



Non-contributory Social Benefits in the Czech Republic

**Hana Zelenková
Ministry of Labour and Social Affairs
June 2016**



Content

- **History of the Czech social benefit systems**
- **Definition and main features of current non-contributory benefits**
- **Benefit systems:**
 - **State Social Support**
 - **Foster Care Benefits**
 - **Assistance in Material Need**
 - **Benefits for People with Disabilities**
 - Care Allowance**
- **Living minimum**



History of Social Benefit Systems

- **History of social protection goes back to 1920s**
- **Development of family benefits and social assistance benefits and services after the World War II**
- **Significant expansion in 1970s and 1980s**
- **In 1990s - necessity to create social protection system adequate to market economy**
 - **react to new phenomena (unemployment, poverty, exclusion) by social safety net**
 - **maintain social peace**
 - **newly specify nature of benefits**
 - **interconnect isolated benefit in consistent systems**



Non-contributory Social Benefits

Benefits provided in social situations that are not covered under social insurance schemes

- **Family benefits**
 - **State Social Support Benefits**
 - **Foster Care Benefits**
- **Social assistance benefits**
 - **Benefits of Assistance in Material Need**
 - **Benefits for People with Disabilities**
 - **Care Allowance**

Each group of benefits is regulated by specific law



Non-contributory Social Benefits

Main features:

- **Benefit costs and administration are financed from the State budget – no personal contributions**
- **Source of funding is general taxation**
- **Benefits belong to mandatory expenditures**
- **Paid to Czech citizens and foreigners having residency in the CR**
- **Decision making on benefits is regulated by Administrative Code**



Non-contributory Social Benefits

Main features:

- **Execution and organization is within purview of state bodies**
- **Arrangements and procedures are governed centrally – benefits are handled by the Labour Office of the CR, appellate body is MOLSA**
- **Prescribed application forms are used, they contain all facts necessary to attest**
- **Uniform information system ensures an integrated approach all over the country**



Labour Office of the CR

- **Regulated by Act No. 73/2011 Coll. On Labour Office of the CR**
- **Structure:**
 - **General Directorate**
 - **14 Regional Branches**
 - **over 400 Contact Points**
- **Activities and responsibilities:**
 - **non-contributory social benefits**
 - **public employment services**
 - **unemployment benefits**
 - **active labour market policy**
 - **protection of employees against insolvency**
 - **inspection of social service quality**



Non-contributory Social Benefits

Differences:

➤ **Objective**

- **Support of families with children**
- **Social assistance in poverty, exclusion, exceptional situations**
- **Health problems, dependency**

➤ **Eligible persons**

- **Given by EU legislation**

➤ **Payment**

- **Cash benefits (bank account, postal order) or in-kind benefits (vouchers)**
- **Form determined by provider or beneficiary**
- **Institute of specific recipient, direct payment**



Non-contributory Social Benefits

Key concepts:

- **Family – jointly assessed persons**
 - **Parents and children**
 - **Persons living in (common) households**
- **Dependent child**
 - **Child in compulsory school attendance**
 - **Student or disabled up to 26 years**
- **Living minimum and existence minimum**
 - **LM = the minimum threshold of financial income to ensure sustenance and other basic personal needs**
 - **EM = the minimum threshold of financial income to ensure sustenance and other basic personal needs on survival level**



Non-contributory Social Benefits

Key concepts:

- **Income (decisive for income tested benefits)**
 - **From employment, self employment, rent, capital, other taxable incomes****after deduction of spent expenses, taxes and contributions**
- **Maintenance/alimony, compensations, other non-taxable incomes**
- **Sickness and pension schemes benefits, unemployment benefits**
- **Similar incomes from abroad**
- **State social support benefits, foster care benefits (under stipulated circumstances)**



State Social Support

- **Regulated by Act No. 117/1995 Coll. on State Social Support**
- **Benefits provided to families in given social situations (child birth, care of small child, insufficient income to cover adequate housing, death in the family)**
- **Income tested benefits:**
 - **Child Allowance**
 - **Birth Grant**
 - **Housing Allowance**
- **Universal benefits:**
 - **Parental Allowance**
 - **Funeral Grant**



State Social Support

Child Allowance

- **Eligible are dependent children in low-income families (family income under 2.4 LM)**
- **Monthly amounts differ according to child's age (500 CZK up to 6 years, 610 CZK from 6 to 15, 700 CZK from 15 to 26)**

Birth Grant

- **For low-income families (income under 2,7 LM) if the first or second child is born/adopted**
- **One-off amount of 13 000 CZK for the first child, 10 000 CZK for the second child**

Funeral Grant

- **Eligible is person organizing funeral of dependent child or parent of dependent child**
- **One-off amount of 5 000 CZK**



