The social assistance system in Poland and its financing in 2015-2018 as a factor of the stabilization of the socio-economic policy of the state in turbulent conditions

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Abstract

Most developed countries in the world strive to provide their citizens with adequate living conditions and ensure a high level of social security. This security system also includes social assistance, which is the last level of state policy in supporting its citizens who find themselves in a difficult life situation. Apart from fulfilling a protective role, the social welfare system also plays a stabilizing role in the socio-economic policy of the state. Problems related to the social system and financial resources allocated to their functioning from the state budget are the subject of many scientific publications around the world. Meanwhile, in Poland, there are few scientific publications on the effectiveness and financing of expenditure for social purposes, including the social assistance system. Identifying the level of financial resources allocated to the social assistance system may be the first step to rationalizing the system of financial transfers from the state budget. The article aims is to identify the level of budgetary expenditure allocated in Poland in 2015-2018 to the social assistance system. The analyzes carried out indicate that in the period 2015-2018, budget expenditure on the social assistance system and supporting families increased. In 2018, these expenses accounted for as much as 12.7% of the total state budget expenditure. There is a noticeable tendency consisting of reducing financial resources allocated to social assistance while increasing budgetary transfers directed to families with children - government’s “Family 500+” program.

Keywords: social assistance system, social expenditures, Poland.

Introduction

Most of the developed countries in the world strive to provide their citizens with adequate living conditions and a high level of social security. We can define social security as the entirety of measures and activities of public institutions with the help of which society tries to protect its citizens against insufficiency through no fault of their own and the inability to meet justified basic needs (Piotrowski 1966, p. 28). This form of supporting one’s own citizens should be directed, in particular, to the most economically and socially weakest individuals who, without the support of the state, will be pushed to the margins of social life and will be deprived of chances for a successful life. The ideas of the state policy relating to the social security of citizens in Poland can be presented in the figure below.

Table 1 – State social policy – areas of activity and implementation instruments

<table>
<thead>
<tr>
<th>Areas of activity</th>
<th>Implementation instruments</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Social security (health, social security, social assistance)</td>
<td>- Legal (laws)</td>
</tr>
<tr>
<td>- Education</td>
<td>- Financial (budget and funds)</td>
</tr>
<tr>
<td>- Job</td>
<td>- Organizational</td>
</tr>
<tr>
<td>- Housing</td>
<td></td>
</tr>
<tr>
<td>- Dialogue</td>
<td></td>
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</tbody>
</table>

Source: Auleytner 2017, p. 6
The social security of citizens includes the state policy in health, social insurance, and social assistance. It can be assumed that the last level of state policy in the field of social security is the social welfare system, which aims to provide support to people in a difficult life situation and who cannot cope with a difficult life situation using their own resources and strength (Art. 2, the Act of 12 March 2004 on social assistance). In addition, the social welfare system should strive to solve social problems that arise in a given country, e.g. by using the so-called transfer payments. This means that the state is the most important agent initiating the resolution of social problems.

In addition to performing functions related to social security, the social assistance system should also play a stabilizing role in the socioeconomic policy of the state, especially in the conditions of the economic downturn.

The economic development of a country, regardless of whether it is a market or centrally planned economy, is not constant. As shown by the previous experience, aggregate variables, among others such as production, employment, investments do not grow steadily, they are subject to periodic fluctuations. In economics, these periodic changes in economic activity are called business cycles and occur in every economy, regardless of the level of its development or the mechanisms of supervising economic processes. Classically, each business cycle consists of four successive phases: crisis, depression (stagnation), recovery, and prosperity. Despite many years of scientific research, it has not been possible to identify mechanisms that would allow to effectively stabilize the amplitude of business cycle fluctuations. Each of the cycles consists of specific sub-periods (phases).

