



# Minimum income in Poland

Dr hab. Ryszard Szarfenberg

European Anti-Poverty Network Polish Committee

Social Policy Institute  
Warsaw University

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# Preventing and alleviating income poverty

- Main sources of income for households
  - Legal and unregistered employment
  - Contributory benefits in case of social risks e.g. pensions for retired
  - Categorical benefits e.g. pensions for people with disability from childhood
  - **Means-tested benefits in case of poverty**
  - Property income
  - Loans, credit, donations etc. from private sources
- Legal employment is the most important as a source of primary income and as a social insurance base
- **Means-tested benefits comprise many different schemes**, e.g. family benefits, social assistance, housing allowances
- **Social assistance benefits** are considered as supplementary for all other cash benefit schemes

# Broad minimum income concept: means-tested and non-means tested benefits

- There are many types of means-tested cash benefits in Poland
  - Three types of family benefits and several supplements to them
  - Special care benefit for carers who resign from work to care for their adult relatives
  - Three types of social assistance benefits
  - Social stipends for pupils
  - Housing allowance and energy supplement
- Another part of minimum income in non-means tested social insurance
  - Minimum retirement pension
  - Minimum disability pension

# Narrow minimum income concept: the last resort scheme

- Last resort means that all opportunities, resources and entitlements are not enough to escape poverty independently
- Minimum income of the last resort type in Poland is social assistance
- Social assistance in general comprises
  - **Income support: means-tested cash benefits**
  - In-kind benefits e.g. food, cloth
  - Residential care
  - Personal services: social work, legal, family and psychological counselling, crisis intervention, home help etc.
- **Minimum income of the last resort are three social assistance benefits**
  - Temporary benefit for people able to work
  - Permanent benefit for people unable to work
  - Necessities benefit for concrete needs e.g. medicine, fuel

# Main conditions to be eligible to social assistance benefits in Poland

- Primary conditions
  1. Income of the household less than official income threshold
  2. Having at least one more problem beyond poverty e.g. unemployment, disability, many children, addiction, chronic illness, homelessness
- Secondary conditions
  3. Accepting social worker visit and investigation at home
  4. Cooperating with social worker and family assistant
  5. Delivering required certificates and signing statements
  6. Not wasting, not destroying and not misusing granted benefits
  7. Accepting social contract if offered
  8. Accepting employment, internship and training offers
  9. Take treatment if alcohol or drug dependency is the problem

# Is cash social assistance a citizen's right in Poland?

- Poland is unable to ratify two of three points in the right to social assistance article from European Social Charter
- In Polish Constitution there is no explicit confirmation of the right to social assistance (right to social security only)
- Entitlement\* status of social assistance benefits
  - Permanent benefit for individuals unable to work is an entitlement from at least the 1990
  - Temporary benefit for individuals able to work was not an entitlement until 2004 and from that time is an entitlement
  - Necessities benefit is not an entitlement
- Claimants can appeal in all cases first to local tribunals and second to administrative courts

\*Entitlement: it is written in law that it is an entitlement. Not entitlement: it is written that it can be granted

