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Dear Readers,

It is not excluded that over a dozen or so years the ongoing discussions about the 500+ child support benefit – certainly one of the key social programs of the last quarter-century – will become a material based on which students of social sciences will have the opportunity to analyse the problems resulting from thinking that prompts us to seek simple cause-effect relationships and try to explain the various social phenomena with one independent variable.

Unfortunately, what we usually consider to be the result of introducing of some – supposedly – change-inducing stimulus into the social reality is in fact the result of a complex system of many different factors, which all influence, to different degrees, the above mentioned result, i.e. our dependent variable. The public opinion expects a simple message from the speaker – for example – that the 500+ child support benefit results in the reduction in the rate of poverty or in the decrease in the cost of social assistance, but after all, such regularities are conditional. Much depends on the situation on the labour market, the dynamics of wage growth, etc. Some sceptical opinions on the child support benefit were predicting its dramatic impact on the labour market It turned out, however, that the claim on the demotivating nature of the 500+ child support benefit was referring to simplified and – as it turned out – unreliable intuitions rooted in the old, constantly repeated rhetoric, according to which people’s entry into the labour market is primarily driven by the economic constraint. It is easy, after all, to claim that at least part of the workers whose families receive this benefit have not retired from the labour market, but “have been retired” – replaced by migrant workers willing to work for less money.

We should therefore humbly admit that the temptation to appear in public discussions leads to a continuous reduction of the complexity of social realities, and also to ignoring the fact that while the families do think rationally, making their economic decisions, but this rationality is “bounded”, determined by the realities of place and time. Hence, it is worth remembering that whoever interprets, too hastily and / or based on undisclosed assumptions, the simple coexistence of phenomena as a simple sequence of causes and effects is wrong.

The conclusion would therefore be that; even though – guided by rational thinking – we do not fully understand the complexity of functioning of the “Family 500+” program; it is however clear that its correlates are at least encouraging – regardless of what is said about its differentiated impact on the situation of Polish families.

IS THE 500+ CHILD BENEFIT PROGRAMME OVERGENEROUS?

**POLISH SOCIAL PROTECTION EXPENDITURE ON BENEFITS AND SERVICES FOR FAMILIES WITH CHILDREN COMPARED WITH OTHER MEMBER COUNTRIES OF THE EU AND OECD**

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International Centre for Research and Analysis ICRA, Poland

**INTRODUCTION – INCOME SUPPORT PROVIDED TO FAMILIES AND CHILDREN AS ONE OF THE MAJOR FUNCTIONS OF SOCIAL PROTECTION**

Income support cash benefits and benefits in kind (such as the provision of childcare) for families with children are recognised as an important function of overall social protection systems. ILO Income Security Recommendation no 67 (see ILO 1944) requires (paragraph 8) that social insurance schemes should provide supplements to all benefits paid for each (at least the first two) child of the beneficiary while (paragraph 28) “society should normally co-operate with parents through general measures of assistance designed to secure the well-being of dependent children”. In the Annex of this Recommendation it is made clear precisely how this cooperation should look:

1. Public subsidies in kind or in cash or in both should be established in order to assure the healthy nurture of children, help to maintain large families, and complete the provision made for children through social insurance.

2. Where the purpose in view is to assure the healthy nurture of children, subsidies should take the form of such advantages as free or below-cost infants’ food and school meals and below-cost dwellings for families with several children.

3. Where the purpose in view is to help to maintain large families or to complete the provision made for children by subsidies in kind and through social insurance, subsidies should take the form of children’s allowances.

4. Such allowances should be payable, irrespective of the parents’ income, according to a prescribed scale, which should represent a substantial contribution to the cost of maintaining a child, should allow for the higher cost of maintaining older children, and should, as a minimum, be granted to all children for whom no provision is made through social insurance.

5. Society as a whole should accept responsibility for the maintenance of dependent children in so far as parental responsibility for maintaining them cannot be enforced.

Ratified by Poland, Convention 102 concerning minimum standards in social security (see ILO 1952), devotes its part VII to family benefits. Article 42 specifies that family benefits should be provided in the form of (a) periodical cash payments or (b) in-kind provision in respect of children for food, clothing, housing, holidays or domestic help; or a combination of both (a) and (b). Article 44 sets
a minimum threshold for the country’s total expenditure on all kinds of family benefits at 1.5% or 3% of the annual wage of an “ordinary adult male labourer” times the number of resident children in the country. Following the approach adopted by Uścińska (2005, rozdział 2), we assume the wage of an “ordinary adult male labourer” to be average earnings as reported by GUS from the results of the October earnings survey of men employed in elementary occupations (that is, major group 9 in the International Standard Classification of Occupations, ISCO-08). During the period 2010–2014, earnings of men employed in elementary occupations were, on average, equal to 66% of overall average earnings (EUROSTAT defines low earnings as earnings at the level of two-thirds of median earnings).

Calculations for Poland (Table 1) show that spending on family benefits should not be lower than the equivalent of 0.2–0.4% of GDP to comply with the requirements of Convention 102. As per the majority of European countries, actual expenditure on social protection for families in Poland is significantly higher than this minimum threshold set by the Convention but – as we illustrate further on – before the establishment of the 500+ family benefit programme, it was well below the average level of such spending in European Union countries.

There is also the newest international labour standard in the area of social protection: ILO Recommendation no 202, concerning national social protection floors (ILO 2012). This recommendation demands that all ILO member countries provide to all residents at least a minimum income security over the life cycle – for children, adult persons having no job or unable to work, and the elderly. Basic income security for children should be provided at least at a nationally defined minimum level but should secure all children (including children of refugees and illegal migrants) a life of dignity and provide access to nutrition, education, care, and any other necessary goods and services.

The new recommendation also stresses the importance of a social protection monitoring mechanism based on high quality statistics through which countries should regularly assess the performance of their social protection systems. The International Labour Office is currently reviewing implementation of this Recommendation in all member countries through its General Survey (ILO 2017).

Global comparisons of data on social protection expenditure and coverage are also available in ILO World Social Security/ Protection Reports (ILO 2010 and 2014).

COMPARING SOCIAL PROTECTION SPENDING INTERNATIONALLY – METHODOLOGY AND DATA SOURCES

There are two major international databases which provide data enabling international comparisons of overall social protection expenditure and expenditure on different functions of social protection, including social protection aimed at families with children. Countries in the European Union as well as Switzerland, Norway, Iceland, and some candidate countries are covered by the ESSPROS database (Eurostat 2016). OECD member countries are covered by the SOCX database (Adema et al. 2011). There are certain methodological differences between these two databases; ESSPROS methodology covers public expenditure and mandatory private expenditure, whereas, OECD SOCX database also includes some voluntary private social protection expenditure (e.g. voluntary pension expenditure or other benefits provided to employees by employers). The core ESSPROSS database only includes benefits in cash or in kind provided directly to households or individuals, while OECD SOCX also includes expenditure benefiting individuals or households indirectly (such as wage subsidies or some other forms of active labour market policies).

Provisions which are considered when estimating overall expenditure on social protection for families with children are presented in Box 1.

<table>
<thead>
<tr>
<th>Table 1.</th>
<th>Expenditure on family benefits in Poland – minimum level required by ILO Convention 102 and actual expenditure as reported by Eurostat</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum expenditure threshold required by Convention 102 (% of GDP)</td>
<td>Lower</td>
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<tr>
<td></td>
<td>Upper</td>
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<td></td>
<td>% of GDP</td>
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</table>

Source: own estimates based on data from GUS and Ministry of Family, Labour, and Social Policy (MRPiPS) and EUROSTAT ESSPROS database.

**Box 1:**

**ESSPROS – benefits and services covered by expenditure statistics**

**Cash benefits:**

- **Income maintenance benefit in the event of childbirth (maternity leave benefits):** flat-rate or earnings-related payments intended to compensate the protected person for the loss of earnings due to absence from work in connection with childbirth for the period before and/or after confinement or in connection with adoption. The benefit may also be paid to the father. These benefits may be paid by public social protection schemes, but they are also provided by employers in the form of continued payment of wages and salaries during absence from work.
- **Birth grant:** benefits normally paid as a lump sum or by instalments in case of childbirth or adoption.
- **Parental leave benefit:** benefit paid to either mother or father in case of interruption of work or reduction of working time in order to bring up a child, normally of young age.
- **Family or child allowance:** periodical payments to a member of a household with dependent children to help with the costs of raising children.

**Other cash benefits:** benefits paid independently of family allowances to support households and help them meet specific costs such as costs arising from the specific needs of lone parent families or families with handicapped children. These benefits may be paid periodically or as a lump-sum.

**Benefits in kind:**

- **Child day care (kindergartens, crèches):** shelter and board provided to pre-school children during the day or part of the day. The age limit for pre-school is defined by national legislation. Financial assistance towards the payment of a nurse to look after children during the day is also included here.
- **Accommodation:** shelter and board provided to children and families on a permanent basis (such as in nursing homes and foster families).
- **Home help:** goods and services provided at home to children and/or to those who care for them.
- **Other benefits in kind:** miscellaneous goods and services provided to families, young people or children (holiday and leisure centres), including reductions in prices, tariffs, fares and so on for children or large families, where expressly granted for social protection. This category also includes family planning services.

Source: ESSPROS 2016.

For EU member states which are also OECD members (like Poland), OECD SOCX database receives disaggregated data from ESSPROS database and then converts it to adjust to its own classifications.
OECD, in its Family Database (collection of information on situation of families and family policies in OECD countries), in addition to the above types of benefits in cash and in kind, also estimates tax expenditure (forgone tax revenue due to tax breaks) for the purpose of supporting families and children.

Unfortunately, both the above databases suffer rather long delays between updates and thus, the most recent disaggregated data are available only for the year 2014 (OECD have made some estimates of aggregated social protection expenditure until 2016).

Poland has an obligation to submit data to the EUROSTAT ESSPROS database but, apparently, there are problems with compiling the necessary data which would fully respond to ESSPROS methodological requirements. For example, only since 2008 has the data being submitted included the full required range of cash and in-kind expenditure on family benefits – before that year, Polish data in ESSPROS did not include significant expenditure on care provided by, for example, kindergartens.

Required data are produced under the auspices of different government departments (Ministry of Family, Labour and Social Policy; Ministry of Health; Ministry of Education; ZUS and KRUS) and there are insufficient resources allocated to the task of coordinated data collection. Neither the Main Statistical Office nor the Ministry of Family, Labour, and Social Policy (responsible for data compilation) publish these data domestically (while a number of national statistical offices do – even in countries outside the European Union – including, for example, statistical office of Ukraine).

Due to the reasons explained above, international comparisons as presented below are limited to the period of the last several years and the years 2015–2016 are my own estimates based on partial information.

**RECENT OVERALL SOCIAL PROTECTION EXPENDITURE TRENDS IN POLAND COMPARED WITH OTHER COUNTRIES**

Contrary to beliefs often promoted by the media, overall social protection expenditure in Poland is at rather moderate levels compared to that of many other European countries. Social protection expenditure in Poland increased significantly at the very beginning of the nineties to levels comparable with the EU average (see Golinowska and Hagemejer 1999). Subsequently, however, as a result of the policies of consecutive governments to reduce the overall size of public spending, including social protection expenditure (see for example Ministerstwo Gospodarki, Pracy i Polityki Społecznej, 2003), levels of social protection expenditure measured as a proportion of GDP have been falling well below the EU average; pensions and other benefits were adjusted at rates lower than average income growth rates, while many benefits and income thresholds entitling people to income-tested benefits were not adjusted at all for long periods.

Figure 1 shows the increasing gap, during the period from 2000 to 2014, between social protection expenditure in Poland (measured as a percentage of GDP) and the average in European Union countries. One can see a significant increase in the EU average during the years of economic and financial crisis 2008–2009. This increase comes not only from the fact of recessionary GDP decreases in a number of countries within the EU but also as a result of policies to use additional social spending as stimulus to stabilize aggregate demand. Poland experienced no such recession, only a slowdown of economic growth, which explains why any increase during the period 2008–2009 in Poland was much more moderate.

When comparing levels of public social protection expenditure in different countries, one must consider the fact that countries differ significantly with respect to taxation of social benefits. In some countries (like Czech Republic) social benefits including pensions are not taxed at all, in other countries only certain benefits are exempted from income tax (such as family benefits in Poland), and in other countries, not only income taxes but also some types of social security contributions are paid on social benefits (health insurance contributions in Poland, generalized social contribution in France). Countries also differ significantly with respect to levels of direct and indirect taxation and thus similar benefit amounts before taxation may be very different after all the taxes are paid.

In addition, countries differ in the level and scope of use of tax breaks for social policy purposes – as is the case in Poland, where tax breaks for children are one of the important tools of family policy.

For the above reasons, the OECD has for many years, and EUROSTAT more recently, also estimated social protection expenditure net of taxes and including the value of forgone tax revenue due to tax breaks for social purposes. Table 2 below shows, using Poland and several other countries in the region as an example, how levels and patterns of taxation affect social protection expenditure.

In the group of countries for which data are presented in Table 2, Poland has the highest (along with Slovenia) difference between social protection expenditure before and after taxation. While, according to OECD estimates, Polish gross social protection expenditure in 2013 was 19.4% of GDP whereas it was only 15.8% of GDP after the impact of both direct and indirect taxes was taken into account. In other countries, unlike in Poland, benefits like pensions and unemployment benefits are not subject to personal income tax or are taxed at much lower rates than in Poland.
Tax breaks for social purposes in Poland are targeted at families with children and added, in 2013, 0.4% of GDP to the 1.4% of GDP spent on cash and in-kind family benefits.

In all countries in Europe, up to two-thirds of social protection spending is allocated to financing needs related to old-age, disability, and health functions of social protection. Family benefits rarely consume more than 10% of overall social protection spending. Nonetheless, countries differ significantly not just with respect to how much they spend on family policies but also regarding what the roles and weights of different policy instruments are – how much is spent on cash benefits, how much on services in kind (mainly child care), and how much support to families is given in the form of tax breaks for family policy purposes.

SOCIAL PROTECTION EXPENDITURE ON FAMILY AND CHILDREN FUNCTION – RECENT TRENDS IN POLAND AND INTERNATIONAL COMPARISON

Important policy changes within the broad area of family policies, and within it, social protection policies directed at families with children were debated and formulated during the period 2010–2015 (with a major role played by the Social Policy Bureau in facilitating the President cooperating closely with the Ministry of Labour and Social Policy). Starting from 2013, the scope and length of maternity leave were substantially extended, transforming it into parental leave. Tax breaks for families with children were redesigned and the mechanism “złoty for złoty” became an entitlement to income-tested family benefits. Starting from 1 January 2016, this new mechanism, along with new, much more flexible rules regarding use of maternity/parental leave, came into force, together with new parental benefit available to people not contributing to social insurance. During the same period, important efforts were made (and financial resources allocated) to expand coverage of children attending kindergartens and crèches (with less successes regarding the latter).

In addition to all these policies, the new government – in power since November 2015 – introduced a new family benefit (the so-called 500 plus programme) providing 500 PLN monthly for each child starting from the second child in the family (and for the first child in low-income families).

Figures 2–4 show the evolution over time of expenditure on family benefits (as a percentage of GDP), respectively: cash benefits, benefits in kind, and total expenditure.

Cash benefit expenditure for families and children (Figure 2) during the period 2000–2014, in the EU, was on average relatively stable at the level of 1.5–1.6 percent of GDP. At the same time in Poland, one could see benefit expenditure growing at a rate slower than GDP growth during most of the period 2000–2012. The ratio of benefit expenditure to GDP declined from 1% in 2000 to 0.7% in 2012 (mainly because cash benefits were not adjusted to growing costs of living and incomes). Only since 2013 has expenditure on cash family benefits begun to grow faster than GDP – the benefit expenditure to GDP ratio had increased to 0.84 percent by 2015, however, it was still nearly 50% lower than the average in other EU member countries.

In 2016, the ratio of expenditure on cash family benefits to GDP, not taking into account family benefits provided within the programme 500+, increased further to 0.93% of GDP. Program 500+ in 2016 added another 0.92% of GDP and thus, in total, the ratio to GDP of expenditure on cash family benefits actually increased to 1.85%, above the EU average of 1.6%.

Figure 2. Expenditure on cash family benefits in Poland and the European Union 2000–2016 (% of GDP)

Source: EUROSTAT database and own estimates based on GUS and MRPiPS data.
Expenditure on family benefits in kind (Figure 3, mainly financing of care services in kindergartens and crèches) has been increasing faster than GDP and faster than expenditure on cash benefits in the EU. This reflects policy support from the European Commission as well as many social policy makers in the EU member countries, favouring care services (seen as “social investment” bringing enhanced participation of parents in the labour market as well as expanding social capital) over cash benefits (seen by some as an instrument discouraging labour market participation). Polish social policy has followed this trend but while on average in the EU expenditure on services grew to almost one-third of total family benefit expenditure, in Poland, as the role of cash benefits

Expenditure on family benefits (including tax breaks for families with children) in Poland (estimated after the first year of programme 500 plus) compared with the EU average and selected EU member countries (most recent year available) (% of GDP)
was declining in relative terms, expenditure on benefits in kind formed half of the total benefit expenditure.

As shown in Figure 4, the ratio to GDP of total expenditure on social protection for families and children was significantly lower in Poland until 2015 than on average in the EU member countries – although after 2011, this ratio in Poland was increasing faster than the EU average, thus the gap between relative expenditure levels has been steadily decreasing.

Introduction of family benefits within the 500+ programme has increased the expenditure to GDP ratio to 2.6%, which not only closed this gap but even made the family benefit expenditure ratio in Poland slightly higher than the EU average. It is projected that in 2017, the ratio will reach 3%.

Before 2016, the ratio of total family benefit expenditure to GDP in Poland was one of the lowest in the European Union. As Figure 5 shows, increasing the benefit expenditure ratio to 2.6% in 2016 and probably to over 3% in 2017 (or 3% in 2016 and 3.5% in 2017 if one also includes tax breaks for families with children), moves Poland significantly up the ranking of EU countries. However, the expenditure ratio will still be lower than in countries leading the rankings – e.g. United Kingdom, Denmark or France. What has changed significantly due to the introduction of the 500+ family benefit programme is the structure of expenditure. Policies before 2016 favoured expansion of care services and as a result, expenditure in-kind became half of the total expenditure (excluding tax breaks). Now, proportions have changed and expenditure on services has become less than one-third of the total expenditure.

Figure 5 shows that countries in the EU differ very significantly with respect to the relative roles of three different types of policy instruments – cash benefits, services, and tax breaks – in shaping family policies. After the recent changes which increase the role of cash benefits, the structure of expenditure in Poland is more similar to expenditure patterns in countries like the United Kingdom, Ireland, Luxembourg or Austria, rather than in Scandinavian countries which place much greater emphasis on the role of services. There is now an open question as to how expenditure levels and structures will evolve in the future.

CONCLUSIONS

While the level of expenditure on social protection for families with children has been significantly lower in Poland than in many EU member countries and in the EU on average over the last decade, the introduction of the new family benefits programme 500+ has increased the expenditure to GDP ratio to a level even slightly above the EU average. The structure of expenditure has also changed – benefits in kind (mainly care services) which constitute half of the overall spending, are now less than one-third of total family benefit expenditure.

The key issues arising from this are what other changes the future will bring and what shape the further evolution of this expenditure will take?

Although access to kindergartens has improved significantly over the last several years, there is still a coverage gap to be closed. At the same time, the percentage of children younger than three with access to care services is one of the lowest in the EU. Will this coverage gap be closed? It would require further increases in expenditure or rather increased cash benefit expenditure, which will then crowd out other expenditure and so there will be no resources available for expanding coverage of care facilities.

After the introduction of 500+ programme, family cash benefit schemes overlapped to a certain extent. Will there be a harmonization of provisions and entitlements leading to more certain stabilization of expenditure?

In the past, family benefits and many other social protections have been eroding in terms of benefit levels and their impact, due to lack of regular adjustments of benefit levels alongside increases in costs of living and incomes. There are still no provisions requiring regular adjustments in place. Will such requirement be put in place?

Expansion of tax breaks for families with children has been treated as an alternative to cash benefits by policymakers in recent years. Now, when cash benefits have become much more meaningful, does one need such a tax break at all?

Answers to the above questions will shape future social protection for families and children – both the costs and its impact. Whatever these answers will be, there is no doubt there is an urgent need to improve the system of monitoring of social protection policies which would provide comprehensive, reliable, high-quality statistical data presenting costs of different social protection schemes, measuring overall fiscal effort to provide social protection, and enabling measurement of the efficiency of such efforts in terms of reduction of poverty, inequality, and social exclusion and in terms of impacts on labour markets.

REFERENCES


1 The Convention’s expenditure threshold is set at a rather low relative level to enable lower income developing countries to be able to ratify the Convention.

2 Only during a short period between 1999 and 2003, was the Instytut Badań nad Gospodarką Rynkową, in cooperation with the Ministry of Labour and Social Policy, publishing estimates of expenditure on overall social protection and its specific functions, as well as projections of such expenditure (see Wóycicka 1999 and 2003).
social benefits is affected by direct and indirect taxation, require caution when drawing between countries both in terms of policy instruments used by social protection systems and differences of the EU average but still lower than several higher spending countries in this area—UK, Scandinavian countries, France raises overall social protection expenditure on family and children to about 3% of GDP which is slightly over the family benefits will surpass 2% of GDP. As expenditure on non-cash aspects of family benefits (benefits in kind like GDP ratio so that in 2016 it was 1.85% of GDP and one can estimate that in 2017, expenditure on all types of cash 2000 and much less than the EU average of 1.6%. Since 2013, cash family benefit expenditure has been increasing faster than GDP, surpassing 0.8% of GDP in 2015. The introduction of 500+ more than doubled the expenditure to GDP ratio so that in 2016 it was 1.85% of GDP and one can estimate that in 2017, expenditure on all types of cash family benefits will surpass 2% of GDP. As expenditure on non-cash aspects of family benefits (benefits in kind like kindergartens and tax breaks for children) are not much lower in Poland than the EU average, programme 500+ raises overall social protection expenditure on family and children to about 3% of GDP which is slightly over the EU average but still lower than several higher spending countries in this area—UK, Scandinavian countries, France or Belgium for example. One has to bear in mind that imitations of data quality and availability and differences between countries both in terms of policy instruments used by social protection systems and differences of the extent to which various social benefits are affected by direct and indirect taxation, require caution when drawing conclusions from above comparison of expenditure levels. Keywords: family benefits, social protection, social expenditure

INTRODUCTION

The policy of eradicating extreme poverty, pursued globally for many years—since the adoption of the UN Millennium Development Goals, continues to raise questions about the effectiveness of the instruments used. For many years the major beneficiaries of this policy have been children. Children vulnerable to poverty have no chance of developing well, which is a loss for the whole society, which is losing its future assets. Investing in children’s development is therefore the primary socio-economic objective of a responsible state that takes into account the factors of future development. In the policy of eradicating poverty understood as a tool for investing in the future socio-demographic development of the population, the first question concerns the effectiveness of specific benefits: are money transfers addressed to families with children more effective than publicly available social services that allow each child to have good care, health and education? If we were to choose only one option in this field, then it is important to recognize that they are based on different social philosophies (ideologies) (Esping-Andersen 1999; Thévenon 2011).

The dominance of cash benefits (conservative and familialisitc) is based on the conviction of the absolute parental right to decide freely how to spend their money; they are supposed to know best what their children need. On the other hand, the preference for social services (defamilialisitc model) refers to the collective responsibilities (of the state and / or community) to create equal conditions for all children and to oblige families to use them. It also takes into account the equality of women in access to work (a model with both partners working – the dual earner model) and creating conditions for the participation of partners in different spheres of life (Saraceno 2011). In the practice of modern family policy, wealthier countries (high income countries) use both cash benefits for children, tax relief and exemptions, and develop social services. Combinations of applied family policy instruments (family policy packages) may differ (Bradshaw, Mayhew 2006; Richardson 2015), but their range is generally uniform and common. Equal access to early education services and the obligation to use publicly available education until adulthood is undisputed. A similar attitude applies to controlling the development of children’s health and their equal access to treatment. Money transfers and some tax exemptions are commonly used in connection with the costs of children maintenance.

However, there are differences in the approach towards money transfers. On the one hand, there is a universal approach; equal benefits for all children, on the other, however, there are supporters of benefits depending on the level of family income and/or the

COMBATING POVERTY THROUGH FAMILY CASH BENEFITS.
ON THE FIRST RESULTS OF THE PROGRAMME “FAMILY 500+” IN POLAND

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number of children. Supporters of universal benefits are usually in favour of the social-democratic social model, while the benefits addressed only to designated groups (poor families, large families) are favoured by proponents of liberal options.

With the widespread adoption of poverty reduction policy, aimed especially at child poverty, comparative research has evolved to assess the effectiveness of the different policies being implemented. This was made possible by the establishment and development of several databases, primarily by the OECD (Family Database) and Eurostat (EU-SILC), which help to ascertain whether the policy tools used are indeed lowering poverty rates, although explanations of the results often require in-depth study of the social and political context of a given country.

Poland in 2015 significantly increased and extended payment of benefits for working mothers (including benefits for fathers) after the birth of a child, covering their absence on the labour market for a year, even for previously unemployed mothers. It is being called the “Kosiniak benefit” after the then minister of labour and social policy – Władysław Kosiniak-Kamysz.

The new government, less than a year later (in the second quarter of 2016), introduced a universal child benefit 500+, known as the “Family 500+ programme”. It is a benefit that is in fact a universal child cash allowance. It amounts to 500 zlotys of monthly untaxed income for every second and subsequent child until it reaches the age of maturity, without additional conditions. Low income families also receive support for the first or only child. The income criterion for the benefit is 800 zlotys net per person and 1200 zlotys when a disabled child is brought up in the family. This is a generous benefit. In families with three children it can provide an income at the minimum wage level. It is also an expensive benefit. In 2016, the “Family 500+” programme cost 17 billion zlotys. It is expected that by the end of 2017, the cost of the programme will have increased to 24 billion zlotys, reflecting almost 40% of the budget deficit assumed for this year.

