

### **SOCIAL CARE PROVIDED BY LOCAL GOVERNMENTS**

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The transition into market economy has created completely new conditions from the point of view of the livelihood of the Hungarian households. The transition has a significant number of winners, but a far greater mass is represented by those social strata who, because of the deteriorating living conditions, may be regarded as the losers of the process. The social net of protection struggling with many problems tries to help the situation of these strata within the framework of the country's load-bearing capacity. According to law, the care for the population in need of social aid is the basic task of local governments.

This study provides an overview, on the basis of a pilot survey presenting the activities of the local governments in the domain of social care and presents a picture on the most important characteristics of the families receiving assistance.

The size of the sample of the pilot survey is well characterised by those data which – in the case of the more important entitlements to assistance – compare the proportions of the sample to the basic population of the country. So for example in 1994, 195 thousand persons on the average (in December 213 thousand) received the supplemental unemployment benefit. In the pilot survey in 1994, there were 17.9 thousand (in 1996 34.5 thousand) households in which at least one person received supplemental unemployment benefit, i. e., family-level data were received from about approximately 6 per cent of the basic population. The proportion of the households surveyed in the sample represented also 6 per cent and also over 4 per cent in the case of home maintenance and of the provisional financial aid, respectively. The proportions in the sample are also similar in the case of the other kinds of assistance. Naturally, for the analysis – besides the pilot survey – information relating to the full scope of the beneficiaries of aid was also used.

According to a World Bank Report,<sup>1</sup> in 1993 some 23 per cent of the Hungarian households were receiving some kind of social assistance. Numerous facts point out that the mass of those in need has grown further over the past period and consequently, the data from the 1994–1996 pilot survey already provide a review of this greater mass.

Several surveys have shown that different kinds of aid provided by the local governments envisage primarily the poor strata. The data to be presented later confirm these statements. The already mentioned World Bank Report adds to all of this that 'In spite of

<sup>1</sup> Poverty and social assistance in Hungary. World Bank. February 1996.

the fact that in Hungary, proportionally different kinds of social aid reach a higher percentage of households, they continue to be inefficiently targeted: they exclude from the circle of entitlements certain persons really in need, while a part of the benefits leaks to socio-economic groups which need it less'.<sup>2</sup>

However, it is also a fact that these very financial social aids which have greatly contributed to the income differences have not become bigger. Taking this also into consideration, the opinion of the experts is that social assistance might reduce poverty to a greater degree, if, on the one hand, the sources allocated for this purpose would be increased to some extent and, on the other hand, they would be better targeted.

The facts show that with regard to the composition of the families the part of the society receiving support includes mostly strata of peculiar situations. Among them, in 1996, the proportion of households of lone people was 54 per cent, and that of one parent with one child 15 per cent. Consequently, one could say that among the circle of persons receiving support the predominance of fractional families is characteristic, since the proportion of families of this type is nearly twice as high as regards to the whole of the population. The proportion of the households with higher number of members, i. e., of five and five-plus members dropped from 10 per cent in 1994 to 8 per cent in 1996, which may indicate a certain change in the practice of local governments. This is a relatively large decline.

Studying the composition of those receiving support by age, it could be ascertained that between 1994 and 1996 the proportion of the elderly (aged 70 years and over) increased but, as a matter of fact it was exactly in the case of this stratum that the average yearly amount of support dropped the most significantly.

On the basis of income conditions it can be determined that the bulk of those receiving support is poor and, subsequently, they live under the subsistence minimum. The monthly per capita income in these households was 8319 HUF in 1994, and 10.400 HUF in 1996 respectively. (These figures refer only to those households in which the size of the incomes is known and which make up 80 per cent of the survey sample.)

Table 1

Per capita monthly net income according to settlement types 1994–1996				
Type of settlement	1994	1995	1996	1996 as a percentage of 1995.
	HUF			
Total	8 319	10 130	10 400	103
Budapest*	11 015	13 208	12 952	98
County seats	8 601	9 332	10 092	108
Other towns	7 930	10 887	10 429	96
Villages	6 850	9 329	11 057	119

\* Data in respect of 1994: Budapest I. District, 1995: Budapest I. and XII. District. In 1995, the per capita income in Districts I. and XII. was HUF 13.326 and 13.159 respectively.

