



# Exit from and non-take up of public services

A comparative analysis: France, Greece, Spain, Germany, Netherlands, Hungary

[ DATA AND MEASUREMENT IN HUNGARY ]

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# INFORMATION ON THE MAIN INSTITUTIONS AND ARRANGEMENTS IN THE FIELDS OF SOCIAL PROTECTION, HEALTH, HOUSING AND EDUCATION

## 1. CASH BENEFITS

### 1.1. Employment and unemployment

The Employment Act was enacted in the time of first government in 1991. It introduced unemployment insurance for the first time in Hungary. (Table 2.1 shows the number of the unemployed.)

Table 2.1. Number and characteristics of the unemployed

Year	Registered unemployed, in thousand, according to Hungarian definition	Unemployed according to international (LFS) standards, in thousand	Rate of unemployment in terms of 2	Out of 2: women, in %	Out of 2: long term unemployed (over 12 months)
	1	2	3	4	5
1990	80	*	*	*	*
1991	406	*	*	*	*
1992	663	442	9,8	40,1	21,0
1993	632	519	11,9	39,1	35,2
1994	520	451	10,7	39,0	43,2
1995	496	417	10,2	37,0	45,6
1996	477	400	9,9	39,0	49,8
1997	464	349	8,7	38,6	46,5
1998	404	313	7,8	39,6	44,3
1999	404	285	7,0	40,0	44,9
2000	372/391*	263	6,4	39,0	44,2
2001	364	233	5,3	39,0	41,8
2002	345	239	5,8	42,0	40,1

Source: Hungarian Statistical Yearbooks, 2001-2002: Foglalkoztatási Hivatal, Magyarországi Munkaerőpiac 2003, 94.o

The first unemployment provisions were in line with relatively generous European standards. The time span was two years, the replacement rate was 70 % of more. After several reductions, the time covered is in 2005 maximum 9 months, and the replacement rate is 65 %.

The Social Act adopted in 1993 introduced the 'income compensation allowance' covering thereby the gap left in the Employment Act. It offered 80% of the minimum pension to the long-term unemployed. The allowance was available originally without a time limit, then reduced, then abolished in 2000. A regular social assistance, amounting to a maximum of 70% of the minimum pension was introduced in 1997 as the last element of unemployment provisions. Thereby a 'three-tier' system of provisions was put in place: insurance, allowance, and assistance, reduced from 2000 to two tiers. In 2002 a new benefit was introduced for the first entrants unprovided heretofore.

Table 2.2. Unemployment provisions

Year	On unemployment benefit (December)	On "replacement benefit" <sup>a</sup>	On unemployment benefit	Total getting some provision
	Number, in thousand		In % of the registered unemployed	
1990	62	*	78	78
1991	312	*	77	77
1992	477	41	72	78
1993	327	141	52	74
1994	192	207	37	77
1995	199	193	40	79
1996	139	212	29	74
1997	137	195	30	72
1998	142	158	35	74
1999	150	149	37	74
2000	122	101 (+36 on assistance)	33	70
2001	119	61	33	69
2002	115	9	33	66

Source: Hungarian Statistical Yearbooks, 2001-2002: Foglalkoztatási Hivatal, Magyarországi Munkaerőpiac 2003, 105.o

The take-up rate of the unemployment benefit was declining from 1990 on because of harsher eligibility conditions. The rate of the registered unemployed getting insurance-based benefit was

- 74% in 1991
- 62% in 1992
- 41% in 1993
- 24% in 1994,
- and remained at this level ever since.

The take-up rate is impossible to assess, because the number of the unemployed differs in the various registrations, and none of them is complete. In 2001 the employment offices registered 364 thousand persons (unemployment rate 8,5%), and the Labour Force Survey using the ILO definition registered 233 thousand, 5,7%. Out of the 364000, 31% got unemployment benefit, 31% assistance, and 29% had no provision. This amounts to NTU 29%. NTU would be higher if we took into account around 200 to 300000 persons who do not register. Meanwhile there are active labour market programs offering public work or training to 60 thousand persons, but we do not know whether they are registered or not (Fazekas-Koltay, pp 160-165).

## **1.2. The pension scheme**

The pension scheme proved to be relatively robust. It could accommodate between 1990 and 1995 half a million people looking for early retirement instead of lasting unemployment. In this way the take-up rate climbed to far over 100 per cent, because the eligibility criteria were adjusted to the changing conditions. The real value of pensions decreased by 30 per cent until 1997, but it reached the pre-transition, 1990 level in 2004. It has to be emphasised that despite the economic crisis and profound administrative changes the pensions were regularly delivered to all the beneficiaries.

Nevertheless the public pension system needed some overhauling because of the multiple, often haphazard changes between 1960 and 1990. In 1991, the Parliament adopted a decision projecting a three-tier system, namely a basic non-contributory flat-rate scheme, a compulsory earning-related scheme, and a voluntary, private tier. It also foresaw the increase and flexibilization of the pension age. Meanwhile the World Bank's 'multipillar' system forced on the agenda in 1995 won the day. The new laws were enacted in 1997.

The current pension system has four pillars. The 'zero' pillar is a means-tested benefit for those who did not acquire sufficient pension rights. The first pillar is a slightly reformed, compressed, state managed PAYG scheme. The second pillar is a private funded defined contribution scheme that is mandatory for first entrants to the labour market, and optional for everybody else. The third pillar is the voluntary private pension.

The "zero" pillar is the provision for those who cannot fulfil the eligibility criteria. This benefit was defined by an amendment of the Social Act (accepted simultaneously with the pension act) transforming the earlier regular social assistance into a means-tested old-age provision. The number of the beneficiaries has remained under 30 thousand up to 2000. Later the provision will become more important because the eligibility conditions for pensions will become harder (minimum 20 years contributory period, etc.).

