



## THE COSTS FOR ENTREPRENEURS EMPLOYING PEOPLE WITH DISABILITIES IN POLAND

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### ABSTRACT

The article presents the costs that are incurred to support the employment of people with disabilities in the Polish system of vocational rehabilitation and employment. Employment support system includes the following elements: subsidies to salaries of disabled employees, the refund of additional costs of employing disabled workers, assistance in adaptation and supplying equipment for the workplace and the refund of salary of the employee helping a person with a disability at work. All this generates high financial costs of the system. This is mainly due to the very nature of the disability, which generates additional costs. Without adequate support people with disabilities can not cope in the labour market, and employers will not be interested in employing such workers. Note, however, that the balance of costs and benefits of professional activation of the disabled takes a positive value most often. Working person with disability is simply "cheaper" than the unemployed, who gets a pension, if only because they pay income tax on their earnings, buy more products and therefore pay more VAT, pay rent for their apartment and what is important they are involved in social life. In addition, the economic analysis of the costs incurred in the system allows to look at the facts and phenomena occurring and to determine their causes, particularly the low activity of people with disabilities. Furthermore, on the basis of cost, especially when compared with the effects, one can make an initial assessment of the system.

### Indexing terms/Keywords

People with disabilities; employment; costs; market place

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## INTRODUCTION

Disability should also be considered in economic terms, both in the individual and the public dimension. Professional activation, support for the disabled in the labour market, financing the salaries of employees with disabilities generates financial costs of the system. An economic analysis of the costs incurred in the system allows us to get to know the facts and phenomena occurring and to determine the cause of these phenomena and facts, especially the low activity of people with disabilities. Moreover, based on costs, especially when compared with the effects, one can make an initial assessment of the system.

## SYSTEM OF SUPPORTING EMPLOYMENT OF PEOPLE WITH DISABILITIES

The provisions relating to incapacity for work and disability do not limit to those meeting the conditions set out therein the right to work in Poland. Indeed, this would be inconsistent with the Constitution, which guarantees everyone the freedom of occupation and place of work (Article 65). Even the recognition of a person as a person totally unable to work does not mean that they can not be employed or perform work on the basis of civil contracts (mandate contract or contract for specific work). There are no obstacles for such persons, if they want to and are able to work, to do so in accordance with applicable law. But both employees and their future employers need to be aware of all the consequences of such decisions, including the impact of employment on the health of people considered to be unable to work.

Information about taking or continuing to work by a disabled person can have an impact (but not necessarily) on the decision of ZUS certified doctors or committees making decisions on disability. The disabled and their employers must be aware of this fact. However, any person who is receiving disability pension must face the consequences of continuing their payed work.

According to the rules in force from 1 January 1999, only those aged 60 years (women) and 65 years (men) and over can earn extra money without any restrictions. A pensioner can earn up to 70% of the average wage without any negative consequences as far as their pension is concerned. If pensioner's income is higher than 70% and lower than 130% of the average monthly wage for the previous quarter, the pension is reduced by the exceeded amount. Once the income is higher than 130% of the average monthly wage, the pension is suspended for the time of obtaining such income

According to the Act on rehabilitation of people with disabilities, their working time can not exceed 8 hours per day and 40 hours per week, and in the case of a person with a severe or moderate disability 7 hours per day and 35 hours per week. The disabled person can not be employed at night and overtime. These restrictions do not apply to persons employed as guardians and, if at the request of the them, preventive medical examiners or their doctors agree to that. A 15-minute break for rehabilitation or leisure is included in the working time of persons with disabilities.

A person with severe or moderate disability is entitled to additional vacation leave of 10 working days per calendar year. The first time they are entitled to have such leave is one year after they have been qualified as being disabled.

