



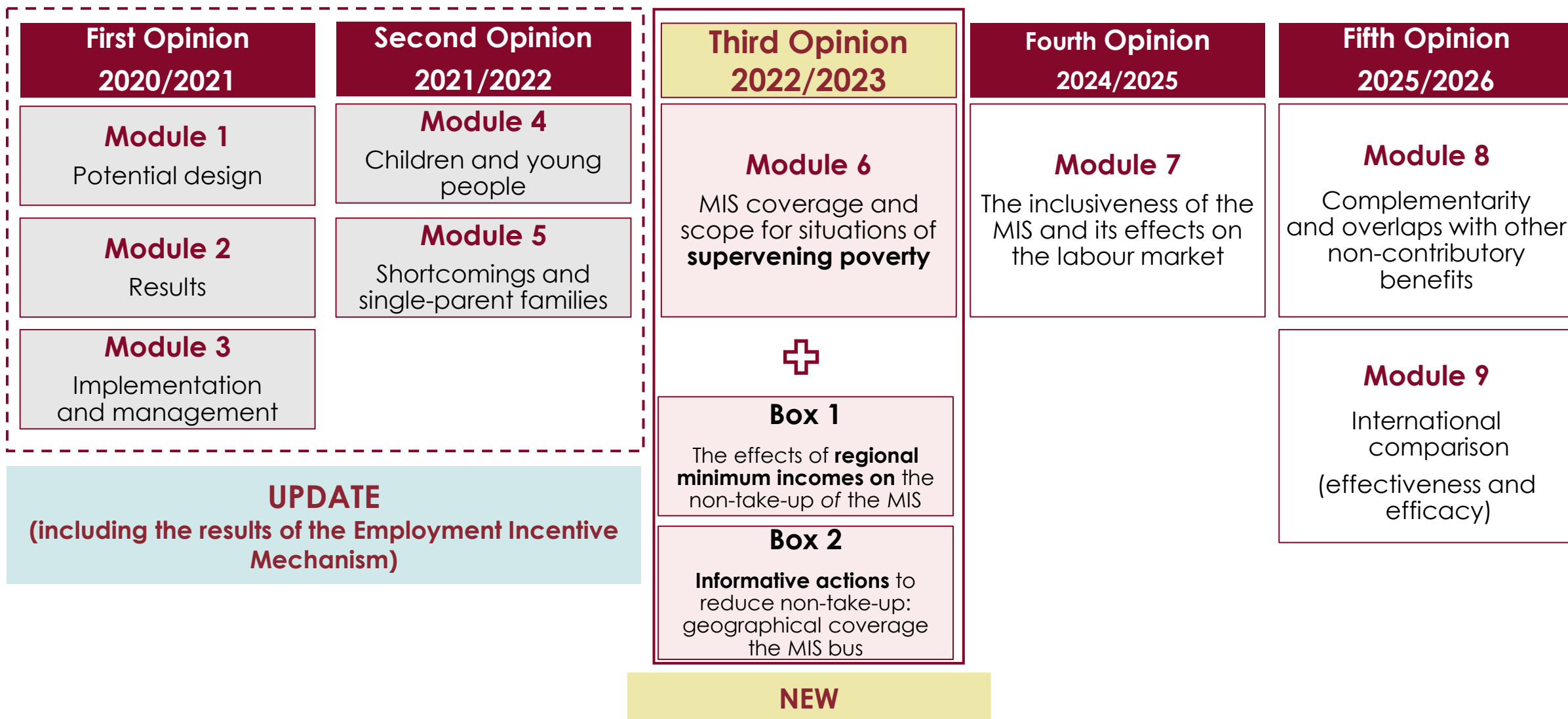
Independent Authority  
*for* Fiscal Responsibility

# Third Opinion

## Minimum Income Scheme

July 10<sup>th</sup>, 2024

# This Third Opinion updates the modules of previous years. and displays one new and two thematic boxes



# What has the MIS achieved?

1

Households under the umbrella of a last resort benefit have doubled

MAY 2020

Prior to MIS, 239,227 households received regional minimum income benefits from Autonomous Regions

OCTOBER 2023

More than 500,000 households receive MIS and/or regional minimum income benefits

2

Attracts highly vulnerable households

Median duration of benefits: 30 months

40% of beneficiaries have received the MIS since its implementation in 2020

\* For the purpose of this PPT, the MIS is understood as basic MIS + full MIS (basic MIS+CAPI). CAPI is understood as MIS\_CAPI + full MIS. See Opinion for more details

