



REPUBLIC OF SLOVENIA
FISCAL COUNCIL

Monthly Information

February 2026

Key highlights

- The state budget recorded the lowest January surplus (EUR 14 million) in recent years. Revenue increased three times slower than expenditure. The high growth in expenditure was fuelled by an increase in current spending (primarily an increase in subsidies and labour costs) resulting from economic policy measures, and transfers to budgetary funds.
- Economic policy measures, particularly wage and pension reforms, also contributed to the increase in expenditure from the other three public finance budgets last year.
- The increase in transfers from the state budget to social security funds highlights challenges in their self-financing.
- In recent years, the volume of transfer to the health insurance budget has increased significantly. The adopted financial plan of the Health Insurance Institute of Slovenia (ZZZS) for 2026 envisages a balanced compulsory health insurance account, but is based on the extensive effects of the planned measures. If these effects do not materialise, the health insurance budget deficit could be the largest ever.
- Last year, pension expenditure grew faster than nominal GDP, and its share expressed as GDP reached its highest level in five years (10.2%). The introduction of the winter allowance contributed significantly to the growth in expenditure from the pension insurance budget.
- The municipal deficit fell to -0.2% of GDP in 2025. Transfer from the state budget increased again, partly due to the introduction of additional funds to reduce disparities between municipalities.

The state budget – January 2026¹

- The state budget recorded the lowest January surplus (EUR 14 million) in recent years. The year-on-year growth in expenditure (27%) was three times faster than revenue growth. The latter nevertheless strengthened compared with January of the previous year. Funds received from the European Union increased almost threefold due to the posting of the remaining part of the funds received from the fourth RRP request. Year-on-year growth in VAT and personal income tax revenue also strengthened. On the other hand, revenue from customs duties, corporate income tax, excise duties and air pollution taxes declined. Thus, the growth in total tax revenue was only half of the one recorded in January of the previous year.
- The increase in state budget expenditure stemmed from broad-based growth in current expenditure, significantly affected by economic policy measures. Year-on-year labour costs increased by 14% and, together with the further increase in agricultural subsidies, which rose by 60% year-on-year, contributed one third of the overall increase in expenditure. Current transfers to social security funds and to the provision of regular public transport services were also higher. The latter were approximately three times higher than in January 2025. Transfers to budgetary funds also contributed significantly (around a quarter) to the growth in expenditure, mainly due to the posting of the remaining part of the fourth RRP request (EUR 75 million)² and the transfer of earmarked revenue (difference in the corporate income tax rate) to the Fund for the Reconstruction of Slovenia (EUR 21 million). At the end of January, the fund had EUR 651 million at its disposal. In January, EUR 6 million was disbursed, primarily for the rehabilitation of water infrastructure and replacement housing construction.
- Investments increased year-on-year by around 3%, according to the adopted budget they are projected to increase by 40% throughout the year. A significant proportion of government investment activity occurs outside the state budget, including through budgetary funds. These funds increased the volume of investment spending approximately threefold compared to January 2025, reaching EUR 23 million and accounting for slightly less than one third of the value of capital expenditure realised through the state budget.

Figure 1: Structure of state budget revenue change (excluding intervention measures)