The employer is obliged at the request of the doctor to release a person with significant or moderate disability, with the right to full wage for up to 21 working days, to participate in a rehabilitation camp, however not more frequently than once a year. In this case, a disabled person loses the right to an additional 10-day vacation leave. The employer must also release the person with severe or moderate disability to take part in special research, medical or fitness improving treatments, as well as to obtain or repair orthopaedic equipment, if such activities can not be performed out of working hours. The employee is entitled to remuneration for this time. It is calculated as cash equivalent for vacation leave. These provisions apply to all disabled workers regardless of the type work place they are employed in.

The employer is obliged to respect the dignity and other personal interests of the employee. Therefore, no discrimination in employment because of disability, whether direct or indirect is acceptable. Discrimination is illegitimate deprivation or restriction of rights arising from the employment relationship or unequal treatment of workers on grounds of disability (...), as well as granting some employees fewer rights than other employees who are in the same factual and legal circumstances.

In any enterprise employing at least 25 people, based on full working time, 6% of the crew should consist of the disabled. This also applies to state and local government budgetary units, budgetary enterprises or auxiliary entities, cultural institutions and organisational units with the statute dealing with the protection of cultural property considered a historical monument. In case of state and private universities, higher vocational schools, teacher training schools and care, educational and social rehabilitation institutions, this indicator was set at 2%.

Employers who do not want to employ people with disabilities (or do not reach the indicated employment rates of people with disabilities) must pay obligatory contributions to the State Fund for the Rehabilitation of the Disabled (PFRON) in the amount equal to 40.65% of the average wage multiplied by the number of employees equalling the difference between the employment of the disabled ensuring the achievement of the employment rate and the actual employment of these people. This ratio (6%) is the average monthly participation of disabled people in overall employment in terms of full-time equivalent.

All employers reaching rates of employing the disabled defined in the Act on rehabilitation, as well as public and private non-profit entities, whose sole subject of business is social or therapeutic rehabilitation, education or social welfare of persons with disabilities are released from contributions to the Fund. Also employers conducting workshops that are in process of liquidation or bankruptcy, as well as diplomatic and consular offices and foreign representative ans missions are released from contributions to PFRON.



Those employing the disabled are entitled to monthly subsidy for the salary of the disabled employee paid by State Fund for the Rehabilitation of the Disabled, providing this employee has been included in the register of disabled employees run by the PFRON.

The employer can get funding to wages of the disabled persons employed with work contracts, and if the employer is operating protected workplace also wages of people with disabilities performing outwork - if their remuneration was fixed at least equal to the minimum wage - in relation to the contractors for whom outwork is the only source of income, half of the minimum wages - in relation to other operators, who are disabled within the meaning of the Act on vocational and social rehabilitation of disabled persons (prior to presentation of a decision on the degree of their disability).

The following employers are entitled to get subsidies:

- employing less than 25 people in terms of full-time equivalent,
- employing at least 25 people in terms of full-time equivalent, reaching the employment rate of disabled people in total of at least 6%,
- operating protected workplace.

The disabled worker is entitled to a maximum monthly wages subsidy amounting to:

- 1.800 zł – in case of severe disability;
- 1.125 zł – in case of moderate disability;
- 450 zł – in case of light disability.

The amount of subsidies can be increased by 600 zł in case of employment of people with disabilities suffering from mental illness (02-P), mental deficiency (01-U), pervasive developmental disorder (12-C) or epilepsy (06-E) and blind people (04-0, only for those with severe or moderate disability).

**Table 3. Amount of financial compensation for wages of disabled persons**

Degree of disability		
Sever	Moderate	Light
Disabled persons in general		
in zł		
1800,00	1125,00	450,00
<b>People with disabilities suffering from mental illness (02-P), mental deficiency (01-U), pervasive developmental disorder (12-C) or epilepsy (06-E) and blind people (04-0, only for those with severe or moderate disability)</b>		
in zł		
2400,00	1725,00	1050,00

Source: own study on the basis of the Act of 27 August 1997 Vocational Rehabilitation and Employment of Persons with Disabilities, Journal of Laws 1997, No. 123, item. 776, Art. 21, par. 2 a, 2 b.

