



FEANTSA comments on the  
**Draft Block exemption Regulation in the area of State aid**  
3<sup>rd</sup> draft

28 March 2008

FEANTSA monitors [European Commission employment State aid reforms](#). FEANTSA believes that the **Block exemption Regulation in the area of State aid** may contribute to more transparency and better legal certainty. We take the current consultation process as an opportunity to comment on the draft regulation.

### About FEANTSA

FEANTSA is the **European Federation of National Organisations working with People who are homeless** ([www.feantsa.org](http://www.feantsa.org)). Our 100 member organisations in more than 25 EU member states provide a wide range of services to people experiencing homelessness, including sheltered and supported employment.

Employment is one of the key themes of FEANTSA's work. Through regular exchange in the context of its [expert group on employment](#), FEANTSA has deepened its understanding of the multiple obstacles to employment of people experiencing homelessness as well as effective ways to help this group to move closer to employment. The following comments are based on this long-term expertise.

### FEANTSA's comments on the draft regulation

#### Article 2.18 and 2.19 Definition of disadvantaged worker and disabled worker

FEANTSA is concerned that the current definitions of disadvantaged and disabled worker will constitute a **de-facto exclusion from employment aid for people experiencing homelessness**.

The current **definition of disadvantaged worker in the draft regulation is relatively broad** (for example, it includes every person over the age of 50 years). This may result in a situation where there are little incentives for potential employers to target people with *multiple* needs, such as people who are homeless.

The **majority of people experiencing homelessness are confronted with a multitude of personal, structural and societal barriers to employment**, such as mental health and addiction problems, the lack of skills corresponding to job offers and the lack of access to adequate and affordable accommodation. People who are homeless therefore belong to the people who are the *furthest* away from the labour market and the *least* likely to find a job without support.

There is evidence that without additional incentives to employ also these groups, employers are likely to choose the "best" and "least disadvantaged" people amongst the group of



“disadvantaged workers” as defined in the draft regulation and therefore exclude people experiencing homelessness.

What is more, the **definition of disabled worker** in the draft regulation is **relatively narrow**. **There is the risk that people who are homeless may not benefit from this form of employment aid**. While some people experiencing homelessness qualify as disabled worker in a number of countries, there is a large group of people with multiple needs who would not be considered as disabled under the national law nor necessarily qualify as having a recognised limitation. However, these people may – temporarily or on a long-term basis – be socially disabled and require a level of support similar to people with recognised disabilities in order to access employment.

**FEANTSA therefore makes the following recommendations:**

- Mention people who are homeless as a target group for employment state aid for disadvantaged workers
- Ensure that at least part of the state aid for the employment of disadvantaged workers is reserved for initiatives targeting people who are the most excluded and multiply disadvantaged
- Clarify the definition of “recognised impairment” in order to ensure that people who are (temporarily or permanently) disabled because of their experience of social exclusion have the possibility to benefit from the aid.

**Article 35.2. and Article 36.2. Aid intensities**

Aid intensities of 50 % and 75% of the eligible costs are often not sufficient in order to promote employment for people with multiple needs. For many people who are homeless, a **wage subsidy of up to 100% is necessary** in order to encourage employers to consider employing this group of people. While for some this amount of aid might be a temporary requirement, there is usually a hard core group of people who will require ongoing wage subsidies of up to 100 %.

Evidence from a number of countries suggests that this kind of long-term investment in the employment of people is more effective than paying a combination of housing and/or sickness benefits.

**FEANTSA therefore makes the following recommendation:**

- Increase the percentage of aid intensities. For people who are multiply disadvantaged, there should be the possibility to allow for aid intensities of up to 100% of the wage costs.

**Article 35.3. and 36.3. Aid period**

Many people who are homeless require a longer period of time of support than 12 months. **A full reintegration process usually requires several years**. Especially people who have



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experienced street homelessness and suffer from a combination of health and substance abuse problems need more time. People must be given the possibility to “fail” sometime and re-orientate their plans.

Evidence from various EQUAL projects suggests that where there has been time, adequate funding and the flexibility to adapt employment opportunities to the needs and aspirations of people who are homeless, the outcomes have been more positive than of usual, short term supported employment initiatives for disadvantaged workers.

### **FEANTSA therefore makes the following recommendations:**

- Allow for a significantly longer period of employment aid (2-3 years). For some people there should be the possibility to receive employment aid on a long-term, indefinite basis.

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FEANTSA is supported financially by the European Commission.  
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