

RESEARCH ARTICLE

Uncoordination of China's social assistance program resources and policy solutions

Haomiao Zhang

Abstract: With the promulgation and implementation of Social Assistance Interim Measures, China has basically established the social assistance system framework with *Dibao*, *Three-nos* people support and disaster relief as the basis, with housing aid, medical aid, education aid and employment aid as the support and with temporary assistance and charity help as the supplement. The establishment of various social assistance programs undoubtedly aims to fulfil different demands of urban and rural needy people, however, the increase of social assistance programs does not necessarily bring about an increase in the effectiveness of social assistance. This paper analyzes the uncoordination of China's social assistance program resources and put forward related policy solutions.

Keywords: social assistance, program resources, policy solutions, China

1 Introduction

China's social assistance program resources, which refer to all types of assistance programs to help the poor and vulnerable groups. According to China's "Interim Measures for Social Assistance" in 2014, there are eight kinds of programs: *Dibao* (minimum living standard guaranty system), *Three-nos* people support (people with no working ability, no income, and no family support), disaster relief, medical assistance, education assistance, housing assistance, employment assistance and temporary assistance. These eight kinds of assistance programs can be classified into three major categories, namely: long-term living assistance, special classification assistance, and temporary emergency assistance. Among them, *Dibao* and the *Three-nos* people support are the long-term living assistance; the medical, education, housing and employment assistance are the special classification assistance; and the disaster relief and temporary assistance are temporary emergency assistance.

2 Aspects of the uncoordination

Although China's social assistance programs have played a more significant role in protecting citizens basic living, maintaining social fairness and promoting social harmony and stability, the uncoordination of social assistance program resources exists. The uncoordination is manifested in the following aspects:

2.1 Minimum Living Standard Guarantee System (*Dibao*) welfare binding

The existing social assistances are prone to "welfare binding". The original intention of China's Minimum Living Standard Guarantee System (*Dibao*) is to solve the basic livelihood problems of poor group. However, with the implementation of medical, education, housing and other special assistance programs, many other regimes are bundled to implement with *Dibao*, resulting in such a situation that, if a person enjoys *Dibao* allowances, then the person can enjoy any assistance policies, i.e., eligibility of most special assistance programs is conditional on the receipt of *Dibao* allowance. In other others, the *Dibao* recipients can also get a number of other assistance programs; and they will lose the entitlement to many other assistance programs if they are removed from *Dibao*. Although the "Interim Measures for Social Assistance" in 2014 gives unified provisions on all the social assistance systems, the new policy still does not get rid of some special assistance programs' binding with *Dibao*. E.g., in the "Interim Measures for Social Assistance" the beneficiaries of medical, education, house

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and other special assistance programs are still limited to the “*Dibao* family members” or “*Three-nos* support people”. Although these special assistance programs reflect the governments’ final guarantee of the diversified basic needs of the poor, the *Dibao*-linked targeting mechanism of special assistance programs lead to a result that, to some extent, the *Dibao* people can enjoy the relevant assistance programs, but other poor families or individuals cannot get their deserved assistance. On the one hand, this case causes a “superposition effect”, i.e., the *Dibao* families can obtain multiple assistance benefits, thus probably “enticing” some able-bodied recipients to stay in the *Dibao* program for enjoying these benefits, without willingness to withdraw from *Dibao*. On the other hand, this case also cause a “cliff effect”, i.e., there is a huge gap between the *Dibao* recipients and the non-*Dibao* low-income people in enjoying the assistance policies, leading to a result that the non-*Dibao* low-income groups are difficult to obtain the help from social assistances even if they are in trouble, thus further producing a sense of injustice and compromising the social assistances’ relief effects. It can be seen that the increase in social assistance programs does not bring about a simultaneous increase in the effectiveness of assistance, because the coordination between the internal programs of existing social assistances is yet to be improved.

