



Caritas CARES

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Caritas CARES Czech Republic Report
on the state of poverty in selected areas



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Introduction



The Caritas CARES report, which has been published by Caritas Czech Republic since 2014, usually on a biannual, describes the main problems of society related to poverty and social inclusion of disadvantaged people.

Each of the reports issued so far has focused on a selected specific problem (or problems) and has served, among other things, as a basis for further advocacy activities of Caritas Czech Republic. Together with direct assistance to people within the broad network of Caritas services, social advocacy is another type of assistance that focuses on the systemic level of solving a long-term problem.

The current edition of the Caritas CARES report describes selected problems of the current welfare system. In the next section, it provides a critical assessment of the recently introduced reform of the benefit system.

This report is based on the Caritas's expertise and the experience of social workers of the Caritas Czech Republic and is supplemented by specific case studies and other expert sources. In addition to the systemic and legislative shortcomings described in detail and demonstrated in individual case studies, the text also comes up with proposals for solutions to remedy them.

The report draws its recommendations for adjustments to the draft changes to the benefit system from the work of an advocacy group that included representatives of the Platform for Social Housing, the non-profit organization People in Need, the Association of Organizations in the Prison Sector, PAQ Research, the employment office of the Ombudsman, the Office of the Commissioner for Human Rights, the Initiative for Equality, Justice and Human Rights, and Caritas Czech Republic. The collectively developed recommendations became the basis for the second part of the report.

Social support system at present



PART I

The purpose of the minimum income system, in Czech terms called the “System of aid in material need”, is to guarantee every person a minimum standard of living. This system is not based on the principle of merit, but on the principle of need, and serves as a last safety net for those who have no other means of securing their livelihood at any given time.

The economic crisis and the increasing pressure for austerity measures have led to a gradual tightening of conditions and a “downsizing” of these social benefit systems, not only in the Czech Republic but also in other European countries. The system is set up so that benefit recipients return to the labour market as quickly as possible, i.e. to any paid employment. However, this approach is unworkable because it causes people to return to the minimum income system all the time. It overlooks the fact that these are mostly people who are significantly disadvantaged in the labour market and their integration cannot be successful simply out of coercion.

Real improvement of the system requires not only good quality counselling and retraining (i.e. the kind that can actually find a job on the labour market), but also long-term support and cooperation after the client has found a job. Cumulative problems that put people at a significant disadvantage cannot be eliminated overnight.

The most important changes must come from the employers’ side. This requires investment in

the development of the social economy and in job creation in general, especially for people who are disadvantaged in the labour market. Furthermore, there is a particular need to prevent the precarisation of work, i.e. to ensure decent pay for work, stable employment contracts, good working conditions and the protection of employees’ rights. It is also necessary to combat discrimination and to create specific support measures for various disadvantaged groups.

An equally important aspect is the so-called positive hierarchy of minimum income with minimum wage. This means that benefits from a minimum income system should enable people to cover all their basic needs in a dignified way. However, the income earned by people working for the lowest wages should always exceed the income from this type of social benefit. This is important from a moral point of view, but also from a practical one: people need to be encouraged to return to the labour market if their situation allows it.

The European Minimum Income Network defines three main principles for a good minimum income system: adequacy (i.e. the resources should allow to cover all basic needs), accessibility (there should be no unnecessary formal or informal barriers to accessing the system) and activation function (the system should enable a person to participate fully in society and, where possible, support their return to the labour market). The current Czech system of aid in material distress does not meet these requirements in many respects.

Current problems of the social support system

In the Czech Republic, the system of social benefits is extensive and complex, which often makes it difficult for recipients to navigate and use them effectively. The system has long been plagued by a number of problems, the most visible of which are non-addressability, low flexibility, late payments, overloaded and low capacity of the employment office (EO) and the persistent social stigma attached to receiving benefits.

In addition to individuals with high debts and a number of foreclosures, there is also the phenomenon of “working poverty”, where people have regular employment but their income – although formally above the poverty line – does not allow them to save any of their income. The prospect of sudden expenses or the threat of longer-term illness thus becomes a significant stressor and a real problem for them.

Selected issues

▪ **Insufficient addressability** – social support addressability is not sufficiently set in the current system. The system allows, for example, an otherwise well-paid self-employed person to qualify for housing benefit. Since such a person is in the flat-rate tax regime (up to CZK 2 million), only 50 % of the average wage is counted (currently CZK 20 100) and on this basis he or she is already entitled to housing benefit.

▪ **Non-take up** – social support addressability is not sufficiently set in the current system. The system allows, for example, an otherwise well-paid self-employed person to qualify for housing benefit. Since such a person is in the flat-rate tax regime (up to CZK 2 million), only 50 % of the average wage is counted (currently CZK 20 100) and on this basis he or she is already entitled to housing benefit.

▪ **Complexity of the application process** – although the Ministry of Social Affairs has tried to simplify the administrative application process (including by electronic means), it remains complex and inaccessible for some groups of the population. For these reasons, a major reform of the benefit system is underway, which should simplify both the submission and assessment of applications.

▪ **The limitations of the employment office** – the large overload of staff and the strict to formalistic approach also make the system difficult to operate. There are known cases where the employment office did not want to grant housing benefit for an unlicensed flat or did not want to remove an ex-parent from the circle of jointly assessed persons. Alternatively, the rules are set too strictly, so that after the first failure to attend an appointment, a person can face a six-month sanction and loss of income.

▪ **Late payments** – problems of this type exacerbate the unfavourable situation of clients and undermine confidence in the functionality of the whole system. If a benefit is paid retrospectively, future benefit payments (income levels) are affected.

▪ **Persistent social stigma** – in the Czech Republic, receiving benefits is still associated with failure, with something undignified, with the feeling that one is a “loser” who has hit rock bottom through no fault of one’s own. This narrative has long been supported by some politicians. There has been a gradual change only in recent years, but it can be said that the stigma is still quite strong in society.



Selected data on the support system



The available data show **that only a minority of households that are eligible for benefits**, or only a quarter of those that could, are receiving them. Specifically, only 6 per cent of households draw social benefits, although up to 29 per cent of households would be eligible.¹

The analysis of the reform shows that in 2022, **households could – compared to the 19 billion actually drawn – draw up to 59 billion in collected benefits** (assuming that all households entitled to benefits at that time would receive them).²

The majority of households do not draw child benefit, even if they are entitled to it – according to PAQ Research, only a quarter of those entitled to it were drawing it in 2023.³

As for the housing allowance, in 2023 only about one-fifth of all persons entitled to it received it (it amounted to CZK 18 billion). A tenth of households did not receive the allowance due to lack of information and administrative obstacles, a quarter believed they were not entitled to the benefit, and a quarter did not do so because of the stigma involved.⁴

Percentage of households receiving housing benefit by income

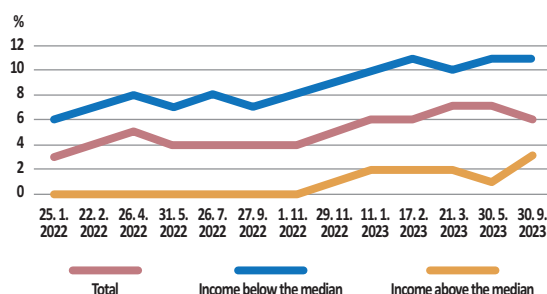


Chart: PAQ Research – Percentage of households receiving housing benefit by income below and above the median (irozhlas.cz)

Percentage of households receiving housing benefit by household type

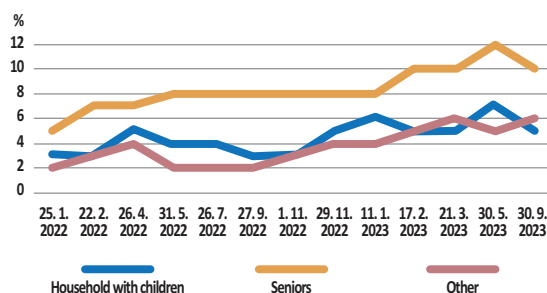


Chart: PAQ Research – Percentage of households receiving housing benefit by household type (irozhlas.cz)

According to the PAQ, most **benefits grew more slowly than average wages or average pensions, as both experienced real increases of around 20 % between 2012 and 2023.** In contrast, the real value of parental allowance in 2023 was significantly lower than in 2012 due to inflation, despite a one-off increase from CZK 220,000 to CZK 300,000.

