

The income guarantee system in Spain: trends, results and necessary reforms

EU programme for Employment and Social
Innovation
(PROGRESS axis)

AUTHORS:

Luis Ayala Cañón

(Universidad Rey Juan Carlos)

José María Arranz and Carlos García Serrano

(Universidad de Alcalá)

Lucía Martínez Virto

(Universidad Pública de Navarra)

EXECUTIVE SUMMARY

November 2016



**This project is co-funded
by the European Union**

Research developed within the framework of the Progress Project "Review of the minimum income schemes in Spain from the perspective of cost-effectiveness" co-financed by the European Commission, Agreement VS / 2015/0180.

The content of this report does not reflect the official opinion of the European Union. Responsibility for the information and views expressed in the report lies entirely with the authors.

Table of Contents

INTRODUCTION	4
1. MAP OF THE INCOME GUARANTEE SYSTEM IN SPAIN	7
2. EVOLUTION OF THE INCOME GUARANTEE SYSTEM: CURRENT SITUATION AND DESCRIPTION OF CHARACTERISTICS.....	10
2.1. Evolution of beneficiaries and expenditure.....	10
2.2. Evolution of beneficiaries and cost of the level of aid of unemployment benefits ...	15
2.3. Territorial distribution and socio-demographic profiles of beneficiaries	16
3. EFFECTS OF THE INCOME GUARANTEE SYSTEM ON POVERTY REDUCTION	17
3.1. Adjustment of income guarantee benefits	17
3.2. Effects on poverty: added impact, differentiated effects of each benefit and the contribution to reducing moderate and severe poverty	20
4. DYNAMICS OF THE INCOME GUARANTEE BENEFITS AND EFFECTS ON ENTERING INTO THE JOB MARKET	24
4.1. Dynamics of the welfare level of unemployment benefits	24
4.2. Dynamics of the Regional Minimum Income	27
4.3. Employment programmes for Regional Minimum Income beneficiaries and groups with difficulties for entering into the job market	30
5. CONSISTENCY OF THE INCOME GUARANTEE SYSTEM	34
6. RECOMMENDATIONS FOR THE REVIEW OF THE INCOME GUARANTEE SYSTEM...	44
6.1. Recommendations in relation to the design and orchestration of the economic benefits	44
6.2. Recommendations related to the capacity of income guarantee benefits to favour entry into the job market	48

INTRODUCTION

The main purpose of this report, fruit of the agreement entered into by the European Commission and the Minister of Health, Social Services and Equality (*Review of the Minimum Income schemes in Spain from the perspective of cost-effectiveness*, VS/2015/0180), is to perform an in-depth review of the records of the different administrations responsible for economic benefits, with the aim of defining potential improvements that should be carried out from the perspective of the coverage offered, and its orchestration and adjustment to current and future needs, both in terms of reducing poverty and encouraging participation in the workforce. The study is delimited by the definition itself of the income guarantee system, understanding it as all the non-contributory monetary benefits subject to the verification of the resources that attempt to resolve the problems of insufficient income for families and people.

Within the framework of the European Union's specific recommendations for member countries, Spain has received instructions to improve the adaptation between the income guarantee system and the transition into employment of unemployed people, potential recipients of the welfare safety net, to make further progress towards reducing poverty. As a first step, it is essential to have a diagnosis that adjusts to the possibilities and limits of the current system and, especially, to also have an accurate evaluation of how the system really affects poverty and the workforce participation of the beneficiary. Until now, the organisational problems directly associated with the income guarantee system, with significant territorial and functional differences, have made this task extremely complex. The administrative information, which is particularly valuable for knowing the scope of the system, its effects on the income of households and the real dynamics of participation in the programmes, was very disperse because it came from different sources and it was not possible to simultaneously use all the information necessary for laying out the general picture.

This wide set of economic benefits covers the non-contributory assistance that exists in both Spain and the Autonomous Regions (CCAA). Firstly, an analysis is made of the allowances and programmes for temporarily unemployed individuals managed by the Public Service of State Employment (SEPE).¹ Secondly, the benefits designed to provide protection when a person is unable to work.² Likewise, the study includes the

¹ These benefits include the allowance due to insufficient contributions, allowance for having exhausted the contributory benefit, allowance for people over 45 whose contributory benefit has finalised, allowance for review of disability, agricultural allowance for residents in Extremadura and Andalusia, allowance for emigrants who have returned to Spain, allowance for released prisoners, Active Placement Income (RAI), allowance for people over 55, the Professional Qualification Programme (Prepara) and the Employment Activation Programme (PAE).

² Non-contributory maternity allowance, non-contributory Social Security retirement and disability pensions, Social Benefits for Disabled People and old benefits of the National Fund for Social Assistance (FONAS).

complementary benefits directed towards increasing the economic protection of the assistance mentioned previously.³ These benefits are managed by the National Institute of the Social Security (INSS) and the Institute for Elderly People and Social Services (IMSERSO). Lastly, an analysis is also made of the Minimum Income in each one of the Autonomous Regions. Other exceptional complementary benefits developed locally or in the Autonomous Regions, as well as personal income tax benefits for families included in social protection schemes, have not been included in this report.

The methodology used to prepare the study responds to a qualitative and quantitative design. From the perspective of the former, one of the report's initial contributions is the in-depth analysis of the standards that regulate both the benefits of the income guarantee system and the actual employment programmes for individuals who receive Minimum Income, or the groups with difficulties to access employment. In the same way, meetings, inquiries and interviews have been held with key informers of the different institutions involved in designing and managing the Minimum Income allowances. From a more quantitative approach, the report provides a pioneering study of the use of administrative records for evaluating the income guarantee system. Thanks to the participation of all the administrations involved, the study begins by offering the most exhaustive picture to date of the volume of the system and the way it has evolved over time, in terms of both beneficiary and expense units and, as a new feature, of the degree of participation in the programmes, due to building and using for the first time a longitudinal database created from the files of individuals receiving SEPE unemployment benefits and another longitudinal database of Minimum Income units with records of all the Autonomous Regions⁴. For the first time ever, the degree to which the different benefits effect poverty has been specifically analysed, made possible by using the information obtained from the Living Conditions Survey supplied by the National Statistics Institute.

The report has been promoted and coordinated by the Ministry of Health, Social Services and Equality, through the General-Directorate of Services for Family and Childhood and the technical assistance of FRESNO SERVICIOS SOCIALES, S.L. It has been drawn up by research groups from three universities: Universidad Rey Juan Carlos (Luis Ayala Cañón), Universidad de Alcalá (José María Arranz and Carlos García Serrano) and the Universidad Pública de Navarra (Lucía Martínez Virto). The work has been carried out with the support of researchers from the participating universities (the ALTER research group of the Universidad Pública de Navarra), as well as with the collaboration of technical experts and people responsible for the benefits analysed (SEPE, MEYSS: SG de Estadística, IMSERSO, INSS and the Autonomous Communities), as well as the Directorate-General of Services for Family and Childhood of the Ministry of Health, Social Services and Equality. The suggestions

³ Allowances supplementing minimum contributory pensions, allowances supplementing minimum non-contributory benefits and the childcare allowance.

⁴ With the exception of Catalonia.

and contributions given by the members of the scientific committee are also greatly appreciated.

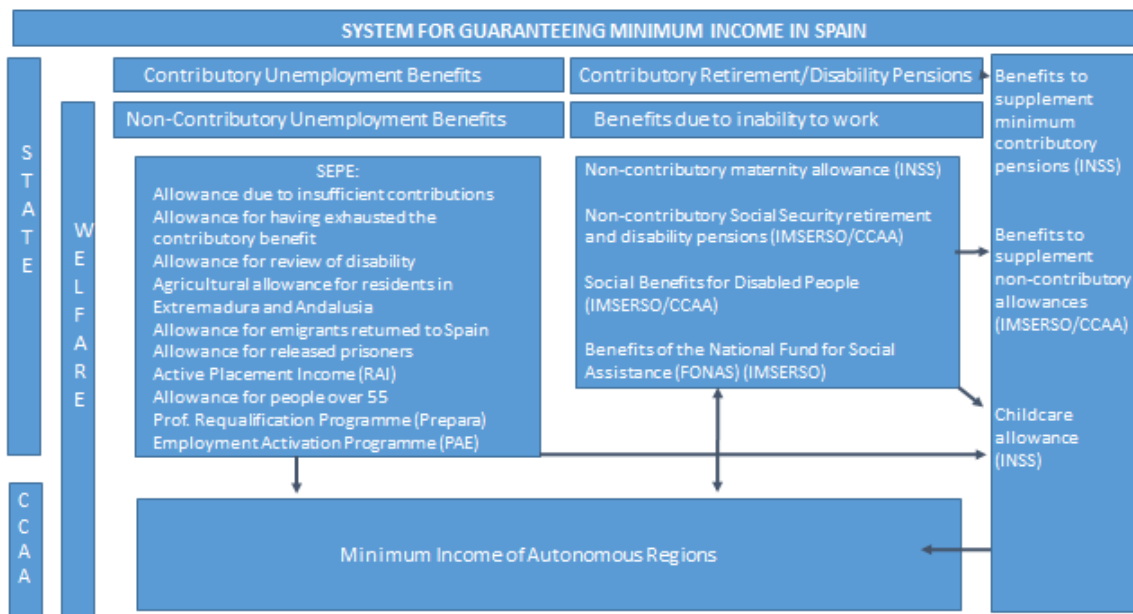
The report is structured in four blocks. The objective of the first is to give a detailed description of the main characteristics of the economic benefits that make up the income guarantee system in Spain. The second block offers a wide view of the evolution of the income guarantee system in relation to the benefits and its current situation. The third block analyses the effect of the income guarantee system on reducing poverty. The fourth block evaluates the dynamics of both the benefits and the entry into the job market. The report concludes with a series of recommendations for guiding the changes, modifications and decisions that can be adopted in regard to the present and future of the income guarantee system in Spain.

1. MAP OF THE INCOME GUARANTEE SYSTEM IN SPAIN

The structure of the income guarantee system in Spain is based on two differentiated logical factors: contributory protection derived from a previous contribution, which is not analysed in this report, and non-contributory or welfare protection to protect workers who are excluded from or have exhausted their contributory protection. Both levels are of a protective nature that translates into the reception of economic benefits (of different amounts and for different lengths of time) and in carrying out actions aimed towards returning to the job market. However, the philosophy supporting each one of the levels conditions the access, protection and coverage of each type of benefit.

Making the system even more complex is the participation of different levels of public administration as regards management, design, regulatory capacity and funding. On the one hand, the benefits from the General State Administration have the support of different institutions, such as the Public Service of State Employment (SEPE), the National Institute of the Social Security (INSS) and the Institute of Elderly Persons and Social Services (IMSERSO). On the other hand, in accordance with the current distribution of competencies, the last level of protection is developed by the Autonomous Regions (CCAA) via the so-called Regional Minimum Income (RMI).

Figure 1.1. Map of benefits included in the Minimum Income guarantee system in Spain.



Source: authors

Welfare protection, the subject of this study, includes different economic benefits that beyond the characteristics of their access, protection and the duration of the benefit are managed by different institutions and are designed to protect different contingencies. State benefits, on the one hand, include non-contributory unemployment benefits and, on the other, those destined to give protection in situations of permanent or temporary inability to work. The former are managed and funded by the SEPE and are designed for protecting those people who have exhausted their unemployment benefit or have not contributed enough to be entitled to this level of protection. They are likewise designed to deal with situations of long-term unemployment, especially in the case of some groups, such as the over-40s, gender violence victims, emigrants who have returned to Spain, people in detention centres and households with family responsibilities, among others. These benefits are the allowance for insufficient contributions, allowance for having exhausted the contributory benefit and the allowance for people over 45 whose contributory benefit has finalised, allowance for review of disability, agricultural allowance for residents in Extremadura and Andalusia, allowance for emigrants who have returned to Spain, allowance for released prisoners, non-contributory Active Placement Income (RAI), allowance for people over 55, the Professional Requalification Programme (Prepara) and the Employment Activation Programme (PAE). The final two were special programmes designed within the framework of the economic crisis to protect some long-term unemployed groups.

In the majority of cases, the cost of these benefits reaches 80% of the Public Indicator of Income for Multiple Purposes (IPREM), which is €426. The duration of this benefit varies, depending on the age of the recipient or their family responsibilities. It can range between the 6 non-extendable months of the special employment programmes to the 33 months (in 11-month periods) of the Active Placement Income benefits, or until retirement age in the case of individuals over 55.

In the same way, the system also acknowledges other non-contributory benefits destined to protect individuals who are unable to work, such as the non-contributory maternity allowance, managed and financed by the INSS, and the non-contributory Social Security retirement and disability pensions, Social Benefits for Disabled People and the old benefits of the National Fund for Social Assistance (FONAS), all part of the IMSERSO but managed, and in the case of supplementary benefits, also financed, by the Autonomous Regions. Their duration and amount depend on the necessity for which they are destined. The maternity allowance is €532.51 per month and is paid for 42 calendar days. As regards non-contributory retirement and disability benefits, the amount is €367.90 and is maintained while the eligibility requirements are fulfilled. In the case of disability benefits, only a monthly transport allowance of €63.30 is maintained. The FONAS benefit is a monthly amount of €149.86 and lasts for life.

The last economic benefit net corresponds to the Minimum Income of each one of the Autonomous Regions. Although the purpose of the benefits is to compensate for insufficient income, individuals are only entitled to receive them after complying with an established series of activation and inclusion requirements. The level of protection in the Autonomous Regions is affected by one of the system's weaknesses: territorial diversity

because some elements still coincide there are 19 different benefits, one for each Region and capital city, with diverse criteria, amounts and duration, as well as the nature of their protection. Therefore, in terms of amount and duration, among other aspects, the protection is very heterogeneous. In some cases, the differences in the amounts can be equivalent to double the benefit (a person in Ceuta or Valencia receives €300 and €330, respectively, while in Navarre and the Basque Country, a person receives €600 and €625.58). Likewise, in relation to the duration, Andalusia establishes a single period of 6 months, while in Asturias, Cantabria, Castile and León, Basque Country, Madrid, Balearic Islands and Navarre, they acknowledge the payment as long as the needs that gave rise to the benefit are maintained.

This set of economic benefits form part of the different levels of the Minimum Income guarantee system. However, they had not originally been perceived as such and their development was marked by the design of new benefits that aimed to protect different situations of need that had not been covered until then. In this sense, in regard to the levels in both the State and Autonomous Regions, they have gradually extended their protection in a subsidiary manner and/or, in some cases, supplementing the levels of protection. Consequently, even though it can be discussed whether we should talk about one system or two coexisting systems that offer protection at different levels of need, as regards regulations the criteria for accessing the benefits of the Autonomous Regions and the incompatibilities between some of them describe the order of access to each one of the benefits available. The itinerary that crosses the minimums system usually implies going through the different levels, managed by diverse institutions and, occasionally, supplementing benefits with others.

In relation to the itinerary of a long-term unemployed person, it is common that if they are entitled to it, they receive contributory unemployment benefit. Once it has finalised, the SEPE offers non-contributory allowances and some employment activation programmes. If the unemployed individual belongs to a group at risk (due to age, disability, gender violence or they are an emigrant who has returned to Spain) they can apply for Active Placement Income. If after exhausting the whole SEPE benefit system the person is still unemployed, they may apply for the Minimum Income allowance of the Autonomous Region in which they reside.

