



Hungary

Minimum Income Schemes

A Study of National Policies

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1. Executive Summary

It has been debated whether Hungary has a minimum income scheme or not, and declared, there is "no general scheme". However, if we take the definition of minimum income, as highlighted in Commission Communication COM(2006) 44 than we have to say Hungary DOES HAVE a minimum income scheme - we may call the just recently altered system of regular social assistance, now called benefit for persons in active age, a minimum income scheme.

The very recent, but quite fundamental modification of the former system of regular social assistance under the "Pathway to Work" programme differentiates the system for those active-aged and disadvantaged in the labour market. In accordance with the new rule, there are two groups of persons entitled to benefit for persons in active age. (1) Persons capable of performing work, who can be involved in public work, or in case of lack of work, are entitled to availability support. (2) Persons incapable of performing work, therefore, cannot be compelled to perform work; due to their social standing they are entitled to social allowance.

The modification of the social law from 2009 on makes it its highlighted priority objective that persons capable of working, permanently unemployed, receiving social allowance should participate to a greater extent than before in some form of public work to enable them to obtain regular labour income and get closer to the world of labour. However, it can be debated, that the participation in public work really leads to enhanced integration in the labour market.¹

By way of the criticism of the regular social assistance, the low eligibility ceiling and the low benefit amount can be mentioned. In the Hungarian system, most benefits are tied to the minimum pension (currently 28 500 HUF, at present apr. 95 EUR) rather than to the minimum subsistence level. The minimum pension was below the Central Statistical Office relative minimum subsistence level indicator already when it was introduced, and it has been getting further away ever since. Thus there may be serious doubts about how much such a sum could guarantee to „ensure basic needs at minimum standards of living“. The change of the regulation in 2006 considerably increased the amount of the benefit in households with a large number of members, e.g. families with children. In terms of the new regulations however, only one group of users will receive assistance calculated in those grounds, but the group of those receiving availability support will get only the amount of the minimum pension, regardless of family composition. In their case, the minimum wage to be paid during the at least 90 days of public work would rise the average monthly sum, but there are serious doubts that municipalities will really be able to provide as many work opportunities as needed based on the law. This latter doubt also relates to the fact that in theory the work incentive element of the current programme is very strong, but we have to see how it can be carried out in practice, especially in the present global situation.

Until January 2009, by delegating the responsibility of establishing eligibility and organising public work to local governments, due to the local differences in organisation and procedure, the uniform and equal treatment, which was the purpose of legislators, was brought to question. Also, the fact that the local governments had freedom to define some of the eligibility criteria themselves have

¹ See among others Scharle Ágota: Foglalkoztatás, intézményrendszer és foglalkoztatáspolitikai In: Társadalmi riport 2008 szerk: Kolosi Tamás-Tóth István György P.: 257-290. or also an interview with labour market expert Köllő János, in HVG 2009.01.21
Downloaded from http://hvg.hu/hetilap/200904_Kollo_Janos_munkaeropiaci_szakerto_A_szakmu/page2.aspx

some risks in itself. Right now by law local governments are not authorized to establish further eligibility criteria, however, the media often report such local intentions.

The system is fragmented and, consequently, less transparent. This also provokes and increases the risk of falling through its 'eligibility net'.

Regarding the two other pillars of the active inclusion strategy, namely providing (personalised) employment and training programmes and access to quality services, the institutional and professional background for those programmes are missing in several regions and small settlement, especially there, where the situation is the most grave.

2. Analysis of the situation in relation to minimum income schemes in Hungary

Does Hungary have it? It has been debated² whether Hungary has a minimum income scheme or not, and declared, as a universal system, it has not one. In the 2008 MISSOC database we find no information on such scheme, only the note "no general scheme"³. However, if we take the definition of minimum income, as highlighted in Commission Communication COM(2006) 44, having the following common characteristics:

- they ensure basic needs at minimum standards of living, providing assistance for individuals and their dependants, when no other source of financial support is available;
- they are non-contributory and tax-financed;
- for the most part, they are not time-limited, although they are assumed to be temporary;
- they require capable people to be available for work;
- they are means-tested and subject to some degree of discretion from authorities;
- their eligibility depends on age, and residence for a minimum specified period;
- benefits usually depend on the household situation of the family and are often combined with other social benefits (housing, heating, child allowances).

than we have to say Hungary DOES HAVE a minimum income scheme - we may call the just recently altered system of regular social assistance, now called benefit for persons in active age, a minimum income scheme.

² "The role of minimum income for social inclusion in the European Union" p. 3. www.donatagottardi.net/documentazione/min_income.pdf; Minimum social standards across Europe – www.eapn.ie/pdfs/216_Minimum%20Income.pdf p. 1. All relevant studies, e.g. the references cited claim that Hungary does not have a minimum income scheme, however, when it was suggested in reports that Hungary should have one, government officials claimed that there IS such a scheme.

³ http://ec.europa.eu/employment_social/missoc/db/public/compareTables.do;jsessionid=KL4pmrJv0LjZWxvVNIsTyJhxT4QpJTM73bQhQnwLtfQ8Tpn42nJ!-1114019048

2.1 Brief panorama

The minimum income scheme has been significantly modified from 2009 01.01. on, with a Parliamentary decision modifying the social and employment legislation (2008. CVII. Law) on December 15th 2008 in the framework of the "Pathway to work" programme. The 341/2008. (XII.30.) government decree guarantees the entitlement to social security while strengthens the principle of self-sufficiency and tries to abolish the obstacles in way of employability. Under the "Pathway to Work" programme it has been formulated as a priority objective that persons capable of working, permanently unemployed, receiving social allowance should participate to a greater extent than before in some form of public work to enable them to obtain regular labour income and get closer to the world of labour.

The modification of the social law from 2009 on differentiates the system for those active-aged and disadvantaged in the labour market. Regular social assistance becomes only one type of local government's provisions. The new regulations are expected to take into consideration individual life situations, abilities and work incentives increasingly.

Pursuant to the programme the persons in active age on the labour market may obtain entitlement to **benefit for persons in active age** instead of regular social allowance. In accordance with the new rule, there will be two groups of persons entitled to benefit for persons in active age:

1. Persons capable of performing work, who can be involved in public work, or in case of lack of work, are entitled to **availability support**. Persons who belong to this scope are obliged to report to the Public Employment Service (hereinafter referred to as ÁFSZ) for registration, under cooperation with the ÁFSZ enter into a job-seeking agreement, and complete such agreement as well as to take part in public work. Special cooperation rule will be stipulated for young people under 35 who have not completed the 8th class of the primary school. In their case, with a view to preventing the form of life as beneficiary of aids from becoming permanent, the key form of fulfilling the obligation to cooperate is not public work, but attending training. The monthly amount of the availability support is fixed, its extent, irrespective of the number of members and composition of the family, is equal to the current smallest monthly old-age pension.
2. Persons incapable of performing work, therefore, cannot be compelled to perform work; due to their social standing they are entitled to **social allowance**. It is this group that the programme ranks among persons who qualify disabled due to their health condition confirmed by expert opinion of medical specialist institution, or receive blind people's allowance, support for the handicapped and are therefore illegible for performing work as well as persons who bring up child under 14, and the attendance of the child at an institution providing care is not ensured. Furthermore, the correspondent municipality may set further conditions of exemption in its local decree. The calculation of regular social allowance does not change: it continues to be determined on the grounds of the composition and income of the family; its monthly extent shall not exceed the amount of the net minimum wage.

Organising public work is the responsibility of the correspondent municipality, which task municipalities may provide through partnership, or other organisation founded for this purpose. In order to ensure public work, municipalities make a public work plan having consulted with labour agencies. The plan should contain the composition of the persons entitled to public work benefit

split per qualification, the description and time schedule of public works that the municipality intends to perform either in part or in whole through public work, and the headcount necessary for performing them as well as resources available for financing the public work.

