

THE FAMILY SUPPORT SYSTEM AND FEMALE EMPLOYMENT

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MAIN FINDINGS

- » In a European comparison, the Hungarian family benefit system is quite generous in supporting parents who are raising children, with a variety of allowances and services.
- » Budget spending on families reached 1.6% of GDP in 2016, and this includes only direct financial support. If we include housing subsidies, tax benefits and other forms of support that families can take advantage of, the share may even reach 4.6% of GDP. The proportion of GDP taken up by the benefits can be calculated in many ways, and the result depends mainly on what benefits are included in the accounting.
- » In recent years, the emphasis has shifted substantially towards benefits that are dependent on employment wages, while spending on universally guaranteed family benefits has decreased.
- » The proportion of childcare benefit (which remains a high-value benefit) has grown within the budget, and the significance of the support offered to families through the tax system has also grown considerably. With the extension of the CSOK housing subsidy, help with housing has increased.
- » The amount spent on family allowance (which covers the most families) has decreased year on year. The reason is that low fertility has led to a decline in the number of families with children, and the amount of family allowance – as opposed to childcare benefit – has not been increased for 10 years. The same can be said of the universally guaranteed childcare allowance (*gyes*).
- » The most important social allowance for low-income families is the regular child protection discount, which is received by nearly 400,000 children. The income ceiling and the amount of the allowance were both raised in 2018.
- » An important element among the financial allowances is the support for families raising children under the age of three; for decades home care was central to this. Since 2014, employment has become more compatible with childcare in the framework of the so-called *gyed* extra (childcare benefit), and in fact has become a strong incentive. The employment rate of women raising children is nevertheless low, and about 9.4% of women aged 15–54 are so-called ‘inactive’, receiving

childcare allowance (*gyes*), childcare benefit (*gyed*) or childcare support (*gyet*).

» The institutional system providing day care for small children has undergone extensive change since 2017. The aim is to alleviate regional inequalities through a greater variety of more easily organized forms of day care. The number of children in day care is rising; the majority of them are still over the age of two.

» The tendencies of recent years show no signs of significant change with regard to the greater acceptance in the population of participation by mothers with children under the age of three in the labour market; the general opinion still holds that the main task of mothers with small children is to provide them with home care.

INTRODUCTION

In recent years, the government's attention has been focused on the demographic situation in the country, and especially on the low fertility. The declared objective of family policy is to improve the demographic situation, primarily through support for women's fertility plans and incentives to have children.¹ The law lists a number of actual areas to be supported, and according to the specialized literature, a number of these areas do in fact support fertility: the reconciliation of family life and employment; placement of children during the day while parents are at work; support for creating homes and housing; reduced administrative burdens related to the use of benefits and services. Apart from the actual fields of support, emphasis is placed – in both the law and the everyday rhetoric of the government – on supporting marriage and family values, and on a family-friendly world-view.

Support for Hungarian children across the border has also become a priority, within the framework of the so-called *Umbilical cord programme*⁶. Since mid-2017, the parents of Hungarian children not born in Hungary have also been eligible to receive a one-off *maternity grant*⁶, as well as the *baby bond*⁶ (a state-supported investment incentive). This can hardly be justified with reference to traditional family policy goals, since – as one-off benefits that merely keep up with inflation – these two forms of support make no meaningful contribution to the financial situation of families. Their significance is more symbolic: the emphasis is on the 'national' population policy.²

In this chapter, we present the most important family policy allowances, high-

lighting changes in recent years. We review the shift in emphasis that has resulted in some allowances gaining prominence and funding, and others losing value; and we look at the changing social targets and distribution of support within the national budget.

The range of all the important Hungarian allowances is considered, with the focus on the above shift in emphasis; however, certain details that have remained essentially unchanged in recent years will not be discussed (these can be found in the chapter 'Family support system – child raising – employment' of the *Demographic Portrait of Hungary 2015*).

In the first half of the chapter, we focus on the most important allowances: those made available to families with small children, the *family allowance*⁶ and the *family tax break*⁶. This will show that thanks to the impact of government measures in recent years, the types of support reaching families with employment income have increased markedly; this means that the significance of allowances and aid that are not tied to employment has decreased – although those forms of support have not actually been wound up. We also discuss the *Family Housing Support Programme (CSOK)*⁶, as well as an income-tested support, the *regular child protection discount (RGYK)*⁶.

We examine the different ways in which the family allowances can be interpreted in terms of budget expenditure, and look at how much the Hungarian state spends on these, compared to other countries in the European Union. We also discuss the employment of parents living with their children and day care for small children. And finally, we take a look at whether there has been any change in recent years in the

¹ According to Act CCXI of 2011 on the Protection of Families 'As the basic unit of society the family is the guarantor of the nation's survival [...] There is no sustainable development or economic growth without the birth of children and the expansion of families.'

² Act CCXXIII of 2015 on the amendment of certain social issues, child protection, family subsidies and other related laws, 47. §.

formerly rather traditional negative attitude on the part of society to mothers going back to work while their children are still small.

SHIFT IN FAMILY POLICY EMPHASIS SINCE 2010

The most important forms of family support

Close to half a dozen allowances within the family support system target families raising children below the age of three. The period after the birth of a child requires special forms of support, since the mother (if she was employed) typically leaves the labour market in order to care for her child, and so the family no longer has her income. For this reason, the state seeks to compensate for the income shortfall to some degree. Or else – in many European countries – it facilitates the institutional placement of the child, so that the mother can return to work as soon as possible.

If we compare these two possibilities – the mother either works or stays at home to care for the child – the accepted social norms in Hungary (see below) place more emphasis on caring for the child at home. The state makes it possible for the mother to leave the labour market temporarily – albeit for a relatively long period of a few years – obliging employers legally to reserve the mother’s job until the child is three, as well as compensating for the income shortfall rather generously. What allowances make this possible, and what happens if the mother returns to work earlier?

The maternity leave available to employed mothers lasts 24 weeks. During this period, they can claim the *baby care allowance* (*csed*)⁶, which is due to a mother if social insurance payments have been made on

her behalf for 365 days within the two years prior to the birth (plus other conditions not detailed here). Its amount is an uncapped 70% of the daily average earned previously. Social security contributions are not deducted from it, but personal income tax is. This compensates women with secure positions in employment at a relatively high level for loss of income in the (close to) half a year after the birth of their child. The average monthly gross amount of *csed* transferred in 2016 was HUF 153,161 per person,³ and on average 26,931 women received it each month (NEAK 2017). This allowance is only available to mothers; fathers cannot claim it. No income-earning activity is allowed to persons receiving *csed*.