The first pillar is a slightly reformed social security pay-as-you-go pension scheme. The rules of calculating the pensions are to be changed several times until 2013. The eligibility conditions will become somewhat harsher, the pensions are indexed with the Swiss formula so that the relative value of pensions is declining if real wages are increasing. pensions will be increasingly compressed.

The second pillar is the compulsory funded private pension. It is mandatory for first entrants to join a private pension fund while the others could choose for two years between the old and the new system. Because of the unexpectedly high number of new joiners the deficit of the public fund increased significantly, creating budget deficit for long years to come.

The third pillar consists of the voluntary pension funds, which were regulated by law in 1993. These funds have by now 1 million members. One of their attraction used to be the quite considerable tax exemption (later reduced), and for the employer, the possibility to increase wages without increasing tax and social insurance costs.

The take-up of pensions is impossible to calculate with precision because there are too many side-rules about eligibility. (The core conditions are the number of years in employment, and the payment of contributions, but disability, the number of children, survival status, specific occupations etc. are also giving entitlements.) On the basis of census and pension data together it can be affirmed that full employment until the end of the eighties and survivors' rights assured practically full coverage for all those over the pensionable age limit. Out of the close to 2,3 million persons over the pensionable age limit less than 100 thousand did not get a social insurance pensions. Half of the non-pensioners received regular assistance.

Table 2.3 Pensioners and pensions, 1990-2000

Year	Total number of pensioners		Total outlay on pensions Nominal terms		Total outlay on pensions, in 1990 terms (real value)			Per capita outlay in real terms
	In thousand	1990=100	In billion HUF	1990=100	1990=100 Price index	Md. HUF	1990=100	1990=100
1990	2,556	100	202,1	100	100	202	100	100
1995	3,027	118	582,2	288	310	188	92	78
1996	3,082	121	669,8	331	383	175	86	71
1997	3,123	122	804,8	398	453	178	87	71
1998	3,157	124	989,0	490	518	191	95	75
1999	3, 141	123	1117,2	553	569	196	97	78
2000	3,103	121	1228,5	608	625	197	97	80
2003	3,056	120	1,800,0	890	752	239	118	98

Source: Hungarian Statistical Yearbooks

### 1.3. Family Benefits

Hungary developed from the sixties on a relatively acceptable system of family provisions and childcare institutions. Benefits in cash amounted to about 4% of the GDP towards the end of the eighties. This ratio has decreased to about 2% of the GDP after 2000. The

coverage of the benefits did not change, and new entitlements have been introduced. The real value of the provisions has decreased significantly. The standards were never generous. Currently, though, many of the benefits are tied to the pension minimum which is equal to about 30 per cent of the average wage, 60 per cent or less of the subsistence minimum. That explains why many groups on benefit (young mothers on GYES for instance) are poor.

#### Child benefits

The system of family provisions has become increasingly varied or more fragmented. Children give access to three, sometimes to four benefits:

The family allowance has remained the biggest item among family benefits. Its sum is increasing until the 3rd child. It was employment related until 1990, universal until 1995, means-tested between 1995-1998, and again universal since 1998. The real value of family allowance fell by over 60 % between 1989 and 2002. Since then its real value is maintained, and a 13th month allowance is assured at the start of the school year.

Table 2.4 Family allowance, 1990-2002

	1990	2000	2001	2002
Recipient families, in thousand	1 514,1	1 299,8	1 295,8	1 269,4
Recipient children in thousand (monthly average)	2 498,3	2 152,6	2 115,4	2 267,9
Total expenditure, billion HUF	64,3	132,5	134,0	158,3+
Mean sum per recipient family, Ft/month	3 538	8 496	8 617	10 391
Indicators, real values				
Real value of total expenditure,	100	33	31	34
Real value of sum per recipient,	100	39	36	41
Sum in % of the GDP %	3,1	1,0	0,9	0,9
Recipient children in % of all children aged 0-18	91,0	96,1	96,2	104,8

\* Meanstested between 1995 and 1998, universal in other years

Source: Hungarian Statistical Yearbooks, [www.ksh.hu](http://www.ksh.hu)

The *regular assistance for children* (severally renamed, its current designation being regular child protection support) was reregulated in 1997 in the Law on Child Protection. From a highly discretionary item it has become income-tested with a fixed sum (20 %, later 22% of the minimum pension), identical for each child independently of their number. In this way it has become a social right. The right to the assistance made the new scheme more attractive. The number of recipients rose from about 500 thousand to about 800 thousand in 2 years. However its techniques remained old-fashioned, its level is inadequate.

The *tax allowance* for children was first introduced under the first government, abolished in 1995, reintroduced in 1999. This is – in theory - an unconditional benefit differentiated only by the number of children. (It is higher per child for families with 3 and more children than for families with one or two children.) In practice it depends on whether the payable taxes are high enough to make the full allowance deductible. In practice about two thirds of the families pay enough tax to make full use of it. The level of this allowance did not increase in the last years.

The *pregnancy benefit* was introduced in 1992, as a universal benefit equivalent to the family allowance from the 3rd month of the pregnancy. It was phased out in 1995. It was reintroduced from 2001 on, but only as tax allowance. Poor mothers do not get it

Table 2.5 The three main types of Child allowances in 2001 and 2005

<b>2001</b>	<b>Family allowance- universal, 2001</b>	<b>Family allowance- universal, 2005</b>	<b>Child protection benefit – means tested, 2001 (20 % of minj.pension)</b>	<b>Child protection benefit – means tested, 2005 (22% of minimum pension)</b>	<b>Tax allowance (for those who can use it), both 2001 and 2005</b>
1 child+ 2 parents	3800	5100	4000	5434	3000
1 child+ 1 parents	4500	6000	4000	5434	3000
2 children+ 2 parents	4700	6200	4000	5434	4000
2 children+ 1 parents	5400	7200	4000	5434	4000
3 and more children+ 2 parents	5900	7800	4000	5434	10000
3 and more children+ 1 parents	6300	8400	4000	5434	10000

Source: Hungarian Statistical Yearbooks, State budget

## Maternity benefits

There are several maternity benefits. The *one-time birth allowance* is offered to all those who had 4 medical visits during pregnancy.

