

Expanded abstract

Measuring non-take-up in Regional minimum income schemes in Spain

Objectives

The primary objective of this study is to quantify the non-take-up rates of regional minimum income schemes (MIS) in Spain in 2019. Non-take-up refers to the percentage of eligible individuals or households who do not claim the benefits they are entitled to. This research addresses a significant gap in the literature, as there are not previous studies that have measure non-take-up rates on the regional MIS. Traditionally, other research focuses on coverage rate or share of people in a situation of poverty receiving these benefits, without estimating non-take-up rates of it. The secondary objectives include evaluating the protective capacity of MIS, in terms of share of households covered by MIS if all eligible households were receiving it. Finally, it allows to provide recommendations for policy.

Introduction

Spain has traditionally faced high levels of poverty and social exclusion. The AROPE index, which measures multidimensional poverty, stood at 26% in 2022, equivalent to over 12.3 million people living in poverty or social exclusion. This is well above the European average of 21.6%. In Spain, severe poverty, defined as households with incomes below 40% of the median income, affects 10.3% of the population, compared to the European average of 7.7%. The recent trend in the AROPE index has not been positive, with Spain failing to reduce poverty levels below those before the 2008 economic crisis. To address these issues, the European Union has recommended extending social protection, including MIS, to the most disadvantaged groups.

Spain has a complex variety of income policies, including categorical benefits such as pensions, maternity and disability benefits, as well as universal benefits such as emergency aid and minimum income benefits. Despite these efforts, the persistence of poverty requires the redesign of income guarantee programmes, of which MIS are a key element. This type of benefit aims to provide a minimum income to households without other sources of income and to facilitate social and/or labour market reintegration through inclusion pathways. The social economy, in particular the Third Sector of Social Action (TSAC), plays a crucial role in developing and implementing these pathways and in supporting beneficiaries.

Spain's approach to minimum income, driven by Regional governments, has led to significant disparities in the budget, coverage and activation of beneficiaries. The introduction of the Minimum Vital Income (IMV) in 2020 aimed, among other things, to standardise and rationalise minimum income benefits across Spain.

In addition, despite extensive research on regional MIS in Spain, there are no studies measuring non-take-up rates. This study fills this gap by providing the first estimates of non-take-up rates for regional MIS in 2019, the year before the IMV was introduced.

Methodology

This paper uses data from the Household Panel, which includes administrative data and comprehensive information on income, assets and household characteristics. Microsimulation techniques are used to estimate the eligible population for each regional benefit, based on both monetary and non-monetary criteria. The study compares the estimated eligible households with the actual beneficiaries to calculate non-take-up rates. Robustness checks are carried out by adjusting income and asset thresholds to account for potential measurement errors. In addition, eligible households for each programme are compared with households at risk of poverty and severe poverty to understand the capacity protection of each benefit.

Results

The results show that non-take-up rates for MIS in Spain are significantly higher, ranging from 55% to 94% depending on the region. Asturias has the lowest non-take-up rate at 55%, while regions such as Castilla-La Mancha and Ceuta have rates above 90%. This is significantly higher than non-take-up rates in other MIS in European countries, which are around 50%.

The study also highlights the insufficient coverage of MIS, with only 40-50% of poor households potentially covered by these schemes. The analysis shows also that MIS are failing to reach a significant proportion of the population living in severe poverty, with an average of only 13.86% of households covered by a scheme in 2019.

Conclusions

The high non-take-up rates indicate significant inefficiencies in the implementation of regional MIS in Spain. To improve the effectiveness of these schemes, the study recommends measuring non-take-up of MIS to identify the problem. This should be followed by simplifying administrative procedures, increasing the adequacy of benefits and improving outreach efforts. The introduction of the IMV in 2020 is a step towards homogenising and rationalising minimum income benefits across Spain. However, the IMV also faces challenges in reducing non-take-up rates, which will require further policy adjustments.

Limitations to the Research

The study faces several limitations, mainly related to data constraints. Although the Household Panel is comprehensive, it lacks certain qualitative information such as employment status or specific social conditions (e.g. victims of violence). In addition, the simulation method used to estimate eligibility is categorical and may not capture the underlying causes of voluntary non-

take-up due to minimal benefit amounts or temporary non-take-up. The study also does not look at the determinants of non-take-up, focusing instead on quantification.

Original Value

This research provides the first comprehensive estimate of non-take-up rates for each regional MIS in Spain, providing valuable insights into the shortcomings of current social protection policies. By highlighting the gap between eligible and actual beneficiaries, the study underlines the need for policy reforms to improve the coverage and effectiveness of minimum income schemes. The findings contribute to the broader discourse on social welfare and poverty reduction and offer lessons for other decentralised public benefits in Europe or in other countries.