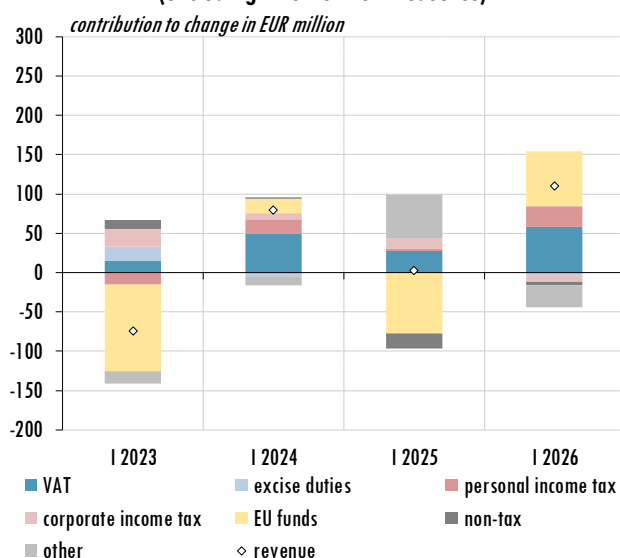
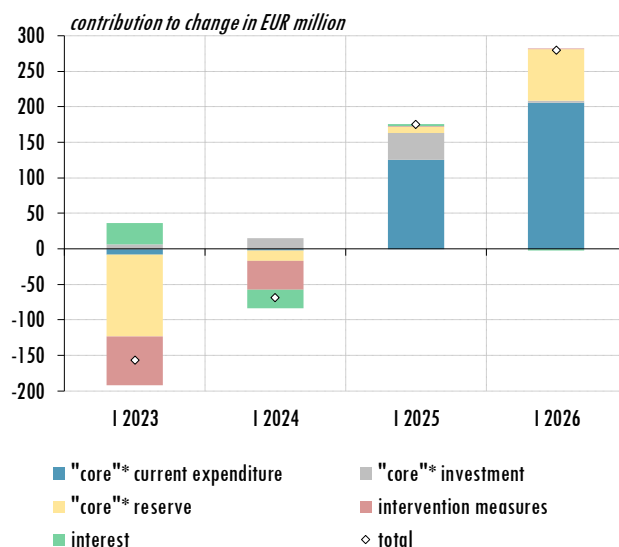


Figure 2: Structure of state budget expenditure change



¹ All comments pertain to data as at 2 February 2026.

² Of the EUR 23 million paid out from the Recovery and Resilience Fund in January, just over half was earmarked for investment transfers to public institutions.

Public finance budgets (GFS cash flow methodology)

The Health Insurance Fund (ZZZS) closed 2025 with a deficit of EUR -86 million in the compulsory health insurance account and a surplus of EUR 143 million in the new compulsory long-term care insurance account.³

Compulsory health insurance revenue increased by 8%. This was largely due to, albeit slower, growth of revenue from health insurance contributions and the adjustment of the compulsory health insurance contribution.⁴ The transfer from the state budget increased to 0.7% of GDP last year, which is three times as much as in 2019. The growth in compulsory health insurance expenditure exceeded the growth in revenue by a little over three percentage points. Almost one half of the expenditure increase was due to the growth in labour costs, mainly as a result of the wage reform. The growth in the costs of sickness benefits and payments to concessionaires exceeded economic growth again last year. Their share expressed as GDP in 2025 was thus almost twice as high as before the epidemic. The adopted financial plan of the ZZZS for 2026 envisages a balanced compulsory health insurance account. The assumption is based on a further increase in transfer from the state budget for current expenditure by around a quarter and on planned measures amounting to around EUR 200 million.⁵

Of the EUR 271 million in revenue that has flowed into compulsory long-term care insurance since 1 July 2025, approximately half (EUR 128 million) has been spent due to the gradual introduction of services. In accordance with the financial plan of the ZZZS for 2026, the surplus will be fully used up this year. A significant increase in expenditure is planned due to the expansion of the scope of long-term care rights and services. As revenue growth will lag behind expenditure growth by more than three times, a deficit of EUR -60 million is expected.

With a lower regular pension adjustment in 2025 (4.5%) compared to 2024 (8.8%), the growth in pension expenditure, which accounts for the bulk of the **Pension Insurance Fund (ZPIZ)** expenditure, decreased to 7.2% (from 10.9% in 2024). The winter allowance of EUR 150, a new entitlement introduced by the pension reform, contributed significantly (1.1 percentage points) to the growth in total expenditure. Last year, growth in revenue from social security contributions again lagged behind growth in expenditure, resulting in a further increase in transfer from the state budget for additional obligations⁶, which amounted to 1.7% of GDP. In the last seven years, total pension expenditure grew faster than nominal GDP, and its share expressed as GDP reached 10.2%. The real purchasing power of average pensions has increased since the beginning of the epidemic, as growth in all types of pensions has outpaced cumulative inflation.⁷ In line with the financial plan of the ZPIZ for 2026, expenditure growth will accelerate this year (to 8.3%), influenced not only by slightly higher (5%) regular pension adjustment, but also by the effects of the pension reform.⁸

³ Ministry of Finance – Fiscal trends (January 2026). Available at

<https://www.gov.si/assets/ministrstva/MF/ekonomska-in-fiskalna-politika/Blagajne-JF/Letni-pregled-javnofinancnih-gibanj-januar-2026.pdf> (Only in Slovene).

