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**ADMINISTRATION OF A HOUSING  
ALLOWANCE BY SOCIAL CARE OFFICES  
IN CZECHOSLOVAKIA**

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## **PREFACE**

Early in 1992, Minister Karel Dyba of the Ministry of Economic Policy and Development of the Czech Republic requested assistance from the U.S. Agency for International Development to support a study of the feasibility of administering a newly-proposed housing allowance program by existing social care offices, which administer social assistance for low-income families. This report presents the results of our study in response to that request.

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## EXECUTIVE SUMMARY

A housing allowance has been proposed to protect low-income individuals and families in the CSFR from rising rent and utility costs. Through the U.S. Agency for International Development (USAID), the Ministry of Economic Policy and Development of the Czech Republic requested The Urban Institute to examine the feasibility of administering a housing allowance in conjunction with the existing social assistance program.<sup>1</sup>

As part of this study, interviews were conducted with administrators and staff of (1) social care offices to learn how the current social assistance program is being administered, and (2) labor (unemployment) offices to assess the extent of coordination between them and the social care offices. These interviews were augmented by procedural manuals and forms to provide the information base from which the following findings and recommendations are derived.

### Major Finding

**A housing allowance in the CSFR can be competently administered by the same offices that administer social assistance.**

Although the organization and staffing of local social care offices in both republics are still in a developmental stage, the social assistance program is administered in a professional and fairly consistent manner. Most policies and procedures for determining eligibility and calculating social assistance benefits have been defined by the republics. They are similar

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1. The social assistance program is also commonly referred to as social care benefits for the needy or the "poverty gap" program.

between republics, and procedures are applied quite uniformly across offices. Since administrative procedures for a housing allowance will be similar to those used to administer the social assistance program, these same offices (with added staff) are capable of administering a housing allowance in a competent manner.

### **Recommendations**

**The housing allowance should be administered by the social care offices, in conjunction with social assistance.** Benefits from both programs--housing allowance and social assistance--are conditioned on income and serve approximately the same population. Thus, it is desirable that both programs be administered by the same office using similar administrative procedures.

**Some parts of the administration of social assistance could be improved, which would also strengthen administration of the housing allowance.** Potential areas of improvement include increasing uniformity of eligibility determination, expanding outreach, and verifying program integrity:

- o **The Republic Ministries of Labor and Social Affairs should issue more detailed guidelines on the kinds of assets/resources to include in eligibility determination and limits which disqualify applicants.** Current guidelines from the republics are inadequate with regard to the treatment of assets/resources in determining eligibility. Local offices must rely too much on their own discretion, which can result in variations not only across offices but among workers in the same office.
- o **Local labor offices should inform all unemployed persons applying for benefits that they might also qualify for social assistance if their family income is below a certain level.** While unemployment benefit recipients are quite consistently referred to social care offices when their benefits expire, there is no uniform practice to inform current recipients that they might also be eligible for social assistance.
- o **Local social care offices should make serious outreach efforts to inform the potentially eligible population about the social assistance program.** Few social care offices make an effort to inform those not receiving unemployment benefits about the existence of the social assistance program.

- o **A uniform quality control system should be considered in which a random sample of families would be selected each month for verification of reporting and review of the caseworker's administration of the case.** The accuracy of reporting income, assets, and household size and composition by social assistance applicants is partially verified through wage receipts and home visits. However, there is considerable variation across offices in verification methods of both reporting of current recipients and the accuracy of workers in determining eligibility and benefit amounts.

## **PURPOSE AND DESIGN OF STUDY**

### **Purpose and Context of Study**

In 1991 the Ministry of Economic Policy and Development of the Czech Republic and the U.S. Agency for International Development (USAID) requested The Urban Institute to study the advisability of adopting a housing allowance program to protect low-income families from rising rent and utility costs in Czechoslovakia. Partially as a result of that study, the Federal Ministry of Labor and Social Affairs undertook further consideration of how such a program could be administered. The concept of a housing allowance is currently being adopted and incorporated into the guidelines of the individual Czech and Slovak republics, and policies are being prepared by each of the republics' Ministry of Labor and Social Affairs.

There exists a general consensus that it would be desirable for the same offices administer the housing allowance that currently administer social assistance because of similarities between the two programs. The social assistance program (also called social care benefits for the needy or the "poverty gap" program) provides benefits to needy individuals and families whose incomes, including all allowances and grants, are below the poverty line for their family size. The benefits make up the difference between family income and the poverty line. Thus, both social assistance and the housing allowance are aimed at low-income families and individuals, and the benefits of both programs are based on family income and family size, with benefits declining as income rises. Moreover, the two programs are integrated in concept in that the poverty line, upon which social assistance benefits are based, includes an assumed cost of

housing. Therefore, the benefits of a housing allowance need to be reflected in the calculation of social assistance benefits.