Only around 25% of those eligible receive Child Benefit, and of PAQ Research's regular sample of 1,600 households, around half of families with children are eligible – but only 13 % have received it in the past (data from autumn 2023, see chart below).

Receipt of child benefit

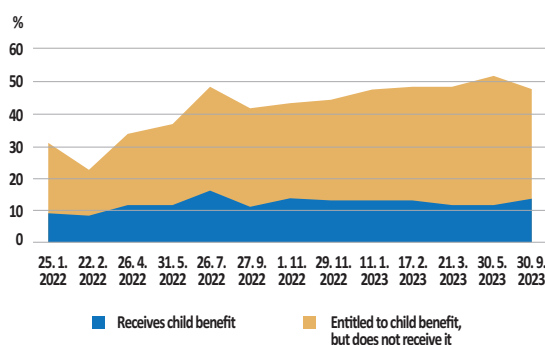


Chart: PAQ Research – Receipt of child benefit in the period 2022–2023 (irozhlas.cz)

Up to 80% of families were entitled to the housing allowance. After paying for housing and food, they had CZK 100 per member per day, but only 20% of those eligible (PAQ) benefited.

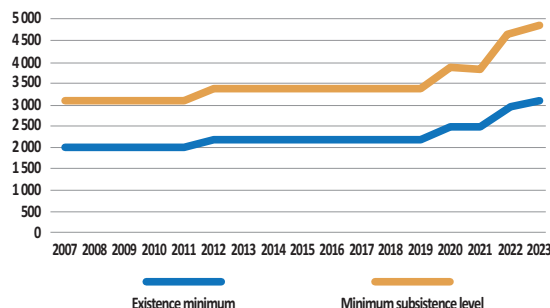
Based on an investigation by the Agency for Social Inclusion, the think tank IDEA-CERGE has compiled an analysis with interesting conclusions⁵. **In socially excluded localities, up to half of the population is entitled to housing benefit, but only 12 % of them receive it.** If households received all the social benefits to which they are entitled, the risk of poverty would be reduced to 45.6%. Some households have such low incomes that the benefit system does not lift them above the poverty line, but brings them significantly closer to it.

Another important factor is energy poverty, which has been exacerbated by developments in recent years. A combination of factors such as the (post)covid situation, high inflation and the energy market crisis has meant that significantly more people are affected in 2023 than in 2020 – the increase in the number of affected groups has been somewhere close to double.⁶ This placed a significant burden on the benefits system.

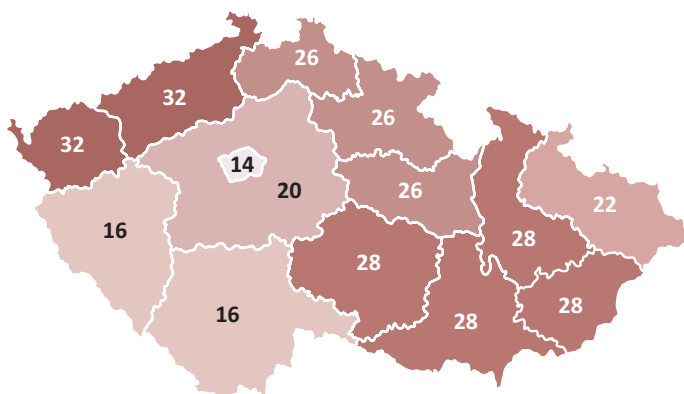
- 1) Glass half full: welfare reforms and magic number 29. List News [online]. 2025 [cited 2025-01-15]. Available from: <https://www.seznamzpravy.cz/clanek/ekonomika-ocima-byznysu-komentar-napul-plna-sklenice-reformy-socialnich-davek-i-magicke-cislo-29-262249>
- 2) THE CHAMBER OF DEPUTIES OF THE PARLIAMENT OF THE CZECH REPUBLIC. Bill on income tax [online]. 2025 [cited 2025-01-15]. Available from: <https://www.psp.cz/sqw/text/orig2.sqw?idd=245511>
- 3) IROZHLAS.CZ. Richer families will also receive child benefit. Thousands of needy people do not receive it, research finds [online]. 2023 [cited 2025-01-15]. Available from: https://www.irozhlas.cz/zpravy-domov/pridavek-na-dite-bydleni-zadost-vyzkum-paq-research-zivot-k-neza-placeni_2310110600_til
- 4) PAQ RESEARCH. Analýza reformy dávek [online]. 2024 [cit. 2025-01-15]. Available from: https://www.paqresearch.cz/content/files/2024/06/PAQ_Analyza_reformy_davek.pdf
- 5) IDEA CERGE-EI [online]. Poverty and social benefits in socially excluded localities, Study 8/2022 [cit. 2025-01-15]. Available from: <https://idea.cerge-ei.cz/studies/chudoba-a-socialni-davky-v-socialne-vyloucenych-lokalitach>
- 6) MoLSA [online]. Poverty and social benefits in socially excluded localities, Study 8/2022 [cit. 2025-01-15]. Available from: https://socialnibydeni.mpsv.cz/download/dokumenty/124-ech_2023_dpi250-2.pdf

Category	2020	2023
Households	440 th.	690 th.
Persons	770 th.	1 330 th.
Children under	160 th.	310 th.
Seniors aged 65	220 th.	390 th.

Vývoj existenčního a životního minima



Percentage of households coping with energy increases with great or moderate difficulty



More significant increases in the subsistence and living wage levels have only started to occur in recent years in the context of rising inflation. The following chart shows the evolution of the inflation rate (expressed as an increase in the average annual consumer price index) between 2007 and 2023. While headline inflation in these years was 73.2%, the subsistence minimum increased by 55% and the minimum subsistence level by 55.5%. **Thus, there has been an objective deterioration in the living conditions of people who depend on the payment of benefits based on the subsistence and living wages.** Their real income has fallen.

Inflation rate in the Czech economy in %



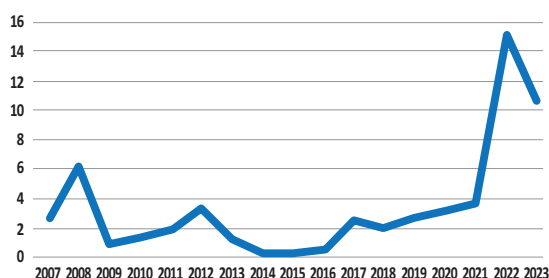
Entitlement to most benefits is based on the household and individual subsistence level. Despite repeated increases in the subsistence minimum in recent years, **their actual values in 2023 are below the real level of 2012.** There has thus been a reduction in eligibility for means-tested benefits.

In 2007, the amount of the subsistence minimum was set by law at CZK 2,020 and the amount of the minimum subsistence level at CZK 3,120. Currently, the subsistence minimum is CZK 3,130 and the minimum subsistence level is CZK 4,860 (the increase to the current level took place on 1 January 2023). The following graph shows the development of the subsistence and living wage during the years 2007 to 2023 (the above is always as of 31 December of the given year).⁷

Poverty and income dependent on welfare payments therefore means a greater decline in living standards now than in 2007 (in relative and absolute terms). Objectively, the availability of housing has also declined in these years. It is therefore clear from the data that other social risks and the degree of vulnerability of people whose income depends on welfare payments have increased over the years.

7) In 2022, which is not captured in this chart (only the value from the end of the year is shown), the subsistence and living wages were increased twice, to CZK 2 740 on 1 April and CZK 2 980 on 1 July for the subsistence minimum and to CZK 4 250 on 1 April and CZK 4 620 on 1 July for the living wage.

Average wage in the Czech economy



Source: CZSO (own elaboration)

Their situation has also worsened in relative terms, relative to the living standards of workers. The average wage in the Czech economy increased by 106 % in the years under review, almost double the growth of the subsistence minimum. The following graph shows the evolution of the average wage in the Czech economy.

Selected examples of system errors and relevant case studies



System inflexibility and late payouts

One of the main weaknesses of the system is its significant inflexibility. There is often a waiting period of three or more for payment of benefits, and payments are complicated, even though the law on material hardship provides for a deadline of 30 days for processing an application for benefits. This is a violation of the law on the part of the employment office. This happens especially in cases where the recipient has some additional income, which is in effect very demotivating.

If the recipient finds a job, this means 45 days – but hypothetically up to two months – without income (in the sense of before the first benefit payment). However, such a period cannot be bridged without savings, which leads to debt, for example with companies offering loans on significantly unfavourable terms.