What effects does this benefit have? We are considering both the politically expected and socially beneficial effects, as well as some side effects that are socially disadvantaging and highly undesirable. Complete analyses are not yet available. Statistics are only available for 2016, but with some degree of research intuition, the impact of the 500+ income benefit can already be evaluated in some areas:

- families with children suffering from income poverty,
- deprivation of the needs of children in poor families,
- the tendency of parents to be active in the labour market and maintain a level of income in the family, earned from gainful employment,
- the tendency to make procreation decisions; birth of the next child.

The aim of this article is to consider the effects of the 500+ benefit in each of these areas, supported by appropriate statistical data wherever they are available. These considerations are conducted on a broad comparative basis, mainly from OECD analyses, Eurostat data and results of European research conducted within EU research projects and by some member states.

**CASH BENEFITS AND THE POVERTY RATE**

Cash benefits are considered an effective tool for combating income poverty of families with children. The results of several studies (Ferrarini et al. 2012; OECD 2015; Molin 2016) confirm this regularity: the introduction/increase of family cash benefits results in a decrease in income poverty.

For three quarters of 2016 (since April) families with children in Poland received the 500+ benefit. In the first of these quarters it was received by 9% of households, in the second by 20% and in the third by 23% (BBGD 2017). The introduction of the 500+ benefit was accompanied by wage increases and a decrease in unemployment, which added to the factors contributing to the dynamic reduction of poverty. The net minimum wage since 2017 has been 1,459 zlotys (2,000 zlotys gross) and the registered unemployment rate fell in 2017 to 7.1%.

A preliminary assessment of the impact of these factors on the rate of income poverty reveals that average indicators have shown an increase in the dynamics of decline, which has already been observed since 2014 (Figure 1). In 2016, compared to 2015, both extreme and relative poverty decreased by 1.6 percentage points. In the first case it was 25%, and in the second – 10%.

However, taking into account income growth in all families with children in 2016 due to the 500+ benefit, the Figure below indicates a nearly 30% reduction in the extreme poverty rate; from 8.8% to 5.9%, and in large families (three and more children up...
to the age of 18 years) the decrease of poverty rate reached 60%; from 16.7% to 9.9% (6.8 percentage points). In families with two children this decrease was about 3 percentage points (to about 5%) and in house olds with only one child, 1 percentage point (to just over 4%).

European studies (EU-SILC), conducted also in 2016, show that the drop in child poverty in Poland does not include families with a single parent (GUS 2017.c).

**SHARE OF THE 500+ BENEFIT IN THE FAMILY INCOME**

Based on the analysis of household income in the last three quarters of 2016 (GUS 2017), it is possible to identify the proportion of disposable income in households constituted by the 500+ benefit. Throughout the whole data set, these benefits amounted to 16.8%, in urban areas to 15.4% and in rural areas to 18.5% (BBGD GUS 2017).

The share of the 500+ benefit in household disposable incomes was varied due to several basic variables: wealth level, number of children in the family, level of education of the head of the family, belonging to socio-professional groups (source of livelihood) and place of residence.

In total, the least wealthy families benefited in the largest scale from the cash benefit transfers. These families have already previously been largely dependent on social benefits, families with three children and more, rural families and small town families, as well as those with a low level of education (primary and secondary education) (GUS 2017).

**STRUCTURE OF CONSUMPTION AND DECREASE IN DEPRIVATION**

In economic theory, cash benefits compared to care services are preferred because they do not limit the consumer’s freedom of choice. However, this judgement does not consider consumption by children. It is assumed that children are a common good – and not just the “private property” of the parents. For this reason, it is justified to redistribute income to families with children. Introducing and raising money transfers aims to achieve a certain social effect: in the case of family benefits there is often a specific purpose indicated (e.g. food stamps, educational vouchers, etc.).

The increase in cash transfers to families with children is also explained by the increase in the cost of living and the education of children. In prosperous countries, the direct cost of a child is estimated at more than 20% of family income (Esping-Andersen 2007; OECD Family Database). Diversification of this cost is high and significantly dependent on fees for care and educational services, as well as on the social status of the family. Higher status increases the educational aspirations and quality requirements of education (e.g. additional private paid tuition). Regardless of the costs of raising and educating children, cash transfers to families only represent a few percent of the cost of the child.

The impact of social benefits on consumption (as compared to wages) has not been, so far, the subject of in-depth empirical research (Wilcox 1989), even though there is an impressive number of analyses of how different factors influence the patterns of consumption. Angus Deaton, Nobel laureate in economics (2015), has studied the consumption of poor households in many countries, including developing ones. His results confirm many previous hypotheses that can be found in the source literature, for example that low incomes generally result in inadequate food intake; meaning that children consume food which is low in calories or unhealthy, or that in developing countries, when it comes to disbursement of revenues, boys are preferred to girls.

According to the research (conducted especially in the USA – www.fcd-us.org and in the UK – British Household Panel Study and Millennium Cohort Study), in higher-income countries, consumption patterns are significantly impacted by the mother’s education level and the family income. Low income and low level of education among women are correlated with the occurrence of overweight among children and the risk of earlier occurrence of chronic diseases.

It has also been confirmed that in poor families extra money is spent on household appliances, and especially on televisions and used cars, which create opportunities for mobility, which may be related to work.

In the case of the 500+ benefit, the increased family income is dedicated to children, but the family still has the freedom to choose how to spend it. This income is not always spent on the specific needs of children. We can, of course, assume that if it concerns the general needs of the family, then the children also benefit. However, it can also happen that the income is spent on the needs of parents, which may not result in beneficial effects sufficient to justify the expenditure.

We do not know yet of any long-term studies that would allow us to analyse the structure of consumption in families receiving the 500+ benefit. The preliminary view on household spending in 2016 in the three quarters (II-IV) surveyed within the BBGD study, indicates that in the families receiving the 500+ benefit, compared to the families not receiving it, the consumption structure was more targeted not only on the basic needs, such as food and clothing, but also on recreation, culture and transport. These results correspond to the situation that in families receiving the 500+ benefit, the consumption of poor households in many countries, including developing ones, has been more diversified.

**Table 1. Share of the 500+ benefit in disposable income per capita in selected groups of households**

<table>
<thead>
<tr>
<th>Groups of households</th>
<th>Most benefiting recipients</th>
<th>Least benefiting recipients</th>
</tr>
</thead>
<tbody>
<tr>
<td>By level of income</td>
<td>1st and 2nd quintile of disposable income 20%</td>
<td>5th quintile of disposable income 0.5%</td>
</tr>
<tr>
<td>By number of children</td>
<td>Three or more children 11.7%</td>
<td>One child 0.7%</td>
</tr>
<tr>
<td>By education level of households' head</td>
<td>Vocational and elementary 9%</td>
<td>Higher 1.6%</td>
</tr>
<tr>
<td>By socio-economic group</td>
<td>Farmers 5.0%</td>
<td>Self-employed 2.4%</td>
</tr>
<tr>
<td>By place of living</td>
<td>Rural areas and small towns (up to 20 thousand inhabitants) 7.3%</td>
<td>Large cities (above 500 thousand inhabitants) 1.3%</td>
</tr>
</tbody>
</table>

Source: own calculation based on individual data of the BBGD GUS 2017.

**Figure 3. Consumption structure (expenditures per capita) in families receiving and not receiving family allowances 500+ in 2016 (quarters II–IV)**

Source: GUS 2017: BBGD.
exact with the observations widely present in the media, mentioning poor families going on holiday (apparently for the first time in 2016) and the massive purchases of televisions and laptops (classified to the aggregate of culture) and used cars. Importantly, there is a noticeable increase in education expenditure (education services and fees). These directions of influence can only be verified in further research.

The EU-SILC 2016 study (GUS 2017c), which includes a material deprivation assessment, may indicate that the 500+ benefit may be attributed to a reduction in severe deprivation (comparison of the 2016 declaration to the 2015 declaration) with respect to:

- covering an unexpected expense of 1,150 zlotys (over 4 percentage points less in 2016 compared to 2015);
- meat or fish consumption every other day (about 2 percentage points);
- holding a car (about 2 percentage points).

WILLINGNES OF PARENTS TO WORK WHEN THE FAMILY RECEIVES CHILD CARE BENEFITS

Money transfers addressed to families with children are usually criticized as contributing to reducing the willingness to work, especially among women. For this reason, if a cash benefit is introduced, it is rather for a short period of time in the life cycle and when there is the inability to undertake/continue work because of poverty and/or caring responsibilities towards young children. In order to mitigate the “dependence on benefits” (economic dependency trap; Kalil et al. 2012; Harvey, Conyers 2016) and the “inactivity trap” (OECD 1997), it is suggested that conditions are introduced, according to which receiving the benefits is subject to the beneficiary’s commitment to educational and/or employment activity.

With the increase in the share of women in the labour market, the difficulties for mothers to combine their care responsibilities and professional activity have become a cross-society (and public) issue, which requires universal solutions, dedicated not only to “families in need” (families with special needs). Many solutions came from employers; including, primarily, the family-friendly organization of work; part-time work, flexible working hours and an increased number of days off.

At the same time, childcare institutions were being established and developed; both public and community or commercially organized. Nurseries and kindergartens of increasing quality have become the primary means of resolving work-life conflicts (McGinnity, Whelan 2009). Subsidizing these institutions has been a significant goal of most Western countries (not only in Sweden and France, but also in Denmark, Slovenia and the Netherlands), having more children has a much lower impact on reducing the professional activity of women compared to countries without developed childcare infrastructure. The Eurostat study (2015) confirms that the employment rates for women aged 25–49 in the EU depend not only on the number of children and their age, but also on the possibility of reconciling work and family life.

The professional activity of women in Poland is strongly correlated with the number of children in the family. As indicated by the European Survey on Labour Force Activity (LFS), in Poland only 50% of women aged 20–49, with three or more children, of which the youngest is up to 6 years old, were employed; and nowadays this trend is falling. In Western Europe, this indicator is higher than 60% (Eurostat 2017).

This relatively low employment rate for women and children in Poland is mainly caused by the insufficient supply of care services, especially for young children (nurseries). This is related to family policy, which mainly consists in extending paid parental leave and child support cash benefits.

The 500+ benefit structure is a significant stimulus to long-term absence on the labour market. The benefit is being paid until the child reaches 18 years of age. In combination with the parental benefit paid since 2016 and covering one year after the birth of a child, the additional benefit reduces the willingness of parents to seek work, especially in case of mothers, even if the situation on the labour market is good. In sum, both benefits can motivate both to give up work (transition from employment to inactivity); and not to return to work after the children reach maturity. They also have an impact on the general tendency among women not to enter into the regular labour market during the procreation period (change of cultural pattern?). This is not the case with highly qualified women, who earn a high income from work and whose condition enables access to childcare services.

According to preliminary data from the population economic activity survey (LFS), it is clear that in 2016 about 20–33 thousand women aged 24–49 left the labour market (Ruzik-Sierzchłyta 2017), and when broadening the age range to 18–49, it amounts to over 50 thousand (Magda 2017). For these women, the chances of returning to a good labour market may be limited, and their future retirement (according to the formula of defined contribution) will be significantly lower or even may be put in doubt.

Family policy, including the universal 500+ cash benefit, introduced in the period of decreasing supply of “working age” population also has macroeconomic consequences (Myck 2016). It contributes to an increase in labour market tightness because the limited availability of labour resources. For the first time in many years we can observe in Poland an “employee market”.

CHILD-BEARING DECISIONS AND THE “FAMILY 500+” BENEFIT

In most Western countries there has been a decline in fertility (total fertility rate – TFR), explained on the one hand by the process of demographic change and the entry into the “second demographic transition” (Kotowska 1999) and on the other by the strive for utility individualisation in the modern market economy (Becker 1991). It should be noted that the rapid depreciation of TFR occurred in all post-communist countries during the transition from a centrally planned to a market economy in a much shorter time than in the old capitalist countries (Frątczak et al. 2002).

In Poland the very high fertility characteristic of the post-war years and the 1950s gradually declined, reaching the average level for the OECD countries in the 1970s. In the 1990s, it fell significantly below this level, resulting in demographic imbalance and stabilization, followed by a decrease in the country’s population (GUS 2016).

The tendency of declining fertility rate (TFR) has contributed in many countries to the introduction of numerous “pro-family” (family friendly) policies, which aim to increase this ratio without reducing female employment. In these policies, children’s cash benefits appear alongside other instruments, mainly tax exemptions.

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**Figure 4. Women employment rate aged 20–49 in Poland (share of employed women 20–49 in the female population in this age) by number of children, when the youngest is up to 6 years**

[Graph showing employment rates for women aged 20–49 in Poland, categorized by number of children and age of youngest child.]

Sources: Eurostat database of the LFS 2017 [accessed on 8.11.2017]
and grants for childcare institutions: nurseries and kindergartens, as well as social services in schools (Thévenon 2011). The results of long-term comparative studies show that such comprehensive programmes implemented consistently in the long run bring some effects (Gauthier, Hatzius 1997; Gauthier 2007). In the mid-1990s, the downward trend of the TFR in the old Western countries stopped and slowly began to change direction, while in Central Europe it continued to decline, changing its direction only 10 years later (Billingsley, Ferrarini 2011).

Comprehensive family policy programmes are expensive. The OECD estimates that the cost of such family policy is 3–4% of GDP. In Poland, pro-family policy programmes in 2014 reflected only 1.5% of GDP (OECD 2017). The increase in family benefits consisting of both the “Kosiniak benefit” and the 500+ benefit will double this share. In this respect, Poland will approach the OECD average (Arak 2016), but with the dominance of one of the instruments used – money transfers directed to families.

The declared purpose of introducing the 500+ benefit was to increase procreation. Whether it is a sufficiently effective instrument, taking into account the current trends in family formation and fertility (Esping-Andersen 2007; OECD Family Database), remains open. The above mentioned trends, in a very brief manner, can be characterised by:

- consolidation of a family model with one or two children,
- increased share of unions (matrimonial and partnerships) without children,
- shortening period of procreation; increasing age of mother at the birth of her first child,
- increase in the share of childless women from a few to a dozen percent in the past 20 years,
- a high proportion of homogeneous relationships from the point of view of education and professional activity³, limiting the existence of a single bread winner model,
- deterioration of the conditions of young people’s entry into working life and adulthood (self-employment, precariat),
- increase in the cost of maintenance and education of children.

The development of the above listed trends indicates that the 500+ programme can be a motivating tool for having more children in families with one or two children but this motivation concerns mainly poorer families, mothers of lower qualification, those who are less willing to work and have worse opportunities for active participation in the labour market.

According to previous research conducted in the old EU member states, the increase in fertility has resulted from the long-term family-friendly policies being pursued (Esping-Andersen 2007a), and nowadays it is more and more often emphasized, that such a policy has to be friendly towards the modern woman and take into consideration her higher qualifications and rights.

**CONCLUSIONS**

As the preliminary results show, the 500+ benefit:

1) can be a significant tool for reducing the income deficit in less wealthy families with more children, people living off agriculture, and those coming from rural areas and small towns where access to work is more difficult;

2) is a response to deprivation in terms of not only basic goods in these families, but also generally desirable goods; electronic equipment and one’s own means of transport. This involves primarily TVs, laptops and cars. Poor families used to buy and drive old cars. The massive use of old cars with poorer technical characteristics (e.g. with old diesel engines and without filters) contributes significantly to air pollution. It therefore comes as no surprise that in many western countries, regulations (and subsidies) are put in place to limit the use of old cars;

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**Figure 5. Changes in the fertility rates in OECD countries 1970–2015**

[Image of fertility rates chart]


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**Figure 6. Public spending on family benefits by type of expenditures (% of GDP) in OECD countries**

[Image of spending chart]

Sources: OECD Family Database 2017.
3) may reduce the professional activity of women with more children in the family, with less chance for a decent wage. In a country with a generally low employment rate, this also causes tensions on the labour market;

4) may contribute to an increase in the rate of fertility mainly in families where one partner is better educated than the other and has better prospects on the labour market (OECD Family Database).

Research has shown that subsidies supporting the development of fully accessible care institutions (Neels, Woods 2013) as well as the presence of tax instruments and universal access to good quality care, education institutions and housing.


SUMMARY

The article is devoted to the analysis of the preliminary results of the “Family 500+” cash benefit introduced in Poland in the second quarter of 2016. The results are considered on a theoretical and comparative basis from the point of view of the politically declared objectives of the cash benefit, especially the radical reduction of child poverty and the improvement of fertility. The analysis is based on the BBGD unit data (2015 and 2016), EU-SILC data, including 2016, and data from the OECD database (Family Database). Preliminary results show that the 500+ benefit succeeded in reducing income poverty in many families, improving the structure of consumption for the needs of the whole family, but, at the same time, increased the tendency of mothers to leave the labour market, which is a phenomenon that had already started in Poland before the implementation of the 500+ benefit.

Keywords: child poverty, material deprivation, cash benefits, fertility, family friendly policy

THE 500+ CHILD BENEFIT SCHEME
AND SOCIAL WELFARE IN POLAND

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OUTLINE

1) A reduction in the poverty of, in particular large, families. As shown in the justification to the Act: Families with children are at a higher risk of poverty compared to families who do not have dependent children: the percentage of families living below the relative poverty line among families with at least one child in the year 2014 was higher than among married couples without children (6.4% compared to 5.4%) and this increases proportionally with the number of children in large families and reaches the value of 24.1% in the case of families with three children and 48.3% in the case of families with four and more children:

2) Long-term investment in children as a form of investment in human capital – partial coverage of the expenses of the parents and guardians of children arising from the high costs of upbringing and education:

3) Pro-birth – encouragement of decisions to have a larger number of children in order to revert, or at least hinder unfavourable demographic processes.

In accordance with the aforementioned Act, the right to child benefit to the amount of 500 PLN per month (tax-free) has been given since 1 April 2016 for every second and further child up to the age of 18. Additionally, parents who meet the income criteria may also apply for this child benefit for their first child (an only child or the eldest child in the family up to the age of 18) or one of the twins as indicated by the authorized person. This means that the benefit for the first child is social and selective in nature (criterion of income). However, the benefit for the second and further children has a common character – it is applicable to all families, regardless of their income.

In order to receive the benefit for the first or only child, the income calculated per family member in a calendar year preceding the period for which the right to the child benefit is determined cannot exceed 800 PLN net, and if the family has a child with a moderate or significant disability – 1200 PLN net. The child benefit is not calculated as part of the family’s income when applying for other benefits (incl. family benefits, from the Alimony Fund, from social security, household allowance). Thus, families receiving the child benefit do not forfeit the right to receive aid within the scope of other systems.

It should be noted that a family which fulfills the income criteria may receive aid from several systems simultaneously. Therefore, a family which fulfills the criterion which grants the right to social security financial benefits also receives aid as part of family benefits with other allowances. Concurrently, if the family has a child with a certified disability, such a family may have the right to a attendance allowance and attendance benefit.

POVERTY IN POLAND IN THE YEAR 2015 AND 2016

According to data provided by the Central Statistics Office (GUS 2017: 12) the minimum subsistence indicators, i.e. the basket of commodities essential for maintaining human vital functions, as well as psychological and physical wellbeing decreased compared with 2015. The scope of poverty in 2015 encompassed 6.5% of people living below the subsistence minimum and decreased to 4.9% in the year 2016.
In the case of the statutory poverty line in 2016 an increase of 0.5% was recorded in comparison with 2015 and equalled 12.7%. Despite the raising of the statutory poverty line, there has been a decrease in the number of social assistance clients granted benefits by way of an administrative decision from 1,769,402 people to 1,604,692 people, i.e. by approximately 165 thousand people (a 9% decrease). Also a decrease has been recorded in the case of the relative poverty ratio. In 2015 this ratio equalled 15.5%, while in the year 2016 it stood at 13.9% (a 1.6% decrease, similarly to extreme poverty).

According to GUS, the 1 April 2016 implementation of the child benefit is one of three factors which have mainly contributed to a reduction in extreme and relative poverty in 2016 among families with children.

A reduction in poverty has been especially visible in relation to:

- a) children aged 0–17 years old (from 9% in 2015 to 5.8% in 2016);
- b) single person households (from 2.5% in 2015 to 2.0% in 2016);
- c) families with children:
  - with at least 4 children (from 18.10% in 2015 to 14.00% in 2016);
  - with 3 children (from 9.00% in 2015 to 4.70% in 2016);
  - with 2 children (from 4.00% in 2015 to 2.70% in 2016);
  - with 1 child (from 1.80% in 2015 to 1.70% in 2016).

A significant decrease in the scope of poverty has been observed especially among groups such as the following: large families with three and four or more children to support, households with disabled family members (from 9.1% in 2015 to 7.5% in 2016), inhabitants of villages (from 11.3% in 2015 to 8.00% in 2016) and cities below 20 thousand inhabitants (from 5.4% in 2015 to 4.00% in 2016).

According to the information provided by Eurostat from October 2017, the risk of poverty and social exclusion in recent years has seen the largest decrease in Poland — from 30.5% in 2008 to 21.9% in 2016, Latvia (5.7% decrease) and Romania (5.4% decrease) also feature in this ranking.

According to estimates by the Ministry of Family, Labour and Social Policy the share of state budget expenditures on family policies in the year 2014 and 2015 equalled 1.7% and 1.8% of GDP respectively. It is estimated that thanks to the implementation of the “Family 500+” programme the share of expenditures on family policies will record an increase to over 3% of GDP in the year 2017.

THE FAMILY 500+ PROGRAMME AND SOCIAL SECURITY BENEFITS

The above information is reflected in statistical data acquired by the Ministry of Family, Labour and Social Policy. As shown by departmental report MPPS-03 on social security benefits granted — monetary, in kind and services — the number of families with children receiving social benefits in 2016 decreased by approximately 12%: from 504,326 families in 2015 to 444,710 families in 2016. This indicates that 59,616 fewer families with children are receiving social benefits compared with 2015.

While analysing the types of multi-children families, it should be noted that in 2016 the largest decrease was recorded among families with seven and more children (approximately 17%) and families with five children (approximately 15%). In the case of other multi-children families a decrease of a similar magnitude was recorded (approximately 12%).

SOCIAL SECURITY ALLOWANCES

In accordance with the provisions of the 12th of March 2004 Social Security act, social benefit supports individuals and families in their efforts to meet their essential needs and enabling them to live in conditions in keeping with human dignity. Depending on their needs, families within the scope of monetary benefits are entitled to, among others, periodic benefits and designated benefits. Entitlement to and payment of the above-mentioned benefits fall within a commune’s jurisdiction, are mandatory in nature and are subsidised from the state budget.

Assistance in the form of a periodic benefit can be claimed by families, in particular due to long-term illness, disability and unemployment. In accordance with the department’s statistical data, in 2016 an approximately 11% decrease was recorded in the number of families awarded this form of aid – from 459,828 families in 2015 to 408,075 families in 2016.

In turn, a designated benefit is granted for the purpose of meeting a necessary existential need and may be given in particular for the purpose of covering the partial or total costs of purchasing food, medicine and medical treatment, heating fuel, clothing or essential household utility items. The number of families entitled to a designated benefit in 2016 decreased by approximately 9% compared to the same value from the year 2015 (from 745,451 in 2015 to 680,206 in 2016 – that is, by 65,245). Data gathered in 2016 indicates that the number of families entitled to a designated benefit for the purchase of clothing decreased by approximately 28% compared to the preceding year (from 5,109 families in 2015 to 3,660 families in 2016). This indicates that in the year 2016 1,449 fewer families claimed a designated benefit for the purchase of clothing than the previous year.

THE "STATE NUTRITION ASSISTANCE" GOVERNMENT PROGRAMME FOR THE YEARS 2014–2020

A significant effect of the “Family 500+” programme is also observable in statistics kept in relation to the performance of the long-term programme for the financial support of communes in terms of nutrition, the “State Nutrition Assistance” government programme for the years 2014–2020. The programme provides financial support for communes in the execution of their own mandatory functions in the area of nutrition.

A strategic objective of the programme is to limit the occurrence of malnutrition among children and adolescents from low income families or families in difficult circumstances, with particular emphasis on students in areas affected by a high level of unemployment and rural communities. The number of children claiming assistance as part of the programme decreased from 916,569 in 2015 to 784,013 in 2016. This means that in 2016 132,556 fewer children took advantage of the programme compared with the preceding year (a decrease of 14.5%).

![Figure 1. The number of families with children receiving social benefits in the years 2015–2016](chart.png)
the standard of living for Polish society, with a particular emphasis on families with children.

Improvements within the labour market and increases in remuneration are also of key importance. Neither should the role of social policy in general, and the “Family 500+” programme in particular, which at a normative level considers children as a ‘collective public good’ be understated either. Concurrently, the support received in the form of this form of child benefit has resulted in many families achieving greater self-reliance, inter alia by becoming less dependent on social security benefits.

1 Journal of Laws 2016, pos. 195 as further amended.
2 Justification to the State Aid for Child-Support act (p. 4) based on GUS (Central Statistical Office) 2015.
3 Ibid., p. 7.
4 The statutory poverty line is specified as a sum which, in accordance with the applicable social assistance act, entitles someone to apply for monetary benefits from social security.
5 The relative poverty line is specified as 50% of the average expenses of an average household (calculated based on the results of a study on household budgets).
6 Ibid.
7 Ibid., p. 5.

REFERENCES
GUS (2015), Uobóstwo ekonomiczne w Polsce w 2014 r. [Economic poverty in Poland in 2014], Warsaw.
GUS (2017), Zasięg ubóstwa ekonomicznego w Polsce w 2016 r. (na podstawie badania budżetów gospodarstw domowych) [The scope of economic poverty in Poland in 2016 (based on a study of household budgets)]. Warsaw.