*Pregnancy-maternity benefit* is 24 weeks of paid leave for those having 180 days of employment. It is insurance funded. It is 70% of the former wage. Only 25% of the mothers use it because of the low employment rate of young women.

The *Child Care Grant (GYES)* is a flat rate grant for mothers or fathers to stay home with the child until its third birthday. (From 2000 it is available for grandparents, too.) It was introduced in 1967. It was originally employment-related, then universal, then means-tested between 1995 and 1998, and since then universal. The flat-rate sum is currently equal to the minimum pension. It lost about 15-20% of its real value since 1990.

The *Child Support Grant (GYET)* is also a flat rate grant for mothers to stay home if they have 3 or more children under 10. Its some is equal to GYES. It has also become universal in 1998.

The earnings-related *Child Care Fee (GYED)* was first introduced in 1982 as an insurance benefit. It was phased out in 1995, and reintroduced in 2000 as a tax-funded benefit. In 1990 40% of mothers were on the flat-rate GYES, 60% on the earnings-related GYED. In 2000 the proportions are reversed (63 as against 37%). Meanwhile the gap between the two benefits increased. The GYED was about 150 % of the GYES in 1990, and over twice as high in 2000. (Table 2.6)

Table 2.6. Maternity provisions, GYES and GYED Flat-rate and earnings-related child care grant, 1990-2002 <sup>a</sup>

	1990	1998	2002	1990	1998	2002	1990	1998	2002
	Flat-rate Grant (GYES)			Earnings-related grant (GYED)			GYES and GYED, total		
Recipients, in thousand	95	234	172	155	10	70	250	244	242
Total expenditure, billion HUF	3,8	38,5	40,8	9,7	1,1	37,8	13,5	39,6	78,6
Sum per recipient, HUF/month	3303	13725	19734	5198	28027	45018	4660	14305	27025
<b>Real value, 1990=100*</b>									
Real value of total expenditure,	100	196	137	100	2	68	100	57	87
Real value of sum per recipient,	100	80	83	100	104	121	100	59	81
Sum in % of the GDP %	0,18	0,38	0,24	0,47	0,01	0,22	0,65	0,39	0,46

Source: Source: Hungarian Statistical Yearbooks, [www.ksh.hu](http://www.ksh.hu)

Price index: 1990-1998: 517,7%, 1990-2002=716 a GYED was stopped between 1995 and 1998

The TU and NTU of family benefits is again hard to assess. The macro statistics are not usable because of some side conditions. (In case of the family allowance the age limit depends for instance on school enrolment.) The take-up of universal provisions is relatively satisfactory. We have some information about the family allowance from the TU survey sponsored by the ILO that represented the poorest third of the population under 60. It seems that 99% of families with children knew about family allowance, and while 7% did not ask for it, only 1 per cent did not get it. (The application is not complicated, and has some automatism once there has been one uptake.) According to another information of the same survey, 5% of families with children under 16 did not get the allowance. Since access and claiming are relatively easy, the reason may be refusal to follow the procedure, or the undervaluation of the sum of the allowance. (No research is pursued on this point.)

The TU problems are much more serious with the means-tested child assistance. The case is discussed in detail in Chapter 1.2.4

## **1.4. Social assistance**

Most types of social assistance are currently managed (paid) by the local authority, albeit the state refunds partly or fully some important benefits. The most important types of social assistance benefits are the following:

*Old-age allowance* (social assistance for senior citizens): the entitlement covers those persons who have reached the age of 62 or the pensionable age applicable to them and whose per capita monthly net family income does not reach 80 per cent of the minimum pension, or 95 percent in the case of those living alone.

*Regular social assistance*: the target groups are those who have reached the age of 18, have lost at least 67% of their capacity to work or are non-employed of working age. Those are eligible whose per capita monthly net family income is not more than 80 per cent of the minimum old age pension in case of those with health impairment, and not more than 70 per cent for others.

*Regular child protection benefit*: are eligible children in families whose per capita net income falls short of the minimum pension.

*Occasional or crisis assistance* (one-off and urgent payment to individuals, families, or children): regulation is a local-government task.

*Nursing allowance*: this provision goes to family members of persons requiring constant care at home. There is statutory entitlement for those nursing a chronically ill family member who is severely disabled or under 18. Nursing allowance may also accorded through discretionary decision by the local government to those nursing a chronically ill patient over 18.

*Housing allowance*: the eligibility criteria include per capita income and housing expenses. The regulation of the support is in the province of local government.

*Health 'vouchers'*, covering or contributing to the costs of drugs or some other health provisions. There are three types of health vouchers: statutory, discretionary and normative. The first covers support for individuals who belong to specific target groups, such as those in institutional care, or receiving central welfare benefits or disablement allowances. The second supports those deemed needy by local government. The third contributes to the health-care expenses of those whose regular monthly medicine costs exceed 10 per cent of the minimum pension and whose per capita family income does not reach the minimum pension, or in the case of those living alone, 150 per cent of the minimum pension.

