



Satversmes tiesa

Press Release

Case No 2020-40-01

8 May 2021

The 2020 State Budget provisions which set out the funding for health care workers' remuneration comply with the Constitution

On 7 May 2021, the Constitutional Court passed a judgment in Case No 2020-40-01 "On compliance of the programmes and sub-programmes for increasing health care workers' remuneration of the law 'On the State Budget for 2020', insofar as they do not make provision for State funding to increase the remuneration of health care workers in 2020 as set in Paragraph 11 of the Transitional Provisions of the Health Care Financing Law, with Articles 1 and 66 of the Constitution of the Republic of Latvia".

CONTESTED REGULATION

- The programmes and sub-programmes of the law "On the State Budget for 2020" which set out the State budget for the payment of remuneration to health care workers.

PROVISIONS OF SUPERIOR LEGAL FORCE

- Article 1 of the Constitution (Satversme) of the Republic of Latvia (hereinafter – the Constitution): "Latvia is an independent democratic republic".
- Article 66 of the Constitution: "Annually, before the commencement of each financial year, the Saeima shall determine the State Revenues and Expenditures Budget, the draft of which shall be submitted to the Saeima by the Cabinet. If the Saeima makes a decision that involves expenditures not included in the Budget, then this decision must also allocate funds to cover such expenditures. After the end of the budgetary year, the Cabinet shall submit an accounting of budgetary expenditures for the approval of the Saeima."

FACTS OF THE CASE

The case was initiated on the basis of an application filed by the Ombudsman. The Ombudsman indicated that only about a half of the funding increase previously envisaged by the *Saeima* in Paragraph 11 of the Transitional Provisions of the Health Care Financing Law had been allocated for the payment of remuneration to health care workers in the Law on State Budget for 2020. This, according to the Ombudsman, is not in line with the legislator's obligation to observe the legal provisions it has itself adopted and causes legal uncertainty in society. Also, allegedly, allocation of insufficient funding for the payment of remuneration to health care workers does not comply with the principle of sustainability.

THE COURT'S FINDINGS

The Constitutional Court concluded that medium-term budget planning and the adoption of a medium-term budget framework law serve the sustainable development of the State. The annual State budget has to be in accord with the medium-term budget framework that it falls under. [8.2, 8.3]

By Paragraph 11 of the Transitional Provisions of the Health Care Financing Law, the *Saeima* defined increasing health care workers' remuneration as a medium-term priority in 2019–2021. This priority retained its significance in medium-term budget planning for 2020–2022. [8.4, 9.3]

In developing a medium-term budget framework, the Cabinet of Ministers has certain freedom of evaluation and discretionary powers. Such freedom and discretion also apply to the evaluation of whether and in what amount the medium-term priority measures requested by different bodies should be financed, considering the possibilities of finding a mutual balance between them, the financial situation of the State, as well as the urgency of the particular measures, and the State's political priorities. The Cabinet also has to observe the legal provisions regulating the budgeting process, which require that a well-balanced, sustainable budget be ensured. [10.2]

Both the *Saeima* and the Cabinet had taken into account the medium-term priority provided for in Paragraph 11 of the Transitional Provisions of the Health

Care Financing Law. The possibilities of financing it had been balanced with other priorities and the State's financial resources so as not to violate the limiting budget-related legal provisions and not to take financial risks. By adopting the law "On the Medium-Term Budget Framework for 2020, 2021, and 2022", the *Saeima* confirmed that the task set out in Paragraph 11 of the Transitional Provisions of the Health Care Financing Law had been fulfilled in accordance with its will and the financial possibilities of the State. [10.3]

The contested regulation had been coordinated with the draft law "On the Medium-Term Budget Framework for 2020, 2021, and 2022", therefore, the priority provided for in Paragraph 11 of the Transitional Provisions of the Health Care Financing Law had been observed in its preparation and adoption. [11]

The Constitutional Court ruled:

To recognise the programmes and sub-programmes of the law 'On the State Budget for 2020' which set out the remuneration of health care workers, insofar as they do not make provision for State funding to increase the remuneration of health care workers in 2020 as set in Paragraph 11 of the Transitional Provisions of the Health Care Financing Law, as being compatible with Articles 1 and 66 of the Constitution.

The judgment of the Constitutional Court is final and not subject to appeal; the judgment enters into force on the day it is published.

The text of the judgment is available on the website of the Constitutional Court: https://www.satv.tiesa.gov.lv/wp-content/uploads/2020/08/2020-40-01_spriedums.pdf

This release has been prepared to inform the public about the work done by the Constitutional Court. More detailed information on current issues, cases initiated and decided by the Constitutional Court is available on the [website of the Constitutional Court](#). You are also invited to follow the information on the Court's *Twitter* account [@Satv_tiesa](#) and *YouTube* [channel](#).

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