

Study on the impact of the Minimum Income on poverty among the Roma in Spain

EXECUTIVE SUMMARY 2023



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1.

PRESENTATION AND ACKNOWLEDGEMENTS

This study on *The Impact of the Minimum Income on poverty among the Roma in Spain* is an initiative of Fundación Secretariado Gitano (FSG) and has been carried out by the Fundación Iseak and FSG with funding from the Ministry of Social Rights and Agenda 2030 under the 0.7 Subsidies for activities of social interest in 2023.

The main objective was to carry out a nationwide investigative study on the scope and impact of the provision of the Minimum Income (MI) to Spanish Roma households, both in terms of coverage of basic needs and reduction of general and child poverty, and as an activation lever for social, labour and educational inclusion.

This document is an Executive Summary which summarises the main results, conclusions and recommendations of the main study (available in Spanish¹).

Our main thanks go to the Roma individuals and families who participated in gathering information for the study. Without their collaboration it would have been impossible to carry it out.

We hope that the results obtained serve to take a further step forward in guaranteeing Roma rights .

¹ <https://www.gitanos.org/upload/51/47/informeimv.pdf>

2. RATIONALE OF THE STUDY

In recent years, poverty and inequality have been at the centre of the public debate, with repercussions both in economic policies and in academic research. Although it started from a disadvantaged position, Spain has made significant advances in regard to the tools used for fighting poverty, notably with the approval of the Minimum Income (MI) in 2020.

This benefit, as part of the universal system of social protection in line with the proposals of the 2017 European Pillar of Social Rights, marks a qualitative leap forward in the fight against poverty and the prevention of social exclusion in Spain.² The inclusion in the legislation of measures associated with social, educational and labour market activation likewise constitutes an ambitious attempt to unify income support tools with the goal of ending social exclusion, an attempt which goes beyond poverty and comprises an entire strategy for inclusion and social cohesion.

Because of their especial lack of protection and elevated levels of poverty, the Roma population has been one of the groups prioritised for the MI. The figures show the size of the challenge to be met:³ 86% of the Roma population are below the threshold of risk of poverty, 67% are in a situation of severe poverty and 46% in extreme poverty. In regard to Roma minors, there is a child poverty rate of 89% (as opposed to 23% in the general population in Spain), a data point which suggests a chronic problem inherited over generations whose consequences extend from the home to the school, passing through the labour market.

This study has tried to place a spotlight on the urgency of the socio-economic situation of Roma in Spain and on the capacity of the MI to revert this clear inequality. The main objectives are both to estimate the reach of the MI and to understand its limits and the obstacles to becoming a beneficiary, with the aim of identifying barriers to access and achieving a more effective anti-poverty policy.

For this purpose, information has been gathered both from the whole Roma population in Spain and from participants in FSG programmes, as well as from social intervention professionals from different departments of the organisation.

The report's conclusions open the door both to reforms and improvements in the current configuration of the benefit and to further future research.

² Law 19/2021, 20th of December, which establishes the Minimum Income: «The current Law is intended to create and regulate a minimum income as a state benefit aimed at preventing the risk of poverty and social exclusion in people who live alone or as part of a household, when they are in a vulnerable situation for want of sufficient economic resources to cover their basic needs».

³ FSG and Iseak (2019). Comparative study on the situation of the Roma population in Spain in terms of employment and poverty 2018. Madrid. Fundación Secretariado Gitano.

https://www.gitanos.org/estudios/comparative_study_on_the_situation_of_the_roma_population_in_spain_in_terms_of_employment_and_poverty_2018.html.en

3.

METHODOLOGY AND SOURCES OF DATA

To understand first-hand the limitations and obstacles that Roma families face in accessing the MI, several surveys were conducted, each covering a different group in the Roma community. In the first phase of the study, we obtained information via a survey whose target population comprised the whole Spanish Roma population. Then in the second phase of the study, the focus was on Roma who have participated in FSG programmes. Finally, contributions were gathered from experts in poverty, low incomes or public policy, such as FSG's specialist staff involved in assisting Roma to access this state benefit.

The sources of information for this study were:⁴

Phase 1: Survey of the general Roma population: face-to-face interviews with Roma households in neighbourhoods identified in the Study-Map 2015.⁵ 1 104 people were interviewed, who responded for their whole households, using a specifically designed questionnaire.

Phase 2: Survey of the Roma population participating in FSG programmes: a survey via interview of a sample of 400 Spanish Roma over 18 years old who participate in FSG programmes, using the same questionnaire as in Phase 1.

Phase 3: Focus groups with experts and FSG specialists: firstly, information was gathered in an online survey taken by 18 FSG professionals who have accompanied Roma households in obtaining the MI. Then an analysis of the initial Phase 1 and 2 results was carried out, as were an in-person debate and the gathering of proposals and recommendations from an advisory group of experts in social research and assessment, public policy, combatting poverty, childhood, and public services and management.

⁴ More detailed information about the methodology can be found in the original study in Spanish:

<https://www.gitanos.org/upload/51/47/informeimv.pdf>

⁵ Fundación Secretariado Gitano and Daleph (2016). Study-Map on housing and the Roma population, 2015. Executive Summary. Ministry of Health, Consumer Affairs and Social Welfare (MSSSI)

https://www.gitanos.org/upload/48/10/1.2-EST_Estudio-mapa_sobre_vivienda_y_poblacion_gitana_2015_resumen_ENG.pdf

4. MAIN RESULTS AND CONCLUSIONS

In this section we lay out the main results and conclusions drawn from the study.

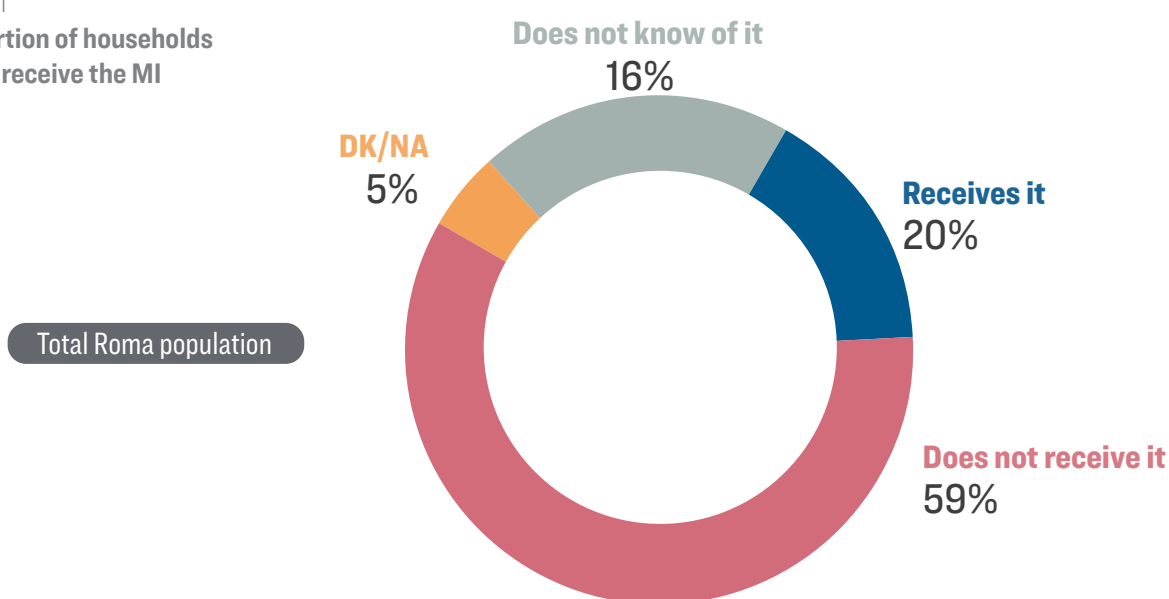
This study shows that **the approval of the MI is a step in the right direction, even while it requires greater adaptation to the circumstances and characteristics of the population at which it is aimed, as well as complementary measures to support inclusion and efficient reforms in its management.** These findings are based on study conclusions which follow.

1st THE MI CONSTITUTES PROGRESS IN THE PROTECTION OF THE MOST DISADVANTAGED ROMA FAMILIES

The study shows that 84% of Roma households know about the benefit. 60% are eligible for the MI, given that they meet the requirements stipulated in the regulation, although only 20% receive it (amounting to around 103 372 people according to the population estimates obtained in the Study-Map of housing and the Roma population 2015).⁶

The MI is a measure that is reaching the Roma, a social muscle in ensuring basic rights, which contributes to improving living conditions and is benefitting a significant number of Roma families.

