METHOD OF CALCULATION OF SOCIAL BENEFITS

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Purpose: The aim of this publication is to present the methods currently in force in Poland for determining the amount of social benefits.

Design/methodology/approach: Qualitative and quantitative secondary data analysis. Data were collected from governmental organization reports and analyzed using Excel.

Findings: It can be stated that the social assistance system in Poland benefits from statistics on the prices of goods and services and the cost of living of households according to the number of households and their age. Thanks to these data, it is possible to determine the value of the minimum subsistence level, the minimum subsistence level, the WDR threshold and the Social Intervention Threshold. The values of these indicators are set in different time horizons – the minimum subsistence level on a monthly basis, and the GVA level once every 3 years. In this way, the state authorities determine the income criterion entitling individuals to receive social assistance benefits.

Originality/value: Detailed calculations and summaries of the Income Support Threshold and Social Intervention Threshold for different social groups were made.

Keywords: social welfares, social benefits, social economy, social responsibility, labor market.

Category of the paper: research paper.

1. Introduction

Social policy generally aims at social progress, therefore its activities relate to work, living conditions, culture and social order. Social policy activities are therefore extremely diverse – they include the labour market, family assistance, health care, education, housing and many other areas (Czajka, 2019). Such policy is conducted both by central authorities, i.e. the government, as well as local governments or non-governmental organizations (associations, foundations, etc.). Social policy is also a part of social responsibility (Wolniak, 2013, 2016, 2017, 2018; Wolniak, and Hąbek, 2016; Hąbek, and Wolniak, 2013, 2016; Hys, and Wolniak, 2016; Ponomarenko et al., 2016).

Social policy is a broader concept than the concrete social assistance that forms part of it. Several principles can be applied to the implementation of social policy. These are the principles of (Bochenek, 2018; Machelski, 2017; Maciejko, 2015):

- income criterion,
- equal opportunity criterion,
- subsidiarity criterion,
- efficiency criterion,
- developmental criterion.

The first of these principles is that social assistance should be provided to the poorest people, as there is no justification for supporting the wealthy who do not actually need such assistance because they can cope on their own (Firlit-Fesnak, and Szylk-Skoczny, 2017; Szyszka, 2014). The criterion of equal opportunities refers to the lack of preference for a particular social or professional group and granting it more assistance than other entitled persons. However, so-called positive discrimination is allowed here, i.e. favouring certain social groups if it is justified (e.g. the disabled). The criterion of subsidiarity, on the other hand, concerns the fact that social assistance should be provided when other forms of assistance are impossible to apply or their application will not bring such effectiveness (Szarfenberg, 2016; Kamiński, 2015; Olkiewicz et al., 2019). This should take into account the activities of non-governmental actors. In principle, the criterion of effectiveness is the introduction in each legal act or regulation of an evaluation criterion consisting in periodical examination of the effectiveness of the implemented policy and elimination of those forms that do not bring the expected results (Flaszyńska, 2018; Muszalski, 2015; Walc, and Szluz, 2008; Grebski, et al., 2019; Wolniak, et al., 2019; Wolniak, and Grebski, 2018; Wolniak, and Skotnicka-Zasadzień, 2018). The latter, the principle of the development criterion, refers to directing the social policy towards helping to get out of poverty and deprivation, and not towards sponsoring them. Accordingly, the recipients of the aid should be mobilized to undertake the work (Brągiel, and Badora, 2008; Broda-Wysocki, 2016; Pląsek, 2016; Haładus, 2019).

It follows from the above considerations that social policy is a broad concept, which is related to the wide variety of activities undertaken within its framework. The implementation of this policy requires the application of a number of principles, which every democratic state should take into account (Auleytner, 2004; Kokoszkiewicz, 2015; Koąłczkowski, and Ratajczak, 2014; Łojko, 2015, 2017).