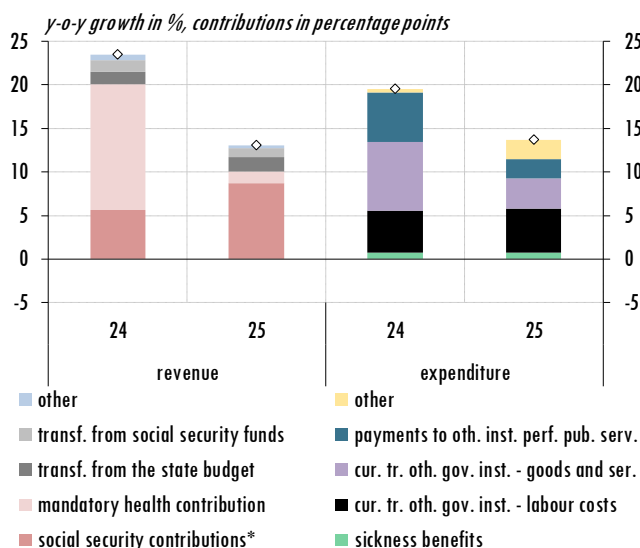
⁴ Pursuant to the Act Amending the Health Care and Health Insurance Act (ZZVZZ-T), the compulsory health insurance contribution is adjusted once a year (on March 1) in line with the growth in the average gross salary in the Republic of Slovenia in the previous year.

⁵ Balancing revenue and expenditure in health services, sick leave compensations and medical devices (EUR 133 million) and transferring part of the December monthly advance payments to healthcare service providers (EUR 85 million).

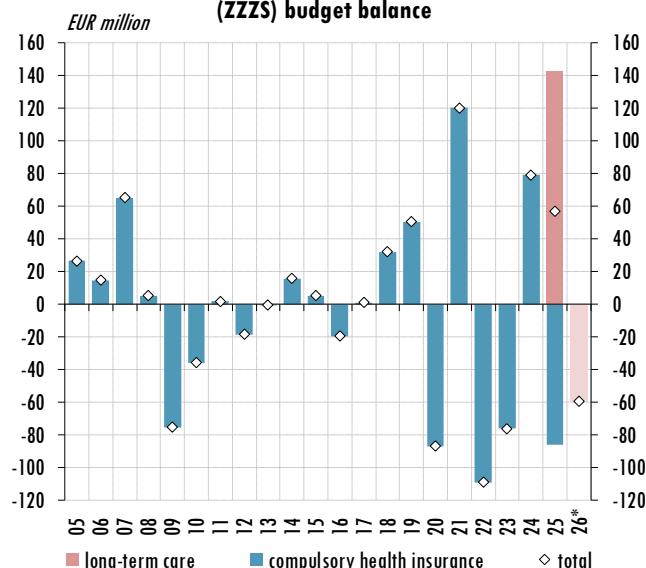
⁶ In addition to regular transfers, which cover the payment of pension and disability insurance contributions for public employees and certain other population groups.

⁷ Average old-age pension, which accounts for the largest share of expenditure, was on average 44% higher in 2025 compared to 2019. The average disability pension increased by 41% over this period, while survivors' and widows' pension increased by 42%. Inflation stood at 24% in this period.

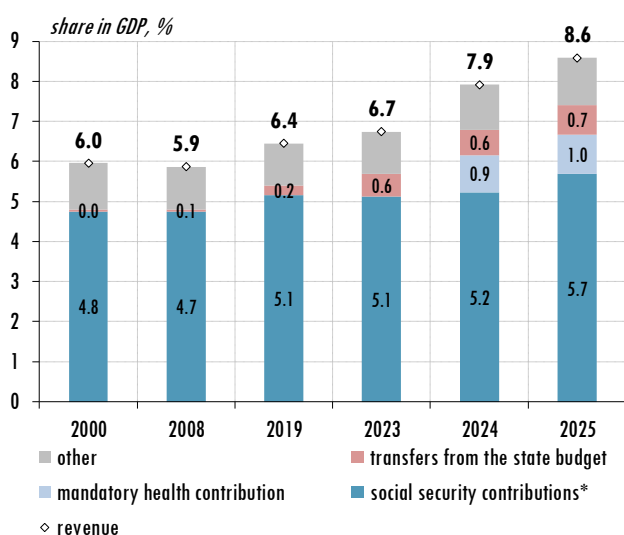
⁸ Among other things, the increase in the winter allowance from EUR 150 to EUR 170, the minimum disability pension from 41% to 50% of the minimum pension base, widows' and survivors' pensions (one family member) from 70% to 75%, the additional accrual rate for one child from 1.36 to 1.6, and the application of the additional accrual rate for compulsory military service.