People who are unable to work, due to age, disability or illness may request a special non-contributory allowance for this kind of situation, as long as they comply with the access requirements. These benefits may be complemented by benefits that supplement both the contributory and non-contributory pensions, as well as childcare allowances, compatible with all the benefits in the system. The annual childcare allowance for a child under 18 is €291 and the payment is subject to income requirements. On the other hand, pensioners with the lowest pensions may apply for the supplement for non-contributory pensions in the Autonomous Regions that acknowledge it (Andalusia, Asturias, Castile-La Mancha, Catalonia, Galicia, Extremadura, Navarre and the Basque Country). The amount of this monthly supplement ranges from between €9.85 in Andalusia to €208 in Navarre.

In recent years, the increase of recipients and the prolonged situations with a total lack of

income and employment have brought to light the complexities and inconsistencies of the system, displaying the diversity of the administrative levels involved; the difficulty to combine and unify the benefits, the gaps in the system and the territorial diversity. This model has been designed to give greater protection to some groups as a consequence of their age, family responsibilities and/or vital events but certain regulations have been excluded and there are procedural barriers when applying the regulations, thus demonstrating the inconsistent standards of the system.

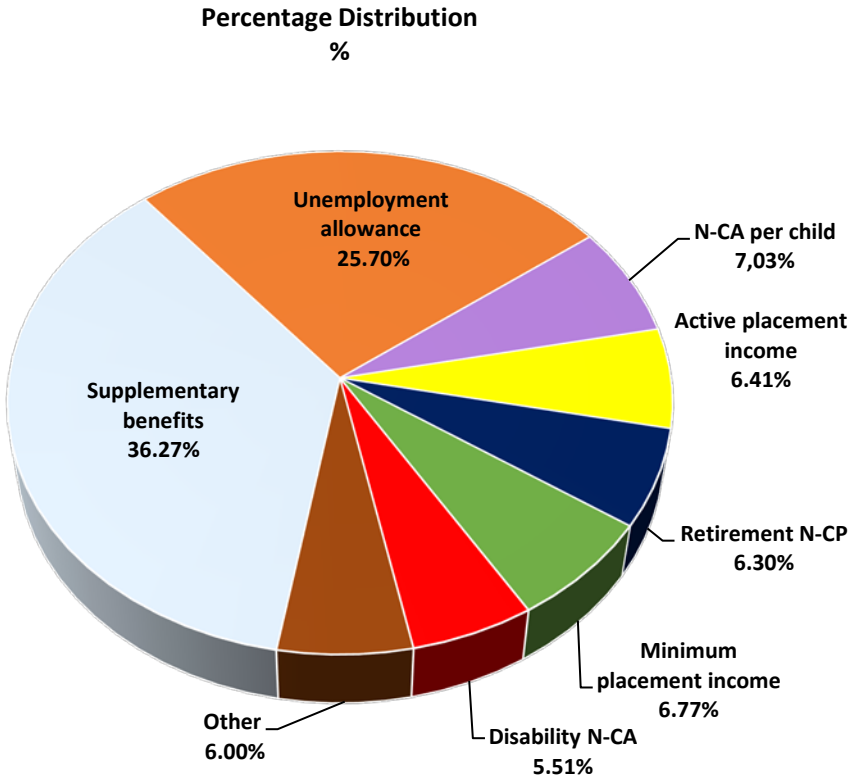
2. EVOLUTION OF THE INCOME GUARANTEE SYSTEM: CURRENT SITUATION AND DESCRIPTION OF CHARACTERISTICS

2.1. Evolution of beneficiaries and expenditure

The income guarantee system in Spain, understood as the set of non-contributory benefits that aim to ensure a basic level of economic sufficiency, is unlike the systems in high-income European countries due to its differentiating set of basic parameters. The system offers lower levels of coverage and the benefits are not as generous; it also has some differentiating features as regards both its evolution and the way it organises the final welfare safety net. It is the result of the gradual coverage of certain needs, forming the final net as a mix of very different benefits as regards access requirements and the amounts offered by the State, combined with benefits that try to cover the general risk of falling into poverty developed by the Autonomous Regions.

In any case, it is a system that handles a significant volume of budget resources (nearly €20,000 million per year) with a high number of beneficiaries (just under 6 million). However, the manner in which it has been constructed has led to problems to coordinate the different benefits and the administrative fields that manage them.

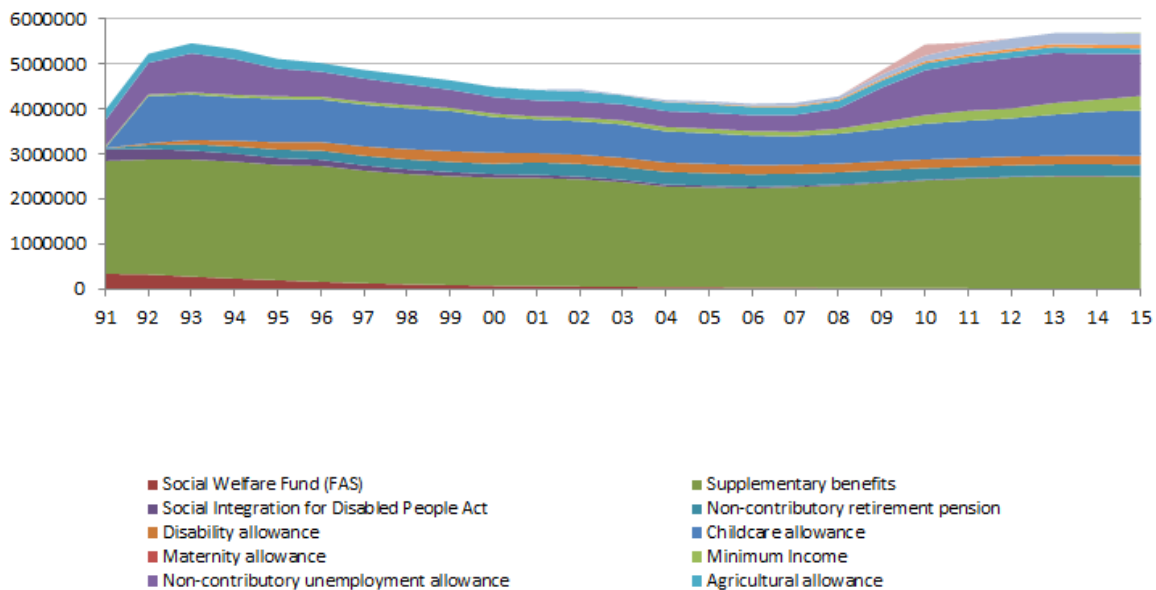
Chart 1. Expenditure on benefits of the income guarantee system.



Source: authors, based on the records of the Ministry of Employment and Social Security, and the Ministry of Health, Social Services and Equality.

The main feature observed in long-term trends is the manner in which the system has expanded, though in the last three decades, the growth was not continuous. It first started expanding at the beginning of the 80s, when the number of benefits doubled. A second expansion period occurred during the first half of the 90s, when new benefits were introduced at the same time as a brief but intense recession, reaching 5,500,000 benefits. The system’s last period of growth was caused by the change of the economic cycle in 2008, which meant that the number of benefits went from just over 4 million before the crisis to nearly 6 million in 2015. This impact is even more defined when the analysis focuses on the set of benefits without taking into account supplementary allowances and childcare allowances, reaching a historical maximum in the volume of the system, nearly doubling the figure of 1,200,000 benefits granted in 2007, to 2,200,000 in 2015.

Chart 2. Evolution of the number of welfare benefits, 1991-2015.

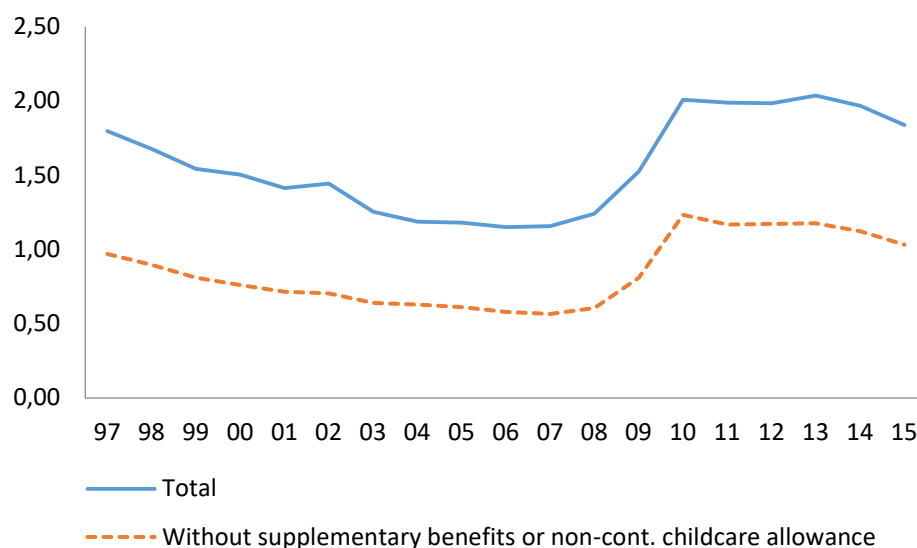


Source: authors, based on the records of the Ministry of Employment and Social Security, and the Ministry of Health, Social Services and Equality.

The long-term changes in the volume of the system are also noticeable when the expense figures are analysed, although there are some subtle differences. The expenditure remained relatively stable until the start of the crisis, rising sharply from 2008 until it peaked in 2010 (nearly €22,000 million). As from this date, it began to drop progressively while the number of beneficiaries remained more or less stable, causing the system to lose its degree of protection.

Out of all the benefits that make up the income guarantee system, the oldest are those that aim to cover the risk of old age and disability. Their greatest increase took place with the Non-contributory Pensions Act of 1990, which attempted to ensure an economic benefit for all retired or disabled citizens who needed it. The number of beneficiaries grew significantly during the first years but, as from 2000, the increase was more moderate, slowing down during the first years of this decade, to then drop.

Chart 3. Evolution of the expenditure on welfare benefits in relation to the GDP, 1997-2015.



Source: authors, based on data from the Spanish National Accounts and the records of the Ministry of Employment and Social Security, and the Ministry of Health, Social Services and Equality.

The Act of 1990 also implied an important change in family benefits, with the introduction of a new allowance within the Social Security system for each dependent child. A non-contributory modality was established, providing coverage to several households that had previously been unprotected. The number of people benefitting from these allowances has undergone a marked anti-cyclical evolution. The figure dropped year after year from over a million beneficiary units at the beginning of the 90s to slightly over 600,000 in 2007. Since then, it has not stopped rising, reaching once again a million units in 2015. However, the cost per beneficiary has shown the opposite trend, with the benefits today having a much lower average nominal value for children under 18 without disability, than in 2008. Therefore, childcare allowance is still limited to families with very low income, who receive very low annual amounts.

A second block is made up of Regional Minimum Income. Despite only representing a small part of the system, slightly more than 6% of the total expenditure, it is one of the most discussed issues in the debate on the income guarantee system, given that it is the only instrument that offers general protection against the risk of poverty and is totally decentralised, which incorporates high doses of territorial fragmentation into a final safety net that already offers very different amounts and coverage due to the number of existing benefits. Its development has been a permanent feature in its evolution, as regards both the design of the benefits and its funding, which has corresponded exclusively to territorial governments, giving rise to significant differences in both the nature of the benefits and the coverage offered. The result is very unequal coverage for vulnerable households, in terms of the population attended to, and very heterogeneous rates of adequacy or economic sufficiency of the benefits, beyond the differences in the cost of living in each territory.

Ever since the Minimum Income scheme was introduced, the number of beneficiaries has not stopped rising, with the sole exception of 2012. Prior to the crisis, the Minimum Income allowances had already acquired a main role in the fight against social exclusion and in the alleviation of severe poverty problems in many Autonomous Regions, crossing the threshold of 100,000 beneficiary households in the middle of the last decade. With the change of the economic cycle, some Autonomous Regions made a great effort to cover the new needs. The number of extra beneficiary units doubled between the end of 2007 and 2011, going from just over 100,000 beneficiary units to 260,000 in 2013, without the upward trend showing any signs of stopping, subsequently reaching the figure of 320,000 households in 2015. As a result, there is little doubt about the extent of the change or the challenges faced by the programmes, with an increasing demand in a context of a very severe budget adjustment.

Right from the start, the increased number of beneficiary households has not been equally distributed among the Autonomous Regions. In regard to the previous development of the allowance, as well as the manner in which the different governments in the Autonomous Regions have responded to the needs triggered by the crisis and, in particular, unemployment, the most characteristic aspect has been the variety of experiences, depending largely on the available resources and the different rate of the situations of insufficient income and the heterogeneity of the political response to the problem of poverty.

According to the data gathered by the Ministry of Health, Social Services and Equality, the real cost per beneficiary has hardly changed since the mid-90s (roughly €2,100 a year). In 2015, the Autonomous Regions spent just over €1,350 million on these benefits, of which nearly 65% corresponded to the budgets executed in the Basque Country (36%), Catalonia (13%), Madrid (9%) and Asturias (7%), consequently carrying greater weight as a whole than the weight these Autonomous Regions have in respect to the number of beneficiaries. The differences in evolution of the expenditure borne by the Autonomous Regions and especially the fact that in some regions the amounts and coverage rates of the population with no income are still very low has led to considerable dispute. The basic question is not only whether the difference between territories implies significant inequalities in the coverage received by households with lower income but if some Autonomous Regions have been allowed to pay amounts that are below a basic minimum. When the inequality that results from paying different benefits is evaluated, it only shows the extent of the problems associated to interterritorial equality in the evolution of Minimum Income schemes. The differences are even greater in the case of the relation between the number of households that benefit from the allowances and the households with no income, as while some Regions had ratios higher than 100%, in others the relation does not reach 10%.

Observing the rapid growth of the income guarantee system as a whole, it can be deduced that although there has been a significant capacity to adjust to the change of the economic cycle, it has not been enough to respond to the rapid increase of situations of insufficient income during the crisis. The data on the relation between beneficiaries and the total population support this opinion as it barely affects the system (around 0.11 benefits per inhabitant), much lower than in other European countries, according to the CSB-Minimum

Income Protection Indicators dataset, especially after taking into account that some of the benefits that most contribute to increasing the total, such as non-contributory childcare allowances, even though they affect many households, the amounts are very low. This limited rate is also confirmed when calculating the relation between expenditure on these benefits and the GDP. Until the start of the crisis, a continuous drop of the indicator was recorded, going from 1.8% in 1997 to 1.1% ten years later, to rise again until reaching the current figure of 1.8%.

2.2. Evolution of beneficiaries and cost of the level of aid of unemployment benefits

An aspect that separates Spain from the average of European Union countries is that although its social expenditure is less than the average amount, the money spent on unemployment with respect to other categories of social expenditure is overrepresented. This even occurs in periods when economic growth is more intense and unemployment rates relatively low⁵. This risk indicates how the unemployment protection system contributes to the functioning of the economic system and the job market in Spain, characterised by a high level of temporary jobs and rotation between working and being unemployed. Furthermore, as an automatic economy stabiliser, unemployment protection has unfurled its whole potential in the most important employment crisis recorded in Spain in recent decades.

Regarding the system's redistributive nature, it is necessary to distinguish between contributory and welfare levels. The former contains certain redistributive elements mainly associated to its design: on the one hand, the application of the maximum and minimum amount of the benefit, implying that workers with lower income receive proportionally greater benefits and, on the other, the consideration of the existence of family responsibilities when said limits are determined.