# However, the MIS continues to show room for improvement...

1

## Non-take-up 2023: 56%

Impact on level of coverage : 36% of potential beneficiary households

(17% of households at risk of severe poverty: income < 40% of the median)

Some relevant aspects in this 3<sup>rd</sup> Opinion

2

## Implementation and management

Revision of amounts in 2023, 65% of MIS beneficiary households, of which:

- 25% downward adjustment in subsequent payouts and 33% upward revision
- 7% application for reimbursement (cases of deregistration) → 3,000 euros on median

3

## Supervening poverty

Subsidiary application for recognition of MIS according to current year's income

**Analysis of the evolution of regional minimum incomes on the basis of the non-take-up of the MIS:** collaboration of all Autonomous regions in the provision of information

**Participation through focus groups of Third Sector Social Action entities** registered in the Register of MIS Social Mediators

**MISM actions** to promote application for the benefit and its functioning

# ...as stated in the previous Opinions



## Main problems identified in the MIS

### High non-take-up

This is reproduced in the child support supplement (76%)

### It is not possible to see the complementarity and overlapping with regional minimum incomes

Poor quality of the information sent by the ARs to the AEAT, the INSS and the Ministry of Social Rights

### Payout revisions: 83% of households

67% see amount revised  
16% are cancelled and are asked to pay back €2,500 on median



## Steps have been taken in the right direction

MIS is reaching the most vulnerable households

Reduction in the application processes

Dissemination initiatives of the benefit

Combining employment with MIS

Register of Social Mediators

Launch of social inclusion pilot projects

## Further action could be considered

Improve the provision of information (beneficiaries) as well as its exploitation (monthly frequency)

### Promote information on regional minimum incomes in all ARs

**Included by AReF in this Opinion**

Use profiling of non-applicants to target actions

Accelerate inclusion mechanisms or pathways

# Effectiveness and efficacy challenges

## Sustaining non-take-up and hedging levels

**Non-take-up** rate remains at 56%. (58% in 2022)

The MIS reached **36% of potential beneficiary households** (35% in 2022)

MIS reached **17%** of households at **risk of poverty** (40% on median)

**19%** of potential beneficiaries received the **CAPI** (12% in 2022)

## Effectiveness and efficacy challenges persist

Lack of **specification of targets**

### MIS mediator entities:

- **Lack of information and support** to reduce non-take-up
- **Lack of correspondence** between the accreditation of access **requirements** and **social reality**

**Coordination** between MIS and regional minimum incomes

Limited effective application of **current year's income** mechanism

## Significant facts in its rollout and efforts to implement actions that foster applications and their management

**951,702 potential beneficiaries** due to 15% increase in guaranteed income (808,000 in 2022)

MIS reached **342,856 households** (20% more than in 2022)

18 p.p. reduction in households affected by **income review** (from 83% in 2022 to **65% in 2023**)

The **MISM** has published the **number of beneficiaries** in the current month, improving transparency and complying with AIReF's proposal.

**Information tent and bus (stops in 38 municipalities, which account for 28% of the non-take-up)**

**The employment incentive mechanism has prompted a reduction in the number of revisions**

**32 experimental pilot projects that provide causal evidence and could facilitate decision making**

# The availability of data has made it possible to analyse the effects of regional minimum incomes on the MIS

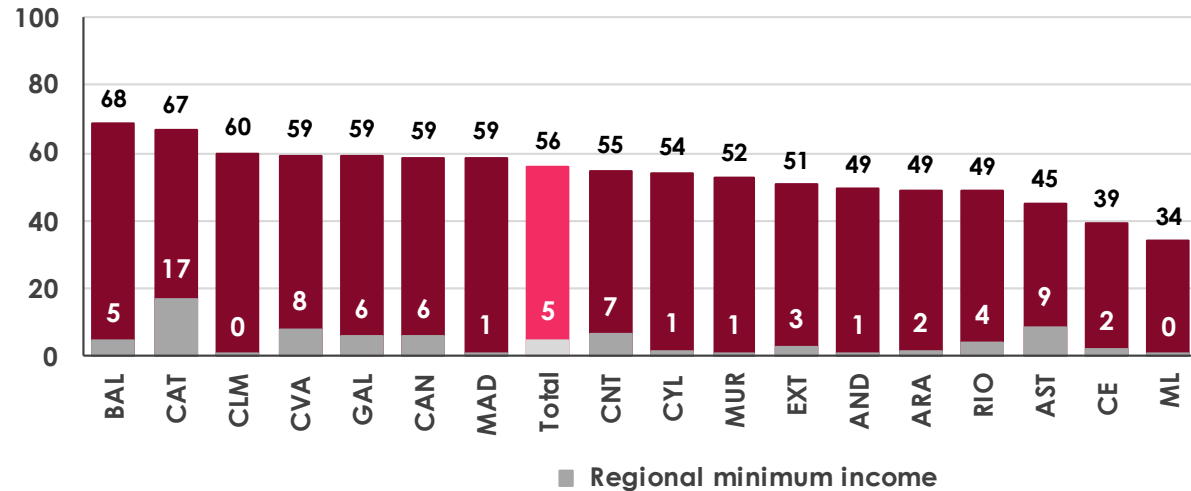
Part of the non-take-up is explained by beneficiaries of the regional minimum incomes programme who would be beneficiaries of the MIS, but have not yet applied for it

