

Institutional Preconditions for Financial Management among Recipients of Japanese Public Assistance

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Introduction

In Japan, anti-poverty measures that use multiple approaches have been in place since the latter half of the 2000s and improving financial management for low-income individuals has become an emerging policy issue. As recipients of the Livelihood Protection Program (*Seikatsu Hogo Jigyō*, the means-tested public assistance program established in 1946) increase, recipients are required to properly spend their tax-funded cash-benefits. In 2013, Article 60 of the Livelihood Protection Law, which stated that recipients were required to reduce their expenditures, was amended to enforce proper use of this assistance program.

Caseworkers in charge of the program advise and instruct recipients regarding money management (Special Committee on Livelihood Support for Needy People, 2013), such as keeping shopping receipts or maintaining a household account to balance income and expenditures.¹ A recent policy discussion suggests that welfare recipients should stabilize their long-term finances, which would allow them to exit the welfare system or prevent them from entering it again (Advisory Committee for Summarizing the Points Under Discussion on Livelihood Support for Needy People and Others, 2017; Division of Livelihood Support for Needy People and Public Assistance, 2017). In its 2018 fiscal-year budget, the central government, for the first time, appropriated 230 million yen to support recipients' financial management.

Apart from public assistance programs, the Counseling for Family Finances Program (*Kakei Sōdan Shien Jigyō*, a new program without any means-test, also started in 2015) helps low-income people and others manage their finances. The program mainly focuses on financial management through counseling or coaching and does not provide any cash or in-kind benefits. The central government, though, does offer a training course for staff to acquire financial knowledge and skills (Noda, 2016, 2018) and wants to encourage more municipalities to set up this non-mandatory program. While the

methods and experiences of such an approach, specialized for personal finance, could be applied to the Livelihood Protection Program, it is completely unclear how financial management, especially if based on a long-term perspective, should be carried out for public assistance recipients.

Can the approach for people without public assistance be useful for beneficiaries of assistance? It could be applied but the discussion on better financial management by recipients is unavoidable. The public assistance program's design is somewhat unique and could thus influence recipients' financial behavior. Traditionally, a means-test program does not allow individuals to build financial assets as much or as freely as people without such assistance.

The Livelihood Protection Program in Japan has the same feature as other means-test programs, which also adopt such a "legacy," although it is based on a social right, specifically, "the right to maintain the minimum standards of wholesome and cultured living" (Article 25 of the Japanese Constitution). The present Livelihood Protection Program is composed of eight types of aid: Livelihood Aid (*Seikatsu Hujō*), Educational Aid (*Kyōiku Hujō*), Housing Aid (*Jūtaku Hujō*), Medical Aid (*Iryō Hujō*), Long-Term Care Aid (*Kaigo Hujō*), Maternity Aid (*Syussan Hujō*), Occupational Aid (*Seigyō Hujō*), and Funeral Aid (*Sōsai Hujō*). These categories correspond, respectively, to general living expenses, housing expenses, educational expenses, medical expenses, long-term care expenses, childbirth expenses, work-related expenses, and funeral expenses (Articles 11–18 of the Livelihood Protection Law; Ministry of Health, Labour, and Welfare, 2017b: 168–169). Each form of aid includes various types of expenses, and all benefits are combined into the last-resort safety net (Table 1). Poor people who pass the stringent means test can receive cash or in-kind benefits to reach a minimum standard of living. Additionally, receiving the assistance, recipients' financial and other assets cannot exceed a preset minimum amount. These restrictions apply from the start of the program. In short, the program

Table 1. Basic Design of the Livelihood Protection Program and Number of Recipients

