

Information on the current status of Public Work Scheme (PWS) in Hungary

Introduction

The most important task of the public employment system is to activate long term unemployed people and to prevent permanent job seekers from getting out of the working life. There are the people of working age, with low education and no professional skills that are the most difficult to involve in employment. Public employment offers work primarily for these people.

The coordination of the new public employment system was transferred to the Ministry of Interior in July 2011 for the purpose of offering temporary employment to individuals, durably excluded from the primary labour market, generally living in disadvantaged districts and settlements and putting in place conditions and opportunities for value-adding work by financing the direct expenses on employment.

It is another important objective to include in our programmes the development and learning of a working culture required for finding a job on the primary labour market, the acquisition of the required qualifications and laying down the foundation of actual producing, self-sustaining “social enterprises”, social cooperatives based on public employment.

The public employment system provides an income for hundreds of thousands of citizens and their families each year, also contributing to the development of settlements, and the creation of a more orderly attractive and cleaner residential and natural environment.

The Government still considers public employment temporary employment providing a job and income to job seekers instead of benefits in the most disadvantaged regions of the country, where this type of employment is the only legal option.

Public employment is a special form of employment

Public employment is a special form of employment, as this legal relationship is somewhat different from primary labour market employment. The subsidized period may be maximum 12 months in the case of the individual public employment programmes, and this can be extended by maximum 6 additional months.

The income collected under public employment is higher than the amount of the social benefit, but lower than the lowest wage on the primary labour market.

Based on the public employment legal relationship, the public worker is entitled to social insurance and old-age pension.

Present and future of public employment

According to the Government’s decision, altogether HUF 340 billion can be spent on public employment in Hungary in 2016.

In the case of public employment operated under the control of the Ministry of Interior, the adjustment of underdeveloped regions of the country is a key consideration. One of the instruments for that is the launch of start work model programmes in small regions and in settlements. The funds are appropriated according to the labour market situation of the individual counties, in a way that the highest amounts are allocated to regions lagging behind,

and, at the same time, public employment is available to as many disadvantaged job seekers as possible. The primary objectives are to help those living in poverty and social exclusion and those entitled to employment substitution benefit, and to offer labour market services and training during the period of public employment, so that the public worker should be able to find a job on the primary labour market, too, with the acquired practice.

Public employment is established under a public employment contract, which is different from an employment contract. A public employment status is a special legal status, where the rights and obligations are governed by the provisions of the Labour Code with certain differences governed by the law.

A public employee may be an individual who can establish employment pursuant to the Labour Code and

- is a job-seeker registered by the district government offices, or
- receives rehabilitation benefit, or
- has applied for recognition as a refugee, protected individual or asylum seeker, or
- is a third country citizen, obliged to stay at a location specified by law.

Public employment is funded by the state in the form of public employment support. The form of public employment support is determined by Government Decree No. 375/2010 (XII. 31) on support available for public employment.

Public employment has been realized at the following areas:

I. Public employment of longer term, at least 6 hours per day, organised by the local government

The objective of public employment of longer term is to integrate public employment with local public tasks and work requirements related to the needs of the local community in a flexible way. It is usually claimed by local government employers, but all employers defined in the legislation are eligible for this type of support. This type of support may be claimed at the district offices at any time during the year and the decision on support is also made by the district office. This type of support has an advantage of relatively flexible management at local level and the ability to assist a great deal in the performance of local tasks and management of force majeure events. Within the framework of the support, the payroll expenses related to public employment and the direct costs of public employment defined in the legislation are eligible to the extent also defined in the law.

Subsidy may be offered for the employment of a person entitled to employment substitution benefit or for the employment of a job seeker sent by the government branch office, under a public employment relationship of definite term, in 6-8 hours per day, and persons receiving rehabilitation benefits according to the act of law on people with changed working capacity, under a public employment relationship of definite term, in 4-8 hours per day.

The extent of the subsidy may be up to 100 per cent of the public employment wage and the related social contribution tax (hereinafter together referred to as wage subsidy). In addition, subsidy may be granted to cover direct costs originating from the employment (fee for occupational health examination, costs of work and protective clothes and personal protective equipment, travel expenses to be borne by the employer, cost of transporting workers, cost of

tools necessary for the work), and the material costs required for the completion of the programme, and their total extent may not exceed 20 per cent of the wage subsidy.