Due to the nature of the welfare level, it has a stronger redistributive component. However, it needs to be pointed out that the rotation that structurally characterises the job market in Spain, together with the prolonged unemployment situations during the recent recession, has caused a significant number of beneficiaries to shift to the welfare side of protection. In this respect it must be remembered that as from 2010, the volume of beneficiaries at the welfare level has exceeded the contributory level, a fact that, in any case, had occurred previously even during stages of expansion (it happened between 1986 and 2002). This could indicate the loss of the system's capacity to provide coverage to a volume of long-term unemployment that increases during recessions, particularly if the situation lasts a long time.

⁵ It is thus corroborated by the data offered in the Statistical Yearbook (Social Protection in the European Union) published by the Ministry of Employment and Social Security. In 2008, social expenditure in respect to the GDP was 22% in Spain and 26.7% in the EU-28; however, in 2012, Spain spent 25.9% and the EU-28 spent 29.5%. In turn, expenditure on unemployment represented 10.8% of social spending in Spain and 4.9% in the EU-28. In 2012, the expenditure represented 14% and 5.4%, respectively.

The trend towards welfarisation reduces the redistributive potential of unemployment protection and increases inequality. This result is especially relevant due to the welfare level of unemployment protection in Spain is among the lowest of the OECD countries, with amounts that are way below the poverty line.

2.3. Territorial distribution and socio-demographic profiles of beneficiaries

The different types of benefits of the income guarantee system have their own characteristics as regards territorial distribution and the beneficiaries' profiles. In the case of the welfare level of unemployment benefits, the following features have been detected:

- The different types of benefit are not distributed in the same manner in each Autonomous Region and an individual allowance does not always have an identical rate in each region; there are frequently great differences. This could be due to diverse factors, though the productive structure is particularly relevant (which is reflected in a sectoral and occupational composition of a different job), as well as the dynamics of the job market (with different levels of occupation and unemployment, seasonality rates, etc.), which partly determines the workers' access to each one of the different types of unemployment benefits.

- The study of sociodemographic features shows a certain specialisation of unemployment allowances that depend on specific characteristics of the people receiving the benefit. This is the case of distribution by gender, given that there is a greater presence of men in certain types of benefits that potentially last longer, such as the allowances for special groups, which includes people over 55, and the finalisation of contributory benefits for people over 45. The opposite happens with women, who have greater weight in benefits that last a shorter time, such as allowances for people under 45 who have exhausted their contributory benefits or have paid insufficient contributions, for agricultural income and temporary programmes. This specialisation is even more obvious in the case of age, since some allowances use this variable as a defining element. This aspect also concerns the fact that the different position of employers in the job market depends on their age. In this respect, for example, allowances with greater presence (59%) among people under 30 are those that correspond to having paid insufficient contributions.

In regard to the people receiving benefits that supplement minimum contributory pensions, it is observed that the national average of supplementary allowances is 26.5%, although it varies greatly in the different regions. In general, for both the total and in the case of the different type of pensions (retirement, survival, permanent disability, etc.), and schemes (general, self-employed workers, etc.), it can be affirmed that there are some Autonomous Regions with a higher percentage than the average (Extremadura, Castile-La Mancha, Andalusia, Canary Islands, Galicia, Murcia and Melilla) and others with a lower percentage (Basque Country, Madrid, Catalonia and Asturias).

Finally, with respect to the people who receive Regional Minimum Income, it is worth noting two basic features:

- Fifty-nine per cent of the total of beneficiary units of Minimum Income is concentrated in the Basque Country, Andalusia, Madrid and Catalonia, whereas together

the units represent slightly more than half the population in Spain. In terms of expenditure, about 64% of the total corresponds to the budget executed in said regions, with the Basque Country having a significant part of the total. This difference reveals that these regions dedicate greater resources to each unit receiving the benefit than the others.

- The analysis of sociodemographic characteristics reveals a certain predominance of some attributes: the majority of beneficiary units are women (60%), Spanish (65%), are aged between 25 and 55 in the central sections (77%), have primary education or lower (67%) and are unemployed (71%). There is a notable weight of foreign people (35%), older than 55 (15%) and inactive and not retired (23%).

3. EFFECTS OF THE INCOME GUARANTEE SYSTEM ON POVERTY REDUCTION

3.1. Adjustment of income guarantee benefits

The main objective of the income guarantee benefits is to act as the final economic safety net in the fight against poverty. However, in practice, the fear that the benefits could favour a lower workforce participation or the option itself in some systems for more categorical and selective benefits have meant that the amounts have been established by taking into account other references. In many countries, the benefits are nowhere near the poverty line and have limited effects on it. With the crisis, the adjustment problems have increased. In the case of Spain, low amounts, problems associated with providing coverage to the vulnerable population and, especially, the absence of a final economic safety net comparable to that of the majority of European countries meant that poverty, which was already higher than the average before the crisis, grew more than in most European countries.

When analysing the effects of the income guarantee system on poverty, one of the most relevant issues is adjusting the benefits, which entails the use of very diverse perspectives and approximations. When the amounts are compared with the minimum salary and indirectly with the changes of price levels, a significant difference is observed between the evolution of the contributory benefits and those that guarantee income, which has increased the differentiation between the beneficiary units of the Spanish social benefits system. While the former showed a clear upward trend in respect to the Minimum Interprofessional Wage (SMI) until halfway through the last decade, in the case of the latter, there were no considerable fluctuations in this relation. In the case of Minimum Income, the indicator moved throughout the whole time it was functioning at levels of around 60%.

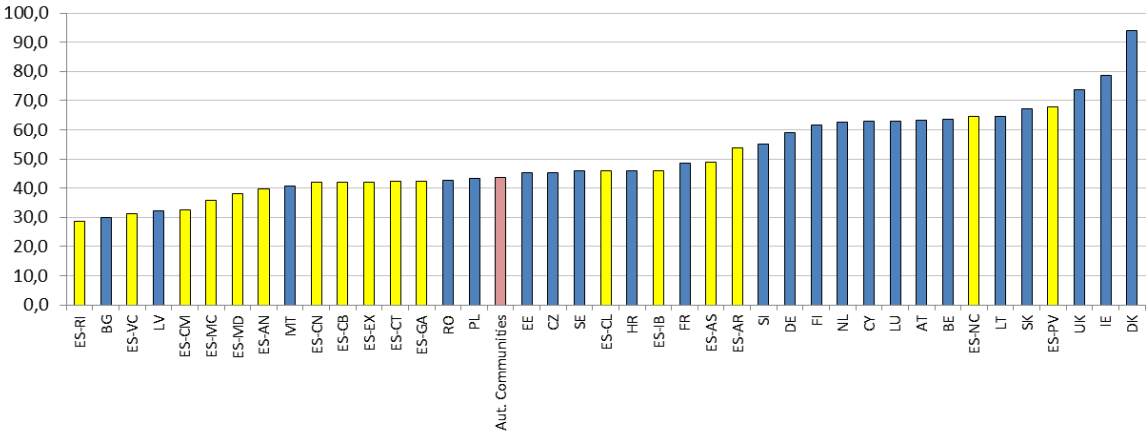
A second comparison can be made by relating the amounts of the benefits with the GDP per capita. In the case of contributory benefits, at the beginning of the 80s an important revaluation process was carried out, but from the mid-90s until the recent crisis the amounts grew more slowly than the economy, with the exception of the minimum amounts as from 2004. However, the crisis inverted this process, with an improvement between 2007 and 2013 of nearly 15 percentage points, due to the sharp drop of the average income

and the improvement of the amounts due to new entries into the system with higher pensions. In the case of income guarantee benefits, the approximation to average income has been much slower, with less noticeable effects of the change of cycle during periods of recession. While in the economic boom prior to the crisis the amounts clearly separated from the average income, the length and intensity of the recent recession failed to take the indicator to previous levels, with the improvement, furthermore, mainly taking place during the first two years of the crisis.

After comparing the amounts with the poverty lines given in the Living Conditions Survey it can be gathered that there is a significant adjustment problem, together with considerable differences between the type of benefit and type of household. Due to the fact the poverty line has dropped since the beginning of the crisis, as a consequence of its relative nature, the gap between the level of transfers and the poverty line in the system's set of benefits has been narrowing, with a greater relative improvement of Minimum Income allowances than the non-contributory pensions and Active Placement Income (RAI). However, the income guarantee benefits included in the comparison are clearly insufficient to cover the risk of poverty when the size of the household increases, with minimum income levels below 50% and around 35% in the case of the RAI.

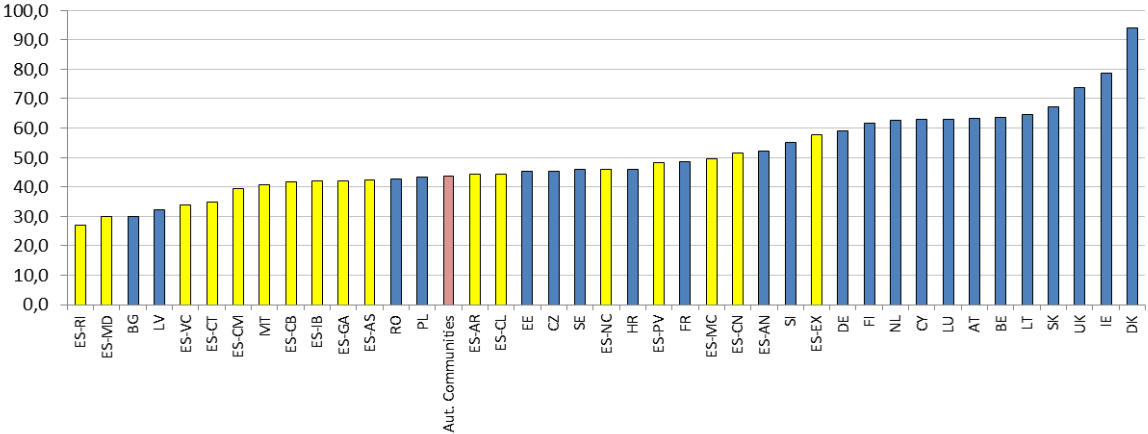
When considering the same indicator for European Union countries, both the variety of results and the limited economic sufficiency of the Spanish Minimum Income scheme become obvious. Whereas in countries like Denmark the benefits practically cover the total risk of poverty and the indicators of Anglo-Saxon countries are not far off 75%, the majority of Central European countries offer adjustment levels between 50% and 70% of the poverty line; therefore, higher than the average of the Autonomous Regions. Nevertheless, this average value hides a great diversity of results, because while some regions are situated in the medium-low area (Aragón, Asturias, the Balearic Islands, and Castile and León) and others are even in the top part (Basque Country and Navarre), most regions show low or very low adjustment indicators within the European framework. This result strengthens the idea of a pronounced heterogeneity within Regional Minimum Income schemes, with a marked difference between one type of allowance model, present in the majority of cases, and another of a more supplementary nature. In any case, it is necessary to be aware that if this comparison is made with regional poverty lines there is an evident improvement in some of the Autonomous Regions with a lower average income, with results that better adjust to their budgetary possibilities. The opposite occurs in some of the regions, which drop to medium-low protection levels, when with the previous criteria they occupy some of the top positions in the ranking.

Chart 4. Adjustment of Regional Minimum Income and the European Union, 2014 (economic amounts of the benefits in relation to the national poverty line, a couple with two children, national thresholds).



Source: authors, based on the MISSOC Comparative Tables Database, data from the Autonomous Regions and EU-SILC (Eurostat).

Chart 5. Adjustment of Regional Minimum Income and the European Union, 2014 (economic amounts of the benefits in relation to the national poverty line, a couple with two children, regional thresholds).



Source: authors, based on the MISSOC Comparative Tables Database, data from the Autonomous Regions and EU-SILC (Eurostat).

The different indicators employed can be used to obtain the overall balance of the low adjustment levels of the Spanish income guarantee system. There is a serious problem of efficiency deriving from the low amounts of the benefits in relation to the poverty line, as well as the fact that the income guarantee benefits have drawn away from others that offer greater protection.

3.2. Effects on poverty: added impact, differentiated effects of each benefit and the contribution to reducing moderate and severe poverty

The impact of the reduced amounts and the scarce weight of the analysed benefits on the income available in households mean it is simple to foresee a modest redistributive effect. In fact, in practically all the European Union countries, and especially in Mediterranean countries, the effect of the inequality of the monetary benefits not classified as pensions is hardly relevant. Such a limited redistributive effect of the income guarantee benefits must not be interpreted as the result of allocation problems or the fact they are not concentrated in households with the lowest income. The indicators considered for the different income guarantee benefits show that there are high levels of progressiveness, with the highest corresponding to unemployment allowances and minimum income.

Table 1. Effect of monetary benefits on reducing the poverty rate classified by types of benefits and types of households, 2015 (Threshold: 60% of the average income)^a.

	Retire. pensions	Non-cont. pensions for old age	Unemploy. insurance	Unemploy. allowance	Contrib. for disability	Non-contrib. for disability	Grants	Contrib. for families	Non-contrib. for families	Universal for families	Social exclusion	Home	Contrib. for illness	Non-contrib. for illness
Men	-27.0	-0.1	-6.0	-2.8	-4.7	-0.1	-0.3	-0.2	-1.2	-0.1	-3.3	-0.1	-0.8	0.0
Women	-23.1	-0.2	-5.8	-2.5	-3.6	-0.1	-0.3	-0.3	-1.2	-0.3	-3.6	-0.1	-0.5	0.0
<16 years old	-3.2	-0.2	-9.8	-3.5	-2.7	-0.2	-0.2	-0.7	-3.1	-0.9	-5.8	-0.2	-0.6	0.0
16-25	-5.0	0.0	-6.3	-3.0	-3.4	-0.1	-1.8	0.0	-1.5	0.0	-5.8	-0.2	-0.6	-0.1
26-35	-11.6	0.0	-8.0	-3.3	-5.6	-0.3	0.0	-1.0	-1.6	-0.3	-3.8	0.0	-0.5	0.0
36-45	-9.1	-0.2	-11.0	-3.7	-2.6	-0.2	-0.2	-0.4	-1.9	-0.6	-3.5	-0.1	-0.8	0.0
46-55	-6.6	-0.1	-7.4	-3.4	-5.3	-0.3	-0.5	0.0	-0.9	0.0	-5.4	-0.2	-1.1	0.0
56-65	-23.9	0.0	-6.3	-5.1	-14.4	0.0	-0.3	0.0	-0.7	0.0	-4.0	0.0	-1.9	-0.1
66-75	-67.0	-0.1	-1.0	-0.3	-0.7	0.0	0.0	0.0	-0.4	0.0	-0.4	0.0	-0.1	0.0
>75	-48.0	-0.3	-0.9	-0.2	-1.1	0.0	0.0	0.0	-0.4	0.0	-1.2	0.0	0.0	0.0
One person: male, <30 years old	0.0	0.0	0.0	0.0	0.0	0.0	-21.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
One person: male, 30-64 years old	-5.4	0.0	-6.8	-1.4	-6.0	0.0	0.0	0.0	0.0	0.0	-1.5	0.0	-2.6	0.0
One person: male, >65 years old	-73.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
One person: female, <30 years old	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
One person: female, 30-64 years old	-4.3	0.0	-5.6	-3.3	-5.4	0.0	0.0	0.0	-0.2	0.0	-3.0	0.0	-1.5	0.0
One person: female, >65 years old	-23.4	-0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.4	0.0	0.0	0.0
2 adults without children, at least one person >65 years old	-63.9	-0.1	-0.7	-0.3	-1.0	0.0	0.0	0.0	-0.1	0.0	-0.2	0.0	0.0	0.0
2 adults without children, both <65 years old	-11.0	0.0	-7.6	-5.6	-10.9	-0.3	0.0	0.0	-0.2	0.0	-4.8	0.0	-1.8	-0.2
Other households with no dependent children	-34.1	-0.2	-6.5	-3.4	-8.9	-0.2	-0.1	0.0	-1.1	0.0	-2.6	-0.1	-1.0	0.0

^a The names of the benefits are the same as those used in the survey of the National Statistics Institute.

