

Social Welfare Foundations

Overview

Outline of Social Welfare Foundations

Social welfare foundations are juridical persons established under the Social Welfare Act for the purpose of conducting the social welfare services (Category I and Category II social welfare services) prescribed in Article 2 of the Social Welfare Act.

Due to the public nature of social welfare services the establishment and management of social welfare foundations are more strictly regulated than civil law-based public service corporations.

The establishment, etc. of social welfare foundations has to be approved by the Minister of Health, Labour and Welfare (with foundations providing services in two or more prefectures and thus established as nationwide organizations, etc.), the directors of Regional Bureau of Health and Welfare (with foundations providing services in two or more prefectures but are not under the jurisdiction of the Minister of Health, Labour and Welfare), prefectural governors, or mayors of designated cities or core cities.

Category I social welfare services

- Relief facilities and rehabilitation facilities prescribed in the Public Assistance Act
- Facilities that accommodate the indigent free of charge or at low cost and provide them with livelihood assistance
- Funeral Assistance services for the indigent
- Infant homes, maternal and child living support facilities, foster home, institutions for mentally retarded children, daycare institutions for mentally retarded children, institutions for blind or deaf children, institutions for children with motional disabilities, institutions for severely-retarded children, short-term therapeutic institutions for emotionally disturbed children, and children's self-reliance support facilities prescribed in the Child Welfare Act.
- Nursing homes for the elderly, special nursing homes for the elderly, and moderate-fee homes for the elderly prescribed in the Act on Social Welfare Service for Elderly
- Support facilities for persons with disabilities
- Rehabilitation facilities for physically disabled persons as prescribed manageable under the provisions then in force
- Facilities for persons with mental retardation as prescribed manageable under the provisions then in force
- Women's protection facilities prescribed in the Anti-Prostitution Act
- Vocational facilities
- Services that offer no- or low-interest loans to the indigent
- Services that conduct community chest drives

Category II social welfare services

- Services that provide daily necessities and cash to the indigent
- Living consultation services for the indigent
- Children's self-reliant living assistance services, services for sound upbringing of after-school children, short-term child care support services, home visit services for all families with infants, home-visiting child care support services, community-based child rearing support center services, temporary day-care services, and small-scale residence style child care services prescribed in the Child Welfare Act
- Midwifery homes, nursery centers, children's recreational facilities, and child and family support centers prescribed in the Child Welfare Act
- Child welfare promotion consultation services
- Daily life support services for fatherless families, etc. and daily life support services for widows prescribed in the Act on Welfare of Mothers with Dependents and Widows
- Welfare facility for fatherless families prescribed in the Act on Welfare of Mothers with Dependents and Widows
- In-home long-term care services for the elderly, long-term care day services for the elderly, short-term admission services, multifunctional long-term care services in a small group home, and communal daily long-term care services for a dementia patient prescribed in the Act on Social Welfare Service for Elderly
- Long-term care day service centers for the elderly, short-term admission facilities for the elderly, welfare centers for the elderly, and long-term care support centers for the elderly prescribed in the Act on Social Welfare Service for Elderly
- Welfare services for persons with disabilities, consultation support services, transportation support services, local activity support centers, and welfare homes prescribed in the Services and Supports for Persons with Disabilities Act
- Daily living training services for persons with disabilities, sign language interpreter services, assistance dog training services, and hearing dog training services prescribed in the Act on Welfare of Physically Disabled Persons
- Welfare centers for persons with physical disabilities, prosthetic device manufacturing facilities, guide dog training facilities, and information provision facilities for persons with visual or hearing disabilities prescribed in the Act on Welfare of Physically Disabled Persons
- Recovery consultation services for persons with physical disabilities
- Recovery consultation services for persons with mental retardation
- Social rehabilitation facilities for persons with mental disorders as prescribed manageable under the provisions then in force
- Services that lend prefabricated houses to the indigent free of charge or at low cost or offer accommodation, etc. for them to use
- Services that provide the indigent with treatment free of charge or at low cost
- Services that offer the indigent to use health care facilities for the elderly requiring long-term care free of charge or at low cost
- Settlement services
- Services for assisting welfare service usage
- Coordination of various social welfare services
- Subsidy for various social welfare services

Requirements for Establishing Social Welfare Foundations

The following requirements need to be met when establishing social welfare foundations.