According to the data from the survey on the urban and rural poor-family social policy support system by the Ministry of Civil Affairs (MoCA) in 2013, 48.75% of *Dibao* families are simultaneously enjoying two or three assistance benefits, and 33.94% enjoying four to five benefits (See Table 1). That is to say, *Dibao* families can also receive more superimposed assistance in addition to their *Dibao* allowances, making such families depend more on assistance.^[1]

Table 1. Binding situation of the assistance benefits of China’s urban *Dibao* families

Superposition situation of the social assistance programs	Proportion (%)
accept <i>Dibao</i> allowance	11.96
accept two to three assistance benefits simultaneously	48.75
accept four to five assistance benefits simultaneously	33.94
accept six to seven assistance benefits simultaneously	4.98
accept eight or more assistance benefits simultaneously	0.37

Too many benefits for *Dibao* families lead to some working-aged and able-bodied *Dibao* recipients not to want the employment, because once they have a job and get certain incomes, their *Dibao* allowance will be reduced accordingly or they even exit *Dibao* program. It is clear that, if the employment incomes are lower than or only slightly higher than *Dibao* allowances, they will certainly choose not to be employed or try to conceal their incomes, so as not to exit the assistance, thus leading

to a poverty trap. In recent years, the proportion of able-bodied *Dibao* recipients, including the registered and unregistered unemployed persons, employed persons and flexible employment personnel, has always been higher than 61% since 2007. And in 2007, 2013, 2014 and 2015, the proportion is even higher than 62% (See Table 2). Of course, a part of *Dibao* recipients capable of working may not be employed due to looking after the elderly and children. Even if the number of such person is reduced, there is still a large number of able-to-work person. Clearly, it is not the ultimate goal of a program to put so many people with complete or partial working ability into *Dibao*. According to the large-scale sample survey of the nation-wide urban and rural poor-family social policy support system by the MoCA in 2013, the urban *Dibao* families enjoy nearly six years *Dibao* allowances on average, with 89% never exiting; and the rural *Dibao* ones 3.4 years on average, with 92% never exiting.^[2] If such cases last for long, the fairness and efficiency of China’s social assistances is bound to be impaired. It shows that the problem exists that the *Dibao* recipients tend to enjoy such benefits for long; and they also show the tendency of reluctance to be employed. So the problem of long-term assistance exists under the situation of very low-level benefit. We need to re-think a lot on the issue of *Dibaos* bundling design.

2.2 Lack of service assistance

China’s social assistance pays more attention on material relieves by granting cashes and in-kinds, but there is a serious lack of service assistance. Material relief is aimed to protect the survival of poor groups; as a “blood transfusion” means, it cannot promote the assistance recipients to development accumulate human capitals. The more public resources are invested into cash and in-kind assistances, the more attention is paid to the fairness by the public, and the stringent scrutiny will be imposed on economic status of the applicants. Thus, those assistance recipients who have the ability to work will be more unwilling to bear the risk of losing assistances due to employment, easily leading to long-term assistance. Service assistance mainly includes medical assistance, education assistance, employment training, home-based care assistance for poor elderly, and *etc.* They help to improve the living conditions of poor and vulnerable groups via services, enhance human capitals and help raise abilities, and finally promote the development of the people and society. So they are a kind of “blood-producing” assistance means. It should be noted that, in general, China’s service assistance’s development lags behind, leading to serious shortage of supply.

According to the data from the survey on the urban

Table 2. Binding situation of the assistance benefits of China's urban *Dibao* families