# How is the level of social assistance set up?

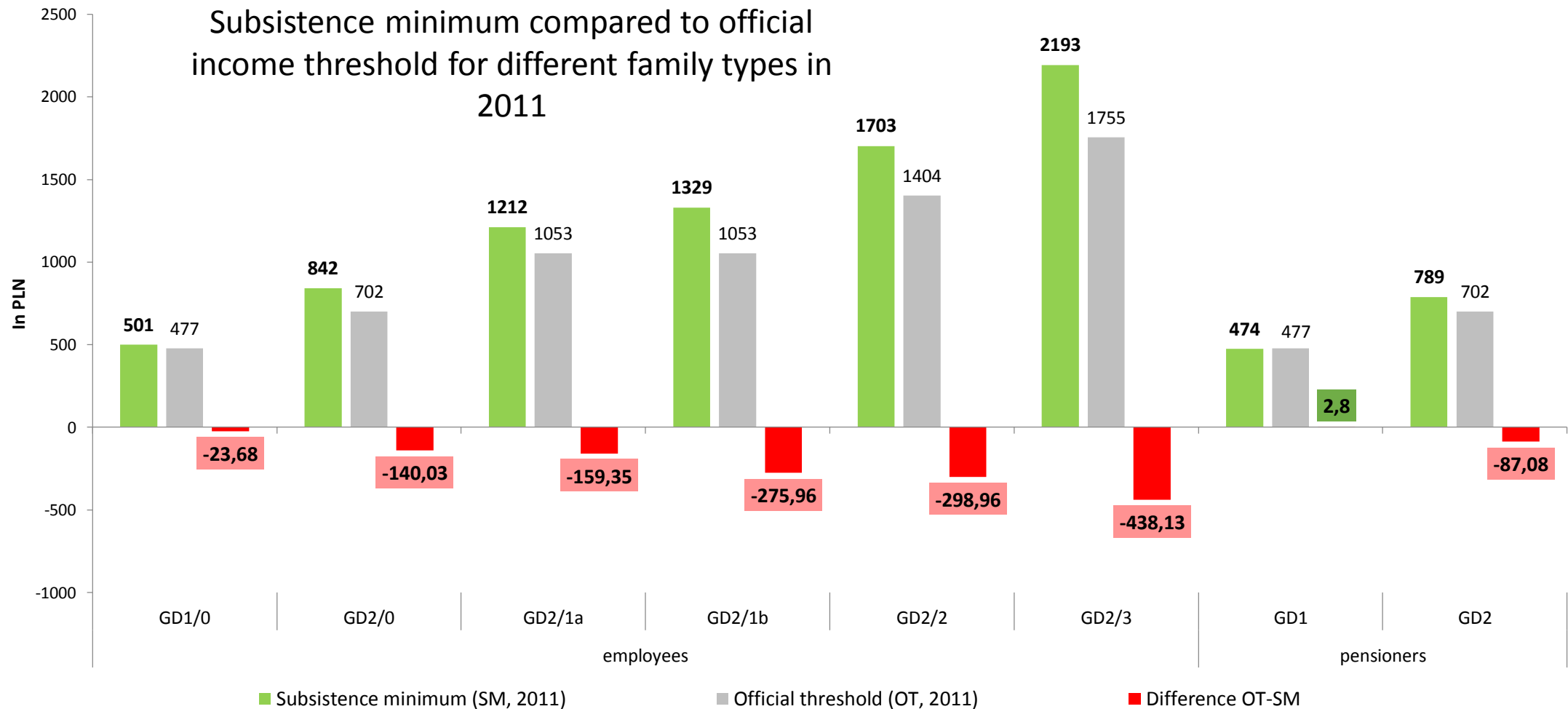
- Family income is all net income except necessities benefit, alimony payments and benefits for socially purposeful jobs
- General rule for permanent and temporary benefits level: official income threshold subtracted the level of family income
  - Permanent social assistance benefit is set at the level of difference between official income threshold and the income of the individual or family
  - Temporary social assistance benefit is set at the level of difference between official income threshold and the income of the individual or family, **but only 50% of it is guaranteed by government**
- Necessities benefit level is totally discretionary, it is set up by social worker in the limits imposed by available resources

# Are cash social assistance benefits adequate to the needs?

- We have a tool to assess needs: Polish reference budgets
  - **Social minimum** (MS) estimated from seventies and recognized as social policy tool in eighties
  - **Subsistence minimum** (ME) estimated from nineties (social ministry initiative) with less generous biological needs and without social integration needs
- From 2004 reference budgets methodology is implemented in family benefits law and social assistance law
  - **Family support threshold** for family benefits (less than social minimum)
  - **Social intervention threshold** for social assistance (more than subsistence minimum)
- Reference budgets (MS and ME) are published every year and official thresholds should be indexed every three year with tripartite commission involvement
- All reference budgets and official thresholds based on them are estimated by independent research institute



# Subsistence minimum as an alert warning for official income threshold



# Social assistance cash benefits and inclusive labour market

- Income incentives for employment in social assistance
  - Individuals who signed social contract and are receiving temporary or necessities benefits finding employment can combine income from work with benefits without means-test for two months
- Activation services for unemployed people receiving temporary benefit
  - Job placement and vocational counselling in employment offices
  - Active labour market programs offered by employment offices, recently with possibility of outsourcing it to private employment agencies
  - Social employment (reintegration activities up to 6 months) in social integration centers (with integration benefit) and clubs
  - Supported employment e.g. social cooperatives
  - Part time jobs with additional benefits (socially purposeful jobs)

# Recommendations

# Developing recommendations and follow-up

- Idea of splitting work into EMIN report in English and shorter Declaration for Decent Income Support in Polish
- Discussions on three preliminary versions of the Polish Declaration for Decent Income Support at
  - General Assembly of Polish EAPN (first version, June 2014)
  - Executive Council of Polish EAPN (second version, July 2014)
  - Council of Social Experts of Polish EAPN (third version, September 2014)
  - EMIN Conference with two main federations of trade unions and social assistance offices association (third version, September 2014)
- Final version will be submitted until the end of October and open to signing by organizations and individuals