Figure 3: ZZS revenue and expenditure


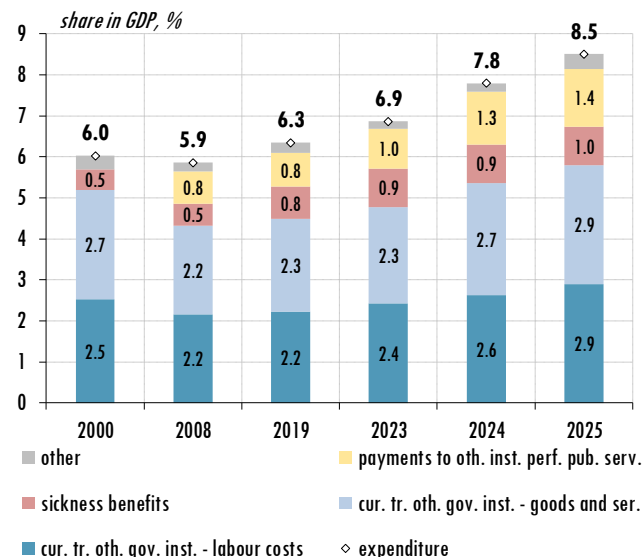
Source: MoF, FC calculations. Note: *excluding mandatory health contribution.

Figure 4: Health Insurance Institute of the Republic of Slovenia (ZZS) budget balance


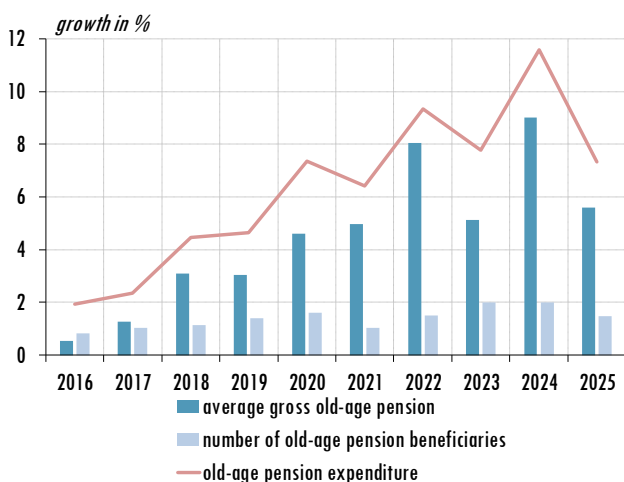
Source: MoF, ZZS, FC calculations. Note: *ZZS financial plan for 2026.

Figure 5: ZZS revenue


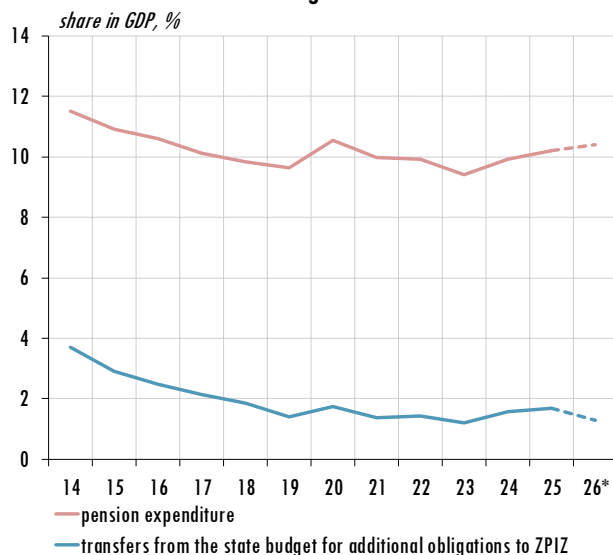
Source: MoF, SORS, IMAD, FC calculations. Note: *excluding mandatory health contribution.