Wage costs mean gross salary and the compulsory contributions to the pension, disability and accident insurance calculated from that salary financed by the employer and compulsory contributions to the Labour Fund and the Guaranteed Employee Benefits Fund.

One should remember that funding is state aid granted in accordance with Chapter I Art. 41 and Chapter III of Commission Regulation (EC) No 800/2008 of 6 August 2008 which declares certain categories of aid to be compatible with the common market in application of Art. 87 and 88 of the Treaty, the general regulation of the block exemption (Acts. Office. EU L.214 9.8.2008 r. P. 3) in relation to aid in the form of wage subsidies for hiring disabled workers. Subsidy may be granted together with other public funding, including support from the European Community, in respect of the same costs eligible for the aid, if the total amount of this aid will not exceed 100% of wage costs in the period for which people with disabilities were actually employed.

Subsidy for the salaries of disabled workers is treated as public aid for the employer and therefore entities applying for such funding submit information about state aid other than de minimis aid to PFRON.

## **THE PUBLIC COSTS OF VOCATIONAL ACTIVATION SYSTEM AND SUPPORT IN EMPLOYMENT OF PEOPLE WITH DISABILITIES**

The current system of employment support for people with disabilities is not affiliated with the social security system. Table 2 shows the amount of funds targeted to support people with disabilities of various degrees of disability depending on their labour market status and place of employment. The analysis takes into account only obligatory support granted without a time limit for employing persons with disabilities. In the case of subsidies for salaries, the average amount of advances



granted to employers by the State Fund for Rehabilitation of Disabled Persons (PFRON) in the years 2004-2013 was used in the calculation. In fact, the amount of support depends on the evolution of additional costs of employing people with disabilities.

**Table 2. The average public costs of support for people disabled to work  
(per capita) in the years 2004-2014, in zloty**

Year	People with disabilities								
	Not employed* (net pension)			Employed people (subsidised on the bases of the lowest salary )					
				In open labour market**					
				Lump sum			Increased costs***		
	Light disability	Medium disability	Severe disability	Light disability	Medium disability	Severe disability	Light disability	Medium disability	Severe disability
<i>in zloty</i>									
2004	379	497	641	657	1 236	1 495	700	1 354	1 534
2005	379	497	641	723	1 014	1 273	1 215	1 537	1 829
2006	411	522	675	772	1 061	1 333	1 260	1 600	1 906
2007	411	522	675	791	1 091	1 369	1 308	1 661	1 976
2008	427	556	719	867	1 169	1 463	1 408	1 763	2 094
2009	465	591	764	773	1 256	1 544	1 461	1 739	2 296
2010	465	617	798	926	1 631	1 996	1 058	1 921	2 339
2011	491	635	822	1 027	1 886	2 250	1 575	2 702	3 117
2012	542	691	887	989	1 808	2 405	1 576	2 586	3 299
2013	648	698	904	420	1 050	1 980	1 080	1 890	2 970
2014	657	709	915	450	1 125	1 800	1 050	1 725	2 400

**Table 2. continued**

Year	People with disabilities								
	Employed people (subsidised on the bases of the lowest salary )						Self-employed disabled****		
	In protected labour market**								
	Lump sum			Increased costs***					
	Light disability	Medium disability	Severe disability	Light disability	Medium disability	Severe disability	Light disability	Medium disability	Severe disability
<i>in zloty</i>									
2004	1 019	1 527	1 712	1 166	1 821	2 022	435	581	771
2005	836	1 201	1 480	1307	1 654	1 963	422	569	721
2006	889	1 254	1 577	1356	1 721	2 044	474	606	773
2007	915	1 295	1 628	1409	1 790	2 123	459	601	796
2008	1015	1 398	1 748	1530	1 913	2 263	527	669	886
2009	937	1 574	2 173	1277	1 914	2 513	546	715	946
2010	1 174	2 116	2 560	1701	2 643	3 087	560	756	997
2011	1 313	2 477	2 918	1 823	2 988	3 429	589	780	1 028
2012	1 246	2 342	2 994	1 756	2 862	3 633	652	863	1 115
2013	600	1 800	2 700	1 200	2 100	3 300	670	892	1 230
2014	450	1 125	1 800	1 050	1 725	2 400	-	-	-