5 percentage points of the 56% of the non-take-up rate corresponds to households that received regional minimum incomes in 2023

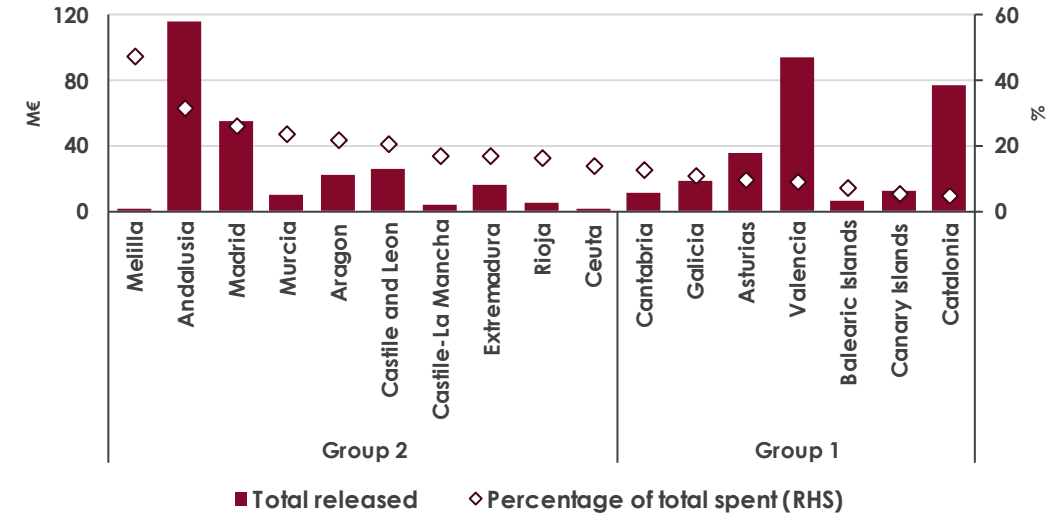
Higher proportion in Autonomous Regions with a limited transfer to the MIS of beneficiaries to the MIS

The transfer of beneficiaries from regional minimum income benefits to MIS has freed up €510m since the start of MIS, 11% of Autonomous Regions' spending on their regional minimum income benefits

EFFECT OF REGIONAL MINIMUM INCOMES ON MIS NON-TAKE-UP (2023)



REVENUES RELEASED BY TRANSFER OF REGIONAL MINIMUM INCOME BENEFICIARIES TO MIS BY AUTONOMOUS REGION. MILLIONS OF EUROS AND % OF TOTAL REVENUE COMMITTED



Source: AIReF based on AIReF-MIS\_regional minimum income simulator and MIS files.

Source: AIReF based on MIS payouts and regional minimum incomes of the ARs.

# The persistence of challenges leads AIReF to insist on several of its proposals

## Rollout of the MIS

- Specify the **targets of the MIS** in quantitative terms so that the extent to which it has been achieved can be accurately evaluated

