

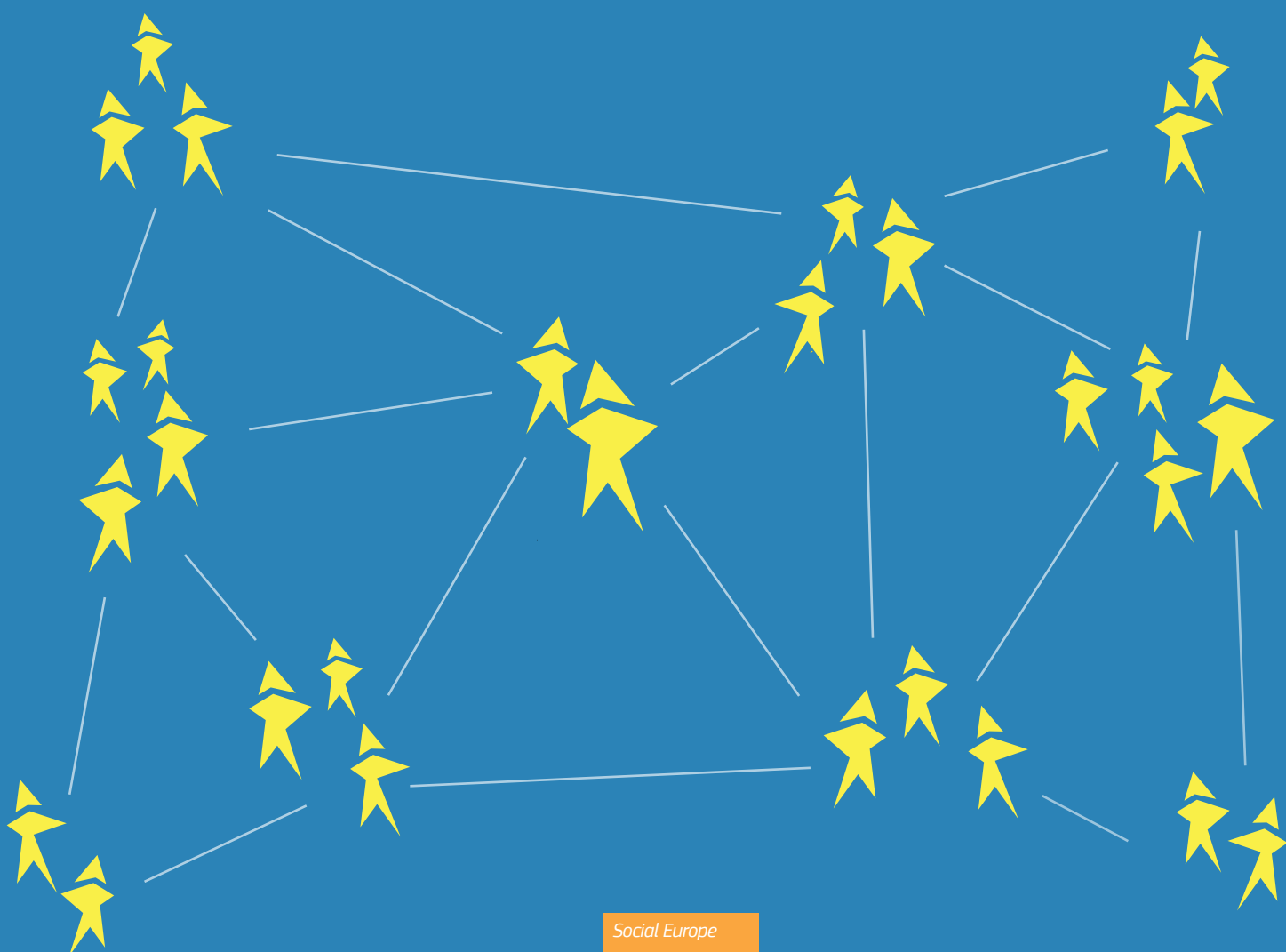


EUROPEAN SOCIAL POLICY NETWORK (ESPN)

Access to social protection for young people

Hungary

Fruzsina Albert



Social Europe

EUROPEAN COMMISSION

Directorate-General for Employment, Social Affairs and Inclusion
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European Social Policy Network (ESPN)

**ESPN Thematic Report:
Access to social protection for
young people**

Hungary

2021

Fruzsina Albert

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Summary

Access to social protection, with a few exceptions (e.g. minors and full-time students are entitled to free health care), is basically the same for young people as for other age groups: eligibility conditions and benefit entitlements with respect to the social protection schemes that are the focus of this report (unemployment, sickness/health, maternity/paternity/parental, minimum income and housing benefits) do not differ, and the very same rules apply to employees, the self-employed and other non-standard workers.

In the case of students, the closest there is to an apprenticeship is the *student contract (tanulószerződés)*, which is a contract between full-time students in their first state-financed vocational education and an organisation that provides practical experience: the income is not part of the tax base, but it involves social security insurance. Those employed within the framework of *simplified employment (egyszerűsített foglalkoztatás)*, a form of casual, marginal employment, are not considered to be insured according to the social insurance legislation, and thus are not eligible for free health care or sickness benefits; however, they are entitled to unemployment insurance.

As most conditions are not specific to young people, most gaps and obstacles are not specific to them either. Only unemployment benefit, the duration of which is a maximum of 3 months, is conditioned on 12 months of employment over the previous 36 months; it is harder for young people to meet this qualification, as they are more likely to be employed for a shorter time-span, in more unstable jobs, followed by periods of shorter or longer unemployment. Those without mandatory healthcare insurance, who thus have to pay healthcare contributions themselves, are sanctioned more since 1 July 2020. Regarding access to both contributory and non-contributory maternity, paternity and parental cash benefits, the same rules and benefit levels apply to all age groups, but the criterion for contributory benefits of having been insured for 365 days over a period of 2 years is likely to be more difficult for younger employees to meet. Regarding minimum income schemes, those under 18 years are not eligible. Most gaps in access are not specific to the young, although several young people do not have sufficient employment history, and so they do not register as jobseekers. As for housing benefits, currently no general housing scheme exists in Hungary, although housing support may be included in the so-called settlement support, which is regulated differently by different municipalities.

As certain cash transfers – such as sickness benefit, certain maternity benefits and the job-seeking allowance – depend on the contribution base and the length of the insured period, all workers involved in tax avoidance and tax evasion (including young people) are vulnerable. Occasional employment (in the form of simplified employment) and undeclared workers are in the most parlous situation in terms of social protection. Although in Hungary most social provisions are available to the self-employed and most people in non-standard employment, the sums of the provisions are a risk factor for poverty, as the amounts are very low (though that is equally true for all employees). A general, but crucial, problem is that the universal provisions are gradually decreasing in value, with the amount remaining unchanged since 2008; thus, the level of these benefits can be considered to be less and less adequate.

There have not been reforms directly related to the access of 15–29-year-olds to social protection. Yet as access to social protection is closely linked to employment, reforms that enhance the employability of the age group in focus indirectly affect their access to social protection. Such measures have included the *tax credit* for employers (between 2013 and 2019) and the *Youth Guarantee Programme* (since 2015). The employment opportunities for young people have been especially badly dented by the pandemic, yet there have been no changes to enhance their access to social protection.

1 Key figures on the socio-economic situation of young people¹

1.1 Distribution of young people (aged 15–29) by main activity status

Table 1a: Main activity status of people aged 15-29 and 30-64 (2015-2020, EU-27 and Hungary, % 15-29 and 30-64)

	HUNGARY											
	15-29						30-64					
	2015	2016	2017	2018	2019	2020	2015	2016	2017	2018	2019	2020
EMPLOYMENT RATE*	42.6	45.2	46.8	47.1	47.1	45.8	71.4	74.0	75.6	76.9	78.0	77.9
Paid employment**	95.8	95.8	95.7	95.7	95.2	94.2	88.0	88.3	88.9	88.9	88.6	87.4
Self-employment**	3.1	3.4	3.8	3.9	4.2	5.2	11.0	10.9	10.5	10.6	10.9	12.0
Contributing family work**	1.2	0.8	0.5	0.4	0.6	0.6	1.0	0.8	0.7	0.6	0.5	0.6
UNEMPLOYMENT***	12.1	9.1	7.2	6.7	7.3	8.6	5.7	4.3	3.5	3.1	2.6	3.4
INACTIVITY****	51.5	50.3	49.5	49.5	49.2	49.8	24.3	22.7	21.7	20.6	19.9	19.4
	EU-27											
	15-29						30-64					
	2015	2016	2017	2018	2019	2020	2015	2016	2017	2018	2019	2020
EMPLOYMENT RATE*	45.0	45.9	46.9	47.7	48.2	46.1	71.4	72.4	73.5	74.5	75.3	74.9
Paid employment**	91.8	92.2	92.4	92.6	92.8	92.5	83.0	83.3	83.7	84.0	84.1	84.2
Self-employment**	5.3	5.2	5.2	5.2	5.1	5.4	14.6	14.5	14.3	14.2	14.2	14.1
Contributing family work**	2.9	2.6	2.4	2.2	2.1	2.1	2.4	2.2	2.0	1.8	1.7	1.7
UNEMPLOYMENT***	17.3	15.8	14.2	12.8	11.9	13.3	8.5	7.7	6.9	6.1	5.6	5.8
INACTIVITY****	45.6	45.4	45.3	45.3	45.3	46.8	22.0	21.6	21.0	20.6	20.2	20.5