Social assistance is about helping people, as well as whole families in a difficult life situation. It is also a situation in which these people would not be able to cope on their own even with their own powers, resources or abilities. Social assistance is an institution of social policy implemented by the state authorities (Rajski, 2016; Staręga-Piasek, 2016). The state creates appropriate persons and organisations for the enacting of social assistance, the task of which is to support citizens in meeting their essential needs, as well as to provide them with decent living conditions (Lewandowska, 2018; Łojko, 2015, 2017).

The aim of this publication is to present the methods currently in force in Poland for determining the amount of social benefits.

2. Results and discussions

The right to receive social welfare benefits is based on an income criterion. The income thresholds are determined by establishing the social minimum and the minimum of existence on the basis of an expert-basket method. It consists in determining the value of basic needs (basket) and determining consumption patterns, as well as lifestyle (expert approach). Four different indicators are calculated in the Polish social welfare system:

- social minimum,
- a minimum of existence,
- social intervention threshold,
- family income support.

The minimum subsistence level is considered to be the threshold for intervention, which is the upper limit of the poverty area. In turn, the minimum subsistence is the minimum of poverty, i.e. the level of needs below which there is a threat to human life and development. It determines survival. The minimum subsistence level is determined for workers and pensioners. The data presented in the Social Policy Department refer to September 2018 and are based on average prices of consumer goods and services according to the data of the Central Statistical Office. These were such goods and services as:

- food,
- living quarters (use and energy, equipment),
- education,
- culture and recreation,
- clothes and shoes,
- health care,
- personal hygiene,
- transport and communications,
- other expenses.

The minimum subsistence level is shown in Table 1.

Table 1.
Minimum subsistence level in September 2018 and 2017 [PLN per person]

Household	Type	Minimum subsistence level September 2018	Minimum subsistence level September 2017
Employee household	1-person	1166,78	1134,97
	2-persons	954,29	938,32
	3- persons (M+K+DM)	962,30	939,13
	3- persons (M+K+DS)	1021,49	996,40
	4- persons	926,22	908,62
	5- persons	904,71	889,41
Pensioner household	1- persons	1151,57	1123,30
	2- persons	949,65	931,71

Source: own elaboration based on the report: *Poziom i struktura minimum socjalnego we wrześniu 2018 r.,* Instytut Pracy i Spraw Socjalnych, Warszawa, grudzień 2018.

The lowest minimum subsistence level is for members of a 5-person family (parents with three children), and the highest one for a single-person household. The difference between them was PLN 262.07 in 2018 and PLN 138.57 in 2017. Of this amount, the most is for housing and food - more than half, and the least for education – about 2%. It is also noted that the social minimum in 2018 increased in comparison to the same period in 2016, which was influenced by price increases.

In turn, the subsistence minimum is calculated once a year, with data presented by voivodeship and city class. This minimum is treated as the minimum level for survival, i.e. the lower poverty line. The value of the minimum subsistence level in 2017 and 2016 is presented in Table 2.

Table 2.
Minimum subsistence in 2017 and 2016 [PLN per person]

Household	Type	Minimum subsistence level 2017	Minimum subsistence level 2016
Employee household	1-person	574,01	555,02
	2-persons	483,40	467,27
	3-persons (M+K+DM)	465,45	449,86
	3-persons (M+K+DS)	507,42	490,83
	4-persons	488,60	472,04
	5-persons	502,22	485,38
Pensioner household	1-persons	544,03	527,30
	2-persons	453,41	439,55

Source: (Haładus, 2019).

In 2017, the lowest level of the minimum subsistence level is for 3-person household and the highest for 1-person household. The difference between the social minimum and the minimum subsistence level for a family of one-person employees is 592.77 PLN. In comparison to 2016, however, there is an increase in the subsistence minimum, which indicates a growing cost of living of households. This is a result of inflation and rising prices of products and services. In 2016 for a 3-person household the minimum subsistence rate was 490.83 PLN, so compared to 2017 it was 16.56 PLN lower.