Once the maternity leave has ended, and following the period of eligibility for *csed*, the parent raising the child is eligible for *childcare benefit* (*gyed*)⁶. This benefit was introduced in 1985, and it compensated for the shortfall in income at a relatively high level, until the child was two (or three in the case of twins). Up until 2014, this was its main purpose: to compensate for the wage shortfall caused by staying at home to care for a child, and no earning activity could be undertaken while in receipt of it. The amount received could reach 70% of previous income, and so financially it was plainly an incentive to look after children at home – particularly as the whole sum was lost if any sort of employment was taken up. Since 2014, its role has changed: it can still be claimed if a parent suspends her (or his) wage-earning activity (and so its wage-compensating role remains); but now it can also be claimed as an additional allowance, even if the parent engages in part-time or full-time earning activity. That is, if the parent returns to work before the child is two, he/she may receive 70% of previous earnings, in addition to any current wages; clearly this

³ In 2016, average gross earnings amounted to HUF 263,200 according to the Hungarian Central Statistical Office.

can be quite advantageous financially. This provides a strong incentive for a person to start working before the child is two, even in a society where care of the child is primarily the task of the mother until the child is 2–3 years of age (to be discussed later).

Thus, the amount of *gyed* is 70% of the daily average earned previously (as with *csed*). However, unlike *csed* it has a ceiling: the monthly maximum is 70% of double the minimum wage. In 2016, the most that could be paid out was HUF 155,400 gross, from which a 10% pension contribution and personal income tax were deducted. In 2016, 91,600 parents claimed it each month, a third of them receiving the maximum amount. Due to the age distribution of income, this was more frequent among older mothers: 42% of parents aged 35–39 received the maximum amount in 2016, but only 16% of those aged 25–29 (*Table 1*). The average amount disbursed in 2016 was HUF 119,429 gross, whereas in 2010 it had been HUF 81,356 (NEAK 2017).

In 2016, approximately 42,000 individuals had paid work while on *gyed* or *childcare allowance (gyes)*⁶ – a considerable increase over previous years (in 2014, they numbered

fewer than 30,000) (Ministry of Human Capacities, discrete data request). However, compared to the total number of claimants, the proportion of those who work while receiving one of these allowances continues to be low.

Gyed can also be claimed by fathers, which may benefit families, because men's income is typically higher. Since there is no limit to the income a recipient of *gyed* may earn, and since the amount paid is considerably more on a higher income, it may be worthwhile for the family to claim it for the father's salary. If the father continues to work in this period, and the mother takes unpaid leave (which either parent is entitled to do) until the child turns three, her social insurance contributions as an employee would be halted, and so she would be obliged to pay health insurance.⁴ In such cases, the family-policy aspect of *gyed* is completely lost – whether it is a matter of mothers having the chance to return to the labour market sooner, or as an incentive for fathers to stay at home to care for the child. Instead, for a period of possibly up to one and a half years, a family in which both parents were employed receives a rather significant boost to its earnings. In 2016, a

Table 1: The number of people claiming gyed, their gross monthly income, the gross amount of the gyed and the proportion receiving the maximum amount, by age group, 2016

Age group	Persons claiming <i>gyed</i>		Monthly gross amount of <i>gyed</i> , HUF/person/month	Proportion receiving the maximum amount, %
	No. of persons	Average gross monthly income, HUF/person/month		
–19	14	147,973	98,224	6.0
20–24	2,543	132,818	90,781	4.6
25–29	16,081	165,462	106,310	15.6
30–34	33,690	220,707	121,486	34.7
35–39	28,613	253,448	125,340	42.0
40+	10,642	260,103	123,724	40.8
<i>Total</i>	<i>91,583</i>	<i>223,362</i>	<i>119,429</i>	<i>33.5</i>

Source: NEAK (2017).

⁴ This amounts to HUF 7,100 a month.

monthly average of 2,200 fathers claimed *gyed* while employed (Ministry of Human Capacities, discrete data request). It is likely that in these cases the men claimed *gyed* for the financial reasons outlined above, while mothers cared for the child at home. But other explanations may also be considered: for example, the mother may not have been eligible for *gyed*. We have no detailed data on this; but we will return to the question of employment among mothers with small children later.

Parents who either lack the insurance contribution record required to claim *cse* or *gyed* or had no previous (pre-birth) income that could be taken into account when calculating these allowances⁵ are entitled to childcare allowance (*gyes*) from the birth of the child until he or she turns three. Parents who have received *gyed* up to their child's second birthday can also claim *gyes* until the child turns three. *Gyes* is paid at a fixed rate, equal to the statutory minimum amount of the old-age pension – HUF 28,500 gross since 2008. A 10% pension contribution is deducted from it.

The monthly average number of *gyes* claimants was 162,992 in 2016, which is much higher than the number claiming *gyed*. This is due primarily to the fact that *gyes* is a universal benefit, and secondly it can be paid for up to three years, as opposed to *gyed*, which is paid for a maximum of one and a half years (except in the case of twins). The real values of *gyed* and *gyes* have diverged significantly in recent years. Considering changes in the average monthly amount per family, the real value of *gyed* has grown continuously since 2011, and by 2016 its value had increased by 31% compared to 2010. In the same period, the value of *gyes* dropped to 94% of its 2010 value (HCSO 2017b).

Family allowance is a guaranteed benefit that comprises two allowances covering childrearing and school support; it is provided monthly from the birth of the child until the end of compulsory schooling (16 years) (although it continues until the age of 20 if the child remains in secondary education). In the case of a single child with two parents, it amounts to HUF 12,200 a month (net). The allowance increases with every child, and is also higher in the case of single parents. The amount has not changed since 2008, and so it is not surprising that (like *gyes*) its real value has decreased markedly compared to its 2010 level (*Table 2*).

*Table 2: The real value index of gyed, gyes and the family allowance, 2010–2016**

Year	<i>Gyed</i>	<i>Gyes</i>	Family allowance
2010	100.0	100.0	100.0
2011	99.3	98.0	96.6
2012	101.9	91.9	91.2
2013	106.4	90.6	88.7
2014	115.3	92.2	86.8
2015	122.5	94.4	87.7
2016	130.5	94.0	87.2

Source: KSH (2017b).
* 2010=100%.