# How to improve the quality of social assistance benefits in Poland?

- More effective indexation of an official income threshold
  - Introduce emergency procedure if official threshold is lower than subsistence minimum for at least one family type
  - Publish family support and social intervention thresholds in the same manner as social and subsistence minimum
  - Consider shortening of the indexation period
- Rise benefits levels
  - Rise permanent benefit by adding care benefit to the exceptions list in income definition
  - Rise temporary benefit by guaranteeing 100% of its level
- Lower the poverty trap by
  - Decreasing benefit withdrawal rate from 100% to 50%
  - Increasing income disregard period from two to six months

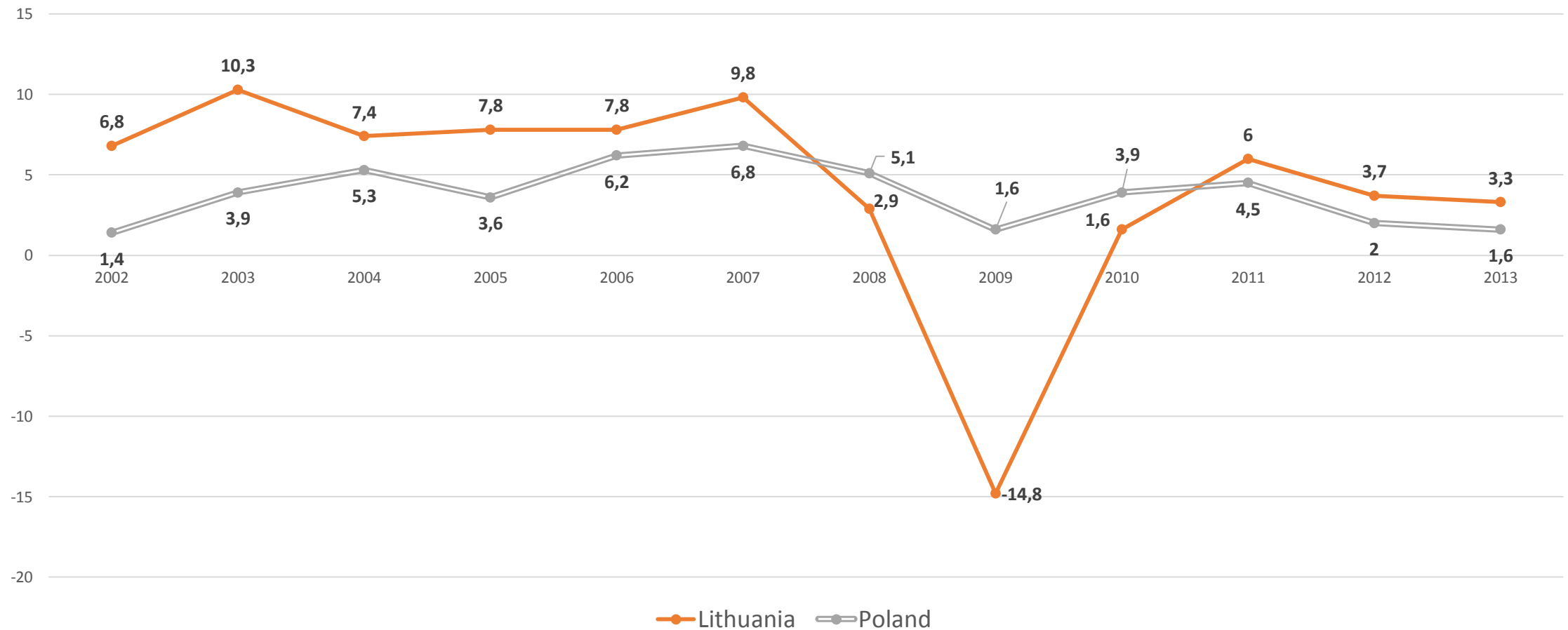
# How to improve the quality of social assistance benefits in Poland?