Figure 1
Proportion of households
which receive the MI



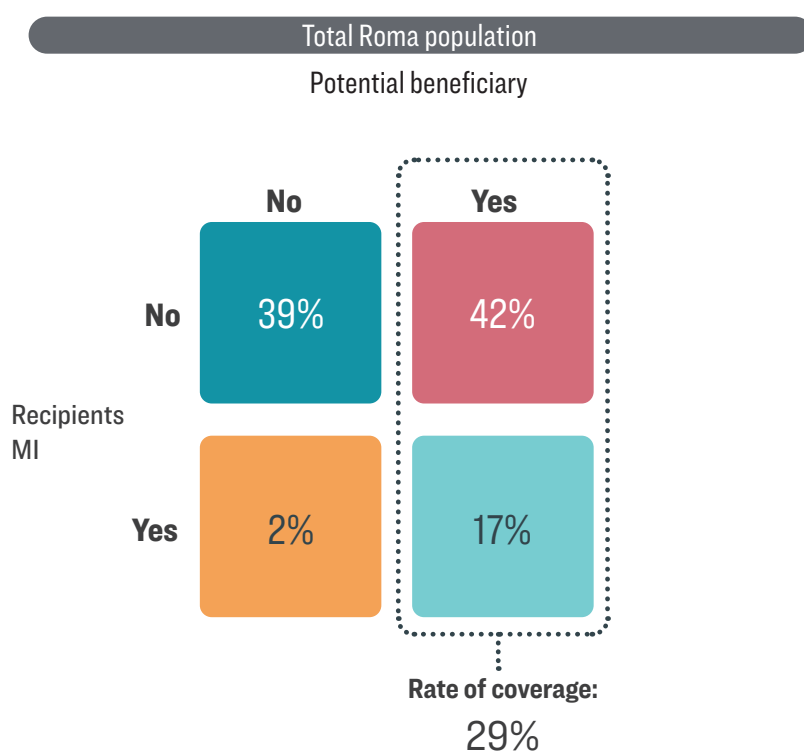
⁶ Fundación Secretariado Gitano and D ' Aleph (2016).

2nd THE PROBLEM OF LOW LEVELS OF MI COVERAGE FOR ROMA FAMILIES

However, if we compare the figures of potential beneficiaries with those of households which end up receiving the benefit, **it is evident that the coverage of MI among the Roma population in Spain is low, lower than the estimated coverage for the population in poverty as a whole.**

Figure 2

Distribution of potential beneficiaries and recipients of the MI

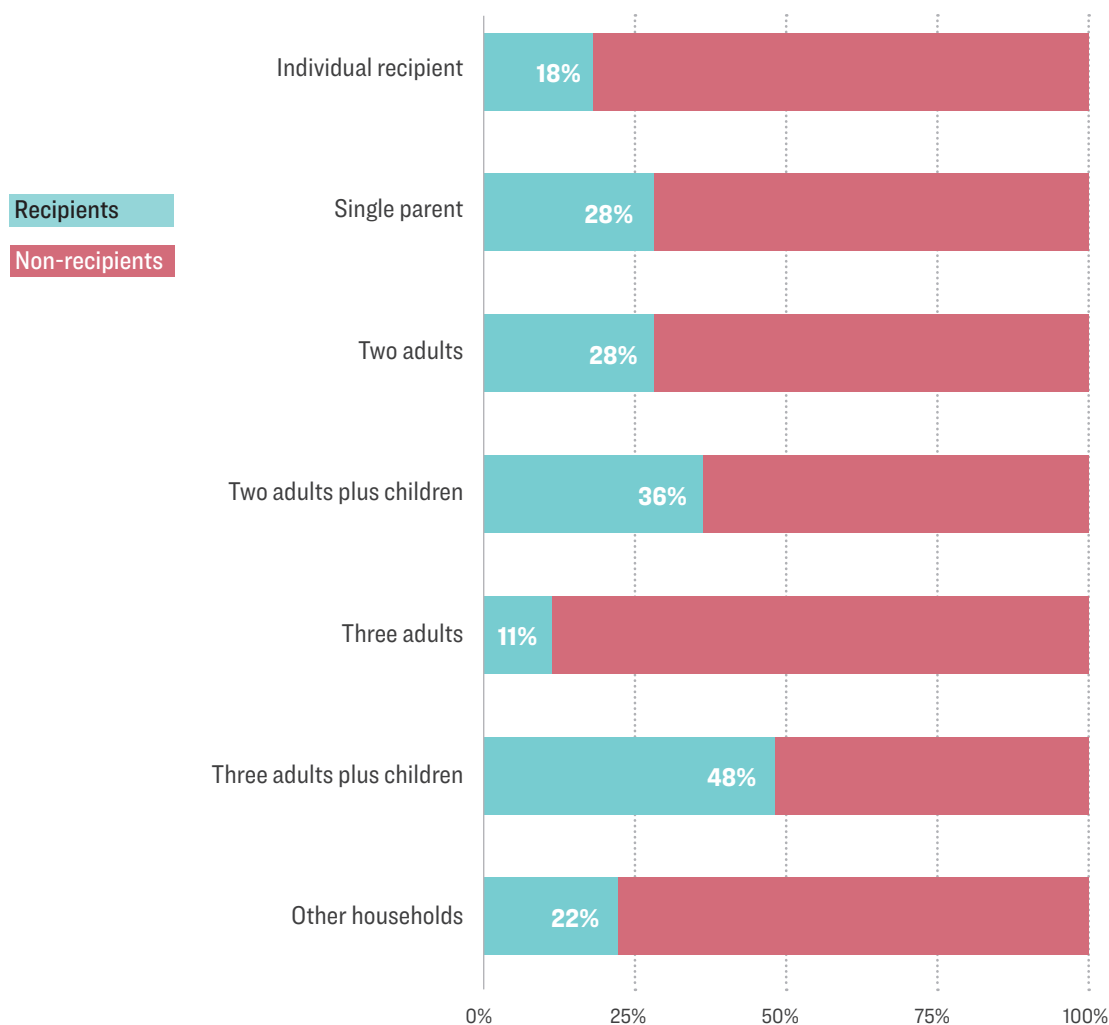


The MI only reaches **29% of the total Roma population who are eligible**, in comparison with 35% in the general population in social exclusion, according to the estimates offered in the second report⁷ of the Independent Authority for Fiscal Responsibility (Spanish acronym: AIREF). Furthermore, this coverage is unevenly distributed among different demographic groups, being lower for households which are larger and have many adult occupants.

⁷ AIREF (2023). Segunda Opinión sobre el IMV. Autoridad Independiente de Responsabilidad Fiscal (AIReF). <https://www.airef.es/es/centro-documental/segunda-opinion-sobre-el-ingreso-minimo-vital/>

Figure 3

**Estimated rate of coverage by type
of individual recipient/household unit**



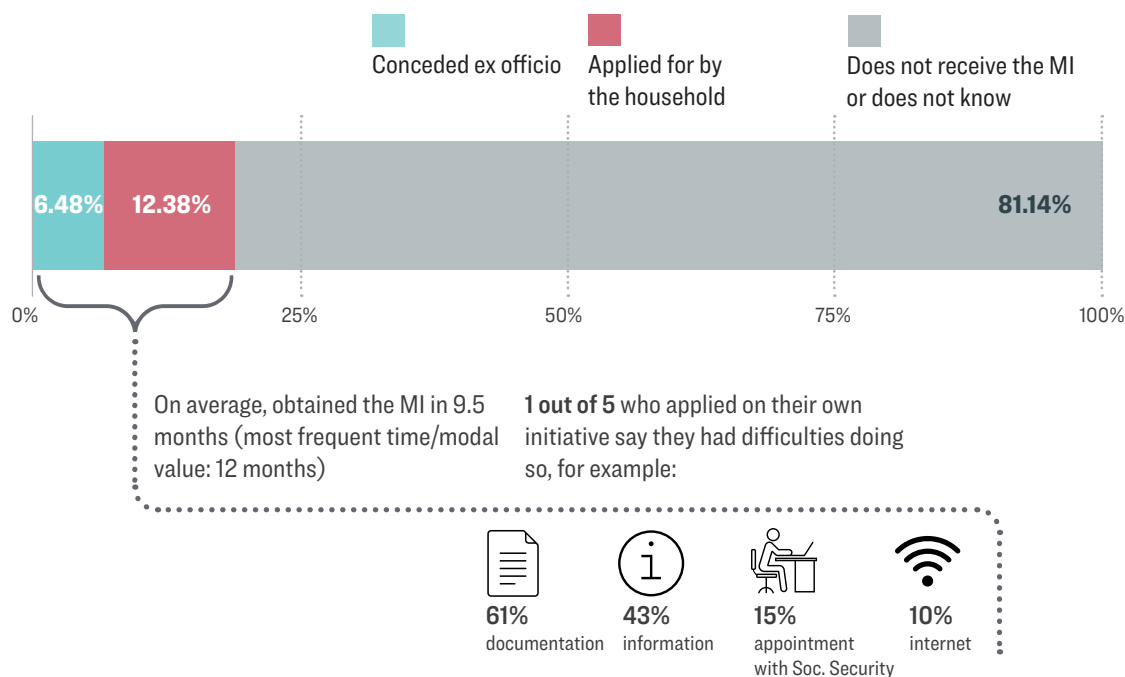
3rd BARRIERS REDUCING THE EFFECTIVENESS OF ACCESS TO THE MI FOR THE ROMA

There are appreciable differences between those households which manage to access the MI and those which, because of different barriers, do not. For the first category, a fundamental factor has been the **importance of assistance or support** —by public institutions or third sector organisations— in applying for a benefit such as the MI.