Taking into account the rate of inflation – in 1996 – the real value of the income was only 79 per cent of that in 1994. Especially grave is the situation of those families which

<sup>2</sup> See Note 1. 46 p.

before receiving support had no incomes at all (in 1996 17 per cent) and further of those in which the monthly per capita income remained under 5000 HUF (12 per cent). It is a remarkable feature that the rise in the per capita income in the smaller urban and in the rural areas was much more intensive than in the greater urban ones. It may be rightfully presumed that between 1994–1996 the income situation of the residents of small urban areas and of rural areas did not change favourably than in the greater urban areas and consequently, in the case of households receiving support, the relative income position of their members could be improved only if the modification of income limits were taken into consideration by the local governments when providing support.

Table 2

*The distribution of households on the basis of per capita net monthly income 1994–1996 (per cent)*

Net monthly income per capita	Type of settlement				
	Total	Budapest*	County seats	Other towns	Villages
1994					
<i>Total</i>	100.0	100.0	100.0	100.0	100.0
Under HUF 5.000	10.1	3.0	8.2	14.2	8.9
HUF 5.000– 6 700	12.0	5.8	11.3	15.0	6.0
HUF 6.701– 8.400	11.1	10.4	10.4	13.9	4.9
HUF 8.401–10.400	10.6	15.0	9.7	13.4	3.8
HUF 10.401–11.900	5.0	10.8	4.9	5.6	2.2
HUF 11.901–13.300	3.0	8.4	3.1	2.8	1.3
HUF 13.301–x	3.5	13.3	3.6	3.2	1.0
Unknown	21.3	5.5	25.5	9.1	44.1
No income	23.4	27.8	23.1	22.7	27.8
1995					
<i>Total</i>	100.0	100.0	100.0	100.0	100.0
Under HUF 5.000	9.0	1.0	8.8	12.0	7.5
HUF 5.000– 6.700	9.4	1.6	10.5	10.1	6.3
HUF 6.701– 8.400	14.2	4.0	16.1	14.3	8.6
HUF 8.401–10.400	9.2	5.6	9.1	10.9	5.5
HUF 10.401–11.900	6.3	5.6	6.1	7.3	3.6
HUF 11.901–13.300	5.3	5.9	5.0	5.7	4.6
HUF 13.301–x	14.6	25.3	10.8	19.4	9.4
Unknown	10.4	13.1	12.9	5.1	9.1
No income	21.6	38.0	20.6	15.1	45.4
1996					
<i>Total</i>	100.0	100.0	100.0	100.0	100.0
Under HUF 5.000	11.6	8.7	11.2	13.4	9.8
HUF 5.000– 6.700	8.1	1.9	8.4	8.6	8.9
HUF 6.701– 8.400	16.5	4.2	18.9	14.5	15.5
HUF 8.401–10.400	11.1	6.0	11.8	11.2	10.3
HUF 10.401–11.900	6.4	4.7	6.4	6.9	5.7
HUF 11.901–13.300	5.9	4.3	6.0	6.0	5.4
HUF 13.301–x	21.1	38.6	20.3	21.2	14.3
Unknown	2.6	5.6	2.6	2.1	2.1
No income	16.7	26.0	14.3	16.2	27.9

\* Data in respect of 1994: District I. only, 1995: Districts I and XII of Budapest.

The bad financial conditions can decisively be accounted for by the rather low number of persons having income from work among those who are receiving support. Taking the heads of households as a basis, in 1994 the proportion of those with incomes from work was merely 12 per cent. An important characteristic is that the household-composition has a serious effect on this proportion. So, for example, the proportion of the households receiving income from work is about 40 per cent among the households with a married couple and one child, 10 per cent among the lonely persons aged 30-59 and 5 per cent among the lonely ones aged under 30. On the basis of these facts it may be stated that among them the lonely persons of working age constitute one of the groups with the most uncertain existence. The other group of similar situation is constituted by households of other, mixed composition; in case of them the respective value is 6 per cent. Their situation is aggravated by the fact that most of these households have many members and consequently, live under ever worse conditions than the poor. It is worth mentioning that, as far as income conditions are concerned, there are significant differences between the people living in urban and rural areas. Namely, according to facts in greater urban areas those in need have mostly a more solid existential basis than those in smaller localities. At the same time it is also true that in the smaller localities a farm and, in general, wider possibilities of farming may provide significant supplementary sources for those living there.