- Rise benefit stability level
  - Required subsidies for benefit purposes should be given by central budget to the regions in 100% instead of current 40-50% supplemented later from budget reserves
  - Set up minimum period for temporary benefit e.g. at least 6 months
- Lower the barriers to take-up benefits
  - Gradual reform in order to make poverty only one primary condition for last resort cash support
  - Less conditionality and paper work in entitlement checking and updating
- Improve knowledge on cash social assistance take-up and impact on poverty
  - Introduce new longitudinal panel survey on households experiencing poverty and receiving cash assistance
  - Organize regularly focus groups with individuals and families in poverty on the quality and availability of cash assistance

# Appendix

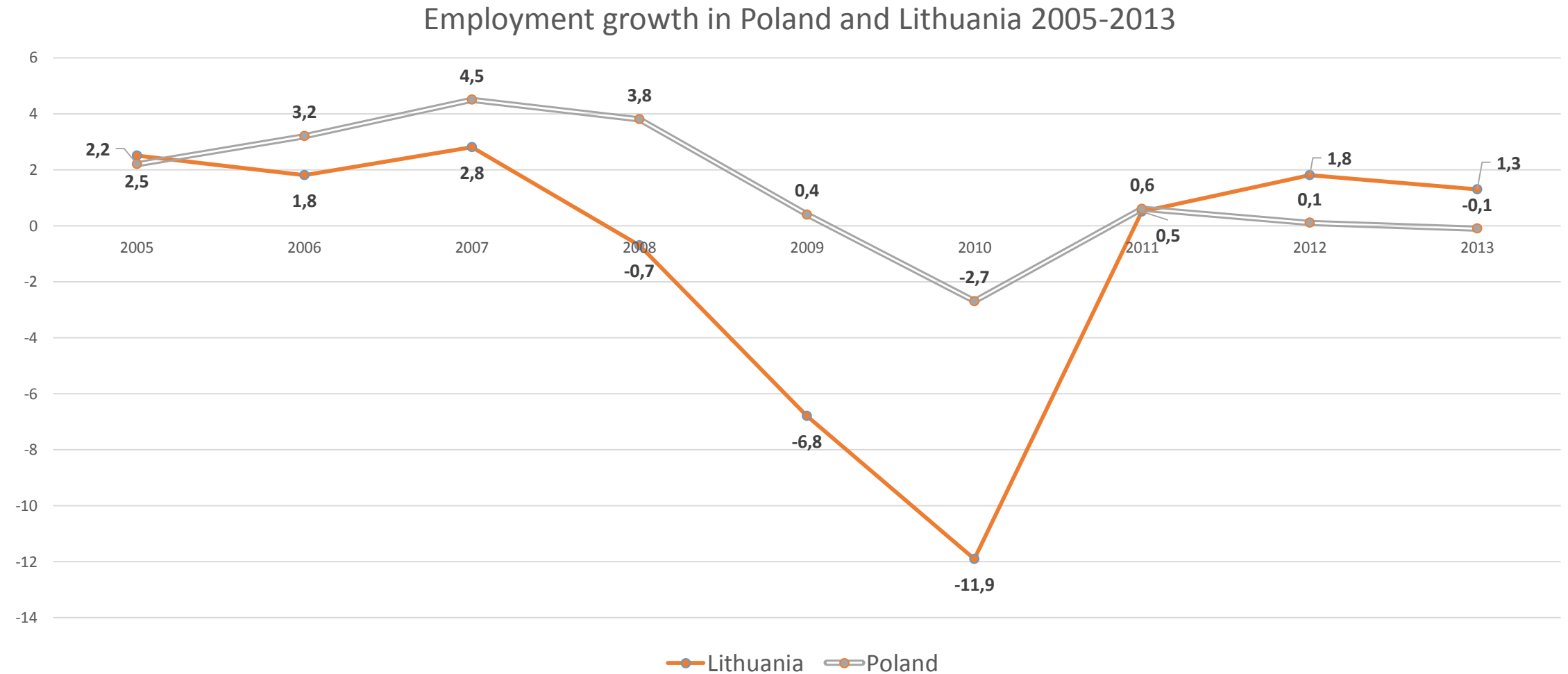
# Economic situation in Poland and Lithuania 2002-2013: GDP growth

