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*Evaluation of the Family 500+ Programme: National and  
International Perspectives*

ABSTRACT

Adopted in April 2016 and then amended in July 2016, the Family 500+ programme is the controversial programme of Polish government, which actually supports all families with children by direct cash payments of PLN 500 without any income threshold. This article aims to evaluate the effectiveness of Family 500+ programme in accordance with its three declared goals, mainly to increase the fertility rates, to reduce poverty among families with children and to invest in families in general. The main research question is the following: does the Family 500+ programme reach its goals and at what costs? The hypothesis of the paper is built upon controversy regarding this programme, mainly a number of negative effects that might be caused by this initiative (e.g. a decrease in women's professional activity) and its non-justification (unfair distribution of resources and political motives). The research method of this paper consists of desk review of relevant data from the Central Statistical Office (GUS) and Eurostat, as well as a range of elaborations conducted by independent researchers.

This paper consists of three parts. The first one is devoted to an international perspective, where there is presented an overview of family and child benefits expenditures among European countries and their impact on fertility rates. The second part presents a full range of Polish family and child benefits and the place of the Family 500+ programme within this system. The third section evaluates the implementation of direct goals of the programme, as well as its "side effects". The conclusive part provides a summary, as well as further ideas regarding the programme improvement. The conclusions are still unclear. The first section proved that high child benefits do not guarantee high fertility rates and *vice versa*. The second part undermined credibility of the Family 500+ programme as a system of appropriate benefits with income threshold had already presented before. The third section contains a few conclusions: the first one is that there is no reason to argue that the Family 500+ programme increased Polish fertility rates; secondly, in addition to improving the economic situation of the poorest families with children, the lack of income threshold in the programme means unnecessary expenditures on families with good economic conditions; thirdly, an engagement of Polish women in labour market decreased since the implementation of the Family 500+ programme, which has negative effects on Polish economy.

**Keywords:** Family 500+ programme, child benefits, pro-family policy, social policy, Poland

## INTRODUCTION

The Family 500+ programme (*Rodzina 500+*) is the initiative of Polish government aiming to improve fertility rates in Poland by providing financial support for families with children. After taking office in November 2015, the Law and Justice political party led by the then Prime Minister Beata Szydło adopted the programme in February 2016. The programme entered into force on 1 April 2016. Initially, the programme supported families with two or more children, as well as families with one child whose annual income does not exceed PLN 800 or PLN 1,200 in a case of a child with disabilities. Starting from 1 July 2019, the childcare allowance is granted to every child up to the age of 18, regardless of the income earned by the family. According to the data provided by the Ministry of Family, Labour and Social Policy of Poland, in 2015, the total state budget expenditures on pro-family policies accounted for 1.78% of Polish GDP, while in 2017, this number had increased by 75% and reached 3.11% of GDP [Ministerstwo Rodziny i Polityki Społecznej 2019].

The Family 500+ programme aims to implement three basic goals: (1) to increase the number of births (the fertility rate increased from 1.29 in 2015 to 1.45 in 2017); (2) to reduce poverty, particularly among children (in 2015–2017, extreme poverty decreased from 6.5% to 4.3%) and (3) to invest in the families. “After the adopted amendments in June 2019, the programme will cover a total of 6.8 million children” – said the former Ministry of Family, Labour and Social Policy, Elżbieta Rafalska [Money.pl 2019].

The main aim of this research is to evaluate the results and effectiveness of the Family 500+ programme. I start from the international perspective of correlations between family benefits and fertility rates, then the research focuses on the Polish system of family benefits, and finally, I investigate the effectiveness of the Family 500+ programme.

The main research question (RQ) of this paper reads as follows: Does the Family 500+ programme achieve the set goals and at what cost?

To answer this question, the elaboration includes three supportive research questions:

(RQ 1) Does states’ expenditures for family benefits bring positive impact on fertility rates?

(RQ 2) How does the system of Polish family benefits look like?

(RQ 3) What are the effects of the Family 500+ programme?

The paper consists of three sections. The first part provides an international overview of correlations between expenditures on family benefits (especially child benefits) and fertility rates among the EU Member States, European Economic Areas (EEA) countries and the United Kingdom. The second section presents a range of available family and child benefits in Poland, including the 500+ benefit and benefits for single parents and children with disabilities. The third part evaluates results of the Family 500+ programme in terms of implementation of its direct goals and

so-called “side effects”, including reduction in women’s professional activity. The conclusive part provides answers to the above-mentioned research questions, as well as recommendations for the further programme implementation.

Methodology of this research is based on a desk review of a range of reports, the Central Statistical Office (GUS) data and Eurostat materials, as well as publicly available articles regarding the programme’s costs-benefits analysis. While the official governmental websites share with mostly positive outcomes of the programmes, I pay a particular attention to independent sources, critical materials and scientific elaborations conducted by professionals. Due to numerous controversies around the Family 500+ programme, I do my best to present an independent and comprehensive overview of its effectiveness.