Therefore, support for a benefit recipient should not end when they find employment, but only when they are firmly established in it. This could make a significant contribution to reducing the risk of debt.

■ CASE STUDIES DOCUMENTING SYSTEM INFLEXIBILITY

One of the typical situations that we repeatedly encounter in the shelter is the progression of client applications from town to town, which causes long delays. For example, one of our former clients was a permanent resident of Rakovník, but lived in an asylum house in Prague. She applied for housing allowance in Rakovník on the first of August, and it was not until September that she learned that

officials were forwarding the application to the relevant Prague municipality. It was not until December, almost five months later, that the benefit was paid. The lady had diabetes, so she had to apply for per diems, and even in this case it was a process that took many weeks. The asylum workers also applied for a pension for the lady. As she was only four months away from being entitled to it, the Caritas was willing to pay the amount of the insurance for the lady from the E.ON Energie help fund. However, before all this could be sorted out, the lady died.

Conclusion: it is clear that the progression system is generally stretching the already long payment times for individual benefits. There is a need to focus on this process in order to minimise the time required resolve the whole matter. As the sad ending of this case shows, sometimes the waiting time is unfortunately too long.

Mrs. Petra is a single mother with two children, a boy (7) and a girl (4). After losing her job she found herself in a difficult life situation. Due to her younger daughter's health problems, she had to travel frequently to doctors and her income dropped to a minimum. The lady knew that she could claim benefits but the benefits system and the way of applying discouraged her.

Despite this, the lady attempted to complete an online application for housing benefit but had not mastered the complex forms she had come into contact with before. The Jobcentre referred her back to the electronic submission, which she did not understand, instead of direct help.

This only deepened her sense of her own 'inability' and also made her fearful that people would perceive her as 'dependent on the system'. This fear held her back from seeking further help.

When she eventually applied in person, the employment office informed her that she was missing one of the key documents without which benefit approval was not possible.

The delay in benefits meant that the family was forced to rely on the help of neighbours, and the woman also turned to the social activation service for families with children to apply for food aid. The social worker explained the principles of the service and offered to help the woman to manage the various steps of the application process. She helped her to fill in missing documents and facilitated communication with the employment office. In addition to other activities, such as helping her to set up a family budget, the worker helped her to apply for other benefits to which she was entitled, such as the disability allowance.

Conclusion: this case shows that the complexity of the system, together with other aspects (see the stigma associated with receiving benefits), can paralyse a person and lead to an inability to claim a benefit to which they would otherwise be entitled and which could significantly help them overcome their life situation. If the CA does not have sufficient capacity to deal with the client on an individual level, the support of NGO staff is all the more crucial.

Mrs Jana lives with her three children in a small village. After her partner left, she was left without support and with minimal income. Although she was entitled to housing benefit and child benefit, she was lost in the administrative requirements of the authorities. When she realised that her income did not cover the necessary expenses, she decided to apply for help.

On her first visit to the Job Centre, she was refused on the grounds that her documents were incomplete. On Facebook, she came across the profile of the Social Activation Service (SAS) for families with children and decided to contact its staff.

The social worker of the service first explained to the client how the application system works and then together they checked the necessary documents. The worker then accompanied the client to the next meeting at the employment office, where together they explained the situation and defended her claims.

In addition, SAS also helped the woman develop a stable monthly budget and linked her to other services that could help her stabilize her family.

Within weeks, Jana received the housing and child benefits she needed. As a result, she was able to begin to address other issues that were troubling her, such as securing tutoring for her oldest child. Regular meetings with a caseworker helped her manage stress and learn to plan more effectively, and now the family is managing without the help of our caseworkers.

Joint assessment of persons

Material hardship benefits are calculated according to the situation of the persons in the household considered together. This logical principle brings serious complications if someone is registered for permanent residence in the household who does not actually live there, does not live together with the other persons in the household and is not in material need, because the persons in need will not be entitled.

For young people who still live with their parents, joint assessments can lead to disincentives to work. If the household is living on material hardship benefits and the young person starts to have an income, the benefits of the whole household are recalculated and cut, or the family may lose them altogether. In practice, this means that the young person cannot improve his or her family's material situation, or his or her own, through work and effort. And if they lose their job, they risk being left with no income at all until their benefits are reinstated.

■ CASE STUDIES FOR JOINT ASSESSMENT

- (a) example of joint assessment for adult children and their parents
- (b) a joint assessment for a household where one person lives and uses temporary accommodation who is not a member of the household

Peter is nineteen years old, has completed his primary education and lives with both his parents in the same apartment. He would like to be more independent. He has therefore used a social service that helps people to get a job in the labour market. With its help, he got a job in a hotel as a support worker. However, when he received his first payment, he discovered that his income was included in the calculation of social benefits for the whole household, which he and his parents, who were registered with the employment office, formed. And, as a jointly assessed household, they had previously received a living allowance, housing benefit and housing benefit. Peter ensured that his parents received a lower living allowance and had to make up the difference from his income. He did not have a high enough income to secure independent housing and the fact that paid employment did not improve his financial situation or his ability to become independent demotivated him so much that he quit his employment during the probationary period by agreement with his employer.

Conclusion: if the system were more responsive to people's needs, it would also focus on supporting young people. When a young person wants to become independent, but the system puts obstacles in

their way that ultimately discourage their efforts, it is understandable that they may take steps that are not very reasonable or rash from our point of view.

Milan is twenty-five years old and after a conflict with his parents he left the house where he was living. He has been out of work for two years and had a bad experience of job interviews, during which he was probably unable to gain the confidence of employers enough to be offered a job. Nevertheless, he tried to avoid a risky lifestyle associated with excessive alcohol and drug consumption and the company of people associated with 'life on the streets'. He therefore took the opportunity to stay for two or three months in a friend's rented flat on an emergency basis. This was an informal arrangement but with the knowledge of the landlord. However, when he applied for welfare benefits, a living allowance, he was told that unless he had some way of proving where he lived, he was not entitled to benefits. He was advised to stay in a hostel or shelter, then he would already be entitled to benefits. However, he was against this because he feared "hitting rock bottom" if he came into contact with the homeless community. So he gave up on claiming benefits and started to earn his living by shoplifting.

Conclusion: the system fails to provide the individual with the necessary resources to overcome a short-term difficult life situation. Instead, it places the individual in situations that may ultimately do more harm than good. It is not surprising, therefore, that such a person would resort to actions that may seem unreasonable or even anti-social to mainstream society. But it must be remembered that if an individual is unable to resolve his situation in any way that is reasonably achievable for him, it is logical that he develops a sense of despair and a general loss of perspective. These emotions then significantly affect their ability to make rational decisions and find effective solutions.

Insufficient functioning of the CA – congestion, understaffing, processes

Caritas Czech Republic workers encounter that the **employment office are often understaffed during times of change, resulting in significant suspensions and delays in benefit payments.** This in turn leads to many beneficiaries falling into debt with tenants or social services. Beneficiaries cannot rely on whether and when their benefits will arrive.

Another problem is the **visible turnover of EO staff, chaotic work processes, and inconsistent transfer of information.** The EO staff themselves

speak of work overload and low wages (in particular, some Prague branches have long been rated as among the most overloaded in the whole country). Even staff who would like to devote more time to clients often do not have the opportunity for a more extensive and personal approach due to the high workload of the branches. For mentally challenged individuals, an already convoluted system has become even more complex and opaque, which can prevent them from receiving the level of assistance to which they are entitled. As part of the tightening of the rules and the punitive removal from the employment office register, beneficiaries with health limitations who are not expected to improve their health must visit the employment office up to three times a month at a specified time. In order to receive the Housing Benefit, it is also now necessary to prove a link with the municipality.

■ CASE STUDIES DESCRIBING THE INADEQUATE FUNCTIONING OF THE EMPLOYMENT OFFICE

We are regularly visited by a client who asks for food as her housing benefit entitlement last came through in September. The Jobcentre keeps asking her to prove something again and again. Together with the client, we visited the Job Centre in person and spoke directly to a worker we know. However, we only received the answer that the clerks themselves are struggling with the system and that they are not coping well either.