When the economy is in the business cycle phase, referred to as “the peak of good economic conditions” or possibly during the “improvement” phase, GDP growth and an increase in the demand of enterprises for labor begin to occur, which is caused by an increase in production, consumption, and prices. Employers needing new employees, according to the theory of labor market segmentation (see i.a. Piore 1980; Wachter 1974; Cain 1976; Gittleman & Howell 1993), agree to employ the so-called “secondary workers”, i.e. units with low qualifications or lower productivity (e.g. beneficiaries of social benefits or people with disabilities), because they treat these units as a specific reserve of labor resources, which they reach when the supply of “primary workers” is reduced or exhausted. In such a situation, the state may reduce transfer expenses and redirect them to other tasks. On the other hand, if the economy is in the “collapsed” or "bottom of the crisis" phase, the demand for work of these people decreases. In phases of economic decline, lower production leads to less employment, and there is an increase in the number of jobseekers, creating a stock of “primary workers”. This leads to a situation in which employers are not interested in employing less efficient employees because they can always reach for the supply of highly qualified employees. In such a situation, “secondary workers” are dismissed from work. In an efficient state, social transfers are then increased and the basic needs of disadvantaged individuals are covered. However, the social welfare system should not only be limited to the payment of financial benefits to people in need, but also undertake activities aimed at, for example, improving the professional competencies of the beneficiaries of social benefits, achieving social and professional independence, and the transition from the group of “secondary workers” to a group of “primary workers”. Such activities mean that an efficiently operating social welfare system could partially stabilize the level of social spending of the state, make it independent of the phase of the business cycle and, at the same time, combat social problems. On this basis, it can be formulated that the social welfare system may constitute one of the essential elements of stabilizing the economic and social policy of the state, especially in conditions of turbulence and economic downturn. The goal of any state aiming at ensuring an adequate level of social security for its citizens should be to construct...
such a social assistance system that will be efficient and effective and at the same time will not be too heavy a burden on the state budget.

Problems related to the social system and funds allocated from the state budget for their functioning have been the subject of numerous analyzes, reports, and scientific publications in many countries around the world (see i.a. Minas 2010; Hölsch & Kraus 2006; Dobre-Baron & Edelhauser 2010; Poliakova & Reut 2008; Erbenova, Sorm & Terrell 1998; Mistre & Dobele 2010). Interest in this subject is intensified in a situation where the budget of a given state is tight, and at the same time, acute social problems arise, which the government cannot ignore, and which increase the number of recipients of social benefits and increase the costs of maintaining the social assistance system. In many countries around the world, decision-makers or political parties seek to “optimize” social spending and often reduce budget transfers allocated to the social welfare system (see i.a. Changsheng, Xiaodong & Yufeng 2008; de Andrés-Sánchez, Belzunegui-Eraso & Valls-Fonayet 2020; Danilina, Gaifutdinova & Kuznetsof 2015). Meanwhile, in Poland, there are few scientific publications on the effectiveness and financing of expenditure for social purposes, including expenditure on the social welfare system. The main interest of the authors was to diagnose the social condition of the society and its structure, and to “techniques” for solving social problems, and not to finance activities related to the social policy of the state (Auleytner 2017, p. 6). The rudimentary reflection on the financing of the state’s activities in the social sphere makes.

Because the importance of the social welfare system has already been signaled in the socio-economic policy of the state, it becomes necessary to determine the number of financial expenses incurred by the state for this purpose in Poland. Presenting the entirety of financing the activities of the Polish state for social purposes is a difficult task that cannot be accomplished in such a short scientific text. The purpose of this article is much more modest, i.e. to identify the level of state financial expenditure on the social welfare system in Poland in 2015-2018 and to determine whether these expenditures have a growing or decreasing tendency. Identifying the level of financial transfers allocated to the social welfare system may be the first step to a closer look at the system of transfers from the state budget, which are important in the actual shaping of social relations (Szumlicz 2014).

Material and methods

For this article, an analysis of the existing documents was carried out, i.e. legal acts that regulate expenditure from the state budget for the social welfare system and other tasks in the field of social policy (including the Ordinance of the Minister of Finance of March 2, 2010, on the detailed classification of income, expenditures, revenues, and expenditures as well as funds from foreign sources and the Regulation of the Minister of Finance of July 25, 2016, amending the regulation on the detailed classification of revenues, expenditures, revenues and expenditures as well as funds from foreign sources). Statistical data was also analyzed, which allowed for the determination of financial expenditure on social assistance in 2015-2018 and came from the reports of Statistics Poland entitled Social assistance, child and family services. Financial resources spent on the social welfare system were converted into euro according to the course: 1 € = 4.48 PLN.

Results and discussion

In Poland, the main legal document regulating the shape of the social assistance system, the catalog of assistance benefits, and the rules for granting them is the Act of 12 March 2004 on social assistance, which takes into account the three-tier territorial division of the country. The tasks of social assistance are carried out by the local government at the
level of communes, poviats, and voivodships, as well as by the government administration, most often commissioning them to the appropriate levels of local government. This means that social assistance tasks are divided into own tasks (financed from local budgets) and commissioned tasks (financed by the state budget, voivodes, voivodship self-government, and the minister responsible for social security). The implementation of these tasks rests with the commune, poviat, and voivodeship self-governments (for more see, e.g. Frączek 2020).

