

**DIVERSIFICATION OF INCOME AND ASSETS AMONG THE BENEFICIARIES OF
THE 500 + PROGRAM – SOCIAL POLICY IN POLAND**

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Abstract: The aim of this article is to show how the financial situation of Polish households changed following the introduction of “Family 500+” program. The study presents results of household surveys in Poland regarding selected conditions for the households self-esteem of their financial situation and considerations on Polish social policy after the introduction of the 500+ program. The political and economic changes in recent decades have significantly changed the situation of all sectors of the economy, including the household sector. Essential changes in household incomes occurred in the early years of transformation (1990-1992), which is why they are also referred to as the "Revolution in Revenue". They consisted of a general income decline in the real dimension and transformations of their structure according to sources of acquisition. There is a growing share of groups of households particularly exposed to poverty and social exclusion. There are differences in the standard of living due to the place of residence resulting from the diversity of the spatial level of economic development. In April 2016, the very large and expensive social program Family 500+ was launched in Poland. Its beneficiaries were to be, in particular, large families, who were in the most difficult financial situation. The benefits were provided in the amount of PLN 500 for the second and subsequent child in the household. In 2017, as in the previous year, there was a marked improvement in the financial situation of households in Poland. Households achieved higher incomes and incur higher expenses. The educational benefit (500+) was introduced by the State Aid Act in raising children. Its construction can be presented in comparison with family allowances. It has been assumed that the standard of living of the household, i.e. its economic situation, determines primarily the level of consumer spending, significantly dependent on the income received. This in turn is related to the degree of satisfying the needs of the household as a result of the consumption of goods and services and functioning in a specific social, natural and political environment. This assumption is consistent with the views presented in the literature on the subject that income or consumption expenditures can be treated as measures. The main purposes of introducing a social benefit were: increasing the fertility rate, investing in human capital, reducing poverty among the youngest Poles. The methods of statistical analysis were used in the research. There were used data conducted by the Central Statistical Office in Warsaw and Eurostat data and from a representative Polish Household Budget Survey.

Keywords: social policy, family policy, income.

In recent decades, the political and economic transformations have significantly changed the situation of all sectors of the economy, including the household sector. Essential changes in household incomes occurred in the early years of transformation (1990-1992), which is why they are also referred to as the "Revolution in Revenue". They consisted of a general income decline in the real dimension and of transformations of their structure according to sources of acquisition. The Central Statistical Office conducted research and collected data on the differences in the level of income between socio-economic groups. The conclusions from the analysis indicated that "the greatest income diversification occurs among agricultural and self-employed farms, as well as those living on unearned sources, while the smallest in pensioners' families. A significant influence on the results had the following: the growing importance of the market, tax changes, the effects of preparations for joining the European Union¹⁴¹.

In April 2016, a nationwide and quite expensive social program called “Rodzina 500+” was launched in Poland. Its beneficiaries were to be primarily large families in the most difficult financial situation. Aids under this program were provided in the amount of 500 PLN for the second and subsequent child in the household. In the cases

