

THESES OF DOCTORAL (PHD) DISSERTATION

**A PARADIGM SHIFT OF SPECIAL SOCIAL CARE
SERVICES SUPPLY SYSTEM IN HAJDÚ-BIHAR COUNTY**

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Debrecen
2013

1. On the choice of topic

Starting from the general socio-economic correlations, the reason for the choice of the topic of the interdisciplinary research basically in the area of regional sciences but involving several other fields was, in addition to the personal motivations closely related to the public and professional activity of the author, the fact that the change of the political system taking place in 1989-1990 placed the practice of executive power on new grounds in Hungary. The previous theoretical researches and the related practical activity of the author made it more and more evident that the processes induced by the fundamental economic and social transition would inevitably lead to the building out of a modern decentralised regional institutional system, harmonising with the European integration processes, replacing the formerly strongly centralised state systems; to the reconsideration of the meso-level administrative and territorial functions; and finally to the regionalisation of the system of public administration and the institutional system of its operations.

The new challenges, the definition of the operational areas in the organisation of meso-level public administration and the definition of the competencies require new solutions in the establishment of the competencies of state administrative organs of regional authority and the institutional frameworks founding these; in the location of territorial tasks and competencies; and in the establishment of the operational conditions and the extensive reform of their activities. Another importation phase in the transformation of the Hungarian public and state administration is the foundation of government offices at county and district level, the provision of the new legal status, functions and tasks of the organisational frameworks of state administration at regional level (competencies), which had implications, among other things, for the chosen topic of the research: the fundamental transition of the *specialised social care services*, a real *paradigm shift*.

As regards the exact professional content of the research, the importance and timeliness of the topic are also justified by the growing importance of elderly care, induced by the demographic processes and other economic and societal changes taking place in the advanced countries, including Hungary. The changes in the age composition, increasing life expectancy, improving living standards and technological development, and the demands concomitant with these have induced transitions that will lead to the very serious transformation of social and economic structures not only in Hungary but also in the whole of the European Union (Verdó, 2011).

In the present economic situation and the near future, the principle of *sustainable development* must be valid in the definition and implementation of

regional services planning strategy. A good foundation for this is offered by the regional analyses aiming at the reorganisation of the specialised social care services, analyses that focus on the process of the paradigm shift in this area, having gained an utmost importance by now. Professional circles more and more often express the clear-cut and generally accepted viewpoint that effective specialised social care services can not only be implemented within the frameworks of the former municipal budgetary institutional system; as proved by the experiences of the institutional reorganisation in the Hajdú-Bihar County Self-Government, institutions integrated organisationally can carry out tasks in a much more cost-efficient way.

The timeliness of the topic is also supported by the principles accepted with the accession to the European Union. Social care has always been present in the history of human societies in some form. In other words, the social and economic processes influencing human lives have always made the representatives of power give assistance beyond sheer self-sustenance to those in temporary or lasting need. The basic principles presently typical in social care (*equality, fairness, solidarity etc.*) have evolved for centuries, and their contents have been formed by political ideologies. A wide range of citizens living in modern societies takes the system of social care granted if they are in need.

In the 20th century in Hungary, a significant progress in the field of personal care was provided by the approval of the Act No. III. of 1993 on *Social governance and social benefits* (Hereinafter: ASG) by the Parliament, meeting its constitutional obligation. The defined objective of the ASG was the creation and maintenance of social security, and for this purpose the act defines the forms and organisations of the respective types of care, the conditions of eligibility for social care services and the guarantees of the service provision. Social care in Hungary is built on the principle of means-tests. Social means-testing implies the absence or presence of some factors in the life of a human in a society. The Social Act precisely defines those forms of provisions that the beneficiaries are eligible for (Sztv., 1993).

The passing of the act was necessitated by the socio-economic transitions taking place after the systemic change, as wide layers of society were concerned by unemployment and impoverishment. In addition, the ageing process of the population accelerated in the 1990s, which contributed to the exacerbation of the health and social problems in society. The multi-generation family model is less and less typical now, and the situation of the single elderly people, the handicapped and those with addictions is especially worrying, as these people are in need of increased social care. Since the enactment of the ACG the network of

social care services has been built out, and new public and clerical actors have joined the range of service providers in this field. However, the responses to the new challenges make it especially important to carry out a complex analysis in a respective region on the renewal process of the specialised social care services, the content and the potential directions of their development, and above all on the foundation of a new regional model, i.e. the experiences of the transformation of social care institutions into non-for-profit organisations in Hajdú-Bihar county.

2. Research objectives, research hypotheses

The main elements of the social security now in Hungary include benefits assisting employment, unemployment benefits, social security benefits, family benefits and social and child protection benefits and services. The research of the author aimed at the specialised social care services (elderly care) from the range of these social services.