Table 2..7 Number of recipients of the most frequent types of benefits (in 1000), 1990-2003

	1990	1997	1998	1999	2000	2001	2002	2003
Regular assistance for children (regular child protection support)	101	656	743	804	786	780	757	704
Regular social assistance	46	27	28	34	47	94	125	138
Income replacement of unemployed	-	186	175	146	115	47	7	-
Housing assistance in cash	-	206	167	134	197	183	175	148
In-kind housing assistance	-	95	103	83				
Occasional cash assistance	807	742	537	474	643	639	665	600
Occasional in-kind assistance		370	223	217				
Occasional assistance (single payments) for children	*	*	389	384	432	407	395	324
Old-age benefit			8	8	8	7	7	6
Nursing allowance		23	24	25	26	29	31	33

Source: Hungarian Statistical Yearbooks

\* no data

Table 2.8. Average amount of the main types of assistance, 1990-2003  
(Mean per person, in HUF)

	1990	1997	1998	1999	2000	2001	2002	2003
	<b>Monthly average per recipient</b>							
Regular assistance for children (regular child protection support)	*	*	2777	3119	3436	4193	4338	4705
Regular social assistance	3209	8306	9444	10588	11056	13019	14650	15010
Income replacement benefit for unemployed	-	9346	11005	14703	16131	18220	18815	
Old-age benefit			11651	13698	14604	16314	18159	19166
Nursing allowance		9241	11177	12492	13551	15012	16969	19360
	<b>Average per recipient per year</b>							
Housing assistance in cash	-	11195	13251	16193	18022	19577	21491	23872
In-kind housing assistance	-	14594	15765	17870				
Occasional cash assistance	2159	5955	6507	7235	6962	7146	7654	8034
Occasional in-kind assistance	2159	5165	4061	4302				
Occasional assistance (single payments) for children	*	*	5762	5688	5978	6358	7100	7973

Source: Hungarian Statistical Yearbooks

## 2. AVAILABLE DATA IN THE FIELDS OF HEALTH, HOUSING AND EDUCATION

### 2.1. Health

#### 2.1.1. General information on the Hungarian public health system

Hungary came to the transition with a well-developed universal health care system. The main changes of the '90 were the introduction of the insurance system, the privatization of GP practices, pharmacies and some other health services and that the ownership of, and responsibility for the provision of health care went to the local municipalities.

The proportion of GDP spent for the maintenance and development of public health care has decreased. Due to the under-financing some social institutions, mainly hospitals have to cope with serious liquidity problems.

Table 2.9 Expenditure of public health care in the percentage of GDP:

1997	1998	1999	2000	2001
4,5	4,6	4,4	4,2	4,2

Source: Social Statistics Yearbook 2001, Central Statistical Office, Bp., 2002

The number of GPs increased in the first years, and started to decline lately. The GPs are missing from the poorest localities and regions. The number of hospital beds for hundred thousand inhabitants has been cut down. This causes some trouble mainly in psychiatric departments, but waiting lists are forming at other places, too.

Table 2.10 Main characteristics of the health service

	1990	2000	2001	2002	2003
Number of GPs	5864	6 729	6 713	6 704	6 688
Patients per GPs	1766	1 490	1 516	1 513	1 513
Beds in hospitals	101954	83 430	80 504	80 340	79 832
Beds in hospitals per hundred thousand inhabitants	1015	832	791	792	789

Source: Central Statistical Office – www.ksh.hu

### 2.1.2. Health insurance

Health provisions were re-regulated for the last time in 1997. The system of health services provides services for everybody who have social insurance against all types of risks, for those who are only entitled to use the health provisions, and also for those who are entitled to them on the basis of international agreements. The members in the family (pensioners, dependent people) are also entitled to the services which start from the beginning of the disease and the end of the process is not determined. In case of basic health provisions everybody is free to choose a GP. The following services belong to the basic provisions: treatment in the hospital and outside of it, sanatoriums, prothesis, appliances, dental care, medicine, home care, transfer and transport fares and rehabilitation. In some cases the patient has to pay some contributions as well: in case of dental care, medicine, medical appliances and sometimes the higher-level cost in the hospital.

### 2.1.3. Access to health care and NTU

The poverty and access study sponsored by the ILO tried to explore in detail access to, and take-up of the health services of the poorest third of the population. The overwhelming majority of the households in the sample (1022 households, or 98

percent) have health insurance coverage. Twenty percent receive health 'vouchers' which assure access to free or almost free medication within certain limits. (The eligibility for this voucher is predominantly means-tested, but it has statutory and discretionary forms, too.) The need for these vouchers seems to be somewhat less satisfied. Seventeen percent of households say that probably they would have needed the voucher but did not apply for it, and in case of a further seven percent the local municipality refused an application for the voucher. It seems paradoxical that both types of household (the one that did not apply, and the other that did apply but was refused), have a lower than average income level. The average rate of refusal, at least in our sample, seems to be higher among the Roma than among the non-Roma, suggesting the possibility of discrimination.

The respondents' use of general medical services (family doctor, specialists, and hospitals) appears more in line with their needs than their use of dental services that are not covered by insurance. 95% of the respondent said to have used the GP, outpatient service and hospitals when needed. The rate of use/need is only 68% in case of dentistry. Four percent of the respondents said that they did not use the medical services though they would have needed it because they did not know they were entitled, and another four percent did not sign up with any practitioner. Apparently there were no difficulties in having access to services and pharmacies. In case of children, even these obstacles are less present: their needs seem to be practically fully covered. (It was repeatedly found that with limited resources children get priority within the family.) The TÁRKI survey for 1997 by and large confirmed these findings.<sup>1</sup>

The main problem of access is that there is a significant minority, 35 to 50 percent (depending on how the question was asked) of households, who cannot pay for the prescribed medication.

Yet it is an open question whether the explicitly nearly full satisfaction of medical needs corresponds to „real” needs. Both in the ILO-POV survey and in the TARKI survey there are significant social differences. Women see the general practitioner (GP) more often than men while men have a shorter life expectancy and would probably need more medical surveillance than they get. There is no clear relationship in either survey between the use of the health service and education, or even locality, but there is one between income and health behaviour. The better the income situation of the household, the higher the likelihood that the ill member of the household goes to see the GP. In both of these surveys there appears no difference in this respect between the Roma and non-Roma households.

In 2003 a study sponsored by the then Ministry of Health, Social and Family Affairs focused research on the access to GPs with special regard to small settlements and the Roma population (Babusik 2004). The results show that access might be difficult in small villages where the GP is missing. It also suggests that the behaviour of the health personnel may be biased against Roma patients.