## Non-take-up

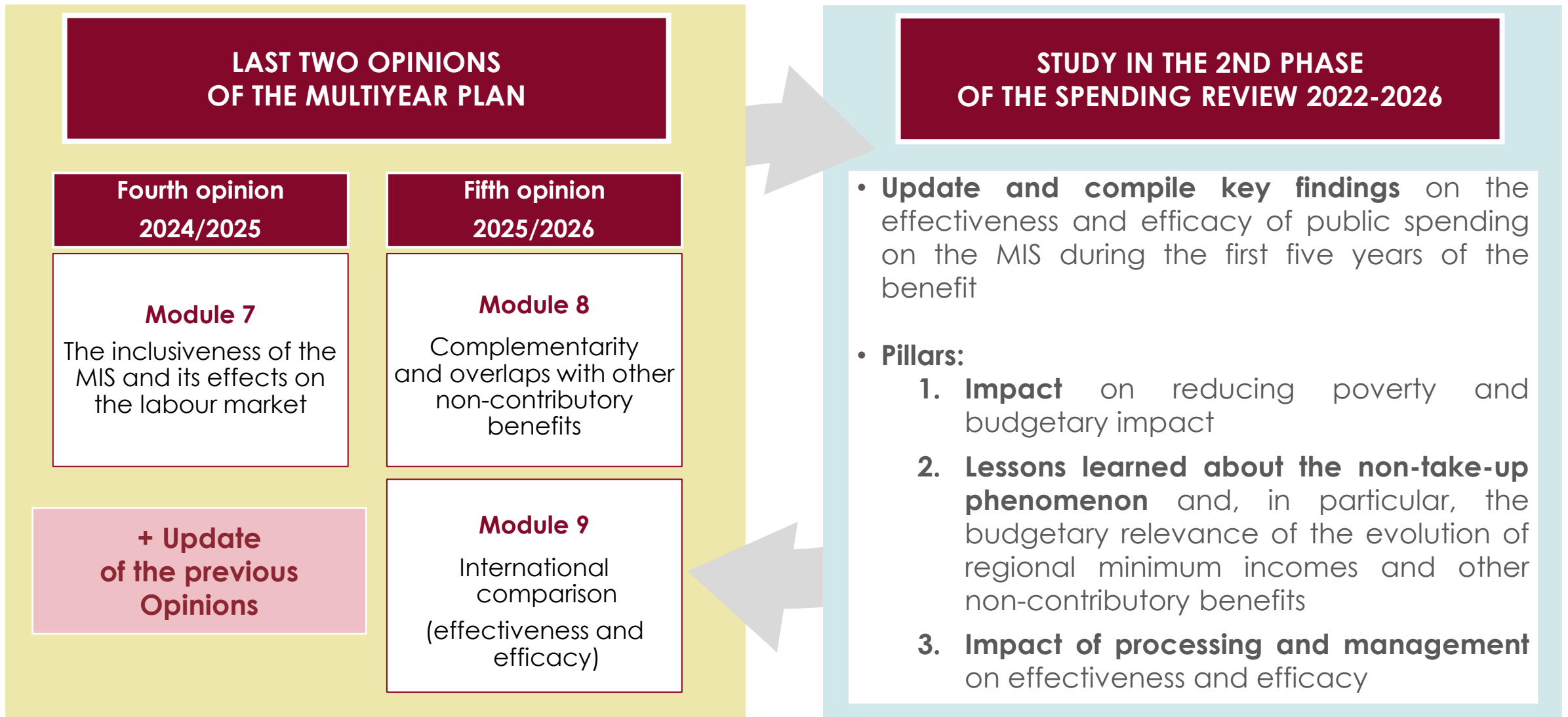
- Bring the MVI closer to citizens in an automatic way by using **ex officio grant schemes that serve as a basis for other benefits in line with Royal Decree-Law 2/2024, which structures an automatic gateway between unemployment benefits and the MIS**
- Strengthen individualised **information and support campaigns**, especially among potential CAPI beneficiaries
- **Regional minimum income programmes** should ensure continuity in the **publication of** homogenous and comparable **statistics** on beneficiaries and monthly amounts

## Coverage and scope in cases of supervening poverty

- Verify the financial requirements of MIS benefits using **more current data** rather than previous year's data



**In the next two years, AIReF will publish the latest Opinions.  
of its multiyear plan and evaluate the MIS in the framework of the Spending Review.**



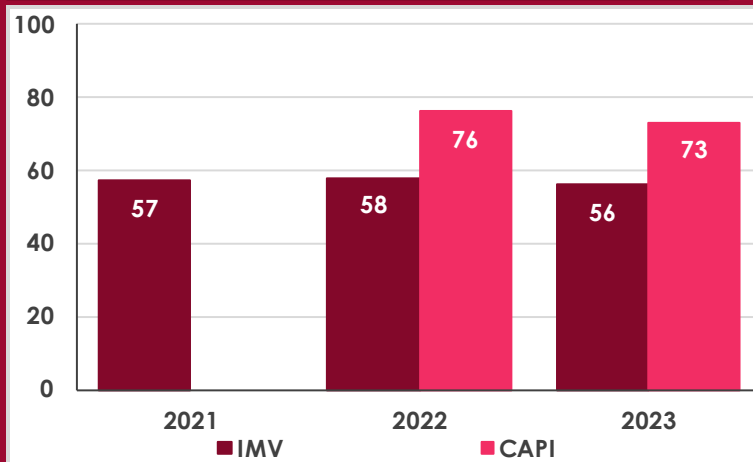
# **Content of the Opinion**

# The Third Opinion highlights the improvement in the cover of benefits of last resort since the introduction of the MIS, but major challenges remain