Performing undeclared work results in termination of the benefit regarding both groups of persons. A further element of the programme is to ensure the possibility for reviewing the certification of employability. If a person entitled to benefit for persons in active age is qualified ineligible by the employment health service, the regulation provides opportunities for the employer to initiate revision of the opinion at the body that provides employment health care special service.

The system is transformed by re-allocating the resources available. As an incentive to put in place public work schemes, pursuant to the programme, the proportion of central and municipality resources changed. For persons exempted by law, receiving social allowance, the financing system will not change (that is, the rate of central resources remains 90%). For persons exempted by the correspondent municipality from participating in public work, receiving social allowance, and for the availability support to be introduced the rate of central resources is 80%. The adjustment of the financing system of public work applied so far to actual costs is implemented: municipalities may claim 95% of personnel expenses actually incurred regarding employment (wages and contributions) from the central budget.

2.1.1 Historic overview

Before the introduction of the benefit for persons in active age, the role of minimum income was played by the regular social assistance (RSA) regulated by the Act III of 1993 on social administration and social benefit. The act was amended on several occasions, as of May 2000 those active persons have been eligible for regular social assistance who are afflicted by health impairment or are unemployed, and their livelihood is not assured otherwise.

The system in place in 2004-5 differed from the following one mainly in the way it calculated the amount of the assistance and the rules regarding the prescribed way of cooperation with authorities. The new regulations on cooperation were elaborated from 2005 on, as although it was contained in previous legislations but with the municipalities as regulators. The modification in 2005 introduced a complex system of cooperation that included active labour market tools, social work elements and community and public utility work. According to the new regulations an individually tailored reintegration plan had to be made by the authority delegated the task with the active participation of the client. The plan had to include the element of cooperation, services provided, and the responsibilities of the client in a written form.

According to the rules effective up to April 2006, livelihood was to be considered to be not assured if the active-age unemployed person

- had monthly income not exceeding 70% of the minimum pension (HUF 15,260 in 2003); and
- had per capita monthly family income not exceeding 80% of the minimum pension (HUF 17,740 in 2003); and
- he/she or his/her family had no property.

The RSA supplemented the personal income of the applicant to 70% of the minimum old-age pension. If the recipient had no income, he/she received 70% of the minimum old-age pension; if he/she had other income, he received the difference between 70% of the minimum old-age pension and his income.

This regulation changed as of 1 April 2006. Since 1 July 2006 significant changes have been introduced in the eligibility criteria of assistance and the method of calculating its amount. The double income condition (family and personal) was eliminated, and the benefit was transformed into family support. The amount of assistance is determined on the basis of the per capita income in the household of the applicant. Non-employed persons of active age were eligible for assistance, if in their families the income per one consumption unit does not reach 90% of the minimum old age pension (as opposed to the former figure of 80%). The amount of assistance varied, it is the amount necessary to supplement the income of the family up to the eligibility threshold (90% of the minimum old age pension, in 2008 26 500 HUF); thus poorer families were entitled to higher amounts of assistance.

Those persons were eligible for regular social assistance that was unemployed, actively looking for a job and no longer eligible for insured unemployment benefit. Just as in case of other unemployment benefits, eligibility was conditional on the proof of active labour market status. One could be awarded the assistance if, for 1 year before the application and for the entire duration of the disbursement of the assistance, he cooperated with the competent labour centre. An amendment in 2005 relaxed previous conditions in that persons who applied for regular social assistance following disbursement of the nursing benefit, child care grant, child care benefit, regular social benefit or other social assistance needed to prove cooperation of 3 months rather than 1 year.

2.1.2 Eligibility conditions

For those in the active age group, without work and other income, there are 2 categories instead of the former one (regular social assistance).

1. Regular social allowance for those
 - who cannot work due to health problems.
 - above 55 years of age.
 - in case the daytime provision for child(ren) under 14 years of age cannot be solved by the local government.
2. Availability support for those
 - who are not entitled to regular social allowance.
 - who participate in public work, training or labour market programmes.
 - or in the absence of the above two they are given the availability support.

The rules apply for non-Hungarians as well in case they "do not embody a significant burden on the system".

There is only one gap in the system: the career starters if do not fit in any other system must prove one-year cooperation with authorities before being entitled to the benefit.

From among those entitled to provisions those can be involved in work activities:

- who participate in public employment and are entitled to various labour-market and social provisions;
- and as a financial means of support they are entitled to availability support in case they cannot participate in public employment due to reasons beyond their competencies;
- can be involved in education: a precondition of receiving social provisions is that in case someone is under 35 years of age without a primary school education, must participate in training aiming to achieve a primary school degree or competencies necessary to start vocational training. During the training, if income substitute allowance is not provided for them, they are to receive availability support.

From the group of those receiving regular social allowance, although it is not prescribed for them to participate in public work, people may decide to do so by making an agreement with the municipality to participate in public work. In such case rules of the availability support should be applied for them.

The target groups of the programme "Pathway to work" are named as the following on the Ministry website: registered job seeker 442 300 people, from which group regular social allowance is received by 147 500 people, plus an additional 60 000 additional non-registered job-seekers who regularly receive social allowance.

By March 31st 2009 the municipalities were obliged to reconsider the situation of all clients in the system, whether he/she is entitled to the provision for those in active age. According to information on the Ministry website⁴ it seems that among those receiving regular social allowance the number of those having to take care of their child under 14 years of age is small, as in most cases day-care for the children is provided for. Approximately 10% of the former users did not turn up at the reconsideration process, or claimed that they would not intend to receive the provision.

In case a person is entitled to regular social allowance (s)he has to register with the authority the municipality nominates – namely the family support centre – and should comply with what is prescribed in his/her plan to promote integration. The aim of this cooperation is to improve skills, modify lifestyles.

In case the client should receive availability support, (s)he should cooperate with the local office of the employment centre and as a registered job seeker, should comply with what is described in the job seeking agreement. So those who receive availability support has an obligation to cooperate by participating in public work; accepting the suitable job opportunities offered by the office of the employment centre; accepting and using the labour market services and training as well as participation in labour market programmes offered by the labour office. In case the person is under 35 years of age, and has no completed primary school education, is obliged to participate in such a training that aims to provide either a primary school degree or the acquire of competencies necessary to start vocational training.

Formerly eligibility for regular social allowance and the amount of the benefit were determined by the local governments. The regulation allowed local governments to depart from the amount specified in law in the upward direction. The number of regular social allowance recipients reflects the changes in the regulation effective as of May 2000. From that time on, persons who have

⁴ <http://www.szmm.gov.hu>

exhausted their eligibility for the insured unemployment benefit could only apply for regular social allowance. The number of recipients, though it increased considerably in 2000 already, skyrocketed in 2001 and 2002, as the term of income supplement grant expired for the last of the recipients.

2.1.3 Links with other social benefits

Social assistance⁵ is provided by the local governments, which have freedom to define some of the eligibility criteria themselves. 90% of these forms of assistance are financed from the central budget, the rest should be provided by the local government. Basically they fall into two categories: income support and supplementary assistance.

Income support includes presently the benefit for persons in active age (regular social allowance or availability support), nursing fee and old-age allowance.

- The *benefit for persons in active age* is the kind of social assistance that is designed to ensure a minimum standard of living for those who have no other income: its two forms are regular social assistance and availability support detailed above.
- *Nursing fee* is payable to persons who provide permanent care to family members who are disabled or under 18 years of age and permanently ill. In the case of persons with severe disabilities, the amount of assistance is 100% of the minimum pension, while in the case of persons with severe disabilities in need of intensive care it is 130%. The local government may pay nursing fee also to persons who provide nursing to permanently ill family members above 18 years of age. In this case the amount of the assistance will be determined by the local government, in an amount equal to or higher than 80% of minimum old age pension. The duration of nursing qualifies as time spent in employment.
- The *old-age allowance* is the form of support that ensures minimum income in old age, if the applicant does not have any pension and the per capita income, including the income of the spouse, is not higher than 80% of the minimum old age pension, or 95% in the case one-person households below 75 years of age and 130% in the case of a household over 75 years of age. The amount of this assistance is such as to ensure that the current income should be supplemented to 80, 95 or 130 per cent of the minimum old age pension, respectively.