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<sup>1</sup> Empírikus felmérés a népesség egészségi állapotának meghatározottságáról. Zárótanulmány, TÁRKI Budapest, 1998.május

## 2.2. Education

### 2.2.1. General information on the Hungarian public education system

The pre-primary educational level is the first level of the school system. It caters for children from 3 to 6 years of age. Attendance at this level is optional, except for the final year, which is compulsory. The structure of statutory education is the following:

#### School based full-type education

Pre-primary - one preparatory year, compulsory	5-6 years
Primary - single structure	6-14 years (1 <sup>st</sup> cycle: 6-10 years; 2 <sup>nd</sup> cycle: 10-14/16 years)
General lower and upper secondary	10/12/14 - 18 years
Secondary vocational school	14-18/19 years (4-5 years)
Vocational training school	14-17/19 years (2+1-3 years)

The educational system is universal and financed from the central budget in Hungary. The educational activities and services form the only item of the public welfare expenditure which has not been reduced in the percentage of GDP in the last years.

Table 2. 11 Expenditure of educational activities and services in the percentage of GDP:

1997	1998	1999	2000	2001
4,8	4,8	4,8	4,8	5,0

Source: Social Statistics Yearbooks

The level of enrolment is high. The intake of the kindergartens and of full-time primary, secondary and tertiary education was, in the school-year 2004/2005 2, 8 million, corresponding to 86% of the relevant population (between 3 and 22 years of age). The kindergartens cover about 86% of the children between 3 and 6. The enrolment rate is highest in the last year where the attendance is statutory. Enrolment on the secondary and tertiary level is on the increase. The number of students in tertiary education is four times more than it was in 1990/1991. Part-time and evening courses as well as distance learning is spreading. There are 94 thousand students on the secondary level, and 196 thousand on tertiary level.

Table 2.12 Preliminary data for the academic year 2004/2005, Public education

Type of school	Number of students					Number of teachers
	Day (full time) courses	Adult education	Total	Out of total: girls	Out of total: In special education	
Kindergarten	325 577	–	325 577	157 119	5 743	30 657
Primary school (8 classes)	886 548	2 766	889 314	428 331	56 744	86 991
Vocational schools	131 772	3 505	135 277	51 778	10 380	9 690
Grammar schools (9-12 forms) including some schools having 8 year courses)	193 366	45 484	238 850	137 555	752	17 816
Technical vocational schools	245 428	44 711	290 139	142 702	764	20 755
Total	1 782 691	96 466	1 879 157	917 485	74 383	165 909

Source: <http://portal.ksh.hu/pls/portal/docs/PAGE/KSHPORTAL/NYITOLAP/20SAJTO.DOC>

Table 2.13 Preliminary data for the academic year 2004/2005, higher education

Type of course	Total number of students	Out of it: girls	Students in full-time (day) courses
Accredited tertiary vocational courses	9 122	5 883	7 452
College	240 295	146 678	102 378
University	137 949	74 038	109 384
Further education	26 017	15 797	475
PhD-, DLA- courses	7 942	3 423	5 319
Total	421 325	245 819	225 008

Source: <http://portal.ksh.hu/pls/portal/docs/PAGE/KSHPORTAL/NYITOLAP/20SAJTO.DOC>

The apparently simple structure is in fact extremely complicated. The interests of various subgroups seem to have overruled public interests or even rationality. "Free choice" has become the leading idea. The educational districts were abolished. The 8-form primary school could be changed to 4-form or 6-form schools, so that there are grammar schools of 8, 6 and 4 forms (for children of 10-18, 12-18, 14-18). The Churches got back many

of their former schools. Foundations and private persons could found schools on all levels. This structure is prone to strengthen social inequalities. The longer secondary schools and the private (usually fee-paying) schools cater for the children of better-off families. Educational segregation is increasing because of the "free choice" opportunity. For instance the parents are taking their children to more remote schools if there are (too many) Roma children in the locality. Although entrance examinations are prohibited in elementary schools, they usually find the way to organise some kind of examination for the new entrants, a practice that is also promoting social segregation. Meanwhile access to (previously free) extra-curricular activities such as language or music classes have become paying. Access is theoretically free. Practically the cultural and financial capital of the parents is more decisive than ever before (Kertesi – Kézdi 2005).

### **2.2.2. Non-take-up in education**

Despite the improvements it is still a big challenge to decrease the number of school drop-outs and to provide equal opportunities for everybody – especially for those with social disadvantages – to find access to the professional and educational courses.

On the level of kindergartens the enrolment of pre-school age (5 years old) children was in 1999/2000 close to 100 per cent among non-Roma, and 89% among Roma children. This means a huge disadvantage at school entrance.

On the primary school level about 7% of boys and 5% of girls do not finish their first grade as late as 19 years. The rate of those without primary education drops then to 2 to 3%. This implies that there was a significant improvement also in the educational achievement of the Roma population. The major problem is access to good quality education. Segregation is a major problem. According to sociological researches there are about 700 primary schools where Roma children are segregated into separate classes. On the basis of estimated data about 7 per cent of all the Roma children study in schools with special curriculum, while this ratio among the non-Roma children is only 1-2 per cent. (Source: Ministry of Education, 2002) Although since 1985 the classes for children with learning difficulties have had the same curriculum as the normal classes the possibility to find the way back to these classes is extremely difficult. The segregated classes for children with learning difficulties provide no sufficient possibilities to continue the studies in secondary schools or to find a job on the labour market.

The enrolment on the secondary level is increasing, and also the Roma population registers improvement. In 2000, 84% per cent of the Roma population between the ages of 18-74 have acquired only primary school-level education while in the total population this rate was only 28%. Currently 94% per cent of Roma children finish primary school and about 85 per cent of them continue their studies in secondary educational institutions. However, only 16 per cent of them study in institutions that give the possibility of graduation and hence direct access to higher education. According to the research of F. Gázsó, 54% of the children of fathers with higher education go to the grammar schools, but only 11% go there if the father has primary education. (Gázsó-Laki, 2004). Thus the social and ethnic gaps are still huge.