\* The lowest benefit;

\*\* The lowest salary in the previous year;

\*\*\* Increased costs of employing people with disabilities or special disorders (mental deficiency, mental illness, epilepsy, visually impaired people);

\*\*\*\* Including alternative costs of the state budget and revenue in the form of income tax from individuals on remuneration for work.

Source: Own calculations based on data from The Central Statistical Office (GUS), The Social Insurance Institution (ZUS), State Fund for Rehabilitation of Disabled Persons (PFRON) and the Ministry of Labour and Social Policy (MPiPS).

An employer who employs persons with disabilities can get help from PFRON. The most important element of this support is the salary subsidy of such persons. The amount of the subsidy depends on the degree of disability of the employee. To get the subsidy, the employer must register with PFRON and submit the required documents.

The company can also apply for a refund of the costs of adapting the workstation for people with disabilities, such as the adaptation of premises of the workplace or purchase of necessary software. The employer must, however, ensure the employment of the disabled for at least 36 months. The maximum amount of the refund is twenty times the average of monthly salary for the previous quarter.

The maximum aid for an employer who wishes to receive the refund of costs of workplace equipment amounts to fifteen times the average of monthly salary. It is possible, provided that the company operates for at least 12 months and the employer employs a person with a disability who is registered with the labour office as unemployed or seeking work for at least 36 months.

Moreover, the company can receive from PFRON a refund of the cost of hiring people helping the disabled in communication with others or perform actions they cannot alone perform. The amount of the refund is set by dividing the number of hours spent on helping people with disabilities by the number of hours of work of persons with disabilities in a given month. The result is multiplied by the amount of the lowest salary.

As shown in Table 2 in the years 2004 to 2013 most public funds were directed to people with disabilities employed on a protected labour market. The total amount of support per capita granted to these individuals and their employers was several times higher than the cost of the lowest benefits for inability to work, paid to the non-employed. However, in the case of the self-employed people with disabilities, the state budget costs per capita were similar to the cost of the lowest provision of the Social Insurance Institution (ZUS). If we take into account state revenues (eg income tax from individuals, entities and contributions to the social security system), as well as alternative costs (in the form of social assistance benefits), it turns out that the promotion of self-employment for people with disabilities proved to be relatively cheaper for the state budget than paying benefits for disability to work and maintaining the entire system of promoting the employment of the disabled. This results from the construction of a system which reduces the amount of total revenue that the disabled may get, low salaries, and little support to employers.

The data allow us to assess the amount of aid received by the employers of people with disabilities in the years 2004-2013. The financial benefits that they could achieve during that period include: the relief from income tax and property tax, exemption from contributions to the relevant funds, subsidies for salaries and for social security contributions of employees with disabilities and other returns on investment.

In 1999-2004, the number of newly created jobs for people with disabilities significantly decreased (Barczyński A., 2005: 87). While before 1999 about 13-14 thousand jobs were created of the PFRON resources annually, since 2000 only 6-7 thousand have been created. It has been indicated in the own study of PFRON on reimbursement of employers' costs of adaptation of created or existing jobs for people with disabilities (Kołaczek B., 2006: 71).

In 2010, district governments have entered into agreements with employers for reimbursement of these costs for 982 jobs, including 298 positions in the open market. The average amount of subsidizing the workplace was more than 28.8 thousand zloty. On the other hand, in 2011, within the framework of agreements concluded under the existing provision of financial support to salary expense of people with disabilities covered by PFRON, employers from the open labour market received a reimbursement of such costs in relation to 71 thousand jobs, and the average size of the refund was 981 zloty per month. At the same time, Supported Employment Enterprises (SEE) have received such assistance in relation to 173 thousand jobs, in the average monthly amount of 1280 zloty.