#### FAMILY BENEFITS AND FERTILITY RATES AMONG EUROPEAN STATES

The Polish family support system is one of the most generous in the world. The Family 500+ child benefit programme absorbs around PLN 20 billion a year. According to the International Labour Organization (ILO), in average, most of states globally spend only 0.4% of GDP on child benefits. Excluding the Western Europe, there is hardly to name any country in the world where this support would exceed 1% of GDP. Besides the Old Continent, only a few wealthy states in the world, such as Australia, Israel or New Zealand, spend more than 2% of GDP on child welfare transfers [Lipka 2019].

According to the ILO research paper entitled *Social Protection for Children: Key Policy Trends and Statistics* [2015], a notable number of states (75 out of 183) do not provide any support for children at all. Those available, in most cases, are connected to employment or depend on parents’ income. It can be summarized that apart from European states and a few OECD countries, cash transfers to families with children are symbolic or even absent [Social Protection Department International Labour Office 2015].

Recent Eurostat data from 2017 demonstrated that Denmark, Luxembourg, Norway, Germany and Finland spent most on childcare. In all cases, this is more than 3.0% of their GDP. Nevertheless, if we will take into account only cash transfers, i.e. monthly or quarterly payments or those related to childbirth or low family income, only Luxembourg explicitly overcomes 2.0% of its GDP, mainly 2.4%. Rest of the states spend notable resources on in-kind assistance and services, but not on cash payments [Eurostat 2020a]. Figure 1 demonstrates expenditure on family/children benefits in 2017.

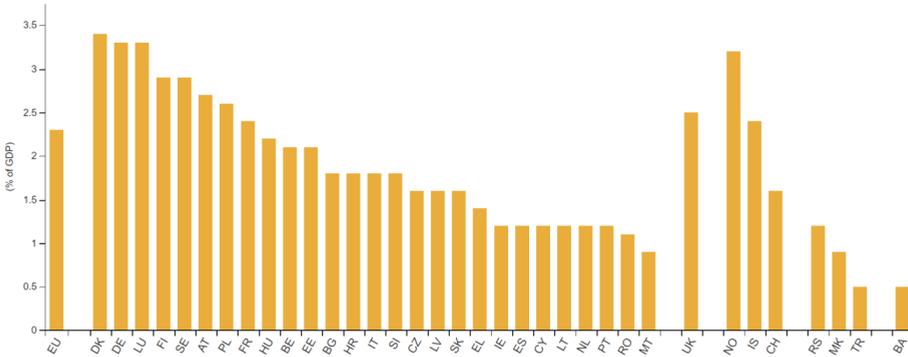


Figure 1. Expenditure on family/children benefits, 2017

Source: [Eurostat 2020a].

Totally, in 2017, the 27 EU Member States spent EUR 301 billion together on family benefits, which estimates 2.3% of EU GDP. This represented 8.6% of the total spent on social protection benefits in the European Union. The share of social protection expenditure on family benefits notably varies between Member States. It accounted for more than 15% of total social benefits in Luxembourg (15.3%), followed by Poland (13.4%) and Estonia (13.1%). The lowest shares were registered in the Netherlands (4.2%) and Portugal (4.9%). Figure 2 presents family benefits in percentage of total social protection benefits in 2017.

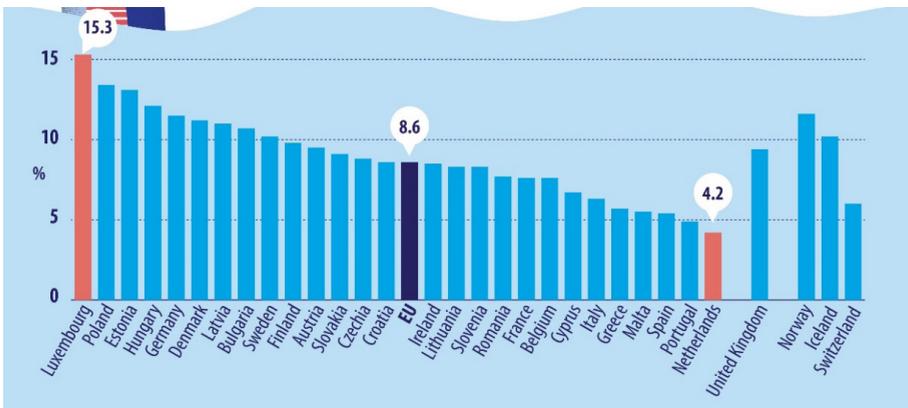


Figure 2. Family benefits (% of total social protection benefits, 2017)

Source: [Eurostat 2020b].