Of the three allowances, only the family allowance covers essentially all families, irrespective of income level or employment, and only it is disbursed throughout the period of childhood. In 2016, it was paid to a total of 1.1 million families, covering about 1.8 million children (HCSO 2017b). For a lengthy period, this was the central pillar of family policy: it was by far the most significant expenditure within the family policy system,

⁵ Except for students in higher education, who can claim the so-called *Graduate gyed*⁶. This is intended to ensure that those in establishments of higher education can also avail themselves of *gyed*, which is tied to an earlier social insurance and stipulated on the basis of prior income. It was disbursed to 925 persons in 2016.

due to the high number of claimants. It is of major symbolic significance as well, because it is the best known of the many forms of support (Kapitány 2015).

Yet in recent years, its significance has waned compared to the other expenditures, and there has been a shift over the years toward income-based forms of support, which are indexed and so hold their value better than the fixed-rate family allowance or the *gyes*, which doesn't require claimants to be employed. In addition, support through the tax system has also grown considerably. Since 2011, the family tax break has become available to all families, irrespective of the number of children (for more details, see the text box 'The family tax break and other tax breaks'). In 2010, family support offered through the tax system came to HUF 31.5 billion; by 2016, that figure had grown to HUF 284.9 billion (CSBO 2017),⁶ with further growth expected in the years to come and further increases in the tax break for families with two children. At the same time,

for various reasons expenditure on family allowance has fallen from HUF 359 billion to HUF 313 billion (HCSO 2017b). One reason is that the nominal value of family allowance has remained unchanged. Others include a decline in the number of children due to low fertility;⁷ families with children moving abroad; a drop in the number of young people aged 18–20 in education after the school-leaving age was lowered to 16; and the suspension of payments for unauthorized absence from school (or even pre-school).⁸

Taking stock of the most important allowances not based on social need, there has been a major growth in the weight of allowances tied to social security contributions (of around HUF 302 billion on the expenditure side), while the amount spent on support not related to employment has fallen by HUF 50.6 billion (*Table 3*). This is the result of deliberate government orientation, as the change 'expresses the philosophy of the government family policy [...] according to which parents who

Table 3: Development of expenditure on family support allowances dependent or not dependent on social security contributions, 2010, 2016

(HUF billion)

	Allowances dependent on insurance contributions			Allowances not dependent on insurance contributions			
	<i>csed</i>	<i>gyed</i>	Tax and social security discounts	family allowance	<i>gyes</i>	<i>gyet</i>	Maternity grant ^a
2010	37.5	92.4	31.5	359.0	65.1	13.4	5.7
2016	49.7	128.9	284.9	313.1	62.3	11.4	5.8
Difference 2016 –2010	+12.2	+36.5	+253.4	-45.9	-2.8	-2.0	+0.1

Source: HCSO (2017b); CSBO (2017).

^a The maternity grant is a one-off financial grant disbursed on the birth of the child, guaranteed universally. The amount in 2017 (unchanged for years) was HUF 64,125.

⁶ Other allowances, besides the family tax break, are also included in this calculation (see the boxed summary).

⁷ In 2010, the family allowance was disbursed to 221,000 more children than in 2016 (HCSO 2017b).

⁸ The suspension of the family allowance for lack of attendance among school-age children has been possible since 2010, and since January 2016 among pre-school children. Though data are not available, according to information from the state secretary, this affected 183 pre-school children in the first half of 2016. <http://www.parlament.hu/irom40/15827/15827-0001.pdf>

THE FAMILY TAX BREAK AND OTHER TAX BREAKS

The family tax break reduces the consolidated tax base of a person before calculation of tax payable. The amount of personal income tax payable per month in 2017/2018 could be reduced by HUF 10,000 for one child, by HUF 17,500 per child for two children, and by a maximum HUF 33,000 per child for three or more children. The earlier tax break, which was available only to people with three children or more, was modified in 2011, and its significance has since grown considerably within the benefit system. One reason for this is that, since 2016, the tax break for families with two children has grown year on year (while the tax break for one child or for three or more children remains the same), and a further rise is planned for 2019 under a law already in effect.⁹

Another reason is that, since 2014, a family that is unable to make full use of the tax break from their personal income tax may deduct it from insurance contributions: the *family insurance contribution break*^G reduces the total amount of health and pensions insurance contributions to be paid by the insured in kind and in cash. Since the introduction of the family

insurance contribution break, the number of families affected has grown significantly; the modification favours lower earners (Farkas 2015).

By far the largest proportion of tax allowances (95%) comprises the family tax break; the rest is made up of the so-called Job Protection Action Plan, which seeks to incentivize employment on the employee side (by offering support for those returning to the labour market from *gyes*, *gyed* and *gyet*), and various tax breaks of lesser significance (e.g. the tax break for those marrying for the first time; tax-exempt inheritance). Taking all of these together, the amount of expenditure on families through the tax system grew between 2010 and 2018 from HUF 31.5 billion to HUF 355.6 billion (CSBO 2017). This clearly demonstrates the policy shift toward support for parents participating in the labour market and their children.

The number of those taking advantage of the family tax break is increasing from year to year, and is now approaching the number of those who receive the family allowance. About 1.1 million parents claim it; in 2016, about the same number of families received the family allowance for approximately 1.8 million children (HCSO 2017b).

seek to look after their children through their own work and efforts, through responsible parenthood must justifiably be prioritized for support' (CSBO 2017: 184). This means that increased emphasis is placed on those allowances that can be claimed on the basis of income through employment; meanwhile, the amount of those allowances that are not dependent on income and that can be claimed 'universally' – that is, by everyone – are losing value in the long term.

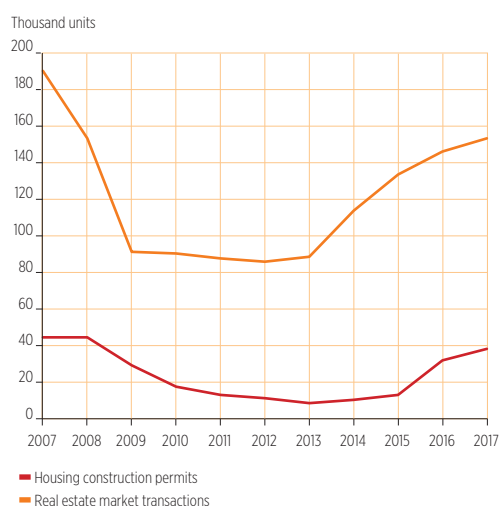
The Family Housing Support Programme

The Family Housing Support Programme (CSOK) has been running since 2015. The earlier housing subsidy and grant aimed at families (SZOCPOL) was expanded and transformed significantly in that year. The expansion was occasioned in part by the long-standing downturn in the number of houses built after the economic crisis of

⁹ Act LXXXI of 2015, 3. §. Effective as of 1 January 2016.