Real GDP growth in Poland and Lithuania 2002-2013

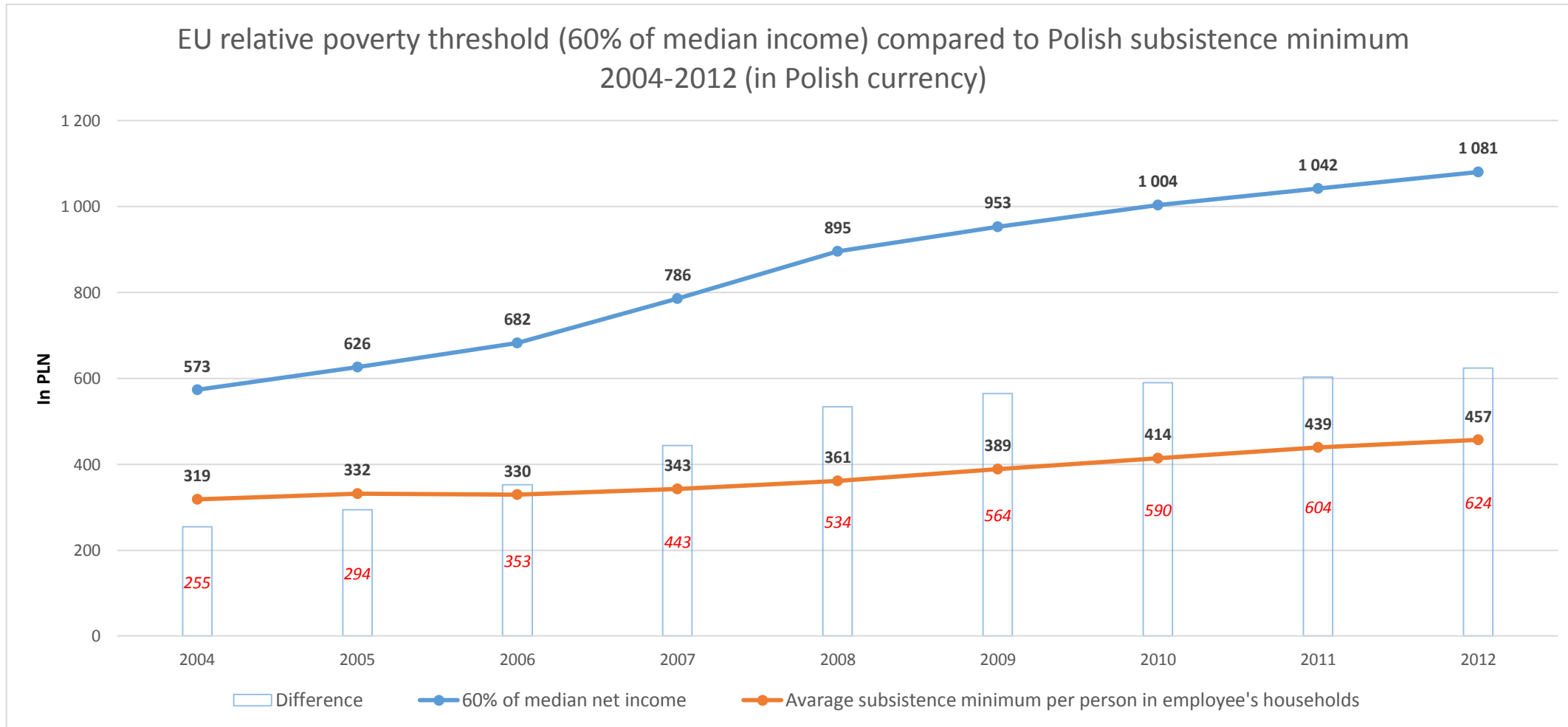




# Economic situation in Poland and Lithuania 2005-2013: employment growth



# EU relative poverty threshold vs Polish subsistence minimum