Notes: (*) The employment rate is expressed as a share (%) of the total population in the age group. The 3 categories of employment (paid employment [i.e. employees], self-employment and contributing family work) are expressed as a share (%) of the population in employment in the age group. Contributing family work is a form of labour (generally unpaid, although compensation may come indirectly in the form of family income) that supports another member of the family to run an agricultural holding or another business. (**) The unemployment rate is expressed as a share (%) of the active population, i.e. the population that is either in employment or unemployed (not the total population), in the age group. (***) The inactivity rate is expressed as a share (%) of the total population in the age group.

Reading note: In 2020, in Hungary, 45.8% of people aged between 15 and 29 were in employment, compared to 77.9% of those aged 30-64. In the EU-27 as a whole, these figures were 46.1% and 74.9%, respectively. The share of people unemployed in the active population in Hungary was 8.6% of the 15-29 age group and 3.4% of the 30-64 age group (EU-27 average: 13.3% and 5.8%). The shares of people economically inactive in Hungary in the 15-29 and 30-64 age groups were 49.8% and 19.4%, respectively (EU-27 average: 46.8% and 20.5%).

Source: Eurostat, ESPN Network Core Team calculations based on LFS indicators [lfsa_eegais], [lfsa_egaps], [lfsa_pganws] and [lfsa_igan]. Data downloaded on 24 May 2021.

¹ Except where otherwise specified, the indicators presented in Section 1 of this report were computed by the ESPN Network Core Team on the basis of data coming from two data sources coordinated at the European level by the statistical office of the European Union (Eurostat: <https://ec.europa.eu/eurostat>): European Union Labour Force Survey (EU-LFS) and European Union Statistics on Income and Living Conditions (EU-SILC). These indicators were computed for all the 35 ESPN countries for which the data needed were available. All these ESPN countries' estimates are presented in Annex B of the following Synthesis Report: Dalila Ghailani, Stéphanie Coster, Ramón Peña-Casas and Pietro Regazzoni (2021), "Access to social protection for young people. An analysis of policies in 35 countries", European Social Policy Network (ESPN), Luxembourg: Publications Office of the European Union. This Synthesis Report can be downloaded [here](#).

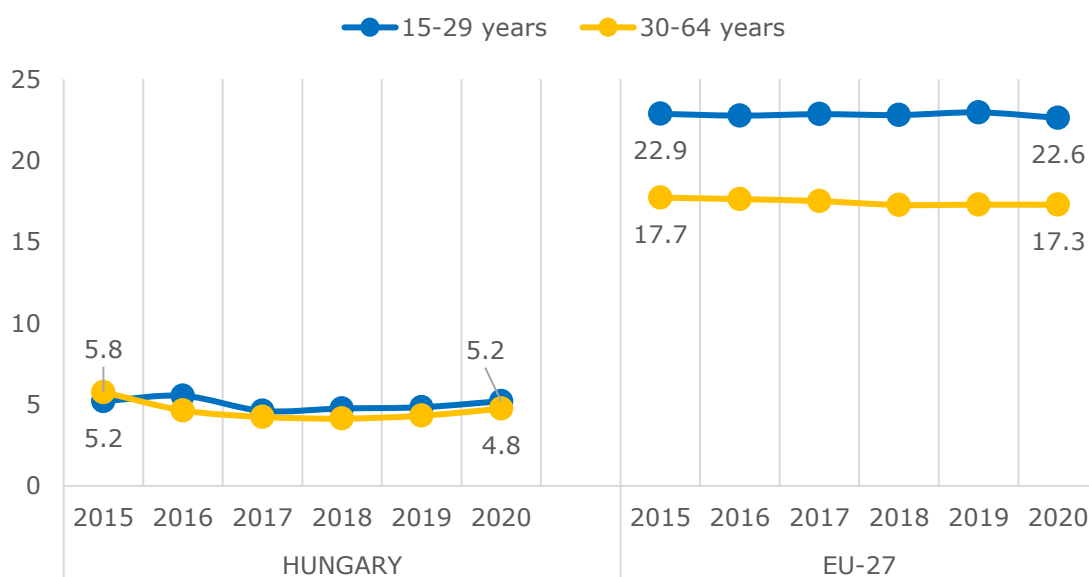
Table 1b: Main activity status of people aged 15-29 and 30-64 (2015-2020, EU-27 and Hungary, ratios 15-29/30-64)

	HUNGARY						EU-27					
	2015	2016	2017	2018	2019	2020	2015	2016	2017	2018	2019	2020
EMPLOYMENT RATE*	0.60	0.61	0.62	0.61	0.60	0.59	0.63	0.63	0.64	0.64	0.64	0.62
Paid employment**	1.09	1.09	1.08	1.08	1.07	1.08	1.11	1.11	1.10	1.10	1.10	1.10
Self-employment**	0.28	0.31	0.36	0.37	0.38	0.43	0.36	0.36	0.36	0.36	0.36	0.38
Contributing family work**	1.16	0.93	0.76	0.74	1.27	1.00	1.21	1.20	1.21	1.24	1.24	1.20
UNEMPLOYMENT***	2.14	2.13	2.06	2.16	2.80	2.57	2.04	2.06	2.06	2.09	2.10	2.29
INACTIVITY****	2.12	2.21	2.29	2.40	2.47	2.56	2.07	2.11	2.16	2.20	2.24	2.29

Notes: To obtain the ratio of 15-29 to 30-64, the 15-29 percentage is divided by the 30-64 percentage: a value below (above) 1 in a given activity status therefore means that 15-29-year-olds are proportionally less (more) numerous in that activity status than 30-64-year-olds. See also Notes to Table 1a above.

Reading note: In 2020, in Hungary, 45.8% of people aged between 15 and 29 were in employment compared to 77.9% of those aged 30-64 (see Table 1a) – i.e. a 15-29:30-64 ratio of 0.59. In the EU-27 as a whole (see table 1a), these figures were 46.1 and 74.9% respectively (ratio 0.62).

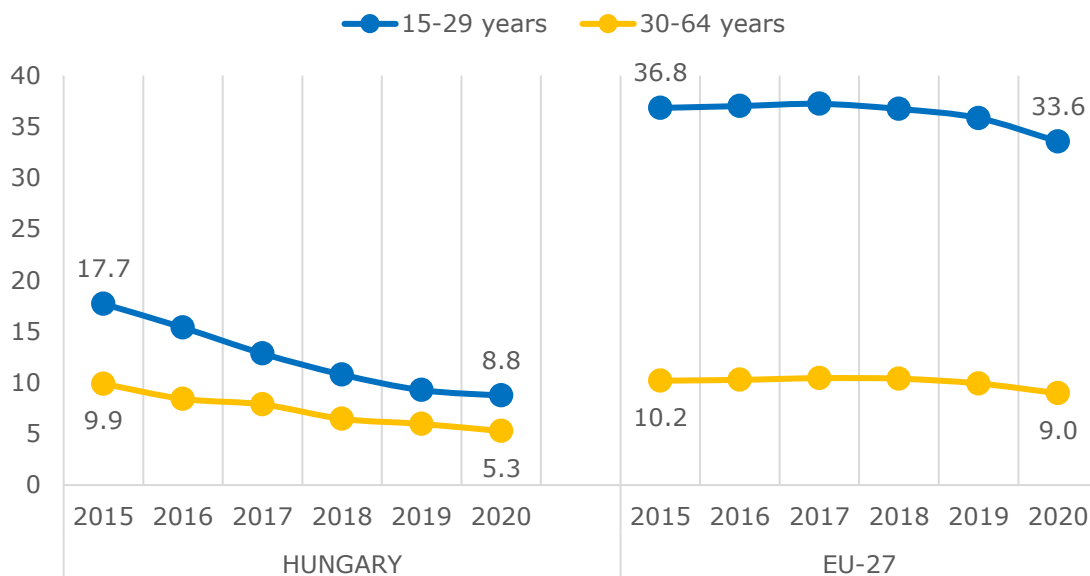
Source: See Table 1a.