Aid	Benefits	Main Mode of Aid	Number of Recipients (2016 FYE) ※
Livelihood Aid	Standard Living Expenses, Additional Aids, Expenses for Daily Inpatient Commodities, Basic Living Costs for People in Nursing Homes, End-of-Year Temporary Aid, Temporary Aid (Preparation for Entrance, Snow Removal Fees; Transportation Expenses; Clothing Expenses; Furniture and Appliance Expenses; Expenses for Electric Power Distribution Equipment and Water, and Promotion at Work)	Cash	1,907,334
Educational Aid	Base Expenses, School Lunches, Transportation, Support Learning, Supplementary Reader's Fee, Classes, Repayment of School Supplies, and Participation in Off-Campus Activities	Cash	134,135
Housing Aid	Rents and Expenses of Room or Land, Housing Maintenance, Snow Removal Fees, Deposits, Renewal of Contracts	Cash	1,830,131
Medical Aid	Medical Examinations, Medical Treatment, Medicines, Surgery, and Therapeutic Materials	In-kind	1,769,543
Long-Term Care Aid	In-Home Care Services and Transportation	In-kind	348,064
Maternity Aid	Hospital Delivery, Home Delivery, Care before and after Delivery, Hygienic Goods, Unscheduled Delivery, and Obstetric Compensation	Cash	149
Occupational Aid	Expenses of Attending High School (Base Expenses, Transportation, Support Learning, Tuition, Entrance Fees, and Preparation for School Entrance), Business Expenses, Expenses of Acquiring Vocational Skills, Expenses of Work Preparation, Expenses of Acquiring Vocational Skills, and Expenses of Preparation for the Workplace	Cash	50,378
Funeral Aid	Funerals for Adults and Children, Transportation of the Deceased, Laying Ashes to Rest, [Funeral Outside of the Family], Postmortem Examinations, and Preservation of Dead Bodies	Cash	3,432

“Number of Recipients” indicates the 2016 fiscal year’s monthly average (Ministry of Health, Labour, and Welfare, 2018)

guarantees beneficiaries’ benefits, but the manner in which one can utilize the benefits is restricted by the program’s rules (Murozumi, 2013: 99).

To a certain extent, the type of benefit, cash or in-kind mode, influences financial management. In principle, and as stipulated by law, Livelihood Aid, Educational Aid, Housing Aid, Maternity Aid, Occupational Aid, and Funeral Aid are paid in cash. By contrast, as presented in Table 1, Medical Aid and Personal Care Aid are in-kind benefits, offered through service providers (Articles 30–37 of the Livelihood Protection Law). Therefore, recipients neither have to worry about direct expenses nor managing money for medical services and long-term care. Apparently, these are not common financial practices among people without assistance.

Medical and long-term care costs, among others, need to be planned for. Some costs are unexpected, whereas others can be anticipated at certain life stages. By astutely managing their long-term finances, people normally prepare for such matters by themselves. From this perspective, it is critically important to grasp how the Livelihood Protection Program treats different types of recipient demands and how it provides benefits to meet them. The program’s design, therefore, includes an institutional precondition that can affect recipients’ financial management.

The present study focuses on recipients’ demands and benefits in the Livelihood Protection Program. These were roughly summarized by the Ministry of Health, Labour, and

Welfare in 1968 and provided in the Separate Guidebook of Collection on Questions and Answers (*Seikatsu Hogo Techō Bessatsu Mondōshū*), a formal guidebook for caseworkers. Since the summary of the recipients’ demands and benefits in the guidebook does not cover all benefits, they will be reexamined in this paper to clarify one precondition that program recipients face in undertaking financial management. Laws and regulations of the Livelihood Protection, as of the 2017 fiscal year, were reviewed in two formal caseworker guidebooks, the 2017 Guidebook on Livelihood Protection (Seikatsu Hogo Techō) and a separate 2017 Guidebook of a Collection of Questions and Answers. Some materials submitted in a national committee also reviewed these issues. The discussion in this paper will be mainly based on these references.

The present study first reviews Livelihood Aid, Housing Aid, Educational Aid and Occupational Aid, because they provide cash benefits (in principle) and because the number of these programs’ users is comparatively large (Table 1). Next, it discusses how Livelihood Protection meets recipients’ needs, which could influence their financial behavior.

The Eight Aids of the Livelihood Protection Program

1. The Livelihood Aid

Article 12 of the Livelihood Protection Law stipulates that the Livelihood Aid provides benefits for “clothing, food, and any other things necessary for satisfying the demands of daily life” and “transportation” (Article 30 of the Livelihood Protection

Table 2. Standard Living Expenses (in the First-Ranked Area, 2017)

First-Category Expense		Second-Category Expense	
Age	Standard Amount (yen)	Number of Households	Standard Amount (yen)
0–2	26,660	1	40,800
3–5	29,970	2	50,180
6–11	34,390	3	59,170
12–19	39,170	4	61,620
20–40	38,430	5	65,690
41–59	39,360	6	69,360
60–69	38,990	7	72,220
≥70	33,830	8	75,080

Ministry of Health, Labour, and Welfare (2017a: 138)

Law). In more detail, this includes Standard Living Expenses (*Kijun Seikatsu Hi*), Additional Aids (*Kasan*), Expenses of Daily Commodities for Inpatients (*Nyūin Kanja Nichiyohin Pi*), Basic Living Costs of People in Nursing Homes (*Kaigo Shisetsu Nyūshosya Kihon Seikatsu Hi*), End-of-Year Temporary Aid (*Kimatsu Ichiji Hujō*), and Temporary Aid (*Ichiji Hujō*). In principle, except for some benefits, this aid is given to recipients at home [by way of performance in money] (Article 31 of the Livelihood Protection Law).