The number of school drop-outs is still high in Hungary, especially in case of females, although the figures are not as bad as the EU average. Table 2.14 shows the school dropouts in the 15 old EU countries and in the 7 new member states.

Table 2.14 School dropouts: rate of 18-24-year-old population with maximum 8 grades primary school who were not in any school during the month preceding the survey, 2003 (%)

<b>Country</b>	<b>Males</b>	<b>Females</b>
<b>EU 15</b>	<b>20.3</b>	<b>15.9</b>
Portugal	48.3	33.8
Spain	36.1	23.4
Italy	27.9	21.3
Greece	19.6	11.0
United Kingdom	17.0	16.4
Netherlands	15.7	14.3
France	15.0	11.6
Ireland	14.9	9.2
Belgium	14.9	9.9
Luxembourg	14.4	19.6
Germany	12.6	12.6
Finland	12.6	7.3
Denmark	10.3	9.6
Austria	8.8	10.3
Sweden	9.8	8.2
Latvia	22.7	13.4
Lithuania	14.9	8.9
<b>Hungary</b>	<b>12.4</b>	<b>11.1</b>
Poland	7.8	4.7
Slovenia	6.2	2.3
Slovakia	5.2	4.7
Czech Republic	5.2	6.8

Access to tertiary education is still difficult for the underprivileged groups. F. Gázsó shows that in the 20-24 age cohort social differences are very high. 63% of the children of fathers with higher education are university students. The ratio is 51% if the fathers have a college degree, 36% if they are high school graduates, 4% if they have only primary education (idem, p.143.) Ethnic differences are also decisive. While the ratio of those who finish tertiary-level education is 13,5 per cent in the total population, the ratio is much less among the Roma: 1 per cent. (Ministry of Education, 2002).

There are various pro-active programs and financial support on all levels for the disadvantaged groups, but there is no statistical evidence about take-up rates. The task

is all the more difficult because eligibility criteria for these programs and benefits are complicated and often haphazard.

## 2.3. Housing

### 2.3.1. General information on the Hungarian housing situation

The housing situation on the macro level is relatively acceptable. According to the results of a housing census relating to 2003 there were altogether 4,3 million flats. Out of these 8% were not inhabited, and 250 thousand were secondary residences. The quality of continuously occupied flats was 3743 thousand, with 9800 thousand inhabitants. The housing density fell under 1 person per room around 2000.

Table 2.15 Main characteristics of housing

Year	Population for		Space per person	The average floorspace of flats in qm.	Number of rooms per person
	For 100 flats	For 100 rooms			
1999	261	104	28	74	0,96
2003	260	98	30	78	1,02

Source: Housing situation, 1999-2003, Central Statistical Office, Bp., 2004

The quality of housing has significantly improved in the last decades and also in the last years. The ratio of flats without a bath-room for instance was 12% in 1999 and 8% in 2003. Yet substandard housing defined in terms of cumulated shortcomings amounts to 10-18 per cent (according to the definition).

The housing stock has been almost totally privatised. As the tenants had the possibility to buy the flats for a reduced price now only 4 per cent of the flats are owned by municipalities. While there is a significant lack of social tenement flats, the prices make flat-buying very difficult. The rise of the flat prices exceeded the rise of incomes. The same is true for housing costs.

These tendencies led to the emergence of over-indebtedness: half a million households were indebted to public-utility companies, and almost as many to banks.

### 2.3.2. Social supports and their take-up in housing

Access to housing is supported by an increasing number of social supports from low-interest credit to debt-handling. The most important measures are the following:

The social policy benefit can be claimed for building or buying a new flat or house. The amount of the benefit depends on the number of children or other dependent members

of the family. The sum was increased in 2005. Currently for instance a family with one child is entitled to 800 thousand HUF (appr. 3250 EUR) and with three children to 3 200 thousand HUF (appr. 13 060 EUR).

Subsidised credit exists in several forms. The state made contracts with certain banks which provide subsidised credit for buying flats. The banks can independently make the decision on awarding the credit to the claimers. From 2005 on the state stands bail for the credit of young families with limited resources, and the interest of these loans is subsidised.

Two types of housing allowance exist: 1) the normative housing assistance – the entitlement is regulated in the Social Act. Persons and households are entitled to the assistance if their per capita income does not exceed the 150 per cent of the minimum pension and the costs of housing exceed the 25 per cent of total income of the household. 2) The local housing assistance – the amount and the entitlement are regulated by the local municipalities. As policy makers had to face of the more and more serious problem of over-indebtedness some positive steps were taken during the last few years.

The minimum amount of the housing assistance was raised to 2 500 HUF (appr. 10 EUR) from 1000 HUF (appr. 4 EUR).

The service for over-indebted people was introduced in 2003 as an alternative special social service. (It is not statutory.) The service is composed of a financial and a personal care element. People resorting to the debt-handling service are automatically entitled to the housing assistance and obliged to cooperate with the social workers who work for the Family Support Centres. The problem with the debt-handling programme is that there is a limit on the amount and if the debt is over this amount the person or household can not resort the service. The limit was recently raised.

A new government decision offers significant public help to families who could not pay back their housing loans.

There is very little information about the take-up rates of these subsidies and benefits. Some of the obstacles are better known

There is a severe lack of appropriate information and public awareness. Although through some websites and information materials published by the banks the information could be accessible the transparency and the distinctness of the information should be improved.

According to the finding of the CSO people in the lowest income quintile have a very limited access to subsidies and other types of assistance related to housing. Only one tenth of flat-builders or flat-buyers could resort the social policy benefit. There is a tendency that the majority of social policy benefit is used by households with average or more income. For instance 11 per cent of flat-buyers in the first (the lowest) income quintile used subsidized bank credits as against 28% in the next quintile. (We have to note that bank credits are dependent on the income of claimers.)