Year	Total urban <i>Dibao</i>	The Disabled		Population With Working Capacity								Percent
				Employed		Registered Unemployed		Flexible-Employed Population		Unregistered Unemployed		
		No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	
2007	22.721	1.610	7.090	0.940	4.130	6.272	27.600	3.438	15.130	3.643	16.030	62.890
2008	23.348	1.691	7.240	0.820	3.520	5.643	24.170	3.817	16.350	4.022	17.230	61.270
2009	23.456	1.810	7.720	0.790	3.370	5.102	21.750	4.322	18.430	4.109	17.520	61.070
2010	23.105	1.807	7.820	0.680	2.950	4.928	21.330	4.324	18.700	4.200	18.180	61.170
2011	22.768	1.841	8.090	0.620	2.700	4.725	20.750	4.297	18.870	4.267	18.740	61.060
2012	21.435	1.745	8.140	0.500	2.310	4.004	18.680	4.593	21.430	4.171	19.460	61.880
2013	20.642	1.692	8.200	0.450	2.180	3.655	17.700	4.598	22.270	4.123	19.970	62.130
2014	18.802	1.579	8.400	0.380	2.000	3.127	16.630	4.262	22.670	3.986	21.200	62.500
2015	17.080	1.526	8.930	0.320	1.850	2.652	15.530	3.792	22.200	3.943	23.090	62.670

and rural poor-family social policy support system by the MoCA in 2013, the assistance program most frequently enjoyed by the urban and rural hardship groups is *Dibao*, at a percentage of 65% or higher, followed by one-time holiday subsidies, with a percentage of about 50%, and then followed by waivers of expenses of water, electricity, gas and heating, at a percentage of about 30%. Medical assistance and education assistance account for 25% and 10%, respectively, which are not high. The migrant poor families can acquire very limited social assistances in their current residences, and the proportion is further lower: about 64.9% of such families have not received any assistance, and the most frequently received assistance program is medical assistance, at a percentage of only 6.78%; other assistances take very low proportions (see Figure 1). Although acquiring few relieves, such poor families have high and diversified demands on social assistances. Of course, different types of families have different priorities in demands. The top three social assistances most needed by urban poor families are *Dibao*, medical assistance and subsidies for water, electricity, gas and heating; the top three by migrant poor families are the housing assistance, medical assistance and education assistance; and the top three by rural poor families are *Dibao*, medical assistance and temporary major accident relief. In addition, there are many needy groups who need the employment help, entrepreneurship support, legal aids, psychological services and other relief services.

In 2015, the author organized a survey of the social assistance in Chengdu, finding that the access to *Dibao* and material supports were the most important forms of helps acquired by the *Dibao* recipients; only 30% and 6% of these respondents had received medical assistance and education assistance; and only 1-2% had accessed employment assistance, care services and spiritual comforts. But the surveyed have high demands on these assistance services, especially medical supports, because more than 30% of them believed that the medical as-

sistance and medical insurance would deliver them big helps. Still not a few *Dibao* recipients have demands on look-after and cares, psychological comforts, employment and legal aid, and other services.

At present, despite the special assistance provides service for the recipients, such as education, medical care, housing and employment, the coverage of these service assistance is narrow, the level of benefit is low and the effectiveness of the assistance is limited. In addition, low-income groups in addition to the needs of the above services, there are still care, psychological comfort, business support and other needs, but the existing social assistance systems did not provide such service assistance, showing the lack of these kinds of service assistance.

2.3 The uncoordination between assistance and other social security programs

China's social security system is mainly composed of three subsystems, namely, social assistance, social insurance and social welfare. The social assistance is the fundamental subsystem, aimed at ensuring the most basic life of the vulnerable social groups; the social insurance is the principal subsystem, aimed at solving the various risks faced by the ; and the social welfare is the highest-level subsystem, aimed at improving the quality of life of all citizens. The three subsystems should develop in a coordinated manner, rather than compromising or favouring certain one.^[3] Otherwise, the overall function of the social security system will be impaired, or even stir contradictions between members of the society. In addition to coordination among social assistance programs, social assistance programs and the social insurance's and the social welfare's related programs shall be coordinated and integrated. But till now, such coordination has yet to be improved.

On the one hand, the coordination between the social assistance programs and the related social insurance ones is not strong. Firstly, the coordination between medical assistances and medical insurance is not smooth enough.