II. Small region and other start work model programmes

The main beneficiaries of the small region start work model programmes are disadvantaged local governments or local governments in disadvantaged small regions, as well as the associations set up with the cooperation of the local governments. In the launch of the model programmes, the conditions of getting subsidies include that the activities suit the local requirements, and that the given activity does not create a competitor on the primary labour market, but extends the number of jobs in the settlement.

The model programmes have an effect of forming a community, they make the settlements and their immediate surroundings more pleasant to live in, extend the subjective safety feeling of the population and improve public security.

The key areas of activity in the model programmes are as follows:

- a) **Agricultural project:** its purpose is that the producing of vegetables and fruits and the breeding of small animals ensure the completion of the public tasks of the local government's institutions and the town (e.g. mass catering), the possible processing and sale of surplus products, and facilitate the self-sufficiency of towns.
- b) **Inland water drainage programme:** the purpose is to prevent the emergence of inland waters that threaten towns and agricultural areas, to regularly maintain and establish inland water draining ditches.
- c) **Repair of agricultural roads:** the purpose is to facilitate the connection of agricultural plants and farms to the public road network, and the safe transport of produces.
- d) **Use of organic and renewing energy:** its purpose is to replace gas with alternative heating methods, provide local fuels and install new furnaces fuelled by biomass. Locally generated biomass fuel requirements may serve as a good incentive for domestic production.
- e) **Repair of public road network** is carried out inside the settlements. The purpose is to maintain and repair the road network managed by the local government, improve its environment, thus reduce the danger of accidents, and build bicycle roads.
- f) **Eliminate illegal waste dumps:** the purpose is to eliminate and remove illegally deposited waste from public areas, and to change the waste depositing behaviour.
- g) In the frames of **public employment based on local features**, individual value-creating programmes that satisfy local needs and facilitate the development of the town may be implemented.

In the case of public employment model programmes, 70-100% of the investment and material costs can be subsidized, depending on the number of people involved in the programme (in the case of a lower number, there is higher subsidy intensity).

Following the closing of the public employment model programme, further public employment programme based on the model programme may be initiated (hereinafter called as advanced public employment programme). The investment and material costs of the advanced public employment programme may be subsidized to the same extent as the investment and material costs of the public employment model programmes.

The extent of the subsidy is decided by the minister responsible for public employment. The public employer shall agree in an official contract that it will use its incomes from the public employment model programmes or the advanced public employment programmes only for the operation of its public employment programmes or the social cooperative created by it.

III. Country-wide public employment programmes are initiated to manage current labour market and possible „vis maior” situations, covering several sectors (e.g. in the area of flood and inland water control, public roads, railways, forests, renewing energy sources). A large number of individuals are employed in these programmes. The degree and duration of support are defined by law. If at least 100 individuals are employed in these programmes, support may also be granted toward the costs of organisation, the rate of which cannot exceed 3% of the support approved for the public employment wages and related social contribution taxes. Any national programme always involves training, which is based on the activities of the scheme. The extent of the subsidy may be up to 100 per cent of the public employment wage and the related social contribution tax. In addition, subsidy may be granted to cover direct costs originating from the employment and the material costs required for the completion of the programme, and their total extent may not exceed 20 per cent of the wage subsidy.

It is true for each subsidy that an advance payment may be disbursed for the subsidized public employment programme, at the request of the public employer.

Fine-tuning of the public employment system in recent year

Legislative changes

Orientation of public employees to the primary labour market is a fundamental objective of the sectoral policymakers and was further promoted through the fine-tuning of the system.

The amendment of Act CVI of 2011 on the Amendment of the Act on Public Employment and other acts relating to public employment effective from 13 July 2015 (hereinafter referred to as: Public Employment Act) also extends to simplified employment (hereinafter referred to as: SE). According to the new legislation, employers seeking employees may report their vacant jobs pursuant to Act LXXV of 2010 on Simplified Employment directly, between 1 May and 31 October each year, to the mayor of the settlement where the vacant job is available, and public employees may also be assigned to those jobs, subject to sanctions.