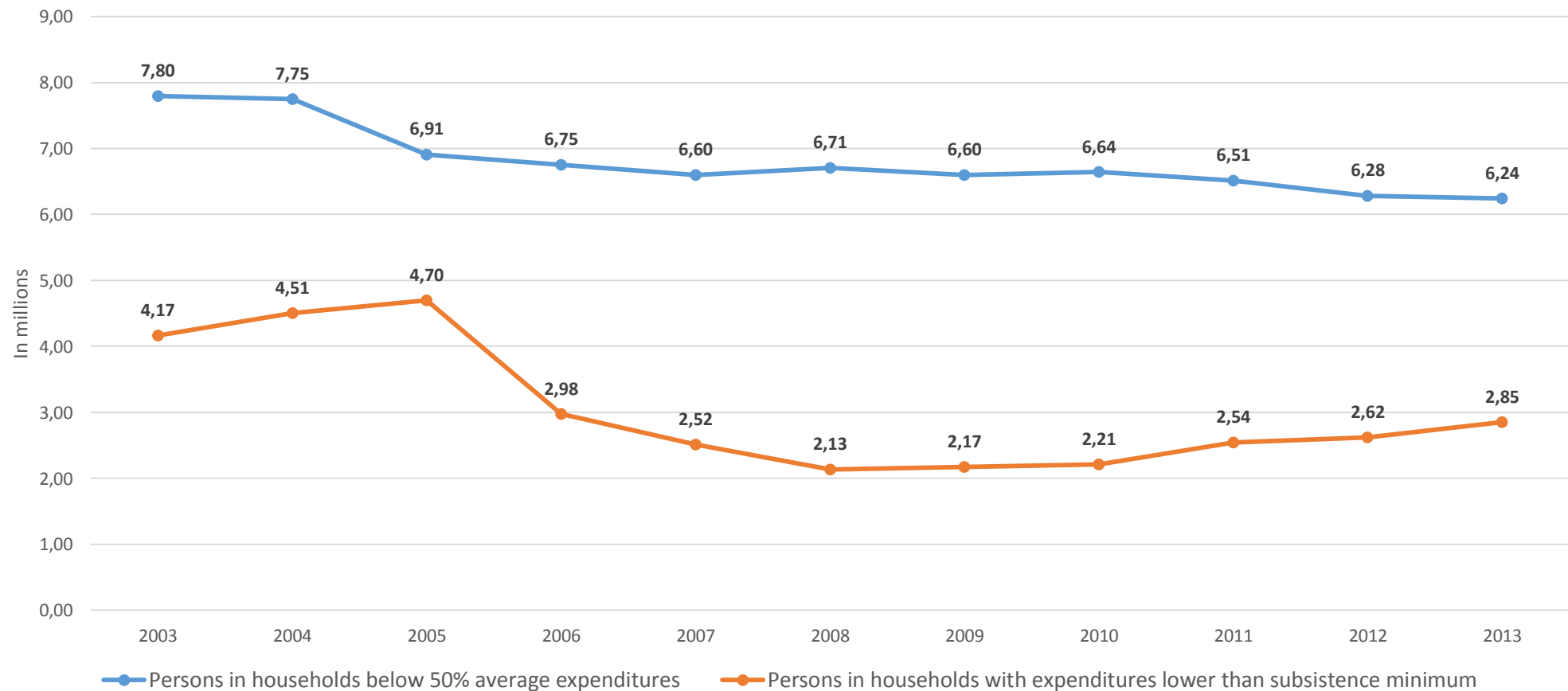


1081 PLN  
in June  
2012  
approx.  
251 EUR  
861 LTL

457 PLN in  
June 2012  
approx.  
106 EUR  
366 LTL

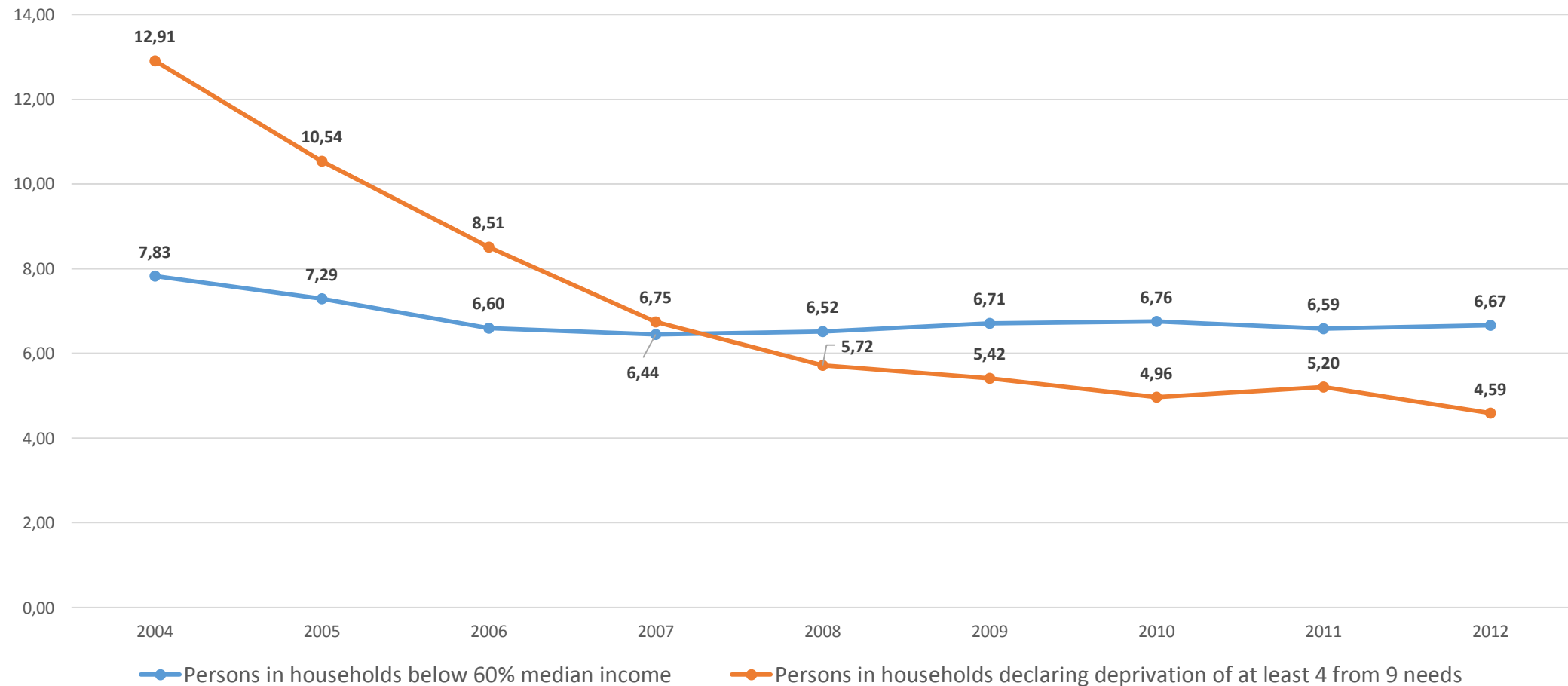
# Poverty in Poland 2003-2013: Polish methodology