2008: 43,276 housing construction permits were issued in 2007, but two years later the number was only 28,400. The year with the fewest permits approved was 2013, after which their number began to increase, tripling from 2014 to 2016. The same tendency was apparent in the number of real estate transactions: after a deep slump between 2007 and 2009, numbers began to pick up in 2013 (*Figure 1*).

Figure 1: Number of housing construction permits approved and real estate market transactions, 2007–2017



Source: HCSO, STADAT database.

There were many reasons for the introduction of CSOK, besides boosting the construction industry. These included incentives for fertility, support for families without homes to build or buy their homes, and subsidizing the interest on home loans. As a result of a series of modifications, the scheme expanded considerably: the range of non-repayable subsidies was extended to include the purchase of used homes as well; the possibility of tax refunds was introduced; and the ceiling was raised for the maximum amount of non-repayable subsidies and the maximum amount of the

interest-subsidized loans (Sági et al. 2017). The allowances expanded further in 2017, and in 2018 the red tape involved in claiming them was cut substantially. Claims are dependent on social security contributions and are in keeping with the government's family policy orientation, which 'based on the principle of self-care (with some own contribution and a stable family establishment intention), assigns state resources and the regulatory tools that are to be directed towards the goal to be achieved' (Sági et al. 2017: 177).

Since 2018, CSOK can be claimed to extend an existing home, to buy or build a new home or to buy a used home. The amount depends to a great degree on the sort of real estate that it is being claimed for, as well as on the number of children that the parents already have or commit to having. As well as married couples, cohabiting partners and single parents can apply for the allowance; however, they must already have the children. Only married couples can claim the allowance on the basis of a commitment to have children (and provided one of the partners is aged below 40). The non-repayable state support that can be applied for ranges from HUF 600,000 to HUF 10 million; this can be supplemented by a state-subsidized loan of HUF 10 million ('CSOK 10+10 million').

CSOK clearly sparked a recovery in the home construction market, and there is growing interest in the allowance among the population: since its introduction and up until the end of 2016, some 36,000 families benefited from the programme, the value of which amounted to HUF 87 billion in its first year and a half (Sági et al. 2017). In the second half of 2015 and the first half of 2016, about a third of those who requested the housing support did so on the basis of a commitment to have children. In 2016, 15.8% of the support contracts referred to one child; 48.5% to two children; and 35.5%

to three or more children. The measure is plainly more popular among people who already have children: in two-thirds of cases, it is they who have claimed the support. The improvement in the housing situation through state support can also be considered a solution to a critical social problem, in a country where owner-occupied housing plays the dominant role (Hegedüs et al. 2016).

It is as yet unclear to what extent CSOK has an impact on the number of births. One reason for this is that only a third of those who apply request up-front support (i.e. only they commit to themselves to having more children). Secondly, not enough time has elapsed for us to gauge the impact: the deadline for the birth of the first child is four years, and for three children it is 10 years. It is recognized, however, that the poor housing situation is actually an obstacle to fertility in Hungary (although among people of fertile age, that may be less of an impediment than their poor finances) (Kapitány 2016). It is also difficult to predict possible future impacts on fertility, because from the various reports, it is impossible to determine exactly how many children couples have committed to having in order to gain the up-front support. In the absence of official statistics, the press generally touts the figures for the number of applications received by the

banks (though that does not necessarily mean the contract will be approved and the support paid) and the number of families applying for CSOK.

Support for families living in poverty

Families with children are usually characterized by a higher level of poverty than are families without children. According to Eurostat data, this is the situation in 21 of the 28 European Union Member States. In Hungary in 2016, 31.6% of children under the age of 18 were at risk of poverty or social exclusion. Of the total population, 25.6% live in relative income poverty, critical material deprivation, or households with extremely low labour intensity.¹⁰ Overall, 28% of households with children belong in this category, along with 53% of single-parent households; families with three or more children (36%) also stand out (HCSO 2017a). Meanwhile, the proportion of those at risk of poverty or social exclusion has decreased since 2013, both in the total population and among families with children (*Table 4*). The greatest drop in risk (13 percentage points) has occurred in households with two adults and three or more children; all three components of the indicator show a decreasing tendency.

The main social payments available to

Table 4: Percentage of people exposed to risk of poverty or social exclusion, 2010–2016

	2010	2011	2012	2013	2014	2015	2016
Total population	31.5	33.5	34.8	31.8	28.2	26.3	25.6
Households with children	35.3	37.1	39.1	36.3	31.1	29.7	27.9
One parent with child/children	57.4	57.7	61.3	63.2	56.0	62.3	52.8
2 adults with 3 or more children	50.0	52.3	53.8	49.1	42.0	38.4	36.1

Source: HCSO, STADAT database.

¹⁰ The indicator takes account of these three components; anyone belonging to at least one of these categories qualifies as a person exposed to either poverty or social exclusion.

families on low income or in a precarious position on the labour market – as described earlier – are the family allowance, childcare allowance (*gyes*) and *childcare support (gyet)*⁶ (which is a monthly, universally guaranteed payment to families raising three or more children where the smallest is aged 3–8; the amount is equal to *gyes*). The amount of these allowances has remained unchanged since 2008, and budget spending on them has declined.

Beyond these guaranteed allowances, social support for poor families is realized primarily through the welfare system. One of the most important allowances targeting poor families is the regular child protection discount (*RGYK*): this is an allowance that, in addition to offering certain financial assistance, leads to eligibility for other benefits as well. Eligibility for the income-tested regular child protection discount is assured if the per capita monthly income of the family does not exceed 145% or 135% (HUF 41,325 and HUF 38,475 in 2018) of the minimum old-age pension at the time.¹¹ An application for the allowance must be made every year, and the package available comprises various allowances in kind: *Erzsébet* vouchers worth HUF 6,200 (provided twice a year); free school books and school meals if the children go to primary school; free school books and a 50% school meal subsidy for secondary schoolchildren; as well as extra points when applying for a place in further education. The eligibility income ceiling rose by 5% at the beginning of 2018, and the amount represented by the allowance in kind also increased slightly.