Figure 1: Part-time employment as a share of the population in employment - comparison of the 15-29 and 30-64 age groups (2015-2020, EU-27 and Hungary, %)

Reading note: In 2020, in Hungary, the share of part-time employment in total employment was 5.2% for the 15-29 age group and 4.8% for the 30-64 age group. For the EU-27 as a whole, these shares were 22.6% and 17.3%, respectively.

Source: Eurostat, ESPN Network Core Team calculations based on Eurostat LFS indicator [lfsa_epgn62]. Data downloaded on 24 May 2021.

Figure 2: Temporary employment as a share of population in paid employment - comparison of the 15-29 and 30-64 age groups (2015-2020, EU-27 and Hungary, %)

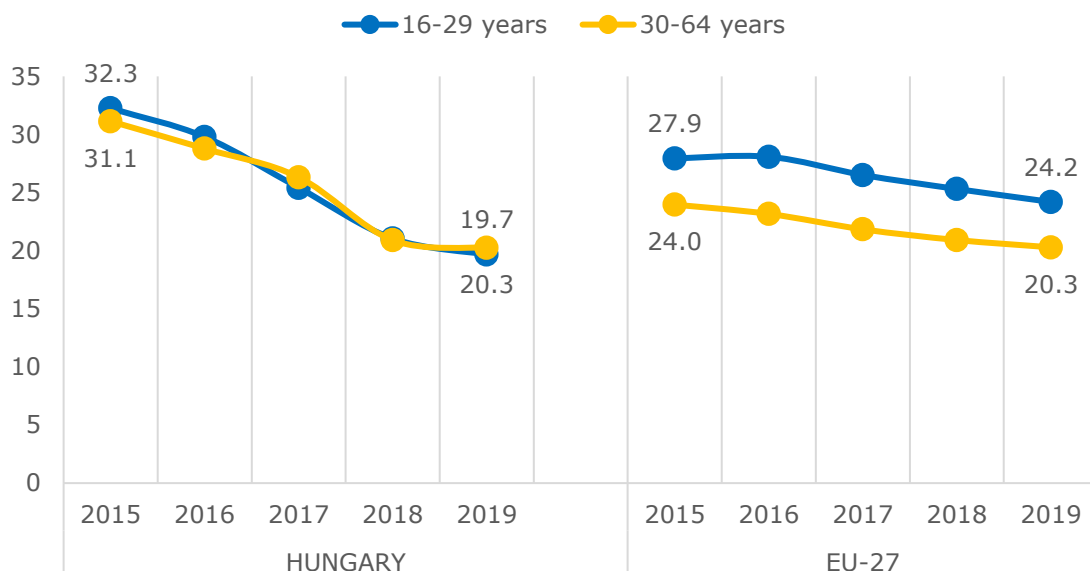


Reading note: In 2020, in Hungary, the share of temporary workers among employees was 8.8% for the 15-29 age group and 5.3% for the 30-64 age group. For the EU-27 as a whole, these shares were 33.6% and 9.0%, respectively.

Source: Eurostat, ESPN Network Core Team calculations based on Eurostat LFS indicators [lfsa_epgn62] and [lfsa_egaps]. Data downloaded on 24 May 2021.

1.2 Young people (aged 15–29) at risk of poverty or social exclusion

Figure 3: People at risk of poverty or social exclusion - comparison of the 16-29 and 30-64 age groups (2015-2020, EU-27 and Hungary, %)

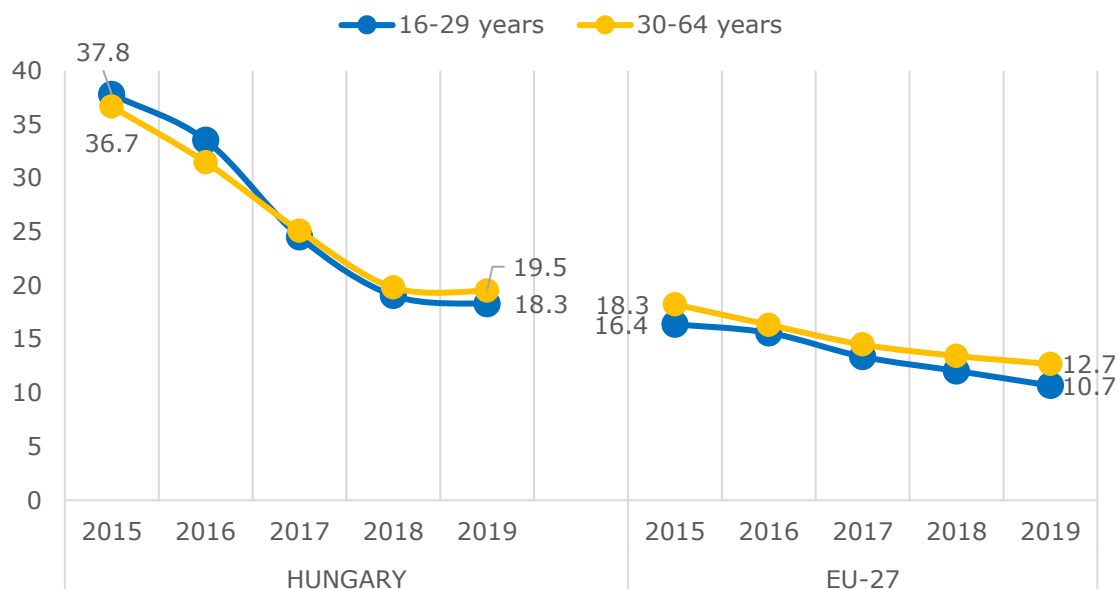


Reading note: In 2019, in Hungary, 19.7% of the 16-29 age group were at risk of poverty or social exclusion (i.e. they were living in a household that was at risk of poverty and/or severely materially and socially deprived and/or (quasi-)jobless according to the EU definition of these indicators) compared to 20.3% of the 30-64 age group. For the EU-27 as a whole, these figures were 24.2% and 20.3%, respectively.

Source: Eurostat, EU-SILC ad hoc extraction - indicator [ilc_peps02]. Data downloaded on 24 May 2021.

1.3 Young people (aged 15–29) materially and socially deprived

Figure 4: People materially and socially deprived - comparison of the 16-29 and 30-64 age groups (2015-2020, EU-27 and Hungary, %)

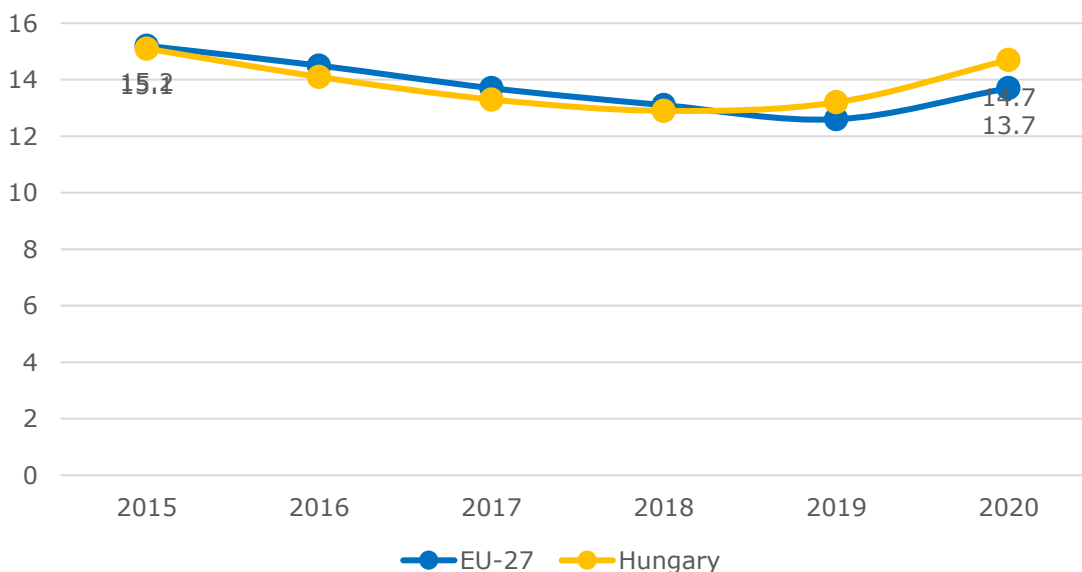


Reading note: In 2019, in Hungary, 18.3% of the 16-29 age group were materially and socially deprived (according to the EU definition of this indicator) compared to 19.5% of the 30-64 age group. For the EU-27 as a whole, these figures were 10.7% and 12.7%, respectively.

