

# Financing of Non-Profit Organisations in the Social Field

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# Czech National Disability Council

- Founded in 2000
- Principal objective: defense and promotion of rights, interests & needs of the disabled
- Part of the European and worldwide disability movement
- Associates more than 100 organizations of persons with disabilities

# Situation in financing of social services before 1989

- There were only three types of social services:
  - Institutional services
  - Home care services (fieldwork social service)
  - Preventive services (conjugal and prenuptial advisory centres)

Fully financed from the national budget

Run by state organizations established on the local or regional level

# Changes after 1989

- Constitution of civil enterprises providing various social services
- The services were created without a legal support – it was necessary to find a way of funding
- In 1991 the first 5 milliards of Czech crowns were provided for financing of services – the Ministry of Health was in charge

# Origin of dualism

- On the one hand the home care services and institutional services financed fully from the state budget
- On the other hand the newly established enterprises providing new types of social services financed only partially – from grants
- This dualism existed until the adoption of the Act on social services

# The 90s

- The dualism deepens
- A considerable gap arises between the financing of social services established by municipalities and the state (home care service, institutional services) and the newly created social services established by civil enterprises

# Temporary solution

- An agreement was made between the Ministry of Employment and Social Affairs and the Ministry of Health on financing the civil enterprises in the domain of disability and social services
- The Ministry of Employment and Social Affairs started providing benefits for the new social services
- The Ministry of Health provided benefits to develop the rehabilitation programmes and the activities of non-profit organizations

# Problems of the transition period

- The newly created services had no foundation in the legislation and the Ministry of Employment and Social Affairs supported services without any evidence of their necessity, guaranty of their quality and of the existence of expert staff
- There was no registration of the non-governmental service providers, and thus almost anybody could ask for a social services grant
- Only marginal aid for the social services providers from non-budget resources – gifts, contributions of foundations etc.

# Problems of the transition period

- There are very limited preferences for sponsors and donors in the Czech Republic
- There is only a tax allowance; the assignation, promotion of public funds and foundations are missing
- This makes the development of the tertiary sphere dependent on the subvention from the public resources
- At the end of the 90s there was a stagnation in the public subventions and a gradual pressure leading to decrease the expenses in this sphere

# Imposing pressure to change the legislation

- At the beginning of the new millennium a pressure for a new legislation in the domain of financing the social services was created
- In 2006 the Act on social services was adopted, equalizing the financing conditions of all sorts of social services and also the financing conditions of services realized by different entrepreneurs

# The Act on Social Services

- The services are financed:
  - From the clients via the home care benefit
  - By subsidies from the state budget
  - By subsidies from the local government
  - By gifts
  - In case of sojourn services by pensions or other client's incomes

# Substantial problems in financing of services

- Subsidies, by their character, give advantage to institutional social services
- Subsidies are given for the provider, and not for a completed service unit
- Providers of fieldwork social services are often unsuccessful applying for grants
- A paradoxical situation arises – instead of the fieldwork social services the institutional services are being developed

## Table 1 – type of service

Type of service	Request 2008	Subsidy 2008	Subsidy/ Request
Care	8 110 872 550	5 426 639 100	67%
Consultancy	360 313 335	203 996 400	57%
Prevention	1 398 480 459	882 631 700	63%
<b>Total</b>	<b>9 869 666 344</b>	<b>6 513 267 200</b>	<b>66%</b>

Type of service	Number of services	Number of promoted services	Proportion of promoted services to the total of services
Care	2 373	2 209	93%
Consultancy	489	445	91%
Prevention	1 485	1 393	94%
<b>Total</b>	<b>4 347</b>	<b>4 047</b>	<b>93%</b>

## Table 2 – type of the social work

Type of the social work	Request 2008	Subsidy 2008	Subsidy/ Request
Daily care centers	95 392 433	58 301 800	<b>61%</b>
Daily stationary centers	314 830 643	225 093 300	<b>71%</b>
Homes for disabled persons	2 067 816 527	1 528 732 500	<b>74%</b>
Homes for older persons	3 120 011 755	2 245 646 500	<b>72%</b>
Homes with special regime	743 570 499	552 599 200	<b>74%</b>
Protected living	188 496 090	92 693 600	<b>49%</b>
Lightening services	24 075 863	11 786 700	<b>49%</b>
Lightening services (p)	122 207 807	61 946 700	<b>51%</b>
Personal assistance	222 640 689	114 890 500	<b>52%</b>
Domiciliary services	869 352 229	331 453 300	<b>38%</b>
Assistance of independent living	10 669 324	5 312 100	<b>50%</b>
Guiding and reading services	8 231 247	3 573 700	<b>43%</b>
Social services in health care institutions	148 381 601	88 453 300	<b>60%</b>
Emergency care	20 367 448	6 390 600	<b>31%</b>
Weekly stationary centers	154 828 395	99 765 300	<b>64%</b>
<b>Total</b>	<b>8 110 872 550</b>	<b>5 426 639 100</b>	<b>67%</b>

## Tabulka 3 – druh služby soc.péče (počty)

Type of the social work	Number of services	Number of promoted services	Proportion of promoted services to the total of services
Daily care centers	93	88	95%
Daily stationary centers	241	232	96%
Homes for disabled persons	223	218	98%
Homes for older persons	435	416	96%
Homes with special regime	142	140	99%
Protected living	111	99	89%
Lightening services	43	37	86%
Lightening services (p)	110	89	81%
Personal assistance	173	151	87%
Domiciliary services	588	543	92%
Assistance of independent living	18	16	89%
Guiding and reading services	34	27	79%
Emergency care	15	11	73%
Weekly stationary centers	77	73	95%
Soc.serv. in health care institutions	70	69	99%
<b>Total</b>	<b>4 347</b>	<b>4 047</b>	<b>93%</b>

# Substantial problems in financing of services

- The services are provided according to the level of the granted subsidy, not according to the real needs
- It is necessary to change this illogicality, so that the services can be provided according to the needs of clients and so that they are dependent on the level of the financial resources as little as possible

# Necessary changes

- Financing has to be made through the completed services
- The Czech government should determine a subsidy for a unit of each service
- The provider should establish the execution of a certain amount of services – and then collect the financial resources

# An outlook for the future

- Financing of the social services on the basis of the insurance
- A rightful system – the insurance company guarding the quality of the service, support for the fieldwork social services, which are cheaper
- Unfeasible in the medium term

Thank you for your attention

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