The target region of the research is the fourth most populated county of Hungary, Hajdú-Bihar, where the effective operation of the specialised social care institutional system is demonstrated, and the effective reorganisation of the national social care services system is assisted by the provision of a *successful example from Hajdú-Bihar county*. Keeping this latter effort in mind, one of the main objectives of the research programme was the complex analysis of the paradigm shift in the field of specialised social care services, by the introduction of a new regional model which has been implemented, partly as an experiment, in Hajdú-Bihar county and which can offer a model to be adapted for the specialised social care services in other regions of Hungary as well.

A further objective of the research is, in addition to the in-depth analysis of the financing problems of the municipalities maintaining the institutions, to make recommendations utilisable for the experts in practice for the establishment of a long-term sustainable institutional system that is capable of the definition of the target groups eligible for supply in a way that adequately satisfies social needs by the provision of services. All this presumes, in fact, requires a system of social care services (a social net) that is transparent, controllable, and plannable on the ground of real and acknowledged needs, improvable and predictable and, not last, also requires the user-centred planning, operation, financing and control of services. In other words, in the future all institutions will be interested in the provision of high quality services, with special regard to the fact that the expenses of social care services will be financed to a large extent by the clients

themselves. The goal is to have a future vision of a social care system on the basis of a micro-regional social planning and care in whose application a social care system close to the inhabitants (citizens, clients), and a predictable and plannable social benefits system is built out and introduced.

Last but not least, basis research objectives include the survey of the correlations and interdependencies between the regionalisation, or reorganisation of public administration, and the operation of social care services. The success of this may be promoted by the dissertation when, by the completion of the previous researches on the historical preliminaries and the literature of the topic, the author wishes to demonstrate the renewal of the regional functions of the county government offices and their complex activities, using the example of the Hajdú-Bihar County Institution Maintenance Centre. The analyses of the current issues of the regionalisation and reform of public administration, based on theoretical and empirical researches, are partly an approach to the theoretical issues from a practical point of view and partly a summary of the generalisable experiences of the practical operation of institutions. The author has a hope that the success of the methodological approach based on the dichotomy of theory and practice, and the achievements of the dissertation will be promoted, in addition to the theoretical and empirical researches, by the specific skills and information that the author has collected during the many years of his activities in the fields of this special policy as leader and manager at different levels. In the best case, the dissertation that also contains previous research findings may contribute to the closing of the debates on the dilemma of the regionalisation of public administration, i.e. the disputes on the roles of counties, micro-regions (districts) and/or regions, and after all to the elaboration of a feasible territorial, county level model in the professional areas of social care services.

3. Research hypotheses

The questions and hypotheses to be looked at during the theoretical and empirical analyses, serving the research objectives specified above and in harmony with the scientific objectives, are as follows:

- H1: The in-depth reorganisation of public administration, the transformation of professional and territorial competencies will have a favourable impact on the operation of the institutional system of social care services, a positive effect on the provision of basic tasks.
- H2: The institutional system of social care services in its present form is not suitable for a sustainable and economic provision of its tasks, it is not good

enough for the handling of the specific social problems, and the rapidly increasing demand because of the unfavourable demographic and economic circumstances will jeopardise the sustainability of the system.

- H3: The legal regulation concerning the sector is necessary and justified, but over-regulation will block or set back the operation of the institutional system and the palpable improvement of the quality of the services.
- H4: The micro-regional structure of the social care services created in Hajdú-Bihar county can be taken as a model, the municipal and county in-patient social care institutions can be launched on a sustainable development path and can be cost effectively operated after a thorough structural and organisational rearrangement on micro-regional grounds.
- H5: The criteria of sustainable non-for-profit operation can also be secured in the otherwise rather costly system of social care services, by the operation and/or transformation of the integrated institutional structure.

4. Research preliminaries

In the early 21st century, amidst the crisis of the economy and the political system of the globalised world, social problems and inequalities are also becoming stronger and stronger. The Social Charter of the Council of Europe, as a main source of reference of employees' and social rights to be followed by the EU member states, appears in the social chapter of the Amsterdam Treaty signed in 1997. Hungary ratified the Charter before the accession to the European Union, in 1999, by the Act No. C. of 1999. This may be one of the reasons why, parallel to the intensification of social problems, the state and the municipal self-governments are taking an increasingly larger share from the handling of social problems (*Ferge*, 2000, 113–134), which is indicated not only by their frequent presence in services planning concepts but also by practical measures concerning social care issues.

The thesis, after the focused processing of literature, features primary researches as an empirical method, for which available data were as follows: national and regional statistical data sets, maps, special documents of owners, service providers and property management organisations, and not last the financial and professional reports of the Bihar and the Hajdúság Social Care Services Non-for-profit Limited Liability Companies, as well as other data on service provision and management. The target group of *prominence surveys* conducted, the specialised social care institutions formerly operated by the county self-governments are introduced and the chances for an economical operation are explored, using interviews made with

the managers of the eight social care institutions, the executive of the economic entity, the financial manager of the company and the head of the finances and property management department of the property management organisation.

The most important direct preliminary of the research was the creation of the integrated operation of the county level specialised social care institutions by the Self-Government of Hajdú-Bihar County in 2007, and the consolidation process of the county and municipal self-governments.