**Non-take-up 2023: 56%**

**No decrease from 2021**

Evolution of non-take-up of MIS and CAPI (%)



1

Coordination with non-contributory benefits and Autonomous Regions' regional minimum income programmes

2

Income-linked criterion to the situation in the year preceding the application

3

Definition of the cohabitation unit

# Coordination with non-contributory benefits and regional minimum income programmes

1

## Coordination with non-contributory benefits and income programmes

### Regional minimum incomes

5 points of the 56 of the non-take-up (47,500 households) are due to beneficiaries of other regional minimum income programmes who have not yet applied for the MIS

Decline of regional minimum incomes since introduction of the MIS. The number of households covered by benefits of last resort (MIS or regional minimum income) has increased by 275,000 families

### Non-contributory benefits

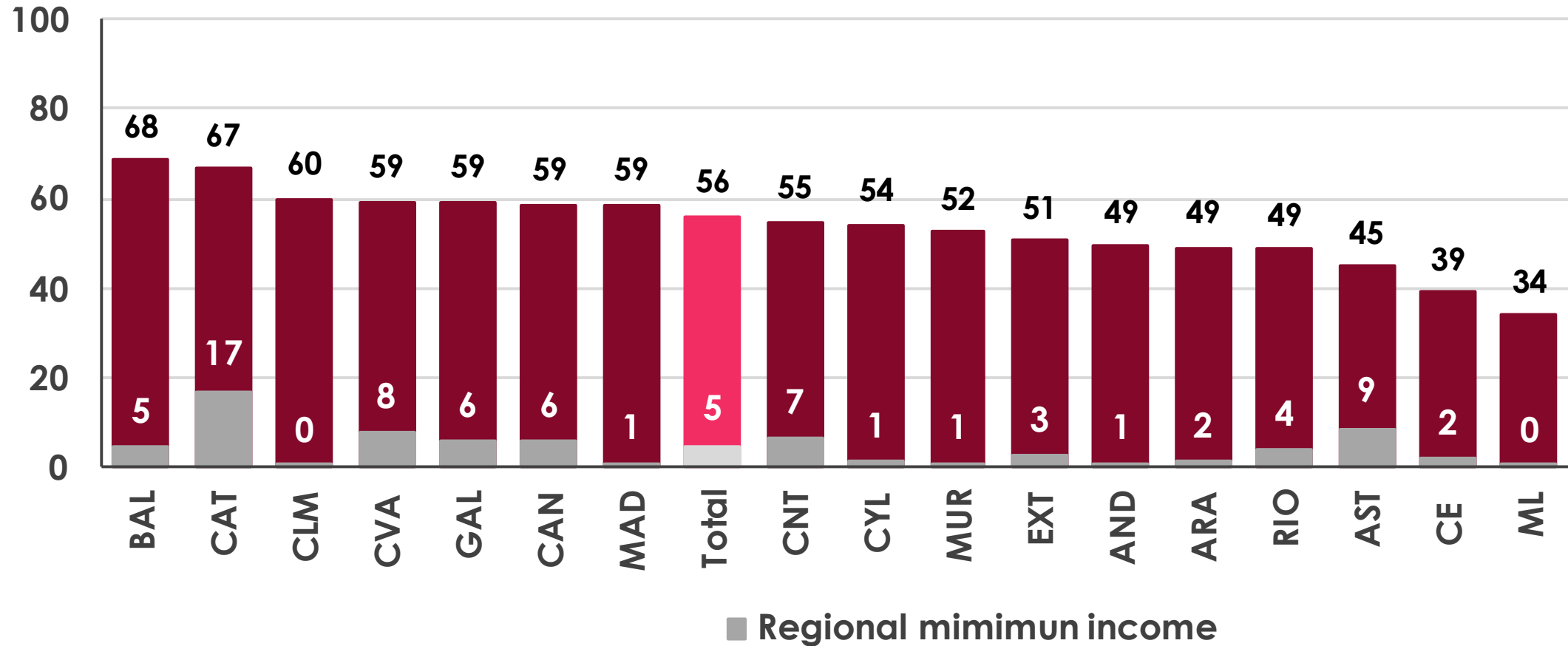
53% of non-take-up households receive unemployment benefits (First Opinion)

38% of non-take-up households would increase their income by less than 30% if they received the MIS (Second Opinion)