One adult with at least one dependent child	-0.9	0.0	-13.5	-1.0	-1.7	0.0	-2.1	0.0	-1.1	-0.8	-4.4	-0.4	0.0	0.0
Two adults with one dependent child	-4.2	0.0	-12.9	-3.3	-5.0	-0.5	-0.7	-2.2	-1.0	-0.2	-3.3	0.0	-0.1	0.0
Two adults with two dependent children	-1.9	0.0	-10.4	-5.4	-1.9	0.0	-0.2	-0.4	-1.7	-1.2	-4.8	-0.2	-1.1	0.0
Two adults with three or more dependent children	-0.2	0.0	-4.1	-1.4	-2.8	0.0	0.0	0.0	-3.3	-0.3	-5.9	-0.2	0.0	0.0
Other households with dependent children	-11.1	-0.5	-6.3	-3.2	-3.9	-0.2	-0.9	0.0	-4.3	0.0	-9.0	-0.1	-0.8	0.0
1 person	-25.9	-0.1	-2.2	-0.7	-2.0	0.0	-0.3	0.0	0.0	0.0	-0.9	0.0	-0.8	0.0
2 people	-46.3	0.0	-3.4	-1.7	-3.7	-0.1	-0.1	0.0	-0.1	-0.1	-1.8	0.0	-0.5	-0.1
3 people	-22.8	-0.2	-8.5	-3.3	-6.8	-0.4	-0.6	-0.8	-0.8	-0.1	-2.6	-0.1	-0.5	0.0
4 people	-8.2	0.0	-9.8	-4.7	-4.1	-0.1	-0.2	-0.3	-1.8	-0.7	-5.3	-0.2	-1.4	0.0
5 people	-9.5	-0.2	-5.4	-2.3	-3.7	0.0	-1.0	0.0	-2.8	-0.1	-7.0	-0.1	0.0	0.0
6 people	-11.9	-1.4	-0.5	-3.0	-4.8	0.0	0.0	0.0	-5.9	0.0	-8.2	0.0	0.0	0.0
7 people	-5.0	0.0	-17.7	-0.2	0.0	0.0	0.0	-0.5	-9.5	0.0	-1.3	0.0	-0.2	0.0
Spain	-31.3	-0.1	-5.2	-2.6	-4.9	-0.1	-0.4	-0.2	-0.9	-0.1	-2.8	-0.1	-0.7	0.0
Foreigner (rest of EU-28)	-17.6	-0.1	-9.0	-1.4	-0.7	0.0	0.0	-0.2	-1.2	0.0	-3.1	0.0	-0.5	-0.2
Foreigner (rest of world)	-4.0	0.0	-4.7	-1.7	-1.3	0.0	-0.5	-0.3	-1.7	-0.3	-5.7	-0.3	-0.7	0.0
Working	-11.1	-0.1	-10.6	-4.5	-3.6	-0.2	-0.4	-0.4	-1.1	-0.5	-3.0	-0.1	-1.1	0.0
Unemployed	-7.3	-0.1	-7.6	-4.0	-3.2	-0.2	-0.4	-0.3	-1.1	0.0	-5.7	-0.1	-0.6	0.0
Retired	-63.6	-0.1	-1.5	-0.5	-3.0	0.0	0.0	0.0	-0.4	0.0	-0.6	0.0	-0.1	0.0
Other inactivity	-15.1	-0.2	-5.5	-2.3	-5.7	-0.1	-0.4	-0.2	-2.0	-0.3	-4.5	-0.1	-0.8	0.0
TOTAL	-24.9	-0.1	-5.9	-2.6	-4.1	-0.1	-0.3	-0.2	-1.2	-0.2	-3.5	-0.1	-0.7	0.0

Source: authors, based on the Living Conditions Survey 2015 (INE).

In regard to the effects of poverty, the set of both contributory and welfare social benefits manage to reduce it to less than half, with the reduction increasing to nearly three quarters of the total in the case of severe poverty. This overall effect is not evenly distributed by population groups. The data show that the impact of monetary benefits affects women more than men, with a distinctly lower effect on young people and children; the opposite occurs in older individuals, with the effect clearly decreasing as the number of minors in the household grows; it is very reduced in the case of immigrants from outside the EU, with a strong differentiation depending on the relation with the activity. The contribution to reduce poverty is much lower in the case of employed and unemployed people, and there is a very different impact in each region.

Even with the limits imposed by the size of the sample used for the Living Conditions Survey –about 16,000 households, the disaggregation of the effects of poverty according to types of benefits and types of households offers sufficient information to be able to evaluate the degree to which the income guarantee system contributes to reducing it. This is evidently lower than that of contributory pensions, which concentrate nearly half the total of said reduction. The second type of benefit that contributes the most to reducing poverty are unemployment benefits (nearly 9%), with the contributory benefit also having a greater effect (practically two thirds of the impact). At the opposite end are childcare allowances that, despite affecting a very high number of beneficiary units, the poverty rate has hardly changed. The minimum insertion income, only partly included in the LCS, has a small effect (reducing the poverty rate by 3.5%).

This set of results repeats in the majority of socioeconomic categories, though with subtle differences. Coverage problems in the case of minors and children stand out especially. In general, for these groups and households with children, the main instrument to avoid poverty is unemployment benefits and, to a lesser degree, Minimum Income allowances. The increasingly high child poverty rates in Spain are closely related to the insufficiency of the protection systems for low income workers, the increased probability of unemployment and family responsibilities. In these households, childcare allowances hardly affect the risk of poverty, only having a moderate effect in larger households. In the case of immigrants from outside the EU, their main form of protection against poverty is Minimum Income. The results with more restrictive poverty lines confirm that the set of unemployment benefits (insurance, allowance and Minimum Income) are insufficient to substantially reduce the risk of severe poverty in the case of unemployed people.

The limited efficiency of the set of benefits that make up the final economic safety net to reduce poverty in Spain is also patently obvious when comparing the added effect of the different benefits not classified as pensions in EU countries. Spain, together with other Mediterranean countries and some in Eastern Europe, is included in the group where the impact of monetary benefits on the poverty rate is the lowest.

As a result, one of the reasons why the poverty rate in Spain has remained so high for such a long time would be the reduced protective power of the benefits system, with the income guarantee system making a limited contribution towards reducing it. To be able to reduce

its rate to a similar pace to that in other European countries it would be necessary to provide higher amounts and offer vulnerable households greater coverage. On the other hand, even if it is reasonable to maintain certain differentiation within the benefits system, it would also appear that to reduce the inequality of the coverage received by different population groups, the set of actions requires greater articulation.

4. DYNAMICS OF THE INCOME GUARANTEE BENEFITS AND EFFECTS ON ENTERING INTO THE JOB MARKET

4.1. Dynamics of the welfare level of unemployment benefits

The added analysis of duration and reincorporation into the unemployment protection system based on information regarding individuals who started unemployment allowance episodes in 2007-2012 suggests that most people who receive unemployment benefits (particularly those who receive allowances) tend to spend a *relatively short period* under their coverage when considering a period of several years: the average would be between 25%-30% of the time encompassing seven or eight years and only taking into account the people with re-entries into the system, which is not everybody who enters at a given moment. There is actually a major part that consumes very short periods, although they enter again several times, as well as another significant part with fewer re-entries who receive the benefits for slightly longer periods. However, there is a relatively reduced proportion of individuals who remain unemployed for long periods and are detached from the job market (around 10%, although it varies with the economic cycle). Consequently, these results would not confirm the thesis that there is a relevant number of unemployed workers who show a preference to remain unemployed, who do not carry out activities to end this situation or the mere fact of receiving benefits reduces their incentives to return to work, making them become chronic recipients.

The study of the analysis of the unemployment allowance dynamics is based on monitoring beneficiaries who started receiving the benefit in January 2007 (followed up until December 2011) and the recipients who started in January 2010 (followed up until December 2014). The kind of data used make this a novel kind of analysis and has produced several relevant results:

a) Upon studying the entries into the welfare level according to type of allowance and comparing what happened between 2007-2011 and 2010-2014, it can be seen that there was an increase in registrations of the people receiving benefits of all types (the entries tripled), although it was more marked in some benefits than in others, such that the allowances for insufficient contributions and agricultural income have become less significant (with a right to 180 days). On the other hand, the importance of the allowances for having exhausted contributory benefits has increased, which now play a relevant role in softening the effects of the employment crisis. This behaviour of the entries displays the trend towards welfarisation during the crisis as a consequence of the overflow of the contributory level (coupled with the way the economic system works, as well as the job

market, duration of the economic recession and the employment crisis) to deal with the high unemployment situation.

b) In both the time frames studied, the longer the acknowledged period of entitlement, the higher the average of days consumed, although it represents a smaller proportion of this entitlement. The exceptions are recipients of Active Placement Income and the Agricultural Income allowance, which consume practically all the granted days of entitlement.

Table 2. Evolution of the duration (in months) of unemployment allowance episodes, according to year of starting: average, standard deviation (S.D.) and distribution.

Panel (a): duration of first episode

Year of entry	No. years observed	People	Duration						
			Average	S.D.	10%	25%	50%	75%	90%
2007	8	482751	13.9	16.4	3	6	9	17	24
2008	7	663729	14.3	14.7	4	6	10	19	25
2009	6	1404290	12.8	12.0	4	6	7	18	24
2010	5	1753923	11.4	10.3	3	6	7	13	24
2011	4	1336979	12.9	9.6	4	6	10	18	25
2012	3	1323996	12.4	7.9	4	6	11	18	25

Panel (b): accumulated duration of all the episodes

Year of entry	No. years observed	People	Duration						
			Average	S.D.	10%	25%	50%	75%	90%
2007	8	414170	29.4	21.8	6	12	25	42	60
2008	7	490260	28.0	19.3	6	12	25	40	55
2009	6	1011987	22.5	16.0	6	8	20	32	46
2010	5	1077922	18.4	13.6	5	7	15	25	39
2011	4	685126	18.4	11.6	5	7	18	25	36
2012	3	614601	15.7	9.0	5	7	15	23	28

Note: the data from 2013 and 2014 are not offered because they are near the end of the observation period of 31 December, 2014, and could lead to censorship problems from the right wing.

Source: authors, based on the SEPE records.

c) The people entitled to short-term allowances tend to use them up and leave very few days remaining. On the other hand, in the case of long-term allowances, the differences are considerable. This is reflected in the proportion of people who exhaust the allowance. There is a relatively high percentage (70%-80%) of people receiving short-term allowances (180 days or less) who exhaust the payments, but it diminishes as the granted period for

receiving the allowances becomes longer. The exceptions are Agricultural Allowances, Active Placement Income and Temporary Unemployment Protection (PRODI), which show exhaustion percentages of over 80%.

d) As regards the beneficiaries' entry into the job market, measured by the proportion of these people who find work, it tends to grow with the potential duration. Even though this is not a linear relation, it is slightly clearer in the second observation period. It is worth noting that the degree of entry into the job market measured in this way must be considered a lower threshold than the real percentage, due to the manner in which the reasons for leaving the benefit system are classified, which prevents anyone from knowing, for example, whether a person who has exhausted the benefits found a job immediately after the payments finalised. As seen above, the data on re-entries support the idea that a significant part of the people who exhaust an allowance move subsequently towards employment more or less near the time they exhausted the benefits.

e) Taking this fact into account, the data show that among the beneficiaries with short-term entitlements, a low percentage stopped receiving the allowances due to finding a job as an employed person, as they tend to exhaust the allowance (for example, 17% between 2007 and 2011, over 6.6% between 2010 and 2014, in the case of allowances for insufficient contributions with entitlement periods of 90, 120 or 150 days). The percentages of these beneficiaries are high but they also subsequently re-enter the system, meaning that their transitions to employment must be relatively significant. At other end, with substantially higher percentages of people entering employment, are beneficiaries with long entitlement periods (for example, 42% (28%) among the people with 540 days and 36% (31%) among those with a 720-day allowance for having exhausted a contributory benefit, and are under 45 years old with family responsibilities). The proportions are lower (around 15%) among the individuals who receive an allowance for people over 52 and, especially, among the beneficiaries of programmes such as Agricultural Income and Active Placement Income (RAI).

Finally, upon reviewing the empirical literature on receiving unemployment benefits, looking for work and entering employment in Spain, two conclusions can be drawn. Firstly, when a person receives unemployment benefits it does not seem to significantly affect the active search for a job or the intensity of the search, though this observation is dependent on people declaring that they are looking for work. However, when it is time to accept a job with certain conditions, people receiving benefits seem to be less willing to work. Secondly, on average, beneficiaries remain unemployed longer than people who do not receive benefits. Nevertheless, two aspects must be emphasised: one, the potential negative effects that the reception of benefits have on entering employment concentrate particularly in groups with long entitlements or special characteristics (people who receive the maximum contributory benefit, special allowance for individuals over 52, etc.); and secondly, this effect is important at short term but tends to disappear at medium term (as from one year), due to the fact the greatest tendency to leave the system is linked to the strong rotation existing in the job market.

4.2. Dynamics of the Regional Minimum Income

One of the least known aspects of how the income guarantee system works is the dynamics of Regional Minimum Income. The deep-seated belief practically right from the moment it was implemented that these benefits create disincentives and favour the reception of benefit payments for very long periods has not been complemented by analyses and data that could help improve the design of the programmes. In practice, there is still considerable asymmetry between the attention given to the hypothesis of high efficiency costs in the programmes and the real knowledge of how the beneficiary units enter and leave them, or about how long the benefit reception periods really last. Until now no comparable information has been available and, furthermore, the programmes are excessively complex to be able to draw an overall picture of results. In addition, the task of relating the possible results with the variety of objectives included in each programme is extremely complex.

One of the contributions of the research carried out is the creation of a longitudinal database of administrative records, with information of all the Autonomous Regions, with the exception of Catalonia, and over half the observations contain longitudinal information covering more than a decade. The wealth of information contained in the beneficiary unit records, with over 600,000 observations corresponding to the different episodes of participation in each programme, provides a more exact picture in respect to what was previously known about both the characteristics and living conditions of households with less resources and the possibilities and limits of the minimum insertion income.

The analysis of the characteristics of the beneficiary units and their changes according to the moment they entered into the programme represents a first relevant element in the characterisation of the dynamics of the Minimum Income schemes in Spain. Firstly, the use of the database reveals that in the majority of Autonomous Regions there is a greater presence of women who have been granted the benefit in their names, although this difference reduces slightly over time. The data also show a profile shaped like an inverted 'U' when the ages of the holders are analysed, though since the beginning of the crisis there has been a gradual increase of the frequency of the ages with higher employment participation, affected by adverse economic conditions and the rapid growth of the unemployment rate.

The effects of the change of cycle can also be seen in other characteristics, even in some that are apparently less sensitive to changes in macroeconomic conditions. Although the category with the greatest weight is the one corresponding to single holders, a fact associated to a significant presence in the programmes of people living alone, it is worth pointing out the increase of married holders, the higher number of minors in each household and, in spite of the greater weight of one-person and single-parent households, the number of couples with children. The idea of a change in the sociodemographic profile of beneficiaries is also confirmed when analysing the relationship of these people with the job market at the time of entering into the programmes. The most outstanding feature is the majority presence of potentially employed population receiving these benefits, strengthened by the economic crisis.