SUMMARY

The Act of 11 February 2016 on state aid in raising children introduced the right to untaxed child benefits of PLN 500 per month, which is granted to each second and subsequent child until they are 18 years of age. This benefit is an investment that is intended to increase human capital and support families in ensuring their children’s safety and favourable conditions for raising children, and thus aims to reduce the phenomenon of child poverty.

Keywords: child benefit 500+, family, poverty, social assistance, social work

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INTRODUCTION

The 11th of February 2016 State Aid for Child-Support Act has introduced a child-support benefit in the amount of 500 PLN for the second and subsequent children up to the age of 18 years old (the so called “Family 500+” programme) into the Polish family support system. After fulfilling the income criterion, the benefit is also granted for the first child. The objective of the programme is “above all financial aid directed towards families raising children”, which is intended to reduce the financial burden of families associated with child-care, thereby encouraging decisions to have a larger number of children.

The “Family 500+” programme constitutes a significant expansion of the existing system of family support. It functions separately from the already existing forms of aid, and the child-support benefit is granted independently from transfers such as family allowances or social assistance benefits. The implementation of the programme has raised the total value of already existing financial aid for families by approximately 140%.

According to information from the Ministry of Family, Labour and Social Policy, in May 2017 the programme covered 3.97 million children (58% of all children up to the age of 18 in Poland) from over 2.6 million families. Nearly 60% of families receives the benefit for their first or only child. This applies to over 1.56 million children, of which 724 thousand are only children.

Since the programme’s commencement (1st of April 2016) until May 2017 the total sum of aid received by families exceeded 27.2 billion PLN. Approximately 22.9 billion of that sum has been transferred to families within the first year of the program’s functioning (by the end of March 2017). The total handling costs of the programme until May of 2017 equalled to 455 million PLN.

The “Family 500+” programme has significantly affected the distribution of income in Poland. The aim of this paper is to estimate the short-term impact of this program on the distribution of income and expenditures of households, as well as on poverty and inequality. The object of analysis is poverty in general, as well as the poverty of children and poverty by different types of households.

The paper also attempts to estimate the impact of certain modifications to the “Family 500+” programme, as well as, e.g. the implementation of an “upper limit” income criterion, which, when exceeded, results in the complete withdrawal of the child-support benefit. Compared to prior studies of this type (Goraus, Inchauste 2016; Inchauste et al. 2016; Szarfenberg 2017), this paper presents an analysis of the significance of obtained results depending on the application of different equivalence scales, which enable a comparison of the income and expenditures of households of various sizes and in various socio-demographic compositions.

The data set in relation to which the impact of the “Family 500+” programme is studied, is the representative database derived from the Household Budgets Survey (BBGD) by GUS (Central Statistics Office) from 2015. This data set contains information regarding 101 076 individuals in 37 148 households. The BBGD weights made available by GUS have been adjusted by the structure of populace residing within the territory of Poland in 2015 and many other characteristics, in order for the aggregated results to as best as possible reflect information available in administrative data (Myck, Najsztub 2015). Individual income has been converted for microsimulation purposes from net income to gross income.

The basis for distributional analyses are the results of the SIMPL static microsimulation model (e.g. Bargain et al. 2007; Morański, Myck 2010, 2011; Myck 2009; Domitz et al. 2012). This means that only the direct impact of reforms on the budget of households is taken into consideration, without considering the effects on labour supply.

The base system consists of a tax-benefit system applicable in 2015, expanded by the “złotówka za złotówkę” (a zloty for a zloty) solution for family benefits.

The reformed system originated as a result of expanding the base system with the “Family 500+” reform in the wording finally passed by the Polish Sejm. The basis for analyses constitute the disposable income of households reported by GUS and the disposable income of households simulated within the model. The disposable income in the reformed system is calculated as simulated income according to the reformed system less the simulation error, i.e. difference between disposable income according to GUS and the simulated disposable income according to the base system for 2015, without taking into consideration the “Family 500+” solution. Thanks to this approach it is possible to rank the income according to the GUS definition, while simultaneously utilizing the simulation results.

RULES AND STRUCTURE OF THE “FAMILY 500+” PROGRAMME

The child-support benefit in the amount of 500 PLN is granted to parents, legal guardians or de facto carers, regardless of the family’s income, for the second and subsequent children up to the age of 18 years old. In the event of fulfilling the income criterion – income below 800 PLN net per person or 1200 PLN net in case of raising a disabled child – the benefit may also be received for the first or only child in the family. The benefit also applies to children raised in family orphanage, foster families, and education and care centres.

Fulfilment of the income criterion is verified on the basis of the same income category which is applied when granting a family allowance. In the first allowance period (from the 30th of September 2016) fulfilment of the income criterion occurs on the basis of income from the year 2014, applying the regulations on loss or acquisition of income. The project also provides for verification of the income criterion every 3 years – with the first verification to take place on the 1st of October 2019.

The programme’s structure does not contain an upper income criterion which would determine the income level of a family which, when exceeded, would result in the benefit being partially or wholly revoked. After the completion of a 3 year period from the implementation of the programme the Council of Ministers is to present a proposal to introduce a fixed uprating mechanism for the amount of the child-support benefit, as well as the income criteria.

The child-support benefit may be granted in a non-monetary form in the event of wastefulness or expenditure contrary to the intended purpose. It is exempt from taxation and is not calculated as part of the income which decides of granting family benefits, housing allowances and social assistance benefits.

The “Family 500+” programme, therefore, functions independently from existing family support institutions, such as the family benefit system and the PIT system tax credit. Compared to the
family benefit system, the 500+ child-care benefit is granted in accordance with separate and distinctive age criteria for children entitled to receive it. There are also other income criteria which determine whether a family is entitled to receive the child-care benefit. Thereby, the Polish system of financial aid for families now features two active administratively and legally independent instruments which serve practically the same purpose. Apart from complications for families, this also results in additional administrative costs.

Additional doubts may also arise from the fact that the structure of the “Family 500+” programme does not provide for higher benefits for children of single parents, although the costs of upbringing children in such families are proportionally higher compared to full families. The benefits for families with disabled children within the programme arise only by way of the higher income threshold for the first or only child – the child-care benefit amount for disabled children is the same as for fully able ones. Finally, the benefit amount is independent from the child’s age, even though the costs of upbringing raise with its age (which is taken into consideration, for example, in the structure of the family welfare system).

Apart from the direct impact on increasing the income of households with children and reducing poverty and inequality in society, the “Family 500+” programme may also have significant consequences in other areas. Empirical studies conducted for other countries show that financial transfers for families with children may have a positive impact on health, educational results, higher employment and higher pay achieved by such children in the future (Aizer et al. 2016; Carneiro et al. 2015).

On the other hand, the structure of the “Family 500+” programme, especially the relatively high benefit amount (approx. 12% of the average gross wage in 2016) and threshold based benefit revocation for the first child may create disincentives to undertake or continue employment, especially in the case of parents with low income (Blundell et al. 2000; Haan, Myck 2007; Haan, Wrohlich 2011).

The threshold based revocation of the benefit means that if the income per family member exceeds the income criterion adopted in the programme (800 PLN per person or 1200 PLN per person, if the family is raising a disabled child), single child families completely forfeit support arising from the child-care benefit, while families with a larger number of children receive the benefit only for the second and subsequent children. Thereby, families with income per person below 800 PLN receive aid 500 PLN per month higher compared to families with income monthly even minimally exceeding 800 PLN per family member.

The significance of threshold based revocation of the benefit for the first child for the income level with one, two and three children is presented in Figure 1. It illustrates the relation between the gross income from employment and the disposable income in the case of selected types of families. “System 2015” diagram in the figure corresponds to the tax-benefit system, in which the “Family 500+” programme is not in effect, while the “System 2015 with 500+”

Figure 1. Relation of gross income and disposable income arising from the “Family 500+” programme for different types of families

<table>
<thead>
<tr>
<th>A. Single parent with one child</th>
<th>B. Married couple with one child</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image1.png" alt="Chart A" /></td>
<td><img src="image2.png" alt="Chart B" /></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>C. Married couple with two children</th>
<th>D. Married couple with three children</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image3.png" alt="Chart C" /></td>
<td><img src="image4.png" alt="Chart D" /></td>
</tr>
</tbody>
</table>

Note: The assumption of one working parent has been adopted. Source: own calculations based on data from BBGD 2015.
The reduction of employment may result in an increase of the actual costs of the “Family 500+” programme for the public finance sector in the long term through lowering the tax revenue and social security contributions. A reduction of market revenues in families reducing the labour supply may lead to a larger number of child-care benefits paid out for the first or only child, as well as an increase in expenditures arising from family benefits.

It appears that a rational move for the future would be to combine elements of the “Family 500+” programme with the currently existing system of family benefits into a singular family support instrument. A proposal of this type of synthesis is presented in the study by Myck et al. (2015) as an integrated family benefit (IFB). A reform of this type would simplify the support system from the perspective of families and provide savings arising from a reduction of administrative costs.

An integrated family benefit would introduce a consolidated age criterion for children covered with the financial aid, a single income threshold and gradual withdrawal of benefits, which would limit the negative impact of the support system on the parents’ occupational activity in the labour market. It would also increase the benefits to families with low income, which would contribute to a larger reduction of poverty and inequality. The IFB could be further expanded by an additional support mechanism for families in which both parents are professionally active (Myck et al. 2013). Such an expansion would to a further degree limit the negative impact of reform on the parents’ employment.

THE IMPACT OF THE “FAMILY 500+” PROGRAMME ON THE INCOME OF HOUSEHOLDS

Table 1 illustrates the short-term annual income benefits from the “Family 500+” programme for households according to income decile groups, calculated for equivalent income. The equalization has been done using the original OECD equivalence scale. This scale assigns a weight of 1 to the first person in the household aged 14 or above, 0.7 to any subsequent person aged 14 or more and a weight of 0.5 to any child below the age of 14.

The total annual cost of the program’s operation has been estimated at 24.9 billion PLN. The value of all equivalence scales applied in this article is presented in table 1. It also contains the values of income thresholds for decile groups according to various types of households.

The highest income benefits, absolute as well as proportional to income, fall to households in the first and second income decile group. The poorest 20% of households receive 42% of the total financial aid within the scope of the “Family 500+” programme. Higher absolute income benefits for households in the lower bracket of equivalent income distribution arise from the concentration of families with a larger number of children in the lower bracket of income distribution, as well as the income criterion which limits eligibility to child-care benefits for the first child in wealthier families.

The income benefits for “higher” decile groups are decreasing, with the exception of the tenth group, for which they are minimally higher than for the ninth group. Households classified as the wealthiest 40% receive 5.1 billion PLN annually, which is 20.5% of the total support within the scope of the “Family 500+” programme.

The gains from the introduction of the child-care benefit for households with children until 18 years of age are illustrated in table 3. The biggest absolute gains – on average 275 PLN per month in the equivalent income categories – are felt by households with children in the second decile group, while the lowest – on average 79 PLN per month – by households in the ninth decile group. Proportionally to the equivalent income, the highest gains are felt by the poorest households with children, while the lowest gains – by households with the highest income.
The short-term impact of the “Family 500+” programme on relative income poverty and extreme consumption poverty shall be analysed for the income and expenditures of households equalized using various equivalence scales. As shown by prior studies (see, e.g. Buhmann et al. 1998, Kalbarczyk-Stęclik et al. 2017), poverty measures and ranking of socio-economic groups according to poverty rates vary in a significant way depending on the adopted equivalence scale.

Economic literature does not provide explicit arguments in favour of choosing the best scale, rather recommending a complementary application of various equivalence scales and verification whether the results of distribution analyses are independent of the choice of scale (Coulter et al. 1992; Garner, Short 2003). As a re-

<table>
<thead>
<tr>
<th>Specification</th>
<th>Types of households</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of people aged &gt;14</td>
<td>3</td>
</tr>
<tr>
<td>Number of people aged &lt;15</td>
<td>3</td>
</tr>
<tr>
<td>Original OECD scale</td>
<td>3</td>
</tr>
<tr>
<td>Modified OECD scale</td>
<td>3</td>
</tr>
<tr>
<td>Square root scale</td>
<td>3</td>
</tr>
<tr>
<td>Subjective scale</td>
<td>3</td>
</tr>
</tbody>
</table>

Note: A household is assigned to the decile group x, if its disposable income exceeds the threshold for group x and is lower than the threshold of group x+1. The values of the subjective scale have been estimated only for certain types of households and are derived from the studies by Kalbarczyk-Stęclik et al. (2017), Miśta and Morawski (2016), Morawski (2016). The values of income thresholds for decile groups have been calculated using the original OECD scale.

Table 1. Value of the equivalence scale and income thresholds for the income decile groups

<table>
<thead>
<tr>
<th>Specification</th>
<th>Number of people aged &gt;14</th>
<th>Number of people aged &lt;15</th>
<th>Original OECD scale</th>
<th>Modified OECD scale</th>
<th>Square root scale</th>
<th>Subjective scale</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
</tbody>
</table>

Note: equivalent income, original OECD scale.

Source: as per Figure 1.
sult, in the article’s analysis of the “Family 500+” programme’s impact on poverty and inequality is conducted using the following equivalence scales: the original OECD scale, modified OECD scale, square root scale and subjective scale.

Both OECD scales belong to so called expert scales, whose values are determined by experts and the marginal upkeep cost of additional individuals in the household is independent from the size of the household (see Table 1). The original OECD scale is used, among others, in GUS studies regarding poverty in Poland (see, e.g. GUS 2017b).

The studies of the “Family 500+” programme’s impact on poverty and inequality in Poland conducted so far have incorporated only the original OECD equivalence scale (see Goraufa-Taraska, Inchauste 2016). The modified OECD equivalence scale is commonly used in income and expenditure distribution analyses, as well as GUS analysis of BBGD data.

The simple square root scale, which is often used in international comparative studies, adopts values equal to the square root of the total number of household members. On the other hand the subjective equivalence scale is estimated on the basis of declarations from various types of households with the minimum income necessary to “make ends meet” (Bishop et al. 2014; Kalbarczyk-Stęcik et al. 2017).

The subjective scale has only recently been gaining popularity among researchers – its advantages include, among others, the fact that it adopts different values for different countries, which allows to partially take into consideration the difference in cultural factors influencing the subsistence costs of additional people in the household. The values adopted by subjective equivalence scales are usually, also in the case of Poland, lower than values adopted by other scales. This means that the subjective scales implicate higher benefits of scale within a household and lower marginal costs of a child’s upkeep in the household.

The short-term impact of the “Family 500+” programme on relative income poverty according to household types and depending on equivalence scale is illustrated in Table 4. Within the entire population as well as among households with children the introduction of the child-care benefit results in a significant reduction in relative income poverty.

Within the entire group of households with children, regardless of the choice of equivalence scale, the level of relative income poverty after the introduction of the benefit is reduced below the level of poverty characteristic of the entire population, as well as individuals living alone. The rates of poverty decrease significantly regardless of the number of children in a household – for the modified OECD scale and square root scale the final poverty rate for households with four and more children is also lower than the poverty rate for the entire population, as well as individuals living alone.

The percentage changes to relative income poverty as a result of introducing the child-care benefit are shown in Figure 3. Among the entire population, regardless of the applied equivalence scale, the introduction of the child-care benefit reduces the relative income poverty by approximately 30–33% (e.g. from 18.5% to 12.3% in the case of the original OECD scale). In the population of children this reduction reaches 64–71%, while for single parents - 75–89%. The comparatively lowest relative reduction in income poverty applies to households with one child – it fluctuates between 34% and 41%.

### Table 4. Impact of the “Family 500+” programme on the rate of relative income poverty depending on the adopted equivalence scale, in %

<table>
<thead>
<tr>
<th>Type of household</th>
<th>Original OECD scale</th>
<th>Modified OECD scale</th>
<th>Square root scale</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>before 500+</td>
<td>after 500+</td>
<td>before 500+</td>
</tr>
<tr>
<td></td>
<td>in %</td>
<td>in %</td>
<td>in %</td>
</tr>
<tr>
<td>All</td>
<td>18.5</td>
<td>12.3</td>
<td>17.8</td>
</tr>
<tr>
<td>Individuals living alone</td>
<td>11.1</td>
<td>11.1</td>
<td>18.4</td>
</tr>
<tr>
<td>Couple without children</td>
<td>9.7</td>
<td>9.7</td>
<td>9.9</td>
</tr>
<tr>
<td>Individuals living alone aged 65+</td>
<td>5.7</td>
<td>5.7</td>
<td>14.5</td>
</tr>
<tr>
<td>Households with children</td>
<td>23.4</td>
<td>10.4</td>
<td>20.2</td>
</tr>
<tr>
<td>Single parents</td>
<td>22.7</td>
<td>2.4</td>
<td>20.0</td>
</tr>
<tr>
<td>Households with 1 child</td>
<td>17.9</td>
<td>11.8</td>
<td>16.9</td>
</tr>
<tr>
<td>Households with 2 children</td>
<td>24.1</td>
<td>8.8</td>
<td>19.9</td>
</tr>
<tr>
<td>Households with 3 children</td>
<td>32.3</td>
<td>8.4</td>
<td>26.2</td>
</tr>
<tr>
<td>Households with 4+ children</td>
<td>61.3</td>
<td>15.4</td>
<td>48.7</td>
</tr>
<tr>
<td>Children</td>
<td>24.0</td>
<td>8.6</td>
<td>12.7</td>
</tr>
</tbody>
</table>

Note: The poverty line is equal to 60% of the median equivalent income.
Source: as per Figure 1.

### Figure 3. Percentage reduction in the rate of relative income poverty as a result of the “Family 500+” programme depending on the applied equivalence scale (by household type)
Compared to monetary based child-support systems in other countries, the “Family 500+" programme rather significantly reduces relative income poverty. The study conducted by Popowa (2016) indicates that monetary transfers for children in Belgium, Sweden, Germany, Great Britain and Russia have in 2010 reduced relative income poverty of the entire population in a range from 2% to 29.8%, while child poverty – in a range from 5 to 58.1%. Simultaneously, the “Family 500+" programme is characterized by moderate vertical effectiveness (percentage of the total programme budget which reaches the poor). In the case of the “Family 500+" programme this indicator is 37.3% while for similar benefits in Great Britain it has reached a value of up to 57.2%.

Results related to the impact of introducing the child-care benefit on the rate of extreme income poverty are presented in tables 5–7 and Figures 3–4. In order to evaluate the impact of the “Family 500+" programme on extreme income poverty, in accordance with prior literature (Goraus-Tariska, Inchauste 2016), two scenarios have been assumed:

1) increasing family’s expenditures by the total amount of the income arising from the child-care benefit (tab. 5–6 and Figure 3);
2) increasing a family’s expenses by a part of the amount equal to the share of expenses in a household’s income prior to implementation of the reform (Table 7 and Figure 4).9

Table 5. Impact of the “Family 500+” programme on the rate of extreme consumption poverty (various equivalence scales) – scenario of allocating the entire child-care benefit to expenses, in %

<table>
<thead>
<tr>
<th>Type of household</th>
<th>Original OECD scale</th>
<th>Modified OECD scale</th>
<th>Square root scale</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>before 500+</td>
<td>after 500+</td>
<td>before 500+</td>
</tr>
<tr>
<td>All</td>
<td>8.1</td>
<td>4.3</td>
<td>3.5</td>
</tr>
<tr>
<td>Individuals living alone</td>
<td>3.9</td>
<td>3.9</td>
<td>3.9</td>
</tr>
<tr>
<td>Couple without children</td>
<td>3.5</td>
<td>3.5</td>
<td>2.0</td>
</tr>
<tr>
<td>Individuals living alone aged 65+</td>
<td>3.1</td>
<td>3.1</td>
<td>3.1</td>
</tr>
<tr>
<td>Households with children</td>
<td>10.2</td>
<td>2.0</td>
<td>3.8</td>
</tr>
<tr>
<td>Single parents</td>
<td>3.2</td>
<td>0.2</td>
<td>1.2</td>
</tr>
<tr>
<td>Households with 1 child</td>
<td>7.4</td>
<td>2.8</td>
<td>2.7</td>
</tr>
<tr>
<td>Households with 2 children</td>
<td>9.8</td>
<td>1.7</td>
<td>4.0</td>
</tr>
<tr>
<td>Households with 3 children</td>
<td>14.9</td>
<td>0.1</td>
<td>3.3</td>
</tr>
<tr>
<td>Households with 4+ children</td>
<td>36.1</td>
<td>0.3</td>
<td>15.7</td>
</tr>
<tr>
<td>Children</td>
<td>10.0</td>
<td>1.3</td>
<td>3.6</td>
</tr>
</tbody>
</table>

Note: the poverty line is equal to the subsistence minimum for a single employed person household in 2015 (545.76 PLN).
Source: as per Figure 1.

Figure 4. Percentage decrease of the extreme consumption poverty rate as a result of the “Family 500+” programme depending on the equivalence scale (by household type) – scenario of spending the entire child-care benefit on consumption

Table 6. Impact of the “Family 500+” programme on the rate of extreme consumption poverty (scenario of allocating the entire child-care benefit to expenses) – comparison taking into account the subjective equivalence scale, in %

<table>
<thead>
<tr>
<th>Type of household</th>
<th>Original OECD scale</th>
<th>Modified OECD scale</th>
<th>Square root scale</th>
<th>Subjective scale</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>before 500+</td>
<td>after 500+</td>
<td>before 500+</td>
<td>after 500+</td>
</tr>
<tr>
<td>Single parent with 1 child</td>
<td>2.4</td>
<td>0.3</td>
<td>1.5</td>
<td>0.3</td>
</tr>
<tr>
<td>Single parent with 2 children</td>
<td>2.4</td>
<td>0.0</td>
<td>1.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Two adults + 1 child</td>
<td>2.4</td>
<td>0.3</td>
<td>0.9</td>
<td>0.0</td>
</tr>
<tr>
<td>Two adults + 2 children</td>
<td>4.6</td>
<td>0.0</td>
<td>1.5</td>
<td>0.0</td>
</tr>
<tr>
<td>Two adults + 3 children</td>
<td>9.2</td>
<td>0.0</td>
<td>1.5</td>
<td>0.0</td>
</tr>
</tbody>
</table>

Note: the poverty line is equal to the subsistence minimum for a single employed person household in 2015 (545.76 PLN).
Source: as per Figure 1.
complete elimination of extreme poverty in households with children and among children, while results incorporating other scales suggest a decrease in extreme poverty among those groups in a range from 80% to 94%\textsuperscript{10}. A clearly smaller reduction of extreme poverty is visible only in the case of households with one child (a decrease by 62% when using the original OECD scale).

It is worth noting that the estimations of poverty rates for households with children (before considering aid from the child-care benefit) are clearly lower for the modified OECD scale and square root scale, compared to the original OECD scale. In the case of households with four and more children the rate of extreme poverty by expenses equalized using the original OECD scale is 38.1%, while in the other two cases it is 15.7% (modified OECD scale) and only 1.5% (square root scale).

Similarly low extreme poverty rate values among households with children as in the case of applying the square root scale are achieved when using the subjective scale (Table 6). Among the applied equivalence scales, the original OECD scale provides for the lowest economies of scale in a household and highest marginal cost of child upbringing in a household.

On the other hand, the subjective scale estimated based on declarations of households with the minimum income necessary to “make ends meet” implies, in the case of Poland, higher economies of scale and a lower marginal cost of child upbringing (see Kalbarczyk-Stęclik 2017 and Table 1). Application of the subjective equivalence scale, therefore, leads to results presenting lower poverty rates among households with children as in the case of households with a larger number of members (including children) as compared to households with a lower number of members.

Those results suggest that often quoted opinions regarding the immensely high degree of extreme poverty among Polish children prior to the introduction of the “Family 500+” programme could have been based on studies incorporating only the original OECD equivalence scale.

It seems that in the future analyses and studies of poverty by household types in Poland should incorporate various types of equivalence scales (including the subjective scales).

As shown in Table 5, after implementation of the “Family 500+” programme the rates of extreme consumption poverty among households with children have decreased below the levels reached by households of persons living alone and childless couples\textsuperscript{11}.

This conclusion is independent from the equalisation method of household income. This means, that after introduction of the child-care benefit the objective of social policy preventing extreme poverty should probably rather be households with fewer members (single-person, childless couples, married couples with one child).

Table 7 and Figure 5 present the impact of the “Family 500+” programme on extreme consumption poverty with the assumption that households spend only part of the child-support benefit, equal to the expenditures to income ratio from the period prior to introduction of the benefit. In this case the reduction of extreme poverty is obviously smaller than in the case of spending the entire benefit amount on consumption. The extreme poverty rate within the entire population has seen a decrease in a range from 35% to 40% depending on the applied equivalence scale. In the case of children this reduction ranges from 75% to 92%.