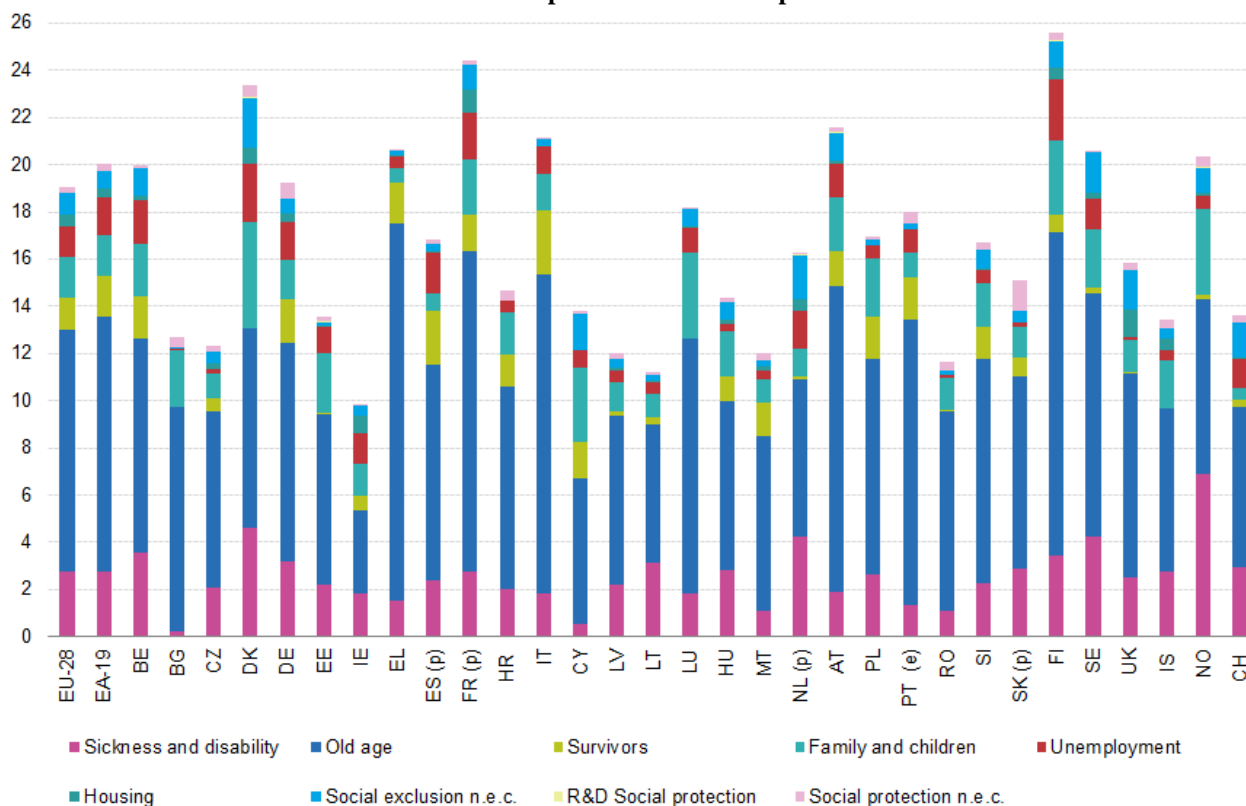
¹⁴¹ B. Szupa (2006) *Zróżnicowanie dochodów w Polsce*, Scientific journal No. 744 of the Cracow University of Economics, pp. 120-122,

of households raising one child and for the first child in large families, the payment of the benefit was dependent on the income criteria and child's disability¹⁴².

The latest statistical data referring to information on general government expenditures on “social protection” (according to the government function classification - COFOG) are presented below.

“Social protection” has one of the most important budgets in the whole Europe in 2016. Moreover, the budget reflects government’s core functions to redistribute income and wealth, sponsored by mandatory payments. It should not surprise, that social benefits and social transfers in kind are leading in the expenditure class. It has been estimated that in 2016, European Union spent over EUR 2 844 billion, which corresponds to 41,2% of total expenses. Additionally, social protection expenses stood at 19.1% GDP of EU-28. The biggest budget in this division is dedicated to “old age”. The stakes are 10.2% of GDP in the EU-28 and 10.8 % of GDP in the euro area. This relates mainly to pension payments. For a comparison, total expenditure for “survivors” was calculated to 1.3 % of GDP at the level of the EU-28 and 1.7 % of GDP at the level of the euro area. This also mainly relates to social benefits in cash or in kind. Next is “sickness and disability” group, which stakes were defined on 2.7 % of GDP in the EU-28. This corresponds mainly to social payment in cash or in kind connected with the operation of social insurance schemes. Following “family and children” group is accounted for 1.7 % of GDP in both EU-28 and euro area. Furthermore, “unemployment” group was calculated 1.3 % of GDP and 1.6 % of GDP in the EU-28 and the euro area, respectively. Finally, “housing” group was accounted for 0.5 % of GDP in the EU-28. Main expenses in this group were household (to help with cost of housing) and operation of social housing schemes.

Chart 1 Expenditure on 'social protection



¹⁴² K. Hanusik, U. Łangowska-Szcześniak (2018) *Wpływ programu 500 + na poziom życia gospodarstw domowych wychowujących dzieci i jego samoocenę w Polsce w 2016 roku*, Studies and Works WNEiZ US No. 51/3 2018, University of Szczecin, pp. 123-137.

Źródło: Eurostat¹⁴³.

Data of the Central Statistical Office (CSO)¹⁴⁴, which were published in February 2018, indicate that the professional activity of young women in Poland has fallen to the lowest level since 1999. Experts call this phenomenon "the black effect of the social program 500+".