The allusion to the change of cycle as the main determinant of the beneficiaries' profiles in the last decade should not push a possible impact of other kinds of institutional and demographic factors into the background. One of the most relevant included among the latter is the incorporation of immigrant population into the programmes (nearly 30% of the entries in the last period with available information), though it is very unevenly distributed in each Autonomous Region. Other relevant characteristics are those that refer to different kinds of social problems. Nearly 10% of all the entries since 2005 correspond to families that either lack a home or live in a sub-standard dwelling, constituting an important challenge for the appropriate design of social intervention strategies. Despite this, the main feature is the weight gained in recent years by situations in which people own or rent their homes, connected to the entry into the programmes of households traditionally not associated with social services, with a stable home and closely linked to the job market until then. Another difficulty resides in chronic health problems, whether they are physical or mental. Just under 10% of all the units that have entered into the programmes since 2015 suffer from some of these problems, with a very small percentage of the households (about 1%) suffering from health problems related to alcohol and drug addictions.

Therefore, two main features of the entry analysis are the applicability over time of a traditional pattern of beneficiaries, whose most general characteristics are a low level of education and a high presence of one-person and single-parent households that in some cases are joined to the variety of problematic social situations and, as a second characteristic, the greater presence of immigrant population in the programmes, with characteristics and protection needs different to those covered traditionally by Minimum Income schemes, as well as the growing number of households with no problematic social situations, with a higher number of children and more stable homes, which enter as a consequence of the severity and length of the economic crisis.

Table 3. Distribution of the duration of the Minimum Income programmes (all entries).

	All	Active	Exhausted	Suspended
<1 year	54.2	25.3	78.2	38.0
1-2 years	16.3	22.4	10.5	18.6
2-3 years	9.1	15.4	3.5	14.2
3-4 years	5.7	10.4	1.5	8.9
4-5 years	5.7	9.5	3.1	5.6
5-6 years	3.6	5.7	2.0	5.5
6-7 years	2.2	4.3	0.6	4.1
>7 years	3.4	7.0	0.8	5.3
TOTAL	100.0	100.0	100.0	100.1
Average duration	22.3	34.8	12.3	31.2

Source: authors, based on the registration files of the beneficiary units of Regional Minimum Income.

A second axis of the analysis has been the study of the length of time spent in the programmes. The data on the set of records analysed reveal an evident concentration of beneficiary units that stay for a short time (the duration of over half that entered into the programmes during the eleven years considered was under a year and the average duration was less than two years). As a result, Minimum Income for the majority of households was only a temporary aid. However, one out of every ten households was in the programme for over five consecutive years. These durations are lower than those estimated in other countries, which is a reason for relativising the possible criticism that people end up becoming dependent on Minimum Income, though it has to be taken into account that the amounts are considerably lower in Spain and only a part of the Autonomous Regions permit indefinite duration. When only taking the reference of the households that have entered as from 2012, the period for which there is information in practically all the regions, once again the predominance of short stays stands out, with nearly 80% of the entries staying for under 24 months and an average duration of all the episodes of 15 months.

As a result, taking into account the great length of time, the durations on balance are brief, although there is a far from negligible number of long duration entries (more than five years), somewhat longer than those currently in the programmes (over a quarter have been there for more than four years) and a significant rate of re-entries (40% that left have entered again). It has also been verified that there is a problem of dependence: the longer someone is in the programme, the probability of leaving becomes smaller. This state of affairs is influenced by the employment shock that took place during the long period considered, with the job market making it increasingly difficult to find an alternative other than receiving the benefit. Nevertheless, this dependence problem does not exist in all the Autonomous Regions, as there is a wide variety of ways to leave the programmes.

The descriptive analysis of the average durations brings to light certain socioeconomic characteristics that favour longer durations. While the sex of the person granted the benefit does not appear to be a clearly differentiating factor, the durations vary considerably depending on age, with younger people staying for longer periods. There are also differences that depend on a holder's nationality, as during expansion stages fewer immigrants enter and they stay less time but, on the other hand, during recessions the durations are longer. The length of time can also depend on the relation with the activity, with wage-earners that enter during expansion stages staying for longer periods or, the most constant feature in the analysed period, the longer durations of the holders who come from situations of unemployment. The territorial factor shows the greatest differences, though these could depend on a wide variety of aspects, such as eligibility conditions or the different way in which each programme functions. The type of dwelling also has a marked effect as the people suffering the worst conditions or homeowners with difficulties to pay the maintenance costs and mortgage of their dwelling tend to stay longer.

In the Minimum Income dynamics analysis one of the least known aspects is probably the effect of the social and occupational integration measures that accompany the payment of the benefit. It is difficult to evaluate the real efficiency of the activation strategies in the Minimum Income guarantee programmes due to the total lack of data on the activities carried out or on the characteristics of the participants themselves; and especially because

of the difficulties to find good result indicators. The research was conducted using the reference of the type of withdrawal and, more specifically, whether the reason for having achieved economic independence was through employment or if there were other reasons for obtaining resources above the standard level. The most prominent result of the analysis shows that nearly 60% of the total left the system due to administrative reasons, thus having the greatest weight. On the other hand, standing out among the results are the great difficulties encountered by the participating households to leave the programmes of their own accord, intensified further due to the decline in the job market, as revealed by the jump of over 20 percentage points between 2005 and 2008.

In the same way as in the duration analysis, the sex of the person holding the benefit does not appear to be a differentiating variable of the type of withdrawal, with similar percentages, although there is a greater –though slight– prevalence of successful withdrawals in the case of males. The most visible differences reside in age strata, with a lower percentage of successful withdrawals from younger benefit holders. This fact, combined with the longer durations of said group, is a cause for worry. In the case of education, there is a clearer relationship between the reasons for leaving and the educational level. Here it is also easy to see that smaller households have problems and a very significant number of people have to leave the system due to administrative reasons, while the opposite occurs with larger families. It can be confirmed that they use the programmes in a more transitory manner, withdrawing more frequently towards ways of obtaining income that better cover their needs.

If the type of withdrawal is regarded as an output or result of the programmes, and the promotional activities of social and occupational integration in which the beneficiary units participate is considered an input, an approach can be made, albeit in a very added manner, to the effectiveness of the policies developed, even though the possible selection bias of the participants cannot be avoided. The regions offering this information provide nearly 200,000 observations. With the previously mentioned limits, whenever a person participates in job entry programmes, it seems to have a positive effect on the type of withdrawal. There is a difference of nearly seven percentage points between the successful withdrawals of people who participate in an activity focused towards employment and those who only join in actions that try to improve general social skills. Included in the activities aimed towards promoting employment skills, it is evident that there is a much higher percentage of successful withdrawals in the case of strategies that are geared towards incorporating participants into the job market as soon as possible, in comparison with more general measures or those with a long-term effect, such as training activities.

4.3. Employment programmes for Regional Minimum Income beneficiaries and groups with difficulties for entering into the job market

Both the review of the regulations and the empirical analysis have revealed that the objective of the entry into the job market is a determining element when it comes to designing the benefits of the Minimum Income guarantee system. Generally speaking, all the benefits directed towards protecting employable groups incorporate job-seeking actions.

Active policies, in the widest conception, have the purpose of promoting incorporation into the workforce, generating employment and preventing its destruction. However, in practice, models such as the one in Spain, which greatly lack structural activation measures, are basically associated with programmes destined to providing guidance, advice and information about looking for work, financing training courses or designing recruitment incentives. Even though the latest Annual Employment Policy Plan (PAPE, 2016) acknowledges six strategic intervention approaches added to those already mentioned: the promotion of self-employment, implementation of measures for modernising the market and promotion of equal opportunity policies, in terms of economy, Spain dedicates most of its budget to training, and recruitment and self-employment incentives. Only about a tenth of the total budget for activation policies is destined to specific measures like protected employment for people who find it the hardest to access the employment market, such as young people, disabled people, long-term unemployed individuals, women with limited work experience and ethnic minorities. Highlighted in these programmes are incentives for hiring people with disabilities, special employment centres and other formulas of protected employment.

However, in the local and regional plane, some protected employment initiatives have been developed, although they are generally quite small. The absence of regulations and state funding has given rise to a very diverse map of actions, of both public and private initiative, addressed to favouring the social and occupational incorporation of people furthest away from employment. In general, these actions provide modest coverage and there is very limited information about them available.

The vast majority of people receiving Regional Minimum Income (RMI) have previously exhausted the different contributory and/or welfare unemployment benefits. Likewise, they have frequently been beneficiaries of special employment programmes such as the Employment Activation Programme (PAE) or Professional Requalification Programme (PREPARA), as well as other benefits like Active Placement Income (RAI). It is precisely the beneficiaries of Agricultural Income or the RAI that show lower occupational percentages. In the first case, it is because the employability profile of the beneficiaries is very oriented towards agricultural work in less developed areas than other alternative sectors. In the case of the RAI, it is because the purpose of the benefit is to protect people who are particularly difficult to employ; consequently, a significant number of people receiving the RAI develop incorporation itineraries that require greater effort and imply receiving the benefits for longer periods.

As a result, in this report we have attempted to throw some light on the employment programmes for people receiving Regional Minimum Income that have been identified in both the information provided by the Autonomous Regions and the review of the Social Services portfolio in the different regions. The limited information in this field has been an obstacle for drawing up the analysis. Despite this fact, the programmes identified for protected employment and accompaniment in the development of inclusion itineraries reveal some interesting conclusions.

In the first place, four *protected employment programmes for beneficiaries of Minimum Income* have been identified: the Protected Social Employment programme of Navarre, the Employment and Training Programme for Young People at Risk of Castile and León, the Work and Training programme of Catalonia and the Integration Programmes of Murcia.

The review of each one of them brings substantial differences to light that define their own integrating and protective capacity. Firstly, albeit not one of the programmes is guaranteed, the budgetary allocation is very unequal. Although it is only possible to give a limited evaluation of the data provided by the different administrations, in the few cases where information about the budget items has been offered there are considerable differences as regards coverage. For example, in the case of Navarre, in 2015, the Protected Social Employment covered 4.2% of the holders of Regional Minimum Income (RMI). The increased budget in 2016 leads one to assume that the coverage can be increased to 9.3%. In Castile and León, the 200 beneficiaries of the programme in one month represented 0.7% of the total number of people receiving the RMI and 3.4% of young people (to whom this programme is addressed).

Another determinant issue for evaluating employment protection capacity is related to the type of contract offered and its duration. For example, the Protected Social Employment of Navarre and the Integration Programmes of Murcia offer a full time contract that can be extended to 12 months. This offers the employee both the integrating potential of finding a job (work experience, social and occupational skills, social relationships, improved self-esteem, etc.) as well as the possibility to acquire Social Security contribution rights that can open the door to previously exhausted benefits supplementing minimum contributory pensions. It is consequently well evaluated by professionals. On the other hand, in Catalonia or Castile and León a six-month contract is offered that in the case of the latter can be part time, meaning it is more difficult to acquire the right to pay Social Security contribution.

The last issue worth mentioning is related to accessing the resource. In the majority of programmes analysed it is acknowledged that, even though the majority of beneficiaries receive Regional Minimum Income, the people without this resource who need it can be entitled to the allowance at the criteria of the Social Services. However, the Programme for Young People at Risk of Castile and León is specifically directed towards young people under 30; therefore, it has no effect whatsoever on the rest of the beneficiary groups of the RMI and those individuals with difficulties to access employment. In this case, it would be convenient to have another protected employment resource for people with difficulties to find work, regardless of their age.

In second place, the *programmes of social accompaniment for the development of inclusion itineraries* also stand out. Although these resources do not offer a work contract, they incorporate accompaniment, training and/or employment intermediation actions that can be key factors for helping Minimum Income beneficiaries to enter the job market. The programmes include social and occupational incorporation teams, as well as grants

destined to financing some schemes organised by social entities to make up for the absence of employment accompaniment resources. Included among the cases detected are the collaboration agreements for the Job Market Entry Programmes of the Balearic Islands, the Renew Yourself Programme of Ceuta, the Social and Occupational Team of Galicia, the Social and Occupational Integration Programme of Murcia and the Social and Occupational Teams in Navarre.

Upon reviewing these programmes it is revealed that they all recognise the need to combine social and occupational training with the active search for employment. However, once again it is easy to see significant differences in their design and the annual budget allocation. On the one hand, in relation to the budgetary stability of these accompanying resources it must worth noting that the Social and Occupational Incorporation Team (EISOL) of Navarre is a guaranteed resource included in the Social Services portfolio. The remaining devices are subject to the annual budget allocation and in some cases these items depend on non-guaranteed European funds, like in Murcia. The implications as regards the coverage of the programme are significant, the same as the technical value acquired by these devices, due to the fact that only their consolidation will contribute towards acknowledging them as tools to be used in itineraries for social inclusion.

On the other hand, certain diversity has been observed in the adaptation of training content and the actions to be developed. All the accompaniment programmes acknowledge the need to combine training with an active search for work. In fact, in all the Autonomous Regions the training courses are made up of generic modules with quite basic employment content and the accompaniment actions are based on offering support and guidance during the first stages of the search for a job. Nevertheless, there is a notable absence of other key incorporation actions for groups furthest away from the job market. The weak employability profiles of some people and the obstacles for accessing a job imply it is necessary to combine employment guidance and accompaniment in employment with other actions, such as prospecting for companies within the territorial area of authority or designing adapted training courses with internships. Navarre has implemented schemes of this nature. These actions require a great deal of previous work focused on prospecting for companies and negotiating with employers, as well as on the design of the courses. However, professionals emphasise the potential of these schemes for the incorporation of people with difficulties to enter the job market.

Lastly, it has been noticed that there are different levels of commitment and interdepartamental responsibility. To this effect, it is essential that the employment departments become more involved in the design, funding and even the assignation of the employment resources for people disconnected from the job market.

In conclusion, the capacity of the employment programmes and the incorporation teams to be a determining factor in the development of inclusion itineraries will be defined by the actions they develop, the funding stability, as well as by their capacity to intervene

throughout all the stages of the inclusion itinerary. In this regard, it is essential to adapt their interventions to both the beneficiaries' social and occupational needs and the real possibilities of finding working in their close environment. To provide an example, it is important in households with no income that the actions are accompanied by grants, Minimum Income or a work contract. Likewise, the analysis reveals that the training courses that adapt to users' employability profiles, which also include accompanied internships in companies within the area, are a highly valued resource for entering into the job market.

5. CONSISTENCY OF THE INCOME GUARANTEE SYSTEM

The review of both the regulations and the data on how the different benefits function brings to light a model that requires greater articulation and a strong territorial inequality. The diversity of concepts, denominations regarding the recognition of the ideological right or foundation of each level of protection are not the system's main limitations. This is largely reflected by the very different ways of measuring economic needs, accessing the system, defining economic protection or even the lack of agreement about issues as relevant as the definition of a household or family responsibilities. Therefore, there are inconsistencies in the system, partly determined by a problem related to assigning competencies but also caused by a limited operational coordination of the different benefits, given the lack of mechanisms that allow it and the absence of common criteria for the design and coverage of the different instruments.