In 2016, an average of 392,555 individuals (121,460 families) were supported. This shows a marked decrease compared to the early 2010s, when there were close to 600,000

beneficiaries. Of the families supported, 43% are single-parent families and 29% are families with three or more children. The number of those rejected in any given year has also fallen over time, and so that cannot be the explanation for the reduction. Rather there is another explanation: an incremental income growth among families earlier eligible for the benefit that has taken the income of the families concerned above the eligibility threshold. Nevertheless, many of these families continue to live in income poverty (Farkas 2015).

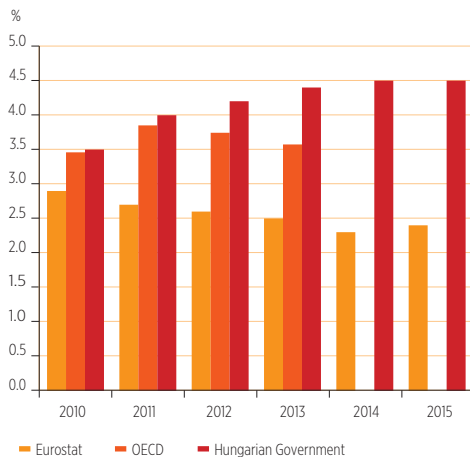
FAMILY BENEFIT EXPENDITURE IN A EUROPEAN COMPARISON

The category of family benefits may be understood either broadly or narrowly, depending on which allowances and measures are taken into account. Family allowances in the narrow sense signify primarily financial allowances that are paid direct to the family; in the broad sense we can add state expenditure on day care for small children, housing and education, allowances offered through tax breaks, or even social expenditure that targets families but also benefits other social groups (e.g. health care, certain housing support programmes, etc.). Differences in definition can mean quite extensive variation in the results: depending on what is counted as support, in 2015 the Hungarian state spent 2.4% of GDP on families, according to Eurostat (which includes financial allowances and services; see European Union 2016); meanwhile, according to Hungarian government data (which take all possible forms of support into account), the figure is 4.5% of GDP (CSBO 2017). The OECD calculation takes financial support, support in kind and tax breaks into account;

¹¹ Single parents and families with two parents are categorized separately. The total estate of the latter also may not exceed a value fixed by law. Adoptive guardians may also receive this as a monthly allowance.

this shows that in 2013 (the last year for which published data are available), the state spent 3.6% of GDP on families (*Figure 2*). Every definition is legitimate, but takes a different set of benefits into account. According to Eurostat, the proportion of support that goes to families decreased between 2010 and 2014, from 2.9% to 2.4% of GDP. According to the government calculation, since 2010 there has been continuous growth in the proportion of GDP spent on family support – due primarily to the prioritization of allowances through the tax system (not taken into account by the Eurostat definition). According to OECD accounts, the family support given through the tax system was only 0.05% of GDP in 2010, whereas in 2013 it was 0.62% – and has presumably grown further in the following years.

Figure 2: Hungarian family policy allowances as a proportion of GDP, according to calculations taking different allowances into consideration, 2010–2015



Source: Eurostat – ESSPROS; OECD Family Database; CSBO (2017).

Irrespective of the methodology used, the Hungarian family support system can be considered fairly generous in European terms. While Hungary spends less on social allowances in the field of social protection than do other countries of the European Union,

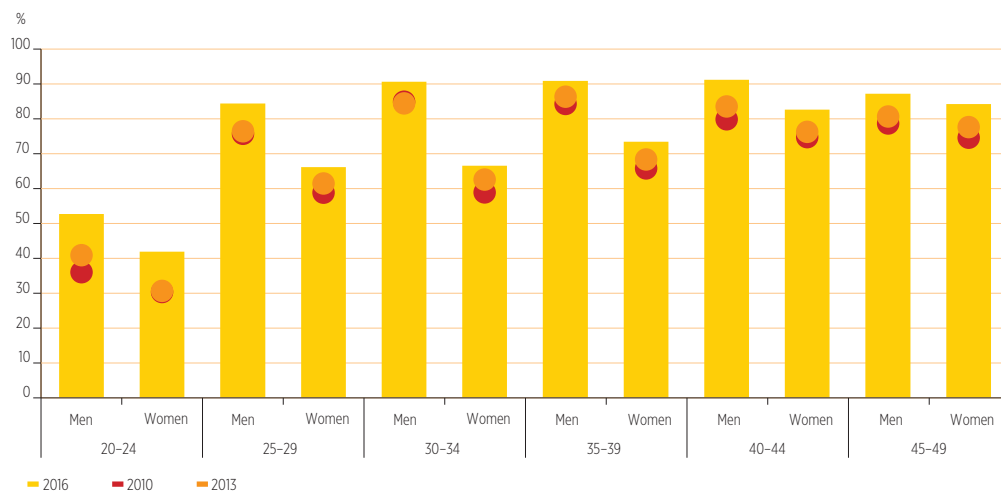
the distribution within the spending favours families: within the allowances, Hungary spends close to 12% in cash and kind on families and children, while the proportion within the EU as a whole is 8.2%.

FEMALE EMPLOYMENT

Hungary is, by and large, characterized by a dual-earner model: the labour market participation of women is on a par with that of men. However, mothers with small children usually quit the labour market for a number of years, so that they can care for their children at home themselves; and this is reflected in the employment data – in spite of a strong expansion in employment in recent years. In 2016, a total of 237,000 women aged 15–54 were inactive while on *gyed*, *gyes* or *gyet*, representing 9.4% of the given age group (Fazekas and Köllő 2017). The employment rate of women is highest in the 45–49 age group (84%) – almost 20 percentage points more than among women aged 30–34 and about 10 percentage points more than among women aged 35–39. Though the growth of employment has had an effect on all age groups in recent years, women have dropped behind men in the prime childbearing age groups: the difference in the employment rates of women and men grew in both the 25–29 and the 30–34 age groups. The employment rate of women in the 30–34 age group lags about 25 percentage points behind that of men, and in the earlier age group by 18 percentage points (*Figure 3*).