### Table 7. Impact of the “Family 500+” programme on the rate of extreme consumption poverty (various equivalence scales) – scenario of spending a part of the child-care benefit equal to the expenditures to income ratio of a household, in %

<table>
<thead>
<tr>
<th>Type of household</th>
<th>Original OECD scale</th>
<th>Modified OECD scale</th>
<th>Square root scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>before 500+</td>
<td>after 500+</td>
<td>before 500+</td>
<td>after 500+</td>
</tr>
<tr>
<td>in %</td>
<td></td>
<td>before 500+</td>
<td>after 500+</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Type of household</th>
<th>Original OECD scale</th>
<th>Modified OECD scale</th>
<th>Square root scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>All</td>
<td>8.1</td>
<td>4.9</td>
<td>3.5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2.2</td>
<td>1.7</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1.1</td>
<td></td>
</tr>
<tr>
<td>Individuals living alone</td>
<td>3.9</td>
<td>3.9</td>
<td>3.9</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3.9</td>
<td>3.9</td>
</tr>
<tr>
<td>Couple without children</td>
<td>3.5</td>
<td>3.5</td>
<td>2.0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2.0</td>
<td>1.6</td>
</tr>
<tr>
<td>Individuals living alone aged 65+</td>
<td>3.1</td>
<td>3.1</td>
<td>3.1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3.1</td>
<td>3.1</td>
</tr>
<tr>
<td>Households with children</td>
<td>10.2</td>
<td>3.3</td>
<td>3.8</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1.0</td>
<td>1.3</td>
</tr>
<tr>
<td>Single parents</td>
<td>3.2</td>
<td>0.2</td>
<td>1.2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.2</td>
<td>1.3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.2</td>
<td></td>
</tr>
<tr>
<td>Households with 1 child</td>
<td>7.4</td>
<td>3.8</td>
<td>2.7</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1.3</td>
<td>1.1</td>
</tr>
<tr>
<td>Households with 2 children</td>
<td>9.8</td>
<td>3.2</td>
<td>4.0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.9</td>
<td>1.6</td>
</tr>
<tr>
<td>Households with 3 children</td>
<td>14.9</td>
<td>1.7</td>
<td>3.3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.3</td>
<td>1.3</td>
</tr>
<tr>
<td>Households with 4+ children</td>
<td>36.1</td>
<td>2.5</td>
<td>15.7</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.3</td>
<td>1.5</td>
</tr>
<tr>
<td>Children</td>
<td>10.0</td>
<td>2.5</td>
<td>3.6</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.7</td>
<td>1.3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.1</td>
<td></td>
</tr>
</tbody>
</table>

Note: the poverty line is equal to the subsistence minimum for a single employed person household in 2015 (545,76 PLN).

Source: as per Figure 1.

Figure 5. Percentage decrease in the rate of extreme consumption poverty as a result of the “Family 500+” programme depending on the equivalence scale (by household type) – scenario of spending a part of the total child-care benefit

Source: as per Figure 1.
The GUS lead study devoted to measuring poverty in Poland in 2016 indicates that the rate of extreme consumption poverty – for expenses equalised using the original OECD scale – has been reduced among the entire population in that year from 6.5% to 4.9% (a decrease by 25%), and among children from 9% to 5.8% (a decrease by 36%) (GUS 2017b). These decreases are lower than shown by estimations of the “Family 500+” programme’s impact on extreme consumption poverty previously presented in this and prior studies utilising the microsimulation approach. These discrepancies may be caused by many factors.

Firstly, they may arise from a different methodology of measuring poverty.

Secondly, changes in poverty measured by GUS arise not only from the impact of the “Family 500+” programme, but also from the impact of market forces (changes to market revenues) and elements of transfer policy other than the child-care benefit.

Thirdly, microsimulation studies devoted to the impact of the “Family 500+” programme utilized BBGD data from the years 2014–2015, while the programme has in actuality been implemented in the year 2016, in the wake of realistically growing incomes and expenses of households compared to prior years.

Fourthly, in 2016 the “Family 500+” programme has been in force only since April and expenditures arising from the programme in April were still minor.

Fifthly, the households could allocate a larger part of the benefit than assumed in microsimulation studies on payment of obligations or increasing their savings.

The reconciliation of microsimulation analyses results with changes observed by GUS will be possible in the future after GUS has made available the BBGD microdata for the 2016 and subsequent years.

**Table 8. Impact of the “Family 500+” programme on income and expenditure inequalities (the Gini inequality index)**

<table>
<thead>
<tr>
<th>Equivalence scale</th>
<th>Equivalent Income</th>
<th>Equivalent Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>before 500+</td>
<td>after 500+</td>
</tr>
<tr>
<td>OECD</td>
<td>0.347</td>
<td>0.322</td>
</tr>
<tr>
<td>Modified OECD</td>
<td>0.345</td>
<td>0.320</td>
</tr>
<tr>
<td>Square root</td>
<td>0.336</td>
<td>0.314</td>
</tr>
</tbody>
</table>

Note: Negative income values have been replaced with 0.
Source: as per Figure 1.

Additionally, as shown by Inchauste et al. (2016), the “Family 500+” programme may also contribute to an increase in inter-generational inequality, as in all probability the support from child-care benefits will more often be invested in higher quality preschool, school and extracurricular education by families with higher income.

**DISTRIBUTION IMPACT OF CERTAIN MODIFICATIONS TO THE “FAMILY 500+” PROGRAMME**

Presented below are estimations of the distributional impact of certain simple modifications to the “Family 500+” programme. As shown previously, the programme to a significant degree reduces extreme poverty, especially among children, in Polish society. It does not, however, eliminate it completely. The cost of hypothetically raising the expenditure of all households in Poland to the level of the extreme poverty line, with the assumption that the entirety of the support received by poor households would be spent, is 11.4 billion PLN per year, which is 46% of the total annual support within the scope of the “Family 500+” programme. In the case of extreme poverty among children, this cost is 3.1 billion PLN per year (12.4% of the total annual costs of the “Family 500+” programme).

These results illustrate that the elimination of extreme poverty of children, which is often invoked in Polish public discourse as a consequence of the “Family 500+” programme, could be hypothetically achieved by spending approximately 1/8 of the amount of funds allocated to the child-care benefit. Evaluating this conclusion it is necessary to remember, however, that the assumed objectives of the programme of supporting not only families living in extreme poverty.

Public debate also frequently refers to the possibility of modifying the “Family 500+” programme by implementing an “upper” income criterion which, when exceeded, would result in a gradual or complete withdrawal of the benefit. According to information provided by Bartosz Marczuk, secretary of state at the Ministry of Family Labour and Social Policy, the complete withdrawal of the child-care benefit with an upper income threshold of 5000 PLN monthly per person would reduce expenses arising from the programme by 81 million PLN with an administrative cost of this operation equal to 76 million PLN.

Table 9 presents the estimated benefits for the public finance sector arising from supplementing the “Family 500+” programme with an upper income threshold, which would cause complete withdrawal of the benefit when exceeded.

**Table 9. Gains to the public finance sector arising from completely withdrawing the child-care benefit after exceeding the upper income threshold**

<table>
<thead>
<tr>
<th>Upper income threshold amount (in PLN monthly per person)</th>
<th>Budget gains in PLN billions annually</th>
</tr>
</thead>
<tbody>
<tr>
<td>5000</td>
<td>0.104</td>
</tr>
<tr>
<td>4000</td>
<td>0.188</td>
</tr>
<tr>
<td>3000</td>
<td>0.521</td>
</tr>
<tr>
<td>2000</td>
<td>1.484</td>
</tr>
</tbody>
</table>

Note: the estimations of benefits presented in the table do not take into account administrative costs of introducing the upper income threshold.
Source: as per Figure 1.

**IMPACT OF THE PROGRAMME ON INCOME AND CONSUMPTION INEQUALITY**

Table 8 illustrates the short-term impact of introducing the child-care benefit on income and consumption inequality measured using the Gini index. Income inequalities decrease in a range of 6.5–7.2%, while consumption inequalities decrease in a range from 5.1% to 7.7% depending on the equivalence scale and expenditure degree of the child-care benefit amount. It can, therefore, be assumed that the initially observed (GUS 2017a) decrease in income inequality (Gini index) in 2016 by approximately 6% is in part associated with the implementation of the “Family 500+” programme.

It should, however, be noted that income inequalities in Poland measured using GUS survey data have been decreasing slowly as far back as 2005 (Myck, Najsztub 2016). This is primarily a result of the decreasing education bonus at the time and reforms of the tax-benefit system implemented in years 2006–2008 and 2012–2014. The progressive impact of the child-care benefit on income and expenditure inequality in Poland may be limited in the long-term, if the abovementioned negative consequences of the “Family 500+” programme on the labour market activity of parents occur. In households which would be affected by this issue labour income could be decreased significantly and over a long term, which would further contribute to stratification in society.
The analysis results show that, in case of a benefit withdrawal threshold equal to 5000 PLN per person, the benefits to the public finance sector are quite low. This threshold, however, seems to be relatively high – exceeding it by a married couple with two children would mean earning a monthly disposable net income of 20 thousand PLN.

Establishment of a benefit revocation threshold at a lower level brings measurably higher budget gains. For example, the 2000 PLN monthly per person threshold generates gains in the amount of 1.5 billion PLN annually. This amount is higher than, e.g. the amount of state budget subsidies to the National Centre for Research and Development or National Centre for Science in 2016. Such savings would also enable coverage of a significant part of the costs of supplementing the “Family 500+” programme by the “złoty for a złoty” mechanism (cost equal to 1.78 billion PLN annually).

CONCLUSIONS

The article utilizes BBGD 2015 data and the microsimulation approach in order to estimate the short-term impact of the “Family 500+” programme on the income of households, poverty and inequality. The results show that the child-care benefit will to the largest degree increase the income of households situated in the lower bracket of income distribution. Depending on the method of equalising the household expenses and method of spending the child-support benefit funds, extreme consumption poverty among the entire population should decrease in a range from 3% to 47%, while among children – in a range of 75–100%.

Results also suggest that the “Family 500+” programme shall reduce income inequalities in Poland measured by the Gini index by several percent. In reality, the impact of the child-care benefit on the distribution of income and expenses in 2016 may be lower than indicated by estimations presented in this article, which are based on microdata from the year 2015. It appears, however, that the estimated impact of reducing the extreme poverty rates are high enough, that the error arising from the increase in household income in the 2015–2016 period is relatively minor.

The results according to which implementation of the “Family 500+” programme may lead to households with children, especially more than one child, to be at a higher risk of extreme poverty compared to smaller households appear especially interesting from the perspective of social policy recommendations.

What is more, analysis based on utilising certain equivalence scales suggests that even prior to implementing the child-care benefit the extreme poverty rates among households with children in Poland were at a level comparable or lower than among single-person households or childless couples. It should also be emphasized, that the short-term progressive impact of the “Family 500+” programme on income distribution in Poland may be limited in the long term, if the potentially negative consequences of the programme for the occupational activity of low income parents come into effect.

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3 This constitutes 1.2% of Poland’s GDP in 2016.
4 MRPPS information published on Twitter: https://twitter.com/MRPPS_GOV_PL/status/887212667940818944.
5 Apart from the age structure, also the number of taxpayers, number of payers of healthcare insurance broken down into employees and self-employed, number of individuals receiving a pension or retirement, number of registered unemployed and number of individuals with high income has been subject to adjustment.
6 The administrative cost of the “Family 500+” programme in the period from the 1st of April 2016 to the end of May 2017 was approximately 455 million PLN. This constitutes approximately 1.7% of the expenses incurred as part of the programme.
7 A simpler instrument limiting the negative income consequences arising from the threshold based revocation of child-care benefits would be the “złoty for a złoty” system which has since January 2016 been an element of the family benefits system. This solution would increase the costs of the “Family 500+” programme by approximately 1.78 billion PLN per year.
8 The equivalence scales make it possible to compare the welfare of households of various sizes and different socio-demographic composition by taking into consideration the benefits of scale and needs of individuals of various ages. In practice these are factors, by which the total income of a household of a different size and composition is divided in order to obtain an equivalent income comparable between households.
9 A comparison taking into consideration the subjective equivalence scale is presented only for scenario 1 and included in table 6, as the values of the subjective scale have been estimated only for certain types of households (see Kalbarczyk-Stęclik et al. 2017; Miśta and Morawski 2016; Morawski 2016).
10 This result corresponds to results of prior analyses, according to which the decrease in the rate of extreme consumption poverty among children shall in the discussed case be 94% (see Szarfenberg 2017).
11 In most cases (apart from households with 1 child and analysis based on OECD equivalence scales), this conclusion applies also in the case of the partial child-care benefit scenario (see tab. 7).
12 These results correspond to previous results by Inchauste et al. (2016), and Gorais-Tarskiej and Inchauste (2016). According to the first of those studies, the “Family 500+” programme will reduce income inequalities measured by the Gini index by 6.7%, while according to the second study – by 8.5%. Monetary transfers for children in Western European countries will reduce the Gini index value for income equalised using the original OECD scale in a range of 4.5% (Sweden) to 9.2% (Belgium) (Popowa 2016).
13 It is an estimation of the static impact of monetary transfers for people in extreme poverty, which do not consider the impact of such transfers on the labour supply among the poor. Collado et al. (2017) have recently studied the issue of eliminating relative poverty in Belgium, Denmark and Great Britain in a way which would not reduce incentives to take on occupational activity among people in poverty. The cost of such a reform turned out to be twice as high, as the cost needed to mechanically increase the income of all households to the level of the relative poverty line.
14 Vice-minister in charge of 500+. Bartosz Marczuk: Oczywiście, że wzmę pieniądze z programu [Of course I will take money from the programme], interview with Bartosz Marczuk conducted by Magdalena Rigamonti, “Dziennik” dated 1.04.2016.


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Szarfenberg R. (2017), Wpływ świadczenia wychowawczego (500+) na ubóstwo na podstawie mikrosymulacji [The impact of the child-care benefit (500+) on poverty based on microsimulation], "Polityka Społeczna", No. 5–6.

SUMMARY

We use the microsimulation approach and household budget survey data from 2015 to estimate the short-term impact of the “Family 500+” programme on household incomes, poverty and inequality. The results suggest that the programme will have the strongest impact on the incomes of households at the lower end of income distribution. Extreme consumption poverty in the whole population is reduced in the range from 35 to 37%, while child poverty in the range from 75 to 100%, depending on the choice of equivalence scale and assumptions about changes in household expenditures. The paper shows also that the programme will reduce the Gini index of income inequality in Poland by a few percentage points. The programme can lead to a lower risk of extreme poverty for households with children as compared to small households (e.g. single-person households). Analysis based on certain equivalence scales suggests that even before the implementation of the “Family 500+” programme extreme poverty among households with children was comparable or lower than among one-person or childless households. The progressive impact of the “Family 500+” programme on income distribution in Poland may be reduced in the longer run if labour market activity of low income households will be affected negatively.

Keywords: child-care benefits, poverty, inequality, microsimulation, equivalence scales

EFFECT OF CHILD CARE BENEFIT (500+) ON POVERTY BASED ON MICROSIMULATION

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FAMILY POLICY OBJECTIVES

Reducing the poverty of families and children is not the sole purpose of family policy, and monetary benefits do not exhaust the set of its instruments. Apart from many types of family benefits, there is also a large area of social services dedicated to families and children. Expenditure for such services in Poland is low compared to many countries, which also affects their low availability and limited quality. The integrated family policy is based on a couple of pillars. In addition to supporting parents’ economic activity and income support, it includes also the “access to high quality and affordable services”. Several objectives are worth mentioning in this respect, following the recommendation of the European Commission of 20 February 2013 Investing in children: breaking the cycle of marginalization.

1. Reduce the inequality at an early age by investing in early childhood education and childcare.
2. Increase the impact of education systems on equal opportunities.
3. Improve the ability of health care systems to respond to the needs of marginalized children.

4. Provide children with safe and appropriate housing and living conditions.

5. Increase family support and improve the quality of alternative ways of child care.

The recommendation contains a number of guidelines that Member States should consider when designing an integrated family policy aimed at eradicating poverty and exclusion of children and reducing inequalities between families and children.

The Law and Justice (PiS) party has put in its election programme a new cash benefit called the “500 plus Program” (hereafter “500+”). After the election, the program was implemented by the act on state aid in raising children. This reinforced one of the pillars of family policy.

**CHARACTERISTICS OF 500+ IN COMPARISON WITH FAMILY BENEFITS**

The characteristics of the new benefit can be presented in comparison with family allowances. Below I present some differences between these benefits.

Firstly, family allowances are granted on the basis of income criteria irrespective of the number of children in the family. i.e. there are dedicated to poor families only. In the case of the 500+ this criterion is also used, but only for the first child, which means that each family with more than one child is entitled to the benefit.

Secondly, family allowances vary according to the age of the children (three age brackets introduced in 2003, before the amount of allowances depended on the number of children or was not differentiated), while the 500+ benefit is the same for each eligible child.

Thirdly, family allowances can in certain situations be increased, while the principles of the 500+ exclude such possibility.

Fourth, exceeding the criterion in the case of family allowances does not necessitate the withdrawal of the entire benefit with supplements, it is only reduced by the amount of the excess. The 500+ for the first child is withdrawn in the case of exceeding the criterion related to this child. For families with only one eligible child, this means the complete loss of benefit.

Fifth, in some cases, also children over 18 years of age are entitled to family allowances (when they study), which is not possible in the 500+.

The principles of the 500+ have several important consequences. The most important one is the extended coverage of eligible families. If all families had only one child, then the difference between the eligible to family benefits and the eligible to the 500+ would depend solely on the difference in the income criterion. As the 500+ has higher criteria (currently 800 zlotys to 674 zlotys in family benefits and 1200 zlotys to 764 zlotys for children with disabilities), it increased the number of eligible families, especially with disabled children. The coverage extends with the removal of the criterion for subsequent children. If all the families had more than one child, then each of them would be entitled to the 500+.

In 2015, on average, family allowances were paid for 2 million children (this figure was steadily decreasing, as reported by the Ministry of Labour and Social Policy, MRPiPS). By the end of 2016, there were 3.8 million children participating in the 500+. It is then possible to estimate the number of new children covered by benefits at 1.8 million. This does not mean that the benefit has become universal, because still about 3.1 million children are not eligible.

The level of the 500+ benefit is another important issue after the coverage. The average family allowance per child is currently 118 zlotys, while the child care allowance is 500 zlotys. So the level of the latter is 4.2 times higher. This comparison should also include supplements to family allowances, which will increase the average, such as the supplement for large families (currently 95 zloty). Therefore, for large families, we need to compare 213 zlotys (allowance and supplement) to 500 zlotys. The quotient is now 2.3, so the level of child care benefit is still more than two times higher. These differences will decrease as long as the family criteria and benefits are verified and increased in the three-year period and the 500+ (including its criteria) remains at the original level.

Thus, the conclusion is as follows: 500+ has substantially increased the coverage and the level of benefits for families with children compared to family allowances. This is not, however, a universal benefit for all children. It is a hybrid benefit combining the income test with the universality.

**REDUCTION OF POVERTY WITHIN OBJECTIVES OF 500+**

In the justification of the act on state aid in raising children it was stated that its primary purpose was financial help directed to families bringing up children, as well as financial support of families, especially those at risk of poverty, and partial coverage of parents “or carers” expenses for high costs of upbringing and education of children (Rządowy... 2016).

In the presentation of the project for the parliament it was stated that the benefit has three main objectives: increasing the fertility rate, investing in human capital, reducing poverty among the youngest Poles (Rafalska 2016). In the same presentation the possible impact of the benefit on poverty was described as follows: by introducing a child care benefit, poverty may fall by three percentage points, and the risk of poverty among children under the age of 17 decreases from 23.3% to 11% (thereto).

Child poverty indicators in the last few years are shown in Figure 1 and 2.

Figure 1. Percentage of poor children in relative and absolute terms, in %

<table>
<thead>
<tr>
<th>Year</th>
<th>Child extreme poverty rate</th>
<th>Child relative poverty rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>23.1</td>
<td>9.7</td>
</tr>
<tr>
<td>2012</td>
<td>22.0</td>
<td>9.8</td>
</tr>
<tr>
<td>2013</td>
<td>21.8</td>
<td>10.1</td>
</tr>
<tr>
<td>2014</td>
<td>21.8</td>
<td>10.3</td>
</tr>
<tr>
<td>2015</td>
<td>20.6</td>
<td>9.0</td>
</tr>
</tbody>
</table>

Source: own elaboration, Central Statistical Office (GUS) data.

<table>
<thead>
<tr>
<th>Type of benefits</th>
<th>Criterion of poverty</th>
<th>Difference in amount</th>
<th>Supplements to the benefit</th>
<th>Withdrawal of the whole benefit after exceeding the criterion</th>
<th>Age criterion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family allowances</td>
<td>Yes, it includes all children</td>
<td>Yes, depending on the age of the children</td>
<td>Yes</td>
<td>No, the benefit is reduced by the excess amount</td>
<td>18 years with exceptions when children choose to continue their education</td>
</tr>
<tr>
<td>500+</td>
<td>Yes, only for the first child</td>
<td>No</td>
<td>No</td>
<td>Yes, it concerns the first child</td>
<td>18 years old</td>
</tr>
</tbody>
</table>

Source: own data.
Recent years have not brought any substantial changes in the children poverty rates. However, there is some improvement when we compare 2014 and 2015.

Financial aid, economic support, or partial coverage of expenses of families with children are not goals in the sense of future states desired by the project initiator. The aim would rather be to increase the standard of living of families with children, and the means to achieve it is additional financial assistance in the form of a new cash benefit. The mechanism of its operation can be described as follows:

1) cash benefit increases family income,
2) family allocates increased income for additional purchases of goods and services,
3) consumption of these goods and services increases the level of satisfaction of the family needs,
4) the family’s standard of living improves.

Each of these elements requires additional conditions. The benefit will increase the income of the family provided that the family is entitled to it (the income criterion for the first child excludes approximately 3.1 million children from receiving the benefit). If it is entitled, it should also effectively claim this right.

Furthermore, the grant of a benefit can be related to the reduction of income from other sources, e.g. leaving a job decreases income from employment. Families may put aside their consumption for the future, so not all additional income will be spent on goods and services immediately. Consequently, consumption will also increase less than it could be expected from the amount of granted benefit. In addition, the increase in the standard of living of the family may apply to both poor and non-poor families. In the case of the former, it may be sufficient for the family to become non-poor one; but it may also stay in this situation (increase in living standard not sufficient to exceed the poverty threshold).

The remark concerning the lack of intentional reduction of poverty does not lead to the conclusion that 500+ is not possible to evaluate. Regardless of the target, the criterion for assessment of the scale of impact may include for example the current scale of poverty reduction through already existing benefits. If they reduced child poverty by 18% (Bradshaw, Huby 2014), and 500+ reduced it by more than 50%, then on that basis, it is possible to assess the impact of each benefit by “moderate” note, a reduction between 10% to 90%.

The second task requires an evaluation of what was a result of the first task. It is not enough to say that the benefit has reduced the poverty by x% to determine whether it is a small, medium or large impact. If the poverty concerned about 1.5 million children, the reduction to 700 thousand seems big but still leaves hundreds of thousands of children in poverty.
The evaluation of the obtained influence is in this case only fragmentary. As mentioned above, there are two other goals that are considered equivalent. One of them (investment in human capital) needs to be made more specific because it is not clear how to measure it. For each of them, it is necessary to perform the first task, i.e. to determine the direction and magnitude of the impact of benefit and then the evaluation task.

The sole effectiveness in achieving one or all of the goals is still not a sufficient basis for a full evaluation because it does not take into account the side effects (they may be positive but also negative). In addition, a certain level of effectiveness can be achieved at different costs. The expenditures on 500+ are estimated at around 24 billion zlotys per year. Public spending on broadly defined social assistance in 2015 amounted to 45 billion zlotys, but the state budget spending accounted for 17.4 billion zlotys (government social assistance) (Republic Foundation 2016). Thus, it can be said that government social assistance has increased by more than 130%*.

The full assessment of 500+ is not the subject of this article. We focus on the determination of impact of this benefit on total poverty and child poverty. Can this be done before we have data on family income and expenditures from 2016? Yes, as a tool has been developed to assess the impact of reforms of the tax-benefit system on income poverty, even before these reforms were implemented. This tool consist of tax and benefits microsimulation models. In Poland, two operational models of this kind are SIMPL (Myck 2009) and the model of the Ministry of Finance (Konopczak, Skibicki 2012). Polish literature already contains a monograph devoted to the general problem of microsimulation models, as well as to comparing the two Polish models (Zółtaszek 2013). In particular, the SIMPL model has been used to analyse the redistributive impact of the various reforms introduced or proposed in Poland (e.g., Morawski, Semeniuk 2013; Myck et al. 2012, 2015).

There is no space here for detailed presentation of the essence, technical details or assessments of the strengths and weaknesses of microsimulation models. This is a tool that is intended to assist decision-makers in making decisions about changes in the tax and benefits system. It allows to estimate not only the redistributive effects of reforms such as the change in poverty or inequality, but also their costs for public finances.

The results of applying microsimulation models to estimate the impact of 500+ on the total poverty and child poverty will be presented below. Data on the redistributive impact of 500+ come from a note from the Ministry of Family, Labour and Social Policy (MRPiPS 2016), from the World Bank (Inchauste et al. 2016 in the tables as WB) and the European Commission (KE 2017).

* Compare estimates that social spending from the state budget on social assistance will increase by 202% in 2016 compared to 2013 (Sawulski 2016).