Source: Eurostat, EU-SILC ad hoc extraction - indicator [ilc_mdsd]. Data downloaded on 24 May 2021.

1.4 Young people (aged 15–29) neither in employment nor in education or training (NEETs)

Figure 5: People aged 15-29 neither in employment nor in education or training (NEETs) (2015-2020, EU-27 and Hungary, %)

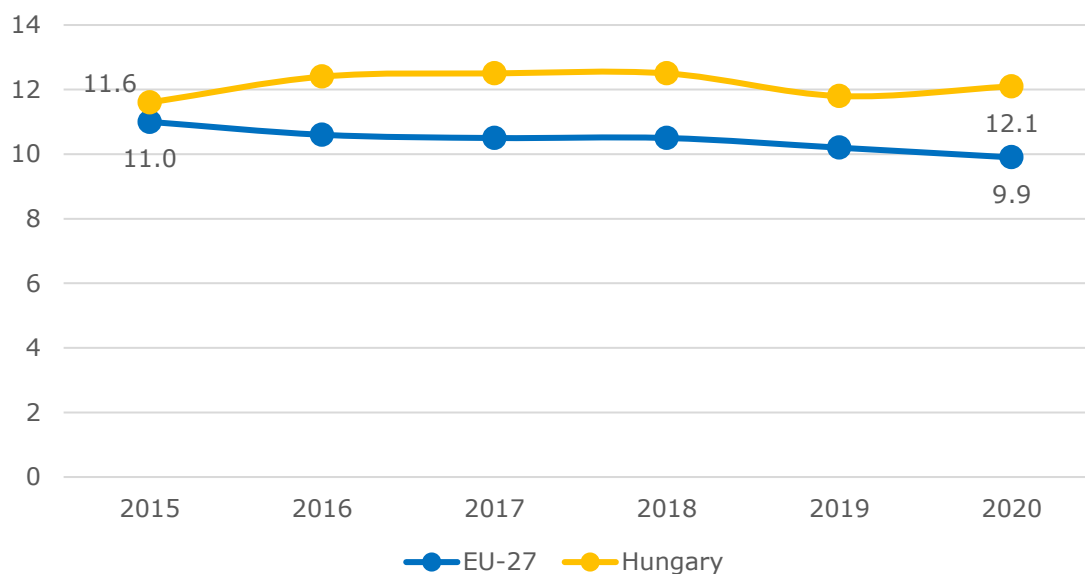


Reading note: In 2020, in Hungary, 14.7% of the 15-29 age group were neither in employment nor in education or training (NEET) compared to 13.7 for the EU-27 as a whole.

Source: Eurostat, LFS - indicator [lfse_20]. Data downloaded on 24 May 2021.

1.5 Early leavers (aged 18–24) from education and training

Figure 6: Early leavers from education and training for the 18-24 age group (2015-2020, EU-27 and Hungary, %)

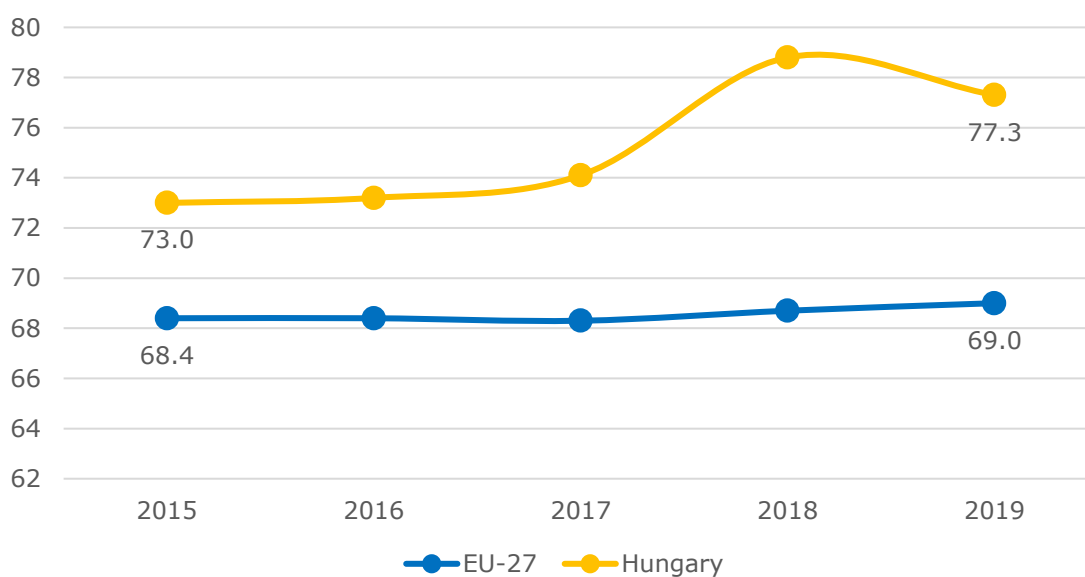


Reading note: In 2020, in Hungary, 12.1% of the 18-24 age group were early leavers from education and training – i.e. they had completed, at most, lower secondary education and were not in further education or training. For the EU-27 as a whole, this figure was 9.9%.

Source: Eurostat, LFS - indicator [edat_ifse_14]. Data downloaded on 24 May 2021.

1.6 Young people (aged 16–29) living with their parents

Figure 7: Young people aged 16-29 living with their parents (2015-2019, EU-27 and Hungary, %)



Reading note: In 2019, in Hungary, 77.3% of the 16-29 age group were living with their parents, compared to 69.0% for the EU-27 as a whole.

Source: EU-SILC - indicator [ilc_lvps08]. Data downloaded on 24 May 2021.

2 Access to unemployment benefits

Unemployment insurance (now called job-seeking allowance – *álláskeresési járadék*) is contributory. It is available for a maximum of 90 days (the shortest duration of such a provision in the EU). It amounts to 60% of the labour market *contribution* base, but is capped at a maximum of 100% of the effective minimum wage when the provision starts.

2.1 Eligibility conditions and benefit entitlements

The main eligibility conditions and benefit entitlements that apply to the scheme in Hungary as far as young people are concerned are the following:

a) Age

Age is not a formal criterion for this scheme. However, one has to be a registered jobseeker to be eligible, and full-time students cannot register as jobseekers. As the mandatory school leaving age is 16 years, it technically means that those older than 16 are eligible.

b) Activity status requirement

To be eligible for unemployment benefits, people have to be involuntarily unemployed after a period of work as an employee, a self-employed individual or a non-standard worker. The same rules apply to employees, the self-employed and other non-standard workers. In the case of those employed within the framework of *simplified employment* (*egyszerűsített foglalkoztatás*, based on the 2010 LXXV law on simplified employment), which can be considered marginal part-time employment, employers must pay a flat-rate contribution of HUF 500–3,000 per day (€1.60–9.70),² depending on the category of employment. The employee is not considered to be insured under the social insurance legislation; however, an employee gains entitlement to pension, accident-related healthcare and unemployment insurance. Temporary work agency workers are mostly in simplified employment and, thus, are eligible for unemployment benefits.

In any labour-related contract, if monthly income reaches 30% of the minimum wage, the person is considered insured.

In the case of students, there are three distinct models:

(a) *Student employment contract* (*hallgatói munkaszerződés*), based on the law on higher education (2011. CCIV. 44. §), involves professional training or practical work in the framework of the educational programme. In the case of at least 6 weeks of continuous practical work, at least 15% of the minimum wage must be paid, but it involves no social security provisions; thus, these students are not eligible for unemployment benefits;

(b) *Summer practice for students in vocational schools* (*Szakközépiskolai tanuló egybefüggő nyári gyakorlata*) (based on 2011. CLXXXVII.) uses very similar grounds: minimally prescribed payment and no social provisions; thus, these students are not eligible for unemployment benefits;

(c) *Student contract* (*Tanulószerződés*): this is the closest to an apprenticeship and is a contract between a full-time student in their first state-financed vocational education and an organisation that provides practical experience; the contract is submitted to the relevant Chamber. The income is not part of the tax base, but it involves social security insurance, and so these students are eligible for unemployment benefits.

Students in part-time education are allowed to register as jobseekers and are eligible.

c) Contributory history required to access the scheme

Payment of contributions for 12 months over the previous 3 years qualifies an individual for unemployment benefit.