Standard Living Expenses Standard living expenses, the core of Livelihood Aid, consist of First-Category (*Dai Ichirui*) expenses, Second-Category (*Dai Nirui*) expenses, and End-of-Year Temporary Aid. First-Category expenses are expenditures made by individual members of a household, whereas Second-Category expenses encompass all household members. First-Category expenses originally include food, clothes, shoes, fares for public transportation, educational expenses, recreational expenses, and other items. Second-Category expenses include costs for energy, water, home repair, furniture, medical services, newspapers, and other items. A distinction between the two categories was made for the technical purpose of calculating minimum living costs for a standard household, which could be applied to other types of households (Ministry of Health, Labour, and Welfare, 2011).² First-Category expenses are calculated based on individual recipients' ages and where they live. Second-Category expenses are based on the number of family members and place of residence (Table 2).

Additional Aids Additional Aids correspond to special demands, separate from Standard Living Expenses. People with special demands need additional aids to live at a level equal to people without such demands (Ministry of Health, Labour, and Welfare, 2011, 2017b: 182).

In 2017, eight kinds of additional aids existed. Chronologically, Additional Aid for Pregnant Mothers (*Ninsanpu Kasan*), Additional Aid for Mothers and Children (*Boshi Kasan*), and Additional Aid for People with Disabilities (*Shōgaisha Kasan*) were established in May 1949. Aid for Pregnant Mothers is a special program that provides supplemental nutrition. Aid for Mothers and Children is a special

program for single parents, including fathers. Aid for People with Disabilities helps people with disabilities lead their lives as well as people without disabilities.

The Additional Aid for Home Care Patients program (*Zaitaku Kanja Kasan*), started in September 1950, tackles special demands, such as supplemental nutrition for patients with tuberculosis and other diseases. In October 1968, the Additional Aid for People with Radiation Hazards program (*Hōshasen Shōgaisha Kasan*) was set up. It meets the special demands of people with diseases or injuries caused by radioactivity from atomic bombs.³

In March 1972, the Additional Aid for Rearing Multiple Children program (*Tashi Yōiku Kasan*) was added. Renamed the Additional Aid for Rearing Children program (*Jidō Yōiku Kasan*) in 1986, this program provides additional cash-benefits for educational and cultural experiences to children under 15 years of age.

Apart from the above programs, the Additional Aid for People in Long-Term Care Insurance Facilities program (*Kaigo Shisetsu Nyūshosya Kasan*) and the Additional Aid for Premiums of Long-Term Care Insurance program (*Kaigo Hokenryō Kasan*) were established in 2000, when the Long-Term Care Insurance program (*Kaigo Hoken*) began. The first program finances educational and leisure activities for people living in personal care facilities. The second one funds public insurance premiums, which all people over 40 years of age are obliged to pay.

Daily Commodity and Basic Living Costs for Inpatients and People in Nursing Homes Daily Commodity and Basic Living Costs for Inpatients and People in Nursing Homes, which replaces Standard Living Expenses, offers benefits for residents of hospitals or nursing homes. The maximum benefit amount is 22,680 yen for inpatients and 9,690 yen for nursing home residents.

End-of-Year Temporary Aid End-of-Year Temporary Aid is provided only in December, to people continuing to receive assistance from December to January of the following year. End-of-year costs can increase because people generally celebrate the year-end and the New Year holidays with special food

and other items (Ministry of Health, Labour, and Welfare, 2017a: 248). This policy takes people's seasonal and cultural needs into consideration.

Temporary Aid Temporary Aid has several categories of expenses, including Expenses to prepare for entrance (*Nyūgaku Junbi Kin*), snow removal fees (*Josetsu Hi*), transportation expenses (*Isō Hi*), clothing expenses (*Hihuku Hi*), expenses for furniture and appliances (*Kagu Jūki Rui*), expenses for electric power distribution equipment (*Haiden Setsubi Hi*), water expenses (*Suidō Setsubi Hi*), and others, such as work promotion expenses (*Shūrō Katsudō Sokushin Hi*).