4.1. An introduction to the institutional system of Hajdú-Bihar County

The organisation of social care services was the task of the municipalities until 31 December 2011. According to the law, the types of compulsory services were defined depending on the number of population of the municipalities. *Meeting the service provision obligations specified by the law was an increasing burden for the funders, given the present financing conditions and difficulties. For a real improvement in the quality and quantity of the services structure, a stable and safe financing and operational background is necessary.*

In order to achieve this, since 2007 the provision of specialised social care services in Hajdú-Bihar – operated by the Bihar Social Care Services Non-for-profit Ltd. and the Hajdúság Social Care Services Non-for-profit Ltd. – takes place in 4 social care institutions in the case of both Ltd.-s, in following municipalities: Derecske, Hajdúszoboszló, Bárándi, Komádi – Bihar; Hajdúnánás, Nyíradony, Mikepércs, Balmazújváros – Hajdúság, with a total of 1,576 beds. Institutions were distributed according to spatial location, so the breakdown of elderly, disabled, psychiatric and addicted patients varies between the members. Both companies do basic voluntary care services both within the respective settlements and at micro-region level, in addition to the specialised social care services.

The main objective of the establishment of the service provision system in 2007 was to have a coherent system of basic and specialised social care services. An auxiliary goal was the strengthening and support of the basis service provision in a way that only those should use the specialised social care services who have no access to services meeting their needs in the basis service provision of their environment. In 2009 and 2010, the Hajdú-Bihar County Self-Government reorganised the technical conditions and other auxiliary services assisting the professional work of the institutions maintained by the county. (Measures taken included rationalisation of the number of staff, outsourcing of the technical staff and the auxiliary tasks of the operation of the institutions,

outsourcing of catering services, setting up a fleet of vehicles, management of economic functions through one single chief directorate.)

The county self-government provided supplementary support for the normative state support for specialised social care services. As an effect of cautious planning and measures, the service provision system maintained its functioning, but it meant unproportionately large burdens for the county self-government.

5. Research findings

5.1. Exploration of the financing problems of the funders of institutions

The expenses of specialised social care services were financed until 1 January 2013 by the state partly in a normative way and partly from the municipal supplementary support, besides the fee paid by the patients. In the central budget, the amount of the normative financing does not increase year after year, which meant a continuous decrease in real value. The unpredictable change of the normatives defined for the respective years also contributed to the fact that the municipalities had to raise a considerable amount of supplementary financing for the sustainable operation of the institutional system.

Since 1 January 2013, the sustainable operation of state-owned institutions must be provided by the public funder from an increased amount of normative support and from extra-normative support. While the chances for the increase of the revenues of the central budget are limited, on the expenses side there is a growing demand by the welfare care systems (unemployment, pension system, health care). This problem will only be exacerbated by the mass retirement of people until 2020 and the increase of the salaries of the health care employees.

In order to guarantee the provision of specialised social care services, further funder supports are necessary in addition to the normative financing. The task financing operating since 20103 fixes the previous cost structure and poses significantly higher expenses on the social care system. With the nationalisation of the sector the funder is not able to “create” extra resources, so a change in the operation and financing must be achieved. Impoverishment concerning the handicapped layers (e.g. the elderly and the disabled), the spatially varied but existing loss of security following the systemic change are issues that the present regulation of the social care system is not able to handle, due to the features of the regulation of the social care services. Either these services do not even reach the target group (there are white patches in the supply system) or there is no financial

background for the implementation of the tasks. The ageing of the society means that the number of dependants per active earners increases and their contributions are raised, which cannot be done without limitations.

5.2. Integrated institutional operation

The Social Care Services Non-for-profit Limited Liability Company can raise its revenues from a considerate, cost-saving driven business planning and by submission of tenders for support. The financial overage of its activity was provided by the normative state support, the extra support for operation transferred by the funder, the fees paid by the patients, the supports provided for the tasks specified in the financing contract and from revenues coming from entrepreneurial activities.

Considerable obstacles to the cost-efficient and economical operation of the companies are the decrease of normatives and service fees specified by the budget act, and the incurred losses of income. The amount of state normative in 2010 was 84% of the financing in 2005, which, also taking inflation into consideration, is only 65% calculated at purchasing power. In specialised social care services, the types of services vary from the aspect of financing and consequently sustainability. As regards normative incomes, elderly care is given the least amount of normative, i.e. HUF 635,650 per patient, however, the service fees are the highest in case of this service type, paid partly by the patients themselves and partly by their relatives, which compensates for the lower amount of normative income. The number of staff per 100 patients is the smallest in elderly care. The most economically manageable service type is elderly care.

To the contrary, the care for handicapped people is an extremely costly type of specialised social care service, as are the care for psychiatric and addicted patients, despite the fact that the amount of normative support per person for handicapped, psychiatric and addicted patients care is HUF 710,650 per person. *Even this higher normative is not enough to supplement the personal service fee paid by the patients, which would be necessary in order to have a more operable and plannable supply system.* It means that for the operation and reorganisation of the specialised social care institutions, the extension of the chance for an effective operation in an integrated organisational form should be considered, by the coordination of the meso-level management bodies and with a supplementary 150% normative financing.