The result of these inconsistencies are the system's different weaknesses, with the most relevant being the limited attention given to groups that are excluded from the regulations, preventing these people from applying for these benefits right at the beginning. Together with this, it is worth pointing out the differences in the level of economic protection of each one of the benefits and in the system's accessibility, coupled with the lack of consensus regarding basic access-related issues, as well as the judgment in the control and obligations regarding integration.

a) People excluded from the benefits:

- *Emancipated young people, or individuals under 45 years old, with no family responsibilities*: In order to access unemployment allowances, age and family responsibilities are elements that not only widen the accessible range of benefits, but they also substantially increase the duration of the protection. To give an example, people under 45 with no family responsibilities are protected for less time (under 45-year-olds with no family responsibilities are entitled to benefits for 6 months and people over 45 can receive the allowance for between 18 and 24 months, depending on the contributory benefit to which they had been entitled; whereas people over 45 years old with family responsibilities are entitled to between 24 and 30 months). In conclusion, age and type of household are determining factors for accessing the income guarantee system in Spain. After

exhausting all these benefits, the next step is Regional Minimum Income, whose access criteria in most cases, is established from the age of 25.

- People with unrecognised disabilities who are unable to work: Not being able to work and not having an officially recognised disability is one of the most unprotected situations of need. This is the case of people with unrecognised mental illnesses, people with physical difficulties or those who face long entitlement processes that lead to transitory periods with no benefits. In addition, to access many of the benefits granted by the National Institute of the Social Security (INSS) and the Institute for Elderly People and Social Services (IMSERSO), specific percentages of minimum disability are required. For example, the access to a non-contributory disability pension requires a percentage equal or more than 65%. As a result, not only the failure to recognise certain disabilities excludes a person from accessing economic protection, but a percentage of disability of less than 65% represents significant limits for accessing stable and lasting protection.
- Women victims of gender violence with no official judgment: The protection of victims of gender violence has increased in recent years, at both the levels of non-contributory unemployment benefits (allowance and Active Placement Income) and the access to many Regional Minimum Income schemes, where they are recognised as a priority group with some exceptions for accessing the benefits. Nevertheless, access is only granted when an individual is in possession of the corresponding legal judgment, meaning that these benefits exclude people who have suffered or suffer violence but no trial has been held due to reasons linked to materialising the complaint or because of a delay in administrative judgment procedures.
- People with no legal residence or residence of less than 5-10 years: All the benefits granted by the General State Administration, whether they are managed by the SEPE, IMSERSO or INSS, as well as a high number of Regional Minimum Income schemes require proof of 'effective and legal residence' in Spain. However, in the case of non-contributory pensions, the minimum residence period must be of 10 years for retirement pensions and 5 years for disability pensions. In the case of Autonomous Regions, they all require legal residence except Aragón, Asturias, the Balearic Islands, Castile-La Mancha, Navarre, Basque Country and Melilla, although in some, such as Melilla or the Basque Country, it is necessary to have been on the list of registered inhabitants and to have lived continuously in the region for up to 36 months. Consequently, people without a legal residence have serious difficulties to access the vast majority of benefits of the guaranteed Minimum Income system.
- Emigrants who have returned to Spain due to lack of opportunities abroad: In recent years numerous people have left Spain in search of job opportunities. Both the unemployment allowance and Active Placement Income establish modalities that enable emigrants who have returned from abroad to access the system. However, the access requirement, apart from issues related to income or the commitment to work, require having worked abroad for a minimum of 12 months during the last 6

years. In this regard, neither the people who have not paid these previous contributions nor those who have contributed in EU countries belonging to the European Economic Space, Australia or Switzerland will be able to apply for the benefit. This could be the case of young people who have returned without finding job opportunities or who are unable to prove effective employment, as well as people who have come back to Spain after working in European countries.

- Unemployed people, over 55 years old, entitled to a retirement pension, and living with family members who work: The allowance for people over 55 was one that suffered the most as a consequence of Royal Decree-Law 20/2012 and Royal Decree-Law 5/2013. As a result of these amendments, the age for accessing the benefits increased, the contribution percentage was reduced and to calculate the income, an unemployed person's income was no longer taken into account nor that earned by the members of their household. One of the greatest potentials of the allowance is that it is the only one that besides offering certain economic protection, it also enables the holder to pay contributions. In this sense, exclusion from the allowance not only has an economic cost, it also implies a future impoverishment of the people affected who are on the verge of applying for the contributory retirement pension.
- People, basically women, who have never entered the job market due to carrying out unpaid or unregulated tasks: The welfare unemployment allowances granted by the SEPE (with the exception of the allowance for released prisoners) are destined to protect all those individuals who have paid contributions at some time of their working life. This implies that the people must have developed activities regulated by a work contract and contributed to the unemployment contingency plan. This protection excludes people who have traditionally carried out excluded jobs; they have taken care of their family or their work has always been linked to underground economy (taking care of people, working in hotels and restaurants, cleaning, working in seasonal agricultural jobs, etc.). Even if these people comply with the access requirements, they may only apply for Minimum Income in the Autonomous Region where they reside. Nevertheless, they are unemployed people and should have the right to receive support for entering the job market through the employment services offered by the Autonomous Regions, though the accompaniment will not be linked to economic protection.
- People receiving Minimum Income allowances who find temporary and/or low paid work: The benefits of the guaranteed Minimum Income system, with the exception of Minimum Income or childcare allowances, due to their complementary nature, are incompatible with earned income. The real scenario has changed considerably with respect to the context in which they were designed, with an employment context that is not characterised by offering inclusive or sufficient work for overcoming situations of poverty. As an answer to this malfunctioning, the Minimum Income schemes have started to incorporate some modifications that make it possible to combine employment with the economic benefit, as long as they

do not exceed the established amounts. Standing out among these changes are employment incentives and more flexible formulas for calculating earned income. On the other hand, the majority of benefits granted by the General State Administration remain immovable in respect to this reality.

- *Employed people with low paid jobs*: a high number of benefits of the income guarantee system, including some of the Regional Minimum Income schemes, require people to be registered as jobseekers for employable cases. At the moment, neither the benefits nor the employment resources are adapted to the possibility of having potential users who require accompaniment in employment and supplementary income, although they are working. The increased number of poor working people represents a total change in the logic of the activation and protection upon which the Spanish guaranteed Minimum Income system was designed, requiring specific actions to be developed.

In conclusion, although the situations of the households excluded from the previously analysed benefits are as diverse as the households themselves, the descriptions above are just some of the most common situations of exclusion, with women usually having a prominent role. Likewise, apart from these situations of exclusion, a series of invisible barriers that prevent individuals from applying for benefits should also be taken into account. To give one example, an individual cannot apply for a benefit unless they have a bank account, which is an impossible feat for households in debt due to the risk of these benefits being used to pay outstanding debts, when their purpose is to ensure that the basic needs of the population are covered. The consequences are not only manifested in an initial defencelessness but also in the general vulnerability criteria of the system, like not having access at the beginning to a contributory unemployment benefit or unemployment allowance, or there is a reduction in time of the protection given to a person and a household to help them face a situation of unemployment that lasts longer than they could have ever expected. For example, when an individual is unable to apply for Active Placement Income they turn more quickly to the Minimum Income system, or when they are granted unemployment allowance for 6 months instead of 30, it means they request to enter into the Professional Requalification Programme (Prepara) earlier. The result is that the fewer possibilities there are of accessing the benefits of the SEPE income guarantee system, the shorter the protection and greater the risk of periods with a total lack of income.

b) Different capacity to protect each one of the benefits and levels of protection

The Minimum Income schemes aim to provide a bare degree of economic protection to avoid situations without any income and irreversible social and family costs (unpaid bills, deprivations, etc.). However, the degree of protection is extraordinarily diverse and creates tremendous situations of inequality.

As mentioned above, upon comparing the average amounts of each benefit and the severe and relative poverty lines the National Statistics Institute marked for 2015⁶ it is observed

⁶ According to the National Statistics Institute (2015), the poverty line risk (60% of a household's average income) for one-person households is established at €8,011 a year and for homes with two people and two

that the amounts offered by the different Minimum Income allowances are closer to severe poverty lines than the thresholds considered official. This reality is even more obvious when referring to the amounts the guaranteed Minimum Income system offers to households with minors, which receive an average of nearly €250 less per month than what a family with two children and two adults needs to keep above the severe poverty line. Pursuant to current regulations, these households can apply for a childcare allowance from the INSS⁷, meaning the monthly amount would be increased by €48.50. Even so, the benefit is a third of what would be necessary in this case to keep above the poverty line risk. When there are family responsibilities, the duration of the benefits of the General State Administration is increased but there are no supplements.

Table 4. Estimation of monthly income, with 12 payments a year, of the benefits of the guaranteed Minimum Income system in Spain (calculations based on the maximum amounts stated in the regulations for this type of household).

	Risk of poverty (60% average)	Severe poverty (30% average)	Approx. average amount of the Minimum Income system of the General State Administration	Average amount of Regional Minimum Income schemes
One person	€667.58 (€8,011 a year)	€333.92 (€4005.50 a year)	€432.53	€425.10
Two adults and two minors (without disability)	€1,401.91 €16,823 a year)	€700.95 (€8,411.50 a year)	€457.91 (+ €48.50 dependent child)	€611.96 (+ €48.50 dependent child)

Source: authors

It is not the same in the Autonomous Regions, where all the Minimum Income allowances are increased for each member of the household. In this case, it is surprising to see that the capacity of these benefits to protect one-person households is lower than the protection offered by the benefits of the General State Administration. This is due to the wide variety of amounts granted by the different Regions (the Basque Country offers €625.58, which compensates other limited amounts: €300 in Ceuta and €330 in Valencia). In the case of

minors, the amount is €16,823. In the cases of severe poverty (30% of the average income) the established annual amounts are €4005.50 and €8,411.50, respectively. Using this threshold as a reference and dividing it by 12 months, we attempted to make an estimated comparative of the average income the different benefits offer, according to the type of household. This calculation is based on the monthly amounts established for one beneficiary. On the other hand, the calculation of the average amounts of the different Regional Minimum Income schemes is based on the amounts contained in the regulations analysis for a one-person household and for a home with three dependent members. Further information about the amounts is contained in block 1 of the complete report.

⁷ Due to the fact not one of these households would keep above the income threshold of the childcare allowances, established for a household with two minors (€13,280.15 a year).

amounts for households comprising two adults and two minors, the RMI supplements for the number of household members mark the distance with the amounts of the benefits granted by the General State Administration. They approach the threshold set by the National Statistics Institute for severe poverty, but do not manage to exceed it (€89 less than the established monthly threshold). However, as in the previous case, these households could be entitled to childcare allowance, implying that the monthly amount would be increased by €48.50 that, added to the average amount of Regional Minimum Income, would give a total of €660.46 a month.

Even so, this amount is less than half what is needed to rise above the poverty line risk. In the same way as in the previous case, this average income measure has led to such diverse and unequal situations that it draws attention to the fact that many Minimum Income allowances are nowhere near lifting beneficiary households out of extreme poverty. Whereas Navarre, the region offering the income with the greatest protection in this case, after the application of its new standard level of Guaranteed Income, would ensure an income of €1,050 for households with four members, Valencia offers €388.57, less than half the amount necessary for rising above the threshold of severe poverty and nearly four times below the poverty line risk. Consequently, this analysis warns us about two key issues. On the one hand, it is very unlikely that the amounts of the benefits will guarantee overcoming the situation of poverty, especially in households with children, which the comparative study situates as the households with the amounts that least adapt to the thresholds. On the other hand, the territorial diversity in minimum protection shows that it there is no sense in criticising the amounts in regions like Navarre and the Basque Country, claiming they are too high, because they are the only ones that are above the threshold of extreme poverty in households with four members.

c) Lack of consensus and diversity of treatment in the conditions for accessing the benefits

Within this diversity three aspects are highlighted. Firstly, the manner in which each one of the institutions involved and the corresponding administrative levels use a different definition of household, members considered in the calculations or family responsibilities. Secondly, the actual calculation of the income also varies, basically in relation to the compatibility with earned income and definitive assistance. Thirdly, the use of different economic indicators, for both establishing income thresholds and amounts. Lastly, the time taken to issue the decision also greatly varies.

As regards the consideration of household and family responsibilities, the benefits from the General State Administration granted via its different institutions (SEPE, INSS and IMSERSO) consider that the person receiving the benefit, their spouse and children form part of the household. Only in the case of non-contributory pensions are the beneficiary's parents and/or other blood relations up to 2nd degree⁸ or 1st degree kinship also counted. However, despite this apparent uniform criteria, the age up until it is considered a person could have

⁸ Second-degree consanguinity includes spouse, children, parents, parents-in-law, sons/daughters-in-law, grandparents, brothers/sisters, brothers/sisters-in-law and grandchildren. First degree kinship includes parents-in-law or son/daughter-in-law.

children and, therefore, family responsibilities, varies among the different benefits of the General State Administration. In the case of childcare allowance, the children must be under 18, or older if they have a disability of at least 65%, whereas for SEPE benefits, such as Active Placement Income, extraordinary employment programmes or unemployment allowances in their different modalities, the members of a household are considered to be children until the age of 26 and/or children with a disability of at least 33% (with no age limit). The only exception in the SEPE benefits is for accessing the Professional Requalification Programme (PREPARA) when, besides the criteria for considering the previously mentioned households and family responsibilities, the applicant's parents are considered members of the household and are consequently also included in the income calculation. As a result, a long-term unemployed individual who lives with family members with income that exceeds the established amount would be denied the benefit. One of the most affected groups is made up of young unemployed people who have yet not left home.

Table 5. Criteria to consider for the regulations of the different benefits of the income guarantee system in regard to households and family responsibilities.

	Beneficiary	Spouse	Relationship with unmarried partner	Children	Parents	Consanguinity	Kinship
Unemployment allowances				< 26 years old or with disability			
RAI / PAE				< 26 years old or with disability			
PREPARA							
Agricultural allowance				< 26 years old or with disability			
Non-contributory pensions						2 nd degree	
Childcare allowance				< 18 years old or elderly people with disability +65%			
Disability pension							
Allowances supplementing minimum income							
Regional Minimum Income	Cohabitants					Majority 2 nd degree, some reaching 4 th degree	Majority 1 st degree, some

			reaching 2 nd degree
--	--	--	---------------------------------------

Source: authors, based on Laparra and Ayala (2009).

On the other hand, Regional Minimum Income schemes use other evaluation criteria. For most of them household members are all the people who live together in the same home, including relationships analogous to legal marriage, up until 2nd degree of consanguinity or 1st degree kinship. Others, such as Aragón, Castile-La Mancha, Galicia, Ceuta or the Basque Autonomous Region recognise cohabitants with family ties up until 4th degree or 2nd degree kinship⁹.

In relation to a household's calculated income a key issue is the compatibility of receiving the benefits as earned income. In this sense, it is worth pointing out the compatibility of both types of income with Regional Minimum Income schemes, Active Placement Income and Non-contributory Disability Pensions, as long as the total does not exceed the income that would correspond to the benefit.

However, an unavoidable requirement for accessing the RAI is to be unemployed, meaning that holding a regulated job at the time of applying would be incompatible with access to the benefit. Nevertheless, once an individual is a beneficiary, exceptions are established to encourage the access to temporary and part time work. In relation to Non-contributory Disability Pensions or Regional Minimum Income, there is the possibility that at the moment of applying an applicant may have some kind of earned income. To this effect income limits are set as the established threshold must not be exceeded. In the majority of RMI allowances, earned income is subtracted from the benefit to be received, although there are regions, such as the Balearic Islands or Galicia, which have defined different modalities of RMI, some of which acknowledge the possibility that for a determined and transitory period, the totality of the earned income is not counted. On the other hand, the most advanced standards in this aspect are the Guaranteed Integration Income of the Basque Country and the Bill for Guaranteed Income of Navarre, because in certain circumstances it is permitted to simultaneously receive the benefit as well as earned income, with the purpose of promoting employment.