Special demands also should be satisfied for, "as long as they are urgent and unavoidable". According to a governmental notice, there are three types of such demands: 1) provisional special demands related to delivery, entrance into schools, medical treatment in hospitals, and others; 2) demands for temporary life events, such as for long-term, recuperating patients unable to take care of themselves (this situation differs from the first one in terms of time and severity); and 3) special demands of individuals lacking basic, minimum resources, such as when they start to receive assistance. These demands can arise due to disasters, extreme poverty, serious abuse, and other causes (Ministry of Health, Labour, and Welfare, 2017a: 240). Some Temporary Aid benefits, such as Expenses for Preparing for Entrance and Work Promotion, relate to different types of situations.

Demands and Benefits of Livelihood Aid Livelihood Aid has two types of expenses; the current minimum cost of living (*Keijōteki Saitei Seikatsu Hi*) and the extraordinary minimum cost of living (*Rinjiteki Saitei Seikatsu Hi*). The former is defined as "expenses to satisfy all of current demands of minimum standard lives of people requiring the assistance such as clothes and food", which "should cover all regular living expenses. The Ministry of Health, Labour, and Welfare believes that this benefit meets all needs, except for those covered by Temporary Aid. Extraordinary benefits satisfy emergent and temporary demands, as mentioned above regarding Temporary Aid. This suggests that current minimum benefits are too limited for recipients to prepare such goods by themselves from scratch (Ministry of Health, Labour, and Welfare, 2017b: 197). Standard Living Expenses are not associated with such basic needs as daily commodities, furniture, electric appliances, and others. When recipients have no assets because of homelessness, for example, some Temporary Aid benefits must be added to the Standard Living Expense.

2. Housing Aid

Housing Aid provides "residence, repairs, and other things necessary for maintaining housing" for recipients, mainly through cash benefits (Articles 14 and 33 of the Livelihood Protection Law).⁴ Housing Aid has a General Standard (*Ippan Kijun*) for normal situations and a Special Standard (*Tokubetsu Kijun*) for special situations. The General Standard, includes

expenses for rent of an apartment and/or lease for a land, and other items (*Yachin, Madai, Jidai Tō*) (Rents, for short), and expenses for housing maintenance (*Jūtaku Iji Hi*). Rents are limited to 13,000 yen in first- and second-ranked areas. Housing maintenance expenses include the repair of fittings, plumbing, electric power distribution equipment, buildings, and other items, up to 120,000 yen (Ministry of Health, Labour, and Welfare, 2017a: 138–73).

Special Standards for Rents and Housing Maintenance Expenses are higher than General Standards. Other expenses, such as deposits (and others) (*Shikikin Tō*) and fees for contract renewal (and others) (*Keiyaku Kōshinryō Tō*), related to rents, are added together. Fire insurance premiums (*Kasai Hokenryō*) can also be included, when necessary. Snow removal fees (*Yukioroshi Hiyō*), related to housing maintenance expenses, are also provided in districts with heavy snowfall. Special Standard expenses are calculated based on governmental notices from the Ministry (Ministry of Health, Labour, and Welfare, 2017a: 138–73).

Rents are the most basic Housing Aid. However, it is next to impossible to find rental housing in any area through the General Standard because actual rents are higher than the General Standard's allowance. In this case, Special Standard expenses are actually applied for in each prefecture. The Special Standard was originally determined using public housing rents in each prefecture and major cities, considering the consumer price index and real residential rents for areas where people who obtain Livelihood Assistance live. For instance, the limited benefit amount for single household rents is 53,700 yen in Tokyo, the highest for all first- and second-ranked prefecture areas. By contrast, the lowest is 27,500 yen, in the Oita prefecture (2013 fiscal year) (Ministry of Health, Labour, and Welfare, 2014: 4–5).

Special Standard Deposits are accrued only by people in special situations, such those leaving a hospital or a welfare institution, evicted from their home, losing their house because of a disaster, or forced to move because of a divorce, crime, or violence.

Housing Aid is a fundamental aid for many recipients of Livelihood Protection. Rents are a primary current demand, whereas other benefits, such as deposits and snow removal fees, are to temporary or seasonal demands. Conversely, it is impossible to spend the cash benefits of Housing Aid for any other than the designated purpose. For instance, recipients cannot use the program to purchase a house and build assets.

3. Educational Aid

Article 26 of the Japanese Constitution stipulates compulsory education for "Japanese people". Public schools and textbooks formally designated for compulsory education are free.⁵ However, apart from public schools' tuition and the designated textbooks, each family pays for other items including stationery and school uniform and fees for prep schools, sports

clubs, etc.