Three out of four households that requested the MI on their own initiative received assistance.

Figure 4

Distribution of total households according to the manner they obtained the MI, the average time taken, and the difficulties encountered



In regard to the second, the **lack of information** —and even sometimes the presence of misinformation— is the main factor that impedes access to the MI. Among the most significant obstacles are the **long processing times**, refusals due to **bureaucratic complexities** and the impossibility of **accrediting certain requirements**. It is worth highlighting that many households, despite having incomes below the thresholds established for the MI, are not recognised as potential recipients of the benefit. Aside from these barriers, there are other difficulties related to limited internet access, high levels of mobility of household members and variability in income over time.

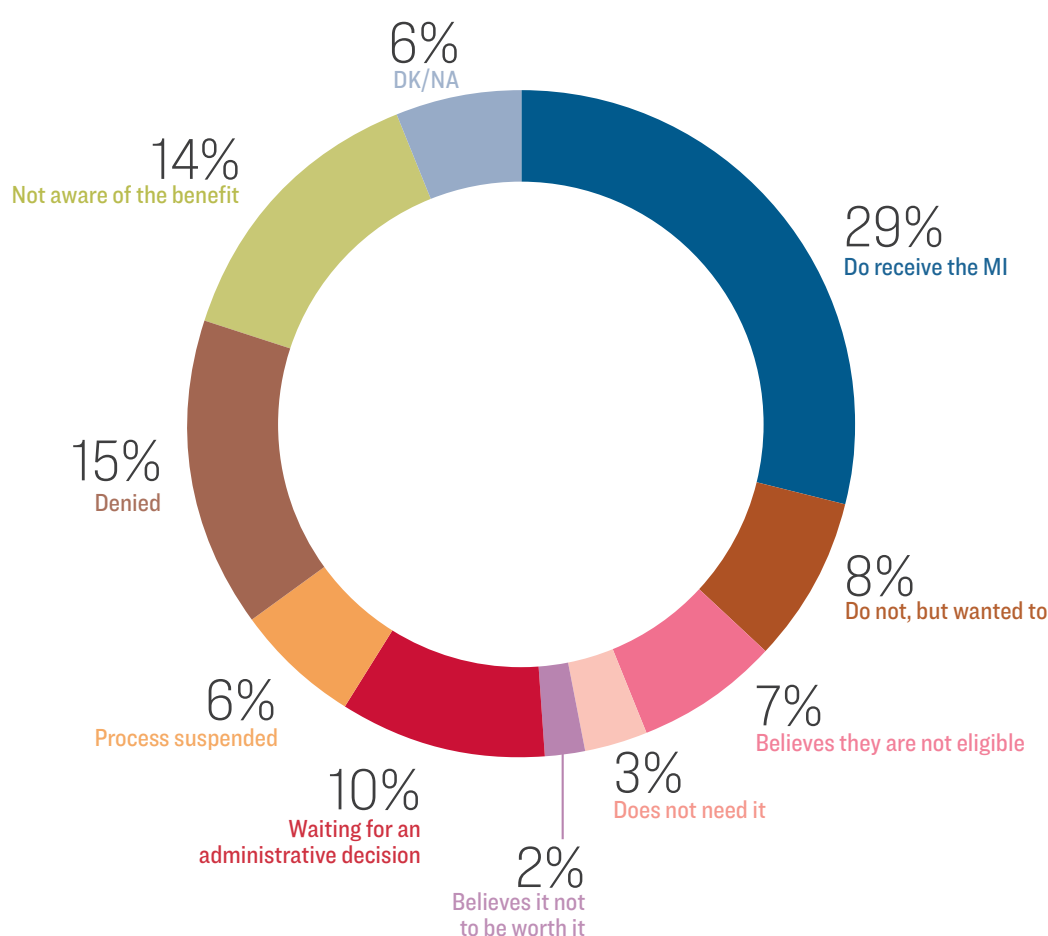
All of the above contributes to the **non-take-up rate among the Roma population being 71%**, much higher than the 58% non-take-up rate for the population as a whole.⁸

⁸ AIREF (2023).

This situation shows the need for changes in the administrative proceedings and for more effective communication both with applicants and between the different administrations.

Figure 5

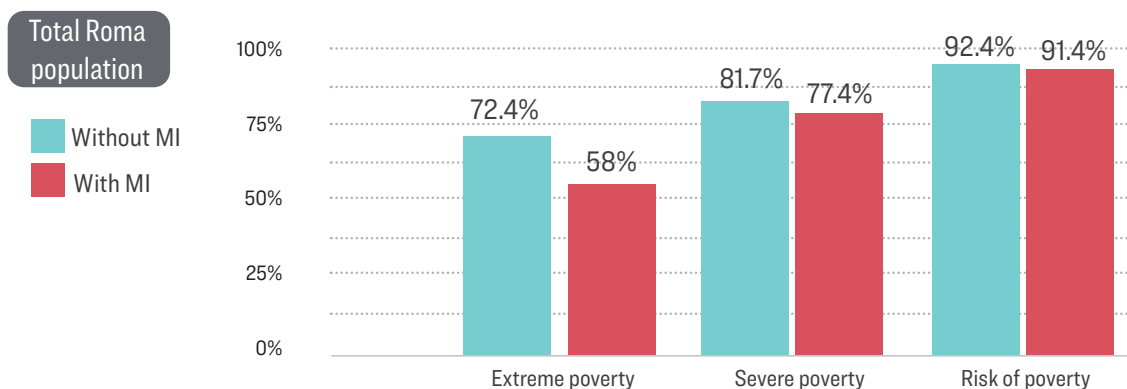
Non-take-up among the total Roma population eligible for the MI



4th THE WEAK IMPACT OF THE MI ON REDUCTION OF POVERTY IN THE ROMA POPULATION

The low level of coverage of the MI, coupled with its delivering **insufficient sums to overcome the thresholds of relative poverty**, means that its impact on the reduction of poverty is modest. The sums currently distributed allow people to rise above the threshold of extreme poverty, but not that of severe poverty in larger households. As a result, households remain far below the risk-of-poverty threshold.

Figure 6

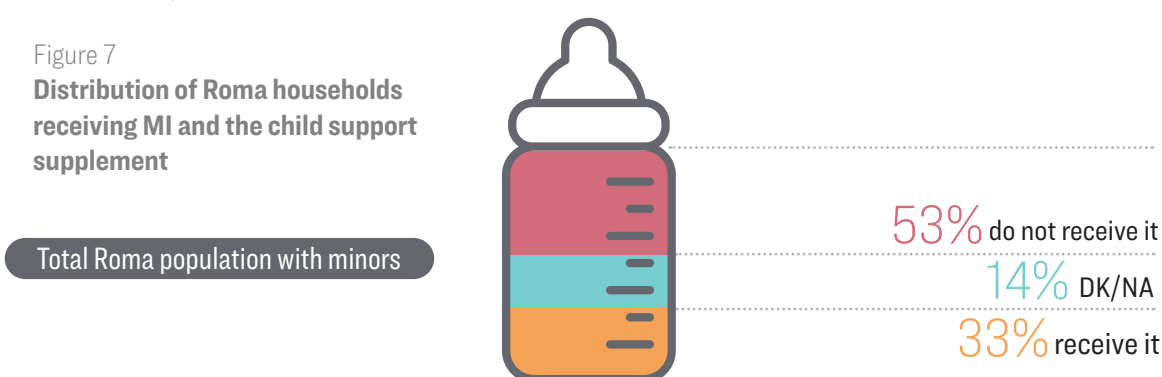
Rate of poverty with and without the MI

While the **positive impact on the reduction in the intensity of poverty should not be dismissed**, above all in single parent households or households with few members, the MI's capacity to raise its recipients above the threshold of poverty is limited.

In regard to **child poverty**, the MI includes some especially relevant mechanisms for tackling this problem. The study shows that, in general, households with children in their care access the MI to a greater degree than those made up only of adults.