During the prominence survey it was found that a much smaller share of the supplementary state support for churches (94.5%) can be enough for the provision of specialised social care services effectively, at the present level, by which the

costs of the state allocated for specialised social care services can be decreased. For non-for-profit Ltd.-s and state-owned social care institutions the amount of the normative should be raised by the inflation rate annually, which would be a contribution to an even smoother operation.

Despite the continuous decrease of the normative state financing, the economic entities have been operating without *supplementary contribution from the municipalities* since 2011. This is allowed by savings made by the purchases following a public procurement procedure within the integrated institutional frameworks, entrepreneurial incomes, rationalisation of the number of staff and the considerate, savings-oriented management. In the period following the reorganisation, the operational expenses of the economic entities was supplemented with the gradually decreasing amount by the municipality; it was 6–7% in 2010, which is by far (by 30–40%) below the share typical in other counties (*Annual reports of the Hajdúság Social Care Services Non-for-profit Ltd., 2008 and 2009*). The company can also carry out auxiliary *profit-oriented entrepreneurial activity* in order to promote the implementation of its public utility functions, but the revenues coming from these activities can only be spent on the tasks of public utility.

The experiences of the previous years suggest that the outsourcing was successful both economically and professionally. The main achievements are listed in chapter 5.5.

5.3. The connection between the reorganisation of public administration and the social care services

The Hajdú-Bihar County Institution Maintenance Centre operates since 1 January 2012 the specialised social care institutions funded by the Bihar Social Care Services Non-for-profit Ltd. and the Hajdúság Social Care Services Non-for-profit Ltd., on the basis of the service contract, providing services in accordance with Par. 1 of Article 88 of the Act of Act No. III. of 1993 on Social governance and social benefits.

The municipal self-governments are usually capable of the safe provision of basic needs at local, municipal level. Given the difficulties of financing, the safe operation of larger, county or national level social care institutions, and specialised social care institutions offering special services may be a serious burden for the municipalities.

In the field of social care services, the care for handicapped persons and for psychiatric and addicted patients is the most cost intensive form of care. These services operate with low amounts of service fee and with large number of staff

required by the legal regulations. These service types are not attractive for profit-oriented service providers, those in need of such services are usually placed in state- or municipality-owned institutions, provided that there are vacant places. In social and specialised child protection care, high quality services with state guarantee and based on single professional policy principles must be offered.

The keeping of the meso-level management tiers is justified by the fact that county level supply needs can be satisfied here, together with the application of the single professional controlling role of the state. The quality control required by the state can be guaranteed in the institutions by a meso-level management, with the available well-trained experts. A meso-level management organ with adequate authorities could provide at county level the coordination of the – basic and specialised – services (the coordination of clerical and civil funders). This may be implemented in the form of a separate institution, or as part of an already existing institution. The state role is indispensable in the operation of institutions offering services to satisfy continuously changing patients' needs and services targeted at groups in special needs (handicapped persons, psychiatric and addicted patients). Over the last few years rationalisation of the number of personnel has taken place not only in the institutions but also at the funder.

In order to safeguard the sustainability of the institutional system offering specialised social care services, for professional reasons and on the basis of the principle of regionality, the idea of operation of the two funding economic entities (the Bihar Social Care Services Non-for-profit Ltd. and the Hajdúság Social Care Services Non-for-profit Ltd.) within integrated organisational frameworks of budgetary institutions was raised. As an effect of the merger, one integrated institution would carry out funder tasks in a total of 11 locations of all eight institutions. The institutional integration may result in the better transparency and the single management of the further operation of the institutional system. Furthermore, the operation in one single company allows the elimination of the operational disparities coming from the different financing of the service types managed by the two funders. Parallel to this, the institutional system is managed by single professional and economic principles, and with a more balanced financing. Due to the central management, the documentation system becomes better and more transparent, and the best practices of one another can be adapted by the institutions, which will lead to closer cooperation.

The centralisation of the excessively decentralised and fragmented service supply system was started in 2012, the continuation of which in 2013 has transformed professional and territorial competencies in a way that they now provide specialised

social care services in a single, transparent manner and at a high level (besides the availability of resources which varies across the respective areas). In the case of services unattractive for other service providers (care for psychiatric and addicted patients) the safety of services can be guaranteed by the state.

5.4. Creation of a supportive legal background

Creation of the regulatory background of social economies

A great challenge for the social and employment system is to place social economy in the existing institutional structure. This lifestyle requires flexibility (e.g. agriculture is linked to weather, animal husbandry to the needs of the animals and not to work schedules), which for the time being is alien to the over-regulated social system of Hungary. The conditions for the rebirth of this kind of economy should be created by a concerted legislative work, the resources for which could be provided from the central Hungarian state budget, on the one hand, and from the tenderable resources of Hungary or the European Union, on the other hand. The creation of a single system may be hindered by the diverse personal and material conditions.