Educational Aid, stipulated by Article 13 of the Livelihood Protection Law, covers necessary expenses for compulsory education, such as textbooks, stationery, and other school-related items, such as school lunches. The aid covers all items (except for textbooks) designated for classes, because they are provided to students without charge, based on a different law.

Educational Aid also has General and Special Standards, which include specific expenses related to compulsory education. General Standards include base expenses (*Kijun Gaku*) and fixed cash benefits, provided monthly to households with students, which totaled 2,210 yen for elementary schools and 4,290 yen for junior high schools in 2017. Fees for materials (*Kyōzai Dai*) are the actual expenses of school materials, designated by the school's principal, and school lunch fees (*Kyūshoku Hi*) are the actual amount paid by parents. Transportation fees (*Kōtsu Hi*) are minimum expenses for public transportation to school. Support learning expenses (*Gakushū-Shien Pi*) are for reference books, excluding the materials listed above, and extracurricular club activities. A fixed amount of expenses, 2,630 yen for elementary school and 4,450 yen for junior high school, is directly provided monthly to each family (Ministry of Health, Labour, and Welfare, 2017a: 138–173).

Regarding the Special Standard, class expenses and other expenses (*Gakkyū Hi Tō*), and repayment of school supplies in Cases of Disaster and Others (*Saigaiji Tō no Gakuyōhin Pi no Saishikyū*) have an upper limit. The minimum amount of participation fees for off-campus activities (*Kōgai Katsudo Sanka Hi*), such as industrial visits, can be provided (Ministry of Health, Labour, and Welfare, 2017a: 138–173).

As described above, base expenses and support learning expenses in the General Standard are fixed and given directly to welfare recipients. For additional educational and club activities when students begin school, lump-sum payments (not monthly payments) are allowed. Maximum yearly total cash benefits are 58,080 yen for base expenses and 104,880 yen for support learning expenses at elementary schools, regardless of place of residence. Although these funds are expected to be used for their designed policy purposes, recipients actually have a broad choice about usage (Ministry of Health, Labour, and Welfare, 2017a: 138–173).

Other expenses in the General and the Special Standards pay for only actual costs or demands (Ministry of Health, Labour, and Welfare, 2017b: 220). Although recipients should not use these cash benefits for other purposes, funds can be directed to schools or other providers. School lunch fees sometimes are paid to the school's principal (Ministry of Health, Labour, and Welfare, 2017b: 220).

Through base expenses, educational aid pays regularly for education, school lunches, transportation, support learning, and classes. By contrast, benefits for supplementary reading,

repayment of school supplies, and participation in off-campus activities are considered extraordinary educational demands. The aid design allows additional benefits for current demands, as determined by the General Standard.

4. Occupational Aid

In the Livelihood Protection Law, Occupational Aid provides “funds, instruments, or materials necessary for an occupation”, “acquisition of skills necessary for an occupation,” and “things necessary for work” (Article 17). It aims to encourage needy people to work and obtain independence (Ministry of Health, Labour and Welfare 2017b: 257). Three categories of expenses are stipulated in the law; business expenses (*Seigyō Hi*), expenses for acquiring vocational skills (*Ginō Shūtoku Hi*), and work preparation expenses (*Shūsyoku Shitaku Hi*). Each expense has the General Standard and Special Standard, and there are no differences in areas. In principle, cash benefits for these expenses are provided directly to needy recipients. In special situations, an in-kind benefit can be provided through a vocational institution (*Jusan Shisetsu*) (Article 36 of the Livelihood Protection Law).

Business expenses are designated for necessary capital or operating funds for small businesses, such as grocery stores, stationery stores, restaurants, carpenters, and others (Ministry of Health, Labour and Welfare 2017b: 257–8). 46,000 yen can be appropriated from the General Standard, and 7,7000 yen from the Special Standard. Payments should exceed the minimum standard of living (Ministry of Health, Labour, and Welfare, 2017a: 138–73, 312).

Expenses for acquiring vocational skills incorporate two kinds of benefits: expenses for acquiring vocational skills and expenses for attending high school (*Kōtō Gakkō tō Syūgaku Hi*). Within the Standard, the former appropriates the minimum cost for acquiring necessary vocational skills to earn a living and can be used for tuition, textbooks or other common materials, license examination costs, and other costs (Ministry of Health, Labour, and Welfare, 2017a: 313). The General Standard amount is limited to 78,000 yen and the Special Standard is limited to 131,000 yen. For public license examinations, which are useful for recipients' independence, the Special Standard appropriates a maximum of 380,000 yen (Ministry of Health, Labour, and Welfare, 2017a: 138–73, 315).