Additionally, theoretical simulations show that the child support supplement (CAPI, for its acronym in Spanish) is of great help in reducing poverty in households with children under 18, bringing income closer to the risk-of-poverty level in single-parent homes. However, **the current scope of the CAPI is improvable**. Firstly, 77% of the Roma population are unaware of this supplement, evidencing a notable lack of information in households around its existence.

Figure 7

Distribution of Roma households receiving MI and the child support supplement

Secondly, although 85% of Roma families meet the requirements to receive the CAPI, only 33% say they in fact receive it. These numbers may be due to a genuine low level of coverage, or because families are receiving the benefit but not being well informed by administrations, given that communications about the benefit do not give a breakdown of the amounts received.⁹

⁹ At the time of the study.

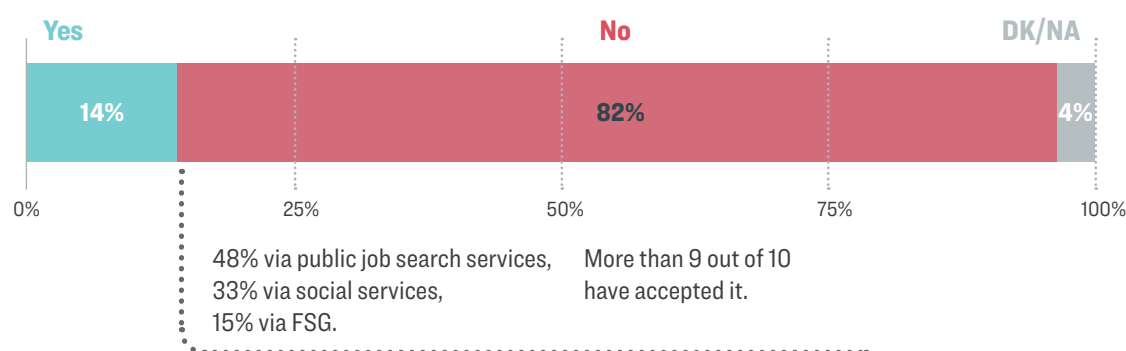
5th A MI DISCONNECTED FROM ACTIVATION MEASURES

Under the premise that a minimum income such as the MI is a necessary but not sufficient condition for combatting poverty, **the legislation of the MI provides for activation measures associated with the benefit**, through a series of measures which involve components from the labour market to schools and social services.

However, the current set-up of MI development does not include the implementation of mechanisms enabling access to employment; nor are there other mechanisms related to social support of the families, beyond assistance accessing the benefit digitally or at social security offices; nor educational support for children of recipient families, such as active accompaniment strategies for inclusion.

Figure 8

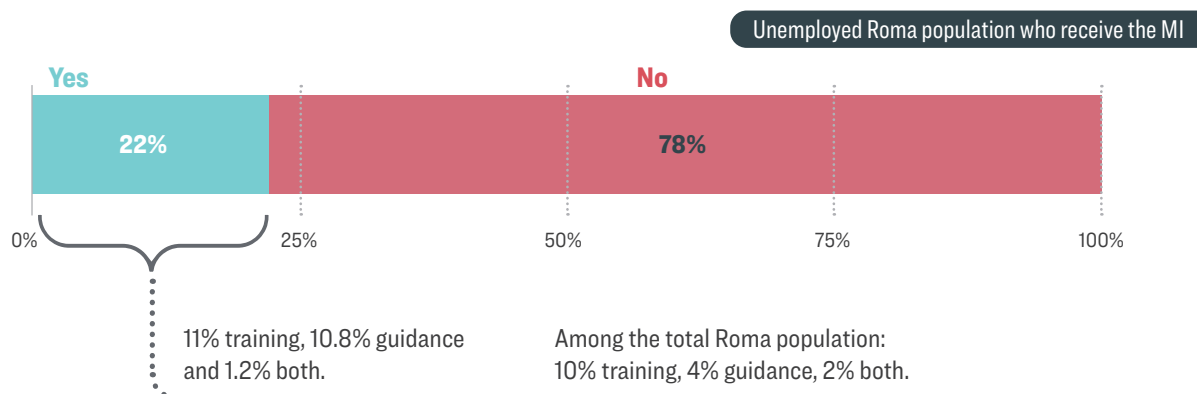
Have you or any member of your household been offered support in training or in seeking employment since you have been receiving the MI?



In any case, the results in terms of activation are insufficient. The study shows that participation of recipients in training programmes for employment or work guidance is low; in general, only half of those surveyed had tried to find a job on their own.

Figure 9

Have you participated in any form of guidance or training to find work?

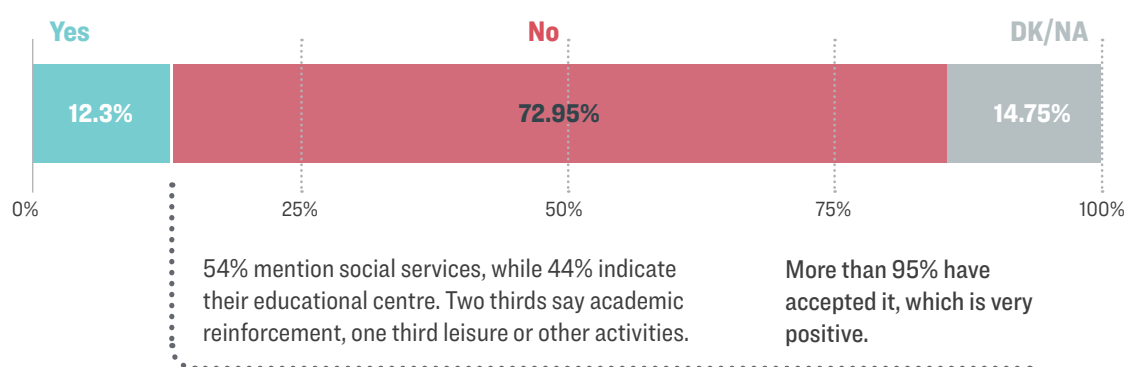


Beyond employment, a fundamental pillar of social inclusion, the MI legislation also addresses the problem of intergenerational transmission of social exclusion. To avoid this, it would be necessary to guarantee full school attendance and educational success for minors living in poverty, with the ultimate aim of reducing early school-leaving and achieving good academic performance; thus, continual and high-quality educational support is a suitable mechanism.

According to the data gathered in this study, **this educational support only reaches a very small proportion of the general Roma population: only 12% of minors receive it.** This support comes from social services in 54% of the cases, and from the children's educational centres in 44%. Practically all those surveyed who have been offered educational support for their school-age children have accepted it, which demonstrates high commitment in these households to their children's futures.

Figure 10

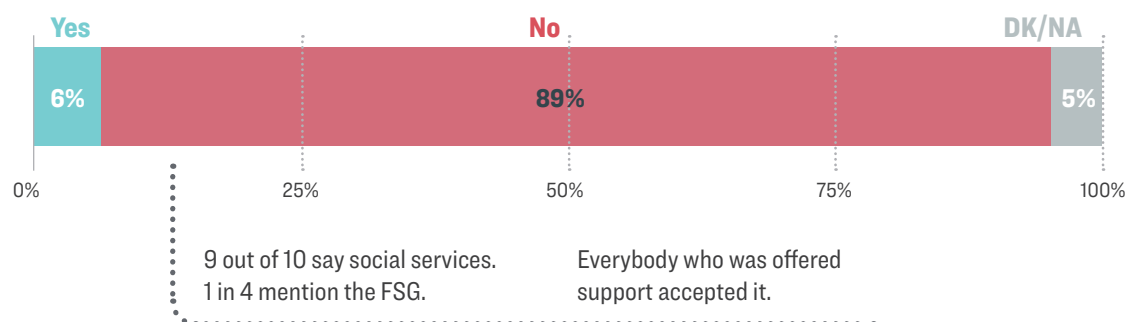
Have you or any minor in your household been offered educational support since you have been receiving the MI?



As well as lack of money, **situations of poverty and social exclusion go hand in hand with other problems related to housing, supplies and utilities, health, obligations associated with the benefits, etc.**, which need support via resources and services that supply information, guidance, assessment and accompaniment in the search for solutions and help. However, **social support is the tool with the least reach** of the three tools studies. Only **6% of those surveyed** in the general Roma population have been offered it, although practically all accepted.

Figure 11

Have you or any member of your household been offered social support since you have been receiving the MI?