The employment of mothers is markedly influenced by the age of their children. The employment rate of mothers under the age of three has risen by nearly 3 percentage points since 2010, to stand at 15.2% – remarkable, considering that in the preceding decade it was normally between 11% and 13%. There has also been a noticeable expansion among mothers with older

Figure 3: Changes in the employment rate of men and women aged 20–49, by age group, 2010, 2013, 2016



Source: HCSO, STADAT database.

children: 74% of mothers with children of pre-school age and 85% of mothers with older children were employed in 2017 (Table 5).

If a mother does not wish to withdraw completely from the labour market while looking after an infant, part-time employment may provide an alternative. Under the so-called *gyed extra*^G, the whole amount of childcare benefit can be paid in parallel with part-time employment; moreover – since 2010 in the public sector, and 2012 in the private sector – employers have been required (if requested) to ensure the possibility of part-time employment until a child turns three. Nonetheless, this sort of employment continues to be rare in

Hungary: in 2017, only 5% of employed women aged 25–54 worked part time, whereas the EU average was 30% (Figure 4). This figure places Hungary last but one of the 28 Member States. As discussed later, social expectations are still not supportive of mothers who seek employment before their child turns three. And there is no information on whether more women would want to work part time; whether they are clear about their rights in this regard; and whether they could, if the possibility were offered, secure their rights with a given employer. There is also the question of whom they could trust to care for their child(ren) while working.

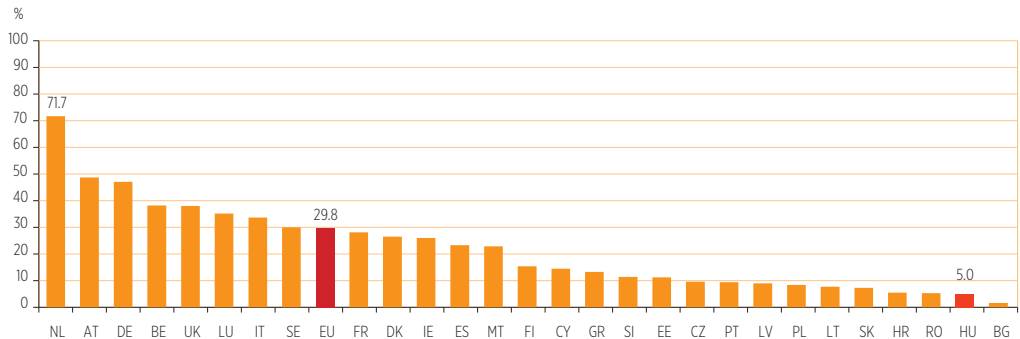
Table 5: Employment rate of women aged 25–49 by age of the youngest child in the household, 2010, 2014, 2017

(%)

Denomination	2010	2014	2017
Youngest child aged under 3	12.4	14.8	15.2
Youngest child aged 3–5	58.5	69.6	73.7
Youngest child aged 6–16	74.1	79.9	85.1

Source: HCSO, Social progress indicator database.

Figure 4: Proportion of part-time workers among employed women aged 25-54 in the European Union, 2017



Source: Eurostat.

FATHERS ON PARENTAL LEAVE ?

Fathers are entitled to an extra five working days of paid leave when their child is born (seven if they are twins). After that, the earliest they can stay at home to care for their child(ren) and receive cash benefits is when the child is six months old, following the end of *csed* payments; however, the Hungarian family policy system provides no particular incentive for men to do so (in 2016, 3,800 men were inactive on *gyes* or *gyed*, compared to about 240,000 women – Fazekas and Köllő 2017). There are some countries that specifically incentivize fathers to stay at home with their children for a longer period.

Two examples are discussed below to demonstrate briefly what sort of allowances exist in Europe to provide an incentive. Since 2000, parents in Iceland have been able to divide three months' leave between them; this is supplemented by three bonus months for each parent, provided the father also takes some of the leave in the first three months. Parents can take this leave while receiving 80% of their previous income. Overall, 91% of fathers take parental leave and stay at home for an average of 88 days

with their child. Even so, mothers spend far more time at home (an average of 182 days), but the participation of fathers is noteworthy (Eydal and Gíslason 2017).

The German family policy reform was passed in 2007, with the express aim of involving fathers more in the daily care of their children. If both parents are willing to take at least two months each of the 'basic' parental leave (with a maximum length of one year), two months of bonus leave are guaranteed to the family (so-called *Partnermonate*). According to the available data for 2014, about a third of fathers stayed at home with their child, taking an average of 3.1 months' leave. Earlier, it was virtually unknown in Germany for fathers to stay at home to care for an infant (Reimer et al. 2017).

According to research, greater participation by fathers in caring for their children strengthens the relationship between the parents and their commitment to the family. Some researchers go so far as to equate the growth of the role played by men in the home with the sexual revolution itself, since it strengthens family bonds, may return traditional family values to society and can even increase fertility (Goldscheider et al. 2015).

RENEWAL AND EXTENSION OF NURSERY SERVICES

The day-care system for children has undergone extensive change since 2017, the primary goal being to eliminate regional inequalities. Previously, services only had to be provided in settlements with a population of over 10,000; however, by the end of 2018 provision of day care had to be ensured in any settlement with more than 40 children aged under three, or if at least five children required it. At the same time, the law is quite relaxed in the case of settlements with fewer than 10,000 residents in terms of how the local government resolves the requirement: the service need not necessarily be provided in the given settlement, and it may be provided through a 'contract of services'.¹² And parents would presumably find it difficult to get their nursery-age children to an institution operating in a distant settlement.

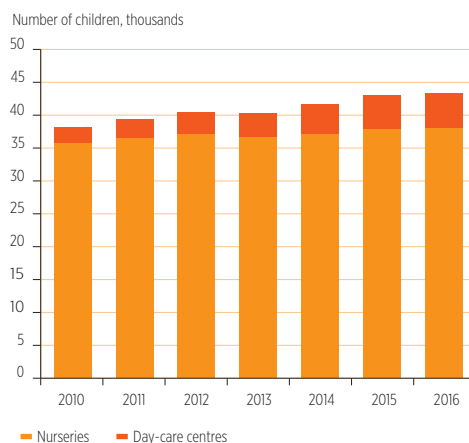
In order to simplify the provision of services, new forms of nursery services came into being that are more flexible in terms of their set-up and operation: in addition to the classic nursery, there is also the mini-nursery, the company nursery and the family nursery. These institutions differ in terms of how many children they can cater for, what qualifications the staff must hold, and typically who operates the establishment.