The annual family benefits expenditure per inhabitant was also highest in Luxembourg (EUR 3,100 per inhabitant), followed by Denmark (EUR 1,700), Sweden (EUR 1,400), Germany (EUR 1,300) and Finland (EUR 1,200). It is worth mentioning that the value is overestimated for Luxembourg compared with other countries, as a notable proportion of benefits are paid to persons living outside the country. In 2017, three countries had family benefits expenditure below EUR 200 per inhabitant: Romania (EUR 100), Bulgaria (EUR 130) and Lithuania (EUR 180). Figure 3 demonstrates family benefits expenditure in EUR per inhabitant in 2017.

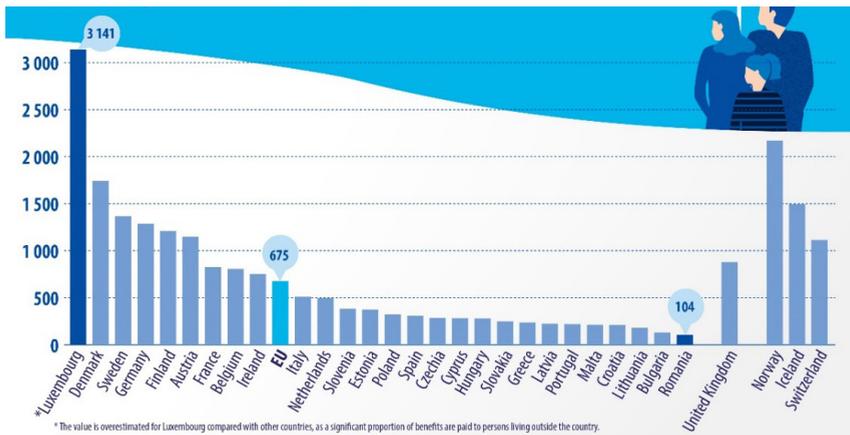


Figure 3. Family benefits expenditure (in EUR per inhabitant, 2017)

Source: [Eurostat 2020b].

Does family and child benefits constitute a successful tool to increase fertility rates in the EU and EEA countries? The further research investigates fertility rates among the EU Member States on the basis of the recent available data provided by Eurostat. In 2017, totally 5.075 million children were born in the European Union in comparison to 5.148 million in 2016. The total fertility rate in the EU stood at 1.59 births per woman in 2017, compared with 1.60 in 2016. The highest total fertility rate in the last decade was in 2010 when it reached 1.62, however, still below the replacement level, which is considered to be 2.1 live births per woman. Among the 5.075 million births, 45% concerned a first child, 36% a second child and 19% a third or subsequent child [Eurostat 2019].

In 2017, France (1.9 births per woman) was the EU Member State with the highest total fertility rate in the EU, followed by Sweden (1.78), Ireland (1.77), Denmark (1.75) and the United Kingdom (1.74). Inversely, the lowest fertility rates were observed in Malta (1.26 births per woman), Spain (1.31), Italy and Cyprus (both 1.32), Greece (1.35), Portugal (1.38), and Luxembourg (1.39) [Eurostat 2019]. Figure 4 presents the total fertility rate in the EU Member States in 2017.

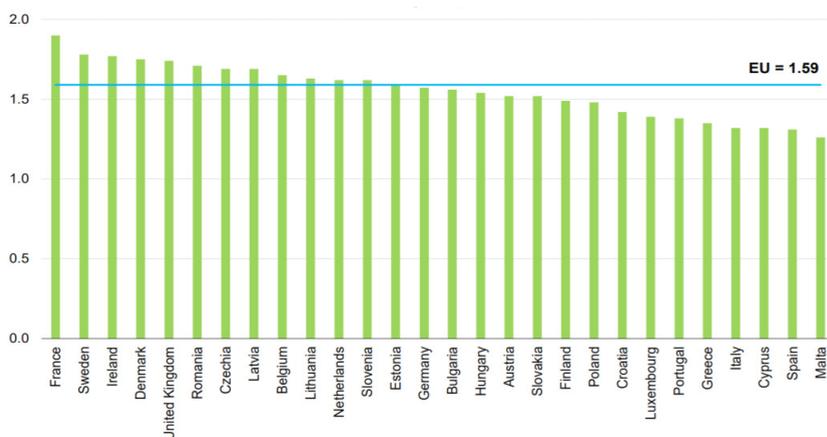


Figure 4. Total fertility rate in the EU Member States, 2017

Source: [Eurostat 2019].

Systems of child benefits in Europe vary from country to country. For example, in Austria, child allowances are available to all families holding resident status, regardless of income. They depend on the age of the child: up to the age of 3 – it amounts to EUR 114 per month, after reaching the age of 3 – EUR 121.9, after the child turns 10 – EUR 141.5, after reaching the age of 19 – EUR 165.1. When children reach the age of maturity, if they continue their education, they are entitled to the allowance even until the age of 25 amounting to EUR 155.90 per month. The allowance increases with the number of children. And so, in case of two children, it is EUR 7.1, for those having three children – EUR 17.4, four – EUR 26.5, five – EUR 32, six – EUR 35.7, seven and more – EUR 52. Moreover, from the age of 6 to 15, each child receives EUR 100 school layette every September [European Commission 2020a].