Number of persons in relative and absolute poverty (in millions, Polish methodology)

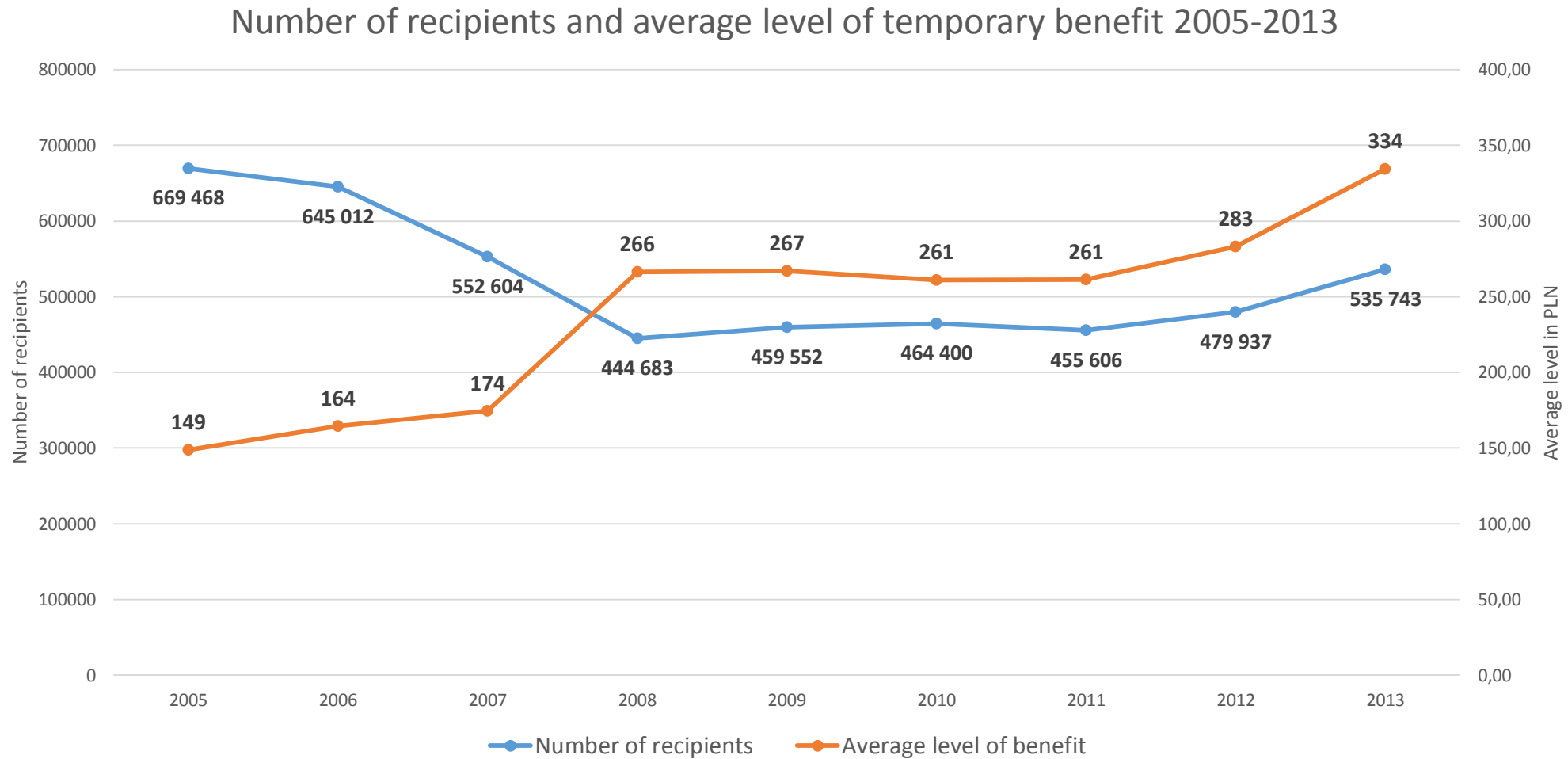


# Poverty in Poland 2004-2012: EU methodology

Number of persons in relative poverty and severe material deprivation in Poland (in millions, EU methodology)