High personnel costs – lack of wage compensation at business companies

In the institutions, the personnel costs make the largest part of the overall costs, so the funder tried to compensate the decrease of the revenues caused by the elimination of supplementary municipal support and the continuous decline of the sum and real value of norms by minimising the number of personnel and thereby cutting the staff costs.

The staffs of the non-for-profit Ltd.-s responsible for social care services are employees doing public tasks, whose employment issues are regulated in the Hungarian Labour Code. On the basis of the regulation of the Social Act, the wages of the employees working for clerical or non public service providers and institutions receiving normative state support must be specified in accordance with Articles 55–80 of the Act on the Status of Public Servants. The act prohibits unjustified differences between employees of state-funded and non-state funded social care institutions, with the objective of preventing social care experts employed by non-state funders from being in a more disadvantaged situation than their counterparts working for state-owned institutions. Despite this regulation, the

employees of the state-owned non-for-profit limited liability companies, carrying out public use activities, are not eligible for wage compensation, in accordance with the regulations in effect.

The tender announced for non-for-profit organisation, in which support can be gained for supplementary compensation, is not a solution for the financing difficulties of the companies, because the tender allows a maximum of 3% non-refundable support, as opposed to the expected 5% wage increase of 2012 to be financed from the own resources of the companies. At state-owned companies responsible for public tasks, even the financing of the remaining small part is a problem.

Capacity regulation

On 1 January 2012, the regulation of capacity was introduced in the field of social care. In accordance with the legal regulations, the Minister (of Human Resources) announces the capacity relevant for the calendar year until 15 January each year. The announcement made on 15 January 2012 indicated no capacity for admission, except for the county level institution maintenance centre, in the case of which the National Office for Rehabilitation and Social Affairs receives requests for amendments irrespective of the capacities available. The Bihar Social Care Services Non-for-profit Ltd. and the Hajdúság Social Care Services Non-for-profit Ltd., however, are not subjects to the above exception, on the basis of the statements issued by the National Office for Rehabilitation and Social Affairs and the Ministry of Human Resources.

According to the statements, economic entities as funders are not qualified by the social act as public funders, despite the fact that the non-for-profit Ltd-s are state-owned. The Hajdú-Bihar County Institution Maintenance Centre can fulfil its obligations specified by the social law by supply contract, but this does not mean that the state-owned economic entity signing a supply contract with the county funder will get support, irrespective of the capacity. This is a serious problem for the economical operation of the Hajdú-Bihar County Institution Maintenance Centre which meets the requirements of the patients in the social care services system.

The economic entities managed to create a flexible system in the last years for the professional and financial management of the institutions. For the effective operation in the future, however, a solution must be found for the problem above, by the change of the regulations.

The legal regulations relevant for the sector, defining the service supply obligations and the professional tasks and operational conditions of the social care institutions offering personal services, can be used as guidelines by the

service providers, but the regulation in this case should focus on the definition of the necessary, obligatory tasks and conditions. The lack of a stable financial background and the constraint to meet the necessary criteria only will not improve the satisfaction of the patients and the quality of the services.

5.5. Results of the Hajdú-Bihar county model of operation

Despite the continuous decrease of the normative state financing, the economic entities are able to operate with less and less supplementary municipal subsidy, as a result of the public procurements and entrepreneurial incomes and the considerate, savings-oriented management. This is proved by the fact that the economic entities were given a 6% municipal subsidy in proportion of their incomes in 2010. The financial coverage for the activities of the companies providing social care services came from the normative state financing, the supplementary subsidy for the operation transferred by the county self-government, the service fees paid by the patients, the subsidies in return for the tasks for which supply contracts are made, and the revenues from entrepreneurial activities.

The experiences of the recent years suggest that the outsourcing was successful, both in an economic and a professional sense. The budgetary institutions supplying specialised social care services were unable until 2007 to cover their expenses from the state normative and their own revenues. In order to guarantee their operation, a considerable amount, 32% of municipal support was necessary. The experiences show that the economic entities are able, besides meeting the professional criteria, to operate in the field of social care services more efficiently and with less support or even without any owners' support, as in the present case. Since 2011 the economic entities carrying out social care services have not received supplementary subsidy for the operation from the county self-government, and also not from the institution maintenance centre since 1 January 2012. Working in the form of a non-for-profit Ltd. allows a much more flexible operation, planning and management, compared to the previous operation as budgetary organisation. The respective budget lines are transparent and extendable, resources can be flexibly transferred for the solution of special issues that may have arisen. There is a more indirect and faster communication between the institutions and the funder, so an issue that arises can be solved more rapidly. The supervision of the processes of the respective activities, the check of the results of the activities is regular, so there is a chance for instant feedback and corrections for a smooth operation.

Operation as a business entity allows entrepreneurial activities, if necessary, the extension of these activities and also the reinvestment of the savings made, developing thereby the quality of social care.