Supplementary assistance falls into two categories: on the one hand, they are related to certain basic needs and their utilization is restricted, the so-called cost compensation benefits (for example, home maintenance support, public health care card system, funeral assistance), on the other hand, the occasional supports that may be granted in extraordinary life situations (for example, temporary assistance).

⁵ <http://www.szmm.gov.hu/main.php?folderID=848> See: Tájékoztató füzetek/Tájékoztató a szociális ellátásokról/Szociális ellátások 2009 and Táblázatok 2009 filenames: 2009_szocialis_fuzet_090316.pdf and 2009_szocialis_fuzet_tablak_090220.pdf

Cost compensation benefits are:

- *Home maintenance support*, a form of assistance that had formerly belonged to the powers of local governments, has been introduced in a normative form as well since 2004, if the per capita income in the household does not reach 150% of minimum old age pension and the acknowledged costs of housing maintenance exceed 20% of the monthly income of the household. In addition, those persons also qualify for this assistance who participates in debt management procedure. The minimum amount of this support is 2,500 HUF, but the local government may specify more favourable conditions than that. This support was paid to 197 thousand recipients in 2004 and 303 thousand in 2005.
- At present about half a million disadvantaged people have access to *public health care-card system*. These recipients receive a free medical care card, which entitles them to receive certain medications and therapeutic tools free of charge. It was a significant change in 2006 that personal medicine budget was introduced, which enables the beneficiaries to receive their medicines free of charge up to a monthly budget of 12 thousand HUF, up to the measure of the price acknowledged as a basis for public financing.

Occasional assistance:

- In the category of occasional assistance the most typical item is the *temporary assistance* provided by local governments. The local governments granted transitional support to 942 thousand people in 2004 and to 934 thousand in 2005.
- *Debt management services* are provided for those who have debts of more than 50 000 HUF of have public utility or other housing related debts for more than 6 months, on condition that the recipient participates in a debt management consultancy. The amount cannot exceed 75% of the debts or a maximum of 400 000 HUF.⁶ It can be provided in one sum or in monthly instalments.
- Having been introduced in 1997 to support child raising, the means-tested *regular child protection benefit* has been paid to some 660 thousand children as beneficiaries in 2005. From 2006 this benefit has been incorporated into the universal family allowance. However, the former eligibility related to this benefit for in-kind benefits (such as free meals and textbooks) have remained under the title of *regular child protection subsidy*. Those who qualify for this subsidy are also entitled to financial support twice a year, in the amount of 8 thousand HUF each time⁷.
- Those persons qualify for *supplementary child protection benefit* who are relatives – appointed as guardians – (typically grandparents) to children receiving regular child protection subsidy, are obliged to foster the child and receiving pension or accident-related pension benefits, pension-type regular social cash benefit or old-age allowance. The monthly amount of this benefit is 22% of the currently applicable old age minimum pension. In addition, twice a year they receive a support of 8,400 HUF.

⁶ According to par 55/A. § (2) of Act III. in 1993 on social services.

⁷ According to par. 57. § (3) of Act CII. in 2008.

- The body of representatives of the local government will provide *extraordinary child protection benefit* to the child if the family fostering the child has temporary livelihood problems or got in an extraordinary life situation jeopardizing its livelihood. About 240 thousand children are receiving this benefit a year, in a total amount of 2 billion HUF in 2004. The local government may also provide this benefit in kind, for example, in the form of textbooks, learning accessories, food, etc. About 80-100 thousand children receive in-kind benefit annually.
- The child welfare agency may award *advances of maintenance payment*, if the parent obliged to pay the maintenance payment (the father in most cases) is temporarily unable to pay it, and, as a result, the parent raising the child is not able to foster the child properly. In the year 2002 about 7,500 children, while in 2005 about 9,320 children received advances of maintenance payment from the state that way.
- The purpose of *housing support* is to provide assistance to young adults leaving temporary or permanent foster care (from foster parents or children's homes) with getting an apartment, getting a permanent housing solution. The number of recipients of this support has increased dynamically, in 1998 there were 106 young adults receiving this support, in a value of some 50 million HUF, in 2005, a total of 918 received it in an amount of some 959 million HUF.
- *Meals provision for children and textbook support*: the Government introduced the reduction of the charges of *meals for children* based on means test in several steps. As of 1 January 2003, as normative support, 50% of the fees required by the institute must be provided to children raised in families with 3 or more children, children who are chronically ill or disabled and to disabled pupils, furthermore, to recipients of regular child protection benefit mentioned above (now provided as regular child protection subsidy). In addition, those who live in dormitories receive 30% of the fees required by the institute, as a benefit. From 1 September 2003 free meals must be provided to children involved in kindergarten meals provision and receiving regular child protection benefit, then from 1 January 2004 to children in crèches and recipients of regular child protection benefit (now provided as regular child protection subsidy). As of 1 January 2006 free meals has been extended to children attending grades 1 to 4 of the elementary school and receiving regular child protection benefit.
- *Kindergarten support* was introduced in 2009, it can be provided for a parent receiving regular child protection subsidy who enrolled his/her 3 or 4 year old child into kindergarten and the child attends the kindergarten regularly. Those doing so prior 2009.01.01. receive 10 000 HUF in June 2009, those who enrolled the child after 2009.01.01 receive 20 000 HUF at first, then 10 000 for the second time.
- *Funeral support* is for those who bury someone who was not a close relative, or in case the funeral costs endanger the basic subsistence of the family.

The family support system

Hungary operates a sophisticated family benefit system in which the various forms of benefits may be universal, tied to the payment of contributions or income-dependent. These are presented here as these often comprise a very significant source of income for the most disadvantaged people with children.

- *Family allowance* is a universal support financed from the state budget. The parent qualifies for that support from the time of childbirth until the end of school-bound age (0-18 years), then in secondary level education or vocational training (until the age of 23). The amount is differentiated according to the number of children, also depending on whether the child (children) is (are) raised by a single parent, and whether the child is disabled or not. Since 1 January 2006 the family allowance, the family tax benefit and the regular child protection benefit have been merged under the heading of family allowance. This increased family allowances by an average 84%. Recipients who formerly had not been able to take advantage of the tax benefits because of their low income now receive relatively high amounts of support. Families raising three or more children are still entitled to family tax benefit up to a certain income threshold.
- To compensate the financial burdens of having children, those women who gave birth to a child and have participated in pregnant care at least 4 times are entitled to a lump sum *maternity grant*, the amount of which is 225% of minimum pension, or 300% in the case of twins.
- The *child care allowance* (gyes) is a flat amount benefit paid to parents who stay away from the labour market until their child is 3 years old (or 10 years old in the case of permanently ill or severely disabled children), or to grandparents who look after their grandchildren between 1 and 3 years of age in the parents' household. In the case of twins, this support is paid until the children reach school age (usually 6 years). The amount of the allowance is the same as the minimum pension, or double that amount in the case of twins. In 2005, 161.4 thousand people received this allowance, and 50,458 billion HUF was paid from the state budget on child care allowance. From 2006 this support has been made available to parents employed full time, for children between one and three years of age.
- If the woman who bore a child acquired an insurance term of at least 180 days in the two years preceding the birth, she becomes entitled to *pregnancy confinement benefit*. This support can be granted for the same term as maternity leave (for 24 weeks), of which 4 weeks may also be taken before the expected date of birth of the child. The amount of the support is 70% of the average wages of the preceding year. In 2004, 28 thousand women took this support and in 2005 the budget appropriation was 27.1 billion HUF.
- After the expiry of the pregnancy confinement benefit those parents who had been employed formerly are entitled to a *child care fee* (gyed) until the child has reached the age of two, if they do not resume working. This support is conditional upon having an insurance term of at least 180 days in the two years preceding the birth of the child. Its amount is 70% of the average wages of the previous year, but not more than 100,1 thousand HUF a month in 2009.⁸ Parents eligible for child care fee may not receive child

⁸ The maximum sum is 70 % of the double minimum wage, so it varies year by year.

care allowance simultaneously; however, after the expiry of child care fee they are eligible for child care allowance until the child has reached the age of three. In 2005, 87 thousand people received the child care fee, with an expenditure of 61.2 billion HUF

- Those parents who raise three or more children in their own homes (and with the youngest between 3 and 8 years of age) and work a maximum four hours a day are eligible for *child raising support* (gyet). The monthly amount of this support is the same as the minimum pension, regardless of the number of children. In 2005 there were 47 thousand recipients, in 2005 spending totalled 13.9 billion HUF.
- Employed parents qualify for the following *sick pay* for looking after their children:
 - unlimited sick pay until the child reaches one year;
 - for 84 days per child aged from 1 to 3;
 - for 42 days per child from the age of 3 to 6, for 84 days in the case of single parents;
 - for 14 days per child from the age of 6 to 12, for 28 days in the case of single parents.