---

### Table 1. Level of child poverty reduction by several types of cash benefits (decreasing order according to the level of poverty reduction by family allowances)

<table>
<thead>
<tr>
<th>Country</th>
<th>Relative poverty after transfers</th>
<th>Family allowances</th>
<th>Pensions</th>
<th>Social security</th>
<th>Housing allowances</th>
<th>Benefits for workers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Percentage reduction of child poverty before transfers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Austria</td>
<td>12.1</td>
<td>64.0</td>
<td>18.0</td>
<td>1.0</td>
<td>9.0</td>
<td>26.0</td>
</tr>
<tr>
<td>Finland</td>
<td>8.9</td>
<td>59.0</td>
<td>3.0</td>
<td>17.0</td>
<td>21.0</td>
<td>42.0</td>
</tr>
<tr>
<td>Ireland</td>
<td>15.5</td>
<td>58.0</td>
<td>3.0</td>
<td>4.0</td>
<td>19.0</td>
<td>42.0</td>
</tr>
<tr>
<td>Slovenia</td>
<td>9.3</td>
<td>56.0</td>
<td>16.0</td>
<td>13.0</td>
<td>2.0</td>
<td>25.0</td>
</tr>
<tr>
<td>Iceland</td>
<td>8.7</td>
<td>54.0</td>
<td>0.0</td>
<td>1.0</td>
<td>19.0</td>
<td>27.0</td>
</tr>
<tr>
<td>Hungary</td>
<td>20.7</td>
<td>53.0</td>
<td>15.0</td>
<td>6.0</td>
<td>2.0</td>
<td>21.0</td>
</tr>
<tr>
<td>Sweden</td>
<td>10.5</td>
<td>52.0</td>
<td>4.0</td>
<td>8.0</td>
<td>14.0</td>
<td>34.0</td>
</tr>
<tr>
<td>Norway</td>
<td>9.5</td>
<td>50.0</td>
<td>6.0</td>
<td>2.0</td>
<td>5.0</td>
<td>45.0</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>10.6</td>
<td>46.0</td>
<td>9.0</td>
<td>3.0</td>
<td>3.0</td>
<td>22.0</td>
</tr>
<tr>
<td>Germany</td>
<td>13.5</td>
<td>46.0</td>
<td>6.0</td>
<td>14.0</td>
<td>1.0</td>
<td>24.0</td>
</tr>
<tr>
<td>Estonia</td>
<td>14.6</td>
<td>43.0</td>
<td>9.0</td>
<td>0.0</td>
<td>1.0</td>
<td>14.0</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>19.0</td>
<td>43.0</td>
<td>4.0</td>
<td>24.0</td>
<td>2.0</td>
<td>23.0</td>
</tr>
<tr>
<td>Belgium</td>
<td>15.0</td>
<td>42.0</td>
<td>8.0</td>
<td>2.0</td>
<td>0.0</td>
<td>25.0</td>
</tr>
<tr>
<td>France</td>
<td>16.4</td>
<td>42.0</td>
<td>3.0</td>
<td>21.0</td>
<td>21.0</td>
<td></td>
</tr>
<tr>
<td>Malta</td>
<td>16.0</td>
<td>41.0</td>
<td>13.0</td>
<td>12.0</td>
<td>1.0</td>
<td>16.0</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>23.3</td>
<td>40.0</td>
<td>5.0</td>
<td>4.0</td>
<td>6.0</td>
<td>16.0</td>
</tr>
<tr>
<td>Cyprus</td>
<td>9.4</td>
<td>36.0</td>
<td>6.0</td>
<td>1.0</td>
<td>1.0</td>
<td>16.0</td>
</tr>
<tr>
<td>Denmark</td>
<td>8.5</td>
<td>33.0</td>
<td>0.0</td>
<td>12.0</td>
<td>50.0</td>
<td></td>
</tr>
<tr>
<td>Lithuania</td>
<td>18.4</td>
<td>31.0</td>
<td>16.0</td>
<td>10.0</td>
<td>1.0</td>
<td>15.0</td>
</tr>
<tr>
<td>Slovakia</td>
<td>14.9</td>
<td>31.0</td>
<td>22.0</td>
<td>3.0</td>
<td>0.0</td>
<td>11.0</td>
</tr>
<tr>
<td>The Netherlands</td>
<td>14.2</td>
<td>30.0</td>
<td>3.0</td>
<td>14.0</td>
<td>9.0</td>
<td>15.0</td>
</tr>
<tr>
<td>Latvia</td>
<td>20.9</td>
<td>19.0</td>
<td>5.0</td>
<td>0.0</td>
<td>0.0</td>
<td>6.0</td>
</tr>
<tr>
<td>Romania</td>
<td>33.2</td>
<td>19.0</td>
<td>12.0</td>
<td>0.0</td>
<td>0.0</td>
<td>3.0</td>
</tr>
<tr>
<td>Poland</td>
<td>22.1</td>
<td>18.0</td>
<td>25.0</td>
<td>2.0</td>
<td>1.0</td>
<td>11.0</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>21.0</td>
<td>16.0</td>
<td>14.0</td>
<td>2.0</td>
<td>0.0</td>
<td>6.0</td>
</tr>
<tr>
<td>Italy</td>
<td>23.3</td>
<td>15.0</td>
<td>8.0</td>
<td>1.0</td>
<td>0.0</td>
<td>13.0</td>
</tr>
<tr>
<td>Portugal</td>
<td>20.8</td>
<td>14.0</td>
<td>10.0</td>
<td>4.0</td>
<td>0.0</td>
<td>14.0</td>
</tr>
<tr>
<td>Greece</td>
<td>22.7</td>
<td>6.0</td>
<td>7.0</td>
<td>0.0</td>
<td>0.0</td>
<td>2.0</td>
</tr>
<tr>
<td>Spain</td>
<td>22.6</td>
<td>5.0</td>
<td>6.0</td>
<td>0.0</td>
<td>0.0</td>
<td>15.0</td>
</tr>
</tbody>
</table>

Source: Bradshaw, Huby 2014: 32.
Relative poverty relates to income and its threshold is 60% of the median of equivalent income (calculated per head according to the equivalence scale).

The simulation shows that after the introduction of 500+, the total poverty, regardless of its type, decreases by several dozen percent. Nearly two times greater decline can be expected in case of extreme poverty compared to relative poverty.

The results of the simulation, reported by the European Commission, included information on how poverty among families with children could be reduced. The relative poverty of families with children may decrease by several dozen percent, though not in all families on a similar scale. The “two parents and one child” families may be the least affected. Probably in this case many families exceed the income criterion, and thus 500+ affects only the part of them. A similar reduction scale is apparent for families with three or more adults and children. In other families, reductions are greater than 50%, but still smaller for families with one parent and one child as well as two parents and two children. This is may be also related to the exclusion by income criterion.

The highest level (over 90%) of child poverty reduction concerns families with two parents and multiple children. The picture of the poverty of families with children is thus fundamentally altered – the families with a small number of children are the most vulnerable and not the large families as it was in the past. If we take into consideration families without children, then the risk of poverty will relatively to families with children increase a lot.

In the same source we can find the following information on the poverty rate in households without children: – one person under 65 years of age: 30.3%; – one person aged 65 years and over: 23.1%; – two persons, both under 65 years of age: 13.7%; – two persons with at least one person aged 65 years and more: 9.9%; – three persons or more: 14%.

It is expected that, after the reform, poverty will concern households without children to larger extent than those with children (tab. 4).

Introduction of 500+ can significantly change the risk of relative poverty. While there were three types of families with children in the first five, after the implementation of 500+ there would be only one. First places are being occupied by single person households, especially those with members under 65 years of age.

Households are the main unit in the study of poverty. After the conversion of household incomes to comparable units and the application of the poverty threshold, subsets of poor and non-poor households can be distinguished.

Moving on to the discussion of the poverty of individuals requires first to assume that all people in poor households are poor and in the non-poor households they are non-poor. As children are considered persons aged 0-17, Child poverty is measured by dividing the number of poor children by the number of children and multiplying by 100%, which gives the percentage of poor children.

The simulation shows that the impact of 500+ on child poverty is approximately two times greater than the effect on total poverty. Similarly, extreme poverty of children is reduced more than relative poverty. The larger scale of the impact on child poverty than on the

### Table 2. Total estimates of the impact of 500+ on extreme poverty and relative poverty

<table>
<thead>
<tr>
<th>Type of poverty</th>
<th>Before 500+ (in %)</th>
<th>After 500+ (in %)</th>
<th>Reduction (in pp)</th>
<th>Reduction (in %)</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total extreme poverty</td>
<td>7.5</td>
<td>3.9</td>
<td>-3.6</td>
<td>-48.0</td>
<td>Total for expenses; Data from BBGD 2014, WB 2016</td>
</tr>
<tr>
<td>Total extreme poverty</td>
<td>7.5</td>
<td>4.6</td>
<td>-2.9</td>
<td>-39.0</td>
<td>In line with the trend; Data from BBGD 2014, WB 2016</td>
</tr>
<tr>
<td>Total relative poverty</td>
<td>18.7</td>
<td>13.9</td>
<td>-4.8</td>
<td>-26.0</td>
<td>Data from BBGD 2014, WB 2016</td>
</tr>
<tr>
<td>Total relative poverty</td>
<td>17.3</td>
<td>13.4</td>
<td>-3.9</td>
<td>-23.0</td>
<td>EU-SILC 2013, MRPPS 2016</td>
</tr>
<tr>
<td>Total relative poverty</td>
<td>17.7</td>
<td>12.5</td>
<td>-5.2</td>
<td>-29.0</td>
<td>EU-SILC 2014, KE 2017</td>
</tr>
</tbody>
</table>

Designations: BBGD – surveys of household budgets by GUS; EU-SILC – Eurostat income and living conditions survey.

### Table 3. Estimates of the impact of 500+ on relative poverty of different types of families

<table>
<thead>
<tr>
<th>Relative poverty by family type</th>
<th>Poverty before 500+ (in %)</th>
<th>Poverty after 500+ (in %)</th>
<th>Reduction (in pp)</th>
<th>Reduction (in %)</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poverty of families 1 + children</td>
<td>21.1</td>
<td>4.1</td>
<td>-17</td>
<td>-81.0</td>
<td>EU-SILC 2014, KE 2017</td>
</tr>
<tr>
<td>Poverty of families 2 + 1</td>
<td>11.5</td>
<td>6.9</td>
<td>-4.6</td>
<td>-40.0</td>
<td>EU-SILC 2014, KE 2017</td>
</tr>
<tr>
<td>Poverty of families 2 + 2</td>
<td>16.2</td>
<td>4.4</td>
<td>-11.8</td>
<td>-73.0</td>
<td>EU-SILC 2014, KE 2017</td>
</tr>
<tr>
<td>Poverty of families 2 + 3</td>
<td>33.9</td>
<td>1.1</td>
<td>-32.8</td>
<td>-97.0</td>
<td>EU-SILC 2014, KE 2017</td>
</tr>
<tr>
<td>Poverty of families 3 + children</td>
<td>22.0</td>
<td>12.9</td>
<td>-9.1</td>
<td>-41.0</td>
<td>EU-SILC 2014, KE 2017</td>
</tr>
</tbody>
</table>

Source: own elaboration; data as in the comments (adjustment in the last line to the source: instead of 1.1 the original states 12.9, because it reflects the difference in pp).
CONCLUSIONS

An assessment of the impact of 500+ on poverty can be made by means of tax and benefit microsimulation models, before we have access to household budget data from 2016. In Poland simulations have been performed with this method and interesting results have been obtained. However, it is important to remember that these are static simulations that do not take into account the impact of 500+ on labour supply and do not take into account the impact in the medium or long term.

In the past Poland, in comparison with other countries, has only slightly reduced child poverty. The paradox was that the pensions were more influential in that regard than family allowances. This situation should basically get changed by the high level of child care benefit, covering more than half of the children.

Several simulations of the impact of 500+ on the financial situation of families show that poverty in Poland may be reduced by several dozen percent, with greater impact to be expected in reducing the extreme poverty than relative poverty and in reducing child poverty than total poverty, namely:

- total relative poverty can be reduced by at least 23%,
- total extreme poverty by at least 39%,
- relative poverty of children by at least 55%,
- extreme poverty of children by at least 77%,
- relative poverty of large families by as much as 97%.

The reform may lead to changes in the structure of the risk of poverty. In the past, it was spread in different ways on families with children and without children. After the reform, households without children may be more at risk.

The first data on the indicators of total poverty and child poverty in 2016 will be available in the GUS communication on economic poverty. It should be applied to check real trend and the accuracy of simulation results.

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Behrendt C. (2002), At the Margins of the Welfare State: Social Assistance and the Amelioration of Poverty in Germany, Sweden and the United Kingdom, Ashgate, Burlington.

Table 5. Total estimates of the impact of 500+ on extreme and relative poverty of children

<table>
<thead>
<tr>
<th>Type of child poverty</th>
<th>Before 500+ (in %)</th>
<th>After 500+ (in %)</th>
<th>Reduction (in pp)</th>
<th>Reduction (in %)</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extreme poverty of children</td>
<td>11.9</td>
<td>0.7</td>
<td>-11.2</td>
<td>-94.0</td>
<td>Total for expenses; Data from BBGD 2014, WB 2016</td>
</tr>
<tr>
<td>Extreme poverty of children</td>
<td>11.9</td>
<td>2.7</td>
<td>-9.2</td>
<td>-77.0</td>
<td>In line with the trend; Data from BBGD 2014, WB 2016</td>
</tr>
<tr>
<td>Relative poverty of children</td>
<td>28.1</td>
<td>10.2</td>
<td>-17.9</td>
<td>-64.0</td>
<td>Data from BBGD 2014, WB 2016</td>
</tr>
<tr>
<td>Relative poverty of children</td>
<td>23.2</td>
<td>10.5</td>
<td>-12.7</td>
<td>-55.0</td>
<td>EU-SILC 2013, MRPIPS 2016</td>
</tr>
</tbody>
</table>

Source: own elaboration, data sources as in comments.

total poverty is due to the rules for the granting of 500+. The main prerequisite is the children in the family, and their number used to be decisive to the scale of family poverty.

These are not all microsimulation results that have been reported on 500+. Some also referred to poverty, albeit very specific — energy poverty. It requires a more complex measurement that takes into account low income but also high energy expenditure. The impact of reducing the 500+ on energy poverty was several times weaker than on the total relative poverty (from 1.4 to 2.7 pp. less), although in absolute numbers it reflected from 540 thousand to 1.03 million people less in energy poverty (Owczarek 2016; Lis et al. 2016). The income growth resulting from 500+ was broken down by income deciles, showing that families with lower incomes are more likely to benefit from the scheme, mainly because of the income threshold for the first child, and that families with children are more at risk of poverty (Myck et al. 2015).

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SUMMARY

Child care benefit (500+) is a new cash instrument of family policy introduced in Poland in 2016. There were a lot of discussions on many respects of the new benefit. One of them is expected impact on child, family and total poverty. In the first part I described goals of family policy and the 500+ in comparison to family benefits. Second part contains critical examination of official justification of 500+ in the light of a theory of poverty reduction by cash benefits. In the main part I presented shortly microsimulation models and results of three of them (Ministry of Finance, World Bank and European Commission). It is likely that 500+ impact on overall poverty and child and family poverty in financial dimension will be impressive. In the result the change of the structure of poverty risk in Poland can be substantial.

Keywords: family benefits, child allowances, poverty, microsimulation, child poverty, 500+

INFLUENCE OF THE 500+ PROGRAMME ON THE POLISH LABOUR MARKET

• WHAT IS, WHAT WILL BE WHAT TO EXPECT...

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Institute of Labour and Social Policy, Warsaw, Poland

INTRODUCTION

The Constitution of the Republic of Poland states that the family is under its protection and care (art. 18), and the state in its social and economic policy takes into account the good of the family. Families who are in difficult financial and social circumstances, in particular large and incomplete ones, have the right to special assistance from the public authorities (art. 71). This imposes specific obligations on the public authority, which, when inspiring and undertaking its actions, should take into account the needs and duties of the family while at the same time taking into account the principles of subsidiarity and intervention.

Family policy lies in the area of socio-economic policy that determines the present and future prospects for the development of each country. The set of solutions developed and used within it affects the shape of other areas. This concerns (among other things) the labour market, closely linked to family policy, by regulating the size and activity of the workforce. After all, work is a production factor that is in the hands of families (households), and its rent is a primary source of income.

The aim of this paper is to identify the likely impact of one of the family policy instruments in Poland, the "Family 500+" programme. The analyses were focused on the supply side of the labour market. The demand side, without neglecting it, was treated as one of the determinants of labour supply. As we are still lacking in reliable research, as far as comprehensive research in this area is concerned, the analysis is based on the knowledge contained in the source literature and the research experience of the author.

ELEMENTS OF FAMILY POLICY IN POLAND

Family policy is currently drawing the attention of theoreticians and practitioners working in the area of socio-economic government policy. The term "family policy" was introduced quite long ago, in the 1940s. This was related to the need to emphasize the importance and relevance of actions undertaken within the framework of social policy, which is part of family policy. It is defined as a whole body of legal norms, actions and means implemented by the state to create the right conditions for the family – its establishment, proper functioning and fulfillment of all important social roles (Kammerman 1994; Balcerzak-Paradowska 1993, 1999, 2004; et al. 2017).

Family with children is the subject of family policy, and its primary purpose is to support the development of the family and to assist in fulfilling its economic, care and educational role. The actions undertaken within it are conducive to creating conditions for the establishment, development and functioning of families, and above all – to have and raise children, as one of the most important functions of the family is procreation (Kalinowska-Sufinowicz 2013). This is why family policy is of particular interest nowadays when unfavourable demographic phenomena such as population decline and aging are caused by, among others, low fertility.

The challenges put to family policy are not limited to demographic processes. The establishment and functioning of the family is also influenced by recent economic, social and political changes, such as (Balcerzak-Paradowska 2009: 20–21):

– changes in the family structure leading to the transition from the traditional family model to a variety of forms of family life. The reduced stability of family increases the number of families formed by single parents with children, the higher the risk of poverty and social exclusion, and the risk in properly fulfilling the tasks of education and socialization;

– changes in the labour market as a result of increased labour market flexibility, which in practice means, among others, job instability combined with increasing demands on employees;

– changes resulting from the process of globalization, integration and increased international dependence, creating the need to give special importance to economic growth and its stimulants.

The changes of labour reality influences the ways of providing work in households and families.

Firstly, the development and increasing use of ICT in the second half of the 20th century, the establishment and implementation of telematic techniques, the liberalization of the telecommunications market, the commercialization of the media and the dynamic development of social media, have led to the emergence of an information society (Kryńska 2017: 143–145). This environment often offers jobs without any professional training (in particular IT training), where only a computer with Internet access is needed and of course an elementary ability to use it. The anonymity of Internet has also made it a platform for exchanging information about employers and earnings (Malec 2017: 64), which has considerably enriched the sources of information on the labour market.

Secondly, the change in ways of satisfying some consumer needs. They ignore formal institutions for this purpose, deciding to use networks of informal contacts (e.g. for the provision of care or educational services). This eliminates the need to use existing institutions and their workforce for this purpose. This results in temporary jobs being created for persons whose status on the official labour market may be different and may also include professional inactivity.
Thirdly, the isolation of groups of workers due to their attitude to work, the way they work, and their attitude towards the work itself. They are based on the resignation from the customary ("traditional") career path, consisting of gradual promotion in permanent work, for a discontinuous professional career. This involves switching from employment to working as a sole trader/service provider in order to diversify the various professional experiences (Baltes et al. 2011: 197–225). There may also be breaks in the work service during which the employee focuses on activities for personal development or family responsibilities (Kryńska 2011: 145–146). Climbing the career ladder has been replaced by a discontinuous career, the stability has been replaced by a change (Sobierański 2017: 56).

Family policy may be general (when it is addressed to all families with children) or selective (when it applies to selected family categories such as large families, dysfunctional, poor or incomplete families). Its instruments are legal and institutional regulations, as well as social, lucrative, compensatory, redistributive, egalitarian, stimulating and encouraging social services.

Financial instruments of family policy in Poland include (among others):

1) family allowances for parents, which purpose is to partially cover the costs of childcare. They depend on the age of children – up to the age of 18 or the completion of schooling but not longer than 21 years of age or up to 24 years of age if the child continue his / her education at school or college and have a moderate or severe disability. They are available to parents, one parent or legal guardian, the tutor and the learner (adult learner, dependent parent for death or court order or court settlement alimony). Family allowances require meeting the income criterion. They are supplemented by childbirth allowances, childcare allowance during parental leave, lone parenting, upbringing children in large families, education and rehabilitation of a child with a disability, allowances for the school year outset and the child’s education at school outside place of residence;

2) The Large Family Card (implemented in 2015), which large families with numerous benefits, including a system of discounts and additional allowances for families with 3 or more children up to 18 years of age, up to the age of 25 if the child remains at school or college and with no age limit for children with a moderate or severe disability. It also includes foster families and family orphans. The card is granted to every member of the family. Family income is not a criterion to receive the Card. Large Family Card holders have the opportunity to get cheaper entrance to cultural institutions, leisure centres and bookstores across the country, making it easier for large families to enjoy recreation and reduce the cost of living. The Large Family Card is valid both in public institutions and in private companies;

3) annual parental leaves, which can be used by all parents (working full-time, self-employed, unemployed, farmers, contract workers and students) who receive a new parental benefit of 1 thousand zlotys for even 12 months;

4) labour taxation system providing reliefs related to the family situation of the taxpayer. Wage taxation can serve as a stimulus to influence the behavior of both employers and employees on the labour market. It can be executed through the implementation of reliefs; exemptions or higher rates to differentiate charges. In practice it depends on the situation of the employees’ household. It includes separate tax wedge calculations related to the civil status (single and married persons) and the number of people earning;

5) two preferences in income tax. One of them is the possibility of joint taxation of spouses, as well as single parents, as if the child was the second earning member of the family, and the second is tax exemption for children (since 2007).

And last but not least, non-financial, but significant, instruments – the development and availability of childcare facilities (nurseries, kindergartens, school childcare, childcare for children and young people with disabilities), as well as legal solutions enabling the merger of work and family life (flexible time work, part-time work, etc.).

A simple comparison of the measures in force until 1 April 2017 shows that the “Family 500+” programme has increased the scope and level of benefits for people with children, especially as compared to family allowances (Szarfenberg 2017: 2).

The 500+ benefit is a solution similar to the German benefit known as Kindergeld. This family benefit, in line with the income tax law, is granted to citizens of the European Union who work in Germany or conduct business activity and are subject to the “unlimited tax liability” (from all of income (incomes), regardless of location of sources of income). Kindergeld is granted to children residing in one of the Member States of the European Union. The child does not have to be registered in Germany. The allowance is, in principle, granted to each child until it reaches the age of majority. In case of children above the age of 18, Kindergeld can be paid up until the age of 25, as long as the child is studying.

**FACTORS DETERMINING THE QUALITY OF LABOUR RESOURCES AND THEIR PROFESSIONAL ACTIVITY**

The size of the labour resources and their professional activity are complex categories, influenced by many diverse factors that can be classified into five basic groups. These are demographic, legal, economic, socio-cultural and institutional factors.

Among demographic factors there are the quantity and structure of the population by age, sex, education and migration.

1. **Age** is important because the smallest proportion of professionally active people is formed by the oldest and youngest groups of the working age. In the first case, this is the result of the gradual deactivation of people in the pre-retirement age, mainly due to the acquisition of pension or early retirement options. In the case of young people this is mainly due to staying within the school education system.

2. **The structure of the population by sex**, because women, due to the well established pattern of social roles, are characterized by lower professional activity at all ages, and especially at the age of increased maternity and parental responsibilities.

3. **The structure of the population by level of education**, as we can observe a principle that the higher is the level of education of labour resources, the bigger is their professional activity. Gary Becker in the “Family treatise” treats the family as a small factory (for example, the higher the earnings, the greater the willingness of women to pursue a career, when staying at home becomes unprofitable). He explains by rational economic reasons the fact that more educated people have fewer children (Treatise... 1981).

4. **Foreign migrations** which are important depending on their direction and size, as well as the customs of the migrant’s home country.

**Legal factors** affect the professional activity of labour resources. These factors will include the legally permitted acquisition of pension rights, affecting the length of the working time of individuals, and thus the duration of their presence on the labour market. The trend is simple: the higher the age of acquiring pension rights, the greater the supply of labour. Similar pattern but with the opposite direction exists in the case of compulsory school age. Also valid is the working time, minimum wage, and availability of alternative sources of income (e.g. unregistered or non-work related).

As for the economic factors, in the first place, it is important to point out the supply and prices of products offered to consumers. The high level of those in relation to regular salaries and income derived from alternative activities can induce and / or increase labour related activity and vice versa.

In the case of choice between work, free time and other duties, two effects are observed: substitutability and income, operating in the opposite direction:
– the substitution effect leads to an increase in the number of working hours, because free time, which has become relatively more expensive, is replaced by additional income. There is therefore an increase in the labour force’s activity;

– the income effect reduces the number of working hours as a result of increased purchasing power of an individual leading to an increased demand for free time or other activities. This results in a decrease in the labour force’s activity.

Thus reducing salaries and restricting access to alternative activities can affect both the reduction and the increase in professional activity.

The socio-cultural factors determining the amount of labour resources and their occupational activity include the prevailing traditions and customs of the population. The level of professional activity is determined to some extent by the preferred family model or the traditions of professional work of women, as well as attitudes towards the work of both men and women.

Institutional factors determining the size and structure of the occupational group are connected with the environment of the process of work. This means, first of all, the development of the institutions of childcare and dependent care. The lack of such facilities, or limited access to them, caused, for example, by the high price of their services, affects the reduction in professional activity, especially (but not only, of course) of women and low-skilled persons.

Institutional factors will also include the situation on the labour market. There is a phenomenon of discouraging the search for work in the situation of high unemployment. Persons who are discouraged from seeking work are transferred from the professionally active population to the passive population. On the other hand, professional activity is growing in the context of good labour market conditions characterized by low unemployment.

ABOUT THE “FAMILY 500+” PROGRAMME

The “Family 500+” programme was announced in 2014 in the election program of one of the political parties. This program provided support for families with children, especially large families, by a monthly childcare benefit of 500 zlotys for each second, third and subsequent child in the family.

In its original form, the benefit was granted to any raised child up to the age of 18 years11. Families with two children were to receive 500 zlotys, with three children – 1000 zlotys, with four – 1500 zlotys. This rule applied to each subsequent child and also applied to single parents. The benefit was universal except for low-income families. Low income families received it also for the first child12.

After the election was won by this party, the law determining the terms of acquisition of the right to childcare benefit and the rules of granting and paying13 was adopted. The programme has been in operation since 1 April 2015.

In 2017, measures were taken to make the aid more effective and reach the people to whom it was directed. In short, it was designed as a program seal to make it difficult or impossible to file fraudulent claims14.

The “Family 500+” programme (hereafter 500+) was very well received by people with children, as indicated by the results of the survey. After almost a year of operation, its acceptance level remained very high (77%, with 20% disapproval) (CBOS 2017). As a result of the “Family 500+” programme, an additional amount of 27 billion zlotys was transferred directly to the hands of Poles in 2016. According to the declarations of disposers, three quarters of this money was spent on children or partly on children. Most of the money from Polish families, according to the declarations, was transferred towards companies offering activities for children, especially sports, as well as for the tourism and cultural industries15. In May 2017 the program covered about 3.9 million children up to 18 years (about 57.7% of all in Poland) living in about 2.6 million families16.