Pursuant to the provisions of the law, public employees may also be mediated for jobs available on the primary labour market, and if a public employee does not accept the job offered under the Simplified Employment Act, they must be excluded from public employment for a period of three months. A public employer must exempt public employees from work in relation to a job available under simplified employment.

The law also states that the employer must allow a public employee to attend a job interview, for the period of which the public employee is entitled to wages payable for idle time.

In order to facilitate the employment of disadvantaged groups on the labour market and to make individuals interested in exiting public employment and entering the competitive sector, the Government introduced a so called employment incentive bonus in the public employment system as of 1 February 2016. in the system of public work. This is a temporary in-cash benefit that incentivises the public worker to find a job in the primary labour market.

Training programs

Public employment continues to be a tool and not an objective in returning to the primary labour market. The labour market training is also an active tool of public employment, assisting the trainee with several options and tools in several directions. The public employment training may be aimed at convergence, the acquisition of missing core competences, preparing the trainee to join vocational training, or the acquisition of missing school qualifications, technical skills, vocational qualifications or further training.

Looking at the school qualifications of public employees, it is clear that more than 50% have no more than primary school qualifications, and therefore the demand was greatest in preparing individuals for convergence and vocational training, as well as in the acquisition of technical skills and professional abilities. Given the limited availability of Hungarian funds, these options were available in the SoROP projects promoting social convergence in close correlation with the life-long learning programme, which is of key importance also in the European Union, as well as in the “I learn again” major project under ID No. SoROP 2.1.6-12/1-2012-0001 (hereinafter referred to as: major project) between 2012 and 2015.

The majority of the training programmes were conducted in a practice-oriented manner and in close correlation with the actual job during the period of public employment. Public employees received public employment wages during the period of their training. In most training programmes, following theoretical studies practical training was also provided at the public employer at their respective site, through actual work.

The physical implementation of the major project was completed on 30 October 2015 and therefore the achieved results are almost fully available. According to the figures in total 183,831 individuals were given an opportunity to develop their knowledge and competences within the framework of the project, including 175,318 public employees (95.4%). In the latter target group, 164,048 people i.e., 93.6% completed the training successfully and only 9,569 people (5.5%) dropped out during the training. In total 38,863 individuals (21.1%) represented the increasingly disadvantaged Roma target group, which is also monitored as a separate indicator in this project.

In order to make public employment related training effective and successful, regular consultations must be held with the public employers and representatives of the market sector in order to ensure that public employees are able to find jobs on the open labour market in increasing numbers following the completion of the training programmes to be launched. This required the launch of training programmes which were feasible with higher professional content, number of lessons and improvement of the competences of the trainees by also taking

into account the large number of individuals with low school qualifications living in the most disadvantaged small settlements (e.g. vocational training in health development assistance, cheese-making, shoe-making, gardening work, animal farming/animal care, textile products and cleaning technologies). The efficiency of the training programmes was also affected by another factor, namely mentoring available in the course of training.

The implementation of training programmes for public employees involved in the major project was assisted on average by 126 mentors during the term of the project. In total 21% of the involved public employees i.e., 35,723 individuals used mentoring services for the successful completion of their individual training programmes.

Between 2016-18 the EDIOP programmes will provide opportunities to involve target groups of public employment in training. The Ministry of Interior agreed to involve approximately 85,000 public employees in the training programmes. Labour market services are also introduced besides the training and therefore more stress can be put on service of outstanding importance in helping people return to the labour market. When joining the programme, the applicants are required to fill in a career interest questionnaire based on which individual training plans are developed in every case. In the training plan the employment areas suitable for the interests of the particular applicant are identified providing a basis for the selection of an appropriate training course. Following the completion of vocational training a 24-hour supplementing activity called 'Promotion of Employment' in addition to adult training in order to facilitate integration into the primary labour market is included.

Main Priorities and areas of Public Employment in 2016

The primary objective of public employment in 2016 is to continue the programmes ran in the previous years. We intend to support the continuation of the social programme components of district start work / additional model programmes.