The Jenda system therefore poses a problem for clients and officials alike. The client was advised to provide additional documents, although it soon became apparent that everything had already been documented previously. Yet the IO stubbornly insisted that they did not have the documents from the lady and that she should email it. A colleague from the shelter had already taken a screenshot of the screen as proof that the documents had been sent. She has been told by the employment office that they believe her but that she still needs to see it in their system.

The client's last rent was paid in September, more than three months ago. Even if the relevant documents are sent by email (as officially recommended), the whole process takes a disproportionately long time. After we contacted the head of the benefits department, we learned that our client's agenda had been taken over from the previous clerk by someone new, but that they had probably not addressed or filed it. From our point of view, everything is very chaotic at the branch of the employment office (Prague 9), apparently there is a high turnover of employees and a lack of information transfer. Clients then take out their own frustration on the asylum workers themselves.

Conclusion: not all staff are yet sufficiently trained in the use of the information system (see the Jenda system), and some branches are struggling with a large number of clients, which is difficult to handle with the current staffing. In addition, if a given branch is also poorly managed and the management of work and individual processes is not mastered, a problem arises that has an impact on both clients and employees of organizations. The whole management system needs to be better set up and the quality and efficiency of individual departments needs to be regularly evaluated.

A client from Most of Czech nationality who worked for a Ukrainian employment agency. The problem was that the Ukrainian agency did not work standard hours. The client came before Christmas 2023, and she did not receive her first benefits until the following April. Had she not been in a home for mothers in need in Caritas, where she did not have to pay rent and received food aid, she would certainly have ended up on the streets with her children. The lady had entered into a contract with the agency, did not end up going to work for health reasons, and did not even have a certificate of no income because of the conditions prevailing in the agency. This was the basis of a several-month-long procedure at the Office of the Public Prosecutor, where there are great differences in approach – some officials just need to fill in an affidavit (concerning a document that cannot be obtained).

However, in this particular case, the employment office did not accept her affidavit that she had not worked and insisted on confirmation from the agency. This is far more a human and systemic factor than a problem with ethnicity (racism against Romani people). The fact that it was around Christmas time and that the lady had fallen ill with covid also played a role. At that time, by the way, it was accepted to put documents and certificates in prepared boxes, so her affidavit could also be accepted. The staff of the home for mothers with children tried to negotiate with the employment office at least the possibility of paying child allowances, which also failed. The mother originally left Most because of domestic violence, for which her partner and the father of the children ended up in prison (he is apparently still there today and does not pay alimony). The whole family was very poor and without any support from extended family (the client herself grew up in an orphanage). The lady then lived in a home for mothers with children, occasionally taking part-time jobs. Later she found a girlfriend and went to Most again after years to sublet. The children were placed in a primary school (hereafter “primary school”) with an assistant who helped to mediate contact and solve difficulties.

Conclusion: the testimony shows that the rules are not always strictly set within clearly and narrowly defined boundaries. Workers have some discretion, for example they can offer the client the possibility (or possibilities) to sign an affidavit. However, the inconsistency in approach is striking: while one client in the same situation has no problem with the settlement, another client does not. This difference is not explained in any plausible way, suggesting that the decision depends largely on the subjective judgement of the individual worker. It would be worth examining and making more uniform the rules (processes) that officials can and should follow.

Mrs. Ema – poor family, father’s income shortfall.

The family cares for four children, the fifth child is of age, independent, gainfully employed. The mother is on maternity leave, the father is currently unemployed. He was also made redundant from his original job as part of a larger mass redundancy, and has been registered with the Social Security Office for the last six months, without benefit entitlement. They are therefore living on parental allowance only. The family budget of the of six is stretched, the income almost completely covers the costs, so the family has no financial savings from which it could currently cover extraordinary expenses, including school activities (outdoor school, swimming lessons). They cannot currently afford to pay for their daughter’s school meals. At the time of contact, the family has CZK 300 available for the last 10 days until the payment of benefits. The father is starting a new job, the first payment will come after a month of work, in about a month the family’s financial situation could improve. However, a high income for the father is not expected due to his health limitation (hernia).

Conclusion: the case study shows that although individuals do everything they can, the system does not help them because income is calculated retrospectively and it takes a long time before they are entitled to receive it. That is, they will only be eligible when they are no longer receiving a paycheck from their job, but they did not have it when it was most needed. The other thing is that they didn’t even get the option of drawing MOP benefits from the UI

Fear of stigmatisation

One of the reasons for the lack of uptake of benefits by those entitled – in addition to the complexity and opacity of the system – is the perception of benefits as something undignified or inappropriate. This prejudice has been slowly on the wane recently, especially during the pandemic and the subsequent period of high inflation, when even leading

politicians have publicly urged their fellow citizens not to be shy about claiming the benefits to which they are entitled. As our staff's findings show, the association of benefit claiming with failure has so far been difficult to overcome.

A client of a Caritas vocational counselling centre had his utility bills raised substantially from one day to the next. The man was suddenly forced to spend more than double the previous amount on energy – the amount of the advance payments was around CZK 13,000 after the increase. His pension was only CZK 15,000. The advice worker advised him to apply for housing benefit. The client refused for a long

time, explicitly verbalizing that he did not want people to look at him “as a social case”. After a long time, however, he reconsidered this approach and applied for the allowance; in the end, the employment office granted him a benefit of only CZK 8,000 per month.

Conclusion: it is clear that stigma is still a lingering problem, partly due to the insensitive actions of the employment office staff, but mainly due to the persistent social climate. This tends to view “people on benefits” as lazy and largely incompetent. The amount of support is limited and it is very difficult to abuse the benefits.⁸

8) **LÁNSKÝ, Ondřej.** Sociální dávky – pomoc nebo past? *Masarykova demokratická akademie* [online]. 2020 [cit. datum citování]. https://masarykovaakademie.cz/wp-content/uploads/200401_Lansky_socdavky_web_sob_final.pdf



Recommendations

Based on previous analysis and professional experience, we recommend the following steps. Reforms along the lines outlined could help not only people in disadvantaged situations but also society as a whole.

In particular, they would contribute to strengthening cohesion and reducing the socially undesirable phenomena that accompany a life of social exclusion.

1. INCREASE THE MINIMUM SUBSISTENCE LEVEL

The valorisation of the subsistence and subsistence minimum does not correspond to the rising cost of living, nor to the pace of wage increases. We recommend that their level should be increased by at least 20% at the present time, in order to guarantee a decent life and serve as an effective prevention of socially pathological phenomena.



However, it is important that the minimum subsistence amounts are not increased across the board, but that the playing field is levelled between individuals, smaller households and large households. This could be achieved, for example, by increasing the amount for individuals and the first person in the household.

The problem with the current living wage is that there is too little difference between the first person in the household and other adults. This does not reflect the real distribution of household costs (as expressed, for example, by Eurostat's consumption unit methodology), where many of these costs are fixed (typically housing) and have to be incurred even by small households.

As shown in the table below, taking into account consumption units corresponding to household size, the subsistence level is about one-quarter lower for small households (singles and single parents with one child) compared to large households. Thus, the current subsistence minimum favours larger households at the expense of smaller ones.⁹

3. STRENGTHEN THE ROLE OF THE EMPLOYMENT OFFICE AS A SUPPORT INSTITUTION

The system of assistance within the employment office is usually perceived by clients as supervisory and punitive, not supportive. Strengthened counselling, retraining programmes and support from the employment office could improve the situation. Closer cooperation of the employment office staff not only with social workers in municipalities but also with social workers from the non-profit sector and registered social services would be very useful. The supportive orientation of the system could be strengthened by unifying its functioning through the development of binding methodologies within individual workplaces. Improving the performance of the employment office, despite the potential savings associated with digitisation, requires investment in human resources to enable the employment office to perform its expected functions. The same applies to the social services sector, where wage undervaluation leads to turnover and departures of quality employees, especially in the non-profit organisation sector. Increasing the number of social workers at the employment office, improving training programmes and regular supervision, promoting interdisciplinary cooperation, reducing the administrative burden and improving working conditions, or increasing the qualifications of workers and ongoing training, all of these changes would have a positive impact on people in an unfavourable social situation applying for social benefits.