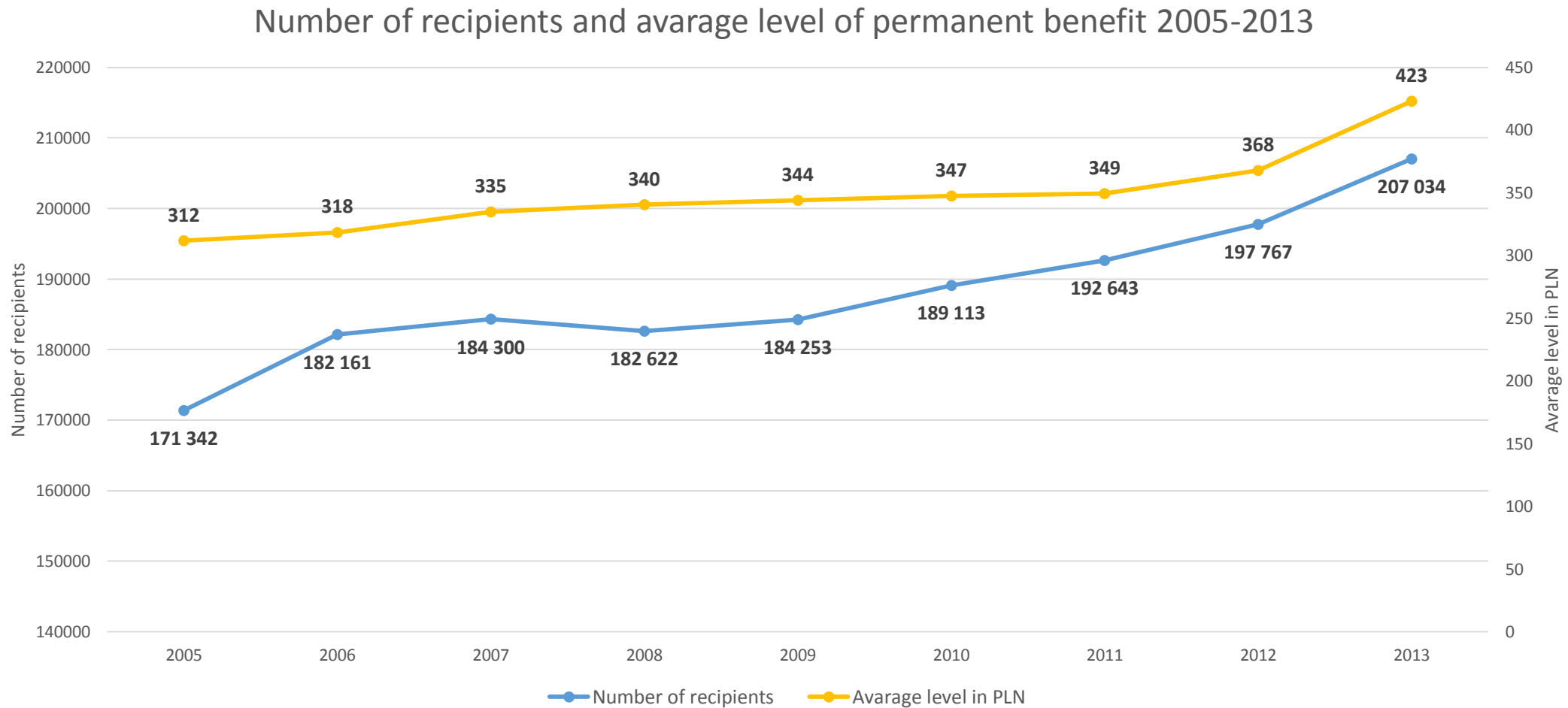


# Temporary social assistance benefit: recipients and level



334 PLN in  
June 2013  
approx.  
78 EUR  
269 LTL

# Permanent social assistance benefit: recipients and level



423 PLN in  
June 2013  
approx.  
99 EUR  
341 LTL

# Persons in absolute poverty and receiving permanent and temporary benefits

Number of persons in families in absolute poverty and number of persons in families of recipients of temporary and permanent benefits 2005-2013