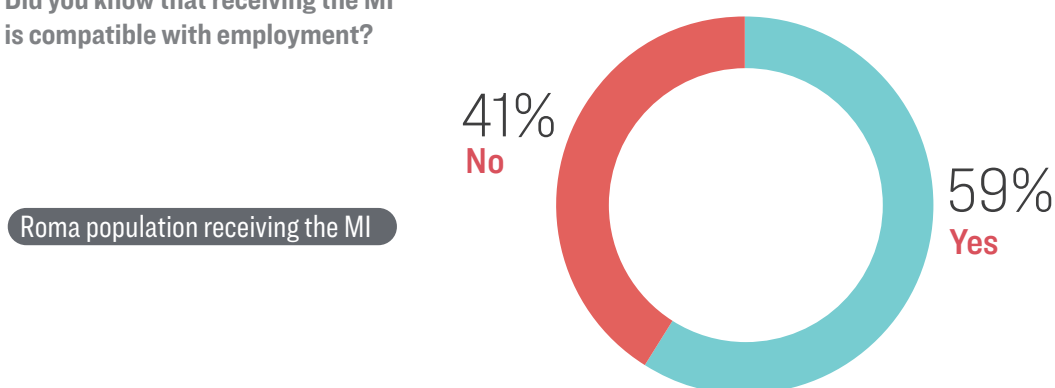
To deal with chronic precarity, it is necessary to increase training programmes and guidance for labour market inclusion, as well as other educational and social measures: the right to MI must be an instrument for alleviating poverty, but to really lift people out of poverty **it is necessary to invest in education, training and quality employment for Roma families.**

6th PROBLEMS IN MAKING THE MI COMPATIBLE WITH EMPLOYMENT

Incentivisation towards employment within the MI framework should be better known and implemented more effectively. According to the data obtained, up to 41% of the Roma surveyed are unaware that receiving the MI is compatible with working, as well as being unaware of the mechanisms that allow the MI to be compatibilized with income from employment up to a certain level. Even though incentives to employment based on income level were passed in the legislation, the implications are unclear and not well known by the eligible population.

Figure 12

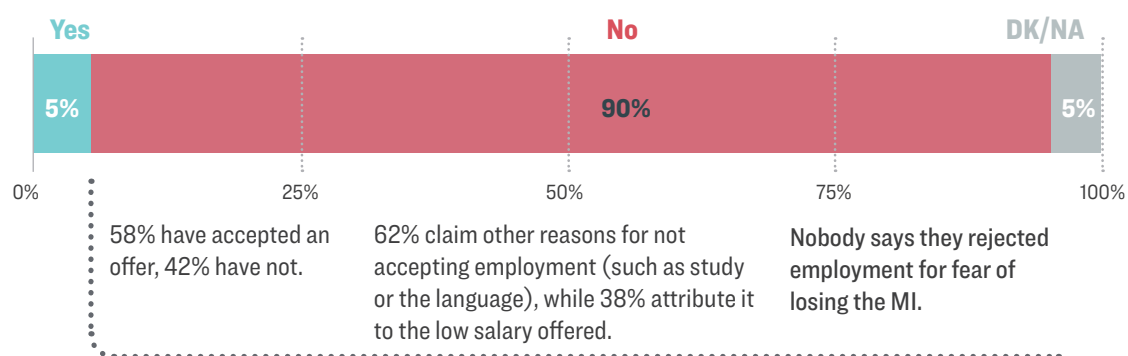
Did you know that receiving the MI is compatible with employment?



The majority of the Roma who receive the MI have not had offers of work since they have been receiving the benefit. Among the minority (5%) which have received offers, more than half have accepted them.

Figure 13

Have you or anyone in your household been offered work while you have been receiving the MI?

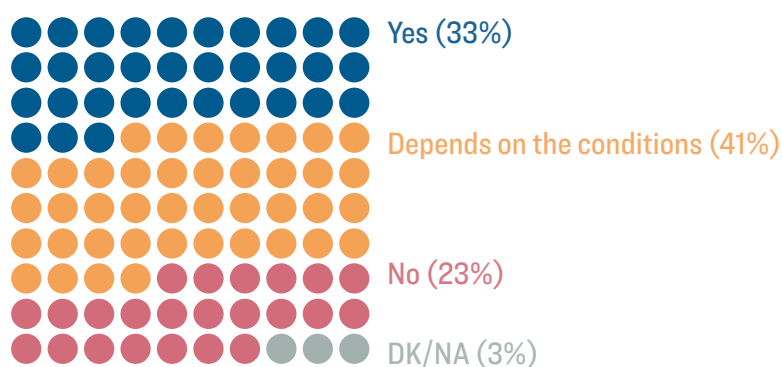


Although a majority of MI recipients have not received offers of employment, their willingness to accept employment is notable. 74% of Roma recipients of the MI who have not received an offer of employment since they began receiving the benefit would accept employment, although around half would do so only if the conditions offered were acceptable.

Figure 14

Would you accept paid employment now if it was offered to you?

General Roma population receiving the MI without any offer of employment



Added to this is the bad experience of some households who, after obtaining work, have had to return part of the benefit they have received, or that of those who see reductions in their MI even several months after their employment contracts have finished, due to annual adjustments made by the Spanish Social Security based on the previous year's total income. Those who work in labour inclusion or social accompaniment programmes agree in their assessment: being a recipient of MI can disincentivise the search for employment, above all in the young Roma, because of the belief that finding work would automatically lead to the suspension of the benefit. Added to this is the fact that the complementarity is not automatic but takes the form of an adjustment in the amount of the MI payments in the following year, independently of whether an employment contract has finished or not.

A further influencing factor is that recipients of the MI do not usually have a stable relationship with employment, since they have higher rates of temporary and part-time work. So, when they have the possibility of obtaining short-term employment, the fear of losing the MI benefit or having reduced payments after a few months (after the annual review the following year) can be a significant barrier to their labour market insertion. Uncertainty and lengthy response times from institutions may even be disincentivising the acceptance of small jobs that would not affect the MI calculations (and which Social Security can know about automatically, without needing communication from the household).

In addition to being a powerful barrier to inclusion for Roma families, these difficulties could pose an additional challenge to the independence of young people in households which receive the MI: fear of losing the family unit's joint benefit reduces their chances of finding work and thus their future prospects of independence.

7th PEOPLE IN SUPPORT SERVICES IMPROVE THEIR ACCESS TO THE MI

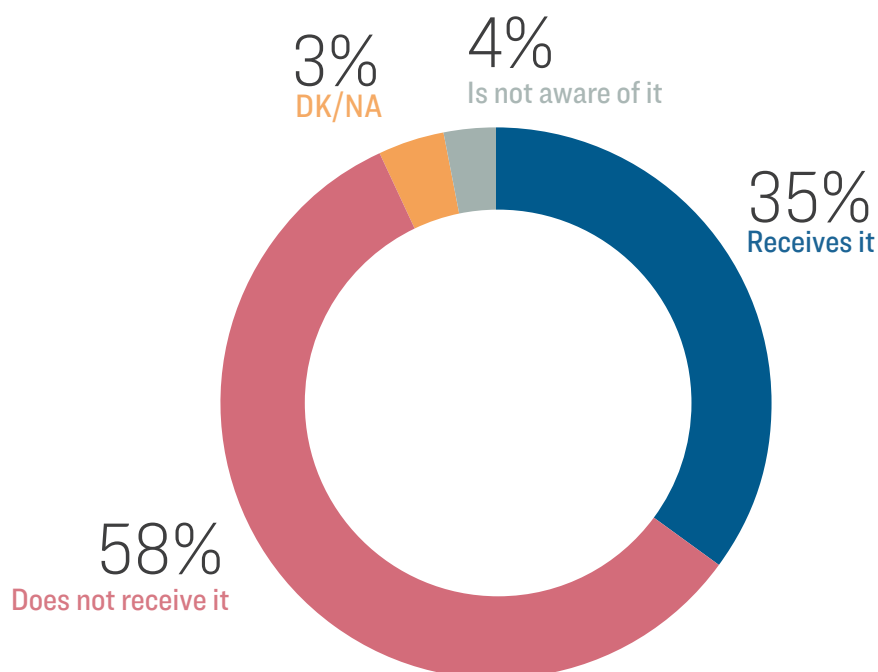
With **direct support tailored** to the circumstances and profiles of the most vulnerable populations, **the scope and coverage of the benefit increases significantly**.

The study shows that the Roma who participate in social programmes have received adequate information about the application process for the MI, and about accompaniment during the process. This could be, for example, via the services provided by a social organisation such as FSG, given that knowledge of the existence of the benefit among participants in FSG's programmes reaches 96% (as opposed to 84% among the general Roma population), the rate of coverage increases to 44% (as opposed to 29% among the general Roma population) and non-take-up falls to 56% (as opposed to 71% among the general Roma population).