The reorganisation of the institutions allowed the continuous decrease and then the abandonment of the supplementary subsidy paid by the county self-government, but the exclusively normative financing and the concomitant thrifty operational model may have a negative impact in the long run on the supply system. Special risks are the employment of low number and low skilled staff, and the depreciation of infrastructure because of the minimum amount of expenses only enough for preservation. In addition, the entrepreneurial activities allowed by the larger freedom of action secured by the businesslike form of operation cannot fully make up for the lost subsidies.

The operation of the social care service institutions in the funding of economic entities allows a more transparent, more flexible, savings-oriented operation, so it is advisable in the long run to keep this system. However, the reasons listed above require a reconsideration of financing, so that state-owned economic entities carrying out public utility tasks, like the Bihar Social Care Services Non-for-profit Ltd. and the Hajdúság Social Care Services Non-for-profit Ltd., should be separated from the non-governmental sector or should at least have a treatment different from those non-for-profit organisations that offer similar social care services, but voluntarily and not in state ownership. These economic entities should be allowed to have a financing at least at the same level as is transferred to budgetary organs carrying out similar activities.

The experiences of Hajdú-Bihar county suggest that the reorganisation of the municipal social care service institutions into economic entities was effective both as regards professional and financial operation. Experiences demonstrated that the economic entities as funders of social care institutions were able to successfully operate with less supplementary municipal subsidy. Economic entities as a form of operation seem to be reasonable and financeable in the provision of social care services.

6. Conclusions and recommendations

The establishment and operation of the supply system is not all that a state must do for its citizens. The almost twenty years since the social act was made have made it clear for all actors in the social sector which are those deficiencies and problems of the system in the supply system regulated by the act are which require urgent solutions.

These problems mean new objectives and tasks not only to the state but also to the municipalities, the non-governmental organisations and the citizens. In order to improve the supply and services, the system must be transformed in the following steps: assessment, analysis, evaluation, decision-making and implementation.

The reorganisation of the specialised social care services can be done within the *present financing frameworks* and the *recent demographic circumstances*. Taking into consideration the situation of the budget of Hungary, the volume of centralised state redistribution for social purposes will not increase considerably in real value. In addition, the demographic indices show a continuing ageing of the Hungarian society, both the number and share of the elderly citizens will grow. Population younger than 15 years is expected to make less than one-seventh of the total population by 2050, while those above sixty will make approximately one-third of that. These processes will change the expectations against different types of services.

In the new, service-based system the central government takes over the responsibility of caretaking from the municipalities, making these services its own task. The concerted cooperation well articulating the own interests of the funder organisations will allow the different service providers of the funders to work in real integration spatially and with their services, so that no empty, unserved territories should remain but there should not be parallel services, either.

By the creation and observation of model systems we can gain experiences before the building out of a national system. Such an experiment may be the transformation of the institutional system of the Hajdú-Bihar county self-government in 2007, during which the total transformation of the institutional system of social care services took place for a savings-oriented, economical operation. This was unprecedented in Hungary. The organisation of social care services was done in two micro-regions (Bihar and Hajdúság). The county self-government first integrated its 4 funding economic entities into two economic entities, and then the legal successor entities were made responsible for the still self-government funded institutions. The county self-government this way achieved a more effective implementation of tasks, by the rationalisation of the services provided by the institutions and the organisational integration of the social care institutions into the system of existing economic entities. The most important consequences are summarised below.

1. The *existing central normative financing of the services* must be significantly altered. The vicious circle that has evolved by now consists of a system with the following elements: an ever extending central state normative financing – obligation

of the local self-governments by the central state – the ever more detailed central state regulation – the ever growing related activities and institutions. This system must be re-built in a direction so that the focus should be on the satisfaction of the acknowledged needs and the demand-oriented services to meet these. As a result of the transformation, the present (and realistically unsustainable) open-end budget must be turned into a closed-end budget. This must go together with the breaking down of the unexplainable bureaucratic hindrances, the formal and informal bottlenecks blocking the provision of services.

The control, methodological and training activities and institutions related to the ever more detailed regulation of social care services would also transform. The transformation evidently requires a number of fundamental changes in the future, shifting the focus from the presently centralised supply of services to *regional* or *micro-regional level*, and also from the preparation and follow-up of obligatory regulations to the elaboration and adaptation of recommendations, guidelines, and quality assurance procedures (Győri – Mózer, 2006).

The social act made the county and the capital city self-governments responsible for the specialised social care services until 31 December 2011. From 1 January 2012 on, the circle of organs made responsible for these tasks was extended by the central state which carries out specialised social care services through the county level institution maintenance centres, the legal successors of the county self-governments. The Self-Government of Budapest is still responsible for their former social care services, the change only concerns the institutions funded by the counties. The costs of the provision of social care services operated by the county funder will be financed by the state in the way of task financing.