Employees' benefits include salary received (for the employer it is the costs of staff, for public finance it is the public costs of subsidies to salaries). In 1999, the average monthly salary in SEE amounted to 950 zloty, in 2002 - 1 430 zloty, and in 2013, 2510 zloty, and in case of disabled workers respectively 754 zloty, 1 214 zloty, 2092 zloty, which accounted for 79% of the average wage in SEE (in 2002 85% and in 2013 - 81%) and only 44% (in 2002 58% and in 2013 61.5%) of the average salary, amounting in 1999 1 697.12 zloty, in 2002 - 2 097.83 zloty gross, in 2013 - 3398.67 zloty. Employees with severe disabilities earned the least, and those with light disability earned much more. On the other hand, fully efficient workers employed in SEE in 2013 earned an average of 2,563 zloty (Employment and salaries, 2013: [http](#)).



## THE COSTS INCURRED BY EMPLOYERS FOR EMPLOYING PEOPLE WITH DISABILITIES

The analysis of costs of the system of professional activation of the disabled would not be complete without describing at least the estimated private costs of employers incurred for rehabilitation and improvement of physical and mental health of the employees. By private costs one should understand all costs and expenses that are not financed from public funds. For the benefit of this analysis it is also important to look into estimated costs in this area.

Employer's costs related to the employment of people with disabilities include:

- adapting the plant and the workplace; in particular eliminating physical barriers and obstacles in communication,
- adjusting the pace of work to the specific needs arising from disability of workers (the cost of lower productivity of the disabled, additional holidays, sick leave),
- medical care
- motivation to work

Overall statistics indicate that in 2013, more than 404 thousand people with disabilities were employed. Approximately 53 thousand had a significant degree of disability. It means that employers in the open labour market employ more than 28.7 thousand workers with severe disabilities without receiving support from PFRON. It should be remembered that this group of workers has staff privileges under the Labour Code - an additional 10-day leave, shorter working day and the possibility of additional days off to visit the doctor or for orthopaedic repair. Considering the average salary, which in 2013 was about 3.6 thousand zloty (2.5 thousand is the first threshold in ZUS for working pensioners) the costs incurred by employers per employee due to additional leave during the month amounted to an average of 1550 zloty, total – 36,7 million zloty, but for a shorter working day - on average in month 490 zloty, a total of 100,9 million zloty. During the year, these amounts can be estimated at 133.5 million zloty (Table 3). These are, of course, cautious estimates, not supported by any research. However, even these careful estimates show that the scale of the costs incurred by the employer on this account are enormous. To be precise, one should also add the costs of adapting the workplace, sickness absence and the absence from work due to medical examination or orthopaedic repair (for which the employer has to agree in accordance with the provisions of the Rehabilitation Act). These amounts are, however, difficult to estimate.

**Table 3. The average estimated private costs incurred by employers for employing persons with severe disabilities in the years 2004 – 2013**

Year	Salary		Number of employees with severe disabilities	Per month			Per year	
	Average	70%*		Employers' costs of			In general	Per employee
				Additional holidays	Shorter working day	In general		
	<i>in zloty</i>	<i>in zloty</i>		<i>in thousand</i>	<i>zloty in millions</i>			<i>zloty in millions</i>
2004	2 273,44	1 591,41	21,6	15,6	51,5	67,1	805,2	37,2
2005	2 380,29	1 666,20	21,4	16,1	53,4	69,5	834,0	38,9
2006	2 477,23	1 734,10	19,7	15,5	51,2	66,7	800,4	51,6
2007	2 691,03	1 883,72	20,3	17,4	57,4	74,8	894,6	42,6
2008	2 943,88	2 060,72	21,3	19,9	65,8	85,7	1028,4	48,3
2009	3 102,96	2 172,07	19,9	19,7	64,8	84,5	1014,0	50,9
2010	3 224,98	2 257,49	21,2	21,6	71,8	93,4	1120,8	52,8
2011	3 399,52	2 379,66	28,7	31,1	102,4	133,5	1304,4	45,5
2012	3 521,67	2 457,20	32,2	35,9	98,9	134,8	1617,6	50,2
2013	3 650,06	2 555,10	31,6	36,7	100,9	137,6	1651,2	52,3