**Proposal:** move towards *ex officio* benefit schemes that consider all non-contributory benefits the beneficiary is entitled to receive

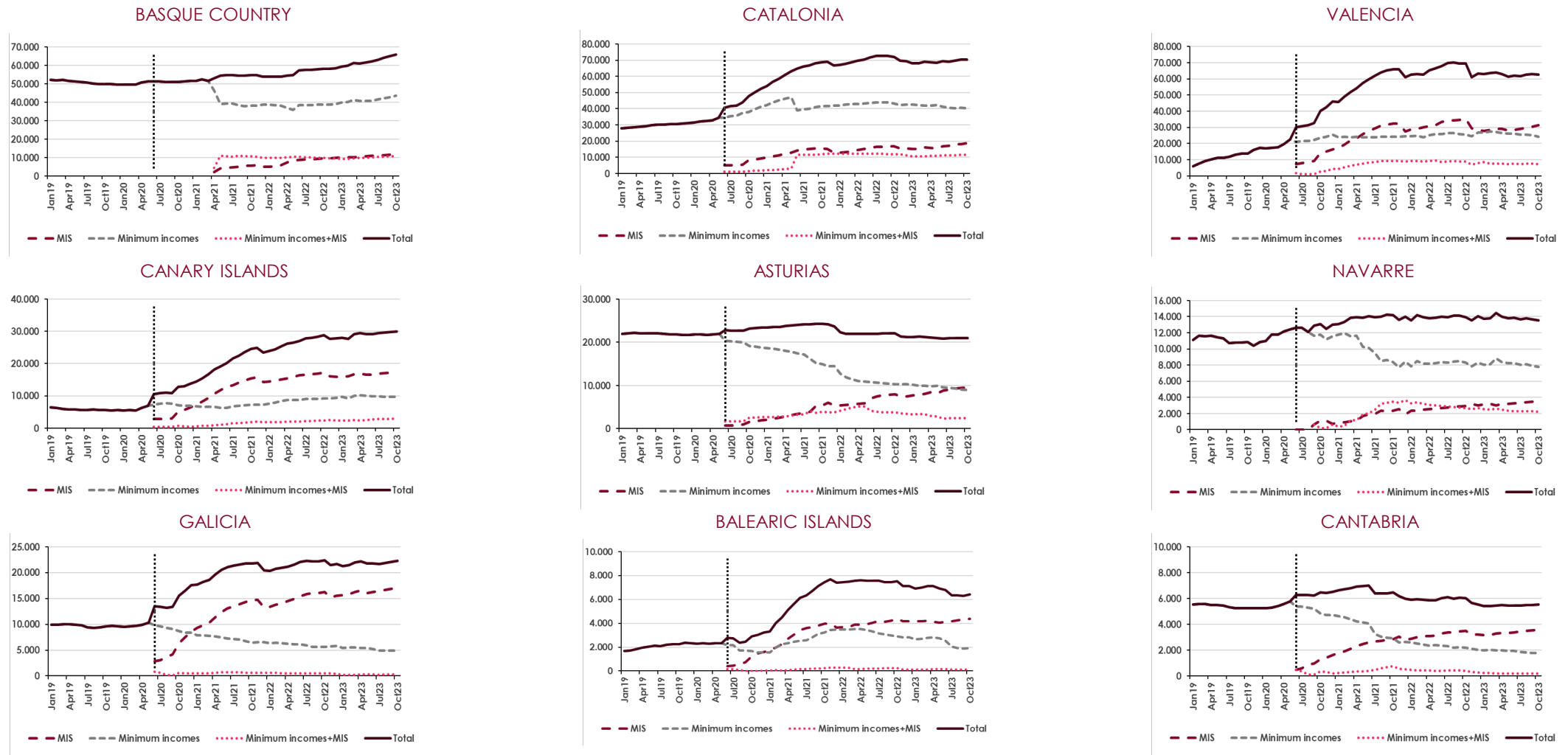
**Progress:** automatic transfer of people whose unemployment benefit has ended to the MIS (operational in November 2024)