2. An important expectation and objective for the future is the *delegation of a large part of the breakdown, distribution, and service financing of central state supports to the regional level*. Drawing the conclusions from the radical but not really successful decentralisation (where the resources and decision-making are centralised but the obligation of implementation is decentralised), the responsibilities of the central state must be clarified both in financial support and the services provided. As a result of the transformation, services would get closer to the place of real needs and information, allowing the financing and creation of problem-oriented and needs-oriented special services (*subsidiarity*). The central government could handle the so-called white patches, the most disadvantaged micro-regions with special programme supports (and regional distribution solutions), in a way much better focused than now (*provision of basic needs*) (Győri – Mózer, 2006).

3. As regards the problem-oriented and needs-oriented central state programme supports, with a view to both services created in the framework of EU supports and the non-created services, the objective of the transformation is the creation of more transparent, more flexible new service systems, a more accessible and predictable system of basic services better adapted to the local needs. It is important to provide a user-centred planning, operation, financing and control of the services. As a result of the transformation, a role definitely bigger than now in decision-making would be assigned to the respective service providers and service funders (*active participation of stakeholders*). This way all institutions will be interested in offering a quality service, as the patients will be financed according to the plans, which will raise competition among the service providers.

The costliness of social care services must be made clear to society. Everything has a price. The institutions should carry out their activities in cooperation, concerting and integrating their efforts, strengthening thereby the support system of the family and the background communities. During the establishment of the system, special attention must be paid to the real vertical integration of service providers and their services, so that no white patches should remain in the different types of services and no unnecessary parallels should be in the system, either. The basic social services and the specialised social care services cannot be developed at the cost of each other.

4. Last but not least, in order to have a maximum achievement of the objectives it is necessary to deregulate the central rules concerning the services as much as possible. It is a logical conclusion of both the proposed transformation of the normative financing of the services by the central state and the recommended alteration of the compulsory tasks that the more and more extended, in fact, excessive central state regulation can be eliminated or transformed. A significant part of the existing central regulations relevant for social care services, partly as would-be central programme supports or regional supports will be utilisable as orientation tools, professional or sectoral recommendations or tools of consumer protection or quality assurance. A basic feature of the programme is the necessity to break away from the present practice of local self-governments being obliged by the central state to establish and operate specified services. For this purpose, the financing, regulatory and organisational practice must be reconstructed (*principle of self-governance*).

The assertion and implementation of the intentions of the central government can be done through an organisational system that is linked to the central government organisationally and legally (and can be brought to account). For the effective

operation of this, the organisational and procedural system of a modern, open governance must be implemented in reality; also, central legal obligations must be replaced by institutions of the open governmental service supply organisation suitable for the optimal harmonisation of central wills and local intentions. In order to achieve this, a significant role must be assigned, in accordance with the reform of public administration, to interest harmonisation, decision-making and service organisational bodies at both regional and micro-regional level. As a result of the transformation the accountability for the implementation of the respective tasks may become clearer, and the single national financing and regulation of the supply of the individual services may cease to exist. The recommended transformation considerably increases the importance and role of the articulation, expression and assertion of local needs, and supplemented with targeted supports it can strengthen interest assertion mechanisms organised around concrete needs (*Győri – Mózer, 2006*).

7. NEW AND QUASI NEW SCIENTIFIC RESULTS

1. Also with a view to the large-scale transformation of the system of public administration, for the first time in the new situation was a complex assessment of general value made for the specialised social care services system operating in Hajdú-Bihar County and on the nature of the paradigm shift taking place in specialised social care services.

2. Empirical researches promoted the mapping at regional, county, micro-regional and municipal level of the regional correlations of those fundamental demographic and social processes that call for the instant development of the social care system and that are not yet known in every detail and with all their consequences, even for the practical experts active in the respective institutional areas and in municipal administration.

3. The preliminary scientific hypothesis was verified: an effective social care supply cannot only be implemented within the frameworks of the present budgetary institutional system and with central control but to a considerable extent also by an effective integration of institutions; non-for-profit economic entities can also assert the principle of sustainability, cost efficiency and good financial management.

4. Using the research findings, as a concomitant of the paradigm shift in the specialised social care services for elderly people and population with different

handicaps, the foundations of a regional model were laid down by the Hajdúság Social Care Services Non-for-profit Ltd. and the Bihar Social Care Services Non-for-profit Ltd in Hajdú-Bihar county – partly as an experimental character – that may offer an example for adaptation for the reorganisation of specialised social care services institutions in other regions of Hungary as well.

5. The research of the specific topic in a regional setting justified the feasibility of the shift, parallel to the transformation of public administration going on now, from the previous normative financing to the present system of task financing, above all the delegation of a large part of the breakdown and distribution of state subsidies, of service financing to the regional level.

6. The experiences of Hajdú-Bihar county also proved that the delegation of the institution maintenance tasks to a meso-level organ, to a significant extent the operation of integrated institutions and the foundation of other non-for-profit economic entities does not only serve a cost effective operation but parallel to that, at least as much is good for the assertion of the human needs in specialised social care services, and improves the access of the citizens to single public services.