(Extracts of the main parts of "Approval for Social Welfare Foundations (Director-General Notification)", etc. are provided below)

1. Organization

The board members of social welfare foundations must consist of no less than six directors and no less than two auditors. The directors must include persons with knowledge and experience in social welfare services or involved in local welfare and the heads of the facilities managed by the foundation.

In addition, selecting officials of relevant administrative agencies or persons who cannot actually participate in the operation of the foundation is considered inappropriate. Selection of specially-related persons, such as relatives, etc., is also restricted.

A council must be established for each foundation except for those exclusively engaged in the following services.

[1] Social welfare services of prefectures or municipalities that implement measures for persons requiring welfare services

[2] Services of managing day-care centers

[3] Services of long-term care insurance

However, with cases where the foundation concerned was engaged in community-based child rearing support center services and/or temporary day-care services in addition to the services of managing day-care centers as of April 1, 2009, or foundations exclusively engaged in the services of managing day-care centers as of that date also engage in community-based child rearing support center services and/or temporary day-care services after the said date, a council shall be established by March 31, 2012.

2. Assets

Property such as land and buildings, which are needed in the provision of the social welfare services, should be allocated as basic property.

No less than 1/12 (no less than 2/12 is desirable for foundations partly engaged in services related to the Long-Term Care Insurance Act, etc.) of annual operating expenses shall be allocated as operating assets in the form of cash or deposits, etc.

3. Services

Social welfare foundations can engage in public benefit services and profit-making services in addition to the social welfare services listed on the previous page.

Public benefit services denotes services intended to benefit the public but which do not fall into the category of being social welfare services (services with no relation to social welfare do not get approved). More concretely, in-home long-term care support services and the services of managing health care facilities for the elderly or charged homes for the aged, etc. are included as being public benefit services.

Profit-making services refer to services whose profit is appropriated to run social welfare services or public benefit services implemented by the foundation, and can include the management of leasing buildings, parking lots, and running stores, etc. utilizing property owned by the foundation.

Both public benefit services and profit-making services must be subordinate businesses to the main business of social welfare services. In addition, the assets to be used in those purposes should be managed separately from basic and operating assets.

4. Disclosure

All the foundations must prepare statements on their operation, a general inventory, balance sheet, and revenue and expense statement by May every year and then submit a report on the current status of the social welfare foundation, including the abovementioned statements, to the competent agencies by the end of June.

The foundation must retain these documents and auditors' opinions at its office and have them available for public inspection, except with due reason.

Actively use of external audits made by certified public accountants and licensed tax accountants is considered appropriate.

5. Counseling on establishment

In the course of establishing social welfare foundations the departments and bureaus of prefectures, designated cities, and core cities in charge of the pertinent social welfare foundation should be consulted.

6. Other

Qualification as head of a facility

The head of a social welfare facility must meet the qualifications provided for in the ordinances of the Ministry of Health, Labour and Welfare and of the former Ministry of Health and Welfare and the "Head of Social Welfare Facilities Managed by Social Welfare Foundation (Director-General Notification)" in 1972.

Changes in Number of Social Welfare Foundations

(As of March 31 of each year)

Year	1980	1985	1990	1995	2000	2001	2002	
Under the jurisdiction of the Minister of Health, Labour and Welfare	9,471	11,672	118	127	138	144	146	
Under the jurisdiction of prefectural governor, etc.	-	-	13,305	14,705	16,553	16,959	17,559	
Year	2003	2004	2005	2006	2007	2008	2009	2010
Under the jurisdiction of the Minister of Health, Labour and Welfare	151	164	181	195	222	242	285	308
Under the jurisdiction of prefectural governor, etc.	18,162	18,636	18,642	18,258	18,412	18,448	18,625	18,674

Source: Social Welfare and War Victims' Relief Bureau, MHLW

(Note) All social welfare foundations were under the jurisdiction of the Minister of health, Labour and Welfare until April 1987.