Expenses for Attending High School, which cover high school costs, was established in 2005. Before then, no benefits related to high school were available, because after junior high school, young people were expected to earn money for their financial independence under the Livelihood Protection Act. This benefit was set up for future occupations, considering that most people go to high school and that not having a high school diploma hinders them from getting a decent job. Benefit types are similar to those in Educational Aid.

In the General Standard, base expenses (*Kijun Gaku*) are

fixed monthly at 5,450 yen. Separately, expenses for textbooks and transportation costs are added. Tuition, entrance fees and examination fees are provided (at the equal amount of cash benefits to fees for public schools) in each prefecture. Learning support expenses (*Gakushū Shien Pi*), used for study materials and after-school club activities, total 5,150 yen per month. Special Standard expenses include class management and entrance examination fees, repurchasing textbooks, and stationery, in the event of disasters and other events. These expenses are determined by a maximum limit or by the actual cost (Ministry of Health, Labour, and Welfare, 2017a: 138–73).

Work preparation expenses provide recipients with money for clothes, shoes, and other items necessary for starting work. They are limited to 31,000 yen, within the General Standard. Within the Special Standard, transportation and commuting costs are reimbursed until receipt of an initial salary (Ministry of Health, Labour, and Welfare, 2017a: 138–73, 320).

Within Occupational Aid, business expenses, expenses for acquiring vocational skills, and work preparation expenses are temporary and planned. Conversely, basic expenses, learning support expenses, and expenses for attending high school are current and do not vary with unexpected or seasonal demands. Usage of some benefits is flexible, depending on the purpose of the program.

5. Maternity Aid

Maternity Aid includes cash benefits for care before and after delivery and items such as absorbent cotton, gauze, and other hygienic goods (Articles 17 and 35 of the Livelihood Protection Law). Maximum amounts for Delivery in a Hospital and Delivery at Home fall under the General Standard. A minimum charge for Delivery in a Hospital, as well as hygienic goods used in any type of delivery, can be added.

The Special Standard also applies for unexpected deliveries (i.e., a delivery to a place different from the scheduled one). Payments for twins can be doubled. Necessary expenses in the Obstetric Compensation System (*Sanka Iryō Hōsō Seido*) are also covered.

Maternity Aid covers special, extraordinary demands during delivery. In addition, the Special Standard covers other unexpected incidents or trouble related to delivery.

6. Funeral Aid

Funeral Aid is paid in cash for funerals, including postmortem examination expenses (*Ken'an*), transportation of the deceased (*Shitai no Unpan*), cremation or burial (*Kasō mataha Dosō*), laying ashes to rest (*Nōkotsu*), and other necessary funeral items (Articles 18 and 37 of the Livelihood Protection Law). The maximum base expense (*Kijun Gaku*) is set for both adults and children, depending upon place of residence. Additional benefits for cremation and transportation of the deceased can be obtained for certain additional, higher costs. The Special Standard of Funeral Aid provides more benefits, when pay-

ments under the General Standard are not sufficient.

Like Maternity Aid, Funeral Aid is temporary and can be paid only if a recipient dies. Although it is a common custom in Japan for funeral attendees to give money to the family of the deceased, Funeral Aid only provides benefits to recipients when their family member who was receiving assistance passes away.

7. Medical Aid and Care Aid

Medical Aid and Long-Term Care Aid are generally provided through in-kind benefits (Articles 34 and 34–2 of the Livelihood Protection Law). They are closely connected with the public insurance system.

Medical Aid Medical Aid includes “medical examinations”, “medicines or therapeutic materials”, “medical treatment, surgery, and any other therapy and treatment”, “in-home medical care management” (including caretaking and any other nursing activity pertaining to in-home medical care), and “admission to a hospital or clinic” (including caretaking and any other nursing activity pertaining to medical care in a hospital or clinic) (Article 15 of the Livelihood Protection Law). The General Standard is the minimum amount of fees. Medical services are basically limited to those covered by social insurance. There are no limitations on usage frequency. As expenses for medicines or therapeutic materials cannot exceed 25,000 yen, the Special Standard can provide additional funds for materials or supportive devices to people with disabilities.