In 2017, the “Family 500+” programme will be valid throughout the year. The government assumes that it will cost around 23 to 25 billion zlotys or more17. This money will go to families with children.

Let us consider what is and probably will be the impact of 500+ on the number and professional activity of labour resources in Poland, though it’s not an easy task. There are no reliable and reasonably comprehensive studies in this area yet, so the considerations may be based on the knowledge contained in the source literature and in the research experience of the author.

SHORT TERM

The short (or rather very short) term means here the period between the first quarters of 2016 and 2017, which was determined by the availability of the published data on the Economic Activity of Population conducted by Central Statistical Office (GUS) (Table 1).

The data in Table 1 indicate that the first 500+ experience in the study period did not negatively affect the size and professional activity of the labour resources. The coefficient of activity was almost

### Table 1. Selected information on the labour market (data for the first quarter of 2016 and 2017)

<table>
<thead>
<tr>
<th>Specification</th>
<th>Coefficients of professional activity</th>
<th>Employment Indicators</th>
<th>Economically inactive</th>
<th>Number of non-working people for 1000 workers</th>
<th>Family and home responsibilities as a cause of occupational inactivity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>56.1 56.2 52.1 53.2 13.495 99.3</td>
<td>918 95.9 1.702 105.3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Men</td>
<td>64.5 64.8 60.6 61.3 5.212 98.8</td>
<td>667 94.8</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Women</td>
<td>48.3 48.4 44.9 45.8 8.283 99.6</td>
<td>1.225 96.7</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cities</td>
<td>56.0 56.0 52.3 53.2 8.189 99.4</td>
<td>912 96.4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rural areas</td>
<td>56.2 56.6 51.9 53.2 5.326 99.3</td>
<td>926 95.1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>By education level</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tertiary</td>
<td>80.2 80.2 77.5 78.2</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Post-secondary and vocational secondary</td>
<td>64.7 63.9 60.7 60.7</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General secondary</td>
<td>50.8 51 45.4 47.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic vocational</td>
<td>58.7 58 53.4 53.9</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lower secondary, basic and incomplete basic</td>
<td>16.9 18.4 14.1 14.3</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: GUS 2017.
similar, and the employment rates were even slightly higher. There were fewer passive people; the number of unemployed per 1000 employed was also smaller. Businesses continue to see job creation processes rather than liquidations (the number of employees has increased from 16,012,000 to 16,281,000, or 8.3% in the same category among men and women). This has been the case in both the general population and in the collective of men and women, in cities and in rural areas. The average number of hours spent in main and additional work increased by 1% (by 0.2% among men and by 1.6% among women).

The number of employed persons increased mainly due to employment on the basis of employment contracts, with the use of indefinite contracts replacing fixed-term contracts (3.2%, 3.8% respectively). This demonstrates the process of adjustment on the demand side of the labour market.

However, this is not the result of a lack of response to 500+, which would be an unauthorized over-interpretation. During this year, we faced a continuation of the decline in population and labour resources, and above all the improvement of situation on the labour market (the unemployment rate decreased from 7.0% to 5.4%). This indicates that, at the same time, new job opportunities have emerged (the number of job vacancies has increased from 358,000 to 430,000, or up to 1/5), average job search time has decreased from 11.2 to 9.9 months, and the number of unemployed people who lost their jobs decreased by almost 30% (from 476 thousand to 336 thousand).

However, it should be noted that:
- firstly, the employment rate of people with relatively high qualifications (especially with higher education) has increased. Among people with low qualifications there are no increases, there are even some decreases;
- secondly, the number of inactive people indicating that family and home-related responsibilities are the main reason of their situation has increased more than 5%;
- thirdly, the number of unemployed women who resigned from seeking work increased by nearly 30% (29.2% exactly) from 24 thousand to 31 thousand. Such increase was not recorded during this period in the population of unemployed men, on the contrary – their number decreased (from 49 thousand to 40 thousand, i.e. by 9.4%; GUS 2017).

Perhaps it was the effect of expected changes.

**MEDIUM TERM**

The 500+ benefits are not subject to PIT tax, but only VAT and excise taxes when spent on domestic consumption or customs duties on foreign purchases. In this sense, they are indifferent to the tax system, especially to labour taxation; they do not directly affect the market of products and factors of production. The direct impact of 500+ can only be discussed in the context of the amount of benefit. In case of lack of revaluation by the inflation rate, the 500+ benefit will melt, this becoming an incentive for professional activity (unregistered or ad hoc jobs). Of course the opposite will happen in the opposite case.

This benefit, however, significantly influences the relative benefits of households resulting from the professional activity of parents. This result in a number of consequences, including the change in the structure of the risk of poverty: the households without children will be subject to higher burden (Szarfenberg 2017: 6). This will stabilize (ceteris paribus) their professional activity.

Further changes in the supply of labour resources and their professional activity, taking into account all factors determining them will result mainly from the deteriorating demographic situation, which means negative impact of these changes on the potential development of the Polish economy19.

In 2016, the Center for Economic Analysis (CenEA) published an analysis of the impact of the childcare allowance paid under the 500+ on parents’ decisions on employment. These analyses show that over the course of several years, the program can reduce the number of employed parents by about 235,000 people. About 25 thousand single parent families and over 200,000 people in married couples will give up work – largely those in which both parents are currently working. The resignation from employment will be undertaken mainly by women, persons with lower or secondary education and those living in cities up to 100 thousand residents and in rural areas. The program will discourage from professional activity parents in 3+ families as well as those with one and two children (Program... 2016).

It is difficult to discuss specific numbers, but we have to agree with the general tendencies, especially when benefits are not inflation linked. It will not work on such a scale in the opposite case.

The expected deactivation and depletion of labour resources in the medium term will deepen the shortage of labour force, especially low-skilled workers and specialists. Employers today increasingly point to the lack of hands to work as a barrier to the development of businesses19. With the difficulty of finding the right people on the labour market we are facing the growing discrepancy between the preferred and the actual number of hours worked. This should improve the negotiating position of persons employed in business entities, and further – their wage claims, affecting the growth and structure of wages and, further, global demand. It may also accelerate inflation, change the price-earnings ratio in the labour market, and strengthen the tendency to relocate jobs. In the extreme case, the rising labour costs may result in the outflow of foreign direct investment.

The probable decline in work-related disruptions will be accompanied by a decrease in the professional competence of inactive persons. This will lead to difficulties in returning to the labour market and will cause the need to launch special programs for them, developed and financed largely by public authorities. This will especially be the case for members of families with long-term disability, long-term unemployed and/or low-skilled, willing to work in manual labour posts. Their reinstatement will be difficult, time-consuming task but well recognized in the long-term unemployment survey (see, for example Bronk et al. ed. 2014). The remaining employee groups should not be much affected by the 500+ benefit.

Temporary absenteeism on the labour market has the undesirable effect of limited access to social security (disability, sickness, accident and retirement). In extreme cases this can lead the today’s 500+ beneficiaries to deprivation of their right to a pension or a substantial reduction in their future pensions.

The demand for workers is partly met by foreign immigrants from Ukraine, Belarus, Russia and Moldova. This requires a well-thought-out immigration policy that promotes the creation of a balance in the labour market (Organislač-Krzykowska 2017: 26, 28). Experiences of other highly developed countries indicate that these employees (not including a small group of high-class specialists) in the labour market are working in the segment with a relatively low level of wages, lack of opportunities for career advancement, limited opportunities for career development, job instability and other similar (negative) features. This is offset by differences in exchange rates and thus relative wages. These considerations apply only to temporary, short-term, ad-hoc migrations.

It is also possible to increase the influx of foreign workers and their families into the Polish labour market. That would require public expenditure – preparation of appropriate facilities to allow them to integrate with the inhabitants. It considers institutions of a social, educational and cultural character, also providing assistance to a certain extent. The assessment of key competences (in particular the ability to communicate in Polish, IT competencies and initiatives and entrepreneurship) should be the subject of their work, then the identification of education and training needs of immigrants, and further assistance in their fulfilment.
For obvious reasons, the 500+ benefit mostly affects the balance of public finances, and especially the state budget. The general government deficit in 2016 amounted to -4,435 million zlotys (2.4% of GDP) (GUS 2016). The central institution’s deficit was at that time – 48,157 million zlotys. Let us recall that about 27 billion zlotys of this was transferred to the hands of Polish families. In the period January-April 2017, the estimated budget deficit amounted to 0.9 billion zlotys (1.5% of GDP), which is likely to be significantly lower in the full-year perspective (MF 2017).

This is good news. If it is not confirmed, we should reconsider the structure of state expenditure, and especially the size of investments. Their limitation will reduce the demand for employees needed to deliver them, who are employed within the public sector (by government and local government).

It is difficult to make predictions about the size and structure of demand for employment in the private sector. This demand is, as we know, a derivative demand and (ceteris paribus) is due to the demand for goods and services in the economy and the means of their production and distribution.

The magnitude of demand for goods and services is determined by a multitude of factors, primarily of an economic nature. The problem is that the prediction of economic phenomena is usually subject to very high uncertainty. Economic forecasts in relatively stable times are generally made for short periods (1–2 years), much less frequent are medium-term ones (5 years) and quite sporadically and at a high level of generalization for long periods.

Therefore, when attempting to establish intermediate periods for labour market phenomena, the predictability of the behaviour of its demand side should be taken into account. However, let us note that according to the European Commission’s forecasts until the end of 2018 in the EU countries, including Poland, the slow growth of employment can be expected to continue, with the gradual reduction of the current growth rate (NBP 2017: 11).

In addition to lowering the economic growth rate, the impact of ICT-related information and telecommunications will be likely to have an ever-increasing impact on ICT employment and the emergence of an information society. It often offers jobs without any professional training (in particular IT), where the only need is to have a computer with Internet access and elementary skills to use it, which is possible nowadays in almost every family. The knowledge base on the labour market was also enriched, mainly about employers and wages. A factor that may affect the demand for labour is, as previously pointed out, a change in the ways of satisfying some of the needs of consumers using networks of informal contacts. They may be interested in ad-hoc jobs, while remaining (officially) inactive.

**SUMMARY**

The “Family 500+” programme has a short history and only a few research papers have been dedicated to it so far. However, it should absolutely be studied because this type of family policy instrument was introduced for the first time. A list of factors taken into account in identifying the factors (solutions) affecting the remuneration and the supply and demand side of the labour market proposed in the article is not complete. The paper did not aspire to do that. It is based on too fragile premises to be treated as pure research study. It would be useful to study the heuristic methods to predict future phenomena. It would also be useful to use the Germans’ experience and the influence of the Kindergeld on the labour market.

The analyses contained in the paper, regardless of how incomplete and subjective, indicate that over the next few years the following consequences of the Family 500+ program for the labour market should be considered:

1. decrease in the supply of labour resources and their professional activity, especially in certain population groups,
2. increase in salaries,
3. decrease in demand for labour.

These tendencies will be strengthened by other phenomena present on the Polish labour market and in its surroundings in the foreseeable future.

Family policy in Poland cannot be based on financial assistance to households only. It is about working out solutions that will simultaneously provide their members with a commitment to the labour market and job stability.

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2. The term “family policy”, as used today, appeared for the first time in A. Myrda’s work (1941).
3. The results of the CBOS survey from 2013 indicated that love and friendship were the highest in the hierarchy of Polish youth (41%) together with successful family life (48%). Acquisition of interesting work in line with interests as a goal was set by 41% of respondents, and 35% aspire to achieve high professional status (CBOS 2013).
6. Elements of Polish pronatalist family policy were presented in Witkowska 2017.
7. Labour taxes include income taxes and social security contributions (paid by the employee and by the employer). Income taxes from employed workers are not directly related to the labour market, although they affect the behavior of both partners involved in the labour process, i.e. employers and employees. Social insurance contributions have direct influence on the functioning of the labour market (Boeri, van Ours 2011). Tax systems in many countries take into account the personal and socio-economic situation of taxpayers. Adjustment to their payment capacity is based on the tax solutions adopted there, taking into account the family situation, especially the maintenance of children (Ślesicka 2011).
8. The tax wedge is the share of labor taxation in the total cost of work borne by the employer. It also covers the various types of financial services provided by an employee, such as income-related worker’s allowances to increase financial incentives for work (see OECD 2014)
9. Detailed analyses (Kryńska 2015) have shown that relatively small differences in tax burdens on persons who are members of different types of households are observed in Poland. There is no doubt that the taxation of work in Poland does not take into account the financial situation of low-income people, especially those who are bringing up children. This creates circumstances that favour the pauperisation of certain social groups, on the one hand, and on the other – is at odds with the declarations of necessity of pursuing a pro-family policy. These minimalists solutions result the situation, where one of the important instruments of family policy, namely taxation, is not used to meet the family policy goals.
12. The benefit for the first child was granted only if the income in the family does not exceed 800 zlotys per month per person. In the case of families with disabled children the threshold was higher and amounted to 1.2 thousand zlotys.
14. Among others, by people living in informal relationships and allegedly single parents or people fictitiously reducing their income.
The aim of this paper is to identify the likely impact of one of the family policy instruments in Poland, the “Family 500+” programme. The analyses were focused on the supply side of the labour market. The demand side, without neglecting it, was treated as one of the determinants of labour supply. As we are still lacking in reliable research, as far as comprehensive research in this area is concerned, the analysis is based on the knowledge contained in the source literature and the research experience of the author. The article presents elements of family policy in Poland, factors determining the number of labour resources and their professional activity, the programme “Family 500+” and its influence on the Polish labour market in the short term, as well as the probable impact in the medium term.

Keywords: family 500+, labour market, family policy, work resources, professional activity
CHILD CARE BENEFIT 500+ AS COMPONENT OF LOCAL KNOWLEDGE: ATTEMPT TO GET INSIGHT

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INTRODUCTION

A lively debate is taking place on the 500+ childcare allowance (introduced by the Act of 11 February 2016 on State Aid in Raising Children, Journal of Laws 2016, item. 195), involving both axiological and economic rationales, with the latter having often an instrumental character, as they are interpreted as arguments in political disputes. This approach is not conducive to the quality of the ongoing discussion. As is commonly known, people usually have different points of view, and disputes over values are usually undecidable, although M. Ossowska once taught that this does not mean that they cannot include logical arguments.

In the public debate – taking place both in the media and in scientific literature – we can also find research results and articles devoted to the 500+ family allowance and focused not only on the broadly understood influence of this benefit on the situation of Polish families but also on economic processes. Past analyses and studies related to benefits are generally academic. The authors present complicated models illustrating the details of the discussed issue (see, among others, Szarfenberg 2017; Gromada 2017; MRPIPS 2016).

It is therefore possible to say that the debate over the 500+ benefits is “elitist” in the sense that it involves competent persons having access to opinion-making public media. There is no publication showing how the new 500+ benefit is perceived by its beneficiaries and how it fits into their “local knowledge”.

The aim of this article is to show the “sample” perception of 500+ benefit among its beneficiaries in two categories of members of the local community: the category of family members benefiting from the social assistance system due to poverty and the category of “experts” who have contacts with these people on a daily basis and have their own views on how childcare benefit has changed the daily lives of family members in difficult financial situations and how it is perceived by them.

The information contained in this small sample of materials shows the need for in-depth qualitative research on the perception of the 500+ benefit in families in difficult financial circumstances and in other categories of families. It is not excluded that conducting such research in various social categories could produce interesting results. The attempt to locate perceptions of the 500+ benefit in “local knowledge” structures would be equally important.

In summary, the materials presented below are intended to illustrate the functioning of the 500+ benefit in the awareness of the inhabitants of one of the Polish communes, where research was conducted on the processes of poverty inheritance for several months in the first quarter of 2017*. The 500+ benefit was a secondary thread in that research, but it appeared with a lot of intensity in the statements of local experts, i.e. local public employees, working for the social welfare centre, the municipal office, the school or the police, and in the statements of members of families supported by the social assistance system.

Apparently this benefit awakens in the local community a great deal of emotion in a particular continuum: from satisfaction and newly acquired sense of security through regret and disappointment to irritation, jealousy and anger. Intricate, complex emotions are shared by both local staff who see the use of the “500+ benefit” in families supported by the social assistance system, as well as family members benefiting from both the social assistance system and the “500+ benefit”. Sometimes, within one family, feelings about the impact of the benefit are extremely different.

It is not excluded that the public discussion of the 500+ is somewhat distorted by the hidden assumption that people are consistent in their views. More precisely, the participants in these discussions assume that the human “living worlds” are internally coherent, that human views compose some internally consistent whole, etc. In particular, it means that those participants are convinced that people can be divided completely into supporters and opponents of the benefit. In social philosophy such coherence is expected from a treaty. But can such coherence be prudently expected also from people submerged in the peculiarities of “local knowledge”?

“LOCAL KNOWLEDGE”

C. Geertz, the adherent of “local knowledge”, would probably give a negative answer to the above question about the coherence. “Local knowledge” is, in general, a cognitive order manifested in ideologies. “Local knowledge” is generally chaotic and disorderly, give a negative answer to the above question about the coherence. “Local knowledge” is, in general, a cognitive order manifested in ideologies. “Local knowledge” is generally chaotic and disorderly, just like human thinking, filled with personal experiences and related emotions. It is also difficult to reach the meanings hidden in it. According to Geertz: Anthropology can be useful here as usual: pointing out unusual cases, comparing them with others in a changed context. When we look at the people who draw other conclusions than we do, who take other teachings in the hard school of life, we, in particular, it means that those participants are convinced that people can be divided completely into supporters and opponents of the benefit. In social philosophy such coherence is expected from a treaty. But can such coherence be prudently expected also from people submerged in the peculiarities of “local knowledge”?*.

* Articles used in the article were collected as part of the project Potentials – new forms of social capital in the municipality of Opątow, funded by the Operational Program Knowledge-Education-Development (PO Wer.04.01.00-00-DU26/16), implemented in partnership by the Institute of Labour and Social Policy, the City of Opątow and Osi CompuTrain. As part of the study, 10 case studies of families touched with poverty inheritance were conducted as well as in-depth interviews with staff of institutions who have daily contact with families threatened with the processes of poverty inheritance. The employees of these institutions (e.g. social workers, family assistants, teachers, school educators, community room workers, employees of the regional family assistance center) are generally called experts because of the requirement of anonymity.
emerges from Geertz’s work, what separates the research process from the “ordinary” qualitative research is the attempt to interpret the content of the collected material in the context of all the information obtained during the study – including those coming from the researcher’s observations.

Geertz described it this way: [...] Ethnography comes down to a thick description. What an ethnographer must really face... is a huge multitude of complex conceptual structures, many of which will overlap or intertwine with each other... Practicing ethnography is like attempting to read a manuscript... – a manuscript written in a foreign language, faded, full of abandonments, inconsistencies, suspicious corrections and biased comments [...] (Geertz 2005a: 24–25).

It is perhaps worth to complement the metaphor of the “manuscript” used by Geertz with the metaphor of “palimpsest” to emphasize the overlap of various “networks of meanings” that can be reasonably assumed that the way of perceiving the childcare benefit is very strongly dependent on the previously formed knowledge resources that influence the reception and interpretation of the new provision by the respondents.

The term of “local knowledge” has been treated in this article as an inspiration. Perhaps it will also be a source of inspiration for researchers who will decide in the future on an exhaustive analysis of the rooting of the new 500+ childcare benefit in broadly understood “local knowledge” systems.

500+ BENEFIT IN OPINIONS OF MEMBERS OF THE FAMILIES

Firstly, we will provide opinions on the 500+ benefit expressed by members of families benefiting from the social assistance system due to poverty. These opinions, as evidenced by the collected materials, are very diverse, sometimes also within a single household.

Some respondents, as expected, clearly experienced a positive impact on the daily functioning of the household. This is evidenced, among others, by the following statements (The original spelling was retained in quotes, while all names, surnames and some local names were changed. All bold in quotes are from the author of the article).

• [And do you feel the impact of this 500+?]. Well, with the 500+ it’s a little easier... [1,000 zlotys] I take this 500+ plus work, so it’s easier. Because at first, without the 500+ - I did have to do some side jobs. [But legally, or in illegally?]. Illegally. Well, my wife was also doing her best. But now with the 500+ it’s a little easier...

• [Please tell, madam, has this 500+ somehow concerned you...?]. It’s Krzysiek, who receives it. And besides, from the help centre, I’ve been given a “temporary benefit” for two months, it reflects 370 zlotys, but we have a lot of fees. And apart from all we buy stuff for children, clothes or you know... shoes for winter. Tomorrow he will take the money, that’s it. First we pay the fees and then spend the rest on food for kids. When someone gets a payment, we usually spend it on food. More food.

• [And has the 500+ changed something in your life, in the life of your family? Do you feel it and how do you feel it?]. I do feel it because before, as I was receiving for living only childcare and family allowances, it used to be enough only for part of the month. When I pay all the fees, I do not even have money to buy shoes. And now, I’m bit more sure, so when my kid comes, saying “Mom, my shoes broke open,” I know I can just go to the store and buy new ones. I know I don’t have to, as they say, save money for rainy days, to have something in case of some incidental problems. Now I’m sure that, just in case, I can always afford to buy the bread, that at home there will always be something to eat, something warm for the children, also to dress them. I’m sure they are well taken care of.

Family members statements indicate that the 500+ benefit are designed to meet the immediate needs of families, including fees, clothes and food. In addition, these measures allow to build an at least relative sense of security, where everyone can afford to buy a brand when needed or cover unexpected expenses, such as buying new shoes or paying for a school trip. None of the interviewees confirmed unequivocally to have managed to save some money.

It is therefore clear from the collected material that the funds coming from the services are spent on a regular basis and regulate past liabilities, including bailiffs.

By this point, “local knowledge” seems predictable and at least to some extent in line with the straightforward idea of the legislator. This uniform smooth image significantly is however complicated by two independent statements made by women, who – according to the context of the interviews – are most involved in the management of household budgets.

• [How do you assess the 500+, did that change your situation or not? And how do you generally spend that money?]. Live has changed, I spend it on kids, because the kids have grown up and the clothes are not cheap now. As they gave us 500+, prices went up. It’s a bit better, but it’s not enough. Once you start spending, it literally disappears in a moment. Because clothes for children are expensive.

[‘I’ve already heard you have the impression that prices have risen as the 500+ has come – do you feel something like this... ‘].

Yes, I do, everybody’s complaining. Before the 500+, it was different.

[And you know what prices exactly has risen?]. Well, prices of food, clothes went up. And shoes, basically everything.

[Do you manage to save some money?]. No, not really.

• [And do you feel the impact of 500+? Has it changed your life, your situation or not? And how do you generally spend that money?].

[How to say it? When 500+ came, prices went up, as they say, gradually, yes.]

[But what do you mean by “prices”, all of them?]. Prices, prices up here in X. In one shop you can buy a little cheaper, but the second one is too expensive. Prices have changed a lot.

[And why do you think this is the impact of 500+?]. Because before 500+ we got enough money (boy). We could afford more (mother). And as 500+ came in, we started to experience some shortcomings.

[So you do not feel much the impact of 500+?]. I thought it will be possible to save a bit, but it is hard to save.

[Yes just spend it for current needs?]. Yes, for current needs.

Both respondents are convinced that local retailers have responded to the service by raising prices for goods, including those for children, such as children’s clothing. Consequently, in the first statement there is a vague conviction that: It’s a bit better, but it’s not enough. In turn, the second respondent, together with a teenage son, estimates that after the introduction of the 500+ benefit, her family situation has not improved, it has not remained the same level, but it has even worsened and it is currently difficult to “make ends meet”, while earlier it was possible.

Those statements, surprising in the context of the purpose of providing the benefit and common expectations related to the benefit, can be interpreted in many ways, but under condition that we assume that the category of truth in describing the “local knowledge” of people is moderately applicable. The first and simplest solution would be to empirically verify the claim that prices in local stores increased after the introduction of 500+. Perhaps opinions derived from the everyday experience describe the local reality better and more accurately than detailed analyses of economists, who usually work on much larger samples, and the perspective of an average citizen is not recognized by them.

However, if forecasts and economic trends prepared by economists would be consistent with the respondents’ opinions, this could indicate the particular vulnerability of people in financial difficulties to fluctuations in commodity prices. It is well known that those with the smallest budget have the largest share of their resources allocated to basic goods – fees and food. It is therefore possible that price fluctuations that are not perceived by a person in
a better financial situation are immediately felt in less privileged households.

However, if the observations of the respondents were not in line with reality, in the sense that the prices would not change, then the question is what stands behind this paradoxical and inconsistent interpretation of the “local” reality and the 500+ benefit? One possible interpretative pathway could lead to mental coping with one’s own helplessness, on which the 500+ benefit has no greater influence. But the question of what might cause the negative interpretation of the impact of the 500+ benefit on people’s daily lives remains open.

The interpretation of the collected material becomes even more complicated given the information that sometimes conflicting opinions can be obtained from the members of one household. One of the respondents rated the 500+ benefit as definitely positive. [How do you assess 500+? Has your situation changed under the influence of this 500+?]. It has changed, a lot has changed... With the 500+, well, I could for example buy clothes for kids not with my pay, so some expenses were covered... So it’s going to be better now, it is kind of profitable... So, yes, that helps a lot. [And do you feel it, sir?]. Yes, it’s easier. Much better.

The above quoted statement would be not surprising and it was in line with expectations but the author was the husband of the previously quoted respondent, who said: As they gave us 500+, prices went up. It’s a bit better, but it’s not enough. It turns out that within the same household, its members express two different opinions.

In any case, it is very clear that the “local knowledge” of the members of the local community, their common-sense and common beliefs are certainly not uniform. Families as a whole, as well as their members, differ significantly in this respect. This belief illustrates the wealth and variety of ways of perceiving and evaluating the 500+ benefit, which will become even more evident in the opinions of local “experts” that will be presented below.