There was concern, however, that social care offices that administer social assistance might not have the capacity and capability to also administer the housing allowance. Questions regarding capacity arose because the social assistance program was traditionally small in scale. Prior to the revolution, employable people were typically given a job rather than social assistance. Those not expected to work (because of disability, caring for a young child, etc.) received other allowances and grants that provided an income at or above the poverty line. The capability of local offices to uniformly administer a housing allowance program in conjunction with the social assistance program was also at issue because it was not known whether the social assistance program itself was being administered in a uniform manner at the local level.

It was within this context that the Ministry of Economic Policy and Development requested that USAID support a study of the feasibility of social care offices administering the newly-enacted housing allowance.

### **Study Design**

The best way to determine whether social care offices have the capability and capacity to administer a housing allowance is to assess how well they are administering the social assistance program. One component of the study design, therefore, was to select a sample of local social care offices and conduct semi-structured interviews with administrators and staff about how they were currently administering the social assistance program.

In order to preclude the possibility of interviewing only exemplary offices, officials at the federal, republic or district levels were not asked to identify which offices to select (though they were informed of the study and asked to encourage selected offices to cooperate). Rather, local offices were selected by research staff to ensure (1) an even distribution between republics, (2) representation of different districts within republics, and (3) an appropriate distribution between offices in large cities and small towns. Within these parameters, local offices were selected such that travel time between offices was not extraordinarily long.

In order to obtain a clearer understanding of the administrative structure, most district offices corresponding to the selected local social care offices were also scheduled for interviews. Finally, local labor offices (also called employment or unemployment offices) corresponding to the selected social care offices were also selected for interviews, as were a few district labor offices. The purpose of interviewing labor offices was to assess the coordination between them and the social care offices. Of particular interest was whether local labor offices referred needy

unemployment benefit recipients to social care offices both while they were receiving benefits (for some would also be eligible for social assistance) and when their benefits were exhausted. Finally, some officials in the republic Ministries of Labor and Social Affairs were selected for interviews in order to inquire about policies and procedures passed down to the district and local offices.

The interviews were scheduled in advance and conducted separately by two Urban Institute researchers over an eight-day period in June, 1992. Interviews were conducted with staff at 15 social care offices and 11 labor offices. In addition, 6 officials at the Czech and Slovak Ministries of Labor and Social Affairs were interviewed.

A list of offices interviewed are in Appendix A. Appendix B contains guides used for interviewing local social care and labor offices.

## **MAJOR FINDINGS**

### **Administration of Social Assistance**

Whether or not the social assistance benefits were administered in a consistent manner across offices and individual applicants in the past, events occurring in 1991-1992 led to an increased awareness of the social assistance program and the need for administrative uniformity at the local level. First, there was the realization that unemployment would increase and some proportion of the unemployed would not find jobs during the 12 months before their unemployment benefits expired. This realization focused attention on the social assistance program, how it was administered, and its capacity to handle increased caseloads.

Then, beginning January 1992 unemployment benefits were cut back from 12 to 6 months. Overnight, large numbers of the unemployed lost their benefits and applied for social assistance. Local social care offices responded by adding new staff and/or diverting staff from other areas, and in some cases establishing units within the offices solely to administer social assistance. Shortly after the first of the year, each republic Ministry of Labor and Social Affairs issued new guidelines for administering the program.

By the time of our visits to offices in June 1992, most of the adjustment to the rising caseloads on social assistance had taken place--though clearly some changes in organization and administrative practices were still occurring. By and large, we found that the social assistance program was being administered in a professional and fairly consistent manner. Most policies and procedures for determining eligibility and calculating social assistance benefits were defined.

They were similar between republics, and procedures were applied quite uniformly across offices and individuals.

**Since the social care offices are adequately administering the social assistance program, and since administrative procedures for a housing allowance will be similar, these same offices, with added staff, are capable of administering a housing allowance in a competent manner.**

More detailed findings on administrative organization and similarities and differences in practices and procedures are presented below.

## **Organization**

At the republic level, the Ministries of Labor and Social Affairs have administrative authority for the social assistance program. There are some differences between republics and, within the Czech Republic, differences across jurisdictions.

In the Slovak Republic, the program is operated at the local level by offices under the authority of the Ministry of Interior. Local office interaction with district social care offices is limited to guidance in program policy matters.