4. A BENEFIT SYSTEM THAT RESPONDS FLEXIBLY AND ADEQUATELY TO THE SITUATION OF CLAIMANTS.

Social benefits should be available when people need them. And they should be able to adequately alleviate the situation and minimise its adverse effects. However, the current system often shows delays in the payment of benefits and the process of proving all the necessary elements in connection with the administrative procedure can be disproportionately long. This situation often arises in the case of the first benefit awarded, where the claimant may be completely destitute. Processes should therefore be streamlined and the vulnerability of the claimant should be taken into account during the benefit procedure, without the evaluative bias of the courts. The employment office should further improve the possibility of electronic remote processing of benefits, but this should not reduce the availability of face-to-face meetings with staff at the offices and in the field, which gives room for an individualised approach and the application of social work methods.

household	living wage	share of an individual's subsistence income	consumption units, Eurostat*	living wage per consumption unit
single parent and 1 child aged 6-15	7,520	1.5	1.4	5,371
single parent and 2 children aged 6-15	10,570	2.2	1.8	5,872
single parent and 3 children aged 6-15	13,620	2.8	2.2	6,191
2 adults and 1 child 6-15 years	11,560	2.4	1.9	6,084
2 adults and 1 children 6-15 years	14,610	3	2.3	6,352
2 adults and 3 children 6-15 years	17,660	3.6	2.7	6,541
single person	4,860	1	1	4,860
2 adults (without children)	8,510	1.8	1.5	5,673

* pro dítě mezi 6-15 lety počítáme průměr spotřebních jednotek pro dítě mladší 14 let (0,3 SJ) a další osobu v domácnosti, která má 14 a více let (0,5 SJ)

2. RAISE THE MINIMUM WAGE

In 2025, the minimum wage was increased to CZK 20 800, and an indexation mechanism was introduced. However, the minimum wage remains insufficient in a Europe-wide comparison. An adequately set minimum wage will guarantee greater motivation for integration into the legal labour market for those at risk of social exclusion and more dignified living conditions for the lowest paid. The aim should be to minimize the number of workers whose living standards also depend on income from social benefits, and at the same time to ensure that their financial compensation is set appropriately by the employer. In the future, then, to promote further systemic changes so that workers and their families do not need welfare income for their budgets.

9) We base our analysis of the living wage on PAQ Research (2024): <https://www.paqresearch.cz/post/10-problemu-davkove-reformy>

Reform of the benefit system

The report draws its recommendations for modifications to the draft changes to the benefit system from the work of an advocacy group that included representatives of the For Housing Initiative, the Platform for Social Housing, PAQ Research, the Office of the Ombudsman, the Office of the Commissioner for Human Rights, the Association of Organizations in the Prison Sector, the Initiative for Equality, Justice and Human Rights, and Caritas Czech Republic. The collectively developed recommendations became the basis for the second part of this report.

The reform currently under preparation introduces significant changes compared to the existing benefit (more on this in the first part of the report).

At a general level, the reform seems to be a step in the right direction. Indeed, the overall simplification of the system can help to make the benefit more accessible to beneficiaries.

The main change consists in merging four previously separate social support benefits (housing benefit, child benefit, subsistence allowance and housing supplement) **into one benefit** – sometimes also referred to as the “super-benefit”.

This new benefit is **now made up of four components** – **child, housing, subsistence and work bonus** – and an individual only needs to apply for social assistance once. It is then up to the relevant employment office to assess what the individual or family is actually entitled to (based on the means-testing process and bank account balance).



From this perspective, the reform represents a noticeable simplification, as the system no longer places the burden on the individual to perfectly navigate the individual parameters and conditions of the different types of support.

The difficulty is that **some of the changes** associated with the new benefit (or the new entitlements attached to it) are **highly repressive** and can significantly **complicate the lives of individuals and entire families**.

The reform of the system does not merely simplify the whole process, but **significantly changes the conditions for drawing social support**. In addition, it brings with it a **number of strictures** that have a **negative impact on beneficiaries from vulnerable groups in particular**.

In such cases, paradoxically, the proposals may contribute to worsening an already difficult situation for many people, leading to an even deeper descent into poverty, the breakdown of family ties, and even the loss of housing.

On the following pages, we discuss these difficulties in more detail and name five key areas that we see as critical and that we believe need to be corrected.

SUMMARY OF THE MAIN PRINCIPLES OF THE REFORM:

- Replacement of four doses with one combined dose
- A household submits only one application
- The authorities will themselves ascertain information about applicants and eligibility for the scope of the benefit (income/housing costs)
- Introduction of a means test (including bank savings)
- Increased emphasis on work activity
- Other parametric adjustments

THE CLAIMED BENEFITS OF THE REFORM:

- Linking the four benefits should bring overall administrative simplification
- Increase in the number of uses by eligible beneficiaries
- Simpler and overall clearer application system (digitalisation)
- Elimination of tipping points where a household automatically loses its entitlement to the benefit when its income increases
- Limiting the scope of eligibility for housing support for high-income households
- Promoting motivation to seek legal employment



Main problems identified

In cooperation with partner organisations, Caritas Czech Republic has identified several problematic areas that the reform of the benefits system brings with it. In the following text, we analyse these weaknesses in more detail, always indicating where we consider them to be risky or insufficient. In addition to describing and explaining the problem, we also attempt to formulate a proposal for necessary change.

- 1) Engaging people in debt in the legal economy
- 2) Realistically set normative rents
- 3) Fair definition of vulnerable people and their support
- 4) Sufficient support for all children
- 5) Open, friendly and functional assistance system without unreasonable sanctions

1) Engaging people in debt into the legal economy

People in debt default do not earn an adequate income to maintain a home and raise children. This situation (also) contributes to the number of people applying for and entering into debt relief. Changing the benefit settings thus provides an opportunity to change this situation and improve not only the situation of people in a debt trap, but also the levy on the state budget.

According to data on the website of the Institute for the Prevention and Resolution of Over-indebtedness, the total number of persons in debt relief is now 95,812 (as of 30 November 2024). The number of completed debt relief cases last year was 20,624 (in previous years the number did not exceed 20,000). In contrast, there are 646,000 persons in foreclosure and 431,000 persons in multiple foreclosures (3 or more foreclosures). Thus, only a small proportion of persons in execution use the institution of debt relief.

One factor is that the relevant income for the calculation of social benefits is the income before insolvency deductions, i.e. debt repayments and payment of the insolvency administrator's remuneration. Even if the actual income corresponds to a situation where social benefits, such as housing benefit, are paid, the household may not qualify for social benefits or the household may be receiving social benefits below its actual income. Thus, the household does not have an adequate income to cover rising housing costs or to provide adequate conditions for the children.

If the benefit reform introduced a change that social benefits are calculated on income only after insolvency deductions, this would significantly improve the situation of people in insolvency, affecting the whole household, including minor children. It

would also incentivise entry into insolvency by making the terms of insolvency more favourable to the household in this respect than enforcement deductions, which would not be taken into account when calculating benefits. People in foreclosure would thus be motivated to address their over-indebtedness by entering insolvency.

According to a study by the National Economic Council of the Government (NERV) NERV, 2023), the exit of the executed into the informal economy reduces public budgets by billions per year: an estimated 5 to 12 billion per year. Thus, greater use of the institution of over-indebtedness and reducing the number of people in the debt trap would have a positive impact on the state budget.

In assessing the seriousness of the problem of foreclosures in Czech society and its solution, it is necessary to look into the history of its genesis. According to the analysis of the Centre for Social Issues -SPOT (2021) – one of the essential causes was that the state failed in its legislative role as a guarantor of fair conditions and allowed the so-called debt trade. This was related to unregulated small loans granted on immoral contractual terms, excessive remuneration for actions (especially for small debts), passivity of courts, arbitrators' complicity and a free market in foreclosures. The validity of this thesis is supported by the fact that in 2017/2018, when legislative changes were gradually introduced and the most problematic practices were made impossible, the number of new foreclosures actually decreased significantly. However, the origin of the problem of most people in multiple foreclosures is precisely from the time when the system did not sufficiently guarantee fair conditions. A more effective solution to the over-indebtedness of part of Czech society is thus also related to the issue of social justice and strengthening the legitimacy of the democratic system.

More use of the institution of debt relief would contribute to a more effective solution to over-indebtedness. The proposed modification of the parameters of the benefit system, i.e. the calculation of social benefits only on the basis of real income after insolvency deductions, would not only improve the situation of households that find it difficult to get by with income after insolvency deductions and without entitlement to benefits, but would also act as a strong motivational element for entering into debt settlement.