² The exchange rate applied in this report is HUF 350/€1.

d) Waiting period

No waiting period is required.

e) Replacement rate/benefit level

The calculation for young people is the same as that for older groups.

f) Duration

The duration for young people is the same (a maximum of 90 days) as applies to older groups.

2.2 Gaps/obstacles in access for young people

The main gaps and obstacles in access for young people identified for this scheme in Hungary are the following:

a) Main gaps in access for young people

The scheme does not exclude young people, and there are no other exclusions according to activity status; but most trainees are not eligible, as they pay no social contributions (except for those on a student contract, see 2.1.b).

Otherwise gaps in access are not specific to young people either. If someone has been self-employed and has some outstanding tax liabilities, they cannot apply for the provision until the debt is settled and the tax authorities provide a certificate to that effect.

b) Main obstacles in access for young people

The unemployment rate for young people aged 15–29 was 8.6% in 2020, compared to 3.4% for those aged 30–64 (see Section 1).

The qualifying period does not vary with age. As the unemployment benefit is conditional on 12 months of employment over the previous 36 months, even this very short coverage is de facto hard to obtain for young career starters.

Bördős and Petróczi (2019) found that those under 25 years of age find employment faster than older age groups; however, they have a much higher unemployment rate, which refers to the fact that they are employed relatively more frequently over a shorter time-span in more unstable jobs, and these periods of employment are followed by shorter or longer periods of unemployment. The ratio of those employed on a fixed contract was 20–25% of all employment contracts over the period 2008–2017, while among 25–54-year-olds and 54–64-year-olds, the figure was only 6–11%; thus, the under-25s have a 2.5–3 times greater chance of being on a fixed contract. This definitely hinders their access to social protection based on contributory periods, including unemployment protection, as they cannot accumulate enough time to gain entitlement.

A further obstacle may be that during the COVID-19 pandemic, several employees were sent on unpaid leave, and unpaid leave in excess of 30 days is not taken into account as a qualifying period, as no actual contributions are paid.³

In addition to the self-employed and most of those in non-standard employment being excluded from provisions, any provision that depends on paid contributions may yield low benefit amounts, as many employees pay contributions on the basis of the minimum wage (or even less) (Albert and Gál, 2017). Such provisions are (from those tackled in the present report): the maximum 3-month unemployment benefit, sickness benefit, infant care allowance (CSED) and the childcare fee (GYED). Those on the periphery of the labour market are usually not in a position to choose from a number of options, and must take

³ During the first wave of the pandemic, 8% of employees claimed to have been sent on unpaid leave, see: https://index.hu/gazdasag/2020/04/15/zri_zavec_z_felmeres_koronavirus_jarvany_penzugyi_gazdasagi_hatask_penz_negativ_kovetkezmenyek/

any kind of job, even if the legally paid contribution levels are the lowest possible (Albert and Gál, 2017).

3 Access to sickness and healthcare benefits

3.1 Sickness benefits

Sickness benefit is provided to insured claimants who are incapable of work and have been registered as such by a doctor. Sick pay (*betegszabadság*) – paid by the employer – is provided for 15 working days (annually), followed by a maximum of 1 year of sickness benefit (*táppénz*). In the case of employees and self-employed agricultural entrepreneurs, under certain circumstances, the employer pays 70% of the wage in the period of sick pay. For the self-employed (including individual entrepreneurs and members of joint ventures), sickness benefit is provided from the first day of illness for up to a year during the term of insurance, and for 30 days after the insurance expires (so-called passive sickness benefit). Sickness benefit is also provided to allow all people to care for sick children; the duration varies, depending on the age of the child (84 days per child at age 1–3; 42 days per child at age 3–6; and 14 days per child at age 6–12).

The amount of sickness benefit depends on the period of insurance: it equals 60% of the daily average salary if the period of employment is at least 2 years and 50% if it is less than 2 years; but it can amount to no more than one-thirtieth of 200% of the minimum wage on the initial date of entitlement, and one-thirtieth of 150% of the minimum wage after the termination of the insurance.

Employees suffering an accident at work that results in no more than 50% damage to their health are entitled to accident medical services, financial accident pay or accident allowance.

3.1.1 Eligibility conditions and benefit entitlements

The main eligibility conditions and benefit entitlements that apply to the scheme in Hungary as far as young people are concerned are the following:

a) Age

Age is not a criterion for sickness benefits.

b) Activity status requirement

Employees and self-employed are eligible. Part-time workers and those on fixed-term contracts are eligible for sickness benefits proportionately. There is no sickness benefit for the unemployed. Those on a student contract are eligible for 10 days of sick pay and then sickness benefit.

Workers employed on a *simplified employment* contract (*egyszerűsített foglalkoztatás*) (including most temporary agency workers) are not eligible for sickness benefits.

c) Contributory history required to access the scheme

In general, 1 year of insurance is a requirement for entitlement to the full period of sickness benefit. For the benefit of new entrants to the labour market, there is an exception for those who become incapacitated before they turn 18 or who become insured within 180 days of leaving school and are insured without interruption until their incapacity for work. These young people are also entitled to the maximum time (1 year) of the sickness benefit.⁴ Incapacity for work must have occurred whilst insured, or within 3 days of the lapse of insurance. Sickness benefits are also paid in cases of: pregnancy but without

⁴ See details on the webpage of the Hungarian State Treasury:

<https://egbiztpenzbeli.tcs.allamkincstar.gov.hu/ell%C3%A1t%C3%A1sok/betegs%C3%A9g-eset%C3%A9n/t%C3%A1pp%C3%A9nz,-betegszabads%C3%A1g.html>

entitlement to *infant care allowance (csecsemőgondozási díj)*, or breast-feeding a child under the age of 12 months while the child is undergoing inpatient treatment.

d) Waiting period

No waiting period is required.

e) Replacement rate/benefit level

Regarding sickness benefits, the calculation for young people is the same as for older groups.

f) Duration

The duration for young people is the same as applies to older groups.

Those with a student contract (see section 2.1.b) are eligible for 10 days of sick pay and then sickness benefit.

3.1.2 Gaps/obstacles in access for young people

The main gaps and obstacles in access for young people identified for this scheme in Hungary are the following:

a) Main gaps in access for young people

Young people are often employed on *simplified employment* contracts (covering seasonal and casual work), which do not ensure access to sickness benefits. The number of workers (not only young people) in simplified employment has increased significantly, with 100,000 between 2014 and 2019 (to 269,000 in June 2019); in the tourism sector, their numbers doubled (Kotroczó, 2019).

b) Main obstacles in access for young people

There are no age-specific obstacles.

3.2 Healthcare benefits

The healthcare system is based on a National Health Service structure (social insurance-based compulsory healthcare scheme) with universal coverage and almost free access at the point of use. Co-payments are made with respect to the costs of certain materials used and to certain treatments. Treatment is free of charge for, among others, patients under 18 years of age and patients studying at secondary school or training school. Those people gainfully employed are insured, and coverage is extended to defined non-contributing groups as well. Around 5% of the population is not insured (mainly because they have not paid their health insurance contributions), but even they cannot be denied essential care, although they do have to cover the expenses up to a certain amount. The Hungarian healthcare system is a benefits-in-kind system.

In this section, the focus is on the general rules relating to the reimbursement of healthcare costs that apply to young people.

3.2.1 Eligibility conditions and benefit entitlements

a) Age

Coverage aims to be universal. Some groups of people who are not gainfully employed are also entitled to healthcare benefits (see also below, section b), including minors permanently resident in Hungary and full-time students.

b) Activity status requirements

Gainfully employed persons are insured. Healthcare insurance of the self-employed is mandatory and contribution based. Various groups of those not gainfully employed are also entitled to healthcare benefits (without the need to pay contributions): minors permanently

resident in Hungary; those who have reached the minimum retirement age and whose monthly income does not exceed 30% of the minimum wage; homeless people; full-time students; pensioners; recipients of various benefits, allowances or income supports; those in residential institutions receiving personal care; those in prison; those with a need recognised by the district office (including unemployed people on income support); those receiving social support; and those whose ability to work is reduced by at least 50%. Workers employed on a *simplified employment* contract (*egyszerűsített foglalkoztatás*), are not eligible for free healthcare, unless they pay their own healthcare contributions. The self-employed, sole entrepreneurs and owners of small companies, and those without mandatory insurance (e.g. those neither in education nor training) need to pay healthcare contributions (of HUF 8,000/€23 per month in 2021).

c) Contributory history required to access the scheme

No qualifying period is required.

d) Waiting period

No waiting period is required.

e) Replacement rate/benefit level

There are no healthcare cash benefits in Hungary – either for young people or for any other age group. In the case of dental care, treatment is free of charge for patients under 18 years of age, those at secondary school or training school, and pregnant women (from the date of recognition of pregnancy until 90 days after the birth), except: technical costs (e.g. dental prosthesis); for patients 18 years or over: emergency treatment, dental surgery, plaque removal and treatment of gum deformity; and without age limit: dental and dental surgical treatment relating to a basic medical problem and search for the origin of dental infection (referral is required), and dental protection (according to a special regulation). Co-payments are applicable for orthodontic braces (under 18 years of age) and for a dental prosthesis (needed to restore the patient's ability to chew).

f) Duration

The duration for young people is the same as applies to older groups.