\* The first threshold in ZUS causing a decrease of benefits

Source: Own calculations based on data from The Central Statistical Office (GUS), The Social Insurance Institution (ZUS), State Fund for Rehabilitation of Disabled Persons (PFRON) and the Ministry of Labour and Social Policy (MPIPS).



In accordance with the provisions of the labour law, the employer is obliged to provide occupational medicine in the field of:

- assessment of health risks at the workplace,
- preliminary and periodic medical examination checking whether an employee can work at the assigned post,
- medical prevention in positions which need that.

That is all according to the regulations. However, in recent years, buying up medical services for employees, much beyond occupational medicine, has become very popular. Only ten years ago, few workers were covered by private medical care financed by employers. Today employers more and more often buy packages of medical services for employees, include more professional groups in this process, and the range of funded services is getting wider.

Almost 1.5 million Poles use the private health care, so that the market grew by 8% and is now worth 28 billion zloty. Most spend on rehabilitation - 3.5 billion zloty per year. This market continues to grow, although the pace of growth has been paused by the economic crisis. The "Social Diagnosis 2009" shows that employers have subscribed 4% of Poles to use services of a private clinic. This is 1.5% more than in 2007. It's still mainly a privilege of residents of large cities and employees of private companies.

One of the reasons for the popularity of this type of benefits among employers is worse and worse state of public health services. It causes the medical care offered by the employer to be well appreciated by both employees and managers. The second reason is the universality of this solution - more and more companies offer private health care services for their workers. Offering this type of package by the employers is slowly becoming the standard. An additional argument in favour is relatively low cost of providing medical services to employees, as compared to other incentive benefits. Quite an attractive package, containing the most important range of services, after negotiations with the bidders, may in some medical companies be bought for several dozen zloty per month.

Decisions to cover medical services for employees are usually intuitive (eg. based on information that the competition uses medical packages, willingness to provide additional benefits plan). Less often they are associated with specific financial aspects (eg. costs of extended absences due to prolonged execution of medical procedures performed in the public health care centres). Sometimes covering medical care for employees is evolutionary - occupational medicine is gradually supplemented by the employer with other elements of medical care. Sometimes external professional medical care replaces the previously functioning one offered by company's own medical clinics.

Financing of medical services used to be regarded as one of the motivational factors. However, due to the fixed nature of this benefit, it is difficult to consider if it actually motivates employees to work better. This type of benefit should be regarded more as a social and welfare in relation to the employees. It can also be considered as factor that builds the image of the employer within and outside of the organisation as the one who cares for their employees. However, due to the popularity of this benefit, it may not be considered to be a decisive one in building such an image, but rather contributing, along with other solutions, to the perception of the employer as caretaking of the employees or not.

The staff willingly makes use of medical services financed by the employer and appreciate their provision. However, this does not affect the decision of a candidate on selecting certain job offer, or the employee to continue the current job. One should not also expect an employee to increase the quality and efficiency of work as a result of receiving medical package.

Private medical services should be included into hygienic benefit factors because they do not relate to the content of work nor to the possibility of achievement and development, but rather to working conditions offered by the employer. Employees will not be better motivated when they are provided with medical care services, but they will be unhappy if such services are not provided or are reduced or withdrawn whereas they were offered previously.

However one should remember that the employees covered by medical care are also subject to medical prevention, they can quickly and effectively be cured, and thus they can return to professional activities earlier. This results is both their overall satisfaction with the care of their employer, as well as measurable effects of work (lower absenteeism, the continuity of tasks' execution, lack of need for replacements).