MODEL SITUATION:

An increase in net wages of CZK 10,000 leads to an increase in income of only CZK 3,300, as the rest is deducted from the debt settlement. Because of the calculation before the deduction, the benefit can then be reduced by up to CZK 6,000. The increase in wages from legal work will thus paradoxically

lead to a reduction in the total income of the family. Therefore, it is more profitable for the family either not to work at all or to work illegally and not to declare the income, which is to the detriment of both the beneficiaries in the debt relief on deductions and the state budget on levies.

Source: this model situation was taken from the advocacy document *Incentives for State Social Assistance* (point 5, page 6).

2) Realistic norms corresponding to market rent prices

When adjusting the benefit system, the housing situation of benefit claimants must be sensitively taken into account and the declining availability of housing in the Czech Republic must be borne in mind. In particular, the risk would be that the housing benefit component would be withdrawn or disallowed because of the quality of housing, so the calculation of housing standards also requires changes.

The availability of owner-occupied housing and rental prices are monitored by Deloitte. According to the Deloitte Property Index (Deloitte, 2023a), in 2022, owner-occupied housing in the Czech Republic was the second least affordable in Europe, with only Slovakia being less affordable. For a 70 m² apartment, Czechs pay a price equivalent to 13.3 average gross annual salaries. Rental housing prices in regional cities and the Central Bohemian Region are captured in the Deloitte Rent Index (Deloitte, 2023b). In the third quarter of 2023, the average total rental price was CZK 293 per m² (an increase of 92.5 % since 2014).

The supply of municipal housing has been decreasing due to the massive privatisation of municipal housing, until it has almost disappeared from some towns. A 2012 survey (at that time the trend associated with the privatisation of municipal flats had not yet ended), which involved Prague and its municipal districts, 23 statutory cities and 30 other towns, showed that between 1991 and 2011, 79.8 % of the original number of flats transferred to municipalities were privatised, and with the link to new construction, there was a 75.8 % decrease in the number of flats (Burdová, Chlupová et al., 2012). The Ministry of Regional Development (hereafter referred to as “MMR”) (2023) conducted a survey among municipalities with extended jurisdiction and municipalities with delegated municipal authority, in which 60 % of the target group of the research participated, covering 43 % of the population of the Czech Republic. Its results show that the participating municipalities have about 150



thousand municipal flats, i.e. only a fraction of the housing stock in their administrative districts that can be used for affordable housing. Due to the lack of binding legislation, social housing programmes are rather marginally represented, and in some places they are completely absent. Thus, the availability of housing is now becoming a problem even for the middle class (unless it is secured by paid ownership of the property), and it is even more of a problem for those at risk of poverty and social exclusion.

The current options for changes to the benefit system envisage the possibility of not granting or withdrawing the housing component because of the quality of housing or accommodation, which is beyond the control of claimants and beneficiaries. Efforts to combat the supply of substandard housing (the so-called poverty trade) may ultimately lead to worsening housing need. In fact, the reason for the use of substandard housing is the lack of other alternatives, due to poor affordability of housing (in addition to the cost of renting, the cost of a security deposit and real estate brokerage must also be considered) or discrimination in the housing market. This situation needs to be addressed through support mechanisms and social work, not sanctions. Withdrawing benefits linked to the quality of housing only makes sense in a situation where there is a functioning social housing system and its legislative guarantee.

MODEL CASE:

a socially vulnerable family with a large number of children has no chance to secure “normal” rental housing. Thus, it always goes to a landlord who knows how to use poverty to his advantage. Every such landlord has calculated exactly how much money he can ask from his tenants, because he has a good overview of benefits. No one looks at the type and quality of housing. The housing is expensive, it does not correspond to the required costs (mould, missing hot water supply, dirty walls, bedbugs, missing sockets, etc.). The monthly payment is around 20 000 CZK for rent plus 2 to 3 000 CZK for utilities. However, a family that is in a crisis situation and is acutely looking for housing agrees to this alternative of substandard housing because otherwise they would be left on the streets and without children.

Source: this model example is taken from the shared table Revision of social benefits – most problematic provisions

The rent standards determining the calculation of social benefits should be designed realistically to reflect current market housing prices and the low supply of (affordable) municipal housing. The so-called norms represent the maximum amounts that claimants can receive to cover housing costs. The norms vary according to the number of household members and the size of the municipality where the household lives. The effect of the population size of a municipality on real rental prices is in fact only partial. However, they are strongly influenced by regional differences. Moreover, the standards are set too low, as they are often based on municipal or historically low rents, not on market rents. This creates an assumption that people on social benefits should live in cheaper housing than that offered by the regular rental market. However, this does not correspond to reality and, on the contrary, new rents for young households in particular, people coming out of institutions or housing need, are almost always at market rates.

EXAMPLE:

according to PAQ RESEARCH research, in 24 districts the market rents of low-cost apartments are more than CZK 1,000 higher than the government norms. On the other hand, in 16 districts, rents of low-cost apartments are more than CZK 1,000 below the norms. This imbalance causes the norms to be set too high in some places and too low in others. In areas with excessively high standards, rents can be artificially inflated regardless of the quality of housing, promoting a phenomenon known as the ‘poverty trade’. In areas with low standards, there is then insufficient decent housing.

The intended changes to the benefit system, linked to the proposed norms, risk reducing support for those at risk of losing their housing, but also put the lower middle class at risk. The solution would be to base the norms on a price map that could divide the Czech Republic into 4 categories (Prague, Brno and the surrounding area, 2 more categories for the rest of the Czech Republic). In this map, the limits would be set according to actual market rents with a mechanism for their valorisation. Alternatively, it could be based on data on rents of current applicants (as a primary source), adjusted for outliers according to normal prices.

[This conclusion is based on the shared table Social Benefits Revision – the most problematic provisions]

It is important to set the conditions of the public service in such a way that people are not abused by this obligation and to use it as an integration mechanism.

Public service is not performed in an employment relationship. This creates an unequal legal relationship between the person receiving the benefit and the entity with which the public service is performed. If the public service were linked to a traditional employment relationship (e.g. in the form of a temporary or part-time job), it would enable more effective acquisition of work habits, better integration into the employer’s work team, etc. Work integration can then be combined with social work including counselling in the field of work and financial literacy.

If the public service option were also open to businesses, there would be a risk of labour exploitation and abuse of vulnerable people to increase profits.

The social inclusion of persons without permanent employment would be enhanced if the public service were performed within the framework of an employment relationship. The use of this alternative should be open only to state organisations or commercial corporations owned by the state or local authorities. Alternatively, non-state non-profit organisations.

[Formulated on the basis of the material Suggestions on the state social assistance benefit]

3) Fair definition of vulnerable people and their support

THE NATURE OF THE PROBLEM:

Although the amendment defines vulnerable people who are eligible for higher support (these individuals do not have to work, for example, in order to qualify for the benefit), there are still important groups missing from our perspective, such as

people leaving institutions/residential care (discussed in more detail in section 4).

Another controversial point of the amendment is the provision that only the subsistence minimum will be provided to vulnerable people to cover their living costs, whereas under the current law on aid to people in material distress, some of these people (for example, seniors or pension recipients) are entitled to the subsistence minimum.

[Prepared on the basis of the material Suggestions on the State Social Assistance Benefit]¹⁰

MODEL SITUATIONS:

1) Seniors aged between 65 and 68 who are not entitled to an old-age pension

Vulnerable persons are those who either receive (i.e. become entitled to) an old-age pension or reach the age of 68. However, if a senior does not become entitled to an old-age pension at 65, for example because of a previous lack of insurance, he or she will not become vulnerable until 68. If they do qualify, they will become eligible at 65. The only difference is the receipt of the pension. In terms of health, which determines their vulnerability, the two groups of seniors may be in exactly the same position. It is therefore a discriminatory distinction based on an irrelevant criterion.

2) Single parents with children over 7 years of age

A vulnerable person is a parent-dependent caring for a child under 7 years of age. A single parent with an older child is no longer vulnerable and is therefore expected to be fully employed in order to qualify for the benefit. It can be doubted that the child is already independent enough at the age of 7 to be able to manage, for example, to stay at home alone for long periods of time or to walk unaccompanied from school, etc. In general, there is a very real need for support from another adult, but this may not be available to the single parent. The child would only qualify for the benefit if he or she is dependent on care in stage I, where the age limit is set at 10 years. However, it is questionable whether a child aged 7 to 10 years is really so dependent on stage I care.

3) Persons on long-term sick leave

It makes no sense to require persons who have been found unable to work to report work activity in order to qualify for benefits.