THE 500+ BENEFIT SEEN BY EXPERTS

After a brief presentation of family members receiving support from the social assistance system, who are also receiving the 500+ benefit, it is time for the local “experts” who work with families in difficult financial circumstances.

The topic of 500+ benefit and its impact on the situation of families, their daily life is very often mentioned in the course of talks about families benefiting from social assistance due to poverty. This is particularly important because there are many large families in the investigated group of families. It is not difficult to calculated that, for example, in a family of five minor children, in which the threshold required by the statutory income threshold is not exceeded, the household budget got suddenly improved by an additional amount of 2.5 thousand zlotys. This is a significant amount.

The question then arises as to how those families in financial distress allocate these resources. Obtaining a direct response from family members is very difficult, as these people — according, for example, to social workers — are very discreet on this issue and they react irritably to any attempt to interfere in the management of their budget. This is shown, among other things, by the following statement from one of the respondents: There are families who do not really want to work with a social worker about spending these resources and planning this budget. The worker is trying to advise something, how to allocate money at the particular moment, but the lady says that at this point there is a need to buy something else.

For this reason, much more detail on the impact of the 500+ benefit can be found in the comments of experts, who, based on daily contacts with families in financial distress, drew up several interesting conclusions, which show the “overt” and “hidden” functions of the 500+ benefit in a new angle.

It should be emphasized that the opinions of “experts” were very unambiguous and rarely allowed to conclude that the interlocutor is a “supporter” or an “adversary” of the benefit. As with any social change, the 500+ benefits also include, in addition to the benefits, some undesirable effects that the interviewees perceive. Almost in all opinions, ambivalence was present, among others in the following excerpts.

- The situation was different before the 500+. Because it was worse even in those large families. For example buying textbooks for school, the school programs are changing so often, there is no possibility that one book could be used by several siblings, you have to buy exercises as well [...]. There were situations that we had to support these families, so that they are not left alone. And we did support then, as much as we could. Well, because we can give some money but only as much as we can afford. And what is the effect of the 500+? Much has changed for the better. As I visit people, I’m surprised because different things are done, like some refurbishments, the appearance of the house is changing, the appearance of people change, their clothes change. You can see on the example of children, there is no shortage there.
- There was once this little guy, and that was before the 500+, said “ma’am, they laugh at me. Because they have Nike shoes, and my mom won’t buy me such shoes, because we have no money”. Because you now, that was a large family, they even had no modern washing machines just and old one. She the woman was so tired with laundry. And the little one stood there and cried, “I will never have these Nike shoes”, And as I did this interview, with this family, I pointed out that he was crying [...]. And not only did they get a new washing machine, an automatic one, but also some other equipment, shoes for children, jackets, and those Nike shoes. I can’t even tell you how he reacted: he started kissing me, sat on my back, we were taking photos, he literally kissed those shoes. I was so terribly moved. Because to someone it can be such a little thing... to spend some money on shoes. But for him it was a lot [in dialect]: “I will go to school and will be proud of my shoes! Oh let them see, I have Nike shoes as well...” And that how the 500+ looks like here, that children may ask parents for such things, for things that they did not have before, contrary to their peers. who were bulling them a bit. Our village is so small. Everybody know each other, they go to the bank, the children are standing in the queue and say, “Your mother is the one who go and ask for allowance”. You basically cannot hide it [...]. And when they see you coming back from the social service office, everybody knows you are taking allowances. And they will point it out. And when it comes to contributions at school or something like that, they say: “You will not have to pay now, when your mother takes 500+...”. And I think parents need to talk about these matters, in front of children, because I do not believe that they alone [...] and that is why they go and say such things. They compare themselves to one another. In a larger city people sometimes don’t even know their neighbours.
- [And as it comes for incomes, do those people have a problem with keeping their job if they already have one?]. This can differ. When there are opportunities and such a person is already implemented in such a system of work, that is currently in force, he or she is working. But there are situations where you work a little bit and then stop [...]. Why? Well, how to say it? A little bit due to laziness, idleness. It must also be said. That it is not so wonderful, clear. Among people there are so many different personalities, so many characters... Some of the get bored after a while. He or she will start to take medical leaves, and then it is well known that the employer will look for another who will be more willing to work. And I do not know if it’s because of the years he was sitting jobless, he got used to the fact that he’s getting some allowances, which are now considerable, because of those 500+. For some it is a good way to live... Although this, God forbid, I do not negate that it is not needed. This is very needed, but there are some guys thinking “why would I go to work now, there are so many benefits I can stay at home. 
The above quoted passages come from one interview and are the result of the observation and reflection of one person who is well aware of the ambiguous consequences of the 500+ childcare benefit.

The entire continuum of the various “overt” and “hidden” functions of this benefit, show more and less favourable effects, that appear also in the statements of other experts, who very similarly perceive the present situation. This situation, shortly speaking, appears to them as ambiguous – filled with “white”, “black” and shades of “gray”.

Official remarks by local staff about the 500+ benefit often start with a long list of different advantages – changes in people’s housing, furnishings, basic appliances (e.g. washing machines), changes in the appearance of family members, in their clothing. The situation of children is also changing, in the sense that, for example, there are no problems with preparing a school starting kit for them. That would mean the adult members of the family are investing in the means coming from the benefit in the general household. Additional money is also spent on repayment of outstanding debts.

As can be seen from the collected material, the money provided by the benefit not only allows them to meet basic needs but also the needs related to social status, which is an important element of functioning in a small community. In this circumstances, the basic social status marker for children are clothes and shoes. The most important is not their quality, but the brand.

Sometimes it also happens that children’s “status” needs take the form of explicit claims. Moreover, such claims they are sometimes part of a skilful “manipulations” or are used by the parents who are in conflict with each other. This is indicated by the following excerpt from the statement of the author already quoted above:

- [And do children take part in this? They know that their mom gets 500+ and they demand. How does it look like?]. I don’t want to deny how helpful it is. This 500+ is a great help. But some people get upset, sometimes they have the right to do things that’s just how it is. There was for example a dysfunctional family, they no longer live in our village, there was violence, supervision of the curator and generally [...]. Only that there were no parenting possibilities there, the mother was completely unable to cope with it. Children quickly understood it and it went bad. My mom bought me a new phone, because she has 500+, my mom went for a trip somewhere. Only that it was due to the fact that the father was manipulating these children. It was a struggle of parents with the kids used as methods to fight. So when the kid was saying he or she needs something, then the father was replying: “And why is your mother having some problem with that? After all she gets or she needs something,”. This opinion appeared in the statements of experts very often, in a variety of versions, as evidenced by the following excerpts from the statements:

- [People are becoming more lazy because of this?]. Yes. It makes no sense any more. Currently, when you have a large family, it makes no sense to work. People don’t even look for work at the moment.

- [It discouraged them from working?]. Yes. Yes. Well, if you get every month 5,000, sir, then well...

- [But to get five thousands you need to have a large “team”, right?]. But no, no, no! Absolutely not! There are also family allowances. This is not synonymous. This is a help that does not ... 500+ is just one of the components, that is supposed to serve the family.

- [And you think this assistance can spoil those families?]. Yes, it can.

- [And how broad would this phenomenon be, how do you think? When you meet these families, do you really think they get too much of this help?] Let me phrase it this way. If the family is entitled to receive some support, then it should benefit from it, because that is the policy of the state. And we go such a direction, that it’s impossible to be denied.

- [But would you make this help dependent on, let’s say, some own contribution from those persons?]. Yes, for example. Yes. Or I would not give money, in the sense of cash, only some help in the form of subsidy to nursery or extra lessons.

- [Yes, but in a large family, with many kids, it’s hard to take that job. And does it sometimes happen that there is a cohabitant, I mean in this large family, and he doesn’t really want to act, because he has the 500+ now, so he seems no need to seek work? [...]. The father. Yes, the father. So there are six children, but somehow they could share, one could work in the afternoon [...]. I tell them: Don’t you think about the future? About retirement? After all, children will one day grow and you gonna lose benefits. [...]. Besides that we’re not sure the 500+ gonna last...”.

- [But here no one thinks this way “What for?”]. [An what about retirement and other things?]. Well, there’s what I say to him, to think about the future. “You know, the money earned does not decrease the benefit, so you would just get more income”. “But what for?”. The 500+ is already a lot for them. They get additional help from the social centre, they learn that “Even though you get 500+, you’re still eligible to other allowances because you’re below the income criterion, so you may apply “. But for them this money is not really impressive. “Why would I need that money, there’s already a lot of money”. We even offered them lunches here. We go, ask the mothers to subscribe lunches for children, because the social centre can pay for it. But the mother says: “What for?” – she can pay for those lunches herself. That’s how it looks like: we give, we offer, but they [...]. They don’t want this help. It’s a problem of excess, I guess. There is too much of this assistance [...]. That’s really weird. [Please correct if I’m wrong, but does it show that this 500+, makes people a bit lazy?]. Partially yes, in some environments.

- [And it deprives them the motivation?]. Yes, in some cases... It’s all very varied. But there are cases like this, I would say rare, rare, but they exist, indeed. Because I see a lot of these families, that buy new furniture or do something to change their quality of life. To improve these housing conditions. They invest in something: replacing the fridge, buying a washing machine [...]. Every family is different. The cases of passivity caused by this money, the lack of willingness to work, are rather rare. They are rare, but they exist.

- [You think that this 500+ is a good idea, after all?]. Absolutely yes, but maybe there should be some other form of distribution of funds, more targeted to children, not given in cash, as often this money is spend on alcohol or some current needs.

- [Do these people take into account that the money was supposed to be for children?]. In this environment, people rather
think this is just an additional source of income. I know from my conversations with many different people that some people give up work altogether, because if there are several children in the family, then working is no longer economically viable.

[You think it works like that?]. It happens sometimes. I talk to a lot of people, and some of them have left work, because they have three children and they got 1,500, and if he used to earn 1,800, the why should he work.

[But he would have 1,500 plus 1,800]. But there is no such thinking. He will earn some more money from side jobs, illegally. I know it from private conversations.

[But how many of such people can there be?]. Well most of the people from this environment, who didn’t work before the 500+- anyway, and some who used to work somewhere legally, but now give up, because they got a regular cash flow from the benefit, enough for the current needs, and for the rest they will somehow figure it out, do some side jobs for example. That’s how people think in this environment […]. You would have to change their mentality. Sometimes children are just a tool to get social assistance, to get the 500+.

[Do you think they are treated like this?]. Of course.

It is clear from the above interviews that, in some families, getting a 500+ childcare allowance discourages parents from taking up work and even encourage them to stop working at all. In these families, the benefit is treated as an additional source of income, allowing to limit the effort already made to take care of the daily well-being of the family. To put it bluntly, there are parents – including, or perhaps mostly fathers – who think they do not have to work because now they children earn they living. Such an opinion has been heard by the person working for a local institution, when she went for a visit and was surprised to see the father of a family asleep at high noon.

However, it should be clearly stated that this is not always the case, and that such applications cannot be extended to all families receiving support from the social assistance system. In the opinion of respondents, however, it cannot be denied that similar situations occur. Moreover, it is also not excluded that what the experts want to be the interpretation of what they heard from people is merely a repetition of a stereotype known for over two hundred years, according to which economic coercion is the most effective tool for encouraging people to take up work.

SUMMARY AND CONCLUSIONS

Materials used for the reconstruction of “local knowledge”, that is, the common thinking of people benefitting from the social assistance system due to poverty and people working in local institutions, manifest a multidimensional and multifaceted picture of “overt” and “hidden” functions of the 500+ childcare benefit in the group of families in difficult financial situation interested by the benefit.

Of course, the material presented above is too modest to be generalized in any way. They allow however – even very preliminary – to gain some insight into what the “500+ benefit” is perceived by those whose opinions generally have no greater chance of reaching and be quoted in the public debates. Drawing attention to the voices coming from below is important as far as the emancipatory function of contemporary humanities is being realized (Rakowski, Małewska-Szałygin 2011).

Noteworthy are several claims relating both to the benefit itself and to the characteristics of “local knowledge”. First and foremost, it must be clearly stated that the childcare benefit itself is received by members of families in difficult financial situation in at least two ways. Some people declare that their family’s financial situation has improved, there no longer have problems with meeting their immediate needs, and this usually involves gaining a very well desired sense of security. On the other hand, there are also people who are more critical about the consequences of the introduction of this childcare benefit. In their opinion, the situation of their house-
THE “FAMILY 500+” PROGRAMME: POTENTIAL IMPACT ON DEMOGRAPHIC PROCESSES, HE LABOUR MARKET AND THE PENSION SYSTEM

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INTRODUCTION

Family policy has for several years been the subject of public debate in Poland. It has been exacerbated especially in 2016 with the implementation of the 11th of February 2016 State Aid for Child-Support Act1. Sources of increased interest in the subject matter include demographic phenomena which are characterised by unfavourable changes in the structure of the population, especially the aging of society and decreasing fertility ratios. Social laws contained in the Constitution of the Republic of Poland2 in the section Economic, social and cultural freedoms and rights (primarily in art. 71), including the state’s policies in relation to the family unit, are not fully respected by the state. Their scope is limited by many factors, including the financial capabilities of the central budget.

The aim of this article is to present, after a year of functioning, the initial results of the “Family 500+” programme in the context of the positive procreation reactions anticipated by the government: impact on demographic processes, especially an increase in the number of births, impact on the labour market, primarily for women, where despite a reduction of unemployment an imbalance is still prevalent, and in the future – on the pension system and the rate of pensions for women. These issues are in the long-term difficult to diagnose. They are and for many years will be the subject of analyses and social discourse.

The 500+ child-care benefit has introduced a different philosophy of family policy and its instruments. It may be a real change in that policy, provided that financial resources are secured for its continuation. In 2009 Poland has spent 0.7% GDP on families, which is the least among EU countries. In 2015 these expenditures have increased to 1.4% GDP (Structure… online; Ministry of Family, Labour and Social Policy [MRPiPS] 2015).

It can be assumed that the execution of the “Family 500+” programme has significantly increased expenditures on family policy. The state aid for child-support program intends to change the structure of social expenses to the benefit of family policy. It will become solidified in Polish socio-economic reality as an expression of modern and innovative social policy. It does require adjustment, as the year of its functioning has shown the need for change, in favour of beneficiaries, as well as in order to eliminate irregularities.

This article incorporates results of statistical studies conducted by the Central Statistics Office (GUS), departmental statistical data of the Ministry of Family, Labour and Social Policy, NIK (Supreme Audit Office), OECD and Eurostat, as well as collective information and studies acquired from the institutions operation in the areas of the labour market, social insurance and broadly understood social statistics (see, among others: GUS 2008, 2014a, 2014b, 2016, 2017a; RRL 2014, 2016; Szymańczak ed. 2016)3.

It should be noted that data regarding studied thematic segments, e.g. demographics (birth and change ratios), labour market (unemployed, the professional activity index, including women), or the income level of households, including the economic poverty of children, are not fully comparable due to methodological differences adopted for individual studies.

THE DEMOGRAPHIC SITUATION OF FAMILIES AS A CHALLENGE TO FAMILY POLICY

In the 1990’s negative demographic changes of a global nature began occurring in Poland (in highly developed countries the beginnings of this process were perceivable as far as the mid 20th century), which were based in changes to the family model. Prognoses by GUS (Central Statistics Office) and Eurostat indicate that depopulation of a country and the biological aging of society shall take on an unprecedented scale. This is confirmed by short- and long-term prognoses, according to which in 2035 the population in Poland will be about 36 million, in 2050 – 34 million, while in 2060 – 33.1 million (GUS 2008, 2014a, 2014b, 2016, 2017a; RRL 2014, 2016; Szymańczak ed. 2016)3.

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It should be noted that data regarding studied thematic segments, e.g. demographics (birth and change ratios), labour market (unemployed, the professional activity index, including women), or the income level of households, including the economic poverty of children, are not fully comparable due to methodological differences adopted for individual studies.
sand more than a year prior. In the opinion of the government this was the first sign of the “Family 500+” programme’s impact, although such conclusions require a high degree of caution due to the very short period of the programme being in effect.

The number of marriages in the 2–3 year perspective has a direct influence on the fertility index and number of children born (Balcerzak-Paradowska et al. 2014: 16–65; Firlit-Fesnak 2007: 189–191). Simultaneously, the number of divorces and separations in 2016 was at a relatively significant level. Although compared to Western Europe the marriage breakdown rate in Poland is lower, the permanence of this institution is becoming weaker. Instead, forms of quasi-familial life begin to emerge, which is pointed out in reference literature (Balcerzak-Paradowska 2003: 332–336). Demographic changes are, among others, a result of choices made by young people who decide to take on studies and achieve economic stabilization, postponing starting a family until or after 30 years of age. Thus the shift in the median age of women giving birth to their first child: in 1990 this was 26 years of age, while 29.9 in 2016.

Apart from the traditional family understood as a nuclear relationship based on marriage and biological parenthood – as one of the forms of family – there are alternative forms of family life, such as cohabitation and registered partnerships, as well as single parent families (single mother or single father), foster families, reconstructed families, family children’s homes and homosexual relationships.

Family or pro-family policy, also called the state’s policy for children and families, is one of the special policies within social policy. One of the most commonly accepted definitions of such policy is the one formulated by A. Kurzynowski: the totality of legal norms, actions and means intended by the government to create appropriate living conditions for the family, its establishment, proper functioning and its fulfillment of all socially important roles (Kurzynowski 1991: 8; Klos, Szymańczak online). This definition shows, that family policy is primarily a system of actions supporting families in the performance of their functions. It is distinguished from other sectors by the specifics of its objectives which are carried out to the benefit of the family. Reference literature expresses the opinions that such policy could be a separate, autonomous system encompassing comprehensive actions of the state to the benefit of families.

In the opinion of St. Golinowska (2007: 8) family policy is understood as public actions in the following three areas:
1) creating law regarding the forming of a family, its material resources, health, protection of children and responsibilities of parents;
2) supporting families with children through financial and in kind benefits;
3) facilitating access to goods essential to fulfilling the family’s primary functions, i.e. housing, care services, education, upbringing and recreation for children and adolescents.

Reference literature distinguishes two types (kinds) of family policy. The first is addressed directly to the family, while the second is indirect policy, undertaken in other areas of the state’s operation, which also influence the family’s functioning, e.g. tax and housing policy or the implementation of programs for professional activation, especially of women.

Despite the government’s awareness of the occurring demographic processes and significance of the risks, which is shown in public debate, family policy in the last two decades – even though declared as a priority of the state – has not been comprehensively encompassed in one document, and its scope has not been formally established. Individual instruments directly or indirectly supporting families are included in the base State pro-family policy programme, which has been adopted by the government in 1999. It was intended to cover the years 2000-2010, however subsequent governments have implemented new solutions.

The report by the Ministry of Labour and Social Policy (MRPPS 2011) and GUS publication regarding pro-family actions (2016: 23) inform of family policy instruments directed towards specific groups and environments. These are:

a) institutional forms of family support – aid in the care of children up to 3 years of age, forms of care for pre-school aged children, forms of activities for children and adolescents, family assistants, family support centres and social work with families experiencing difficulties, institutional aid for families with disabled children and an adult family member, and other intangible forms of family support and child care;
b) material aid and relief for families with children – income tax deductions due to child upbringing, family welfare benefits, allomy fund benefits, social security benefits for poor families with children, school and social scholarships and other forms of pupil and student aid, aid for families in acquiring housing and subsidising of housing expenses, Large Family Card.

The condition for granting family benefits is not exceeding certain income thresholds: 674 PLN or 764 PLN in the case of disability (since the 1st of November 2017 respectively 754 PLN and 844 PLN). According to the Supreme Audit Office, the nominal determination of an income criterion at an excessively low level results in family benefits, contrary to the assumptions of legislators, not being an element of family policy, but becoming in actuality an element of social security (NIK 2015: 5).

The objectives and authorities of the state in terms of pro-family actions are distributed among numerous instruments which are not coordinated by any single body responsible for family policy. The scope and role of the labour and social policy department, expanded with the “family” branch, has increased in this area on the 16th of November 2015.

Discussing the family policy welfare benefits it is necessary to take into consideration the new benefit introduced on the 1st of April 2016 named the child-care benefit as part of the “Family 500+” programme which, as a social transfer, is intended to support households with children regardless of their material status. This benefit in a radical way directly influences the shape of social policy, creating a “new” family policy.

According to initial GUS data, the effects of the program have positively impacted the reduction in the rate of poverty (although there are voices in the public debate, that financial resources could have been allocated better by not paying them out to the wealthiest families). According to demographers, however, it is still too early to make judgements regarding the increased fertility of women, as the increased number of births itself may be caused by the increase of women in their reproductive age, i.e. an increased number of births by women aged 25–29 and 30–34 years old; the more important statistic is the increase in births of second and, especially third children.

THE “FAMILY 500+” PROGRAMME

According to the provisions of the State Aid for Child-Support Act, the “Family 500+” programme has been initiated on the 1st of April 2016. According to the assumptions of the Ministry of Family, Labour and Social Policy, the regulation is intended primarily to aid families raising children and counteract the demographic decline in Poland by providing parents with a new child-care benefit.

As a justification the department states demographic data regarding decline in the number of births lasting over 25 years. It does not guarantee a simple demographic renewal, as a birth rate depression has been prevalent since 1989 (Assessment… online). It is further added, that the progressing demographic decline is followed by an increase in the number of people living in economic poverty. It is stated that the Act is directed towards families who need to support children and its objective is primarily to partially cover the expenses associated with fulfilling the subsistence needs and upbringing of children. It is assumed that the introduced child-care benefit will allow to decrease the existing economic limitations, especially among younger people.
deciding to have offspring, particularly a second and subsequent child (ibid.).

The intervention tool of the implemented solution is the monthly, tax-free child-care benefit in the net amount of 500 PLN, applicable to children under up to the age of 18. It’s scope encompasses:

a) all children who are the second and subsequent child, regardless of the amount of income,

b) part of the children who are the “first child” – depending on the income criterion in the amount of 800 PLN or 1200 PLN in the case of a disabled child6.

This programme, considered by the government as a priority, constitutes an instrument in the area of active family policy. Apart from the assumed objectives (decreasing the financial burden of families and encouraging decisions to have a larger number of children), it is treated as an investment in the development of Polish families, and therefore also in human capital.

Figure 1. The number of families with children up to 18 years of age collecting the child-care benefit, in thousands (as of 30.06.2017)

Based on the prognosis, GUS anticipates that within 10 years there will be an increase in the number of births by 278 thousand. There will be an increase in the number of births by 278 thousand. Among 1.5 million (58%) – two children, 378 thousand (14%) are multi-child families; including 117 thousand families claiming the benefit for a disabled child. Among approximately 6,9 million children (aged 0–18 years old) 3,1 million (as the first child) wants to support it in difficult situations. This is in line with the assumptions relating to this phenomenon.

Labour market data (Table 1) indicates differences in the indicators between the 4th quarter of 2016 and the 1st quarter of 2017: the number of employed has decreased by 47 thousand, the number of unemployed by 32 thousand, while the number of professionally inactive by 5 thousand. This does not confirm the prognosis anticipating a significant reduction in employment.

Table 1. Basic BAEL results for people aged 15 and above

It is estimated that the cost of raising one child in Poland until reaching the age of 18 falls within the range from 176 thousand PLN to 190 thousand, and two children – from 317 thousand PLN. Even though parenthood is not just a result of an economic costs and benefits calculation, one should understand the concerns of parents regarding the economic security of families, which may negatively influence decisions on the number of children (Costs… 2016: 5).

IMPACT OF THE 500+ PROGRAMME ON THE LABOUR MARKET

Determining the impact of the “Family 500+” programme on the labour market is difficult due to the dynamic changes which take place within the labour market itself, i.e. systematic decrease in unemployment, and also due to the relatively short functioning time of the programme (April 2016 – July 2017), as well as the preliminary and incomplete, continuously changing statistical data13. This only allows for an initial study of the labour market and the professional activity of women14. According to announcements by GUS, full data will be available in mid 201715.

The impact of the 500+ programme on the labour market, including professional activity, refers to both parents, but primarily to women, as they are the ones who bear the consequences of parenthood. The potential increase in shortages of labour supply and deliberate resignations from work, weakening the professional activity anticipated by certain experts as a result of this programme, are difficult to be considered accurate16, as there are many other factors related to this phenomenon.

This data relates to 2016 (usually to the first quarter, prior to the implementation of the 500+ benefit) and two quarters at the turn of 2016/201717. An analysis of the programme’s impact on the labour market during the period of several quarters with incomplete and incomparable statistical data cannot be a rationale for determining its negative impact or lack thereof. Relative measures have been taken into consideration, which enable to initially assess the situation in three areas: professional activity, employment and unemployment. Particular attention has been drawn to the shaping of the labour market situation depending on gender, which is one of the primary characteristics used in labour market analysis18.

The level of professional activity among women is lower than that of men (women have for several years constituted approximately 45% of the professionally active), however, a trend of their
professional activity increasing is clearly visible. Most likely this is caused by the necessity to supplement the household’s income, which relates to the portion of families who struggle with material difficulties.

By supporting families financially, the programme has “boosted” the finances of households, which in certain cases resulted in lowering the desire to pursue work after giving birth to a child. This situation may apply especially to women who have so far worked at less attractive positions, who feel “exploited” due to unfavourable working conditions and low wages. This argument is given as a justification of the professional deactivation of women (which has not been confirmed by statistics), who prefer to stay home raising children, and supplement their income by family welfare benefits, the husband’s earnings and other sources. Such a phenomenon without a doubt exists, yet requires research as to its extent and methods of aiding such parts of the population.