Classical nurseries provide about three-quarters of all nursery places in Hungary. Of the available places, 42% are to be found in Budapest or Pest County. That is related to the fact that every third child under the age of three lives there, and women's employment is also highest there (HCSO 2018). They are typically run by local governments. Family nurseries mostly evolved from former family day-care centres. They are fee-based, and function with smaller groups of children

than the classical nurseries. Family nurseries ensure about 13% of current places, and are operated in most instances by a non-profit economic organization, a foundation or an association. Mini-nurseries offer services run along institutional lines, but they can be set up and operated more simply than the classical nurseries. They are typically run by local governments, foundations or churches, and in 2017 provided care for about 350 children. Company nurseries charge fees: in 2017, there were seven such nurseries operating in Hungary (HCSO 2018).

In 2017, all these institutions together provided day-care placement for 16% of children below the age of three. The vast majority of children enrolled are still over the age of two, meaning that they start attending an institution after *gyed* runs out. The proportion of younger children has barely grown over the years: in 2016, 86% of children entering a classical nursery were at least 24 months old; in 2010, the figure was 90% (HCSO 2017b).

Figure 5: Number of children cared for in nurseries and day-care centres,* 2010–2016



Source: HCSO (2017b).

*Number of children aged under three.

¹² Act CCXXIII of 2015 on the amendment of certain social issues, child protection, family subsidies and other related laws, 47. §.

In both classical nurseries and family day-care centres (family nurseries) the number of children cared for in an institutional setting has grown year on year (*Figure 5*). Regional inequalities, however, continue to be very marked: in 2017, there were 2,610 settlements in Hungary where (in total) over 70,000 children did not have day care available to them locally – 26% of children of appropriate age.

OPINIONS ABOUT THE EMPLOYMENT OF MOTHERS IN 2016

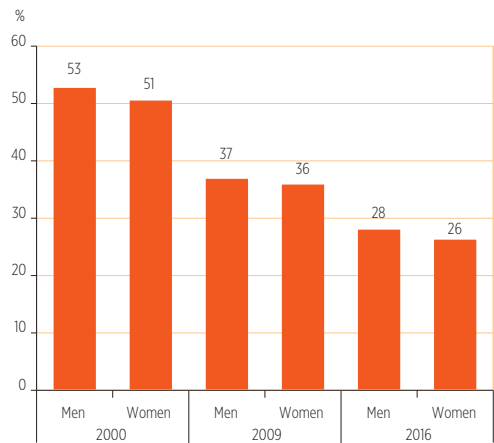
We have described the types of support that families can count on after the birth of their child. It is apparent that prior to 2014, the aim of the allowances provided after childbirth was primarily to help parents raise their children at home. In recent years, however, *gyed* and *gyes* might be viewed as a kind of income supplement, even when a person is employed. However, it is also clear from various surveys dating back to the 1980s that the Hungarian population is rather conservative in its opinions about the employment of mothers with small children. The majority opinion holds that it is harmful for both the family and the infant if the mother goes out to work. This reasoning has a huge impact on individual behaviour: if the family regards the employment of the mother as harmful to the infant, then mothers with children aged one or two will not – in the short term – join the labour market in large numbers, despite strong economic incentives.

In analysing the results of a 2016 survey, we seek to determine whether views have changed in recent times: has the majority opinion softened in relation to the employment of mothers with young children, as a consequence either of family policy shifts or of a general change in values? (For example, both the increasing number of children born out of wedlock

and the increasing number of cohabiting partners are family-related phenomena that in themselves impact social norms.)

The results show that there has been change on some issues. In 2000, half of the respondents of childbearing age agreed with the statement that *'A pre-school child is likely to suffer if his/her mother works'*, whereas in 2016 only 1 respondent in 4 agreed with this (*Figure 6*). This indicates a powerful shift in the intervening 16 years: society now clearly accepts a lower (child) age limit at which mothers can go out to work. But how long should a mother stay at home with her child?

Figure 6: A pre-school child is likely to suffer if his/her mother works.' The proportion of those agreeing and fully agreeing, by sex, 2000, 2009, 2016



Source: Hungarian Demographic Research Institute (HDRI) Omnibus survey 2000 and 2016; Family values 2009; author's calculations.

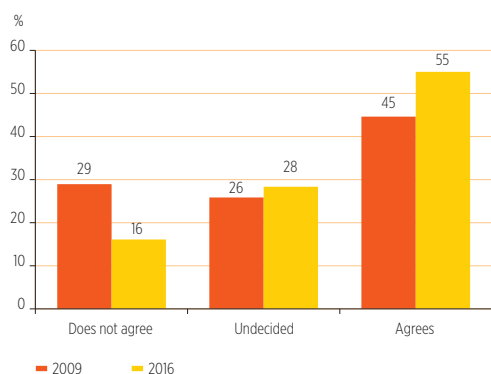
Note: national sample of men and women aged 18–50.

Comparing the placement of children in nurseries and the employment of mothers when their child is two, we see that social acceptance has grown since 2009. At that time, 29% of respondents did not agree that *'If there were enough nurseries in the country, it would be completely acceptable for a mother to return to work once her*

child turns two'; by 2016, this proportion had shrunk to 16%.

There was a lower – 10 percentage point – growth (to 55%) in the proportion of people who agreed with the statement (*Figure 7*).

Figure 7: If there were enough nurseries in the country, it would be completely acceptable for a mother to return to work once her child turns two.' Distribution of opinions on this statement, 2009, 2016



Source: Family values 2009; HDRI Omnibus survey 2016; author's calculations.

Note: national sample of men and women aged 18–50.