4) Persons with disability in 1st degree

These people will also have difficulty in reporting work activity for benefit purposes because of their reduced ability to work.

5) Unemployed persons over 55

They will also find it difficult to report work activity in order to qualify for benefits because of problems in the labour market. This is confirmed, for example, by the Employment Act, which guarantees double the duration of the benefit for these people.

Source: these model situations are taken from the advocacy document *Incentives for State Social Assistance* (pp. 1–2).

RECOMMENDATION:

Based on the above model situations, we recommend that changes be incorporated into the new legislation to help correct these problematic points. In particular, there is a need to:

- define the vulnerable group as people of retirement age (65+)
- raise the age limit for children of single parents to at least 10 years
- add vulnerable groups to:
 - long-term sick leave
 - persons with 1st degree disability
 - unemployed persons over 55
- increase the amount of the subsistence allowance for vulnerable people to their subsistence level

Source: the conclusions are taken from the document *Incentives for State Social Assistance* (p. 2).

4) Sufficient support for all children

NATURE OF THE PROBLEM:

The new “child” component is defined in the amendment by three points: a) entitlement to it is conditional on the labour activity of all other household members, b) its withdrawal is linked to the failure of the child to attend school properly, c) the amount for poorer families is reduced to CZK 500.

We consider the component defined in this way to be highly problematic, as its individual elements do not, in our view, contribute to solving the essence of the problem, but on the contrary – as we describe below – exacerbate it.

Removing the new child component, as well as making it conditional on the parents’ (or other family members’) work activity, clearly has a punitive function and serves as a punishment for parents who are unable to ensure that their children’s school duties are properly fulfilled, or who are not working at the time for whatever reason.

10) Comments on the KVOP legislative process can be found online at: https://www.ochrance.cz/uploads-import/ESO/pr_ALB5D59HLC7.pdf (the KVOP commented on the definition of vulnerable groups [para. 10 et seq.] and their livelihood component [para. 30])



At the same time, it is a form of punishment that affects not only the parents but also, and above all, the child himself, and it can be argued that in the latter case (truancy) the parents are primarily responsible.

In our view, the fundamental problem is that there are a whole range of reasons why a child neglects compulsory schooling, and the disinterest of their own parents is only one of them. Other reasons may be related to difficulties that the child may experience at school (difficulty of the material, bullying from other classmates), but also in the out-of-school environment (health and psychological problems, poor socio-economic situation in the family or other problems associated with growing up). There is therefore a wide range of possible factors that must first be examined in detail and in a qualified manner in order to identify their origins and find an adequate solution.

Even parents who show concern for their child may often not have the competence to deal with the complexity of the case. Sanctions in such cases do not produce positive results, as the state of knowledge on the matter further confirms. Punishment does not act as a motivator or prevention; on the contrary, it exacerbates the situation (one reason for this is the long time lag between truancy and the subsequent sanction for the family). This approach often leads to a further slide of the family into poverty and a deterioration in the quality of life of the children. Moreover, families may perceive such state intervention as inadequate and unfair.

CASE REPORT/MODEL:

The client is the mother of a minor, adolescent girl who has educational problems and refuses to go to

school for a long time. The mother is addressing the situation to the best of her ability with the children's social welfare authorities (hereinafter referred to as "OSPOD"), the primary school and the social services.

There is countless evidence that she has made great efforts to accompany her daughter to school, but the minor has repeatedly run away from her mother. The mother has also addressed the situation with the police.

She is cooperating intensively with the OSPOD, she is worried about her daughter, but she suffers from health problems herself. State social assistance benefits and material need are her main source of finances, which she would like to change, so she is actively addressing her health condition. However, if her benefits were to be withdrawn because her daughter was not attending school, she would have no financial means to maintain housing and other basic needs.

As a result, her daughter would have no home to return to and her mother would end up on the streets. Her (the mother's) health would deteriorate and her social situation could not be gradually stabilised.

In this situation, the minor can at least return to a safe environment where she can satisfy her basic human needs. She is now awaiting admission to a children's diagnostic institute, as she has been ordered to undergo institutional care, which the mother herself agreed to as part of her concern for her future. It is important to maintain the relationship between mother and daughter, not only to ensure that the daughter has a roof over her head when she returns from institutional care, but also for the future – for a safer entry into adult life.

► PROPOSED SOLUTION:

Instead of an approach focused on sanctioning/punishing the family, it would be better to focus more on prevention and support that the state can provide through its institutions (or NGOs) in such cases.

There are several possible ways to motivate students and parents to increase attendance: Ensure better availability of help for children and families (e.g. an accessible network of school psychologists, social workers and other professionals), strengthen cooperation between school and families (rather than imposing punishments, actively encourage communication with each other so that incipient problems are detected early enough), effectively take into account the specific needs of the pupil (e.g. in the form of individual education plans), strengthen education campaigns and awareness-raising for parents, ensure the availability of school services and facilities (provision of school supplies, leisure activities linked to the school environment such as after-school clubs and other clubs, free school lunches) and generally support parents in difficult life situations.

Come in:

- *Do not condition the child component on the work activity of other family members.*
- *Do not withdraw the child's component in case of non-compliance with school attendance*
- *Alternatively, this sanction can be maintained, but it must be preceded by an obligation on the part of the household to cooperate with the social activation service and the OSPOD to remedy the situation. Only in the case of non-cooperation with these services could the file be removed.*

Source: the suggestions in italics are taken from the advocacy document *Suggestions on the state social assistance benefit* (point 2, page 4).¹¹

5) An open, friendly and functional assistance system without undue sanctions

We understand an appropriate form of support as a system that is supportive and open to eligible beneficiaries/recipients, not a priori restrictive and suspicious.

In our view, however, the current proposal goes in the opposite direction. This approach can be seen in the child component already mentioned (and discussed in the previous point); people registered with the employment office are then treated with a similar degree of severity.

Using the two examples below – (a) sanctioning disqualification even for minor offences and (b)

removal of the subsistence component – we would like to highlight other contentious parts of the reform.

A) Penalty exclusion from the employment office even for minor offences

THE NATURE OF THE PROBLEM

Even seemingly minor “misdemeanours”, such as unexcused absence from a single meeting (for example, due to oversleeping) or late submission of a sick note from a doctor, can result in removal from the UI register. A three-month exclusion from the register (even six months in the earlier proposal) is a rather drastic measure which has a significant impact on the client and his/her surroundings. It contributes to greater instability and insecurity, both psychological and socio-economic, and worsens the client's already often precarious situation.

Three months is in itself quite a long time during which an individual can easily get into protracted existential difficulties that often offer few positive alternatives. Among the most common are indebtedness to often unserious or outright predatory companies (with obscene credit terms and relying on the lack of financial literacy of clients). In worse cases, individuals may slip into illegal activities. In the former case, the risk is of falling into a debt trap, in the latter case, of going straight to prison.

Across the dioceses, our staff tell us that such decisions are largely arbitrary and depend on the discretion and subjective judgement of the individual staff member (and are also influenced to some extent by the process set-up and ‘culture’ of the UO branch). This is another factor that subsequently contributes to increasing the overall level of uncertainty and deepening distrust in the system as a whole.

► PROPOSAL:

We recognise the need for sanctions to serve as a corrective, but on the other hand we do not consider the immediate removal of an individual's often only income to be a sensible solution. A model that introduces graduated risk warnings seems to us to be a much more accommodating and “partnership” setting for the UI. Thus, the first alert should be a warning only, followed by removal for a shorter period if there is a recurrence, with the possibility of gradual extension (e.g. removal for two weeks, then for a month, etc.). Here it is possible to draw inspiration from best practice abroad (e.g. the British model).

In addition, sufficient consideration must be given to the specific conditions in which vulnerable individuals/vulnerable groups are located. For a person leaving a children's home, a prison or an institution (generally an institution under whose

11) Comments on the CCCTB legislative process can be found online at: https://www.ochrance.cz/uploads-import/ESO/pr_ALBSD-59HLCE7.pdf (see general comment 2 and specific comments under points 32 and 33)

care he or she has been for a long time and whose life has thus been shaped by this environment), it is usually very difficult – and sometimes even impossible – to immediately meet and comply with all the necessary rules for the granting of benefits.