By contrast, the Czech Republic is currently experiencing a shift from operating social assistance and insurance programs at the district office level (i.e., regional level) to the municipal level. Municipal offices are part of the local city or town government. The social assistance program is generally, but not always, run by the municipal office in the Czech Republic. The extent to which the administration of social assistance is currently in a state of transition is reflected in the fact that some staff were not sure whether they were employees of the Ministry of Interior or employees of the municipal government.

An indirectly related difference across the two republics in the administration of social programs concerns the role of the local labor office. In the Czech Republic, local labor offices are responsible solely for administering the unemployment benefit program. Other social programs, such as child allowances, are administered by social care departments within the district office or municipal office. In the Slovak Republic, local labor offices are responsible not only for administering unemployment benefits, but also for administering child allowances, state compensatory grants, and parenthood allowances, etc., for families receiving unemployment benefits but not receiving social assistance. Social assistance offices assume this additional responsibility for all social assistance recipients.

## **Practices and Procedures**

**Eligibility and Benefit Determination.** Social assistance benefits are available to those who meet pre-determined income eligibility criteria. Before an eligibility determination can be made, applicants must complete and sign an affidavit, referred to as a "statement of honor", whereby the applicant discloses the full amount of his or her income and assets. It is left up to the staff to determine how much documentation is necessary to support and supplement the honor statement. The most common forms of documentation reported by staff were employer verified statements of earned income and verified receipt of any government grants, benefits, and allowances.

The social assistance benefit is then calculated based on the difference between the applicant's average income and the poverty line. If there have been fluctuations in earned income, the amount of income is averaged over six months. Offices are allowed 30 days to make the eligibility determination. No office reported difficulty meeting this mandatory timeframe, and most reported that determinations are made in a significantly shorter time period (e.g. 5-10 days). Benefits are provided in the form of a cash payment on a monthly basis.

In the interim period between the application and receipt of benefits, one-time emergency assistance can be provided to families and individuals in severe economic distress. The most common form of emergency assistance is vouchers for food. The decision to provide applicants emergency assistance appears to be left to individual staff discretion.

Overall, the social assistance program lacks detailed policy and procedure guidelines to assist staff in making decisions regarding the treatment of assets and property. While there was some variation among staff within republics, staff in the Slovak Republic generally perceived the lack of specific rules on the treatment of income and assets to be problematic, while staff in the Czech Republic were more comfortable with the current practice of relying on broad guidelines and worker discretion.

**Outreach and Referral.** In order to ensure that a social program is reaching all the citizens it is designed to serve, it is necessary to alert and educate citizens about the existence of a program and its benefits. Outreach, as it is often identified, can take a variety of forms (e.g., public information campaigns, educating staff from other programs to make referrals when appropriate, posting staff off-site to take applications in areas of concentrated need) and may be a periodic or on-going effort.

Staff reported that the social assistance program received extensive newspaper coverage in conjunction with coverage of other recent social reforms. In general, there is little to no on-going

outreach beyond referrals made by individual labor office staff (described below). Only one social care office reported they initiated an outreach effort designed to broaden awareness about the program.

While it is possible to be eligible for both unemployment benefits and social assistance at the same time, staff did not routinely inform clients receiving unemployment benefits about the social assistance program until their unemployment benefits were about to terminate. Instead, staff selectively informed clients about the availability of social assistance benefits based on their own judgment of the severity of the clients' economic distress. Once unemployment benefits are about to terminate, however, labor offices reported that staff routinely inform clients about the social assistance program. With the exception of one office which provides clients with written information about the social assistance program, labor office staff reported that referrals are made verbally on an informal basis.

Despite the lack of outreach or even routine dissemination of written information about the social assistance program, both labor and social care staff expressed confidence that clients eligible for social assistance knew about the program. Staff cited the one-time newspaper coverage, word of mouth, and labor office staff verbal referrals as the most common ways potentially eligible clients learn about the program. The only site that had conducted a formal outreach effort reported a significant increase in applicants as a result. This suggests that staff may be overly confident about the extent to which people who may be eligible to receive benefits are aware of this fact.

**Quality Control.** At present, the social assistance program lacks a systematic method to verify the accuracy of the applicants' reported financial status. The lack of a quality control system does not necessarily mean that fraud or abuse of the program is a frequent occurrence. However, without a system of quality control it is not possible to ascertain if fraud and abuse exists, the extent to which it occurs, or what steps should be taken to correct it.