### **3. DATA SOURCES AND MEASURING METHODS IN RELEVANT SURVEYS FOR THE ANALYSIS OF SOCIAL ASSISTANCE AND THE NTU**

The ambiguous relationship of the policy-makers to social assistance may account for the scarcity of data on social assistance, and the total absence of NTU data up to 2001. The question is still not solved in 2005. We describe in what follows the main data collection initiatives of the Central Statistical Office, the most important private social research institute, TARKI, and the Poverty Research Centre. There are other small researches on poverty that are handling only marginally the NTU issue. The exception is the research of the Institute of Sociology of the Hungarian Academy of Sciences headed by Julia Szalai that focused on the activities of some very poor local authorities concerning the local poor. The report is under preparation, some of its findings that were already published are referred to in 1.2.4 (Szalai 2004).

It seems that surveys covering the whole population are not well adapted in Hungary to measure TU and NTU rates. There may be many reasons such as the underreporting of income in general, the shame attached to report about assistance in a macro survey, the small amount of the income accruing to the family from assistance that may be well within the sampling error, etc. Also, neither administrative statistics nor surveys covering the whole population are well suited to record complicated eligibility conditions, or those who are left out of assistance schemes.

We conclude that at least under the present conditions special surveys on various aspects of means testing, TU and NTU are needed to understand the efficiency and effectivity of policies connected to poverty and exclusion.

**(A) The Central Statistical Office (CSO)** is the most important data collector of the country. Its work on assistance is scant.

*Income and poverty surveys.* The CSO launched the first nationwide income survey in 1962. It proposed then to repeat this type of survey each five year. Because of financial reasons and lack of interest the survey became less regular in the eighties, and stopped in 1995. The last income survey has no data on social assistance. The second income survey was followed by a focused poverty survey in 1968. Since then the CSO did not repeat this type of survey.

*Household Budget Survey.* The CSO carries out each year a household budget survey. The stratified random sample consists of about 8000 households. One third of the sample is rotated each year, so that one third of the sample is a 3-year panel. The results are published yearly in the Yearbook of Household Statistics. The survey registers with painstaking detail all items of income and expenditure, together with some socio-economic characteristics of the households. Unfortunately the published results are inadequate to analyse TU and NTU. The income sources are itemised in such a way as to render almost impossible and very time-consuming to separate means-tested from other benefits. More importantly, only per capita sums are published according to some

important socio-economic classification. Thus we know for instance that the child protection benefit (assistance) amounts in 2002 to HUF 291 per person per month, varying between HUF 1225 in the lowest decile and HUF 23 in the highest decile. There is however no information about the number of households claiming the assistance, and there is no way to assess from the data the number of eligible households. Thus not only NTU, but even TU rates are impossible to calculate. In all probability the data on assistance are seriously underestimated. All the (probably) means-tested items make up 0,7% of the total gross income. In reality this ratio is (in our estimate) at least three times higher. Therefore it does not seem to be very promising to use this data base for the secondary analysis of take-up rates.

*Experimental data gathering at the local authorities, 1994-1996.* The CSO launched an experimental survey covering a small sample of local authorities from 1994 . The sample consists of 250 settlements. It is a non-random sample, focusing on the "social" activities of the localities. Three reports were published between 1995 and 1997. (CSO 1995, 1996, 1997) analysis offered estimates on the take-up rate of various social benefits, and analysed also the NTU – unfortunately using an income threshold that did not correspond to the official eligibility threshold. The results seem to underestimate the rate of beneficiaries among the poor. (see Chapter 1.1.4).

*Time budget and way of life survey, 1999-2000.* A large random survey covering 11000 households gathered time budget data, It included one question about income sources, and one dummy question about receiving or not social assistance. On this basis a report was written on the relationship of income poverty and social assistance (CSO 2001). It seems that also in this case both the estimates about TU, NTU rates and targeting are very different from other findings, and probably misleading. According to the results (later used also by the UNDP in a report) only 30 % of (probably eligible) households, that is household in which the per capita income was under 30 per cent of the pension minimum received any social assistance.

Table 2. 16 Proportion of households recipients of social benefit by income groups according to CSO time-budget data

Social and demographic characteristics	Proportion of households recipients of social benefit					
	By per capita income			By equivalent income		
	Under 70% of minimum old age pension	Under 80% of minimum old age pension	Under the minimum old age pension	Under 70% of minimum old age pension	Under 80% of minimum old age pension	Under the minimum old age pension
Total	33	33	30	28	31	31
<b>Type of household</b>						
Household with children under 18	37	37	35	34	38	35

Household without children under 18	26	24	21	28	25	24
<b>Number of children</b>						
Household with child	27	29	26	31	33	29
Household with 2 children	39	39	35	24	39	39
Household with 3 or more children	43	46	44	47	44	39
<b>Age group of head of household</b>						
15-39	47	47	42	41	42	45
40-59	31	30	27	33	34	29
60-x	8	11	15	5	7	10
<b>Type of settlement</b>						
Budapest	30	25	20	35	36	26
Country seat	30	27	23	21	25	30
Town	35	34	30	25	32	32
Village	33	34	30	31	32	31

Source: A jövedelmi szegénység és a segélyezés kapcsolata, KSH, Budapest, 2001. 21-22. o.

*SILC Surveys* will be the responsibility of the CSO. The last variant of the questionnaire does not contain questions of the take-up of benefits. The SILC is not likely to be launched before 2006.

**(B) TÁRKI, Social Research Center Inc.** is a joint stock company founded in 1985 is the first private research center of Central Europe. It has followed the whole transformation process by means of various surveys. It has conducted surveys in various fields.

*Hungarian Household Panel Survey* was a unique venture in Hungary. The Hungarian Household Panel Survey was a joint research project of several research units with TARKI as the main stake-holder. Between 1991 and 1997, a nation-wide sample of 2600 households was surveyed on a yearly basis. The research focussed on the dynamic changes of the labor market, income inequalities, the life prospects of the various strata of the population, and the financial and economic strategies of households. Unfortunately the survey was discontinued because of lack of funds.