Table 3

*Per capita monthly net income of households according to number of members in household 1994-1996*

Number of members in household	1994		1995		1996	
	HUF	per cent of average	HUF	per cent of average	HUF	per cent of average
Total	8 319	100	10 130	100	10 400	100
1	9 145	110	11 520	113	12 142	118
2	8 007	96	9 566	94	10 207	98
3	7 488	90	7 808	77	8 594	83
4	7 250	87	7 532	74	7 579	73
5	6 969	84	7 782	77	7 100	68
6-9	6 489	78	6 369	63	7 148	69
10-x	5 782	70	5 108	50	4 493	43

Table 4

*Net monthly per capita income per household by number of entitlements, 1994-1996*

Number of entitlement	1994		1995		1996	
	HUF	per cent of average	HUF	per cent of average	HUF	per cent of average
Total	8 319	100	10 130	100	10 400	100
1	8 725	105	10 258	101	10 832	104
2	8 273	99	10 272	101	10 063	97
3	7 537	91	9 730	96	9 346	90
4-x	6 889	83	9 367	92	8 704	84

So far relatively little information has been collected as to the amount of support received by families from the local governments and, consequently, information in this respect is of special importance. On an annual level – taking financial aid as a basis – families included in the pilot survey received, in 1994 and in 1996, an average of 28,400 and 30,100 HUF, respectively. However, the dispersion behind this average amount is rather significant. In 1996, the annual amount of aid given did not reach 10,000 HUF in the case of one third of them. Actually, the aid received from local governments may be regarded as a decisive source of income in the case of those families where this amount was over 50,000 HUF. Assistance of such an amount was received by 21 per cent of the benefited households (in 1996). In 1995, the proportion of the households receiving lower amounts dropped somewhat while the proportion of those receiving aid in kind increased significantly. This circumstance also contributed to the reduction in the amount of aid paid to one household by 4,700 HUF over the period under review. Consequently, the local governments have given more scope to aid in kind, hoping to be in a position to alleviate more effectively the tensions arising from the scarce sources and, respectively, from the increasing needs.

Table 5

*Total annual support for the households by the number of members in household*

Number of members in household	1994		1995		1996	
	HUF	per cent of average	HUF	per cent of average	HUF	per cent of average
1	17 570	64.6	16 626	68.6	19 364	64.4
2	26 053	95.8	25 079	103.5	27 948	93.0
3	29 685	109.1	28 859	119.1	34 855	115.9
4	39 813	146.3	44 571	183.9	47 724	158.8
5	51 101	187.8	55 953	230.9	72 427	240.9
6–9	74 098	272.4	73 759	304.4	91 124	303.1
10–x	161 336	593.0	123 321	508.9	149 000	495.6

It can be considered as a general characteristic that the more family-members a family consists of the higher is the proportion of payments of over 50,000 HUF. So, for example, among the households of lonely persons the proportion of those receiving aid over 50,000 HUF is 13 per cent (in 1996), while the respective proportion is 63 per cent among the households consisting of 6 to 9 members.

Studying the frequency of the various entitlements to assistance – by types of localities – a specific practice of the local governments may be identified. According to the 1994 data we can draw the conclusion that the local governments of the rural areas mostly preferred provisional solutions (here the proportion of provisional aid was higher than in the urban areas). On the other hand, in the urban areas regular child benefit and home maintenance support have become the most wide-spread.

By 1995–1996 the situation changed considerably. A considerable fall in the proportion of households receiving temporary support may be identified as a general trend: in 1994 still more than half, while in 1996 only a bit more than one-third of the households received temporary aid. The decline in the aid of this kind was the greatest in the rural

areas. On the other hand, in the case of certain allowances a broadening of the range of households concerned may be observed. So, in the case of the home maintenance support and of the public health care provision on the ground of equity this range grew from 6 to 16 and from 7 per cent to 11 per cent, respectively. All this allows to draw the conclusion that the efforts made by the local governments providing aid are mostly meant to 'react' to the phenomena arising from the deterioration of subsistence conditions (in rising of public utility fees and price of pharmaceuticals). At the present stage of the investigation, of course there is no information available about these efforts to find out whether they have really succeeded in improving efficiency at the same time as well.

Table 6

*Proportion of households receiving over HUF 50 000 in annual support, 1994–1996  
(per cent)*

Denomination	Proportion of households receiving over HUF 50,000 annual support		
	1994	1995	1996
Number of members			
One	10.0	10.5	12.6
Two	16.0	16.3	19.2
Three	17.8	17.8	26.0
Four	28.6	34.1	38.1
Five	39.2	42.8	54.0
Six-nine	54.6	54.0	62.7
Total	17.6	16.2	21.0
Per capita income			
Under HUF 5,000	36.8	31.1	39.3
HUF 5,000–6,700	27.0	25.0	35.0
HUF 6,701–8,400	14.8	26.6	41.2
HUF 8,401–10,400	7.9	7.5	18.2
HUF 10,401–11,900	3.9	4.6	10.3
HUF 11,901–13,300	2.9	3.5	6.1
over HUF 13,301	3.5	3.6	3.9
Unknown	21.2	20.6	23.7
No income	13.8	8.1	13.9

The improvement of this activity is shown also by the fact that the number of assistances provided to one family has decreased (from 6 to 5). Furthermore, the practice according to which the lower the per capita income is the greater the number of entitlements for providing assistance, is, seems to be forced back. Already 1995, the income situation had a great impact on the number of entitlements to assistance.