The cyclical survey of Economic Activity of the Population performed by CSO is the cause of concern. According to the data for the third quarter of 2017, the professional activity of women aged 25-34 decreased to the lowest level since 2003 (the oldest data from the CSO) and amounts to 74.2%. However, according to Eurostat data, which covers an even wider range of time, the lowest values have been at least since 1999 (about 20 years).

The economic activity rate is a measure of the labor market, which shows what percentage of people are professionally active, i.e. works or is willing to take gainful employment in relation to the population in a given age range. Low values of that rate may indicate structural problems in the labor market. In the case of forecasts, this may indicate low pensions, which will lower the quality of life in the elderly or increase the costs of the social security system.

The Central Statistical Office for the first time in its quarterly reports presented data on professional activity among families receiving the "Rodzina 500+" benefit.

Disturbing fact is that the professional activity of parents in households, where the benefit for the first and only child is collected, is only 69.7% on average. In the case of families with one child, where 500+ is not received (exceeded income criterion), professional activity is incomparably higher and amounts to 89%.

Table 1 presents the forecast by the number of children in 2016-2050. Assumptions regarding the number and structure of population in 2016-2050 come from the Polish People's Outlook for 2014-2050¹⁴⁵.

Tab. 1 Households by number of children in 2016-2050

Liczba dzieci	2016	2020	2030	2040	2050
W tysiącach					
Ogółem	14081	14481	15371	14253	13506
0	9657	10072	11430	10726	10159
1	2595	2631	2400	2173	2079
2	1439	1414	1242	1099	1035
3	293	275	228	195	179
4	67	62	50	42	38
5 i więcej	30	27	21	18	16
W procentach					
0	68,6	69,5	74,4	75,3	75,2
1	18,4	18,2	15,6	15,2	15,4
2	10,2	9,8	8,1	7,7	7,7
3	2,1	1,9	1,5	1,4	1,3
4	0,5	0,4	0,3	0,3	0,3
5 i więcej	0,2	0,2	0,1	0,1	0,1

Source: CSO¹⁴⁶.

¹⁴³ https://ec.europa.eu/eurostat/statistics-explained/images/e/ed/Total_general_government_expenditure_on_social_protection%2C_2016_%28%25_of_GDP%29.png [dostęp: 27.08.2018 r.]

¹⁴⁴ <http://stat.gov.pl/>

¹⁴⁵ <http://stat.gov.pl/obszary-tematyczne/ludnosc/prognoza-ludnosci/prognoza-ludnosci-na-lata-2014-2050-opracowana-2014-r-,1,5.html>

The fall in the average number of adults in the household in the initial period of the forecast (until about 2030) will be associated with a reduction in the percentage of households inhabited by three and more adults, as well as an increase in the percentage of single-person households (see Table 15). In the 1930s, this process will be reversed and the percentage of households with more adults will increase. It is worth noting that the percentage of two-person households will change to a small extent throughout the forecast period. Throughout the forecast period there will be an increase in the percentage of households in which there are no children (see Table 16). At the end of the forecast horizon, it will be around 75% of households. Among households with children, the percentage will also grow but only for those with one child (in 2016 - around 59%, in 2050 - slightly over 62%)¹⁴⁷.

SUMMARY

In comparison with other countries, Poland has limited the poverty of children in the past to a small extent. The paradox was that pensions had more impact than family benefits. Essentially, this situation should be changed by a high education provision 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 fall by several dozen percent, with a greater impact to be expected in the case of extreme poverty rather than relative poverty and child poverty rather than total poverty¹⁴⁸.

The implementation of the "Rodzina 500+" program changed the perception of the state policy towards the family. In previous CBOS (Centre for Public Opinion Research) surveys, performed from 1996 to 2013, the state's actions towards the family were assessed as sufficient or even insufficient. Currently, more than half of the respondents (52%) evaluate the policy of the state towards the family as good (including every tenth as very good). Poles most often notice the positive impact of the "Rodzina 500+" program on the budgets of households with children - the possibility of managing money freely by families receiving childcare services (in total 34% of respondents declare that either they know such persons or they are them) and a significant improvement in the situation of children from poor families (28% in total)¹⁴⁹.

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¹⁴⁷ Ibid.

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