Long-Term Care Aid Long-Term Care Aid covers services available through long-term care insurance, including “in-home care services”, “welfare equipment”, “home renovations”, “facility care services”, “care prevention services”, “welfare equipment for care prevention”, “home renovation for care prevention,” and “transportation” (Article 15–2 of the Livelihood Protection Law). Like those of other aids, minimum allowable expenses for these services are determined by the government.

Both medical and long-term care aids are classified as benefits for current demands in the Separate Guidebook of the Ministry. Medical Aid is appropriate for treating chronic diseases, but medical services for minor or temporary diseases are not “current” but “temporary”.

Program Design and Financial Management

1. Demands and Benefits

As mentioned in this paper’s introduction, the Ministry of Health, Labour, and Welfare roughly summarized the demands and benefits associated with the Livelihood Protection Program (see Table 3).⁶ This Table divides life’s demands, as designated by the program, into two parts: “demands for a minimum standard of living” and “demands for promoting independence”. Each demand composes of current one, as well as temporary and unexpected one, corresponding to the kinds of benefits provided by each aid (Ministry of Health, Labour,

Table 3. Demands and Benefits of the Livelihood Protection Program

Type of Demand		Kind of Benefits
Demand for a Minimum Standard of Living	Current Expenses	Livelihood Aid (standard living expenses, additional aid, and expenses of daily commodities for inpatients) Educational Aid (expenses of school supplies, educational expenses, and transportation expenses) Housing Aid (rents and expenses of room or land) Medical Aid
	Seasonal Expenses	Educational Aid (textbooks, supplementary reader expenses)
	Unexpected Expenses	Maternity Aid Funeral Aid Livelihood Aid (transportation expenses, clothing expenses, furniture and appliance expenses, expenses for electric power distribution equipment and water) Housing Aid (deposits and expenses for housing maintenance)
Demand for Independence	Current Expenses	Livelihood Aid Occupational Aid (expenses for attending high school)
	Seasonal Expenses	Livelihood Aid (End-of-Year Temporary Aid) Occupational Aid (work preparation expenses)
	Unexpected Expenses	Occupational Aid (expenses of business and expenses of acquiring vocational skills)

Ministry of Health, Labour, and Welfare (2017b: 356)

Table 4. Demands and Benefits of the Livelihood Protection Program (Revised Version)

Type of Demand			Kind of Benefits	
			General	Special/Discretionary
Demand for a Minimum Standard of Living	Current		Livelihood Aid (standard living expenses, additional aid, expenses of daily commodities for inpatients, and basic living costs for people in nursing homes) Housing Aid (rents) Educational Aid (base expenses, school lunches, transportation, and support learning) Medical Aid (medical examinations, medical treatment, medicines, and surgery) Long-Term Care Aid (in-home care services and transportation)	Housing Aid (rents) Educational Aid (classes) Medical Aid (therapeutic materials)
	Nonrecurring	Seasonal Expenses	Educational Aid (supplementary reader expenses)	Livelihood Aid/Temporary Aid (preparation for entrance, snow removal fees) Housing Aid (snow removal fees)
		Temporary or Unexpected Expenses	Housing Aid (housing maintenance) Maternity Aid (delivery in a hospital or at home, care before and after delivery, and hygienic goods) Funeral Aid (funerals for adults and children, transportation of the deceased, and laying ashes to rest)	Livelihood Aid/Temporary Aid (transportation, clothes, furniture and appliances, electric power distribution equipment, and water) Housing Aid (rent, housing maintenance, deposits, renewal of contracts) Educational Aid (repayment of school supplies, participation in off-campus activities) Maternity Aid (unscheduled deliveries, obstetric compensation system) Funeral Aid (funerals for adults and children, funerals outside the family, postmortem examinations, and preservation of dead bodies)
Demand for Promoting Independence	Current Expenses		Occupational Aid/Attending High School (base expenses, transportation, and support learning)	Livelihood Aid/Temporary Aid (promotions for work) Occupational Aid/Attending High School (classes)
	Nonrecurring	Seasonal Expenses	Livelihood Aid (End-of-Year Temporary Aid) Occupational Aid/Attending High School (tuition and entrance into schools)	Occupational Aid/Attending High School (tuition and preparation for entrance into schools)
		Temporary or Unexpected Expenses	Occupational Aid (business, acquiring vocational skills and work preparation)	Occupational Aid (acquiring vocational skills and expenses for work preparation)

and Welfare, 2017b: 353–56).