Value creating public employment programmes may be implemented in the additional and model programmes, in projects focusing on agricultural and local specificities. Such programmes can still be launched only in beneficiary districts and beneficiary settlements specified in the legal regulations.

Our intention is to continue the national public employment programmes, which represent one of the most versatile aspects of public employment as a sector offering classic mass employment.

New and expandable schemes will be introduced in 2016. The Ministry of Interior will expand schemes that were effective in the previous years to several counties within the country.

Among the schemes dedicated to the objectives of the Government the reconstruction and maintenance of neglected cemeteries and graves will be one of such schemes.

The extension of the local government road guard programme or ad hoc maintenance or regular maintenance of real properties owned by Magyar Nemzeti Vagyongazdálkodási Zrt. could also prove to be schemes implemented with a large number of public employees.

Reconstruction of homes owned by local governments, demolition of abandoned derelict houses, repeated use of demolished materials and their supply to young people/on needs assessment basis, establishment of social public baths, extension of the homeless programme, reconstruction, maintenance and transformation of mansions, estates, small castles, fortresses owned by local governments and by the state in order to develop rural and general tourism, establishment, maintenance and reconstruction of animal rescue sites, removal of graffiti from public buildings and public squares of county boroughs are envisaged as schemes aimed at satisfying the local community needs and assisting individuals with special social needs.

Our plans include the continuation of public employment schemes with even more intensive involvement of charity organisations and historic churches.

Good practices

There are a number of good practices emerging in public employment including new constructive techniques defined as most efficient methods or activities which contribute to the improved quality of the production and manufacturing processes in a proved manner and may provide examples to be adopted by other public employers across the country.

The Ministry of Interior considers it an obligation to facilitate the wider dissemination of good practices with positive impacts on the involved parties, also assisted by the exchange of experiences and best practices during the course of various events, including the following:

- In 2015 the Ministry of Interior organised professional conferences, among others, on the issues of rabbit, sheep and goat keeping. The primary aim was to facilitate the exchange of experiences among municipalities with regard to problems encountered during the practical implementation of the programmes or any issues emerging in relation to animal care. The exchange of experiences among settlements contributes to the more effective performance of work and the quick solution of problems experienced in practice. The acquired knowledge and practical advice may be easily passed on among the settlements implementing similar programme elements, thus providing help with answering suddenly occurring questions and quickly solving any potential problems during daily activities. The personal relationships among the concerned settlements facilitate further contacts even in addressing individual problems requiring immediate attention.
- The Ministry of Interior organised another conference held in November 2015 on *The current challenges of public employment* with an aim to provide a forum for discussing various views and aspects and providing a platform for researchers and the representatives of various institutions to encourage the exchange of information, joint thinking and cooperation among the experts and practitioners concerned in the implementation of the PWS.
- The Ministry of Interior organised a highly successful National Public Employment Exhibition held at the Vajdahunyad Castle for the first time in October 2015, where 121 public employers had the opportunity to present the produced fruit and vegetable items and other products to the general public.

- Similarly to previous years, public works exhibitions were organised in 8 counties in 2015 during which the variety represented by public employment could be shown. The events provided opportunity for the exhibiting municipalities to present the outcome of the public works programmes, as well as the products and processed items resulting from the PWS. In addition, the municipalities also had an opportunity to demonstrate certain production processes and work phases to the interested parties and the other municipalities in an interactive manner. The dissemination of good practices and the exchange of professional experiences facilitate the possible extension of public works activities for the municipalities.
- Since 2012 the Ministry of Interior has annually recognised and provided support for the public employers excelling in the organisation and implementation of public works programmes, i.e. implementing good practices, presented during special celebrations. The Ministry of Interior issues a publication on the awarded public employers every two years, presenting the achievements of the particular settlements as well as their future goals.

The continuously updated website, kozfoglalkoztatas.kormany.hu operated by the Ministry of Interior provides detailed information about the Hungarian public employment and illustrated descriptions of the good practices implemented at national level.