When asked about measures taken to verify the accuracy of eligibility determination and benefit amounts, all offices cited that staff conduct home visits. However, the frequency and purpose of the home visits varied across offices. For example, a few offices reported that a home visit is required before benefits could be approved, but most did not include home visits as part of the eligibility determination process. Some offices tried to conduct home visits on an annual or semi-annual basis while others left the decision to conduct a home visit entirely to individual staff discretion. The primary purpose of the home visit might be to investigate the possibility of fraud, to investigate the possibility of child neglect or abuse, or a combined investigation of the clients' social and financial situation.

In addition to home visits, labor offices and social assistance offices serving the same geographic area have made arrangements to keep each other informed about their respective caseloads. This is done in order to reduce the possibility that someone could continue to receive social assistance if they found employment, but failed to report their change in status to the social assistance office. Labor offices also notify the social assistance office if an unemployed client fails to register (i.e., formally indicate that they are actively seeking employment) with the labor office. These examples of coordination are generally accomplished by exchanging monthly lists that identify new and terminated clients, which are then cross-checked against each others' respective caseloads. Staff perceived these arrangements as effective and reported no problems with their implementation.

## **RECOMMENDATIONS**

Based on the above findings, it is our conclusion that **a housing allowance should be administered by the social care offices, in conjunction with social assistance.** Benefits of both programs are conditioned on similar factors, such as income and family size, so information required from applicants is similar. There would be savings in time and money to both individual recipients and the government if application for benefits were made at the same place and with the same worker. Thus, it is desirable that both programs be administered by the same office using similar administrative procedures.

However, **some areas of administration of social assistance could be improved, which would also strengthen administration of the housing allowance.** Areas for potential improvement discussed below include increasing uniformity of eligibility determination, expanding outreach, and improving verification of program integrity.

**More detailed guidelines on the kinds of assets/resources to include in eligibility determination and limits which disqualify applicants should be issued the Republic Ministries of Labor and Social Affairs.** Current guidelines from the republics are inadequate with regard to the treatment of assets/resources in determining eligibility. Local offices must rely too much on their own discretion, which can result in variations not only across offices but among workers in the same office.

**Local labor offices should uniformly inform all unemployed persons applying for benefits that they might also qualify for social assistance if their family income is below a**

**certain level.** While unemployment benefit recipients are consistently referred to social care offices when their benefits expire, there is no uniform practice to inform current recipients that they might also be eligible for social assistance.

**Serious outreach efforts to inform the potentially eligible population about the program should be uniformly implemented across social care offices.** Few social care offices make an effort to inform those not receiving unemployment benefits about the existence of the social assistance program.

**A uniform quality control system should be considered in which a random sample of families would be selected each month for verification of reporting and also a review of the caseworker's administration of the case.** The accuracy of reporting income, assets, and household size and composition by social assistance applicants is partially verified through wage receipts and home visits. However, there is considerable variation across offices in verification of reporting of on-going recipients. Also, there appears to be some variation across offices in reviewing the work of caseworkers in determining eligibility and benefit amounts. Home visits--a time-consuming activity now--would be made for only the families selected in the sample. However, additional checks of the sample families would be made, such as property or tax records. Besides some possible cost savings compared to current procedures, a quality control system would reveal "error rates" on the part of families and caseworkers that are consistent across offices, providing a basis for corrective action. Also, if the error rates are reasonably low it would give integrity to the program, which is important for both worker morale and support of the program by the public.

**APPENDICES**

**APPENDIX A**  
**STUDY SITES AND OFFICES INTERVIEWED**

<b>Location</b>	<b>Type of Office</b>	<b>Administrative Level</b>
<b><u>Slovak Republic</u></b>		
Bratislava	Labor and Social Affairs	Republic
Banska Bystrica	Labor Office	District
	Labor Office	Local
	Labor Office	Local
	Social Care Office	District
	Social Care Office	Local
Handlova	Labor Office	Local
	Social Care Office	Local
Nidnianske Rudno	Labor Office	Local
Prievidza	Labor Office	Local
	Social Care Office	Local
Trencin	Labor Office	District
	Labor Office	Local
	Social Care Office	District
	Social Care Office	Local
Trnava	Labor Office	District
	Labor Office	Local
	Social Care Office	District
	Social Care Office	Local

**STUDY SITES  
(Continued)**

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<b>Location</b>	<b>Type of Office</b>	<b>Administrative Level</b>
<b><u>Czech Republic</u></b>		
Prague	Labor and Social Affairs	Republic
	Social Care Office	Local
	Social Care Office	Local
Kladno	Social Care Office	Local
	Labor Office	Local
Chrudim	Social Care Office	District
	Social Care Office	Local
	Labor Office	District
Plzen	Social Care Office	District
	Labor Office	District
Teplice	Social Care Office	Local

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## APPENDIX B

### INTERVIEW GUIDES

#### SOCIAL ASSISTANCE OFFICE

##### Introduction

Last year the Ministry of Economic Policy and Development and the U.S. Agency for International Development requested The Urban Institute to study the advisability of adopting a housing allowance program to protect low-income families from rising rent and utility costs in Czechoslovakia. Partially as a result of that study, a housing allowance program has been proposed in Parliament. Now, we have been asked to examine issues in administering the housing allowance in conjunction with the social assistance program.