Table 4 is the revised version, based on almost all the benefits in eight aids. It includes two categories—General and Special/Discretionary. General benefits the General Standard in each aid, Special/Discretionary benefits the Special Standard, and Temporary Aid is Livelihood Aid.⁷ Special/Discretionary benefits incorporate additional, discretionary benefits for caseworkers in welfare offices and complementary demands. The Livelihood Protection Program agglomerates multiple recipient demands and is designed to provide different kinds of benefits for such demands.

Overall, the program addresses more issues about minimum living standards than it does issues about independence. Regarding the former, general benefits include numerous kinds of benefits for current demands. Special/Discretionary benefits, by contrast, include many kinds of nonrecurring demands. Occupational Aid, primarily, provides benefits that promote independence; this suggests that recipients' "independence" is mainly linked to work-related activities.⁸

2. Impact on Financial Management

As a last-resort form of public assistance, the Livelihood Protection Program is designed to deal with recipients' demands for numerous kinds of benefits. In total, the benefits generate a minimum standard of living.

However, such an elaborate program might not work properly in terms of recipients' financial management. For instance, the Livelihood Protection Program's design may be too complex for recipients, who are not social service experts, to grasp fully. The design is an intricate patchwork of various kinds of benefits. Unless informed sufficiently about present and future benefits, often they cannot manage their disposable income properly. It is necessary for recipients to know in advance what kinds of benefits they will receive and if they are sufficient in the context of personal financial management. The hardship of managing benefits partly depends on the members of the welfare family. While single recipients face less difficulty, families with children, members with disabilities, the elderly and others must deal with various more benefits, causing harder management. For example, families with able-bodied parents and children have broad and changing needs over time. Therefore, they may need a wide variety of benefits.

Such an institutional condition is far from regular among ordinary people. Recipients of the Livelihood Protection Program have no choice but to perform financial management in a unique and unusual manner. Caseworkers, who are responsible to help recipients understand the features and rules of the benefits, should not ignore the institutional barriers influencing financial management among recipients, especially when they try to promote proper financial management.

Cash benefits from different types of aids in the Livelihood Protection Program are not as simple to manage as

wages and pensions. Some types of aid tie a fixed amount to its cost, and recipients cannot spend certain benefits for different purposes. Only a few benefits, such as the Standard Living Expense, allow the recipients to decide the usage.

Furthermore, a representative payee system, introduced in Housing Aid and Educational Aid, partly affects financial management. Although it can be effective from a policy perspective, it partly deprives recipients of the opportunity to manage their cash freely.

Conclusion

By examining programs' demands and benefits, this paper clarifies institutional preconditions for better financial management among recipients of the Livelihood Protection Program in Japan. All kinds of aid in the program were reviewed, mainly by assessing laws and other regulations.

The Livelihood Protection Program, which targets all people, consists of eight different kinds of aids. It is justifiable that such a program meets various types of current and nonrecurring demands over a person's life and has numerous types of benefits, which can be classified as either general or special/discretionary. Such design makes the benefit structure more complex for recipients, especially those with different-aged household members. This can make it difficult for recipients to understand the kinds and amount of benefits they can receive for proper financial management. They have to adapt to these institutional preconditions to better manage their finances, even though this is not normal in Japanese society. Knowledge and skills that recipients acquire through this uncommon financial management in public assistance programs may not be functional during their independent lives.

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Notes

- 1 Caseworkers, who are civil servants in city halls, are not personal finance professionals.
- 2 The breakdown of each category had become meaningless [since a different method of calculating the minimum standard was adapted] (Ministry of Health, Labour, and Welfare, 2017b: 167).
- 3 The Aid for the Elderly program (Rorei Kasan) was established in 1960 and abolished in 2006.
- 4 Housing Aid includes the representative payee system, which provides benefits directly to service providers, such as apartment owners, instead of recipients. It also partly affects recipients' financial management (Article 33 (4) of the Livelihood Protection Law).
- 5 Article 26 states that "all people shall have the right to receive an equal education correspondent to their ability, as provided by law", and "all people shall be obligated to have all boys and girls under their protection receive ordinary education as provided for by law. Such compulsory education shall be free."
- 6 Table 3 does not aim to clarify demands and benefits but rather presents caseworkers' perspectives for determining the amount of benefits they can receive.
- 7 A more detailed aid classification can be made for Livelihood Aid, Medical Aid, and others.
- 8 The program does not sufficiently cover some common demands, such as cultural activity expenses. This issue should be discussed in another paper.

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