*TÁRKI Household Monitor Survey* is the continuation of the Hungarian Household Panel, without its longitudinal character. Its purpose is the quick assessment of the changes in the stratification of society and in social inequalities. The survey is primarily focussed on issues concerning the labor market and incomes, consumer attitudes, savings, economic expectations and economic behavior, as well as changing social relations are also included among the subjects of the survey. The survey is supported by several governmental and state institutions, as well as by private institutions through research commissions. The survey encompassing up to 2000 households is normally conducted in late spring and each year a specific volume containing the results is published, available to the public.

The TARKI has the most reliable data on poverty measurements. On the basis of the panel and the monitor surveys it has comparative data for the last decade. Unfortunately the most important Laeken indicator ( % under 60 % of the median) is missing from the Table, but it can be re-calculated from the data if need be.

Table 2.17 Indicators of poverty, 1992-2003

	<b>Poverty threshold</b>	
	<b>Under half of the median income</b>	<b>Under half of the mean income</b>
1991/1992	12,8	10,2
1995/1996	18,3	12,8
1999/2000	14,6	9,1
2000/2001	14,4	10,3
2002/2003	15,9	10,9

Source: TARKI Panel and Monitor data

The TARKi surveys register the various income sources, but the reports do not publish information about the number of beneficiaries, take-up rates or eligibility conditions. The distribution of the various income sources offers valuable insight in the problem of “targeting”.

Table 2.18 The distribution of various income sources in terms of equivalent income among income quintiles %

<b>Year</b>	<b>1.</b>	<b>2.</b>	<b>3.</b>	<b>4.</b>	<b>5.</b>	<b>Total</b>
<b>Pensions</b>						
1991/92	16,2	23,7	23,9	18,2	17,9	100,0
1992/93	15,6	22,0	24,6	20,5	17,3	100,0
1995/96	10,9	21,3	25,6	22,8	19,4	100,0
1996/97	9,7	19,1	25,7	26,1	19,5	100,0
1999/00	12,0	21,4	24,0	24,9	17,8	100,0
2000/01	12,2	23,0	24,4	24,1	16,3	100,0
2003	12,4	21,2	24,9	23,6	17,9	100,0
<b>Unemployment benefit</b>						
1991/92	24,1	22,7	16,3	26,1	10,8	100,0
1992/93	30,9	20,7	17,9	22,0	8,4	100,0
1995/96	32,2	25,5	19,6	15,4	7,4	100,0
1996/97	39,8	18,4	13,7	22,6	5,6	100,0
1999/00	47,8	18,3	10,7	9,9	13,3	100,0
2000/01	34,3	22,8	23,6	11,6	7,6	100,0
2003	38,8	23,8	13,8	13,0	10,6	100,0
<b>Benefits connected to motherhood</b>						
1991/92	14,9	22,9	26,1	21,4	14,8	100,0
1992/93	17,5	23,7	21,7	23,7	13,3	100,0
1995/96	35,6	18,4	16,4	17,1	12,6	100,0
1996/97	39,4	17,4	19,4	12,5	11,4	100,0
1999/00	33,2	15,5	19,5	14,8	17,1	100,0
2000/01	32,8	20,5	16,0	17,1	13,6	100,0
2003	37,2	20,2	16,6	13,3	12,8	100,0
<b>Social assistance</b>						
1991/92	21,3	15,7	26,0	18,0	18,9	100,0
1992/93	30,8	16,2	18,7	22,9	11,4	100,0
1995/96	29,9	14,5	25,0	17,0	13,6	100,0
1996/97	36,2	24,2	14,5	14,7	10,4	100,0
1999/00	52,8	14,9	15,8	6,7	9,8	100,0
2000/01	49,8	22,5	9,8	15,6	2,3	100,0
2003	49,3	22,2	10,8	6,9	10,8	100,0
<b>Family allowance</b>						
1991/92	14,1	17,7	22,9	26,7	18,6	100,0
1992/93	17,3	18,6	22,8	23,1	18,2	100,0
1995/96	28,9	18,3	18,6	19,2	15,0	100,0
1996/97	35,0	16,9	19,1	17,7	11,3	100,0
1999/00	34,0	15,0	19,1	18,5	13,5	100,0
2000/01	32,8	17,6	14,1	15,9	19,6	100,0
2003	35,6	20,0	16,9	13,3	14,2	100,0
<b>Total income</b>						

1991/92	7,9	12,0	17,0	24,0	39,1	100,0
1992/93	8,9	12,8	17,3	23,0	38,0	100,0
1995/96	9,1	12,0	16,5	22,8	39,5	100,0
1996/97	9,5	12,5	16,5	23,0	38,6	100,0
1999/00	9,1	13,4	16,8	21,6	39,1	100,0
2000/01	8,9	13,4	16,9	21,8	39,0	100,0
2003	8,7	13,2	16,7	21,3	40,1	100,0

Source: Tóth István György: Jövedelemeloszlás In: Szivós Péter – Tóth István György (szerk.): Stabilizálódó társadalomszerkezet TÁRKI Budapest, 2004.

**(C) The Poverty Research Centre** is a small unit at the Eötvös Loránd University (ELTE) in Budapest. It was formally created only in 2004, but its members conducted poverty research in the last decade. (For instance Ferge et al. 1995) The former researches were mostly small, in-depth studies about various aspects of poverty and assistance. The first survey that was large enough to produce statistically significant results and that was focusing on access to, and take-up of various benefits in cash and in kind was initiated by the ILO, and carried out in 2001 (Ferge, Darvas, Tausz 2002). The NTU issue was also analysed in the report on families with children (Darvas-Tausz 2004), and in connection with families caring for multiply handicapped children (Bass 2004).