When comparing the market prices it can be stated that such a package in network medical companies costs on average 100 zloty per month for one employee. The final price depends, among others, on the range of services, planned duration of the contract, the number of workers covered by medical services, their age structure and positions they work on. The packages richest in services cost up to 2000 zloty per month, but after negotiations with the bidder they rarely exceed 500 zloty.

In general, occupational medicine is not subject to taxes, because the employer is obliged to provide it in accordance with the Labour Code (The Act of 26 June 1974 Labour Code, Coll. Laws of 1998, No. 21, item. 94, Art. 229). In order to include expenditures on medical services into tax deductible costs the employer has to prove that he was required to pay certain expenses on the basis of the Labour Code or other acts in relation to required assessment of professional risks, medical examination or prevention. Preliminary, periodic and other medical examinations do not raise doubts of tax offices. But such spendings on prevention and study of risks for individual jobs, require the support to specific provisions of the labour law such as health and safety.

On January 1, 2007 a change in the provisions of the Law on income tax (PIT and CIT) came into force. It states that tax deductible costs related to the financing of health care of workers are only those which are incurred to generate revenue



and maintain or secure sources of income. But one must remember that proving a direct connection of medical care costs and income is usually extremely difficult and can be challenged by the tax office.

Optional employees' private medical care financed by the employer is treated differently - in general, these expenses are considered as income of the employee and therefore they are taxed. However, there are divergent interpretations of the tax authorities in this regard.

## **THE EFFECTS OF THE COSTS INCURRED IN THE SYSTEM OF EMPLOYMENT AND VOCATIONAL ACTIVATION**

Increased employment of the disabled amounting up to 250,000 workers, which eventually took place, together with the increase in demand for services and products supplied by companies in the protected employment sector, improved economic efficiency of the whole sector related to the employment of people with disabilities. The side effect, however, was stopping the growth of the fees paid by companies to PFRON, together with the drastic increase in 2009-2010 of PFRON spending on subsidies for the salaries of workers with disabilities - from approximately 1 590 thousand zloty in 2008 up to almost 2 930 thousand zloty in 2010. The necessity to incur such high costs to finance the salaries of disabled persons, which according to the Act was obligatory expense of PFRON, forced necessary reduction of optional expenditures. First of all the activities enabling greater social and occupational integration of people with disabilities run by Supported Employment Enterprises as well as Supported Activation Enterprises and NGOs (as tasks assigned by PFRON) (Gdzie zmierza system rehabilitacji ..., 2012:2) had to suffer.

Therefore, at the beginning of 2011 several important changes in the law on rehabilitation, aimed at optimising the whole system were introduced. Due to the sensitive social nature the introduction of those changes to the system was spread over a period of time. The level of support from PFRON to which an entrepreneur employing people with a particular level of disability was entitled, has changed. Since January 2013, such monthly subsidy from the Fund has been increased to 180% of the minimum wage for persons with severe disabilities (previously it was 160%), but it has been reduced to 100% of the minimum wage in relation to people with medium level (from 140%) and to 40% in the case of persons with light degree of disability (previously 60%). From 1st January 2012, the monthly subsidies for wages of persons employed on a protected labour market with a severe degree of disability amounts to 170%, 125% for medium and 50% for light level. The corresponding monthly subsidy from 1st July 2012 reached the level of 180%, 115% and 45%. At the same time, previously assumed earlier freezing of "the minimum wage" to the level of December 2009 was abandoned, leaving it at the same level for the years 2011-2012. One should add that after three months from publication of the Act employers ceased to be entitled to a monthly subsidy for employing workers with medium or light disability who have an established right to a pension.

The level of funding for the employers from open labour market employing persons with specific diseases (epilepsy, mental disability, mental illness and blind people) after the amendment was raised up to 90% of the amounts provided for SEE, and funding for other was reduced to 70%.