Figure 15

**Proportion of households
which receive the MI**

Roma population who participate in FSG programmes



Furthermore, activation towards employment and education have also improved, since the number of MI recipients who are seeking employment increases after potential recipients participate in training programmes such as those offered by social organisations. Among participants in FSG programmes who receive the MI, up to 26% received offers of employment recently, of whom 66% accepted the offer; 71% know that the MI is compatible with employment; and 40% of recipient minors have received educational support.

Figure 16

Distribution of potential recipients and recipients of the MI

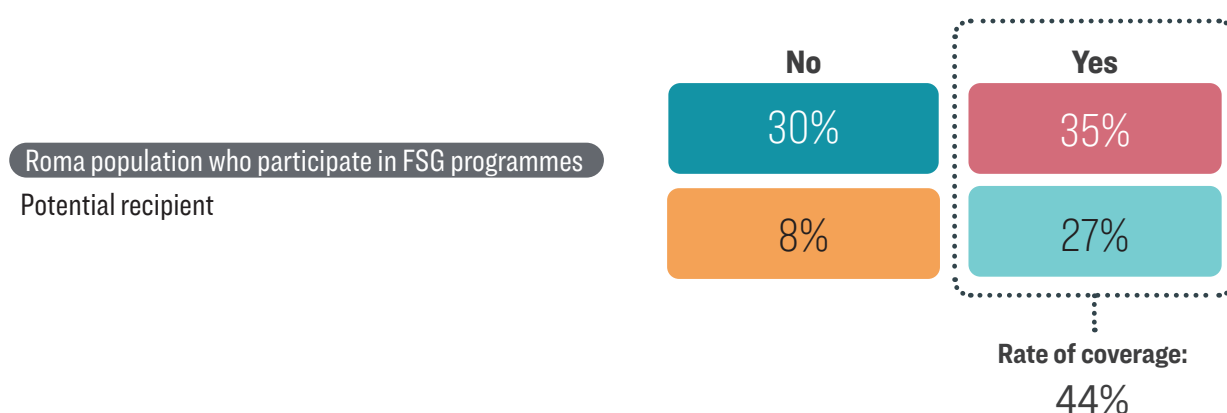
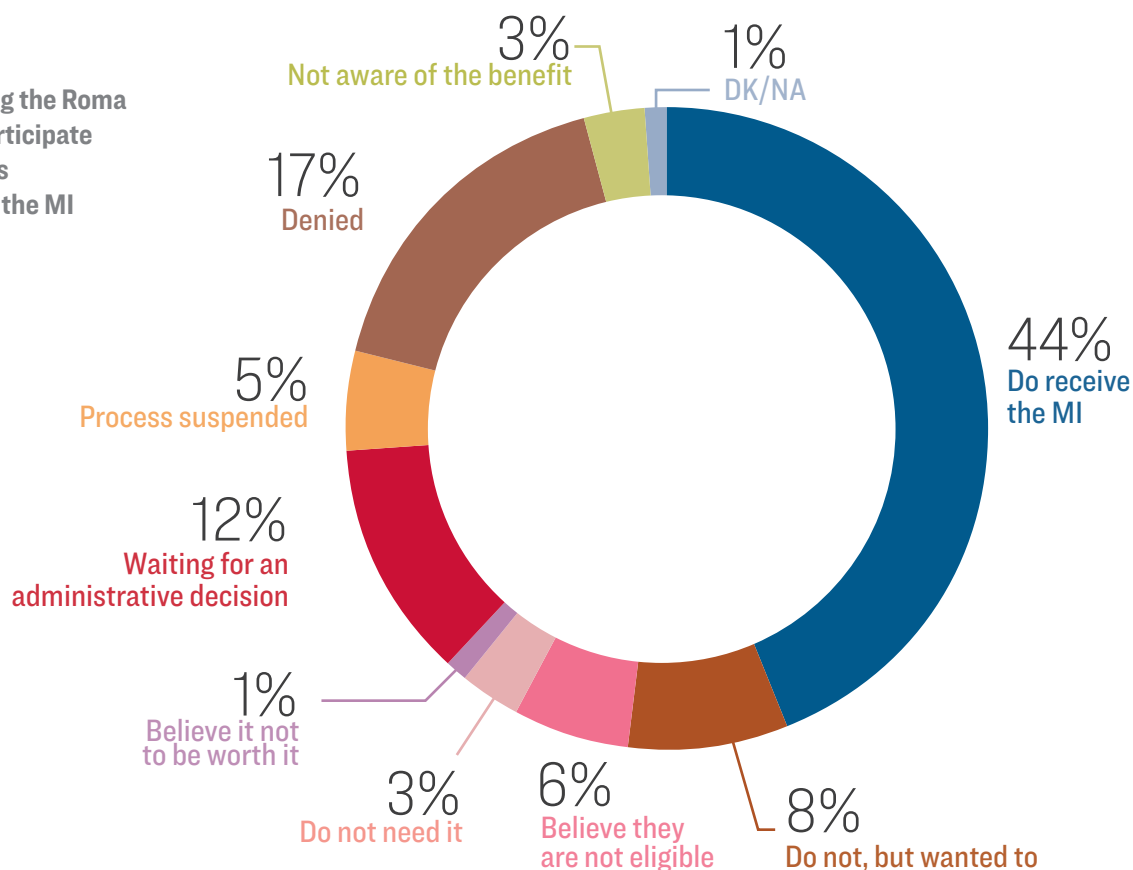


Figure 17

Non-take-up among the Roma population who participate in FSG programmes and are eligible for the MI



5. RECOMMENDATIONS

Derived from the findings of the study and its conclusions, there follows a series of recommendations for reforms and proposals for improvements to make the MI a truly effective and efficient policy in its main mission: to combat poverty now and to prevent it in the future.

*The MI must be a more intelligent benefit,
with administrations taking a more active role.*

In general, the proposals contained in this section centre on the need to increase coverage of the MI –via improvement in communication, collaboration among institutions, interoperability between different databases or a policy of active search for potential recipients; on guaranteeing that the MI lifts recipient households out of poverty –increasing payments, combining the MI with other policies or reforming requisites for access; and on the improvement of the mechanisms to leave behind exclusion from the labour market, from education and from society –creating dynamics in employment, schools and the home that break the generational transmission of poverty.

A Improve the rate of coverage and reduce non take up

As the report notes, the first obstacle to increasing the range of the MI is lack of awareness of the programme among those who could be eligible for it, especially among those with a greater degree of social exclusion. At the same time, there are people who know about the benefit and meet the requirements, but do not know how to apply for it.

Some recommendations in this regard follow.

Proposal 1: Effective information

Information about welfare benefits available immediately after their approval tends to become diluted over time. Thus, there is a need for simple and regular information campaigns, which must reach groups with the greatest social exclusion, whether through announcements on television, in-person talks in areas with a high level of vulnerable households or other measures.

These campaigns would require a high level of implication from different public institutions, in particular local institutions, which are closer to citizens and to the specific realities on the ground.

Furthermore, it is essential that the language that public administrations use is adapted for the target population, which in the case of the MI predominantly comprises households with low levels of education and high levels of social exclusion. The language used by public administrations is very complex and technical; understanding the requirements and procedures for the MI is complicated, more so if the details are not conveyed clearly and simply; and communications about changes in payments, suspensions and terminations are slow and in themselves generate confusion. All this, combined with poor understanding of eligibility criteria and of the documentation required, is not only a very significant barrier but also increases mistrust in many potential recipients.

By simplifying the language, adequately explaining the requirements and including messages with crucial, understandable and detailed information, relevant administrations can build trust.

In regard to **channels of information**, it has been noted that the telephone information line for the MI has been overwhelmed for extended periods, while the website has frequently been down. This has created a further barrier to adequate information reaching the most vulnerable households. The digital divide and the lack of a **single physical point of contact** to ask for rigorous information about requirements and procedures for the MI, and to make applications, may be behind the low levels of coverage of some especially vulnerable groups.

Thus, diversifying and improving the relevant channels of information and keeping them up to date, as well as providing a single point of contact for consultations, would facilitate access to the benefit.

Proposal 2: Active search for potential recipient households

The abundance of existing data would permit the identification of households which, due to their profile or characteristics, are potential recipients of the MI. **By cross-referencing databases from different administrations**, information can be collected about income, wealth, household composition or employment status, variables which make up the main eligibility requirements for the MI.

After an initial step of identification, it would be necessary to implement a system that would place the administrations in contact with potential recipient households. This channel should inform households of their eligibility, provide information about the type of benefit, its requirements and obligations and confirm any other type of requirement that the registry data did not include.

In this regard, it is essential to **increase the role of social service and social resource workers**, since it is they who are most closely involved in with situations of exclusion and social difficulties. Thus, any improvement in the functioning of the MI must be linked to an increase in the participation of these personnel in the evaluation of potential recipients, as well as in the

follow-ups and support related to the requirements and obligations associated with maintaining the benefit.

