

# THIRD OPINION MINIMUM INCOME SCHEME

OPINION 2/24



Independent Authority  
*for* Fiscal Responsibility



Independent Authority  
for Fiscal Responsibility

The mission of the Independent Authority for Fiscal Responsibility, AAI (AIReF) is to ensure strict compliance with the principles of budgetary stability and financial sustainability enshrined in Article 135 of the Spanish Constitution.

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## The MIS in figures



36%	Households receiving the Minimum Income Scheme (MIS) as of December 2023 out of the total number of potential beneficiaries
19%	Households receiving the Child Support Supplement as of December 2023 out of total potential beneficiaries
56%	Households that could receive MIS but have not yet applied for it (non-take-up)
73%	Households that could receive the Child Support Supplement but have not yet applied for it (non-take-up)
5	Percentage points of the non-take-up explained by regional minimum incomes
40%	Households benefiting from benefit since the start of the MIS (2020)
65%	MIS beneficiary households that had their MIS amounts revised in 2023
30%	Households to which the employment incentive was applied in 2023
30%	Households applying for benefit by current year's income since the MIS came into effect

# EXECUTIVE SUMMARY

This is the Third Opinion drawn up by the Independent Authority for Fiscal Responsibility, AAI (AIReF) under Article 31.3 of Law 19/2021, of December 20<sup>th</sup>, establishing the Minimum Income Scheme (MIS). The MIS is a non-contributory benefit aimed at preventing the risk of poverty for people who lack the financial resources to cover their basic needs.

More than three years after its launch, the benefit still has a non-take-up rate of 56% (potential MIS beneficiary households that do not apply for it), which is very similar to the two previous opinions. As a result, the MIS continues to show room for improvement in its coverage levels. 36% of potential beneficiary households receive it as of December 31<sup>st</sup>, 2023, which represents 17% of households in severe poverty.

This stagnation in achieving its potential does not preclude the observation of some significant developments resulting from the implementation of the MIS. First, the MIS has expanded the number of households under the umbrella of a last resort benefit compared with the situation prior to its entry into force. Prior to the introduction of the MIS in June 2020, there were 239,227 households receiving regional minimum incomes. As of October 2023, 513,871 households receive the MIS and/or regional minimum incomes. Second, the MIS continues to attract very vulnerable households, as highlighted by the fact that the median duration of the benefit is 30 months and that 40% have been receiving it since the implementation of the MIS in 2020.

Against this backdrop, it is increasingly crucial to further reduce the non-take-up rate in order to achieve the potential effects of the benefit.

Qualitative research through focus groups with entities registered in the Register of Social Mediators reveals that one of the main causes of the non-take-up is the lack of comprehensible, reliable and standardised information for households and for those who accompany them in the process of applying for the benefit.

Furthermore, in this Third Opinion, the evolution of regional minimum incomes has been analysed, and it has been shown that 5 percentage points of the 56% non-take-up rate corresponds to households that are receiving regional minimum incomes in 2023. However, this proportion is higher in the Autonomous Regions where the transfer of beneficiaries to the MIS has been more limited.

The Ministry of Inclusion, Social Security and Migration (MISM) continues to roll out actions to encourage eligible households to apply for the benefit. In this regard, in order to report on the benefit and assist in the application process, the Ministry introduced the MIS bus initiative and information tent between October 2022 and March 2023. Of the 112 municipalities that account for 50% of the households not applying for the MIS, the bus/tent campaign stopped in 38 municipalities of the territory under the common regime. In the remaining 74 municipalities, no stops were made.

In addition to efforts to combat the non-take-up rate, the Ministry of Inclusion has made further efforts over the past year to improve the functioning of the benefit. One example of this is the implementation of the new employment incentive mechanism. 30% of MIS households have increased their earnings from work between 2021 and 2022, with almost 100% of these increases being exempted when determining the amount of the benefit. As a result, in 2023 the percentage of MIS households affected by the income revision fell by 18 percentage points. Whereas in 2022 the Second Opinion on the MIS found that 83% of MIS households had their benefit affected by the income revision, in 2023 this proportion fell to 65%, although the amounts affected by these revisions stand at a median value of €3,000. In addition, the Ministry of Inclusion has published the results of the Inclusion Policy Laboratory, 32 experimental pilot projects that evaluate different interventions to provide causal evidence and facilitate decision-making in the fight against poverty with an impact on various aspects such as education, digitalisation, employment, health and highlighting the importance of social support.

However, this Third Opinion on the MIS continues to identify challenges in relation to the effectiveness and efficiency of the benefit. For example, the MIS mediators report a lack of correspondence between the providing of evidence of requirements for access to the benefit and the social reality of certain households, in aspects such as the cohabitation unit, and express their concern about the unresolved situation of vulnerability while households prepare the

application and await the decision on their case file. In this regard, in the new module analysed in this Opinion, AIReF notes the subsidiarity of the mechanism to take into account the current year's income under Article 11.5 of the Law on the MIS in the granting of the MIS. Specifically, of the 836,510 case files (30% of the total) in which the household requests that the current year's income be taken into account, 24% have been approved. Of these 198,300 approved applications, 3,964 (2%) have been granted the benefit on the basis of the current year's income.