In Denmark, child allowances are available to everyone who lives in Denmark. The amount of the allowance depends on the age of the child. Children up to 2 years old are entitled to an allowance of DKK 4.596 (about EUR 535) per quarter; 3–6 years old – DKK 3.639 (EUR 467) per quarter, 7–14 years old – DKK 2.863 (EUR 368) per quarter, and 15–17 years old – DKK 954 (EUR 122) per month. The allowance is reduced if the annual family income exceeds DKK 800,100 (about EUR 100,000) [European Commission 2020b].

In Finland, every child covered by the Finnish social security system receives an allowance until he or she is 17 years old. For the first child, the parents receive EUR 100 per month, for the second – about EUR 111, for the third – EUR 141, for the fourth – EUR 162, and for every additional child – EUR 182. Lone parents also receive an allowance of EUR 46.79 per month. Instead of a maternity grant, Kela (Finnish Social Insurance Institution) provides mothers with a special maternity package, which includes, e.g. clothes for the new born babies, diapers, a set of bedding, feeding aids and condoms [European Commission 2020d].

In France, any family with at least two children is entitled to an allowance. It is paid until the child is 20 (in certain cases 21) years old. Monthly benefits for children depend on their number: EUR 132 for the second child, EUR 301.61 for the third and EUR 471 for each additional child. Parents with three children also receive high family allowances (EUR 169 to 203 per child) and special allowances for healthcare and school education. In France, a maternity grant amounts to EUR 927, while the adoption allowance is EUR 855.42 [European Commission 2020c].

To summarize the first section, I will provide a comparison of leading states in each of overviewed categories, where the first three categories concern expenditures on family benefits and the fourth one demonstrates outcomes of states' efforts presented as fertility rates (Table 1).

Table 1. Leading states in family benefits expenditures and fertility rates, 2017

States	Criterion
Denmark, Luxembourg, Norway, Germany, Finland	States with the largest share of GDP spent on child benefits
Luxembourg, Poland, Estonia, Hungary, Norway	States with the largest share of social protection expenditure on family benefits
Luxembourg, Denmark, Sweden, Germany, Finland	States with the highest family benefits expenditure
France, Sweden, Ireland, Denmark, the UK	States with the highest fertility rate

Source: Author's own study.

Denmark is the only country with the highest expenditures on child benefits and high fertility rates. On the one hand, it might be a sign that the Danish family benefit system works properly, however, on the other hand, we cannot claim that child benefits serve as the main factor while taking the decision regarding childbirth. Denmark is a country with high social standards, where child benefits might not play such an important role, while families feel economic security on daily basis. Besides high family benefits expenditures, Luxembourg does not succeed in fertility rate. There can be a range of reasons for such a situation, i.e. high living costs and a fact that Luxembourg allows their citizens and residents to receive child benefits even if their children do not live in Luxembourg. *Vice versa*, France is not a leader among states offering high child benefits, but it ensures high living standards and economic security, as well as provides a support for migrants and their children.

#### SYSTEM OF FAMILY BENEFITS IN POLAND

Poland offers a number of family benefits available for Polish citizens, residents and some special categories of foreigners. The further research presents a system of family benefits in Poland on the basis of information gathered from the official webpage of the Ministry of Family, Labour and Social Policy of Poland.

The system of Polish family benefits includes the following three types of benefits:

1. Family benefit with extra payments – the right to receive family benefit if the net monthly income of the family per person does not exceed PLN 674 (EUR 155) or PLN 764 (EUR 176) in a case of a child with disabilities. At the present time, the monthly family benefit estimates to:
  - PLN 95 (EUR 22) for a child aged 5 or younger,
  - PLN 124 (EUR 29) for a child aged between 5 and 18,
  - PLN 135 (EUR 32) for a child aged between 18 and 24 [Ministry of Family, Labour and Social Policy 2020].

A family which has the right to family benefit may also take advantage of extra payments to the family benefit depending on their individual situation. Such payments contain:

- a) a one-time childbirth grant – PLN 1,000 (EUR 230),
  - b) extra payment for bringing up children in a large family – PLN 95 (EUR 22) a month for the third child and each next child entitled to the family benefit,
  - c) extra payment for caring children during childcare leave – PLN 400 (EUR 92) a month during period of 24 months,
  - d) extra payments for education and rehabilitation of a child with disabilities – PLN 90 (EUR 20) a month for a child aged 5 or younger, or PLN 110 (EUR 22) a month for a child aged between 5 and 24,
  - e) extra payment for single parents – PLN 193 (EUR 45) a month per child, however, not more than PLN 386 (EUR 90) for all children; the payment is increased by PLN 80 (EUR 19) per child for children with disabilities, however, not more than by PLN 160 (EUR 37) for all children,
  - f) extra payment for the beginning of the school year – PLN 300 (EUR 69) per one child once a school year,
  - g) extra payment for children starting education outside of the place of residence – in the following situations:
    - the child or the studying person who has a certificate of disability or a certificate on the degree of disability resides in the locality in which the secondary or artistic school is located and in which the school and education obligations are fulfilled or in which a primary school is located – in the amount of PLN 113 (EUR 26) a month per one child, or
    - the child commutes from the place of residence to the locality in which the secondary or artistic school is located and in which the school and education obligations are fulfilled in terms of education which corresponds to secondary education – in the amount of PLN 69 (EUR 16) a month per one child [European Commission 2020d: 8–9].
2. Benefits related to childbirth – these benefits contain the following:
    - a) one-time support payment on the occasion of the birth of a child in the amount of PLN 1,000 (EUR 230) depending on whether the income crite-

- rion has been met – the criterion is PLN 1,922 (EUR 443) net per person in a given family – and on whether the woman has been under medical care from the 10<sup>th</sup> week of pregnancy until the date of childbirth,
- b) support payment which is granted under a resolution of the Commune (*gmina*) – paid from the own funds of the Commune. The Commune decides on whether it is going to pay out such benefits, sets out the criteria for obtaining the right to the payments and their amount,
  - c) parental benefit which is due to parents who cannot benefit from maternity benefit or maternity compensation due to their professional situation. This benefit is used by the unemployed, students and persons working under specific-task contracts. The parental benefit in the amount of PLN 1,000 (EUR 230) a month does not depend on the income criterion and is due for a period of one year (52 weeks) after childbirth, and may be extended to 71 weeks in the case of a multiple childbirth [European Commission 2020d: 8–9].
3. Care benefits – these benefits contain three types of benefits which are paid to persons who care for disable persons:
- a) attendance benefits – for parents who are not professionally active due to the necessity to support a person with disabilities who has become disabled before the age of 18 or while studying at a school or university, however, not later than after the age of 25. The attendance benefit does not depend on the income criterion and estimates PLN 1,583 (EUR 364) a month since 1 January 2019. Fees to retirement, disability and health insurance are also paid for a person who receives this benefit,
  - b) special care benefit – which is paid by Communes to the carers of adult disable persons who do not have the right to the attendance benefit and who are not professionally active due to the need to provide care for a family member with disabilities. This benefit depends on the income criterion amounting to PLN 764 (EUR 176) per family member – and is PLN 620 (EUR 143) a month. Contributions to retirement, disability and health insurance are also paid for a person who receives this benefit,
  - c) benefit for carers – which is paid by Communes to carers of adult disable persons who are not professionally active due to the need to provide care for a family member with disabilities. At present, the benefit may be received only by people who have obtained the right to benefit for carers for the validity period of the certificate on disability or certificate on the degree of disability in relation to the issue of a new certificate. The benefit for carers does not depend on the income criterion and estimates PLN 620 (EUR 143) a month. Contributions to retirement, disability and health insurance are paid for a person who receives this benefit [Migrapolis 2020].

Moreover, disable people have the right to an attendance payment which is a type of family benefits paid to people with disabilities and people aged 75 or older for

covering part of the expenses related to the need to receive care and assistance from another person. The payment does not depend on the income criterion and estimates PLN 184.42 (EUR 42) a month [Migrapolis 2020].

In 2016, in addition to the aforementioned benefits, the Family 500+ programme introduced a special child benefit in the net amount of PLN 500 (EUR 115) a month for the second and next child in the family. It is paid until the child has reached the age of 18 years. Starting from July 2019, this benefit is paid for all children in the family and regardless of the income criterion [European Commission 2020d].

The system of family benefits was developed by the possibility to grant an extra benefit for families from the Communal budget. On the basis of local needs of their residents, a Commune may decide, by way of a resolution, to pay family benefits. The decision regarding such an additional benefit and its amount is the exclusive competence of the Commune Council. The benefit is paid from the own funds of the Commune [European Commission 2020d].

People who have the right to receive maintenance payments from the other parent under an enforceable title issued or approved by the court may obtain payments from the Fund for Maintenance Payments (*fundusz alimentacyjny*), provided that enforcement of the title has proved ineffective. Payments from the Fund for Maintenance Payments are equal to the amount of the currently valid maintenance payments, however, not more than PLN 500 (EUR 115) a month. The right to payments from the Fund for Maintenance Payments is granted depending on whether the income criterion in the amount of PLN 725 (EUR 167) per family member is met [Ministry of Family, Labour and Social Policy 2020].