# Contribution of regional minimum incomes to non-take-up of the MIS



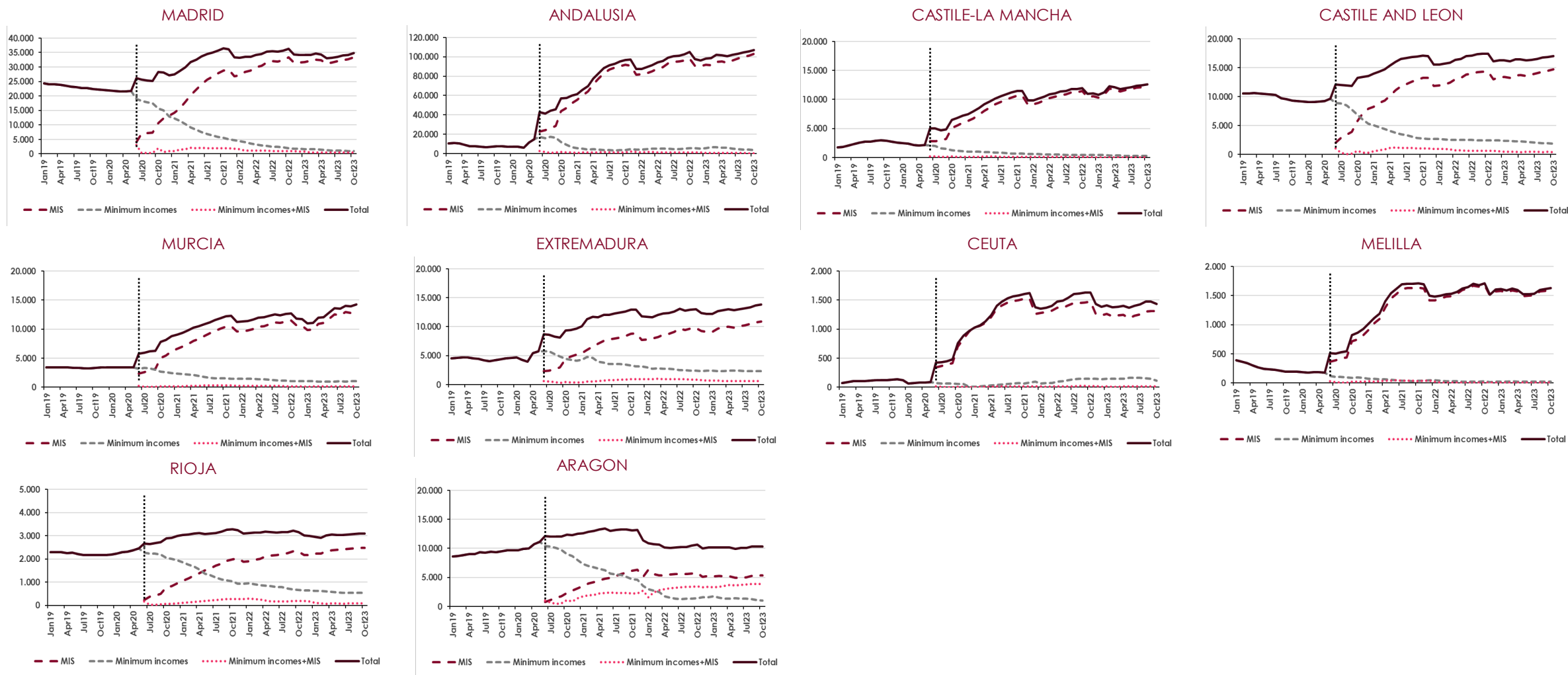
Source: AIReF based on MIS payouts and regional minimum incomes of the A>Rs

# Autonomous Regions that maintain a significant number of regional minimum income beneficiaries since the introduction of the MIS