In the public discourse there are several stories going around how much more money families with a number children, living on social assistance can get while not working, than other people working hard every day, which significantly fired debate and anger against those receiving social assistance in Hungary during the past year. Also, it was the definite aim of the regulations coming introduced in 2006 that, as the RSA supplements the existing income of the family, it should be impossible that the financial situation of such a family is more favourable than such a family which live on a salary slightly exceeding the level of entitlement.

The following examples indicate how it can be in real life.

Example 1:

A family with 5 members where neither the father nor the mother works. Their total income is the family allowance they receive for having 3 children, 48000 HUF. In their case the family income ceiling is 107 730 HUF, thus they may receive 59 730 HUF as social assistance. Instead, as an upper limit the net minimum income, 56 190 HUF was paid. This family, due to its social status is also entitled to the monthly amount of 7900 HUF home maintenance support which is awarded for a year at a time. Their children are entitled to regular child protection subsidy. Besides they receive free meals at school up to fifth grade receive financial support twice a year and get free school textbooks. The price of meals in case of after school enrichment is apr. 152 HUF/child/day which is apr 9120 HUF a month (without VAT). Regular social assistance recipients are entitled to medical care but their spouses without income are not, so they can apply for in kind provision of 4350 HUF a month. In total regular social benefits adds up to $56\,190 + 7900 + 9120 + 4350 = 77\,560$ HUF + 48 000 family allowance. For this the family has to do nothing just apply for support for the administrator of the municipality and occasionally turn u pin the labour centre or the family support centre, if it is prescribed.⁹ The sum of 77 560 HUF is significantly more than the minimum wage, so it does not promote employability. What is more, casual work is legally allowed. The temporary support of free textbooks, and yearly twice child protection provision in July and November adds an additional yearly 78 000 HUF, which is 6600 HUF as a monthly average. In

⁹ Frey Mária: A munkaerőpiac jogszabályi és intézményi környezete. In Munkaerőpiaci tükör 2008 <http://econ.core.hu/file/download/mt2008/frey.pdf>, pp.148-149.

case one family member had a job with minimum wage, in that case the spouse would only receive 3540 HUF as social assistance.

Example 2: The effect of social assistance is presented in a family of two adults, neither of which has income. In their case the family income limit is 48 735 HUF and as they have no other income, that is how much social assistance they would receive. They are also entitled to home maintenance support which is 4700 HUF and the spouse can apply for in kind entitlement for health care, a monthly 4350 HUF worth. In total it is 57 785 HUF. If one of them had a job with minimum wage, they would not be entitled to social assistance.¹⁰

2.1.4 How it deals with the transition to employment

One of the objectives of the regular social assistance was to encourage return to employment. This so-called integration programme contained, apart from continuous cooperation with the labour office, the obligation of the benefit recipient to participate in a 90-day public work programme organised by the local government. The legislators had two objectives when imposing this obligation: to eliminate persons who are unemployed only in formal terms, i.e., who are either unable/unwilling to work or who work on the black market while collecting the benefit; and to promote the re-integration of the recipient into a lifestyle required by regular employment, and to reduce the erosion of working capacity.

The new rules for social assistance aim to uphold social equity while providing incentives to work. Social assistance was transformed in 2006 and was from that time on based on families instead of individuals. The amendments in 2007 have also given further incentives for the recipient to work:

- the total regular social benefit granted to one family could not/cannot be higher than the net minimum salary;
- it was possible to cross over from assistance to public work, i.e. if a local authority employed the recipient of assistance, it might draw the amount of benefit from the state budget and convert it to wages;
- people in public work may receive the difference between their wage and the amount of the previous assistance, if the latter is lower.

From 2006 on, to promote the employability of those receiving regular social assistance 2 main measures were introduced.

- In case of casual work, the assistance should be paid just as well, in total.
- In case the person receiving social assistance finds employment, (s)he will receive a decreasing amount of the assistance for a while: In the first 3 months of employment, 50% of the assistance is provided, for another 3 months, 25% of it. This rule does not apply in case the recipient is employed in state supported forms of employment.

¹⁰ Ibid.

2.1.5 Amounts of benefits for different individuals and household types

In case of regular social allowance, the rules applied so far has to be applied, that is, taking family composition into account, the income of the family cannot reach more than 90% of the minimum pension (that is, maximum the net minimum pension). In the consumption-unit-based calculation, the head of the family has a weight of 1, other family members have lower weights, taking into account that expenditures (e.g., utility bills) are not directly proportional to the number of family members. In Hungarian regulations, the multiplier assigned to the spouse or co-habiting partner is 0.9, the first and second child receive 0.8 per child, each additional child has 0.7 per child. The use of the consumption unit from April 1, 2006 on was a new element in the Hungarian social benefit system, and serves to define needs assessment in a more equitable manner.

In case of availability support it has a fixed amount of the minimum pension, regardless of family size/composition (that is 28.500 HUF). In case of training those under 35, income supplement (keresetpótló juttatás) cannot be provided, they receive availability support plus travel costs and free training. In case a person in the availability support provision works in a public work project, (s)he receives a salary.

Until 2006, means testing for the purposes of the regular social assistance happened based on personal and family income. The combined use of the double income ceiling is infrequent in other countries, while family income is used in several countries. On the other hand, the definition of family in the Hungarian Social Act is rather narrow in international comparison. In most countries, family means members of the household linked by blood relationship or co-habiting partner status. In contrast, the regulation of the RSA considers the family to mean "nuclear" family, or more specifically, the head of the family, his/her spouse or cohabiting partner and children below 20 years of age without any independent income¹¹. Thus the eligibility of any person above 18 years of age and living in the same household as their parents becomes independent of the income of the parents. In other words, under the rules introduced in 2006, an unemployed person living with a pensioner mother or with well-to-do-parents became equally eligible for the assistance. Similarly, an active-age unemployed parent living with his/her adult child and the child's family also became eligible, irrespective of the financial position of the family as a whole. This family definition may be justified on moral grounds, on the basis that neither the parents nor the children are responsible to maintain a grown-up person. However, from the distribution angle, it would be more just to define neediness so as to include the income of every member of a household. Here, household means the statistical concept, i.e., the largest unit in which incomes and the costs of living are partly or wholly aggregated and re-distributed. Household-based eligibility takes into account the redistribution of incomes within the household, providing a better measure of real neediness.¹²

¹¹ This age limit is 23 years in case of the child attending secondary, 25 years in case of attending higher education.

¹² Réka Firleand Péter András Szabó: Targeting and labour supply effect of the regular social assistance. Working Papers in Public Finance 18.

2.1.6 Time duration

The time duration of the provision is not limited.

2.1.7 Conditionality rules

In case of regular social allowance, the regular social allowance can be terminated if the person breaks the cooperation agreement (again in 2 years time), or in case (s)he works illegally - if noticed for the first time, 1 month suspension, for the second time, termination of the provision.