The data for 1994–1995 confirm the trend identified also in other articles dealing with the subject, that the local governments make remarkable efforts to apply the principle of 'only one kind of assistance for one family'. However the pilot survey has also revealed that the local governments have validated this effort – presumably by introducing more strict supervision – primarily in the case of households of more complex, mixed composition and, consequently, a remarkable deterioration took place in the position of households belonging to this category as compared to that of others in need. It may there-

fore be said that the local governments were rather selective in their adopting the principle of 'only one kind of assistance for one family'.

Table 7

*The distribution of entitlement by type of benefit\**

Entitlement	1994	1995	1996
Household receiving only one type of benefit	60.1	64.0	63.9
Of which			
Home maintenance support	3.0	6.5	6.6
Supplemental unemployment benefit	9.0	10.5	9.5
Regular child benefit	5.6	4.4	4.1
Temporary support	27.7	18.7	19.5
Transport assistance for the handicapped	6.4	6.4	5.7
Regular social benefit	0.7	0.9	0.4
Public health care	1.2	10.0	8.7
Public health care (equity)	0.8	0.8	0.7
Support for funeral	3.2	3.0	3.4
All other benefit	2.5	2.8	5.3
Household receiving more than one benefit	39.9	36.0	36.1
Of which			
Home maintenance support + temporary support	2.6	2.8	3.5
Home maintenance support + other support	1.8	4.3	3.9
Supplemental unemployment benefit + temporary support	5.5	4.1	3.3
Supplemental unemployment benefit + other support	7.7	7.6	6.8
Regular child benefit + temporary support	4.7	2.6	3.1
Regular child benefit + other support	3.7	3.3	3.7
Transport assistance for the handicapped + temporary support	1.9	0.9	0.8
Transport assistance for the handicapped + other support	4.0	4.0	2.9
Regular social benefit + any other support	0.4	0.7	0.5
Public health care + temporary support	2.1	2.1	1.6
Public health care + other support	0.8	0.7	0.7
All other benefit	4.4	2.9	5.3
<i>Total</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>

\* Cash and in kind together

However it deserves attention that a trend, opposite to that mentioned above, is being outlined on the basis of the data. Namely, in the case of families with children and of those bringing up their children alone, the circle of those who have received several types of aid simultaneously has broadened significantly. All this leads us to draw the conclusion that the local governments have somewhat modified their supporting strategies. On the basis of available information, however, it is still impossible to give a satisfying answer whether their effort has or has not been successful in every field. It is important to mention, that by 1996 the effort made to apply the 'only one kind of assistance for one family' principle had been stopped.

According to the data there is a rather close relationship between the entitlement of assistance granted to the head of the household and the income situation of the household. Among families receiving different kinds of assistance, the households of the un

employed belong to the poorest. The circumstances of those receiving regular child benefit or regular social benefit is somewhat more favourable, though a significant part of them – on the basis of their incomes – also belong to the poor strata. Those people receiving transport assistance for the handicapped and the home maintenance support live under more favourable financial conditions in comparison with other strata of those who are receiving aid. Consequently, it may be ascertained that behind the various entitlement to assistance there is a more or less well definable financial situation.

Finally, it is worthwhile to mention that there is a representative survey (from the year 1997 200 local governments have taken part in it) which provides the kinds of possibilities of analyzing poverty.

The most important result is that by the help of the data one can see the share of households receiving different benefits from the local government. On the basis of the pilot survey we can calculate that the share of these households was 31 per cent in 1996. This figure was very close to the estimations (25–30%) calculated in the poverty surveys.

As the data collection system is based on a special computer data recording, we have a good possibility to follow the 'life cycle in need' i.e. from the date of entering the social assistance system till the date of leaving it, namely the change of the fluctuation.

Besides this, the computer data recording provides a proper opportunity – in the frame of surveys – to investigate the different target groups in need and to analyze the effects of socio-political measures.