The persistence of these challenges, more than three years after the MIS came into force, leads AIReF to stress the need to implement reforms in the design of the MIS to improve its effectiveness and efficiency. In line with the First and Second Opinions, it is proposed to bring the benefit closer to the public by using *ex officio* award schemes. In other words, accelerating the transformation towards a more automatic model for managing all non-contributory benefits (MIS, Child Support Supplement, unemployment benefits, etc.), in which the potential beneficiary does not have to provide information that the public authorities already have access to or can obtain by cross-checking information, and where it acts *ex officio*. Royal Decree-Law 2/2024, which designs an automatic gateway when the unemployment benefit has run out towards the MIS, subject to the consent of the interested party, moves in the direction of this proposal. In addition, this more automatic management system should be based on more time-linked financial eligibility information. This is not the case in the current design of the MIS, which generally takes information from the previous year without taking into account the real situation of vulnerability of the potential beneficiaries, which hinders the ability of the benefit to address unforeseen situations of poverty.

OUTLINE OF THIRD OPINION ON THE MIS, AIReF

Block I. Context, objectives and applied methodologies			
	PILLARS	ASPECTS ANALYSED	
Block II. Evidence from evaluation	Update of the modules included in the first two Opinions on the MIS	<ul style="list-style-type: none"> <li>• <b>The rollout of the MIS</b></li> <li>• <b>The rollout of the Child Support Supplement</b></li> <li>• <b>Non-take-up</b> <ul style="list-style-type: none"> <li>• Box 1: Analysis of the MIS bus and information tent</li> <li>• Box 2: The effects of regional minimum incomes on MIS non-take-up</li> </ul> </li> <li>• <b>Implementation and management</b> <ul style="list-style-type: none"> <li>• Evolution in processing</li> <li>• The employment incentive</li> </ul> </li> </ul>	Block III. Proposals
	Module 6	<ul style="list-style-type: none"> <li>• <b>Coverage and scope in unforeseen situations of poverty</b></li> </ul>	

Source: AIReF.



## FINDINGS AND PROPOSALS

### 1. EVOLUTION OF THE MIS AND CHILD SUPPORT SUPPLEMENT

#### 1.1. ROLLOUT OF THE MIS

FINDINGS	<ul style="list-style-type: none"> <li>• The MIS (basic MIS + full MIS) reached 342,856 households at the end of 2023 (20% more than in December 2022).</li> <li>• It reached 36% of its potential beneficiaries (similar to the 2022 figure of 35%).</li> <li>• The number of potential MIS beneficiaries rose from 808,000 households in 2022 to 951,000 in 2023, partly due to the 15% increase in the guaranteed income.</li> <li>• In terms of poverty impact, the MIS reached 17% of households at risk of poverty in 2023 (threshold of 40% of the median).</li> <li>• Annualised MIS spending amounted to €2.5 bn in 2023.</li> </ul>
PROPOSALS	<ul style="list-style-type: none"> <li>• Specify the targets of the MIS in quantitative terms so that the level of attainment can be accurately evaluated. This would require specifying definitions and indicators, stipulating clear and realistic process and outcome targets for the benefit and the timescales within which these are to be achieved, thus ensuring that the targets formulated are quantifiable and measurable. In particular, it would be useful to clarify what percentage of median equivalised net income or other poverty indicator should be used to compare the effects of the benefit.</li> </ul>

Notes:

Basic MIS refers to the benefit for which the amount is calculated as the difference between the guaranteed income threshold and the household income. Households in which there are no children and which have income below the guaranteed income are the ones who receive this variant of the benefit.

Full MIS (basic MIS + Child Support Supplement) refers to a variant of the benefit in which the basic MIS is received as well as the Child Support Supplement. Households in which there are children and which have income below the guaranteed income receive this variant of the benefit.

MIS-Child Support Supplement: a variant of the benefit in which only the Child Support Supplement is received. Households whose income exceeds the guaranteed income (but does not exceed the Child Support Supplement thresholds) receive this benefit, and therefore do not receive the benefit for the difference from the threshold, but receive the Child Support Supplement.