Detailed aThe analysis of the general state expenditure on the social welfare system in Poland in 2015-2018 presents some difficulties. They are mainly caused by the fact that during this period the expenditure on social assistance was recorded in various sections of the state budget classification. Therefore, the best way to analyze these budget expenditures is to present them in two parts, i.e. in 2015 and in 2016-2018 (see Table 2).

The total expenditure from the state budget on the social welfare system in Poland and other tasks in the field of social policy in the period 2015-2018 is presented in the table below.

Table 2 – Expenditure from the state budget on the social assistance system in Poland in 2015-2018 by budget classification divisions (in € and %)

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016 *</th>
<th>2017 ***</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>in million €</td>
<td>% of total state budget expenditure</td>
<td>in million €</td>
<td>% of total state budget expenditure</td>
<td>in million €</td>
</tr>
<tr>
<td>Total expenditure - social assistance and other tasks in the field of social policy</td>
<td>4,144.87</td>
<td>5.6</td>
<td>8,776.79</td>
<td>10.9</td>
</tr>
<tr>
<td>Expenditure on social assistance (budget classification - division 852</td>
<td>3,277.90</td>
<td>4.4</td>
<td>7,641.52</td>
<td>9.5</td>
</tr>
<tr>
<td>Expenditure in department 853 - other tasks in the field of social policy</td>
<td>866.96</td>
<td>1.2</td>
<td>1,135.27</td>
<td>1.4</td>
</tr>
<tr>
<td>An increase in division 852 compared to the previous year</td>
<td>40.18</td>
<td>0.49</td>
<td>4,363.62</td>
<td>133.1</td>
</tr>
<tr>
<td>Expenditure per 1 inhabitant of Poland in division 852 / in € /</td>
<td>85.27</td>
<td>from 2017 in section 855 “Family” expenditure on the 500+ program</td>
<td>8,770.31</td>
<td>10.5</td>
</tr>
<tr>
<td>Expenditure per 1 inhabitant of Poland in division 853 / in € /</td>
<td>22.54</td>
<td>3,884.82</td>
<td>1,979.46</td>
<td>2,061.38</td>
</tr>
<tr>
<td>Actual expenditure at 502 minus 500+</td>
<td>3,756.70</td>
<td>198.88</td>
<td>27.23</td>
<td>26.56</td>
</tr>
<tr>
<td>Real amounts without spending on benefits 500+ / in € /</td>
<td>97.77</td>
<td>24.11</td>
<td>27.01</td>
<td></td>
</tr>
</tbody>
</table>

Euro exchange rate: 1 € = 4.48 PLN (29/05/2021)

* 2016 a significant increase in expenses is due to the introduction of the child benefit (500+), which became operational on 1 April 2016.

** in 2016, in section “852- Social assistance”, chapter 85211 Child benefit was introduced, which includes income and expenses related to the implementation of the 500+ benefit addressed to families.

*** in 2017, there were significant changes in the records of state budget expenditure in sections related to social assistance and family support. As a result of the changes, the Family 500+ child benefit was included in the new section "855 Family".
In 2015, total expenditure on social assistance and other tasks in the field of social policy amounted to € 4,144 million, which accounted for 5.6% of the total state budget expenditure. In section "852 - social assistance", the expenditure amounted to EUR 3,277 million (4.40% of the total state budget expenditure), and in the section "853 - other social policy tasks", EUR 866 million (1.2% of the total state budget expenditure). In 2015, expenditure in the budget in section "852 social assistance" compared to 2014 increased by € 40 million. In the following years of the analyzed period, an increase in expenditure on the social assistance system in Poland was recorded.