In case of availability support the entitlement for the provision is terminated if the person is deleted from the registry of job seekers due to his/her own fault; if (s)he refuses a job offered; in case of black work (same as for those receiving regular social allowance).

Conditionality rules for those receiving availability support:

- Participation in public employment or training (special rule for those under 35, without a primary school degree);
- Cooperation with the office of the national employment services (registration and job seeking agreement);
- At least 90 days of public employment a year.

2.1.8 Governance arrangements

Municipalities or their cooperations should prepare a public employment plan for every year so as to efficiently provide public employment and secure harmony with those written in the job seeking agreements. Such a plan must include the expected composition of those entitled to availability support regarding their education/professional background, the description and timing of those public tasks which are to be partly or wholly fulfilled in the framework of public work; the number of workers necessary for those tasks, and the resources available to finance public employment. The public employment plan can be modified during the year. The final deadline for the plans this year is April 15, but generally it is going to be February 15th. The plans must be sent for consultation to the state employment service, or in case of settlements with more than 2000 inhabitants to the local social policy roundtable.

Municipalities and the offices of the labour centres agree regarding the numbers of those receiving availability support and under 35. The training is expected to affect approx. 10 000 people, for which the National Vocational and Adult Education Centre prepares the curricula.

This is a new system being introduced right now. Various professional guidelines and rules of procedures were prepared for municipalities and employment centres during the first two months of this year. A special guide was written for the notaries. The National Employment Service has a highlighted place on its website for the programme (www.afsz.hu "Út a munkához"), and a call-centre was established in the Employment and Social Office.

There has been trainings for the employees of the municipalities and labour centres, supposedly by the end of March the 120 municipality multiplier trained a 2400 social administrators.

The reclassification of those formerly on regular social assistance is done continuously, the government expected 75-80 % of them to become availability support recipients.

There are other programmes that intend to support the successful introduction of the new system. According to the government these are:

- The National Employment Pact;
- The creation of a unified employment-social database - its testing started in early March;
- The preparation of public employment plans;
- Start Régió programme that provides exemption from paying fees for those employers who employ persons receiving availability support in the most disadvantaged micro-regions or settlements of the country;
- KKV+ programme which provides exemption from paying fees for a year for those enterprises which employ job seekers who are registered for at least 3 month, or those without income for at least a year, or those dismissed from work – if they are employed for 1+1 year;
- Support for social cooperatives;
- Employment pacts at a micro-regional level;
- Transit employment programmes.

2.2 Assessment of MI schemes

Obviously, as the new system is being introduced right now, its impact cannot be assessed yet. However, as several elements are similar to those of the previous systems, it is worth indicating some evidence regarding the previous system.

Briefly I would like to note why it is methodologically so difficult to evaluate cash provisions. Administrative and statistical data sources only register the number of recipients in the given category, but do not indicate whether the support is tied to an individual or family. The detailed personal and family records are not summarized nationally, there is no cumulative information on continuous take-up (for a number of years), some forms of assistance are regular, others are ad hoc, the overlaps are un-known, the institutions providing assistance follow different data provision routines, types of assistance may combine, families may receive several kinds of supports on various grounds, and the patterns of these are registered in no data source.

Sociological surveys may be able to detect such accumulations, but there are some problems with that as well. Due to the frequently changing legal regulations families often do not know the exact name (and often sum) of the received assistance. Thus the validity of their answers is

somewhat limited. Also in representative national samples (for examples surveys of the research institute TÁRKI13) the number of households receiving social assistance is very low.

2.2.1 Coverage and take-up

The purpose of the regulation of the regular social assistance was to improve the situation of the poorest segment of the population without any labour income. The legislation attempted to restrict the availability of the assistance to the target group by imposing strict income and wealth constraints.

According to König's (2003) aggregate statistics based calculations, the eligibility ceiling (in 2003, 80% of the minimum pension) was 30-35% lower than the relative poverty threshold, therefore at least 100-120 thousand poor unemployed persons are not reached by the assistance.¹⁴

Another research project led by Peter Galasi, analysing data from 2003 also indicated that at least 40% of those entitled to regular social assistance do not get the provision.¹⁵

According to another study analysing data from 2003, as a result of the regular social assistance rules of that period, 63% of the poor households were left out of the assistance. This was primarily because the regulation made eligibility conditional on household income (HUF 17,400 per month in 2003) 33% lower than the poverty threshold (HUF 26,300 per month). In case of households satisfying the income criteria, the labour market status represented an additional constraint; as a result, some 50,000 households are ineligible to the benefit. Thus it was found that assistance to poor households was severely constrained by the (overly) low income and labour market status legislative conditions of the RSA.¹⁶

The regulation introduced in 2006 alleviated that problem: even though the introduction of the consumption unit deprived some 3,700 household of eligibility, but the abolition of the personal income ceiling and the increase of the family income ceiling brought some 5000 poor households into the scope of eligibility. As expected, the ratio of more senior school (secondary) qualification holders was smaller among recipients, which is probably attributable to the stigmatizing effect of the benefit. The ratio of ineligible claimants is not significant, even though the system does contain some overpayment, which could be reduced through improving controls and introducing incentives to local governments in this respect.

The rules of eligibility also contained some elements, however, that result in overpayment or inefficient targeting. In 2006, the former dual income criterion was abolished, and the RSA was transformed into a family benefit, so that local governments, when evaluating eligibility, only looked at the family income per consumption unit, and the amount of the benefit supplemented that amount to 90% of the minimum pension. However, poverty and need would have been better reflected, and the targeting of the benefit improved, if household income, rather than the family income specified in the Social Act, was to be considered as the basis of eligibility. Need is determined not by the closeness of family relations but the distribution of expenditures within the household, therefore it would be more adequate to consider the income of all household

¹³ www.tarki.hu

¹⁴ König, É. (2004): A segélyezés Bermuda-háromszöge, Esély, 2004 (1), pp. 49-64.

¹⁵ Önkormányzati szociális segélyezés. http://econ.core.hu/file/download/ktik10/ktik10_3_onkormanyzat.pdf

¹⁶ Réka Fírlé and Péter András Szabó: Targeting and labour supply effect of the regular social assistance. Working Papers in Public Finance 18. April 2007.
http://tat.elte.hu/index.php?option=com_docman&task=doc_view&gid=805

members when determining need. This would take into account the redistribution of incomes within the household, and thus provided a better measure of actual need.¹⁷ Targeting was improved by the introduction of the consumption unit instead of the per capita income because the latter gave an unjustified advantage to larger households. In contrast, the legislator, when defining the consumption unit, made allowances to larger families, because children have been given considerably greater weighting than in international practice. Using the household income (instead of family income) and adjusting the consumer unit ratios together would reduce the average benefit amount by approximately 30%, which would have freed up resources for an increase in the income ceiling.

Using quarterly Labour Force Survey data for 2001-2004, Fírlé and Szabó found that both unemployed recipients of regular social assistance and persons on public work are less likely to enter non-subsidised employment than other unemployed or inactive persons. Controlling for observed characteristics, they found that the chances of male benefit recipients to take up employment in the next quarter are 35% lower than those of their non-benefit-recipient counterparts, while the same ratio for females was 30%. Other factors reducing the probability of employment include the duration of unemployment (by 4-6% per month) and the unemployment rate of the region (by 8% per percentage point). Due to the lower probability of finding a job, benefit recipients remain unemployed two years longer than their nonrecipient peers. This, however, may be attributable to the non-observed characteristics of recipients.