Another significant change of the Rehabilitation Act can affect the cost of labour and employment of people with disabilities - change of working time for people with severe or medium disability to eight hours a day and 40 hours per week. The provision which was introduced allows reduction of working time up to 7 hours per day and 35 per week, but only subject to the receipt of suitable decision from occupational physician by a disabled employee. Furthermore, it can also result in the need to incur the cost of labour of people with medium level of disability by the employer. Employers will receive less funding for salaries of employees who are also less productive, having obtained a doctor's decision about the necessity of shortened work time standards applying to them.

The situation of people with disabilities on the labour market will also change as the rules of obtaining the status of Supported Employment Enterprises (SEE) by the company. The amended law increases the required rate of employment of people with disabilities from 40% to 50% and increases to 20% of the required parts of the group, which should consist of person with severe and medium level of disability (previously the rate was 10%). One must add here that despite the pressure of the government to introduce far-reaching changes in that matter, it can be seen that the Parliament withdrew from the planned weakening of the position of Supported Employment Enterprises, at the cost of maintaining support for the Supported Activation Enterprises. Supported Employment Enterprises maintained exemptions for real property tax, agricultural tax, forestry tax, civil-legal activities tax and other fees. All those exemptions remained unchanged in relation to both types of entities.

The amendment to the Rehabilitation Act also changed the proportions of funds transferred to PFRON and ZFRON (Company Fund for Rehabilitation of Persons with Disabilities) in respect of income tax payments from individuals. Instead of the previous 10% to PFRON and 90% to ZFRON, respectively 40% and 60% were introduced. Moreover the employers were obliged to run a special clearing bank account which was the only tool to be used in case of using ZFRON resources. All funds received in the calendar year of that title must be used no later than December 31st of the following year, otherwise they must be obligatory returned to PFRON. There is no doubt that these changes adversely affect the level and quality of services provided or paid for by employers for the benefit of employees with disabilities (especially all kinds of special facilities for the disabled and overcoming barriers in the workplace - financed so far by ZFRON).

## **CONCLUSION**

System of employment support includes the following elements: a series of reductions and privileges for employers running Supported Employment Enterprises, financing the salaries of employees with disabilities, refunding of additional





costs of employing the disabled workers, help in adaptation and equipment of the workplace and refunding of salaries of employees helping persons with a disabilities at work. As one can see they are all instruments directed only to employers and they do not provide for formal and legal participation of the employee.

It can therefore be assumed that employers having such support will establish the wages of person with disability at substantially higher level than for other people, if the work is done just as accurately and efficiently. However, it is different, because there is another factor connected to the employment of people with disabilities - income from employment of people with disabilities is calculated taking into account their social benefits. Both parties are satisfied with such system. Both the employer (who can allocate fewer resources to the employment of workers) and the employees themselves. If they do not earn much, nothing will be taken from the benefits they are entitled to. As achieving high income from work reduces or suspends benefits (eg. reduces the amount of pension - although it does not mean the loss of privileges!) the disabled are not so much interested in high wages. The pension is treated as something inalienable and untouchable. A smaller amount transferred each month from ZUS is for many people a traumatic situation, and above all, deeply unfair. Irrelevant is the fact that in some cases higher earnings could mean improvement in the material status of the person concerned, even if payment of their pension was completely suspended. Attachment to benefits and the fear of losing them dominate. Therefore, people with disabilities tolerate and sometimes even expect lower earnings.

Costs of professional activation and employment of people with disabilities will always be a significant position in the central budget and the budgets of publicly financed units. This is mainly due to the very essence of disability, which generates additional costs. Without adequate support people with disabilities will not cope on the labour market, and employers will not be interested in hiring such workers. One should remember, however, that the balance of costs and benefits of professional activation of the disabled frequently takes a positive value. Employed person with disability is simply "cheaper" than an unemployed person with pension, simply because they pay income tax on their earnings, buy more products, thus paying higher VAT, pay rent for apartments and what is important participate in social life.

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