Starting from 1 March 2019, parents have a right to obtain the supplementary parental benefit, which is a special non-contribution benefit. The main aim of this kind of benefit is to honour the people who had resigned from a paid work because they decided to bring up a large family. Obtaining the right to the supplementary parental benefit does not require any earlier payments for social insurance. This benefit is financed from the state budget. The right to the benefit begins on the first day of the month in which the relevant decision was made, however, not earlier than on the day the retirement age is reached. The supplementary parental benefit programme covers mothers who gave birth to and raised at least four children, or to fathers who raised at least four children – if the mother died, abandoned her children ceased to bring up her children for a long period of time [Ministry of Family, Labour and Social Policy 2020].

If a person interested in the benefit already receives a benefit which is lower than the lowest retirement pension, the parental benefit will supplement the one already received to the amount of the lowest retirement pension – PLN 1,100 (EUR 253) as of 1 March 2019. For a person who does not have the right to any benefits, the amount of the supplementary parental benefit will equal the lowest retirement pension. The supplementary parental benefit is indexed annually.

The detailed overview of the social security system in Poland, in particular family and child benefits, demonstrates that besides the Family 500+ programme,

Poland has already a well-developed system of social support for each category of vulnerable people. The main feature of the Family 500+ programme is that there are no any income thresholds for those who would like to claim the right to receive the 500+ benefit. In fact, it means that this programme supports each Polish family with at least one child regardless of their actual needs.

## EVALUATION OF THE FAMILY 500+ PROGRAMME

### FERTILITY RATES

One of the declared goals of the Family 500+ programme is to increase fertility rates. In 2015, 369.3 thousand children were born, in 2016 – 388.3 thousand, in 2017 – 402 thousand and in 2018 – 388.2 thousand. In 2016, about 19 thousand more children were born than the year before, and in 2017 – the number increased by 14 thousand. In 2017, the fertility rate increased to 1.6, however, in the following year, the fertility rate decreased to 1.5. Figures in 2016 and 2017 were interpreted as the success of the Family 500+ programme, however, there are a few controversies related to this thesis [Główny Urząd Statystyczny 2019: 26].

First of all, many factors have changed in recent years that are relevant to procreation decisions, i.e. the length of childcare leave has been extended; a new parental benefit has been introduced as a kind of maternity benefit for unemployed people; income criteria for families have been changed, etc. Some of these changes significantly increased the level of people's economic and social security. Considering the full set of changes introduced in recent years and the fact that many programmes were introduced in parallel, it is impossible to distinguish the effects of one particular programme, which is the 500+ benefit [Magda et al. 2019: 5].

The second controversy is related to the full system of family benefits in Poland. On the basis of the latest data of children born, it can be concluded that the increase in the fertility rate was short-term. In the first half of 2019, more than 182 thousand births were registered, which is more than 11 thousand less than in the same period last year. These numbers, on the one hand, may result from the decrease in the number of women of procreative age, but, on the other hand, they take into account the realization of the postponed procreative plans by women from the baby boomers [Grzenda 2019].

Thirdly, looking at the experiences of other countries and the factors influencing decisions to have children, there is no way to attribute fertility to social benefits: the income situation is one of many reasons for deciding about a child. The feeling of financial security significantly exceeds the amount of PLN 500 per month. This feeling is rather connected with the situation on the labour market, including the chances of finding an attractive job and the amount of remuneration. In Poland, there has been a significant improvement in the situation on the labour market – employment

and unemployment rates, as well as the increase in salaries, prove that such a good situation has not been in the last two decades [Grzenda 2019].

Fourthly, a closer look at the Central Statistical Office's data on births in 2013–2017 shows that better birth statistics in 2016 and 2017 indeed may reflect the implementation of postponed procreation plans: the increase in the number of births concerned second and subsequent children in the same family. From 2014, the birth rate of women aged 25–29, 30–34 and 35–39 has been increasing, while a slight increase in the fertility rates at 20–24 and more noticeable among women aged 25–29 is a new phenomenon from 2016. The share of births by women with higher education remains high – in 2017 it was 51.7%. These data, therefore, indicate a continuation of the fertility changes observed since 2014, rather than new trends [Magda et al. 2019: 6]. Table 2 presents births by order and their dynamics in Poland in the period of 2008–2017.

Table 2. Births by order and their dynamics, Poland, 2008–2017

Selected indicators of fertility	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
First child (in thousands)	210.5	212.7	207.1	191.0	188.2	179.7	178.0	173.7	175.9	172.6
Second child (in thousands)	141.9	143.5	145.3	139.4	140.3	134.4	140.6	138.7	147.0	161.3
Third child (in thousands)	40.8	41.0	41.1	39.5	39.6	38.5	39.6	39.0	42.5	50.0
Fertility according to age (child birth per 1,000 women)										
20–24	61	59	56	51	51	48	48	47	48	51
25–29	96	96	95	89	89	86	88	88	92	99
30–34	73	74	74	71	71	69	73	74	79	86
35–39	28	30	31	30	31	30	31	32	34	37
40–44	6	6	6	6	6	6	6	7	7	7

Source: [Magda et al. 2019: 5].