This is not an attempt to absolve people of responsibility, this is a finding supported by practice. People are often disoriented and need time to integrate into the system and learn how to function. For this reason, it is essential that these groups be given a protected period of at least six months, during which time their benefits are not sanctioned and they have sufficient time and space to adapt to life ‘outside’.

We also see it as important to harmonise the procedures (guidelines) of the UO staff to avoid often completely different assessments of two similar cases in the future. This should go hand in hand with the overall transformation of the UO into a workplace to which people with confidence and which is able to provide them with sufficiently individualised care and support.

B) Withdrawal of a living allowance and removal of an individual from household support for sanctioned removals

Another change associated with the revision of the rules in connection with removal from the UI register is the fact that a person sanctioned for removal will lose not only the subsistence component of the benefit, but also the housing benefit component.

This change represents a major departure from the current system, in which a sanctioned jobseeker does not lose their entitlement to housing benefit, but only their entitlement to the living allowance is reduced. In the case of a multi-person household, this means that the overall benefit share is reduced, whereas in the case of a single-person household, housing benefit is withdrawn altogether, which can lead to loss of housing.

It is not until the reform of the benefits system that such a punitive step is introduced, which will undoubtedly have an impact on the individual and their immediate environment. The loss of housing support would thus mean a virtually intractable situation for most disabled people (the implications of this move are discussed above under A).

In the case of multi-member households, we can even speak – as in the case of the loss of the child component – of the application of collective guilt, since there is a risk that the sanction against one member will affect the others, even though they could not influence his behaviour and were not “guilty” themselves. Once again, we are faced with an injustice that may have further unintended

consequences, not only in socio-economic and psychological terms, but also in terms of trust in the system and perceptions of justice.

Even from a purely economic point of view, such a move does not make sense. It is well documented that maintaining housing is the key to stabilising people’s situation and any loss of housing is clearly more costly for the state, not to mention the longer-term social costs (for example, in terms of the well-demonstrated negative impact on children and their school performance due to inadequate housing).

However, the loss of housing support would be fatal in virtually all situations. Even in the most optimistic scenario, where the de-registered person found employment, they would be at least one month (but more likely two months or more) behind in payments. These applicants also cannot be expected to find employment in such a short period of time to cover their living and housing costs. Moreover, research shows that the absence of employment is associated with structural disadvantage for these households and so it cannot be assumed that the exclusion would lead to a significant change in their employment.

This situation is even more complicated for people experiencing long-term homelessness, as their (in most cases) undiagnosed mental illness makes it difficult for them to cooperate with the employment office.

Source: parts in italics are taken from the shared table Revision of social benefits – the most problematic provisions.¹²

MODEL SITUATION:

A household where an adult child or partner (inactive in family support) is excluded from registering with Jobcentre Plus. In the current situation, the household would only lose its entitlement to its part of the living allowance, and in the new arrangements would also lose part of its housing benefit, thus running into more serious existential problems and seriously jeopardising housing sustainability. For a three-person household, housing benefit would be cut by one-third if one person were to be excluded.

Source: this model situation is taken from the shared table Revision of social benefits – the most problematic provisions (by PSB)

► PROPOSAL:

We consider it important to ensure that the housing amount remains at the same level even if a household member is removed from the register of jobseekers.

Another option (alternative) offered in this case is to retain the housing component in the event that there are minor children in the household under consideration.

12) Comments on the CCOP legislative process can be found online at: https://www.ochrance.cz/uploads-import/ESO/pr_ALBSD59HLCE7.pdf (see general comment 4)



Recommendations



1) Engaging people in debt in the legal economy

- ▶ To take into account income after insolvency deductions for the benefit calculation.

2) Realistically set norms corresponding to market rent prices

- ▶ Link housing standards to real market rental prices.
- ▶ Do not withdraw housing benefits because of the quality of housing until a functioning social housing system is in place.
- ▶ Remove from the proposal the disallowance and withdrawal of the housing component due to the quality of housing or accommodation, which is beyond the control of the applicants and beneficiaries, and replace it with social work with the household until the household's housing situation is resolved, and continue to contribute to housing from the state only in circumstances where the apartment is habitable - i.e., electricity, heating, hot water, doors can be locked, and the apartment is free of mold.

3) Fair definition of vulnerable people and their support

- ▶ Define the vulnerable group as people of retirement age (65+).
- ▶ Raise the age limit for children of single parents to at least 10 years.
- ▶ To add people on long-term sick leave, people with disability in the first degree and unemployed people over 55 years of age to the vulnerable groups.
- ▶ Increase the amount of living needs for vulnerable people to their subsistence level.

4) Sufficient support for all children

- ▶ Do not link the child component with compulsory school attendance. Alternatively, it is possible to transfer the benefit to a school or organisation that works with the family so that the funds are used for the benefit of the child.
- ▶ Do not condition the child component on the work activity of other family members.
- ▶ Not to link the child's component with compulsory school attendance, or not to withdraw the child's component in case of non-compliance with school attendance.
- ▶ Alternatively, this sanction can be maintained, but it must be preceded by an obligation on the part of the household to cooperate with the social activation service and the OSPOD to remedy the situation. Only in the case of non-cooperation with these services could the file be removed.

5) Open, friendly and functional assistance system without unreasonable sanctions

- ▶ Reduce the period of sanctioned exclusion to 1 month for less serious offences, for more serious offences (refusal of a job offer without an obvious reason) set the sanctioned exclusion to 3 months + create a protected period (6 months) for persons leaving an educational or therapeutic institution, treatment centre, children's home, detention centre and prisons.
- ▶ Maintaining the housing component at the same level even when a household member is removed from the register of jobseekers. Alternatively, consideration may be given to retaining the housing component if there are children living in the household.
- ▶ Establishing a minimum period of protection for people leaving institutional care or prison, by which their benefits would not be sanctioned and they would have time and space to adapt to their new life.
- ▶ The public service would be performed within the framework of an employment relationship, in relation to state organisations or commercial corporations owned by the state or local authorities. Alternatively, towards non-state non-profit organisations.



Recommendations for the European level

We recommend that a directive be created at EU level to anchor the legislation:

- 1) timeliness of benefit payments (measures to avoid delays in benefit procedures; measures should also promote consistency of rules across labour offices)
- 2) the adequacy of the level of benefits in relation to the national consumer basket (current prices changing with inflation)
- 3) the requirements that the applicant must meet and that are realistically achievable (not requiring the person in need to provide personal data of other persons living in the household, housing information, etc.)
- 4) choice between bank and non-bank payment of benefits (postal order)
- 5) the possibility to apply for the benefit in person and electronically
- 6) adjusting sanctions so that they do not further exclude individuals, children or entire
- 7) setting the system so that those who work have an adequate wage, i.e. a working individual with a normal family (2–3 children) does not need to apply for social benefits
- 8) prohibition of sanctions relating to entitlement to social benefits for minor
- 9) the level of benefits should reflect the price level (consumer basket) in all EU countries and be comparable in terms of costs
- 10) the conditions of over-indebted and insolvent persons so that they are able to provide for their children, housing and household despite this situation



Conclusion

The present report aims to map the weaknesses of the current social support system, building on our previous Caritas CARES reports. Above all, however, we consider it necessary to contribute our views to the currently planned revision of the benefit system.

Together with our partners and colleagues, we have been able to identify a number of problematic points which – if enacted as originally intended – would have had significant negative consequences for a number of beneficiaries of this aid.

While we acknowledge the good intentions with which the reform was introduced (overall simplification and greater transparency of the system for beneficiaries), we cannot ignore the significant degree of repression that the new text brings.

A functional social support system, as we understand it, should provide adequate assistance to people, but it should not expose them to uncertainty and fear that any mistakes will have fatal consequences.

As we have already stated in our earlier materials, we consider stable housing to be a key aspect that stabilizes and anchors a person in his or her complex social situation (such stabilization takes place not only on a social but also on a psychological level).

It is hard for us to imagine that one of the points of the reform is the very easy possibility of removing the corresponding component. Why this is wrong, and what it would lead to, we try to discuss honestly, along with other problematic points, in the individual subsections.

Our vision is for a responsive, empathetic and functional social support system that will be able to keep those who fall into disadvantage in the future in a normal life and return them to the standard labour market as soon as possible. Where this is not possible, such a support system will ensure decent living conditions.

However, other areas need to be addressed in order to achieve this objective. These include improving housing affordability, creating pressure for decent pay for work done, and setting realistic conditions for debt relief so that it can be used more widely.



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