So when should a mother return to the labour market? The actual question used to measure this was formulated as follows: *'In general, how old should a child be, in your opinion, for it to be acceptable for the mother to take up employment?'* The question was followed by statements offering various additional contexts:

'... and if the family is in a difficult financial situation, and needs the mother's income?' (in a difficult financial situation);

'...and if the mother would prefer employment, and misses her work and position?' (misses her work);

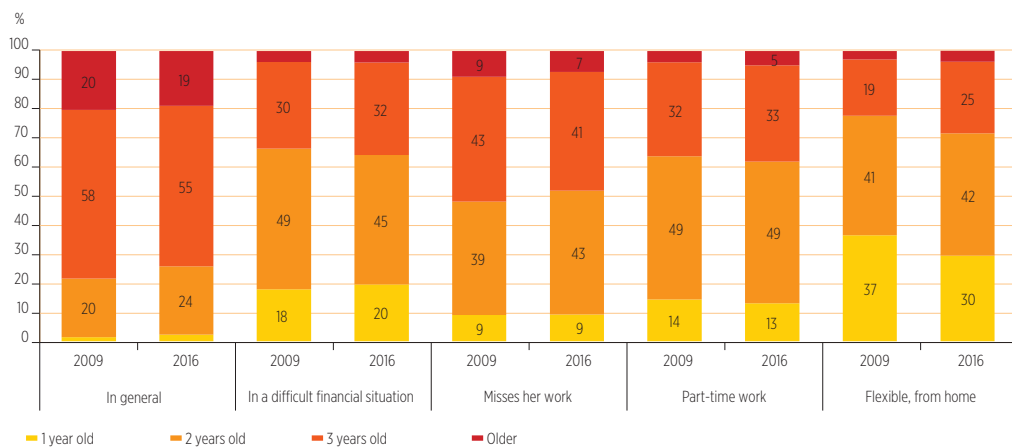
'... and if the mother has the opportunity to work part time?' (part-time work);

'... and if the mother has a chance to work flexible hours from home?' (flexible, from home).

In 2016, where no special circumstances are involved ('in general'), three-quarters of the population aged 18–50 accepted the employment of mothers when the child turns three, at the earliest. There has been scarcely any change in this since 2009; nor has the opinion of the population changed much when the various additional circumstances are taken into account (*Figure 8*). The employment of a mother is most acceptable if she is able to work flexible hours from home. A difficult financial situation also secures a less censorious attitude on the part of society, as does part-time work. But if a mother just misses her work, then only half of society accepts that she can work before the child turns three. Though there are some minimal differences in attitude between respondents based on age and level of education, these are not considerable. Comparing the attitudes of men and women, typically women consider earlier employment to be more acceptable; men put the acceptable age a bit later.

Overall it can be said that although between 2009 and 2016 there was some relaxation in certain opinions related to the employment of mothers with small children (nursery services have expanded, and there is greater acceptance of mothers working before the child is six), there was hardly any change in relation to the question of mothers with children aged below three: Hungarians still think rather conservatively and consider it most appropriate for a mother to stay at home until her child turns three. This casts doubt on – or to be more precise, significantly limits – the possible short-term impact of the policy measures described above. In the longer term, however, the reforms can certainly contribute to the development of social perspectives and to greater acceptance by Hungarian society of the employment of mothers.

Figure 8: Under such life circumstances, how old should a child be, in your opinion, for it to be acceptable for the mother to take up employment? Distribution of opinions, 2009, 2016



Source: HDRI Family values 2009; HDRI Omnibus survey 2016; author's calculations.

Note: national sample of men and women aged 18–50.

GLOSSARY

Baby bond (Babakötvény): A one-off financial allowance granted by the Hungarian state for young people to start their lives. The bond is automatically placed in a deposit account in the child's name at the Hungarian State Treasury. The deposit account is interest bearing and the amount can be increased. Once a young person reaches the age of 18, he or she may draw on the bond and the interest accrued for purposes set out in the law.

Baby care allowance (Csecsemő-gondozási díj - csed): A monetary allowance dependent on social security contributions and calculated on the basis of previous income. As the monthly amount disbursed is not capped, it provides generous compensation for the shortfall in the mother's income after the birth of her child in the half-year period of maternity leave.

Childcare allowance (Gyermekgondozási segítő ellátás - gyes): A monetary allowance offered until the child turns three. The monthly amount is equivalent to the statutory minimum amount of the old-age pension (HUF 28,500 in 2018).

Childcare benefit (Gyermekgondozási díj - gyed): A monetary allowance dependent on social security contributions and calculated on the basis of previous income which compensates for the mother's missing income after *csed* until the child turns two. The monthly sum is capped at 70% of twice the minimum wage – HUF 180,500 gross in 2017.

Childcare support (Gyermeknevelési támogatás - gyet): This is a financial allowance disbursed to those with three or more children when the youngest is aged 3–8 years (i.e. after the period on *gyes*). Its monthly amount is equivalent to the statutory minimum amount of the old-age pension (HUF 28,500 in 2018).

Family allowance (családi pótlék): Paid monthly, this allowance comprises the childrearing allowance and schooling support. The childrearing allowance is paid for children who are not yet of compulsory school age, while schooling support is paid for children of compulsory school age (or above, if enrolled in an institution of secondary education). The allowance can be suspended for non-participation in compulsory nursery education or if the child is absent without authorization from compulsory classes at an educational establishment. The amount of the allowance is HUF 12,200 in the case of one child, HUF 13,300 per child for two children, and HUF 16,000 per child in the case of families with three or more children. The amounts are somewhat higher in the case of single parents.

Family housing support programme (Családi otthonteremtési kedvezmény - CSOK): A non-repayable state allowance that can be claimed for the purchase, construction or extension of a new or used apartment or house, with the amount dependent on the number of children already born or committed to for the future.

Family insurance contribution break (Családi járulékkezdvezmény): A family support offered through the tax system for families that are unable to utilize their tax break via their personal income tax. The family insurance contribution break makes it possible for the family to apply the tax break to its social security contributions. The family insurance contribution break reduces the cash and in-kind contributions of the insured person for health care and pensions.

Family tax break (Családi kedvezmény): Family support through the tax system, reducing the total consolidated tax base of the individual according to the number of dependants, and thus reducing the amount of income tax paid.

Graduate gyed: Students in higher education are eligible for a fixed-sum childcare benefit, which they receive until the child turns two.

Gyed extra: A package of four measures: the opportunity to work while receiving childcare benefit when the child is over six months old; the disbursement of childcare allowances for a number of children at

the same time; the chance to claim Graduate gyed for two years; the supported return of mothers with young children to the labour market within the framework of the Job Protection Action Plan.

Maternity grant: A one-off financial grant disbursed on the birth of a child, provided the mother has attended an antenatal check-up at least four times during her pregnancy (or at least once in the case of a premature birth).

Regular child protection discount (Rendszeres gyermekvédelmi kedvezmény - RGYK): The collective name for allowances and benefits – both financial and (primarily) in kind – that a child may be eligible for on the basis of social need (e.g. free or subsidized school meals, free school books, etc.).

Umbilical Cord Programme (Köldökzsinór program): Name of the programme under which two forms of support became available to Hungarians living beyond the administrative borders of Hungary. These are the maternity grant and the baby bond.

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