This support should be carried out on a personalised basis, i.e. by setting up contact with the same person (from Social Security, social services or other public institutions) who can specialise in the detailed legal understanding of the MI and thus improve its coverage. This would facilitate administration, avoid errors in processing which can cause delays and wasted resources, and allow the MI to be offered more promptly and effectively. It would also allow the MI to be tailored to the specific circumstances of the household, as for example in cases where criteria are not immediately fulfilled, but met after a certain period of time (up to 15% of the total number of Roma households which do not receive the MI could meet the requirements for the benefit after a certain period of time, due to changes in their income, or minimum periods of independence or residency).

Beyond the channels of collaboration between regions and councils, or increases in the funds allocated for this purpose, it would be useful to broaden the role of NGOs and third sector organisations. The potential of these for increasing the number of recipients and coverage of the benefit is large, although the ultimate responsibility for the benefit reaching all potential recipients should remain with Social Security.

Regarding the role of the administration responsible for the benefit, Social Security, there is also room for improvement. For example, **communication with applicants and recipients can be improved and standardised, and coordination between provincial delegations can be increased and specialised.**

Insufficient notification of denial, suspension or termination of the benefit can lead to discouragement in households which could appeal the decision or require the benefit in the future. In this regard, correct and prompt notification which adequately lays out timeframes and methods of appeal is crucial, in order to avoid total abandonment of households in the greatest social exclusion.

Thus, for example, households should be clear on when denials result from criteria not subject to appeal (if they have sufficient income, wealth or companies), and when they result from other potentially resolvable administrative causes. Furthermore, **the relevant administration could record and follow up denied applications**, in order to reopen them when requisites are met. A register of denied applications could be created, and, based on the type of criteria that were not met, follow-ups could be carried out on households which might obtain the MI automatically after a given period of time. Applications denied on grounds of sufficiently high income or wealth could be discarded, but others which do not meet temporary criteria or with incomes slightly above the thresholds could be placed on a list of “potential future recipient households”. In this way, administrations could actively communicate to households that their benefit would be approved if they applied again. This path forward would have significant potential to increase coverage, given the proportion of denied applications in the total number of households surveyed.

In addition, beyond the notifications, the documentation referring to MI payments only records the total amount received. Households should be informed about the amounts they receive as basic MI and the supplements for childhood, type of household or disability of a household member. Similarly, any change in the amounts to be received should be effectively communicated and justified.

On the other hand, it is necessary for Social Security workers to become more specialised in the management and communication of the MI and to establish improvements in the coordination between provincial delegations. Currently, there is still a notable lack of information about the MI, its requisites and its procedures, even among Social Security staff, although with notable differences between provinces. In this context, some training could be required for Social Security staff specialised in managing this benefit, which would attempt to standardise responses to numerous issues and avoid confusions which delay the processing of a benefit which, by its very nature, is urgently needed.

Finally, the **communication between administrations and third sector organisations** responsible for assessment and accompaniment of vulnerable households also presents some difficulties. This is because telephone or email communication is sometimes difficult, with responses being delayed by weeks, which affects the coordination in obtaining the MI for households in severely vulnerable situations. Establishing formal coordination channels or periodic meetings, where Social Security staff and specialists from third sector organisations can clarify changes in legislation or other relevant matters, could help to make interactions more fluent.

There is a consensus both among NGO and other third sector staff and among experts in the MI and anti-poverty policies on the need for **standardised regulations**. This could serve as a guide for both Social Security staff and for other professionals from social services and third sector organisations.

Proposal 3: Universalisation of tax declarations and automatic adjustment to the real economic situation

Currently, people with lower incomes are not required to declare their income. This means that many especially vulnerable households are not included in administrative databases (up to 16% in the case of Roma families, according to data from this report), due to their never having had an employment contract, not having received welfare benefits or never having filed a tax declaration.

Integrating all individuals into the Tax Office system —even if they have no income to declare— would enable the construction of a complete database of all households in Spain, and especially of households with fewer resources, with the aim of providing a benefit such as the MI. In this way, households in vulnerable economic situations could be precisely detected, and targeted information strategies could be deployed. The benefits of this measures are not exclusive to the MI, but could be extended to all state benefits, with potential improvements in coverage rates for many of them.

A further point is that income calculations used to determine who can receive the MI, as well as the amount to be received, are obtained from the previous year's tax declaration. This has a series of undesirable consequences: firstly, it means that people who have recently fallen into poverty need more time to obtain the benefit; secondly, the amounts granted reflect the needs of the previous year, not the current one.

By **cross-referencing databases** of Social Security contributions (to obtain more information about salaries in case of employment), the National Employment Service (to obtain data about unemployment benefits or other financial aid) and social services (to understand any other type of local welfare benefit), a reliable image of the majority of households in situations of vulnerability can be obtained. This information is gathered continuously, so it can be used to rigorously calculate the current situation of vulnerability (for example, in the last month or last three months).

At the same time, interoperability would allow automatic updates to payments (which could be effectively communicated) when a household experiences a change in its situation, such as finding employment whose remuneration exceeds the employment incentive thresholds. With the current system, the persons concerned must notify Social Security of this change, even when that institution has dynamic access to the information.

In many cases, households are unaware of this responsibility or do not know how to communicate the information effectively. Also, this situation can generate incentives towards not communicating the information, which can lead to the cancellation of the benefit or a debt with Social Security for having temporarily received a greater amount than was due.

It is worth highlighting that this mechanism is already in place in the case of the contributory unemployment benefit, since the benefit ceases automatically and immediately when the recipient obtains work. Thus, the technology to solve this problem already exists, and is being used for other similar purposes.

Furthermore, the review of the benefit takes place in the first months of the following year on the basis of the previous year's income. **The automatic updating of the amount of MI to be received, based on real income**, would potentially avoid –or at least reduce– both the return of payments incorrectly received and the reduction in the amount of the benefit in the following year. This last situation can result in alarming vulnerability for households which, as well as already being in an especially vulnerable situation, receive less guaranteed income than they need at that moment or become indebted to the administration.

Finally, this more automatic mechanism could reduce the reluctance to work seen in some households, since the complementarity with employment and adjustment of payments would adapt more appropriately to the families' real situation. This mechanism should approximate as far as possible that of the jobseekers' benefits administered by the National Employment Service.

B Increase the impact of the MI on reducing poverty

In order for the MI to really have an effect on the reduction of the poverty suffered by people in the most vulnerable situations, the current configuration of the benefit requires some improvements in its design and reforms in its application.

Proposal 4: A benefit adapted to families and attuned to their real needs

Beyond the need to increase the benefit's coverage, it is also necessary to **increase the amounts of the payments to lift all households out of poverty**. While this increase in amount could have a meaningful impact on the budget, it is only through this reform that the fundamental goal of the benefit —reducing both the extent and the severity of poverty— can be met.

It is also necessary to better align the amounts of the MI with the composition of households. Among the general population in the most severe situation of social exclusion, and among the Roma population in particular, it is common to observe different family units living together in the same household. In this situation, the upper limit established in the MI legislation is often exceeded, beyond which the amounts no longer increase in proportion to the number of members of the household. For this reason, an increasing scale of fixed increments regardless of the number of adults could be considered, with the aim of facilitating these larger households' rise out of poverty.

The administrative requirements to establish households according to the eligibility criteria in the MI legislation constitute a notable barrier and are a significant factor in rejections for and suspensions of the benefit. Frequent movement of members of the household, difficulties in registering residence, the lack of documentation to accredit marriages (in cases of marriage in Roma traditional law, for example, or unregistered cohabitation) or complex household **constitutions** with various family units living together are all more common in the most vulnerable households. This is because housing vulnerability (caused by the high cost of housing, discrimination in the search for housing, low quality housing, etc.) forces various families to live together in the same home, thus protecting themselves from social exclusion.

This specific situation of the most excluded households should not be a barrier to obtaining the MI, but rather a crucial factor to be taken into account. It is therefore essential to **consider family units as eligible instead of households, especially when there are dependent minors**. Replacing the concept of household unit (broader and more complex) with that of family unit (more limited and precise) could solve this divergence between legislation and current reality. This change in legislation would mean separating homes into several different family units which, though living together, could obtain the MI independently and thus contribute to their own autonomy. Moreover, this new perspective could benefit the largest homes which, through economies of scale, could obtain more assistance than under the current calculus.

Other administrations and public bodies already use the term family unit as a metric in their policy implementations. For example, in the process of filing a joint tax return, the Tax Authority defines the family unit as a married couple with children under 18 or, absent such a situation, the mother or father and the children under 18 who live with either. Similarly, some regions use a similar definition for regional incomes, as in the regional minimum income legislation in Navarre, Andalusia, Madrid and Castile and León. There are two important advantages to this grouping of family members. For a start, the smaller the unit of categorisation, the greater the flexibility, since there will be fewer changes in the residency records than with a broader categorisation, such as the household. Furthermore, this would also enable activation towards employment and the young people's independence.