In 2016, the state budget in Poland recorded a significant increase in expenditure on the social welfare system and family support, which was mainly because on April 1, 2016, the child benefit (500+) was introduced. Expenditure in 2016 on social assistance and supporting families amounted to € 8,776 million, which accounted for 10.9% of the total state budget expenditure. In 2016, the state budget spent € 3,884 million on the 500+ child benefit alone, and € 3,756 million on the social assistance system (section 852). This means that expenditure on social assistance in 2016 slightly increased compared to 2015 (expenditure in "budget section 852" - 2015: € 3,277 million against 2016: € 3,756 million). In 2017 and 2018, Poland recorded another increase in total expenditure from the state budget allocated to the social assistance system: 2017 € 10,749 million (12.8% of total state budget expenditure), 2018 € 10,958 million (12.7%). However, spending strictly on social assistance increased only slightly: headings 852 and 853 2017: € 1,979 million and 2018: € 2,061 million. An upward trend was also noted in the budget section "855 Family", i.e. 500+ child benefit - 2016: € 3,884 million, 2017: € 8,770 million, 2018: € 8,897 million. The presented figures show that in the analyzed period there was a decrease in expenditure from the state budget per capita in the field of social assistance (2015: section "852 Social assistance" € 85.27 and section "853 Other tasks in the field of social policy" € 22.54; the year 2018: section "852 Social assistance" € 26.5 and section "853 Other tasks in the field of social policy" € 27.01). A disturbing trend in Poland may be the continuous increase in budget expenditure allocated to the social welfare system and family support. In 2015, the total expenditure from the state budget for social assistance and supporting families accounted for 5.6% of all budget expenditure, while in 2018 it was already 12.7% of all expenditure from the state budget.

In Poland, tasks in the area of social assistance are also implemented and financed at the level of local government units (communes, poviat, self-government voivodships). As in the case of the state budget, expenditure on the social assistance system is carried out in the sections of the budget classification "852 Social assistance", "853 Other tasks in the field of social policy" and, from 2017, "855 Family". These tasks result mainly from the Act on social assistance and are carried out as part of own tasks and commissioned tasks. Own tasks are financed from the own resources of local government units (it is possible to receive targeted subsidies from the state budget for their co-financing), while financial resources for the implementation of commissioned tasks are provided by the state budget in the form of subsidies (see table 3).

Table 3 – Expenditure from the budgets of local government units on the social welfare system in Poland in 2015-2018 by budget classification departments (in € and%)

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016 *</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>in million €</td>
<td>% of total budget expenses</td>
<td>in million €</td>
<td>% of total budget expenses</td>
</tr>
<tr>
<td><strong>Expenditure of local government units</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>the total amount of realized expenses of local governments (including funds received from the state budget)</td>
<td>6,206.03</td>
<td>14.2</td>
<td>10,591.07</td>
<td>23</td>
</tr>
</tbody>
</table>

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In 2015, the total amounts of expenditure of local government units (mainly municipalities) allocated to the social welfare system (including funds received from the state budget) in sections "852 Social assistance" and "853 Other tasks in the field of social policy" amounted to €6,266 million and accounted for 14.20% of the total expenditure structure of local government units. In subsequent years, the expenditure of local government units increased and in 2018 reached the level of €12,862 million (22.2% of the total budget expenditure of local government units). The level of expenditure of local government units on the social welfare system per capita also increased, in 2015 it was €161.38 and in 2018 €334.82.

The presented figures show that in Poland in the period 2015-2018, budget expenditure on the social welfare system continued to increase. In 2018, these expenditures accounted for 12.7% of total state budget expenditures, and expenditures on social assistance tasks carried out at the level of local government units accounted for 22.2% of all expenditures of these units. In Poland, there is also a noticeable tendency in which fewer financial resources are allocated to the social welfare system, and the amounts of transfers from the state budget to the budget classification section "855 Family", i.e. de facto 500+ childcare benefits, are increasing.

Conclusions

The recapitulation presented in this article allows for the formulation of several conclusions regarding the financing of the Polish social welfare system and its significance for the socio-economic policy of the state.

The social welfare system should not only be limited to the payment of financial benefits to people in need who find themselves in a difficult life situation but should also support recipients of social benefits, e.g. in improving professional competencies and strive to achieve social and professional independence by these people. Actions undertaken within the framework of the social assistance system should aim at ensuring that the recipients of social benefits can be included in the labor market in the category of "primary workers". An efficiently operating social welfare system may constitute one of the essential elements of stabilizing the socio-economic policy of the state, especially in the event of an economic downturn. However, this system should not be too heavy a burden on the state budget.

The conducted analyzes made it possible to
notice that in Poland in the period 2015-2018, budget expenditures for the social welfare system and family support increased. In 2018, these expenses accounted for as much as 12.7% of the total state budget expenditure. There is a noticeable tendency consisting in reducing financial resources allocated to social assistance while increasing budgetary transfers directed to families with children - educational benefits, the so-called 500+. This direction of changes in the policy of the state seems to be wrong, as it leads to a departure from the state supporting only the neediest citizens. In Poland, the growing expenditure on social benefits gives rise to many doubts, related, for example, to their effectiveness and efficiency in the social and professional independence of people benefiting from social assistance.

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