The indicator used for establishing income thresholds and the amounts of the benefits also varies. For establishing thresholds and amounts in the public system, the most common economic indicators have always been the Minimum Interprofessional Wage (SMI) and, since 2004, the Public Indicator of Income for Multiple Purposes (IPREM)¹⁰.

To access the benefit and unemployment welfare programmes the income threshold is measured with the Minimum Interprofessional Wage (it must not exceed 75% of the SMI per person, €4191.40), while the amounts are established using the basis of the Public

⁹ A 4th degree relative includes great grandparents, uncles/aunts, nephews/nieces, great grandchildren and cousins. Second degree kinship includes brothers/sisters-in-laws.

¹⁰ In 2016 the Public Indicator of Income for Multiple Purposes (IPREM), frozen for the fifth consecutive year, was set at €532.51, whereas the Minimum Interprofessional Wage (SMI) was €655.20.

Indicator of Income for Multiple Purposes (80% of the IPREM is €426). Therefore, there is a certain incoherence arising from the difference in value of the indicators, due to establishing an income threshold that is higher than the amount to be received. On the other hand, for INSS and IMSERSO benefits annual income thresholds are established for each case, as well as the amounts of the benefits. In this regard, the income must always be lower than the threshold marked for each case. Only in social benefits for disabled people is the income limit linked to the IPREM (€372.75, which is less than 70%).

In relation to Regional Minimum Income, it is common to see diverse criteria. Nevertheless, it is noted that the income threshold is always similar to the amount assigned, meaning that, for example, there are no incoherent aspects such as those mentioned in the SEPE benefits. Some Autonomous Regions like Basque Country, Andalusia, the Balearic Islands and Melilla choose to link their amount to the SMI. On the other hand, in others such as Extremadura, Castile and León, Cantabria, the Canary Islands, Galicia, La Rioja, Valencia and Castile-La Mancha, the established amount depends on the IPREM. Furthermore, another element is added to this diversity, as in some of the Autonomous Regions income modules and amounts are established annually, meaning that the amount to be received does not depend on the indicators mentioned above. This is the case of Aragón, Catalonia, Asturias, the Balearic Islands, Ceuta, Madrid, Murcia and Navarre.

Lastly, another relevant issue is the *time taken to process the benefit applications*. This is an important fact since it can lengthen the waiting period, during which there is no income. Although the regulations for the benefits managed by the different institutions of the General State Administration do not seem to include a regulated processing time, after contacting the people in charge it has been confirmed that in nearly 100% of the cases SEPE benefit entitlement is granted at the time of application. The decisions are made more complicated when documentation is missing or some of the applications require a more detailed evaluation. In any case, the managers maintain that applications take an average of 1.5 days to process.

Although the processing times of the RMI are established in the different sets of regulations, the decisions really take longer than the time established therein. Generally speaking, the legal processing time is 3 months. Only in Castile-La Mancha the period is one month and in the Canary Islands, Andalusia, Murcia, Melilla and Galicia it is 2 months. In these cases, it is worth mentioning that the real average processing time in Castile-La Mancha is 2 months and in Andalusia and Murcia it can take as long as 4 months. On the other hand, the regions with legal periods of longer than 3 months include Catalonia (4 months) and Cantabria (up to 6 months). Consequently, the established periods are very diverse, either increasing or reducing the loopholes in the system.

In conclusion, the lack of consensus in these basic issues leads to wide disparity in accessing the system and the manner of attending to situations of need, and confuses users. The orchestration of the system must be supported by a uniform basis, with shared definitions and agreeing on the contingencies to be protected. Without these minimum features, the system will continue to be a compendium of weakly articulated and confusing benefits, with numerous loopholes in the management, coordination and situations to be protected.

d) Discretion in the control and obligations for entering into the job market.

Such a disparate scenario is also evident in the control measures, payments or sanctions for non-compliance, more so if it is taken into account that the issues often open to debate are related to these benefits.

To access all the benefits of the guaranteed Minimum Income system it is necessary to substantiate financial need and comply with the necessary access requirements regarding age, residence, etc. Nevertheless, the allowances are only granted to people registered as job seekers, who are obliged to accept the suitable employment offers they receive, as well as any opportunity to participate in social collaboration, employment programmes, training, promotion or professional conversion actions. Even in programmes like the Employment Activation Programme (PAE) or Professional Requalification Programme (PREPARA), applicants have to demonstrate that they have tried to find work prior to applying. In the same way, though Regional Minimum Income allowances are not only aimed towards protecting unemployed groups, some require applicants to be registered as job seekers.

Furthermore, there are distinctive elements in the control and sanction measures set forth in the sets of regulations. Although it is true that in all cases different levels of severity are established for any offence committed (minor, serious or very serious), also applicable to sanctions, in some of the Regional Minimum Income schemes there are exceptions in the obligatory actions to be performed in integration processes.

Lastly, another element that users find confusing is the diversity of definitions and denominations contained in the regulations when referring to the itineraries for entering the job market or social integration. In the regulations of the General State Administration (AGE) they are mainly defined as the Active Job Search (BAE). On the other hand, Regional Minimum Income schemes also include other activities related to the need of accompaniment in more intense processes, with a degree of support in the acquisition of social and basic employment skills, with shared diagnoses and even agreements within this framework of other commitments, such as children's schooling.

In conclusion, due to both the disparity in issues related to the access requirements for activation, the obligations and control of the development of the agreed actions, and the content of the inclusion schemes, programmes and itineraries transmitted by the regulations, it is obvious that the articulation of the system needs to be improved. The reason for these disparities is the lack of consensus as regards access criteria or minimum amounts, or the different nature of each benefit, given that they are destined towards safeguarding diverse situations related to the need to provide integration and economic protection. However, in practice, they are articulated rather like a series of interlaced benefits that users find confusing and which, on occasions, protect the minimum income of groups that do not require integration support, only financial support, and on other occasions, groups separated from the job market have to carry out Active Job Search activities that make no sense without having previously worked on developing employment and basic social skills to ensure an effective job search. As a result, the diversity of criteria

for accessing, developing and maintaining the benefit only leaves greater space for professional discretion, which could create situations of discrimination.

6. RECOMMENDATIONS FOR THE REVIEW OF THE INCOME GUARANTEE SYSTEM

6.1. Recommendations in relation to the design and orchestration of the economic benefits

Up until now, the system's response to the new social needs that were emerging has gone along the line of increasing the number of benefits, extending the regulations with certain access-related exceptions or designing special programmes. Nevertheless, extending the map in order to respond to very specific needs has generated several loopholes and obstacles, basically in relation to uncovered situations of need and complex administrative procedures. In this regard, it is appropriate to highlight some issues that would help improve the orchestration of the system and provide all citizens with a greater guarantee of access.

- Access to the benefits has proven to be complex. Not only due to the multiplicity of institutions and administrative levels involved, but also because of the lack of standardisation of the access requirements, administrative processes and, especially, the multitude of benefits and/or institutions involved. Even though each benefit has a diverse nature, it is appropriate to ***simplify and standardise the administrative procedures and access requirements***. To achieve this, it is essential to agree on the access requirement conditions, reach consensus on the definition of household and family responsibilities, acknowledge the new ways of cohabitation, agree on a certain balance of the income threshold for the income test and standardise as far as possible the amounts to be received, in such a way a basic protection level is ensured throughout the whole country. The differences in coverage of the vulnerable population in Autonomous Regions must also be reduced, currently marked by very significant differences in the relation between the number of units receiving the benefits and the number of households with no income. In some Autonomous Regions the relation is under 10%. Likewise, to the extent possible, it is important to substantially reduce the adjudication period, extend the duration of the benefits and reduce the number of renewals, like some Autonomous Regions have recently done. Although the data analysed in the report do not show the best itinerary for improving the orchestration of the set of benefits, they leave little doubt as to the need to design a coherent system between the General State Administration and the Autonomous Regions. It is indispensable to assume the constraints of competence that would imply advancing towards a greater integration of the system; it is also essential to resolve the current inconsistencies in the regulations and substantially improve operational coordination between administrations.

- In line with the foregoing, even though it is reasonable to try and preserve certain differentiation from the current benefits system, given that the objectives and instruments of protection vary in the different population categories, also appearing to be necessary is ***greater orchestration of the set of actions to prevent the inequalities between groups***

from becoming too big. It is obvious that a more satisfactory delimitation of the needs of each group, a stronger structure of the contributory and welfare systems and an improved internal coherence of each subsystem are unavoidable features. The vocation of the final safety net of the income guarantee system creates the obligation to ensure greater integration of the existing protection systems and, as a result, it is indispensable to coordinate the functioning of benefits for unemployment and other situations of need, as well as make further progress towards adapting the amounts offered for the poverty lines in each one of the territories. Furthermore, it would be of interest to weigh up the possibility of establishing a minimum coverage rate for each territory. There are considerable differences in the amounts offered by the programmes of the Autonomous Regions, even greater than in countries with a federal structure, with levels that in some cases can be objectively defined as below a basic minimum.

- Another of the report's key results is the evidence of situations of need that the regulations themselves exclude, partly because the majority of benefits, from the time of their design, are aimed towards protecting very specific situations of need. Even though people in situations of exclusion can encounter closed doors at different times throughout their journey through the system (access, renewal, benefit duration, etc.) the vulnerability of some of these situations is alarming, mainly for those groups with a greater presence, like women. For this reason, instead of directing the benefits towards criteria of need linked to sociodemographic requirements (age, family responsibilities, etc.), it is necessary to focus them on criteria of economic need and social integration. Thus, it is a case of **establishing less exclusionary regulations** destined to cover the large majority of situations of need. Likewise, there are some invisible barriers that need to be overcome, such as the requirement of a bank account for households in debt. Included among the proposals to be evaluated it is deemed important to reform some of the age criteria for access, for example, the requirements of Active Placement Income, which is a benefit with a strong integrating potential due to the fact it has a duration of up to 11 months, it acknowledges certain compatibilities with temporary access to employment and is compatible with definitive assistance or educational grants. The incompatibility of these welfare allowances must also be reviewed in all the benefits of the income guarantee system. Likewise, in some cases, such as the RAI or Professional Requalification Programme (PREPARA) it is also essential to reduce the registration period, for example from 12 to 6 months, or even acknowledge the possibility of eliminating the period with a total lack of income, upon presenting a report justifying the need.

- The very diversity of the benefits with a different origin, the management institution and even ideological orientation contribute to atomising the Spanish Minimum Income system. In this regard, it is fundamental to try and **reduce the loopholes in the system**, both those that are caused by unawareness or the difficulty to access the system, and those that due to normative criteria require waiting periods that can have irreversible consequences for households. In relation to access, while a long-term unemployed person is searching for work, at the same time they normally have to follow an itinerary for entering the job market that takes them through contributory unemployment benefits, non-contributory allowances, some employment activation programmes, Active Placement Income and, once

they have exhausted the entire SEPE benefits system, they turn to the network of Regional Minimum Income. If on this journey the person is unaware of the next benefit to which they are entitled, there are modifications in the terminology, changes of access requirements that increase the complexity of the application and others that require waiting periods or even changes in the staff of reference in the incorporation itinerary, it can give rise to very serious situations of vulnerability. As a result, it is necessary to lay the foundations of a better orchestrated system, with fewer situations of vulnerability and, particularly one that does not imply such a strong break between the systems of the State and the Autonomous Regions. In the same manner, this greater orchestration must inevitably enable a higher degree of coordination between the active and passive policies that ensure the training courses adapt better to all unemployed people, provide a higher number of resources, exceeding the current 10% of active policies, to propose access to employment to RMI beneficiaries and coordination between the employment systems and social services of the Autonomous Regions. Taking into account that the facilitators of the incorporation programmes are always people who work for the government in each Autonomous Region, and for the social services in the case of the RMI incorporation programmes, good coordination between both systems, beyond the necessary agreement regarding access procedures, would contribute towards achieving a less fragmented system.

- It is also fundamental to review both the origin and objective of the different benefits oriented towards re-entering the job market. The employment context faced by beneficiaries is far from being an inclusive and integrating market, full of opportunities. Unfortunately, unemployed individuals encounter closed doors, precarious jobs that prevent these people from consolidating their incorporation into the market and low salaries that do not allow them to emancipate from the income guarantee system. Consequently, the real obstacles standing in the way of the system's users when they leave unemployment must be well identified and used to ***rethink the benefits in terms of their capacity of providing access, economic protection and their adaptation to the employment context***. As a result, it is indispensable to adapt the regulations to the new situations suffered by poor workers or households with incomes below the poverty line, regulate payment actions, in such a way receiving a benefit does not have to be linked to developing an integration process, in the event of it not being necessary, and vice versa, as well as design appropriate and accessible activation policies. Some examples include the increase of job accompaniment resources, recruitment policies for RMI beneficiaries or people with difficulties to find work, employment intermediation actions, collaboration between employment services and the staff in charge of inclusion itineraries or the creation of formulas that enable people with low paid jobs to receive Minimum Income linked to support for accessing better paid jobs. These measures must be accompanied by other actions that help improve work conditions and increase minimum salaries; otherwise, it will be difficult to orchestrate income guarantee policies that can reduce poverty rates.

- Besides dealing with administrative problems, to be able to respond to the new needs mentioned above, ***the system needs higher amounts and a greater budget allocation***. The income guarantee system has a limited effect on the population, especially when taking into account that some of the benefits that most contribute

to increasing the total, such as childcare allowances, which although affect many households, the amounts are very low. When supplementary and childcare allowances are excluded, the cost of the system lowers its percentage of GDP, thus corroborating the concept mentioned above of having a very small impact on the income guarantee system, nearly one percentage point of the GDP. Furthermore, since this figure already existed in the mid-90s it also confirms the system's structural difficulty to acquire greater relevance. Unless the system is provided with major resources and makes better use of them, it is unlikely to substantially reduce the poverty rate. In the same manner, when individuals have exhausted their welfare unemployment allowances it means that people in this situation, but without any other social needs, become Regional Minimum Income beneficiaries. This has caused a certain imbalance in the benefits, particularly because of the crisis, due to the fact that a large part of their economic resources are dedicated to providing assistance to this group. If the budget were increased at the level of the welfare unemployment allowance for employable profiles, it would provide the Autonomous Regions with economic resources that would enable them to work more comprehensively (strengthening both economic protection and the integration programmes) on the social incorporation processes of the RMI beneficiaries.

- This increase of the invested resources should lead to a ***substantial improvement of the levels of adaptation of the income guarantee system***, currently very low in the compared context. There is a serious problem of efficiency, with benefits way below the necessary levels for raising the income of households up to the poverty line. In addition, their amounts have drawn away from other benefits that offer greater protection and there have been no significant long-term improvements in respect to the average income level. Unless the adaptation indicators improve, it is difficult to think of long-lasting reductions of poverty and a shorter distance of the risk suffered by Spanish households in respect to the average in the European Union. To be able to reduce poverty to a rate similar to that of other European countries, higher quantities and increased coverage of the benefits would be necessary. This strengthening of the level of protection provided by the benefits' monetary side should be designed without forgetting the restrictions imposed by both the generalisation of low income situations, as mentioned above, and the need to differentiate the amounts of contributory and non-contributory benefits. The necessary improvement of the benefits, mostly situated at a distance from poverty lines, should take these restrictions into account when developing complementary strategies for improving low salaries, such as the previously mentioned minimum salary.