7. It is an important academic merit of the dissertation that it orients not only researchers and higher education students (in the first place at social policy and social work majors) in relation with the issues analysed but may be least as useful with its recommendations for experts working in the related institutional sector, at municipalities and in health care and institution maintenance, assisting the foundation and operation of an institutional system sustainable in the long run.

Achievement utilisable in practice

Utilisable recommendations were made, on the basis of experiences from Hajdú-Bihar county, for a practice-oriented working out of a sustainable and more effective adaptation model for the organisation of the specialised social care services system at national scale.

8. SUMMARY

It is undeniable that considerable changes have taken place in the field of social care services since the systemic change. The most palpable of these is the mere appearance of the social sector as such. The system of social care services has been more or less built out in the last twenty years, still the country has many

settlements, especially smaller ones where those in need have no access to the necessary social care services. In the largely decentralised Hungarian system of social care services, in many regions services are fragmented, there is no coordination of the capacities at regional level, and the different services are not integrated. The fragmented municipal system of Hungary and the obligation of service provision on the basis of the number of population resulted in the absence of services just in the most underdeveloped areas. This is against the principle of equal access to services, the *reasons* for which are clearly *structural* ones.

While there is an extremely detailed, in many aspects state-of-the-art and logically structured legal regulation in Hungary, it has not been fully utilised so far. Due to the specific structure of Hungarian public administration, the sector of social care services fell victim to the conflict between the central government and the municipal self-governments. The system of the distribution of resources was “adequately” non-transparent before 31 December 2011, not only as regards the issues of financing but also the accountability for the respective obligations.

The transition of the present system of normative financing has such far-reaching implications for the management–organisational–operational system of social care services, the responsibilities of the central state – municipal self-governments – non-governmental organisations – families – citizens to an extent that the transition of this means of financing required the working out and implementation of serious reforms (Győri – Mózer, 2006).

The self-government of Hajdú-Bihar county in 2007, for the first time in Hungary, started the full transformation of the institutional system of social care services for a savings-oriented, economical operation. The county self-government first integrated its 4 funding economic entities into two economic entities, and then the legal successor entities were made responsible for the still self-government funded institutions. The two non-for-profit Ltds.-s are responsible for the maintenance of a total of eight institutions. The county self-government this way achieved a more effective implementation of tasks, by the rationalisation of the services provided by the institutions and the organisational integration of the social care institutions into the system of existing economic entities. Experiences showed that the economic entities as funders of social care institutions are able to operate with a better financial efficiency, with less and less supplementary municipal subsidy, besides meeting the professional criteria. Economic entities as a form of operation seemed to be feasible and financeable in the supply of social care services (Verdó, 2011).

The meso-level management system of the social sector and administration was missing until 2012, when the reconsideration of the meso-level

administrative and territorial roles, actually the regionalisation of the system of public administration resulted in the reorganisation of the institution maintenance tasks. The transformation of changing intensity, not exempt from contradictions and disputes, has still not finished. The new challenge, the definition of the area of operation and authority linked to the organisation of the meso-level public administration requires new solutions in the transformation of the state administrative organs with regional competencies and in the closely related transformation of the institution maintenance system, in the definition of the frameworks, in the location of territorial tasks and authorities, in the creation of the conditions of operation and the extended reform of the activities.

In order to safeguard the sustainability of the institutional system offering specialised social care services, for professional reasons and on the basis of the principle of regionality, in 2012–2013 the operation of the two funding economic entities (the Bihar Social Care Services Non-for-profit Ltd. and the Hajdúság Social Care Services Non-for-profit Ltd.) within integrated organisational frameworks of budgetary institutions was reconsidered. As an effect of the merger, one integrated institution would carry out funder tasks in a total of 11 locations of all eight institutions. The institutional integration may result in the better transparency and the single management of the further operation of the institutional system. Furthermore, the operation in one single entity allows the elimination of the operational disparities coming from the different financing of the service types managed by the two funders.

The reform of the transformation of the system of institution funding realised since the January of 2012 is determined by a shift of focus that has taken place in the regionalisation of Hungary, which, in addition to and/or instead of the macro-regions, locates regional development tasks to the county self-government, mainly for financial considerations, parallel to the effort to free county self-governments from institution maintenance rights and tasks. The county self-governments, deprived of their administrative functions and institution maintenance tasks, are more and more becoming the main regional actors of territorial developments and territorial policy, while their former administrative functions and the previous (macro-)regional institutions and institution maintenance tasks were transferred to the county government offices established as of 1 January 2011, while the institution maintenance tasks of the county self-government were transferred to the county level institution maintenance centres, the organisation of the operation of which started on 1 January 2012, in accordance with Act No. CLIV. of 2011 and Government Decree No. 258/2011. (7 December). The goal of the act is to create the

operational conditions of a legally and transparently working state providing a full range of public tasks. By the transformation of the regional and local administrative system the legislator wished to achieve a higher efficiency, a transparent structure, the balanced quality of the services and the more effective, more cost-efficient maintenance of the institutions (Verdó, 2011).

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