Statistical Annex

Average monthly number of participants in the Public Work Scheme (by the place of residence of the participant)						
Region (NUTS2)	County (NUTS3)	2011	2012	2013	2014	2015
		yearly average				
Dél-Alföld	Bács-Kiskun megye	4 264	4 902	5 773	8 055	8 720
	Békés megye	4 750	6 632	9 429	12 553	15 370
	Csongrád megye	2 723	3 795	4 316	6 772	6 480
Dél-Dunántúl	Baranya megye	3 901	6 097	9 052	11 063	13 785
	Somogy megye	4 339	4 960	6 808	7 742	9 332
	Tolna megye	2 368	2 308	2 982	4 159	4 685
Észak-Alföld	Hajdú-Bihar megye	6 567	7 432	10 396	16 138	18 856
	Jász-Nagykun-Szolnok m	4 471	6 074	9 427	12 257	12 374
	Szabolcs-Szatmár-Bereg	12 375	13 885	18 273	24 909	32 764
Észak-Magyarország	Borsod-Abaúj-Zemplén	11 194	13 520	23 212	29 553	37 255
	Heves megye	2 683	3 639	4 336	7 668	7 657
	Nógrád megye	2 862	2 797	4 417	6 731	8 199
Közép-Dunántúl	Fejér megye	1 776	2 436	3 113	4 962	4 676
	Komárom-Esztergom m	1 247	1 419	1 384	2 670	2 825
	Veszprém megye	2 203	2 564	2 767	4 380	4 219
Közép-Magyarország	Budapest	1 344	1 652	1 958	4 363	4 490
	Pest megye	2 878	3 095	3 656	6 500	6 665
	Győr-Moson-Sopron me	919	1 320	1 319	2 146	2 070
Nyugat-Dunántúl	Vas megye	1 011	1 390	1 365	2 178	2 497
	Zala megye	1 934	2 497	2 685	4 050	5 206
Total		75 810	92 412	126 668	178 850	208 127

Average monthly number of participants in the Public Work Scheme by gender	2011	2012	2013	2014	2015
Males	44 765	61 537	77 641	97 030	110 422
Females	31 045	30 876	49 027	81 820	97 705
Total	75 810	92 412	126 668	178 850	208 127

Average monthly number of participants in the Public Work Scheme by age-groups	2011	2012	2013	2014	2015
25 years or less	9 921	13 091	20 584	30 469	33 233
26-50 years	51 613	58 088	76 716	105 541	121 832
above 50 years	14 275	21 233	29 367	42 841	53 063
Total	75 810	92 412	126 668	178 850	208 127

Average monthly number of participants in the Public Work Scheme by educational level	2011	%	2012	%	2013	%	2014	%	2015	%
Less than 8 grades	5 404	7,13	6 402	6,93	9 120	7,20	13 726	7,67	16 659	8,00
Primary school	33 413	44,07	42 242	45,71	57 780	45,62	81 516	45,58	94 429	45,37
Apprentice school	1 986	2,62	2 396	2,59	3 519	2,78	5 246	2,93	6 001	2,88
secondary vocational school	20 537	27,09	26 566	28,75	35 408	27,95	45 103	25,22	50 473	24,25
Vocational and apprentice school total	22 523	29,71	28 962	31,34	38 927	30,73	50 349	28,15	56 475	27,13
secondary grammar school	5 153	6,80	5 084	5,50	7 570	5,98	12 526	7,00	15 636	7,51
general technical education	6 014	7,93	6 346	6,87	9 091	7,18	14 353	8,03	16 957	8,15
post-secondary non-tertiary vocational education	1 249	1,65	1 428	1,55	1 841	1,45	2 558	1,43	2 967	1,43
Secondary education with GCE total	12 417	16,38	12 858	13,91	18 502	14,61	29 436	16,46	35 559	17,09
college	1 614	2,13	1 435	1,55	1 706	1,35	2 690	1,50	3 440	1,65
university	440	0,58	513	0,56	634	0,50	1 132	0,63	1 564	0,75
Tertiary education total	2 053	2,71	1 948	2,11	2 339	1,85	3 823	2,14	5 004	2,40
Total	75 810	100,00	92 412	100,00	126 668	100,00	178 850	100,00	208 127	100,00