The number of births depends on the intensity of births (fertility) and the size of the population of women aged 15–49 and their age structure, and in particular the proportion of women of the highest birth rate, i.e. 25–34 years old. The forecast of the population residing in Poland for 2015–2050, prepared by the Central Statistical Office, shows that the number of women of childbearing age (including the maximum fertility age) will systematically decrease: by 12% (and 14%, respectively) by 2020, by 36% (and 38%, respectively) by 2030. This change in the number of women will determine the future birth rate in Poland. The desired increase in fertility rate can only limit the expected decrease in the number of births [Magda et al. 2019: 6].

#### PROFESSIONAL ACTIVITY OF WOMEN IN POLAND AFTER THE CHILDBIRTH

Polish women, compared to other European countries, are characterized not only by low fertility rate, but also by low professional activity. The risk of limiting economic activity as a result of the introduction of the Family 500+ programme

mainly concerned mothers for two reasons: women in Poland have on average lower incomes (average wages of men are about 18% higher than women), and their temporary involvement in caring duties is on average twice higher. The effect of limiting labour market activity may be particularly strong among families with low incomes. In their case, an additional disincentive to work was the rigid threshold of first child benefit entitlement before 1 June 2019, which reduces the financial attractiveness of employment [Grzenda 2019]. Figure 5 demonstrates the fertility rate and professional activity of women in Poland in 1988–2018.



Figure 5. Fertility rate and professional activity of women in Poland, 1988–2018

\*blue columns represent professional activity rate of women in 15–39, red line presents fertility rates

Source: [Grzenda 2020].

It is estimated that within one year from the beginning of the first payments under the Family 500+ programme (i.e. by mid-2017), about 91–103 thousand women with one or two children withdrew from the labour market. This means that the gap in economic activity between women with and without children increased by about 2.4% only as a result of the Family 500+ programme. In the initial stage the effect was stronger among women living with spouses/partners. In 2017, this tendency also appeared among single mothers. Stronger changes concerned women with a lower level of education and those living in smaller towns. The withdrawal of women from work took place during a period of very good situation on the labour market, decreasing unemployment and rising wages [Magda et al. 2018: 5–7].

In the case of women who are members of households with one child under 18 and do not receive the 500+ benefit, the economic activity rate was 84.4%, the em-

ployment rate was 83.2%, and the unemployment rate was 1.5%. For women who are members of households with one child under 18 and receive these benefits, the values were respectively: 52%, 48% and 7.9% [Magda et al. 2018: 5–7]. The results are worrying, as having a job alongside parenting is the main factor in women’s procreation decisions. I argue that a lack of women professional activity, as a “side effect” of the Family 500+ programme, may lead to the lower birth rates and increase of poverty in households with children, which contradicts what has been achieved so far through this programme.

DECREASE IN POVERTY OF POLISH FAMILIES

After the introduction of the Family 500+ programme, the rate of extreme poverty among families dropped by 21%, while that of children under 18 – by 41% (i.e. from 7.6% to 4.5%). The rate of extreme poverty in families with three and more children decreased by almost half (from 13.8% in 2015 to 7.4% in 2017) according to the Central Statistical Office. The benefit under the Family 500+ programme was one of the main factors that contributed to the decrease in extreme poverty in families with children. Figure 6 demonstrates the dynamics of positive change of percentage of extremely poor families in Poland in 2015, 2016 and 2017 [Magda et al. 2019: 18].

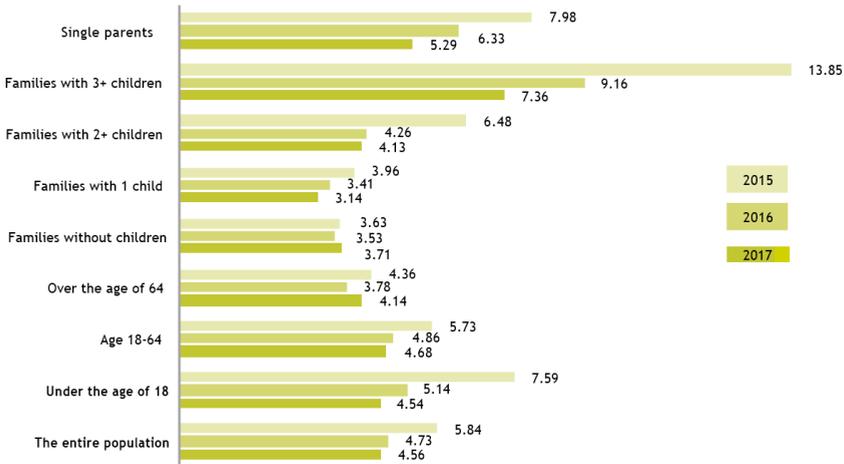


Figure 6. Percentage of extremely poor families in Poland in 2015, 2016 and 2017

Source: [Magda et al. 2019: 9].