In order to carry out this study, we would like to learn about your policies and procedures for administering the social assistance program. We are not here to evaluate how you administer the program. Rather, we hope to gather information that will help to provide a basis for making recommendations on how the housing allowance and social assistance programs might best be administered in the future.

Thus, we are also interested in any ideas you have of ways to improve the administration of the social assistance program, which of course will have relevance to administration of the housing allowance program once it is implemented.

Finally, we want to assure you that these conversations will be treated as confidential. We will not report on individual offices; rather, anything learned will be reported only in the aggregate, across all offices visited.

##### Questions

1. Does this office administer any programs other than social assistance?

If so, what programs?

2. How many staff are in this office?

number, by level or function

3. What is your current social assistance caseload?

Has it been increasing? How much over the past year?

4. What are the various steps or processes in administering the social assistance program?

intake  
eligibility redetermination  
assessment  
social services  
referral to jobs  
anything else

[get at client flow]

5. How are work functions organized among staff?

specialized--how?  
caseworker model?

6. What factors are taken into account in determining eligibility for social assistance payments and the amount of the payment?

Are all sources of income treated the same?

earned income  
unearned income  
self-employed income

How are resources/assets taken into consideration?

Are different kinds of resources treated differently?

Are any allowances/disregards made for certain kinds of expenses, such as child care, transportation, or work-related clothing costs?

**7. Over what time period is income counted for calculating the payment?**

current month  
past month  
past several months

different for wages and self-employment income

**8. For whom is eligibility calculated?**

the immediate family  
the entire household

does marital status matter in determining eligibility or the level of benefits?

**9. How frequently are payments made?**

**10. What is the form of the payment (cash or check)?**

**11. How often does the family have to report it's financial condition for continuation of benefits?**

**12. Is there a time limit beyond which the family can no longer receive social assistance?**

**13. Other than having too much income or assets, are there other reasons that a family's benefits can be terminated?**

**14. What is the average length of time between application, approval, and receipt of benefits?**

Do you have expedited service for those in immediate need?

**15. What procedures, if any, are employed to check on the accuracy of reported income and resources;?**

**16. How do low-income families find out about the social assistance program?**

referral from unemployment benefits office  
referral from other offices/agencies

Is the program advertised in any way? How? What is said about it?

If so, do the same staff administer more than one program?

- 17.** What is the make-up of your current caseload? What proportion of your clients are aged (retired)? Non-aged female heads of families? Two parent families? Non-aged single individuals?
- 18.** How do you get funds for your office?

How often are they allocated? Do you have to prepare a budget? How often?

- 19.** What do you do if you are short of funds?

This concludes the questions we have, except for one general question. That is, what changes would you recommend to improve the administration of the social assistance program?

## **LABOR OFFICE**

### **Introduction**

Last year the Ministry of Economic Policy and Development and the U.S. Agency for International Development requested The Urban Institute to study the advisability of adopting a housing allowance program to protect low-income families from rising rent and utility costs in Czechoslovakia. Partially as a result of that study, a housing allowance program has been proposed in Parliament. Now, we have been asked to examine issues in administering the housing allowance in conjunction with the social assistance program.

In order to carry out this study, we are visiting social care offices to learn about their policies and procedures for administering the social assistance program. However, we are also visiting some labor offices in order to understand the linkages and coordination between the two offices. We only have a few questions.

We are also interested in any ideas you have of ways to improve coordination between your office and the social care office.

Finally, we want to assure you that these conversations will be treated as confidential. We will not report on individual offices; rather, anything learned will be reported only in the aggregate, across all offices visited.

### **Questions**

1. When someone applies for unemployment benefits, are they told of the existence of the social assistance program?  
  
    everyone?  
    only some--who?
2. Are they given any printed materials about the social assistance program?
3. At any other time are unemployment beneficiaries told or given materials about the social assistance program?

4. Is an attempt made by your office to contact those who have exhausted their unemployment benefits to direct them to the social care office?
5. How do you coordinate with the social care office regarding whether or not a social assistance recipient accepts an available job?

do you notify them? in either case?

This concludes the questions we have, except for one general question. That is, what changes would you recommend to improve the coordination between your office and the social care office?