Figure 6: ZZS expenditure


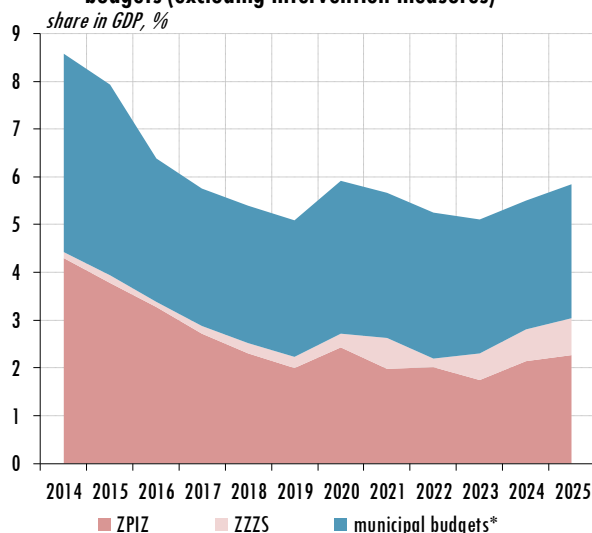
Source: MoF, SORS, IMAD, FC calculations.

Figure 7: Old-age pensions*


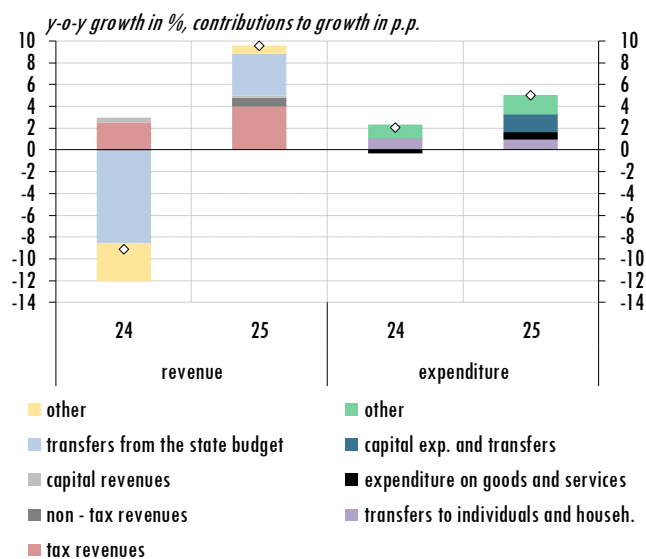
Source: Pension and Disability Insurance Fund of Slovenia (ZPIZ), MoF, FC calculations. Note: *old-age pension beneficiaries represented 76% of all beneficiaries last year, while volume of old-age pension expenditure represented 82% of all ZPIZ pension expenditure.

Figure 8: Pensions and transfers from the state budget for additional obligations to ZPIZ


Source: MoF, SORS, IMAD, ZPIZ, FC calculations. Note: *ZPIZ financial plan for 2026.

Figure 9: State budget transfers to other public finance budgets (excluding intervention measures)

Source: MoF, SORS, IMAD, FC calculations. Note: * current and capital transfers and income tax resources ceded to local government levels.

Figure 10: Revenue and expenditure of local government

Source: MoF, FC calculations.

In 2025, **municipal budgets'** deficit lowered to EUR -112 million or -0.2% of GDP. After a significant decline in revenue in 2024 due to a smaller transfer from the state budget for natural disaster recovery, revenue returned to 2023 levels last year. The main contributors to their growth were a faster increase in personal income tax revenue (6.7%) than in the previous year (3.4%) and an increase in transfer from the state budget, which was nevertheless around a quarter lower than in 2023. In addition to higher payments for natural disaster recovery, the introduction of additional funds to reduce disparities between municipalities as part of the amendment to the Financing of Municipalities Act also contributed significantly to the growth in the transfer. The faster growth in expenditure (5.0%) compared to the previous year (2.0%) was mainly due to increased investment (particularly in new construction, reconstruction and adaptation). There has also been a noticeable increase in growth of labour costs, which has doubled compared to 2024, mainly due to the wage reform, and in growth of intermediate consumption. The growth of transfers to individuals and households slowed down somewhat and contributed about one-fifth to the growth in expenditure.