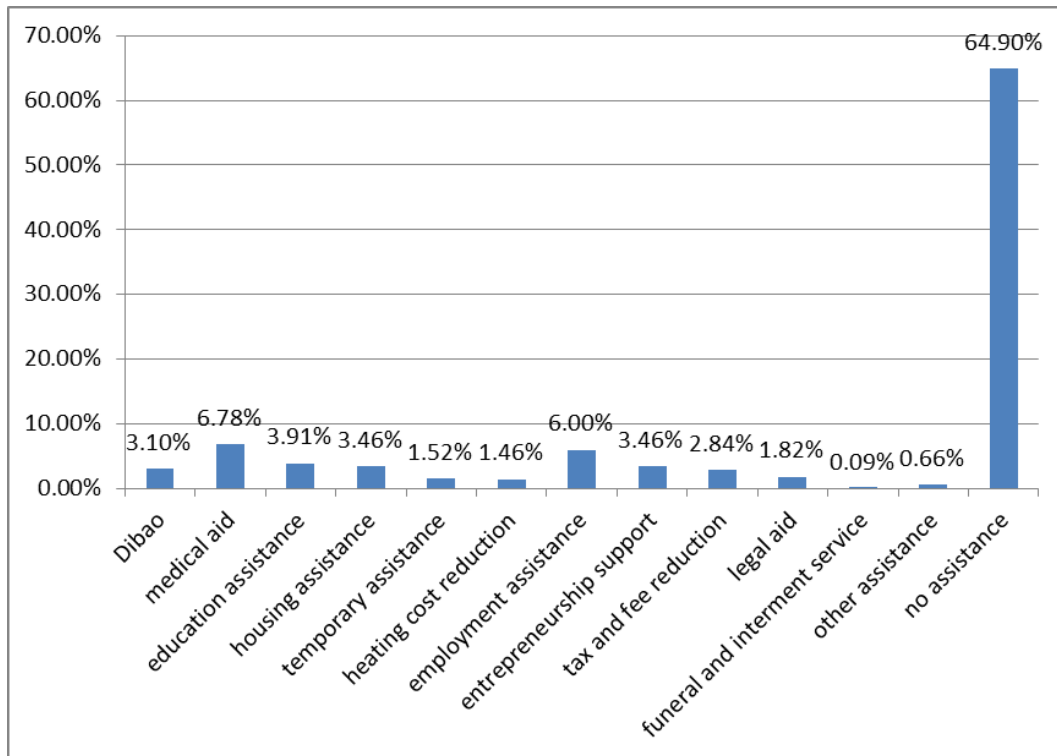


Figure 1. Situation of migrant needy families in obtaining assistance in current resident places

The first issue is that there may be deviations in the actual beneficiaries of subsidizing funds for participating in medical insurance and medical cooperative care. Some part of the medical assistance funds is used to help the *Dibao* recipients, *three-nos* support person and other assistance objects to participate in basic medical insurances. Such expenditure in 2015 reached 6.17 billion Yuan, which is allocated directly from the basic medical assistance account to the basic medical insurance fund account. The basic insurance fund account can be used for all the insured objects, not only for the poor groups. So it is not proper to say that the funds for subsidizing the poor for participating in the medical insurance and medical cooperative care are fully used to solve the medical burdens of the poor groups. And the second issue is the actual reimbursements under medical assistances vary greatly due to different settlement methods between the medical assistance, basic medical insurance, serious illness medical insurances and other systems. As to the connection between the medical assistance system and the medical insurance system, a unified method has been achieved basically across the nation, excepting the connection timing order. However, the nation has not adopted a unified settlement method; e.g., section-wised settlement and accumulation-wised settlement of medical expenses are both being used. Secondly, the coordination between employment assistance and unem-

ployment insurance is to be strengthened. Employment assistance is aimed at the able-bodied *Dibao* recipients. Currently, more than 60% of the urban *Dibao* recipients have the working ability. Obviously, it is not the ultimate goal of the national policy to place so many people with the working ability under the shelter of social assistance. Employment assistance is aimed to drive the *Dibao* recipients to return to the labour markets through many employment advancement measures, including the job recommendation, training, public service jobs, subsidies for training and social security, etc. Unemployment insurance is a kind of social insurance program which provides a certain period of material assistances and re-employment services to the labourers who have lost their wages due to the involuntary unemployment. The function of unemployment insurance to promote re-employment is widely valued in the world. But in China, generally, such re-employment promotion function is limited; and in practice, the coordination between employment assistances and unemployment insurances has not attract enough attention.

