bonus for success at university/school (from approx. EUR 17 per month up to approx. EUR 41 per month), a bonus of approx. EUR 82 per month in case a beneficiary's permanent residence is more than 25 km away from the educational institution. Additionally, beneficiaries with special needs receive a monthly bonus in the amount of approx. EUR 51.
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(6) Loans

199	Study loans	National	Further instrument	Adults can use a loan scheme introduced to support students in initial education to cover tuition fees in higher education, living costs or any other costs during full-time education. The scheme is managed via private retail banks. The maximum amount depends on the bank and varies from EUR 2 000 up to EUR 6 300 with a fixed interest rate and free credit granting. The operation/management of the loan is under commercial banks that offer loans for students. Specific rules (i.e. repayment mechanism, interest rate, loan distribution, loan size) depend on the bank and the individual contract between the bank and the loan taker.
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(7) Training leaves

200	Training leave	National	Further instrument	An employee has the right to be absent from work on days when he/she takes the exams for the first time. If education/training is in the interest of the employer/initiated by the employer, the costs are paid by the employer. If education/training is in the interest of the employee, the costs are covered by the employee. Collective agreements, contracts of employment or educational contract may define more favourable rights, for example, more days of training leave for each exam, additional training leave for preparing a masters paper or for doctoral study. The maximum period of the training leave is 30 working days. Specific conditions (i.e. payments, re-using, rights of employee, information provision) depend on the employer.
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(8) Payback clauses

201	Payback clause	National	Further instrument	Employers and employees can agree on a payback clause. In compensation for employer-provided/financed training, employees commit themselves to stay in the company for an agreed period or (partially) pay back the costs of training. Direct costs of training (e.g. cost of enrolment and fees) and wages paid during training (borne by employer) can be subject to a payback clause. Specific conditions (i.e. the period of refund, refund rates, restrictions of payback clause depending on the employment type, types of training eligible) depend on the agreement between employer and employee.
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