- Along the same lines, an urgent problem is the ***need to strengthen the benefits addressed to households with minors***, given the growth of child poverty and the increasing presence of these families in programmes traditionally directed towards other groups. With the development of the crisis, many of the support measures for homes with children slowed down or were reversed; once again limiting childcare allowances to children living with families on a very low income, who received very small annual amounts. The result is that family allowances play a very small role is

reducing poverty in Spain and minors are one of the groups whose risk of poverty is the least affected by the income guarantee system. There are likewise other measures for fighting against poverty suffered by homes with children, such as work-life balance policies and resources. In the case of women with minors under their care, the absence of childcare resources reduces the amount of time available for working and if a person has been granted a Minimum Income allowance, it means they are not entitled to use work-life balance resources, such as centres for 0-3 years old. It is indispensable to review these incompatibilities and promote resources that enable people with family responsibilities to look for a job and have time to work away from home.

- To properly evaluate the benefits that make up the income guarantee system it is necessary to suitably monitor their dynamics by way of ***more complete information systems***. The implementation of reforms should also be accompanied by an improvement of the database of administrative records. Even though the progress made in this aspect cannot be denied and the results of this research have been made possible thanks to the efforts and coordination of the institutions that provided the data, further steps are still required to be able to have databases of records that may be used for carrying out a more robust evaluation of the entry and withdrawal dynamics associated to the different benefits. For example, an important step would be having access to specific operations of the Benefits Records, which would not only make it possible to analyse the combinations of benefits received by the different types of beneficiary units at a given moment, but would also allow to track the time of the transitions from one benefit to another; consequently, available individual longitudinal information would be essential. As a result, it would be advisable to incorporate in the National Statistics Plan an operation destined to integrating the data of the benefits of the income guarantee system, including the information corresponding to Regional Minimum Income schemes.

6.2. Recommendations related to the capacity of income guarantee benefits to favour entry into the job market

- Spain dedicates relatively few resources to active policies. It is included among the European countries with a medium expenditure on active policy programmes in relation to their DGP. After comparing this expenditure with the size of the problem the countries are dealing with (unemployment) and calculating the strength of the policies, the position of Spain is becoming worse. An obvious recommendation would be to ***increase the number of resources directed towards active policies***.

- In respect to the rest of European countries, the case of Spain includes three differentiating elements as regards the structure of expenditure on active policies: ***the greater*** weight of recruitment subsidies, the low amount spent on public employment services (those comprising recruitment management and employment intermediation actions) and the relatively modest expenditure destined towards vocational training. This unequal distribution in respect to the average in Europe should make us wonder if the ***expenditure on active policies should be reorganised***. Some steps have been taken in recent years as regards reducing expenditure on employment grants. They have significant

indirect effects (deadweight loss, replacement and displacement) which substantially limit their efficiency when they are used in a generalised manner. Consequently, it is necessary to bring them closer together, concentrating them practically exclusively in underprivileged groups. Furthermore, public employment services would have to promote themselves with more material and human resources, given that Spain is at the bottom of European countries as regards the percentage of expenditure on said item in terms of GDP and it is one of the European countries where the number of workers in employment offices per unemployed person – even during expansion periods – is one of the lowest.

- A significant change that has taken place in the last 20 years in the field of active policies is the development of activation strategies for unemployed people, consisting of intensifying guidance actions, offering support in the search for work and monitoring unemployed individuals, establishing personalised integration itineraries and studying in depth the incentives scheme focused towards boosting the return to work of unemployed people. In this sense, it is important to point out the trend observed in EU countries to **promote activation strategies**, which imply more resources for public employment services, a more efficient administration of the activities carried out by said services, greater emphasis on work availability conditions and an increased use of (leading towards) active policies (especially training). The **public employment services** work very hard to control the availability of the people receiving unemployment benefits, with the purpose of promoting an active search for employment, reintegration into the job market or the employability of beneficiaries, as well as verifying the requirements for accessing the system and controlling the time during which a person is receiving benefit payments, to prevent possible fraud. This work must be understood as just another instrument available to the employment offices used for linking the active and passive policies of the work market more efficiently, with the aim of achieving the social and occupational integration of people.

- **Carrying out an in-depth study of the complementarity of the active and passive policies** and synchronising measures constitutes a challenge for improving the effect of job market policies on people's employment perspectives and the additional employment indicators. This is crucial for whoever is at either end of their professional career (young people and over 45s) and for the most vulnerable groups (unemployed people with a low level of education and long-term unemployed individuals). Spain should make an effort to follow this line of action.

- A (microeconomic) evaluation of the active policy programmes in the countries with highest income and in Spain usually shows that the most profitable active policies for helping unemployed people in their transition from being out of work to having a job are generally job search programmes, particularly activation programmes, which try to encourage unemployed people to continue or even increase their search for work after they have commenced a period of unemployment (offering them the design of a personalised placement itinerary and greater support, guidance and assistance with their search). Training programmes are one of the most used active policies but also one of the most expensive. The results obtained in evaluation studies are usually positive, but their effect depends on the group under study. Furthermore, certain characteristics increase the efficiency of the programmes: **small programmes, addressed to especially vulnerable**

groups, in close relation with local companies, awarding a certificate upon completion of the course, with certain control of the availability to work while participating in the programme and without participation implying the recovery of the unemployment benefit.

- It is necessary to **conduct systematic evaluation studies of the particular programmes of job market policies**. To be able to carry out exhaustive evaluations of the adopted measures, it is recommendable to analyse their efficiency, comparing the benefits obtained with the resources used, as well as their impact, for which available quality data are essential, disseminate an 'evaluation culture' of public actions and increase necessary cooperation between whoever designs and implements the programmes and the people with the instruments for evaluating them. The public administrations involved must perform actions aimed towards improving the available data for carrying out this type of analysis that, on the other hand, has been a common procedure in other countries for decades. It would be convenient to promote them from the Public Service of State Employment and coordinate them via the existing administrative organisation of public employment services. This would have a reduced cost because the data exist and all that is necessary is to properly extract them from the available databases. It might be a good idea to create an anonymised database, with regional representation and containing comprehensive longitudinal information about personal details and the itineraries for work, training, employment and participation in the actions being evaluated over time. Said database could be used by the technical staff of the government of the different administrative levels, with the purpose of analysing the efficacy of the actions being developed, although it should also be made available to researchers who wish to make independent evaluations.

- In the case of Regional Minimum Income allowances, the economic crisis caused **new types of households to enter into the programmes, warranting a review of some of the social and economic integration strategies**. Although there is still a traditional pattern of beneficiaries: generally people with a low level of education and a high presence of one-person and single-parent households, which in some cases join to a variety of social problems, a fundamental change has been the growing significance of immigrant population in the programmes, with different characteristics and needs of protection to those traditionally covered by Minimum Income allowances, and the entry of many households without social problems, with a higher number of children and more stable families, as a consequence of the severity and extended duration of the economic crisis. As a result, Regional Minimum Income schemes face the double challenge of having to satisfy a demand for which the resources invested to date are clearly insufficient, as well as adapt the social intervention strategies to these new profiles.

- The general balance inferred from directly extracting the data from the autonomous regions' minimum income records shows that beneficiaries generally receive the payments for shorter periods than in other countries. This result is not consistent with the fear that the benefit collection periods would be generalised, a concern that impregnated the development of minimum income allowances practically from the start. Nevertheless, there are still long episodes and a significant rate of re-entries. Furthermore, the noted fact that the longer a person is in the programmes reduces the probability of withdrawing creates

the obligation to **review which type of strategies most contribute to improving the autonomy of the beneficiary units**. After analysing the records there appears to be a higher number of successful withdrawals in the case of strategies designed to integrate the participants into the job market as soon as possible in comparison with more general measures or those, such as training programmes, with a more long-term effect.

- The analysis of the programmes and incorporation resources directed towards RMI beneficiaries and/or groups in situation of risk of social exclusion of the Autonomous Regions that have them offers a very limited picture from which insufficiently conclusive evaluations can be drawn. However, it can be used to highlight some key issues that determine the technical use of the resources. These matters include inequality and the unstable budget allowance, type of contract and duration offered in protected jobs, access and selection criteria for people participating in employment programmes and accompaniment and training resources, as well as the changes implemented as a consequence of budget restrictions. Furthermore, the lack of information and limited knowledge of these programmes in each one of the institutions contacted inherently reveal a series of limits:

- Firstly, the **low number of employment resources destined to the groups furthest away from the job market**. Standing out among these people are, on the one hand, groups traditionally separated from the job market because of their age, sex and/or ethnic origin who are faced by a lack of opportunities of a structural nature and, on the other, people who have taken part in very intense and progressive exclusion itineraries due to the fact the situations of unemployment, which lasted longer than initially expected, have kept them from a possible re-entry into the job market at short or medium term.

- Secondly, **the unawareness of employment resources for groups in situation or risk of social exclusion**, even in the funding administrations themselves. This is because they are very specific resources, with a low budget allowance, and are usually linked to the Social Services.

- Thirdly, **the low level of stability and weak orchestration of the inclusion actions**, because the resources are not guaranteed and depend every year on budget items. This leads to developing isolated and fragmented actions that lose effectiveness as regards inclusion.

- Lastly, the **uniformity of the inclusion support resources**, from their design to the destined funding. This brings to light the diversity of models in the Autonomous Regions and contributes to widening territorial inequality in terms of social cohesion, already marked by the different regulations for Regional Minimum Income schemes.

In view of this evidence the actions below are considered appropriate, urgent and of prime concern:

- **Base the design of resources providing social accompaniment in the search for work on the unemployment welfare allowances**. As seen in the report, the fact

the beneficiaries of Active Placement Income show the lowest employment percentages is partly explained by their low employability profiles. This also reveals that the employment guidance resources provided by public employment services do not adjust to these people's real needs. The RAI has greater protection capacity (as regards both the amount and duration of the benefits) than many Regional Minimum Income schemes. However, its low result in terms of employment could be, on the one hand, because the one-year waiting period between each renewal could slow down the incorporation processes. On the other, the mechanisms for accompanying these people should be more comprehensive. The key lies in strengthening the intense accompaniment adapted to these groups from the first levels of assistance. Otherwise, the current system is heading towards maintaining groups of long-term unemployed people. The prevention of employment exclusion itineraries, as highlighted throughout the report, is key to ensuring the efficacy of the income guarantee system. In this sense, it is fundamental to link both the active and passive policies so as to adapt them to the needs of unemployed people and the activation programmes. This matter is particularly important for the groups most separated from the job market, such as young people, over 45-year-olds, unemployed people with a low level of education or long-term unemployed individuals.

- ***Promote adequate intense training and accompaniment programmes for beneficiaries and their territorial context.*** It is observed in the report that training programmes for required employee competencies, which combine internships and are supported by individual accompaniment, are the resources with the greatest impact as regards improving employability and employment. Consequently, this is a valid reason for designing and/or rethinking those already existing to adapt them to the people and the territory.

- ***Adapt the duration of the resources to the current employment scenario.*** The current lack of employment and the precariousness and instability of the vast majority of job offers inclines one to think that it is not easy at short term to culminate an accompaniment process with access to employment. Therefore, it is important to adapt the duration of the interventions to this reality within the programme framework, as well as promote real job offers by way of internships in companies.

- ***Give priority to the coordination and collaboration between the Social Services and Public Employment Services when attending to RMI beneficiaries as a response to the need to keep in step with active and passive policies.*** At present, the greater part of these programmes are assumed by the weaker budget items of the Social Services, whereas most of the recruitment or training programmes of the Public Employment Services are destined towards either employed or unemployed people without serious difficulties for entering the job market. The programmes designed by this model are not suitable for individuals with profiles that do not adjust to the job market; as a result, these people do not find them useful until they have reached the last level of social protection via Regional Minimum Income

schemes and the Social Services. Reaching these levels frequently raises the cost of inclusion processes, given that the households require accompaniment for longer periods. On occasions, the lack of previous support could even have irreversible costs for people and their homes.

- ***Avoid overlapping resources and review the actions of the programmes to overcome the loopholes in the intervention process.*** The review of the actions developed in each programme also shows that there is a certain overlapping in the development aimed towards providing accompaniment in the search for work. The actions of a large majority of the resources presented include employment guidance via the presentation of employment portals, preparation of CVs and/or information about recruitment agencies and procedures for registering as job seekers. Besides these programmes and schemes, these actions are usually performed by trade unions, public employment services and even private employment intermediation entities. Practically all the users of these programmes have been through different resources where, on occasions, they have had to prepare their CVs several times, with different formats and including either complementary or contradictory information. Instead of ensuring a higher degree of guidance, these overlapping actions confuse users. On the other hand, the overload of resources in this first level of the itinerary generates loopholes and very isolated and limited interventions during subsequent stages of the process, where it is necessary to provide employment guidance, company prospection, training courses adapted to job offers and internship management. Therefore, it is considered fundamental that by way of the programme design, the administration guarantees the review of actions and/or set of terms and conditions of the subsidies, adequate and comprehensive attention in all stages of the incorporation itinerary.

- ***Implement evaluation mechanisms that not only take into account employment indicators, but also acknowledge the role of interventions as regards social cohesion.*** The social disengagement and deterioration of the employability profile of many of these programmes' users is largely due to the lack of appropriate resources for their re-entry from the first months of unemployment. The great majority of beneficiaries of these programmes require very intense and long accompaniment processes, which enable them to overcome the determining factors of their situation of exclusion. Therefore, the efficacy and efficiency of these programmes cannot only be measured in terms of incorporation; they are resources designed to reduce inequality gaps, given that they offer opportunities to excluded groups for social inclusion.

- In conclusion, even though the analysis has revealed that there are programmes that appear to be a very good tool for promoting inclusion processes, because apart from their potential to offering training and employment guidance, they are linked to a work contract, other budget items destined to financing teams or accompaniment programmes appear to be isolated responses with only a slight effect as regards inclusion. In relation to the former, the programmes that in addition to providing accompaniment and training support include protected contracts and/or internships for beneficiaries are very positively valued.

Nevertheless, it is worth mentioning that these programmes must ensure certain integrating potential of both the training actions accompanying the job and the working hours of the corresponding contract. In regard to the limited orchestration of the actions, it must be emphasised that it is necessary to guarantee the stability of the budget for the resources, in such a way they can be used as devices by the professionals to develop the itineraries leading to inclusion. If these actions were consolidated, more uniform territorial inclusion models could be achieved. As a result, on the one hand, it is fundamental that the Autonomous Regions without employment and social integration devices implement specific social accompaniment resources in the search for work for groups in a situation and/or risk of social exclusion and, on the other, that the Regions that have these resources must consolidate them, provide them with stable funding and gradually link them to new social intervention tools such as a protected work contract and/or adapted training courses with internships.

- Finally, although this report has focused on the study of benefits that currently make up the income guarantee system, upon carrying out the analysis it can be deduced that there are needs for reform that extend beyond the monetary benefits for unoccupied or unemployed beneficiaries. One of the main challenges for moderating the high poverty rate in Spain is to try and combine greater employment participation with higher income of workers earning salaries that can be considered low or insufficient. Whether it is by reducing income tax payments, as monthly salary supplements, or by combining both possibilities, it would be convenient if the possible reforms included the introduction of ***monetary supplements for workers with low salaries and support for finding jobs that guarantee emancipation from supplementary economic benefits***. To achieve this, a study should be made of the best formulas that prevent disincentives from being created or possibly using them to reduce salary-related costs, as well as better strategies for centring on the population categories that are most sensitive to changes in salaries and with greater difficulties to reach sufficient levels of earned income.