A comparative analysis of France, Greece, Spain, Germany, Netherlands and Hungary from 2005 claims, that „statistics on access show that there are major regional problems, but one of the main factors distorting access is the ethnic problem: the Roma form one of the poorest groups, and are excluded from many services that would improve life chances and their quality of life. More, the huge gaps in measurement and availability of data. On the basis of (at least the Hungarian) experience it seems that the information on access, take-up, refusal rates and non-take-up can be best secured by means of survey focusing on the poor. The large data sets have handled these issues inadequately, and nation-wide samples may not be large enough to study the experiences of the poor.“¹⁸

A quite recent study prepared in the framework of the "Let it be better for our children" national programme¹⁹ had some surprising results regarding the provision of social assistance. Analysing survey data from 2007 they found a lack of disincentives regarding employment in case of regular social assistance recipients, in fact the members of this group seemed more prepared for work than those poor people not receiving social assistance, probably because this former group is at least connected to community provisions and information via the assistance. They are more likely to receive other forms of assistance e.g. related to bringing up children, and get in touch with more institutions, and are more positive about their future prospects.

While trying to examine the reasons for non-take-up, they concluded that those not receiving regular social assistance are significantly less informed than the recipients, although only 10% of them has not heard about the regular social assistance so far. 81% of those not receiving regular

¹⁷ Réka Fírlé and Péter András Szabó: Targeting and labour supply effect of the regular social assistance. Working Papers in Public Finance 18. April 2007.

http://tatk.elte.hu/index.php?option=com_docman&task=doc_view&gid=805

¹⁸ Exit from and non-take up of public services A comparative analysis: France, Greece, Spain, Germany, Netherlands, Hungary http://www.exnota.org/pdf/measurement/hungarian_measurement.pdf
A gyermekszegénység elleni küzdelem állása 2008-ban by Bass László, Darvas Ágnes, Farkas Zsombor, Ferge Zsuzsa <http://mta.hu/fileadmin/2008/11/01-gyermeksz.pdf>

social assistance has never applied for it, mostly because they felt ashamed and/or did not hope to get it. Only 9% of the applicants were turned down.

2.2.2 Adequacy

By way of the criticism of the regular social assistance, the low eligibility ceiling and the low benefit amount can be mentioned. In the Hungarian system, most benefits are tied to the minimum pension (currently 28 500 HUF, at present apr. 95 EUR) rather than to the minimum subsistence level. The minimum pension, which is a basis of calculations for all social provisions, was below the Central Statistical Office relative minimum subsistence level indicator already when it was introduced, and it has been getting further away ever since. The real value of the minimum pension is only 65,8% of that in 1990.²⁰ The average amount of the minimum subsistence level calculated for a consumption unit was 66 271 HUF in 2007. In 2007, the minimum subsistence level of a typical household of two adults and two kids was 2,90 x 66 271 Ft = 192 186 Ft a month, and in case of a pensioner living alone 59 644 Ft.²¹

Thus there may be serious doubts about how much such a sum of the current minimum provision could guarantee to „ensure basic needs at minimum standards of living“. That is another very important problem in Hungary, and a major source of the significant tensions around the topic of social assistance very prevalent in recent public discourse as well, that generally the work income also cannot guarantee minimum standards of living either in case of a lot of Hungarians.

The change of the regulation in 2006 considerably increased the amount of the benefit in households with a large number of members, e.g. families with children. In terms of the new regulations however, only one group of users will receive assistance calculated in those grounds, but the group of those receiving availability support will get only the amount of the minimum pension, regardless of family composition. In their case, the minimum wage to be paid during the at least 90 days of public work would rise the average monthly sum, but there are serious doubts that municipalities will really be able to provide as many work opportunities as needed based on the law.

By delegating the responsibility of establishing eligibility and organising public work to local governments, the assessment of applications has been moved closer to persons in need; however, due to the local differences in organisation and procedure, the uniform and equal treatment, which was the purpose of legislators, is brought to question. Fazekas, who looked at the changes of the regulation of the regular social assistance in 2000, also reached the same conclusion; he said that the benefit award practices of local governments have diverged increasingly, mostly due to the size and financial position of the various local governments.²²

Also, until January 1st 2009, local governments had freedom to define some of the eligibility criteria themselves it had some risks in itself, although the local governments had only very narrow scope to define the eligibility criteria. These mainly related to local circumstances , e.g. the content of the cooperation obligation of the regular social assistance recipient. The eligibility criteria were regulated in the Act, the local government could not tighten the criteria specified in

²⁰ Nyugdíjasok, nyugdíjak 2008, <http://portal.ksh.hu/pls/ksh/docs/hun/xftp/idoszaki/regiok/orsz/nyugdij08.pdf>, p. 23.

²¹ Létminimum 2007. KSH pulication. p. 5.

²² Fazekas, K. (2002): A tartós munkanélküliek rendszeres szociális segélyezése és önkormányzati közfoglalkoztatása Magyarországon [Regular Social Assistance and Local Governments Public Work for the Long-term Unemployed in Hungary], 2000-2001, BWP 2002/6).

law and could not prescribe further requirements. However, just a very recent scandal²³ broke out because the municipality of a very small village of 140 had ruled that social assistance can only be given to those „who gets to a life-endangering emergency situation beyond his own fault“. „Own fault“ can be, if the garden of the house is not cultivated, or the applicant for assistance or his/her family members regularly consume coffee, cigarettes or alcohol. One applicant turned to court, and the Court of Somogy County applied to the Constitutional Court to abolish the relevant paragraphs of the municipal decision. The Constitutional Court did so, as the decrees of municipalities cannot oppose higher ranking laws, and the Act III of 1993 on social administration and social benefit does not contain anything which would prescribe provision of assistance tied to it „being beyond the individual’s fault“. The problem is, that similar stories have happened several times during the years, and such has been a practice for a number of years in this village – until someone turned to court because of the unlawful practice. Although from 2009 on local governments are not authorized to establish further eligibility criteria, the media often report such local intentions.

In general, weaknesses and risks of a minimum income scheme may be linked more to the way in which the measures are implemented in practice, than to the measure itself, as it is framed by law or other regulations. In this present case in Hungary, we do not have almost any pieces of information how this new system is going to work- there seem to be lots of traps, but now we are in such an early stage of the implementation, that it is impossible to tell.

However, insufficient coverage, especially in case of availability support may be a serious issue, it can easily happen that levels of payment cannot guarantee adequate income for decent living.

The work incentive element of the current programme is very strong in theory, thus especially in case of availability support recipients the poverty trap may be avoided. However, there are serious doubts regarding how the municipalities will be able to organise 90 days of public work for all availability support recipients? Probably very often people will only be employed part time, for 6 hours a day, which decrease the amount of salary they could earn. Lots of critics of the new system see a major problem in possibly involving many people in futile working projects. There are serious doubts whether the municipalities are going to be able to organise enough, and sensible work opportunities for those in need.²⁴ In case the work opportunities are not real, it leads to low effectiveness and participants will loose their motivation even more. The fact that in the present crisis there are no new employment opportunities but on the contrary existing ones are shrinking significantly makes it an even more important issue.

Several professionals raised such questions regarding the difficulties of implementation of the „Pathway to work programme“. Who will offer programmes for activation, who and how will organise the public work programmes for the local governments? How will there be funding to purchase at least some of the most necessary tools/materials to facilitate local public work projects? Sources are said to be available for that in the future but at present there is not information on these. Lots of local governments have no means whatsoever (neither human nor financial resources) to deal with this task especially in more disadvantaged regions, with small municipalities and lots of users. (lack of power, competencies of social workers – in the Hungarian case the employees of the Labour Centres) There are doubts about the personalised elaboration and implementation of activation plans.