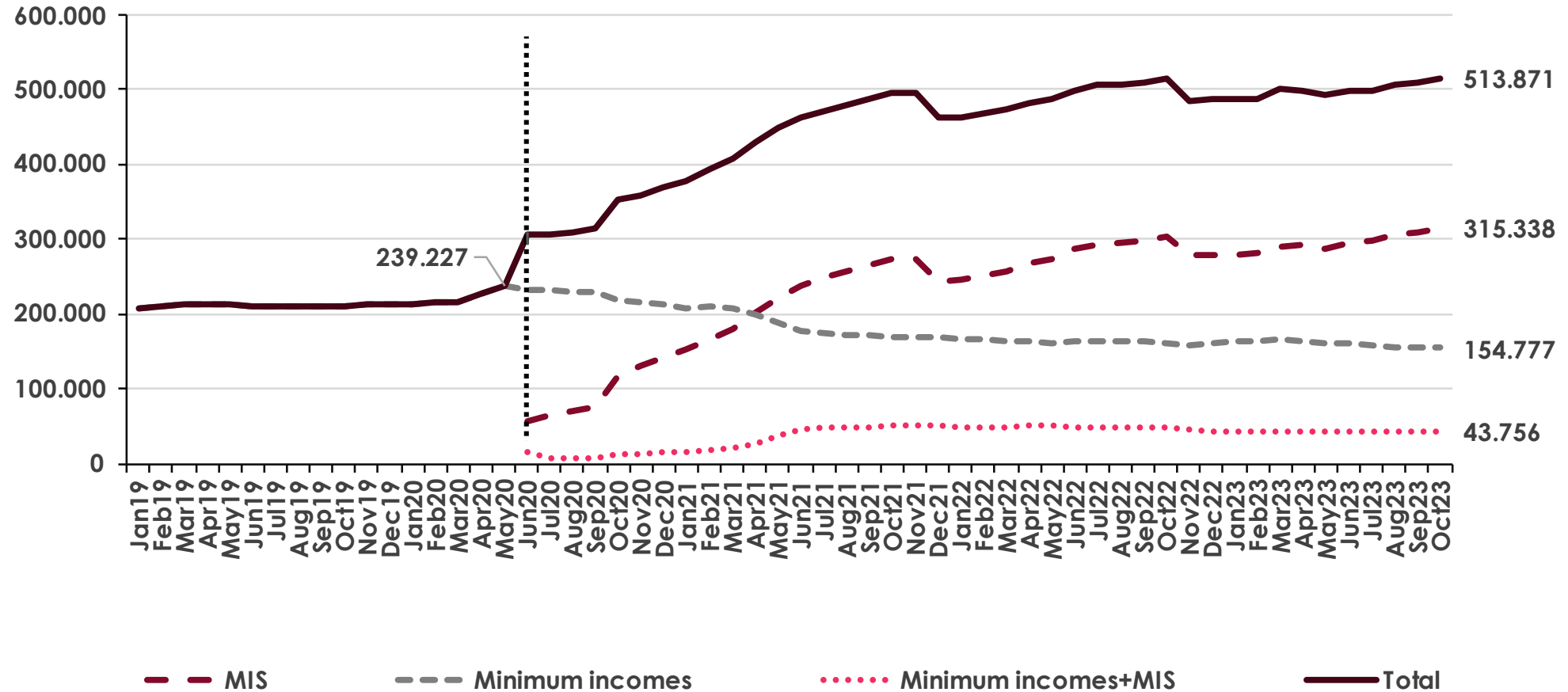
Source: AIReF based on the MIS and regional minimum incomes of the ARs

# Autonomous Regions in which the number of regional minimum income beneficiaries has fallen significantly since the introduction of the MIS



Source: AIReF based on the MIS and regional minimum incomes of the ARs

# Evolution of the beneficiaries of regional minimum incomes and MIS. Total



Source: AIReF based on the MIS and regional minimum incomes of the ARs



# Income criterion

2

Definition of income linked to the previous year

## Revisions and reimbursements

65% of MIS beneficiary households had their amounts revised in 2023

7% of the beneficiary households were deregistered and 3,000 euros (on median) were requested for reimbursement

The employment incentive was applied to 30% of MIS beneficiary households. This amounted to €2,400 more income (on median) and fewer revisions

## Supervening poverty

30% of the MIS applications have requested that the current year's income be considered (836,510 files) on the basis of Article 11.5 of the Law on the MIS

Of those approved (198,300 files), only 3,964 have had their benefits granted in accordance with the current year's income

MIS households receive 97% of their income from work and/or benefits (Second Opinion)

**Proposal:** verify financial eligibility for access and revisions of benefits using more current data (e.g. social contributions)

# Cohabitation unit

3

Definition of the cohabitation unit (second degree of kinship)

Management and processing

25% of applications rejected due to the cohabitation unit (First and Second Opinion)

Focus groups with the entities in the register of mediators (Third Opinion) have experienced difficulties in the accreditation of the Cohabitation unit of certain types of families (e.g. households with registered but absent members, extended families, unmarried couples, etc.) and have expressed difficulties and discouragement in the application

**Proposal:** to move towards *ex officio* benefit schemes based on information that can be accessed automatically by the public authorities

# In addition, it is proposed:

**To specify MIS targets in quantitative poverty terms**  
in such a way that their degree of success can be accurately evaluated

**To strengthen individualised information and support campaigns**  
to improve the inclusion of beneficiaries, in line with the evidence identified in the focus groups and the results of the pilot projects for social inclusion carried out by the Ministry of Inclusion

**As regards regional minimum income programmes,  
ensure the continuity of the publication of homogeneous and comparable statistics  
of beneficiaries and monthly amounts of the programmes**  
that allows the effects of the evolution of regional minimum income programmes on the MIS to continue being evaluated, along with the global coverage of poverty in Spain, beyond the scope of AIReF's commission



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