In addition, the coordination between social assistance and social welfare and poverty alleviation development is not enough. Firstly, there is a lack of coordination between *Dibao* program and special groups' welfare programs (disabled persons, elderly persons, women and children). Disabled people, elderly people, children and

women are the vulnerable groups with poor capacity against risks. If social welfare for them does not develop well, they will have to rely on social assistance, eventually worsening the burden of social assistance system. On the contrary, if the social welfare is relatively perfect and sound, it can improve the quality of life of all the people, reduce the possibility of poor risk-resistance groups to fall into the poverty, and thus alleviate the pressure of social assistance; additionally, for *Dibao* families, if their elderly, disabled, children, women and other members can enjoy the corresponding social welfare, the burdens on such families can be reduced, thus helping the assisted families out of poverty. At present, there are a considerable proportion of disabled persons, elderly people, children and women in China's *Dibao* recipients. Although the welfare for them in China has been developed over recent years, the coordination between is insufficient between *Dibao* and such welfare programs, resulting in dilemmas in selections by *Diabo* recipients in practice. In order to prevent the loss of benefits, they can only stay in *Dibao*. As discovered in the interviews of *Dibao* recipients in Chengdu in 2015, five persons enjoy the welfare subsidy for the disabled, in addition to *Dibao* allowance; and another person further enjoy the old-age welfare subsidy. These benefits have made a certain improvement to the life of *Dibao* families. However, poor coordination between various policies results in conflicts, leading to inconvenience for the poor groups. Secondly, the relationship between the rural *Dibao* and the poverty alleviation and development needs to be further coordinated. The poverty alleviation and development and the rural *Dibao* are both important measures to combat poverty in China. And they are also important and basic institutional arrangements to alleviate rural poverty. For a long time, these two systems have operated independently, with differences in goals, working objects, working methods, natures, implementing bodies and working mechanisms. Currently, the MoCA has introduced a guide to promote the effective coordination of the two. But in practice, improvements are still needed in terms of the object connection, standard connection, information sharing, etc. Many counties' rural *Dibao* standards are lower than the poverty alleviation standards. The two departments do not conduct well in communication, coordination and information sharing, and two systems need to further strengthen their connection and coordination.

3 Policy Solutions

First, the object of various kinds of assistance programs should be regulated and welfare binding should

be avoided. It needs to regulate the objects of all kinds of assistance programs. All kinds of special assistance should be brought into the unified social assistance management system, and the object, standard, payment methods and levels as well as management should be designed uniformly in order to enhance the coordination among the programs. Meanwhile, it needs to get rid of special assistance programs' binding with *Dibao*. The eligibility of special assistance can be extended to the low income group beyond *Dibao* recipients, or narrowed to some special families among *Dibao* recipients, or can be crossed with *Dibao* coverage. In sum, it needs to determine the objects of special assistance through demand test according to the actual situation of the family difficulties, rather than determine the objects according to whether the applicants are *Dibao* recipients, thus superposition effect can be avoided and the sustainable development can be achieved.^[4] In this regard, the latest social assistance reform in South Korea can provide reference and revelation, in 1999 South Korea has established the national basic living standard guarantee system, similar to the Chinese *Dibao*, providing living assistance for the poor who live under the absolute poverty line, in addition, these living assistance recipients can also get education, health care, housing and other assistance, and those who are not the objects of living assistance can not get any assistance. On the one hand, this leads to welfare dependency of the recipients, on the other hand it also causes superposition effect similar to China. Therefore, South Korea implemented reform in 2015, and after the reform the basic living standard guarantee system and special assistance including medical aid, education assistance and housing assistance run separately. Basic living standard guarantee system provides living assistance for absolute poor group provides, and medical aid, education aid, housing aid and other special assistance aim at absolute and relative poor people who have demand for special assistance.^[5] This way can meet the needs of the poor families, and can also provide assistance more equitably and effectively.