²³ <http://www.nol.hu/belfold/lap-20090428-20090428-30>

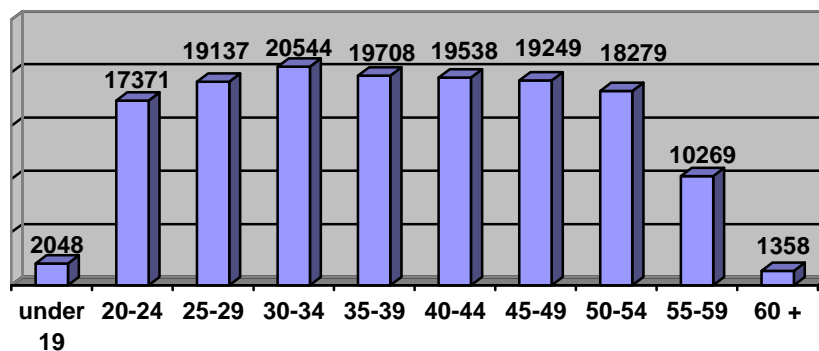
²⁴ See the interview with labour market expert Köllő János, in HVG 2009.01.21. Downloaded from http://hvg.hu/hetilap/200904_Kollo_Janos_munkaeropiaci_szakerto_A_szakmu/page2.aspx

The discretionary power left in some cases to the municipalities concerning the modalities of implementation of the measure allow different treatment to similar cases. Who to employ in the public work programmes? Most probably there is not going to be enough work for everyone – they are likely to work with the „easy cases” they are already in a good relationship with.

There may arise difficulties of cooperation between institutional levels: municipalities – state – labour market.

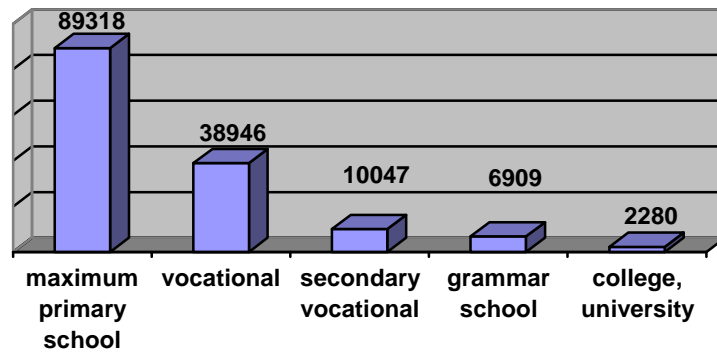
I would also like to briefly present some indicators regarding the socio-demographic profile of the population which received regular social assistance in 2008. First I highlight, that opposite to public thinking, which perceives the average social assistance recipient to be a Roma with several children, more than half of those receiving this provision are living alone, and do not have children. Regarding their age, they are mostly young or middle aged, the age cohort between 20-54 are represented in a similar magnitude.

Figure 1. Age distribution of those registered job seekers who received regular social assistance in 2008, an average (N=147 500)



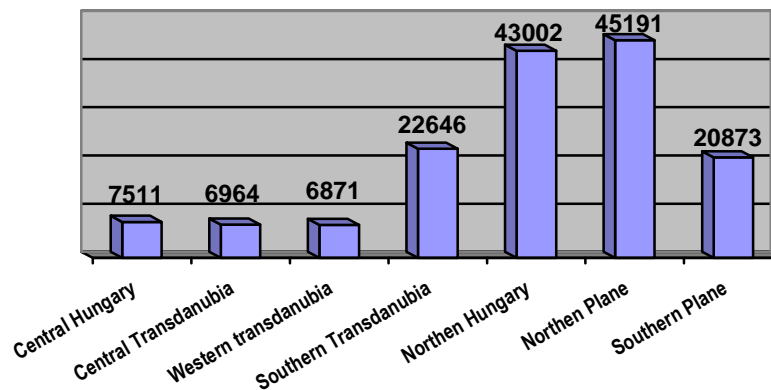
However, the distribution according to the level of education clearly shows that social assistance recipient are dominantly those with very low educational levels. (Figure 2.) It is of course a well-known fact anyways, that Hungarian employment figures are especially unfavourable regarding the employment rates of those with low levels of education, less than 4 out of 10 of such people work, which is far below the EU average.

Figure 2. Level of education of those registered job seekers who received regular social assistance in 2008, an average (N=147 500)



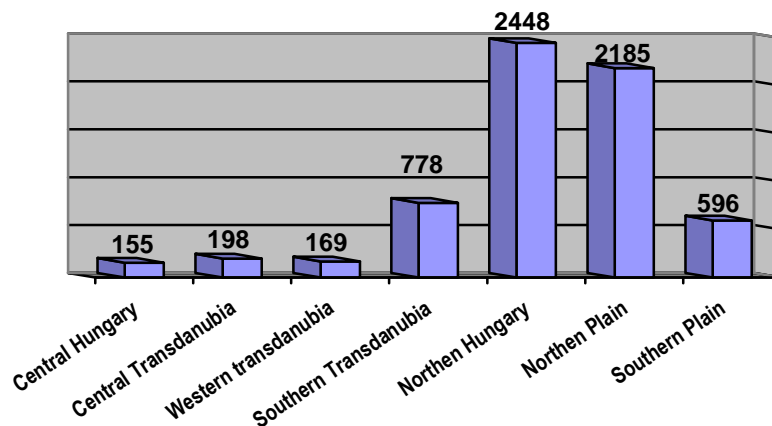
The especially significant regional inequalities of Hungary are represented in the regional distribution of the social assistance users as well. They are much concentrated in the North-Eastern region of the country. There is a clear linear trend between the unemployment rates and the ratio of those receiving social assistance.

Figure 3. Regional distribution of those registered job seekers who received regular social assistance in 2008, an average (N=147 500)



The new system puts a special focus on enhancing the employability of those with very low educational level, providing training for those of them who are up to 35 years old. They are also mostly concentrated in the North-Eastern parts of the country, which makes it especially hard for training institutions in the region to cope with this task.

Figure 4. Regional distribution of those under 35 receiving regular social assistance in 2008, without a primary education (N=147 500)



2.2.3 Effectiveness

According to the intention of the legislator, the regular social assistance, taking on the role of the former income supplement, was meant to help the long-term unemployed, trying to 'keep them afloat and re-integrate them into the world of labour'. In contrast, the Firle et al study²⁵ results indicated that in practice this benefit acted mainly as an income supplement to the long-term unemployed, i.e., it failed to attain its employment objectives. They found that the regular social assistance had a strong negative impact on the probability of employment. In the wider circle, it reduced the probability of employment within the next quarter by some 20% for both women and men. This effect was even more marked among persons who had exhausted their eligibility to the unemployment income. Therefore, the authors recommended a reconsideration of that the introduction of the employment test for the RSA. However, in order to encourage employment they considered it also necessary to look into the operational problems of public work programmes, and to assess what other pro-employment measures, successfully used in other countries, could be introduced.

In the new system introduced in 2009 employability is even more highlighted, but public work programmes are still seen as the means to lead people back to labour market. As mentioned before, there is lots of criticism about this, as several experts claim that public work, especially in such a massive scale (from 17000 people in public work projects last year to an expected 60-70 000) may be good for the reduction of poverty, but will not increase competitiveness, but may further increase welfare dependency.

The current system provides a minimal, at most survival level for the recipients, but its volume is not enough for full participation in society, and the system is not an unconditional safety net, but conditional on a several criteria.

²⁵ Réka Firle and Péter András Szabó: Targeting and labour supply effect of the regular social assistance. Working Papers in Public Finance 18. April 2007.
http://tat.k.elte.hu/index.php?option=com_docman&task=doc_view&gid=805

2.3 Link between MI schemes and the other two pillars of the active inclusion strategy

2.3.1 Support to MI recipients in terms of (personalised) employment and training programmes

Social assistance recipients have been legally obliged to cooperate with the authorities since 1997. The regulation at that time also recognised the complexity of the problems and saw a need for supporting services that can handle the source of the problems with social work and active labour market tools. Thus the objective of the cooperation is to activate the individual so as to improve his/her own situation. Initially however it was only a possibility for local governments to link the provision of the assistance to cooperation with the family support or labour services – partly because a number of settlements did not have the appropriate institutional and professional background for this.