Thanks to updating the prices of the basket of goods and services, it is also possible to establish Family Income Support. This study differentiates between different types of households depending on the number of children and their age:

- younger children aged 0-5 years,
- children growing up between the ages of 6-18,
- older children aged 19-24.

The types of households included in this survey are presented in Table 3.

Table 3.
Households subject to examination under the Family Income Support threshold

Household	Type
single parent	– parent with a younger child (M/K DM), – parent with an adolescent child (M/K DD), – parent with a child with disabilities (M/F DDN)
parents with one child	– with one younger child (M/K DM) – parents with one child growing up (M/K DD)
parents with two children	– with 2 younger children (2DM), – of 2 children growing up (2 DD), – with 2 older children (2DS), – with 2 children younger and growing up (DM+DD), – with a younger and disabled child growing up (DM+DDN), – with a child younger and older (DM+DS), – with an adolescent and older child (DD+DS.)
parents with three children	– parents with 3 children of different ages, – parents with four children (1 younger, 2 growing up, 1 older)

Source: (Haładus, 2019).

The Family Income Support Threshold is set every 3 years – the latest data are for 2016 and are valid until 2019. The amount of this threshold is presented in Table 4.

Table 4.
Family Income Support Threshold in 2016

The family	WDR threshold [PLN]
single parent with DM	797,5
single parent with DD	850,1
single parent with DDN	858,3
parents with DM	762,0
parents with DD	797,1
parents with DM i DD	751,9
parents with DM i DDN	759,7
parents with DM i DS.	760,6
parents with DD i DS.	792,5
parents with 2 DM	725,6
parents with 2 DD	778,2
parents with 2 DS.	806,8
parents with DM, DD i DS.	750,6
parents with DM, 2 DD i DS.	737,6

Source: (Haładus, 2019).

The highest WDR threshold was calculated for a lone parent with an adolescent child and for a lone parent with an adolescent child with a disabled child – the threshold exceeds PLN 850 per person. In turn, the lowest WDR threshold was determined for parents with two younger children – PLN 725.6 per person and for parents with two adolescent children and an older child – PLN 737.6 per person.

The last category, which is calculated using the basket and expert method in the Polish social welfare system is the Social Intervention Threshold. This means the level from which one can acquire entitlement to social welfare benefits. The level at 2016 prices is presented in Table 5.

Table 5.
Social Intervention Threshold

The family	WDR threshold [PLN]	Social Intervention Threshold [PLN]
pensioners'	2-persons	593,4
	1-persons	717,3
household of a single parent	single parent with DM	550,5
	single parent with DD	576,5
	single parent with DDN	
	single parent with DS	594,9
	single parent with 2DD i 2DM	491,3
	single parent with 2DD	527,6
	single parent with 2DM	494,1
Household	parents with DM	497,5
	parents with DD	514,8
	parents with DS	528,3
	parents with 2 DM	479,0
	parents with 2 DD	503,3
	parents with 2 DS	520,0
	5-persons	500,3
	6-persons	484,5
Employee household	1-persons	701,5
	2-persons	553,8

Source: (Haładus, 2019).

The highest Social Intervention Threshold was set for a single-person pensioner household and amounts to PLN 717.3. Among single parents, the lowest threshold was set for a single parent with four children – 491.3 PLN. The lowest threshold among full families is for families with four children – PLN 484.5. The Social Intervention threshold for employee families is lower for 2-person families (female and male) and amounts to PLN 553.8. The Social Intervention threshold for total households is PLN 639.1.

3. Conclusion

In conclusion, it can be stated that the social assistance system in Poland benefits from statistics on the prices of goods and services and the cost of living of households according to the number of households and their age. Thanks to these data, it is possible to determine the value of the minimum subsistence level, the minimum subsistence level, the WDR threshold and the Social Intervention Threshold. The values of these indicators are set in different time horizons – the minimum subsistence level on a monthly basis, and the GVA level once every 3 years. In this way, the state authorities determine the income criterion entitling to receive individual social assistance benefits.

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