State Social Support

Housing Allowance

- **Property owners or tenants are eligible if 30% (in Prague 35%) of family income is insufficient to cover housing costs and this 30% (35%) of income is lower than prescriptive costs**
- **Prescriptive housing costs (set by law) differ according to form of ownership, size of municipality and number of persons in flat**
- **Housing costs include rent or similar costs of owners, services, energy**
- **Allowance is calculated as difference between housing costs (up to prescriptive) and family income multiplied by coefficient 0,30 (0,35)**



State Social Support

Parental Allowance

- **Eligible is parent who personally and duly cares for the youngest child in family**
- **Total amount of CZK 220 000 (up to 4 years)**
- **Parent with sickness insurance (working) may elect monthly amount of benefit (given maximum is 11 500 CZK) and thus the period of drawing according to family situation**
- **Non-insured parent receive fixed monthly amounts 7600 CZK for 9 month and later 3 800 CZK up to 4 years of child's age**
- **Parent's employment activity is not limited**
- **Child's attendance in facility is in view only until 2 years (46 hours per month)**



Foster Care Benefits

- **Regulated by Act No. 359/1999 Coll. On Social and Legal Protection of Children**
- **Benefits facilitate to cover cost of children entrusted to substitute family care:**
 - **Foster Child Allowance (from 4 500 do 9 000 CZK according to age and dependency level)**
 - **Foster Parent Allowance (from 8 000 CZK by number of children and dependency level)**
 - **Fostering Grant - Inaugural (from 8 000 to 10000 CZK according to age)**
 - **Motor Vehicle Grant (3 children, max 100 000 CZK)**
 - **Fostering Grant - Concluding (25 000 CZK)**



Assistance in Material Need

- **Regulated by Act No. 111/2006 Coll. On Assistance in Material Need**
- **Previous legislation – Act No. 482/1991 Coll. On Social Neediness**
- **Provided to individuals or families if they do not have sufficient income and their overall social and property relations prevent them from satisfying basic living requirements**
- **Plus if they are objectively unable to increase their income (through work, application of entitlements and claims or sale or disposal of own assets) and to improve their situation by their own actions**



Assistance in Material Need

Eligibility – person not in material need:

- **who do not try to improve situation by own actions**
- **who is not in employment or not registered as job seeker**
 - **exceptions: pensioners, 68+, disabled, temporary sick, children, carers**
- **job seeker refusing employment or participation in ALMP program**
- **who is not entitled to sickness benefits due to own fault**
- **parent sanctioned for truancy of child**
- **prisoner, in preventive detention**



Assistance in Material Need

- **Means (property, income) and efforts of all family members are assessed**
- **Requirements of work ability/active job search apply to healthy working-age individuals**
- **Incentive to work – wages calculated as 70%, unemployment and insurance benefits as 80%**
- **Last resort benefits, in decision making large extend of administrative discretion is used**
- **3 benefits**
 - **Allowance for Living**
 - **Supplement for Housing**
 - **Extraordinary Immediate Assistance**
- **Construction of benefits is based on existence minimum and living minimum**



Allowance for Living

- **Basic benefit covers poverty situations of people in material need caused by low or missing income**
- **Allowance is calculated as the difference between the amount of living of a person or a family and the income of that person or family less reasonable housing costs***
- **The amount of living is derived from the existence/living minimum and based on evaluation of person's income, efforts and opportunities, increase in diet nourishment**

*** Reasonable housing costs are costs of housing up to 30% (35%) of income**



Supplement for Housing

- **Benefit tackles cases where the income (including Housing Allowance) is insufficient to cover justified housing costs**
- **Justified housing costs include rent or similar costs of flat/house owners, services related to housing and energy costs**
- **Provided to flat owners or tenants, in exceptional cases also to people using other forms of housing (sublease, institutional services, lodging houses)**
- **Supplement is calculated in such a manner so that person after payment of justified housing costs is left with amount of living**



Extraordinary Immediate Assistance

Benefit covers exceptional and unexpected situations that must be resolved immediately:

- **serious health hazard (grant max EM/LM)**
- **events as natural or ecological disasters (grant max 15 LM)**
- **to pay expenditure/fee related to e.g. loss of personal documents (grant up to expense)**
- **to buy or repair basic furniture or durables (grant up to expense, max 10LM/year)**
- **to cover costs related to education or activities of children (grant up to expense, max 10LM/year)**
- **risk of social exclusion (orphans, ex-prisoners) (grant up to 1 000 CZK, max 4LM/year)**



Benefits for People with Disabilities

- **The act No. 329/2011 Coll. on Providing Benefits for People with Disabilities regulates:**
 - **financial benefits aimed at reduction of social consequences of disability and support of social inclusion**
 - **Allowance for Mobility**
 - **Grant for Special Aid**
 - **Certificate of Person with Disability**
 - **Previous legislation – Decree by the MOLSA No. 182/1991 Coll. To Implement the Act on Social Security and Act on Jurisdiction of Czech Republic Bodies in Social Security**