3.2.2 Gaps/obstacles in access for young people

The main gaps and obstacles in access for young people identified for this scheme in Hungary are the following:

a) Main gaps in access for young people

There are no gaps that are specific to young people in terms of access to healthcare provision. Young people are often employed on *simplified employment* contracts (covering seasonal and casual work), which do not guarantee access to healthcare. Also, the rate of young people neither in employment nor in education and training (NEET) is quite high: in 2020, it was 11.7% among those aged 15–24 and 19.6% among those aged 25–29, with the rate among females double that among males (see Annex B in Ghailani, 2021).

On average, the availability of care has generally improved, but at the same time inequalities in access have increased (Orosz and Kollányi, 2016) and they are prevalent in the age group 0–18 as well (Hajdu and Kertesi, 2021). The incidence of unmet medical need varies more than threefold by educational level, while the most significant difference is by income level: in 2017, the lowest income quintile's unmet need was 2.7%, while in the top quintile it was 0.1% (Albert, 2018). Among the Roma population, unmet medical need in 2015 was 2.2 times greater than among the non-Roma population (ÁEEK, 2016: 64).

Although healthcare coverage should be universal, the self-employed, sole entrepreneurs, the owners of small companies and those without mandatory insurance, who should pay healthcare contributions themselves, may fail to do so; thus, the insurance status of about

5% of the population is unclear (Albert, 2018). Their situation has become worse following a new regulation introduced recently. Although the new Social Security Act was accepted before the pandemic, it came into effect on 1 July 2020. Targeting citizens between 18 years of age and retirement, it states that if somebody fails to pay the healthcare contribution and the debt exceeds six times the monthly contribution, entitlement to healthcare cannot be proved retrospectively, after treatment. It may not be a widely known fact that under the new regulation, if someone's entitlement to jobseeker's benefit expires and they have not yet found a new job, their eligibility for free healthcare ceases the very next day; thus, they must immediately pay the healthcare contribution to remain eligible.⁵ In August 2020, a further modification was introduced, and emergency care was removed from the scope of free services. Emergency care cannot actually be refused, but the patient has to reimburse up to HUF 750,000 (€2,143) of the costs incurred, with the remaining sum paid by the state. The new regulation is expected to affect a number of socially excluded people: temporary or illegal workers, those who work abroad, registered jobseekers without benefits, and citizens without a permanent address – those evicted, living in a homeless shelter or a workers' hostel, a temporary family shelter or on the streets (this latter group is around 70,000 people).⁶

b) Main obstacles in access for young people

There are no obstacles that are specific to young people in terms of access to healthcare provision. Generally, geographical inequalities in access to care are significant, due to (among other things) the shortage of health professionals, particularly in the public healthcare sector and in rural areas, but also because of the uneven distribution of specialist care or the length of waiting lists. There are very significant inequalities in life expectancy based on place of residence and educational level. The rate of out-of-pocket payments (OOPs) is among the highest in the EU (Albert, 2018). Poor households spend a smaller proportion of their income (4.3%) on OOPs than do households above the poverty line (5.3%) (ÁEEK, 2016: 803), despite the fact that they have a higher risk of bad health – i.e. those people who can least afford to pay for access to adequate (timely and good-quality) care are precisely those in most need of it.

4 Access to maternity, paternity and parental cash benefits

Insured mothers (both natural and adoptive) are entitled to *24 weeks of maternity leave*. During this period, an *infant care fee* (from 2015 called *csecsemőgondozási díj*, CSED) is paid, the amount of which is equal to 100% of the average daily pay, as of 1 July 2021. For non-insured mothers, a *one-time maternity allowance* (*anyasági támogatás*) is paid to every mother, which is equal to 225% of the minimum amount of the old-age pension, provided they attended at least four prenatal medical examinations.

Following the end of maternity leave, both parents are entitled to paid leave until the child reaches the age of 3 (or 10, in the case of permanently and seriously ill children). The *childcare fee* (GYED) is provided only to insured parents; *the childcare benefit* (GYES) is paid to those who are uninsured. Both are family entitlements, but until the child reaches the age of 1, both types are paid only to mothers. The *childcare benefit* is a flat-rate amount, equal to the amount of the minimum old-age pension, and is paid until the child turns 3. The *childcare fee* is paid until the child reaches the age of 2. The amount is equal to 70% of average daily earnings, with a ceiling of 70% of twice the minimum wage. If a second child is born in the family, the parent gets an individual entitlement for each child. From 2017, a maximum of three childcare allowances could be paid per family. Students in full-time tertiary education and newly graduated students (on certain conditions)⁷ also

⁵ <https://bank360.hu/munkanelkuli-segely-allaskeresesi-jaradek>

⁶ <https://merce.hu/2020/10/19/miert-indokolatlan-a-szegenyek-kizarasa-az-alapveto-egeszseguvyi-ellatasbol/>

⁷ Participated in Hungarian-language full-time education for at least 2 years before the birth, having had at least two active semesters in this period. If giving birth within 1 year of finishing their studies, former students will also receive the childcare fee, which, depending on the type of training they participated in, amounts to the statutory minimum wage or 70% of the guaranteed minimum wage.

gain entitlement to childcare fee. In 2018, the period of this was extended from 1 to 2 years. Parents of twins are entitled to childcare fee for an extra year – until their children turn 3.

Fathers are entitled to 5 days of *paternity leave*, to be taken in the first 2 months following the birth of their child.

The *family allowance* is a monthly allowance for raising children and for covering educational expenses in a family. The beneficiary can be the biological parent, the spouse of the biological parent, an adoptive parent, a foster parent, a guardian or any other person with whom a child has been temporarily placed. The allowance is paid from the birth of the child up to the end of compulsory schooling (usually 0–16 years), then also for secondary education or vocational training up to 20 years of age (up to 23 years in the case of special educational needs, or without any age limit in the case of a person with serious disabilities and without regular income). In the event of a certain number of unjustified absences of the child from school or nursery school, the benefit is suspended. A child living temporarily outside the family to study (in Hungary or abroad) or for the purposes of medical treatment, is treated as if living at home.

4.1 Contributory maternity, paternity and parental benefits

4.1.1 Eligibility conditions and benefit entitlements

The main eligibility conditions and benefit entitlements that apply to the schemes in Hungary (*infant care allowance* (CSED) and *childcare fee* (GYED)) as far as young people are concerned are the following:

a) Age

Age is not a criterion for these schemes.

b) Activity status requirement

The *infant care allowance* is paid to standard and non-standard workers and the self-employed with sufficient contributory history. It is not possible to become a member of the scheme on a voluntary basis (so those employed in simplified employment are excluded).

Childcare fee:⁸ is a compulsory social insurance scheme for employees and the self-employed, with earnings-related benefits. Mothers who would not be entitled to the childcare fee under the general rules, but who have completed at least two active semesters in higher education and whose child is born while the mother is studying or during the year after graduation, are entitled to the childcare fee until the child reaches 2 years of age. Fathers are entitled to this form of childcare fee if the mother dies or is not entitled to the benefit. A working grandparent (with permission from the working parent) may apply for the fee (same eligibility conditions).

c) Contributory history required to access the schemes

The *infant care allowance*: At least 365 days of insurance over the 2 years prior to delivery are needed, and the birth has to take place during the insurance period or within 42 calendar days of its expiry (or 28 if the woman is in receipt of *accident cash benefit* (*baleseti táppénz*)).