Among the six labour market indicators for women (Table 2) it is difficult to point to a single phenomenon which could be considered a direct result of the child-care benefit. The labour market sector is subject to many factors which in equal measure impact the rise of activation, as well as inactivity. Nonetheless, the professional activity index for women (employed and unemployed) which expresses the share of professionally active women aged 15 and above in the population shows a minor increase in the value of this indicator (by 0.1% in Q1 of 2017). While the labour market has seen a partial withdrawal of women between the ages of 25 and 44 (approximately 147 thousand), this tendency has lasted for several years since the introduction of beneficial changes to family policy in the years 2010–2015. The age range may indicate that these are mothers raising small and older children, or also partially individuals taking care of older or disabled family members. In diagram 1 the distribution of professional activity by age differs depending on gender. In the case of women the highest percentage of those professionally active occurs in the age range of 40–49, which can be interpreted as a return of women to work after having raised small children.

The women’s employment rate has increased in the 1st quarter of 2017 in relation to the 1st quarter of 2016 to 45.8% (by 0.3%), quarter of 2016, and 880 in the 1st quarter of 2017. Source: own study based on data by GUS 2017d.

It is possible to notice fluctuations of the professional activity index for women (employed and unemployed) which expresses the share of professionally active women aged 15 and above in the population shows a minor increase in the value of this indicator (by 0.1% in Q1 of 2017). While the labour market has seen a partial withdrawal of women between the ages of 25 and 44 (approximately 147 thousand), this tendency has lasted for several years since the introduction of beneficial changes to family policy in the years 2010–2015. The age range may indicate that these are mothers raising small and older children, or also partially individuals taking care of older or disabled family members. In diagram 1 the distribution of professional activity by age differs depending on gender. In the case of women the highest percentage of those professionally active occurs in the age range of 40–49, which can be interpreted as a return of women to work after having raised small children.

Table 2. Labour market indicators for women

<table>
<thead>
<tr>
<th>Specification</th>
<th>Q1 2016</th>
<th>Q4 2016</th>
<th>Q1 2017</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(1)</td>
<td>(2)</td>
<td>(3)</td>
<td>(3-1)</td>
</tr>
<tr>
<td>Women’s professional activity index (in %)</td>
<td>48.3</td>
<td>48.3</td>
<td>48.4</td>
<td>0.1</td>
</tr>
<tr>
<td>Women’s employment rate (in %)</td>
<td>44.9</td>
<td>45.5</td>
<td>45.8</td>
<td>0.9</td>
</tr>
<tr>
<td>Women’s unemployment rate (in %)</td>
<td>7.0</td>
<td>5.7</td>
<td>5.4</td>
<td>-1.6</td>
</tr>
<tr>
<td>Number of working women (in thousands)</td>
<td>7 202</td>
<td>7 293</td>
<td>7 317</td>
<td>115</td>
</tr>
<tr>
<td>Number of women professionally inactive (in thousands)</td>
<td>8 283</td>
<td>8 291</td>
<td>8 253</td>
<td>-30</td>
</tr>
<tr>
<td>Professionally passive due to family responsibilities (in thousands)</td>
<td>1 702</td>
<td>1 830</td>
<td>1 792</td>
<td>90</td>
</tr>
</tbody>
</table>

Addendum: According to GUS data from August this year among 1.79 million people professionally inactive due to family responsibilities, the number of women was 1.57, i.e. approximately 30 thousand fewer than in the 4th quarter of 2016. The number of non-working individuals (unemployed and professionally inactive) per 1000 working people was: 918 people in the 1st quarter of 2016, 880 non-working people in the 4th quarter of 2016, and 880 in the 1st quarter of 2017. Source: own study based on data by GUS 2017d.

The women’s employment rate has increased in the 1st quarter of 2017 in relation to the 1st quarter of 2016 to 45.8% (by 0.3%), although theoretically the professional activity of women, according to first reports by analysts, should decrease due to the expected negative impact of 500+ (the age of women is an interesting element requiring further analysis). The number of employed women has increased per annum (Q1 2016 to Q1 2017) by 115 thousand, which can be explained by the dominant higher education of women and cultural changes (emancipation), including personal aspirations.

The unemployment rate – the lowest since nearly a quarter of a century (and one of the lowest in the EU) – also applies to women. In a comparable period it has decreased by 1.6% reaching 5.4% in Q1 of 2017 for both genders. At the end of 2016 a decrease of women registered as unemployed has been recorded as compared to 2015; the highest decrease was seen among women aged 18–24 (by nearly 26.7%, i.e. by 26,7 thousand) and aged 25–34 (by 10.1%, i.e. by 26,3 thousand).

926 thousand unemployed were recorded in the 1st quarter of 2017. This number has decreased in relation to the comparable period of the previous year by 277 thousand, and compared to the 4th quarter of 2016 – by 32 thousand. The decrease in the number of unemployed applied to women to a larger degree, which may be evidence of them undertaking work or their exclusion from the unemployed register as a result of voluntary resignation (95.5 thousand women and 65.8 thousand men), or due to gaining entitlements to pension or taking on studies (nearly 55 thousand).

The number of professionally passive individuals due to family responsibilities and domestic care in the 1st quarter of 2017 was 1792 thousand and was higher by 90 thousand compared to the 1st quarter of 2016 and lower by 38 thousand compared to the 4th quarter of 2016. The highest number of professionally inactive individuals were people reaching retirement age (nearly 6800 thousand) and people expanding their qualifications and undertaking studies at the age of … (2390 thousand people) (GUS 2017c).

Figure 2. Number of professionally inactive individuals in the years 2015–2017 (by quarters), in thousands

<table>
<thead>
<tr>
<th>Number of professionally inactive men</th>
<th>Number of professionally inactive women</th>
</tr>
</thead>
<tbody>
<tr>
<td>5291</td>
<td>5341</td>
</tr>
<tr>
<td>5212</td>
<td>5191</td>
</tr>
<tr>
<td>8283</td>
<td>8253</td>
</tr>
<tr>
<td>5191</td>
<td>5191</td>
</tr>
<tr>
<td>5152</td>
<td>5152</td>
</tr>
</tbody>
</table>

Source: own study based on BAEL GUS.

Certain of the labour market indicators presented above (it should be noted that data from GUS and other analytical and research centres have been supplemented, which occasionally invalidates prior determinations) to a larger extent applicable to women, constitute an initial discernment of the impact of the “Family 500+” programme. The three analyzed indicators: professional activity, employment and unemployment, the following elements should be considered most significant:

1. The professional activity ratio overall is 56.2%. During 2016 it is possible to notice fluctuations of the professional activity index for the subpopulation of women from 45.3% in the 4th quarter of 2016 to 48.4% in the 1st quarter 2017. The cause could be the 500+ programme, providing a lack of effective support of women in reconciling their maternal functions with professional work. It is necessary to create regulations which favour women’s aspirations. Applicable provisions are contained in the European employment strategy (Golinowska 2012).

2. Employment is not decreasing. The concerns regarding “pushing out” women from the labour market as a consequence of 500+ benefits have not been confirmed. The primary employment rate for the labour market applicable to people aged 15 and above in general during the analysed period has remained unchanged.
prosperity for society (its availability is one of the primary factors which ensures lasting prosperity for society)

21. The author of the subtitle Work means a secure family contained in the report Costs of raising children in Poland 2016 notes that in Polish reality the family provides for itself through work, and its availability is one of the primary factors which ensures lasting prosperity for society (Costs… 2016: 7).

22. Women may resign from work after receiving a benefit in the amount of 500 PLN for the child, especially if they have been performing jobs which did not provide satisfaction and due to a lack of opportunities for reconciling professional work with raising their children.

To summarise, the program which in its assumption is an investment in human capital has a diverse impact on individual spheres of life. By in general boosting the family by reducing the costs of upbringing, it has created opportunities of effectively reducing the scale of poverty, especially among children, and preventing social exclusion (Balcerzak-Paradowska, Golinowska ed. et al. 2009).

Initial demographic changes are also observable, evaluated by the government as a clear increase in the number of births. Provided that in the future the share of women in the labour market does not decrease (the effectiveness level may be achieved at different expenses), this direction may be considered socially beneficial (after its adjustment) due, at least, to the reason of decreasing child poverty rates, and thereby improving the living situation of families with children, even though the income criterion for the first child excludes approximately 3.1 million children from collecting the benefit.

IMPACT OF THE “FAMILY 500+” PROGRAMME ON THE PENSION SYSTEM AND PENSIONS

An interesting question is the impact of the “Family 500+” programme on the pension system and pensions, in particular the subsistence of women (to a lesser extent men) and their families, which as a result of professional inactivity may receive a minimum pension or be deprived of it overall. From an economic perspective, the actual level of retirement benefits is decided by the amount of income achieved during the period of professional activity. In the case of long-term professional inactivity the negative consequences apply to individual people (e.g. payment of unemployment benefits, low pension), but also influence a decrease in production and reduction of insurance contributions (taxes). The result is the emergence of a group which, requiring social support, shall become a social security client.

Demographic prognozes indicate a decreasing population of people in their productive age and a rapidly increasing group of people in their post-productive age as a result of population aging. A concern arises for the growing pension fund deficit, which may upset economic growth, thereby significantly limiting public spending, as the correlations between national income and social security are bilateral in nature (Barr 2010: 130–198).

The primary aim of the pension system is to secure income for citizens after reaching the retirement age, which is expressed in art. 67 of the Polish Constitution of 1997. It should be remembered, that the right to social security is a value expressed in EU and international law, including art. 34 of the European Union Charter of Fundamental Rights, which recognises the right to social security benefits for all employees and individuals who are their dependants, including in the event of illness, dependency or old age.

23. The need for a pension system, disregarding the genesis of the idea of security derived from the cross-generational contract, arises from the lack of earning ability after reaching the retirement age (social risk) and gaining the right to a pension. Usually it is the primary source of income, and in our reality often the only one, which allows subsistence in a post-productive age. Participation in the system is mandatory. It guarantees the acquisition of insurance coverage in the event of a specified risk, on the condition of paying contributions throughout the period of employment. This results in the creation of financial resources (capital), which is used to pay current pension benefits to people who have reached their retirement age. Pension, according to the reformed rules, constitutes a result of dividing the basis of its calculation by the average life expectancy for the age, at which a given person retires. The pension insurance contribution in the amount of 19.52% of the basis of social security contributions is a constituent of remuneration, is compulsory in nature and is non-refundable, but is the basis for determining the pension amount which is paid out until the end of a pensioner’s life.

In this simplified structure one should pay attention to the existence of phases in a person’s life, in which a particular role is played by the period of professional activity. During that period work, as a source of income, apart from other benefits enables the performance of the insurance obligation, i.e. deduction of part of a person’s remuneration in a specified amount in the form of contributions. Another phase is the period of reaching the retirement age which entitles to a pension. In the current system the amount of remuneration and life expectancy in years decide the pension amounts. From this perspective, the most beneficial periods are associated with earnings from the average period of full professional activity, when they are usually at their highest level.

It can be supposed that, from the perspective of a parent (usually the mother) entitled to collect the 500+ benefit, who perceives barriers in reconciling the roles of parent and employee, life “in retirement” is a distant future. It should be concluded, that there is a lack of knowledge in society regarding the effects of professional inactivity in the context of future pension benefits, and thereby subsistence in a person’s old age. There is a common belief that it is the state’s obligation to ensure the citizen’s subsistence. This opinion is still prevalent, despite an information process conducted by the Social Insurance Institution for several years.

For the last several years in the ever changing socio-political and economic reality parents to a greater or lesser extent have had to reconcile the performance of parenting roles and professional work, remaining gainfully employed. It seems that the gradual elimination by the state of barriers in raising small children in particular and the current changes in the labour market should result in the belief, that work is becoming a central element of the contemporary person’s life, significantly impacting their position in the social structure (Haponiuk 2014: 8). From the perspective of the labour market and family policy, it should be assumed that income from work is tantamount to family security.

Due to incomplete statistical data and its high variability, it is difficult to prove how many parents, women in particular, have resigned from work (and for how long a period) for family related reasons (although it should be assumed that men in this group constitute only a few percent). Among nearly 2.8 million families who collect the 500+ benefit it can be estimated that in the 1st quarter of 2017 approximately 100 thousand women were professionally inactive due to their family responsibilities, which is 38 thousand fewer than in the last quarter of 2016.

Data in this regard is fluid due to the varying periods for which entitlement to such benefit applies (there is an increase in the number of new-born children, but also a decrease due to passing the age of 18), or changes in the income criterion. There is also a lack of data whether women have resigned from work prior to or
after the introduction of the benefit. Professional inactivity may last a year, but can also last many years, which is determined by the number of children and their age (phases of family life), the woman’s age, the family’s material situation, employment conditions and social infrastructure (Kurzynowski ed. 2001). It should be assumed that among women professionally inactive due to family responsibilities, at least over a dozen percent have taken care of the eldest family members. This phenomenon shall grow along with the process of so-called double aging of society and lack of institutional care.

In the current system with a defined benefit, the amount of paid out benefit is associated with remuneration and combined tenure. The longer the tenure, the greater the accumulated capital which, upon retiring from work, will be the basis for calculation a pension according to the rule which was the leading slogan when implementing the retirement reform in 1999: what you save in contributions on your account is what you get back as pension.

A relevant factor will be the length of the period outside the labour market. In order to collect a pension at least in the minimum amount, it is necessary to have an accumulated employment time of at least 20 years for women (since the 1st of October 2017) and 25 years for men. Assuming that in several years the common retirement age will not function in our pension system and only the capital accumulated from contributions will be applicable, the amount of remuneration received throughout over 40 years in order to gather the appropriate amount becomes all the more important. There are concerns that a lower accumulated amount which does not entitle to a pension may be “allocated” by the state, which faced with such a solution must offer an alternative form of social security.

The professional inactivity of women is a challenge for the pension system. Women are a huge burden for it, as they retire earlier and, due to living several years longer than men, collect pensions longer. While raising children women do not pay contributions, which is a loss for the Social Insurance Fund.

In Poland cross-generational solidarity has been upset. The provisions of the pension reform have placed emphasis on the individual prudence regarding one’s retirement security, which over several years has not proven itself. What remains is a system which guarantees pensions, but their level will continue to decrease.

Individual prudence means making decisions regarding voluntary savings, which does not necessarily have to be effective. This is evidenced by the attitudes of Poles towards saving – as they in fact declare that it is “worth saving”, but only 9% of respondents save funds to “secure their future when retired”. Most do not do so regularly or do not save at all. This is a result of budgetary limitations or insufficient abilities in the area of savings (The attitudes… 2011). In Poland every fourth working citizen admits to not taking any actions towards saving for their retirement, as they intend, during their retirement, to use the resources which will be paid out by the Social Insurance Institution.

This preliminary analysis has highlighted certain problems which may occur in the pension system for women (and men) collecting the child-care benefit and professionally inactive while raising their children.

**SUMMARY**

Summarising the analysis results, it is possible to formulate the following conclusions:

- The demographic impact of implementing the child-care benefit can be evaluated after several years of the programme’s functioning. This is due to the difficulty of considering its first result to be 13 thousand more childbirths in 2016 compared than a year prior, as 500+ is only one of many factors impacting the procreation attitudes. It is necessary to conduct an analysis of second and subsequent childbirths, comparing their increase to previous years (evaluation, according to the department’s announcement, will take place after 3 years of the programme’s functioning). One cannot discount the phenomenon of “getting accustomed” to the benefit, which will result in a slowdown of its impact on the number of births.
- Extreme child poverty has decreased by 94%. Thus, living conditions are improving. An important psychological aspect of the programme is strengthening familial and social bonds and restoring the sense of dignity to parents and children. It can be assumed that the child-care benefit prevents social exclusion of the young generation.
- From the perspective of the child-care benefit’s impact on the labour market, there is no perceivable impact on the professional activity of men and, especially, women, as in both groups an increase of that rate is visible. This translates to an increase in the number of people who are professionally active or looking for work. One can clearly see a trend of increased professional activity among women.

**Proposals for introducing new systemic solutions**

1. Introduction of a third tax threshold, which would exclude families with the highest income from the ability to use the “Family 500+” programme. In exchange, it is advisable to make another adjustment of the programme by diversifying the benefit amount depending on the child’s age: a lower benefit for children up to the age of 13 and a higher one for children aged 14 and above, which is justified by the increased related expenses.
2. Entitlement to the 500+ benefit for the first child in connection with professional activity.
3. Intensification of actions to eliminate institutional barriers in order to facilitate the reconciliation of professional work and family life through changes to the Labour Code and arrangements with employers (flexible employment: flexible work time and pay, numerical and functional flexibility). Transition to an individual scope and distribution of work time.
4. Introduction of a special fee (tax) for the childless, who achieve income higher than the average household income.
5. Introduction of a legislative provision regarding payment of insurance contributions for women raising three and more children, as an element of realising the doctrine of “supporting those who have children”, applicable in most EU countries.
6. Implementation of a marital pension which the husband would share with his wife for the period of her work when raising children and maintaining the home.
7. Undertaking long-term policy actions towards changing the pension system for people beginning professional work by introducing a citizen pension benefits. This would involve commencing a long period of preparations for changing the pension system together with preparation of mandatory savings programmes to supplement income from the pension benefit. Such a solution is necessary in the face of:
   - a growing deficit of the Social Insurance Fund and instability of the pension system, which will guarantee pensions at the level of 30% of remuneration,
   - the increasing phenomenon of population aging due to a decrease in the number of people in their productive age (lowering of the retirement age since 1st of October 2017) and decreasing population growth.

**Observations arising from the presented data and public debate**

Currently there is no sufficiently complete data in order to reliably evaluate the “Family 500+” programme. Statistical studies are scattered, while presented analyses are fragmented. There is a lack of a consolidated document which specifies the state’s family policy which takes this programme into consideration.

A full analysis would require empirical studies over a longer term in regards to the living conditions of family households and...
professional activation of women amid the overall actions of the state in the area of social, and family, policy. It is also necessary to systematically monitor the effects of the programme in terms of demographic changes (procreation decisions) and values of family policy expenditures.

The “Family 500+” programme was anticipated by society. In this regard it can be considered a pro-social action, similarly to lowering the retirement age. However, its implementation in conditions of a low birth rate and decreasing population may in the future make constructing a budget more difficult. Also, its negative impact on the professional activity of women (provided this phenomenon is confirmed) is difficult to be considered as a positive element of the economy.

The approach of women towards professional activity is largely dependent on the significance of income from work (apart from infrastructure related to child care) as the primary basis of a family’s subsistence. This is why, apart from systematically increasing the minimum wage, as a reference point to the remuneration system, it is necessary to adhere to the long-term financial stability of the family, as this rule plays an important role in planning its development.

There is a need for a new cross-generational contract for the purpose of investing in the young generation. This means the pursuit of ensuring balance in the social security system between expenses on support of the young generation and the pension system. This will be a difficult task due to the progressing population aging process (especially in light of so called double ageing), which will result in emphasis on expenses related to care over such people, if in the future institutional care will more frequently be replaced by informal care (Zielona… 2010: 9).

3 See also: numerous announcements of BAEL, CBOS studies, Social Diagnoses from subsequent years and academic studies devoted to the processes of family creation, development and breakdown, as well as the social roles of women and men in family and professional life.
4 It was possible to reverse this phenomenon in Q1 of 2014. At the time 91.5 thousand children were born in Poland, which is 1.2 thousand more than in Q1 of 2013 and applied primarily to large cities. See GUS 2014c.
5 That author believes, that the traditional family model today is obsolete in a statistical sense (Golinowska 2012: 22).
6 In the years 1999–2013 several programs have been created for the benefit of families: the set of reforms from 2004, thoroughly amending the system of family benefits; the document “Family 500+” programme of Poland passed by the government in 2006; the document Family policy project from 2007; the President B. Komorowski family policy programme titled “Dobry klimat dla rodziny” (“Good climate for the family”) of 2013 (prepared by the team lead by minister for social affairs I. Wójcicka), which formed the foundations of the so called Family Act of 2015; reforms of the Labour Code, as well as the so called “nurseries” act of 2011 (amended in 2013) regarding organization of child care for children up to the age of 3.
7 The “family” of MRPPS covers the issues regarding: demographic conditions, care of children up to the age of 3, protection and support of families with children, especially those in difficult material and social situations, development of alternative care, coordination and organization of cooperation.
8 According to I.E. Kotowska, monitoring of procreation behaviours only on the basis of GUS data is insufficient due to many new solutions introduced in the years 2013-2016 for the purposes of family policy, and which have created a different climate around the family. These are: parental leave and its increased flexibility, parental benefits, the Large Family Card, the “zloty for a zloty” mechanism, changes in tax deductions for children, verification of the income criterion and a family policy programme developed in 2013 at the Chancellery of the President of Poland under the supervision of I. Wójcicka. See: interview in OKO.press, https://oko.press/luty-bez-baby-booomu-zachwiala-sie-propagana-sukcesu-demograficznego [accessed on 24.07.2017].
9 On the 1st of August 2017 a bill has been implemented introducing changes to the “Family 500+” programme, eliminating undesirable phenomena, such as adjusting the income to the income criterion which entitles to the child-care benefit for the first child (so called lost revenue at the same employer), declaring a status contrary to the factual child upbringing, as well as claiming of benefits by individuals not residing within the country.
10 In the opinion of prof. P. Szukiński the increased birth rate may be related to an improved labour market situation and the fact that individuals born during the demographic boom of the turn of the 1970’s and 80’s decide to have children. Source: http://www.portalsamorzadowy.pl/poliyka-i-spoleszczenstwo/lizba-u [accessed on 16.06.2017].
11 According to GUS a minor (below 1 percentage point) decrease in the value of the extreme and relative poverty index has been recorded in 2015. In 2016 a decrease in the degree of extreme poverty among children aged 0–17 slightly below 6% has been recorded (from 9% in 2015). See GUS 2017d.
12 According to the report’s author’s, the child-care benefit also decreases social inequalities. The Gini index should fall from the level of 0.364 to 0.318. Source: http://www.money.pl/gospodarka/wiadomosci/artykul/500-biedni-po [accessed on 18.02.2017].
13 Depending on the source of information, these are: GUS data based on a representative BAEL study, MRPPS data regarding the unemployed originating from labour offices, and reporting of terminations for reasons applicable to the workplace, as well as partial studies by socio-economic analysis centres.
14 Quarterly studies conducted by GUS.
15 R. Szafrenberg concludes (according to data from the years 2015–2016), that there will be a minor increase of people professionally passive due to family reasons (8%), See Szafrenberg 2016.
17 The reduction by GUS of the population number by approximately 250 thousand in Q1 of 2016 impacts the levels of variables, e.g. the number of professionally active or working people, to a lesser extent relating their dynamic and relations between the variables (the professional activity index, unemployment rate). Detailed analyses are required, whether, e.g. the declining population reduces the beneficial impact of the rising professional activity index. See NSP 2017: 22.
18 A. Tłumik presents life roles preferred by women in a publication from 2007.
19 The phenomenon of partial withdrawal of women from the labour market is dependent on – among other factors – the phases of family life, which determine their needs, from the birth of a first child up to leaving the family by the last child. See Kurzyński 2011: 163–178; Zaspa 2002.
20 M. Cządzyski in the article I am a working woman (2017) writes, that there is a decrease in the number of mothers who prefer to take care of their families rather than look for a full time job. He states that the number of women professionally passive due to family reasons has decreased in the 1st quarter of 2017, but this applies to women who do not yet have children or who have already raised them (aged 15–24 and 45–54). In the 1st quarter of 2017 there has been a decrease in the number of youngest women not searching for work due to home responsibilities by 18 thousand, while in the 45–54 age group 0 by 20 thousand. All the while, among women aged 25–44 (with theoretically the most offspring), the group of women professionally inactive due to family reasons has only decreased by 2 thousand.
21 The strain between the roles of a woman fulfilling family responsibilities and a professionally active one are presented by M. Gagacka (2011: 24–40).
22 According to demographer prof. I. Kotowska, the current effect of the “Family 500+” programme is a short-term one and will ultimately influence the so called birth calendar, i.e. those who have been planning offspring may now decide to have a child. Based on studies in Poland and abroad prof. Kotowska believes that long-term effects are brought by stable support of families, but through a complete set of solutions which support the work of parents, especially women. Source:
According to I.E. Kotowska the effects of the 500+ programme, if they occur, will be short-lived. See www.gazetaprawna.pl/artykuły/959775.prof-o-programie500plus [accessed on 13.07.2016].

That childless individuals are able to invest in themselves and achieve by 1 percentage point. The justification of such action would be the fact that childless individuals are able to invest in themselves and achieve significant profits. An additional tax could be their contribution to the state healthcare and care systems at the time of reaching an elderly age.

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Polityka rodzinna: cele, wartości, rozwiązania – w połowie vita [Family policy: goals, values, solutions – in search of a consensual programme], BAS Studies No. 1(45), Warsaw.
The “500+ Family” programme, which runs from mid-2016, is the opening of a new chapter in Polish family policy. It is the response of the government to the demographic crisis caused by the mass emigration of young people and the low birth rate, which is due to the rapidly increasing number of people in retirement age, resulting in an ageing society. The main objective of the programme is to create conditions conducive to having and raising children, resulting in a reversal of the unfavourable demographic trend to increase the fertility rate. The programme is also an investment in human capital and reduction of poverty among families with children. The assumed population growth and the transformation of the family model depends on changes in the workplace, which are primarily the responsibility of women. The barriers to participation of women in the labour market, such as the lack of flexibility in working time, inequality in earnings, the inability to reconcile work and family responsibilities, and the fear of professional inactivity. This deprives them of both the independence as well as the ability to self-fulfilment or loss of previous competences. The consequence of this will be the loss of the right to a fair old-age pension as a result of the non-payment of insurance premiums for future retirement. The introduction of the 500 Plus program causes of necessity of changes in the economic and social policies of the state.

Keywords: “500+ family” programme, family, family policy, female labour market, seniority, pensions for women.
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From the Editors – Elżbieta Bojanowska, Kazimierz W. Frieske

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- European and Polish standards of social security,
- Social exclusion and reintegration.

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