One of the numerous controversies regarding the Family 500+ programme is its effectiveness in the redistributive sense. Around 37% of the total budget of the programme goes to the (relatively) poor families, thus, only 12.4% of the total annual cost of the programme would be needed to alleviate extreme child poverty. This result

shows that the total elimination of extreme child poverty can be achieved by spending about 1/8 of the amount currently spent. The fact that the benefit also goes to people with a relatively high level of consumption (e.g. more than PLN 2,000 per month per household member) generates unnecessary expenses of about PLN 1.5 billion per year. The problem of fair redistribution still leaves a big question regarding fairness and effectiveness of the programme [Magda et al. 2019: 18].

## CONCLUSION

The conclusive part separately summarizes each of the sections by indicating the main points of analysed data. The first section provided the international overview of the expenditures on family benefits and fertility rates in the EU Member States and EEA countries. It showed that Poland, alongside Denmark, Luxembourg, Norway and Germany, spent one of the biggest shares of GDP on child benefits in 2017, mainly 2.6%. Nevertheless, in opposition to France and Sweden, Poland does not take a leading position among the countries with the highest fertility rates in the EU and EEA. I believe that the main reason behind this phenomenon is that due to high migration flows (and children born by migrants), positive economic situation, good infrastructure (child education and child healthcare) and many other positive factors, these countries are enjoining high fertility rates. It shows that to make a decision to have a child, family and child benefits are not enough. A comprehensive solution is required, not a single cash benefit.

The second part presented the system of Polish family benefits. I argue that the Family 500+ programme needs a high level of coordination with other family benefits. Moreover, it requires better redistribution among single parents and families with disabled children. Spending PLN 22 billion a year on the 500+ benefit means that these funds cannot be used in other areas of public policy, e.g. child healthcare and education. Researching the system of Polish benefits, I found it quite developed, thus, there is a suspicion that the Family 500+ programme might have rather a political character. It should be emphasized that the recently proposed extension of the programme, introducing full universality of the service, also took place without a discussion of the goals that guide it. Moreover, the Polish government plans to spend an additional PLN 22 billion a year without even broadening the expectations of the introduced change.

The third section showed the results of the Family 500+ programme. Indeed, this programme improved the quality of life of many families, but there is no reason to argue that thanks to it, fertility increased significantly and permanently. We can observe slight fluctuations in the Polish fertility rates – sometimes positive, sometimes negative. Due to a long list of factors effecting the decision to have a child, I cannot objectively evaluate the real impact of the Family 500+ programme. Nevertheless, the economic situation of Polish families and fertility rates have notably improved since

the introduction of the Family 500+ programme, thus, to some extent, it demonstrates the programme's success. One of the "side effects" of the programme is that the share of women in the Polish labour market had significantly decreased. In my opinion, to overcome the negative effects of the Family 500+ programme, the Polish government needs to propose a coherent system of family benefits, as well as income threshold and the requirement to be employed while receiving the 500+ benefit.

Moreover, I would like to present a further range of recommendations how to improve the implementation of the Family 500+ programme. First of all, the Polish government needs to present more precise goals of the programme and indicators tracking them. Both the decision to introduce such a programme and then to abolish the income threshold for the first child need to be based on solid professional research and real needs of Polish families. Around PLN 22 billion a year from Polish taxpayers cannot be wasted and cannot serve as a political tool to maintain and gain a larger electorate.

According to this research, the majority of funds from the Family 500+ programme is concentrated in families with good economic conditions, who actually do not need this money. Furthermore, we cannot be sure how parents will spend direct cash benefits. Instead, the state government could invest this money in child healthcare or education. Cash benefits are dangerous themselves, because they might be treated as the main source of livelihood, thus, families will give birth to children to increase their revenues, but will not take good care of them. This tendency is very common among Polish families with a range of alcohol and drug addiction problems, extreme poverty, etc.

Considering the negative effects of the Family 500+ programme on professional activity and the persistently low employment rates of women, it is necessary to increase the emphasis on the effectiveness of labour market policies. The proposed activities include not only more integrated initiatives supporting the return to the labour market (including intensive career counselling and psychological support), but also support for educational activity (training, study subsidies and childcare subsidies for education).

Moreover, women with higher education, who already give birth to their children, expect the popularization of part-time work, flexible forms of childcare (improving the functioning of the day-care institution, facilitating the functioning of quasi-home nurseries), a flexible approach to taking advantage of parental and childcare leaves (e.g. using some of them without losing financial benefits) or sick leave for childcare (e.g. easier sharing between both parents or partial use). Looking at the experiences of other countries, such activities – integrated with the promotion of fathers' involvement in childcare and reducing the asymmetry in the division of care and household responsibilities between mother and father – may have a much greater impact on fertility (especially in the case of a decision about the first child) than the Family 500+ benefit itself.

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## BIOGRAPHY

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