Second, existing special assistance should be strengthened and other services assistance should be introduced. Poverty not only means low income and difficulties in basic living, but also means being trapped in social dilemma. In China's social assistance system, *Dibao* can deal with the problem of no or low income, special assistance such as medical aid, housing aid, education aid and employment aid can deal with social dilemma. Therefore, on one hand the design of special assistance should be optimized and benefit level should be increased. At present, special assistance programs including medical aid, housing aid, education aid and em-

ployment aid are still imperfect, and benefit level is too low to meet the actual needs of the poor families. It needs to improve and optimize the existing special assistance, moderately improve the benefit level and strengthen the contact with employment promotion, so as to play the special assistance's role of dealing with social dilemma. On the other hand, other services assistance should be introduced to meet the various needs of the disadvantaged people. At present, besides the needs for cash assistance, recipients also have demands for service assistance, in addition to the needs for "instrumental" assistance way, the recipients also have demands for "emotional" assistance way, the diversification of needs reflects that the recipients claim of their rights, and they put forward their demand more and more from the perspective of maintaining their rights and interests. Therefore, the establishment of assistance programs should consider the diversified needs of the recipients and provide various kinds of service assistance. Based on the existing service assistance programs, social assistance service should also give priority to the following programs: rehabilitation and nursing assistance, care and custodial assistance, psychological assistance and so on (see Table 3). These service assistance programs can be used to explore and accumulate experience in a local pilot, and the programs that are widely available, easy to assess and controllable in quality should be gradually fixed to become policies. In addition, it needs to take measures to strengthen the coordination between social assistance and social insurance, poverty alleviation and development and social welfare, so as to reduce the recipients' vulnerability through providing insurance treatment, development and welfare support services.

Table 3. Social assistance service programs needed to be introduced

Service assistance	Target groups
Rehabilitation and nursing	Poor disabled, sickness and elderly, etc.
Care and custodial	Poor elderly, children, orphans and street children, etc.
Psychological counseling	Poor people with mental problems, community correction criminals (drug addicts, prisoners of release)

Third, the investment on social assistance should be increased and the relationship between social assistance administrative power and fiscal expenditure should be rationalized. Compared with foreign countries, there is a gap in the spending on social assistance and the total expenditure on *Dibao*. The proportion of China's fiscal spending on social assistance to that on social secu-

rity, and the proportion of social assistance expenditure to GDP is obviously low. Therefore, in terms of funding, financial support responsibilities of governments at all levels should be further defined, social assistance expenditure scale should be adjusted, and the benefit level should be increased gradually, meanwhile, it needs to actively mobilize social and market forces to raise funds, as a complement to the government finances. When increasing the investment on social assistance, the social assistance administrative power and expenditure responsibilities of the central and local governments should be clearly defined. Regulation on responsibilities of different levels of governments is not clear in Social Assistance Interim Measures issued in 2014. There is also lack of clear delineation of fiscal expenditure responsibilities. For this, the system of local responsibility, territorial management and multi-level financial burden should be further clarified, and administrative responsibilities and financial responsibilities should be unified. On the basis of clarifying basic management system, the government levels deciding assistance standards should be raised and the main financial spending responsibility of provincial government should be highlighted. Transfer payment from central government for *Dibao* and medical aid should be integrated, and unified social assistance transfer payment project from central government should be established. Within the overall social assistance system, fund should be allowed to be moved among different assistance programs, and funds also should be tilted into rural areas and poor areas in the central and western parts of the country. Fiscal expenditure structure should be optimized, and expenditure on medical aid, education aid, housing aid, and temporary assistance should be increased. Financial fund should give priority to key livelihood issues which demand urgent solutions.

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