Childcare fee: A mother (parent) is considered insured if she/he has an insurance record of 365 days over a period of 2 years. Also, 180 days from studies (exceeding a year) in public education, vocational education or higher education can be taken into account. Grandparents eligible under the health insurance scheme may also apply, as may foster parents. Since the beginning of 2014, within the framework of the *GYED Extra* scheme, in an attempt to counterbalance the detrimental effect of an increase in the qualifying period

⁸ <https://egbiztpenzbeli.tcs.allamkincstar.gov.hu/ell%C3%A1t%C3%A1sok/gyermekv%C3%A1llal%C3%A1s-t%C3%A1mogat%C3%A1sa/gyermekgondoz%C3%A1si-d%C3%ADj.html>

for the childcare fee, college and university years can be counted as service time, so that students and new graduates are entitled to the childcare fee.

d) Waiting period

No waiting period is required.

e) Replacement rate/benefit level

The calculation for young people is the same as for older groups.

f) Duration

The duration for young people is the same as applies to older groups.

4.1.2 Gaps/obstacles in access for young people

The main gaps and obstacles in access for young people identified for these schemes in Hungary are the following:

a) Main gaps in access for young people

Those in the most disadvantaged position – NEET young people – cannot access these schemes.⁹

b) Main obstacles in access for young people

The criterion of an insurance record of 365 days over a period of 2 years is difficult for some workers to meet (especially those employed only occasionally – or especially not legally). As mentioned before, people only realise that they may need a benefit too late – in this case, when they find out they are pregnant. Often, families do not worry too much about officially low payments (or even being without insurance), and if the mother gets pregnant, it is already too late to acquire the necessary insurance payment record (Albert and Gál, 2017: 11).

While equal treatment is formally guaranteed, in actual fact no attention is paid to the disadvantaged position of self-employed women. For example, in the event of pregnancy and childbirth, although an individual entrepreneur is formally entitled to the same benefits as other women in an employment relationship, in reality she is rarely able to take advantage, as she is unable to stay away from her business for such a long period; also, usually no supportive childcare services are available. Although the ratio of children who cannot access early childhood education and care where they live dropped from 26% in 2017 to 21% in 2020, and although the most dynamic improvement was seen in flexible forms of provision, these better trends have been disrupted by the pandemic.¹⁰

4.2 Non-contributory maternity, paternity and parental benefits

4.2.1 Eligibility conditions and benefit entitlements

The main eligibility conditions and benefit entitlements that apply to the schemes in Hungary (*family allowance* and *maternity allowance*) as far as young people are concerned are the following:

a) Age

Age is not a criterion for these schemes.

⁹ The maximum 3-month duration of the unemployment benefit (job-seeking allowance) is taken into account in the required contributory period and the calculated income for this period is the minimum wage.

¹⁰ <https://www.ksh.hu/docs/hun/xftp/stattukor/kisqyermnapkozbeni/2020/index.html>

b) Activity status requirement

These are universal schemes, covering every Hungarian citizen, regardless of their employment status. Consequently, all the self-employed and workers in non-standard employment are also covered. People who are excluded from the contributory schemes or who fail to meet the contributory requirements are eligible, including inactive people and the unemployed.

c) Contributory history required to access the schemes

In the case of *maternity allowance (anyasági támogatás)*, it is essential to have had at least four prenatal medical examinations (one in the event of premature birth), or for a *res iudicata* judgement on adoption or guardianship to be handed down within 180 days of confinement. Otherwise, no contributory history is required: the universal scheme covers all residents.

d) Waiting period

No waiting period is required.

e) Replacement rate/benefit level

The calculation for young people is the same as for older groups.

f) Duration

The duration for young people is the same as applies to older groups.

4.2.2 Gaps/obstacles in access for young people

The main gaps and obstacles in access for young people identified for these schemes in Hungary are the following:

a) Main gaps in access for young people

These are universal provisions, but their value has been gradually decreasing, with the amount having remained unchanged since 2008; thus, the level of these benefits can be considered to be less and less adequate – not only in the case of young people, but for the whole population.

b) Main obstacles in access for young people

There are no obstacles in access.

4.3 Overall gaps/obstacles in access for young people

Contributory maternity, paternity and parental benefits (described in Section 4.1) and non-contributory maternity, paternity and parental benefits (described in Section 4.2) cannot be combined.

5 Guaranteed minimum income schemes

The *benefit for people of active age*, is split into two separate categories: i) *employment replacement subsidy (foglalkoztatást helyettesítő támogatás)*, received by those capable of work and of active age, when not involved in a public works project, and ii) the current social assistance (for those of active age and incapable of work), i.e. the *support for the health impaired and for child supervision (egészségkárosodotti és gyermekfelügyeleti támogatás)*. Entitlement to minimum income benefits is not time limited: it is available for as long as the eligibility conditions are met.

5.1 Eligibility conditions and benefit entitlements

The main eligibility conditions and benefit entitlements that apply to the scheme in Hungary as far as young people are concerned are the following:

a) Age

From 18 years up to retirement age.

b) Activity status requirement

To receive the *employment replacement subsidy*, one must be a registered jobseeker. A registered jobseeker can be someone who is employable, is not in full-time education, is not entitled to old-age pension or rehabilitation benefit, is not employed (except for those employed with simplified employment or who are official foster parents) and who is prepared to cooperate with the public employment service (PES). The *support for the health impaired and for child supervision* is mostly rights based: anyone who meets the prescribed criteria and conditions receives the benefit.

c) Other eligibility conditions

The conditions are the same for young people and older groups alike.

In case of the *support for the health impaired and for child supervision*:

- means test;
- legal residence;
- insufficient resources for living;
- family based;
- the claimant must have used up all his/her entitlement to unemployment benefits;
- not eligible for childcare provisions;
- the person must not be engaged in any gainful activity (public employment, simplified employment in seasonal work or occasional work, and domestic employment are not regarded as gainful activities). During the first 120 days of gainful activity, payment of the benefit is suspended, but the entitlement does not cease. Entitlement ceases only on the 121st day of gainful activity.

In case of the *employment replacement subsidy*:

- obliged to report to the PES to register and obliged to cooperate with the PES;
- may be employed as a public worker¹¹ (they cannot refuse to be bound by this provision); in that sense, the wages for public workers could also be regarded as a kind of social provision and part of the minimum income scheme. A person may also be excluded from public works if the authorities deem them responsible for the truancy of their child.

d) Benefit level

The calculation of the benefit for young people is the same as for older groups.

g) Duration

The duration for young people is the same as applies to older groups.

5.2 Gaps/obstacles in access for young people

The main gaps and obstacles in access for young people identified for this scheme in Hungary are the following:

¹¹ For the sake of clarity, the term *public worker* refers to those who are unemployed and working in public works (*közfoglalkoztatott*) – not those workers in the public sector (*közalkalmazott*).

a) Main gaps in access for young people

Those under 18 years are not eligible for minimum income. However, after the government reduced the compulsory schooling age from 18 to 16 years in 2013, the number of very young (16–17) registered jobseekers increased dramatically; most of them were shortly afterwards employed in public works, and so they most likely registered with the specific aim of being involved in public works (Molnár, 2019a). Most of them have no vocational skills and many have not even completed primary school, and so they have no real chance of finding employment on the primary labour market. That is why the government modified the regulation of public works, and now those under 25 can only be employed in public works if they cannot find any other job with the help of the Youth Guarantee Scheme.

The other gaps are not specific to the young: the amount of the employment replacement subsidy has not changed since 2012. Fixed at a monthly HUF 22,800 (€65) – 80% of the statutory minimum for old-age pensions – irrespective of the number of members of the family and its composition, it is doubtful that it can meet basic social protection or poverty-reduction needs. There is no official poverty line in Hungary, and most social provisions are tied to the arbitrary level of the statutory minimum for old-age pensions, the adequacy of which has not been researched and which is neither tied to any poverty level nor indexed. The amount of the minimum pension has been the same since 2008, and from 2021 even the requirement for an annual revision was abolished.

b) Main obstacles in access for young people

A major obstacle is the low level of inclination to register as a jobseeker. Some do not register, as they do not have sufficient employment history to obtain the jobseeker's benefit (Bördős and Koltai, 2020: 46).¹² On the basis of the interviews they conducted, Bördős and Koltai found that the most disadvantaged young people are over-represented among registered jobseekers aged under 25. Another study, which analysed data from the Labour Force Survey, found that among NEET youth, the registration rate is highest among those with the best chances of finding employment. Within this group, the more problematic someone is, the less likely he/she is to register – even if these are the very people the PES could help most (Molnár, 2019b: 101).

6 Housing benefits

No general housing scheme currently exists in Hungary. Local governments can provide financial aid to support housing costs in the form of the local benefit (*települési támogatás*). The forms, eligibility criteria and amount of the allowance provided within the framework of local benefit are determined by the municipalities.