There is an urgent need to avoid situations arising from the processing of the MI itself which increase even further families' vulnerability and lack of protection of families. It is necessary to avoid suspensions for changes in residency records and to accelerate their rectification if they occur, since in reality these often mean minimum suspensions of 6 months—until the requirements of minimum period of residency or constitution of the household unit are again fulfilled.

Households in vulnerable situations cannot normally afford this suspension, a fact which disincentivises other members of the household from registering their residency in the home or causes them to leave the home for fear of temporarily losing their benefit. In this case, suspensions should be avoided, by automatically adjusting the benefit payments to the number of people living together at any given moment or by reducing the rectification period of the benefit.

Besides the above, the average processing time for obtaining the MI can extend to up to 10 months, while in some cases problems in the process can lead homes to be waiting for upwards of a year, usually with no information about the state of their application. This occurs despite the fact that the MI legislation explicitly establishes processing periods of a maximum of 6 months. During this period, families are in an extremely vulnerable situation and if during this period they receive benefits such as minimum income from the regional government, once they are granted the MI they are sometimes required to return payments.

Proposal 5: Increase efficiency via interoperability of databases

Interoperability of databases can also be an effective resource for streamlining these processes. As has been observed throughout the study, the difficulty of obtaining documentation, bottlenecks in Social Security services and the lack of information about how to obtain certain documents can delay or even block processes. However, usually different public institutions have a record of the necessary data in their registers. Cross-referencing databases would enable administrations to know which data needs to be presented and which does not. Once registered, this information should not be requested again, and should be updated as households' situations change (for example, based on their residency registration, employment situation or income).

Currently, 8% of the households surveyed say they are waiting for the results of an application. If more households apply for the benefit, this bottleneck could worsen and the issues could become chronic. Furthermore, with households which move in and out of poverty, a system more based on dynamic data could streamline the processes, increase take-up of the MI and facilitate the work of the public administrations, which are usually subject to workloads greater than their capacity and resources permit them to deal with.

C Activation measures to lift people out of exclusion and break the generational cycle of poverty

Employment is commonly mentioned as the main mechanism to leave behind a situation of poverty. However, both schools and social services are ideal complements to ensure that current poverty does not extend into the future.

The MI, as a legal right to a guaranteed income, should also entail the right for recipients to have access to complementary mechanisms that guarantee equality of opportunities. The responsibility for providing and offering these mechanisms must lie with the relevant administrations, backed up by their coordination, resources and proactivity.

To this end, some proposals follow.

Proposal 6: Incentives for labour market entry, especially for young people

The labour activation goals associated with the MI have been neglected in favour of the income support nature of the benefit. However, these social inclusion goals should have as much importance as the passive part of the MI.

The complementarity of the MI with employment should be applied **automatically and immediately**, with the payments being adjusted if necessary as long as the employment lasts, and not in the annual payment review of the following year. Incentives to employment should be calculated based on current income, since the economic capacity of households can change rapidly. If this reform is not carried out, there is a risk of disincentivising employment at the exact moment households fall into poverty, a critical juncture in which the intervention of the MI combined with incentives to employment can prevent poverty extending in time.

Elsewhere, **allowing young people to work before they become independent without affecting the MI of their household unit** could favour both their rates of home-leaving (allowing them to save the whole of their earnings) and their future employability. Thus, a period when young people could work without their income affecting the household could be established, independently of whether they exceeded the limits fixed by the incentives to employment.

As well as these measures for young people, incentives to employment could be designed which

offered stronger encouragement to the most vulnerable households, such as single parent households, the long-term unemployed or residents in especially excluded areas. Additionally, programmes could consider offering more attractive incentives to those who followed **training and specialised job guidance pathways**. Thus, it would be very positive to design strategies to increase the proportion of inactive recipients who participate in this type of pathway. These strategies could include both human capital acquisition and participation in temporary employment programmes, or even wage subsidies to secure a first job opportunity.

Naturally, recipients of the MI can view these initiatives with a certain reluctance if they involve **obtaining poor quality jobs, with insufficient salaries and poor future prospects**. This reluctance can increase over time, leading to a serious and chronic situation and to irrecoverable losses in human capital. In this sense, it is crucial to increase training and basic skills which, when accompanied by other policies related to health and work-life balance, can serve as a springboard for many vulnerable households.

Another of the incentives which can be considered in order to foster labour activation is **to deduct financial support linked to training from income calculations**. With the low levels of training among groups who receive the MI, including financial support for training in MI income calculations can reduce households' access even further. While this proposal is not sufficient to guarantee that unemployed and inactive people undergo training, it is necessary.

Finally, informing of the existence of the MI, its conditions and opportunities is vital, but to ensure its usefulness as an active tool, the information must place the incentives on the same level as employment. Anyone who wishes to work should be aware of the opportunity provided by the employment incentives to increase their household income.

Furthermore, and in line with previous proposals, recipients must be made aware that finding employment and then losing it does not necessarily mean the suspension of the MI, but that both paths can be compatible.

Proposal 7: Support and reinforcement in educational processes to break the cycle of poverty

School should act as the main component of the social elevator for children and adolescents. However, sometimes the situation of social exclusion is so advanced that the educational system is not capable of providing adequate resources to children from these homes. Therefore, there must be guarantees that these children have access to the same opportunities as other households, through educational resources that break generational cycles of poverty.

In this regard, there need to be incentives to ensure that all **children who receive the MI access a minimum level of education, with personalised support** to compensate for other deficiencies and needs. If this reinforcement continues for years, households can receive additional aid in the form of banks of financial support for school expenses, other guarantees of personalised social attention and educational grants aimed at these groups. The main goal

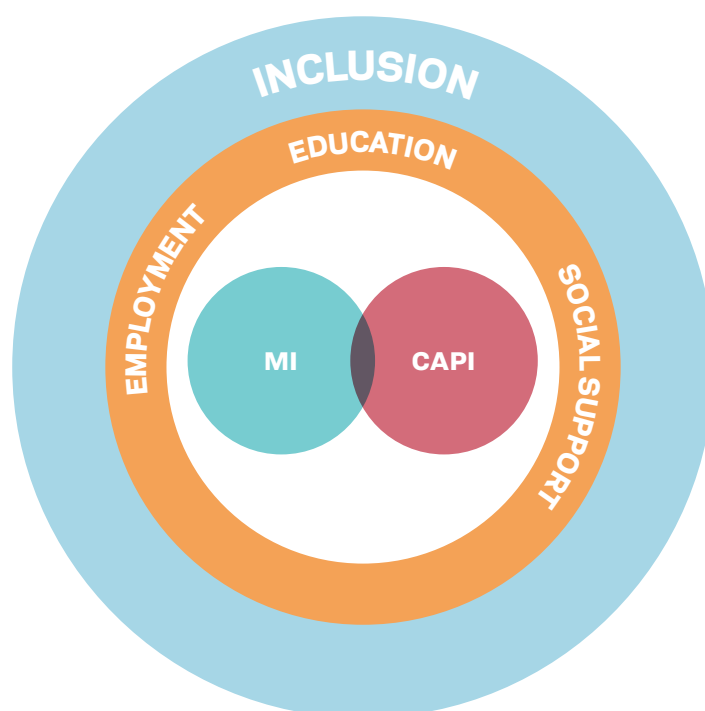
of this continual reinforcement is to ensure that all children start from the same point regarding their human capital and skill development, which, combined with the financial support of the MI, would allow their free and secure development.

In this regard coordination between administrations and resources is crucial, with a **special role for local social services**, to carry out the follow-ups and accompaniment needed by recipient families with children, in close collaboration with educational centres, and when appropriate, with third sector organisations. These should be proactive follow-ups involving communication, bonding, guidance and availability towards the families, even if they do not initiate the dialogue.

Proposal 8: Social support, a central containment barrier

Alongside the financial support of the MI, incentives towards employment and educational reinforcement, social support to households is a central pillar of all activation strategies. This support should be extended for as long as necessary, not only to alleviate lack of economic resources, for example by accompanying families as they access assistance and benefits such as the MI, but fundamentally **ensuring that households completely leave their situations of poverty behind**.

As has been seen previously, there are numerous reasons why these households do not manage to reintegrate into the labour market, ranging from health problems to work-life balance, direct discrimination or human capital needs. **Personalised and continuous follow-ups of recipient families** should be able to identify needs that can be addressed via other policies, trying to link some programmes with guarantees of access to others, and adding to this framework the social support requirements that are identified as key for each family.





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