As mentioned before, an element of the system since 2005 is a complex system of cooperation between the clients and authorities. Local decrees had to name, in line with the national regulation, the institute to cooperate with, the rules of procedures for cooperation and thy various types of reintegration programmes, together with sanction if someone breaks the obligation to cooperate. Since 2000 local government can organise public utility work projects with a minimum duration of 30 days, to carry out communal tasks, to clean public spaces, and in the social field mainly to help old people. For financing public work and community work local government, until 2009, had to submit proposals, but for utility work the central state budget provided a 500 000 HUF basic sum and a supplementary fund available depending on the number of workers. The following table indicate the participation rate of social assistance recipients in public work projects. It shows an almost 40% increase of regular social assistance recipients in public employment from 2001 by 2005. Most people in 2005 (55,4%) participated in public utility work, 32,8 % in community work, 6,8% in public work and 6,1% in more than one kind of public employment. But it seems local governments cannot cope with creating such an increasing number of job opportunities and increasing organisational tasks.²⁶ This further supports doubts regarding how the present system introduced this year can be really realized.

Table 1. The number and ratio in public work of social assistance recipients by regions

	Number of social assistance recipients (prs)		Participation in public employment			
			number (prs)		Ratio within recipients (%)	
	2001	2005	2001	2005	2001	2005
South Plane	10.751	19.052	8.164	10.900	75,9	57,2
South-Transdanubia	12.569	23.181	7.860	12.644	62,5	54,5
North Plane	28.046	48.365	21.430	27.307	76,4	56,5
Northern Hungary	29.987	46.384	21.063	27.252	70,2	58,8
Central-Transdanubia	4.484	7.342	4.308	4.781	96,1	65,1
Central Hungary	6.440	9.042	1.560	4.402	24,2	48,7
West-Transdanubia	2.502	5.109	1.473	2.794	58,9	54,7
Total	94.779	158.565	65.858	90.080	69,5	56,8

²⁶ Dr. Szegedi Tamásné A „Segély helyett munkát“ Elv érvényesülése a gyakorlatban <http://www.employmentpolicy.hu/engine.aspx?page=kutatasi-anyagok>, pp: 10-11.

The time duration of the employment in all forms increased from 2001 by 2005, on average from 3,4 month a year to 4,4 months a year.²⁷

Table 2. Participation of social assistance recipients in public employment in 2005

Form of employment	Duration of employment (day)			Total number of employees (prs)
	- 30	31 - 90	91 -	
Utility work	14.388	18.161	17.337	49.886
Community work	4.233	12.155	13.138	29.526
Public work	1.192	1.550	2.372	5.114
More than one form	759	1.586	3.209	5.554
Total	20.572	33.452	36.056	90.080
Employment rate (%)	22,8	37,1	40,0	100,0
Average duration of employment (month)				4,4

2.3.2 Support to MI schemes in terms of access to quality services

Together with the obligation to participate in public employment forms, the role of other obligations to cooperate also increased, and the instruments of social work gained an increasing role in handling and solving family problems. When introducing the new regulations for cooperation in September 2005, there was quite an opposition against it in some of the institutions. One problem was the lack of sufficient number of professionals, but also some debated that the compulsion to cooperate violates the principle of voluntary cooperation, as some professionals considered that support for basic subsistence of life should be provide with no conditions. They also opposed the idea that social workers should participate in the process. An almost 1,5 year long dispute postponed the introduction of the new measures in reality. A still prevalent problem is, that in smaller settlements and especially in more disadvantaged regions, often micro-regional associations together provide social services, but often in an insufficient amount, which is hidden in most statistics that only analyse the availability of such services.

In 2007 more than 80% of the settlements provided family support services and 66% of these had reintegration programmes. The smaller the settlement is, the less likely it is to have proper family support services. In case of the smallest settlements with less than 2 000 inhabitants, 30% of the cases it is not the family support services which is the nominated authority to cooperate with, probably because it is unsuitable to provide the necessary services.

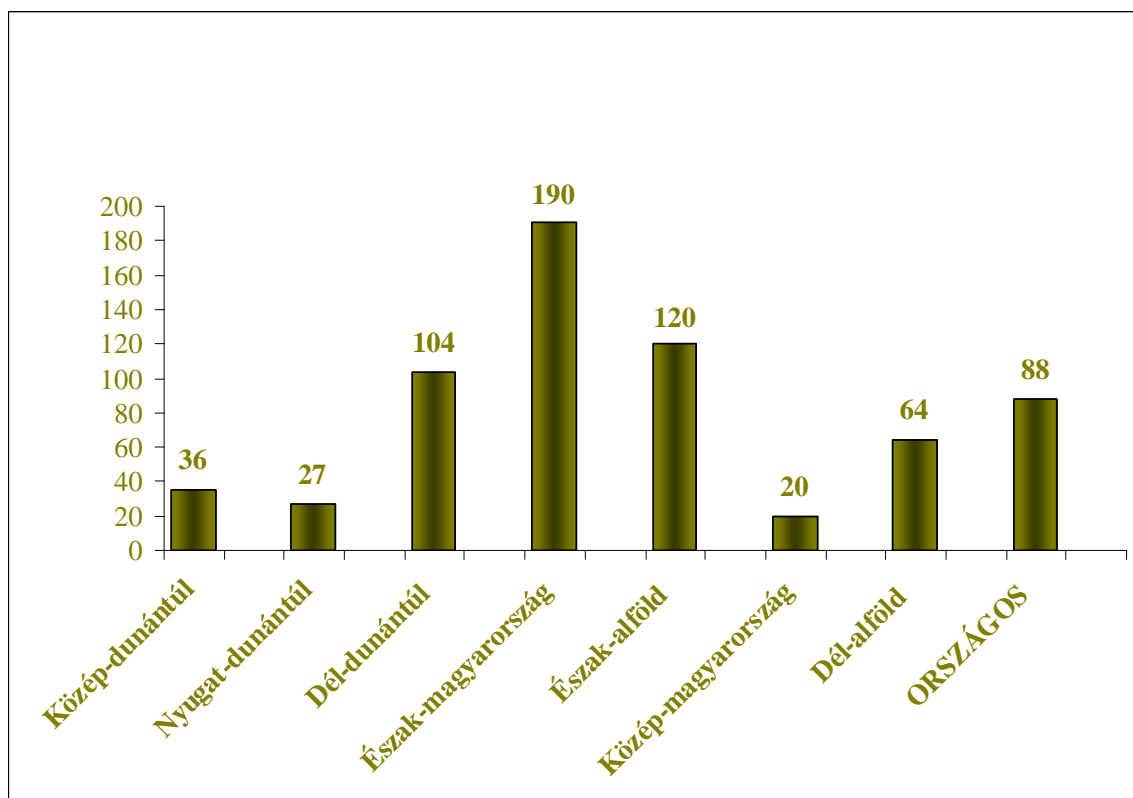
²⁷ Ibid, pp. 12-13.

Table 3. Local governments providing family support services and reintegration programmes (2007. April)

Size of settlement (prs)	Number of local governments providing data from the region	From that, the number of local governments providing family support services	The number of local governments providing reintegration programmes	From that, the number of family support services being the nominated authority to cooperate with
Under 2.000	2.111	1.758	1.087	779
2.001-5.000	384	279	206	167
5.001-10.000	103	93	93	70
10.001-50.000	94	84	68	61
50.001-100.000	21	20	18	18
Above 100.001	10	10	10	10
Total	2.723	2.244	1.482	1.105

The professional conditions of reintegration programmes are mirrored in the average case load of social caseworkers. The national average caseload is generally very high, 88 persons on social assistance, but in some regions (in the most disadvantaged regions, e.g. Northern Hungary) the caseload is unacceptably high.

Figure 5. The number of social assistance recipients per one family caseworker by region²⁸ (persons)



The measure 2.2. of the HRD OP of the National Development Plan 2004-2006 provided training for social workers to help them promote the employability of their clients. The fact, that the new (2009) regulations in case of the availability support recipients make it compulsory to cooperate with the Employment Services, makes it seem to be a waste of resources.

²⁸ From left to the right: Central Transdanubia, Western Transdanubia, Southern Transdanubia, Northern Hungary, North Plain, Central Hungary, South Plain, Total.