7 Reforms, national debates and recommendations

7.1 Reforms implemented since 2015

There have not been any reforms directly related to the access of 15–29-year-olds to social protection. However, as demonstrated above, access to social protection is closely linked to employment; thus, reforms that enhance the employability of the age group that forms the focus of this report significantly affect its access to social protection (albeit indirectly). Two such initiatives are worth mentioning.

Between 2013 and 2019, employers of young people aged 25 or below received a tax credit. Its estimated effect was a 2.6 percentage point (pp) increase in the employment rate of the age group affected (Svraka, 2019). By the third year of its functioning, the programme was about 40% self-financing in terms of immediate increases in tax payment

¹² A number of online articles and websites try to highlight the advantages of registration, even if one is not eligible for the employment replacement benefit, e.g.: <https://www.teol.hu/tolna/kozelet-tolna/palyakezdozent-is-erdemes-regisztralni-705561/>

(ibid.), but a booming labour market prior to the COVID-19 pandemic led the government to abolish this tax incentive. Another, similar incentive was introduced at the same time: the target group is no longer age based, but is defined as 'new entrants to the labour market'.¹³

The *Youth Guarantee Programme* (YG) to promote young people's entry to the labour market by means of individually tailored packages (comprising labour market services, subsidies and training) was formally launched in Hungary on 1 January 2015 and was rolled out gradually in three phases of implementation linked to target groups: up to the end of June 2016, the Hungarian YG focused on long-term unemployed youth; then, up to the end of 2017, on those who had been unemployed for at least 4 months; and since the beginning of 2018, no special focus has been applied. Since February 2017, registration can take place either online or via the PES. Some 92.4% of those who left the YG in 2018 took up an offer within the target 4-month period – a figure that was almost identical to the previous year (92.2%). 'Almost half (49.7%) of those registered at any point in time during 2018 had been waiting for an offer beyond the 4-month target, a decrease of 9.5 pp from 2017, but in practice the numbers concerned are relatively small as a result of the high rate of throughput' (Youth Guarantee country by country – Hungary, 2020: 7). In 2018, coverage fell slightly, compared to 2017 (-1.9 pp), with the stock of young people registered with YG representing just 8.7% of the NEET population, as measured by the Labour Force Survey. Follow-up data show that less than half (47.7%) of those who left the YG were known to be in a positive situation 6 months after exiting in 2018, though this number is understated, as the situation of a significant proportion was unknown (34.2%). Longer-term data for 2017 show that the proportion of participants known to be in a positive situation decreases over time (56.1%, 45.1% and 44.2% at 6, 12 and 18 months after exit), but this decline largely reflects a limited capacity to track people over time, and thus ever larger numbers of participants whose subsequent situation is not known (20.6%, 28.6% and 33.1% at 6, 12 and 18 months after exit). Although the labour market outcomes for vulnerable groups (e.g. women with care responsibilities, the Roma, people with disabilities) improved during most of the 2010s, they still remained below the average outcomes. The public works scheme still employs about 2% of the workforce. Territorial disadvantages are still very extensive: e.g. the NEET rate is 6.5% in Budapest, but 16.6% in Northern Hungary (Youth Guarantee country by country – Hungary, 2020). In 2020, youth unemployment (15–24) was 12.8%, and the rate of NEET youth was 11.7% (see Annex B in Ghailani, 2021), so the trends changed for the worse after 2019.

With effect from 1 January 2022,¹⁴ personal income tax (a flat-rate tax of 15% of gross income, excluding employer social contributions) will be waived for people aged 25 or younger. The declared aim of the new exemption is to help young people become financially independent through higher wages and a softening of credit constraints. The government also expects an increase in employment within the target group, either through a growing labour supply or improved competitiveness. The tax exemption – in line with the declared aim of the government of building a 'work-based society' – implies formal employment, and so it will be inaccessible to those who are without a job or who work under tax-evading informal arrangements. Some experts have pointed out that, rather than create new jobs, the new measure could legalise previously informal labour arrangements (Zara, 2021).

The employment opportunities of young people have been particularly badly affected by the pandemic (Tóth and Hudácskó, 2020). Digital education will probably increase drop-out rates (which were quite high in 2020 at 12.1% – see Section 1), and it reduced opportunities to acquire practical skills; thus, young people are less well equipped to enter the labour market and have even postponed their studies. The periods of lockdown made it even harder to find employment. Short-time work schemes are particularly relevant during a temporary, exogenous shock such as a pandemic. In Hungary, those employees who transferred to short-time work received compensation for working reduced hours in a

¹³ Act LII of 2018 on the social contribution tax.

¹⁴ Act 34 of 2021 on the amendment of Act 117 of 1995 on personal income tax and of Act 150 of 2017 on the rules of taxation.

scheme that was available between April and August 2020. The state covered 70% of wages for a period of 3 months for a certain part of the working time lost.

Vulnerable employment forms are more widespread among young people,¹⁵ and they are also more frequently employed in those sectors that have been hardest hit by the pandemic: trade, accommodation and catering, and the arts. Since starting one's working life in unemployment is especially detrimental for future employment, complex programmes are needed to sustain employability, or else young people should be involved in training or obtaining work experience very soon.¹⁶ There have been no changes to enhance access by young people to social protection during the COVID-19 crisis.

Social partners and other stakeholders have often highlighted the need to amend the regulations governing unemployment benefit – to extend both its duration and its amount. However, no changes have yet been made, despite the fact that this has become even more crucial due to the COVID-19 crisis.

7.2 National debates

The issue of young people's access to social protection is not a part of the national debate in Hungary. In general, however, the inadequacy of benefits has been on the agenda of opposition parties, most frequently regarding the family allowance. This issue has been highlighted in a number of analysis, e.g. "Including housing and family benefits, the accumulated benefits are still below 40% in Hungary (all selected family types)" (European Commission 2020:63) or in other analyses (e.g. Albert and Gál 2017).

7.3 Good practices and recommendations

We cannot cite any good practices that directly promote young people's access to one or several of the schemes under scrutiny.

These are some recommendations on how to tackle the gaps and obstacles, so as to ensure that young people can access social protection:

- Integrated, complex and personalised services are needed: The European Commission (2020: 78) highlighted the low level of integration of services, which, if improved, could have a positive impact. Bördős and Petróczi (2019) found that the main drivers behind the disadvantaged state of youth are low levels of education, employer discrimination and strict employment-protection legislation. Furthermore, many young people have little or no work experience; meanwhile, their knowledge and expectations of job opportunities or wages are often unrealistic. That is why these target groups need more complex support; however, jobcentre caseworkers do not have any more resources to help them (Bördős and Koltai 2020).
- Specific training for PES personnel: In many cases, PES caseworkers and counsellors do not have up-to-date information on social services; therefore, guides, handbooks and training on social services should be provided for PES staff. Qualitative data suggest that, as there is very limited or no cooperation among social and employment services, a national-level strategy for service coordination would be very beneficial (Bördős and Petróczi, 2019).
- More on-the-job training opportunities, with real links to employers: Young people are most often offered training opportunities, but these are only effective if combined with, for example, on-the-job training and other services that take

¹⁵ In 2020, 8.8% of 15–29-year-olds and 5.3% of 30–64-year-olds had a temporary contract; 5.2% of 15–29-year-olds and 4.8% of 30–64-year-olds had a part-time job (see Section 1).

¹⁶ http://hetfa.hu/wp-content/uploads/2020/07/fiatalok-%C3%A1ll%C3%A1sveszt%C3%A9se_H%C3%89TFA.pdf

account of the large individual differences in these groups (Bördős and Petróczi, 2019).

- The Employment Committee's multilateral overview of youth employment in October 2019 highlighted the fact that, despite the favourable trends prior to the pandemic, not all groups were benefiting equally from the expansion in the labour market. The committee considered that *increased cooperation with social partners and youth organisations was needed*, together with outreach measures, since many inactive NEETs are not covered; monitoring is also needed to obtain long-term data and follow-up in the labour market. 'Training offers should be made more flexible and adaptable. Personalised services could be improved, possibly through the profiling system, which could benefit from further refinement. There is no specific legislation on traineeships, which are linked to employment contracts and reported under employment in the Youth Guarantee scheme' (Youth Guarantee country by country – Hungary, 2020).
- The targeting of the Youth Guarantee scheme should be improved: As long-term unemployment at a young age has a negative effect on future employment prospects, this should be avoided. Active labour market policies are particularly poor at reaching those young people whose employment chances are lowest. The development of young people's basic competencies would be particularly beneficial (Krekó et al., 2019).
- The minimum income scheme and the unemployment benefit schemes should be modified to be more comprehensive and financially adequate.

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