Allowance for Mobility

- **Recurrent obligatory allowance**
- **For people older than 1 year who are eligible for Certificate of Person with Disability (of higher levels) and are transported repeatedly and against payment**
- **Monthly amount of allowance 400 CZK**



Grant for Special Aid

- **One-off obligatory grant for aids not covered by health insurance enabling self-reliance, working activities, education, social contacts, buying or modification of a motor vehicle, adjustment of a flat**
- **For people with severe disabilities of support and motion apparatus, blind and deaf**
- **Age from 1, for motor vehicle and flat adjustment from 3 years, at guiding dog from 15 years**



Grant for Special Aid

- **Amount is settled under 3 regimes:**
- **Aid with price under 24 000 CZK – grant is provided only to people with income less than 8times living minimum**
- **Aid with price over 24 000 CZK – no income test**
- **Client`s participation 10 %, at least 1 000 CZK, exceptions for low income people**
- **Maximum amount for one aid 350 000 CZK, total 800 000 CZK in 5 years**
- **For buying a car maximum 200 000 CZK, with respect to frequency and reasons of transport**



Certificate of Person with Disability

- „Card“ bringing numerous favours/privileges in solving long lasting matters, in public transport, reduced fare, tickets for culture events, certain tax relieves, exemption from certain charges ...
- 3 types of certificate depending on seriousness of disability:
 - TP
 - ZTP
 - ZTP/P



Care Allowance

- **Regulated by Act No. 108/2006 Coll. on Social Services**
 - **Provided to people who are due to their long term unfavourable health condition dependent on another person's assistance when dealing with basic living needs**
 - **4 levels of dependence**
 - **Grade I (slide dependence)**
 - **Grade II (medium-heavy dependence)**
 - **Grade III (heavy dependence)**
 - **Grade IV (total dependence)**
- set by Medical Assessment Service together with social worker of Labour Office**



Care Allowance

➤ Monthly amounts in CZK

Grade	People below 18	People above 18
I	3000	800
II	6000	4000
III	9000	8000
IV	12000	12000

- **Care Allowance is increased by 2000 CZK for children and parents in low income families and children from 4 to 7 years in Grade III or IV**



Living Minimum

- **First defined by Act No. 463/1991 Coll. On Living Minimum as socially recognized minimum level of income below which material need emerges**
- **Living minimum consisted of 2 components:**
 - **Financial resources to cover basic personal needs (sustenance, clothing and footwear, industrial products of short-term use)**
 - 5 amounts according to age
 - **To cover shared costs of the household (housing and related services)**
 - 4 amounts according to household size



Living Minimum

Newly set by Act No 110/2006 Coll. On Living and Existence Minimum within the major reform of social assistance schemes

- **Living minimum defined as the minimum threshold of financial income to ensure sustenance and other basic personal needs**
- **Existence minimum defined as the minimum threshold of financial income considered as necessary to ensure sustenance and other basic personal needs on survival level**
- **Single component minimum – common needs are removed (due to volatility, changes in rent control), housing solved separately by benefits**



Living Minimum

- **Amounts of living minimum stipulated by Government Decree in CZK per month:**
 - **individual** **3 410**
 - **first adult person in household** **3 140**
 - **second and other adult person** **2 830**
 - **child under 6** **1 740**
 - 6 – 15** **2 140**
 - 15 – 26** **2 450**
- **Living minimum of family = sum of living minimum of particular family/household members**
- **Existence minimum** **2 200**



Living Minimum

Example:

Family member	Amount in CZK
Father	3 140
Mother	2 830
Child 5 years	1 740
Child 12 years	2 140
Child 19 years	2 450
<hr/>	
Total	12 300



Living Minimum

Methodology of determination and adjustment of living minimum

- **Prior to 2006 setting**
 - **Research (made by RILSA)**
 - **Empirical data on consumption of several types of low income households (Family Budget Statistics)**
 - **Field surveys**
 - **International/European experience**
- **Adjustment of living minimum amounts (Government Degree)**
 - **Based on CPI index, since January (growths at least 5%) or in special term**



Living Minimum

Consumer Basket:

- **Food and non-alcoholic beverages**
- **Alcoholic beverages, tobacco**
- **Clothing, footwear**
- **Furnishing, household equipment, maintenance**
- **Health**
- **Transport**
- **Communication**
- **Recreation, culture**
- **Education**
- **Boarding (restaurant), accommodation (hotel)**
- **Miscellaneous goods and services**



**Ministry of Labour and Social Affairs
Department of Non-contributory Social
and Family Benefits
Na Poříčním právu 1
128 01 Praha 2
Czech Republic**

**www.mpsv.cz
hana.zelenkova@mpsv.cz**