## 1.2. ROLLOUT OF THE CHILD SUPPORT SUPPLEMENT

FINDINGS	<ul style="list-style-type: none"> <li>• The Child Support Supplement (MIS-Child Support Supplement) reached 338,507 households at the end of 2023 (24% more than in December 2022).</li> <li>• It reached 19% of potential beneficiaries (similar figure in 2022, 18% of potential beneficiaries).</li> <li>• Annualised Child Support Supplement spending stood at €768m in 2023.</li> </ul>
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## 1.3. NON-TAKE-UP

FINDINGS	<ul style="list-style-type: none"> <li>• 56% of MIS-eligible households do not apply for the benefit in 2023, which is in line with the 58% published in the Second Opinion.</li> <li>• 73% of Child Support Supplement-eligible households do not claim the benefit in 2023. This indicator is 3 percentage points lower than the level published in the Second Opinion (76%).</li> <li>• In the qualitative work, lack of information is a key issue in the discussion with MIS mediators on the reasons for non-take-up.</li> <li>• The MIS bus stopped in 38 municipalities out of the 112 that account for 50% of the non-take-up (5 stops in municipalities with a low concentration of non-take-up). Specifically, the municipalities in which the bus stopped account for 28% of the non-take-up.</li> <li>• Of the 56% of the non-take-up for the MIS, 5 percentage points correspond to households receiving regional minimum incomes in 2023. This proportion is higher in the Autonomous Regions where the transfer of beneficiaries to the MIS has been more limited.</li> <li>• Since the entry into force of the MIS, the transfer of beneficiaries from regional minimum incomes to the State benefit has freed up €510m, 11% of the spending of the Autonomous Regions on their regional minimum incomes.</li> </ul>
PROPOSALS	<ul style="list-style-type: none"> <li>• Automatically bring benefits closer to the citizen by using <i>ex-officio</i> award schemes.</li> <li>• Strengthen individualised information and support campaigns, especially among potential beneficiaries of the Child Support Supplement, which shows a high non-take-up rate.</li> <li>• Ensure continuity in the publication of standardised and comparable statistics on the beneficiaries and monthly amounts of the regional minimum income programmes contained in this Opinion.</li> </ul>

## 1.4. IMPLEMENTATION AND MANAGEMENT

FINDINGS	<ul style="list-style-type: none"> <li>• Households applying for the MIS can go through a maximum of five stages: pre-application, application, processing, decision and the life of the benefit. Throughout this process, the main challenge identified by MIS mediators is access to understandable, reliable and standardised information for households and for those who support them in the process.</li> <li>• MIS mediators highlight three difficulties: the lack of correspondence between the providing of evidence of the requirements and the social reality of certain households, the unresolved situation of vulnerability while the decision is being prepared and awaited, and the challenges in issuing the certificates inherent to their status as mediators.</li> <li>• 40% of MIS households have been receiving the benefit since 2020. The median duration of MIS beneficiaries is 30 months.</li> <li>• The analysis of the working lives of MIS beneficiaries in this Opinion shows that 70% were not employed in the quarters prior to the entry into force of the MIS.</li> <li>• 65% of MIS beneficiary households had their MIS amounts revised in 2023 (83% in 2022). 25% of MIS beneficiaries in 2023 were asked to reimburse amounts paid and 7% had the benefit withdrawn.</li> <li>• In 2023, the employment incentive was launched and applied to 30% of MIS beneficiary households. It has led to an median income improvement of €2,400 per year (among the beneficiaries of the incentive) at a cost of €287m and has contributed to a decrease in the number of claims due to revisions of amounts.</li> </ul>
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## 2. MODULE 6. COVER AND SCOPE IN UNFORESEEN SITUATIONS OF POVERTY

FINDINGS	<ul style="list-style-type: none"> <li>• Article 11.5 Law on the MIS establishes a specific mechanism to take into account the current year's income.</li> <li>• Since the entry into force of the MIS, 30% of MIS applications (836,510 case files) have requested that the current year's income be considered.</li> <li>• 24% of these applications were approved. Of these 198,300 approved applications, 3,964 (2%) have had their benefit recognised in accordance with the current year's income.</li> </ul>
PROPOSALS	<ul style="list-style-type: none"> <li>• Verify the financial requirements for MIS benefits using data more closely linked to the present rather than the previous year.</li> </ul>

# 1.

## INTRODUCTION

### 1.1. Regulatory evolution of the MIS in 2023

**This Opinion provides the third evaluation by the Independent Authority for Fiscal Responsibility (AIReF) on the design, results and implementation of the Minimum Income Scheme (MIS)<sup>1</sup>.** The analysis focuses on the period from January to December 2023 and mainly refers to households residing in the Autonomous Regions under the common regime<sup>2</sup>.

**The MIS was introduced in June 2020 and is a subjective right consisting of a benefit that guarantees a minimum level of income to households.** The benefit is paid monthly and covers the difference between the sum of the income received by a household during the previous year (or sometimes the current year) and a guaranteed income determined by law.

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<sup>1</sup> Article 31.3 of Law 19/2021, of December 20<sup>th</sup>, establishing the Minimum Income Scheme provides that the Independent Authority for Fiscal Responsibility (AIReF) will issue an annual Opinion on the results of this programme and the various inclusion strategies and policies.

<sup>2</sup> The information on income and wealth of the State Tax Administration Agency (AEAT) with which the MIS of residents in the Autonomous Regions under the common regime is managed and with which this evaluation has been performed does not include information from the chartered territories, which have not provided the information for the preparation of this evaluation. In the sections on regional minimum incomes, the Basque Country and Navarre have provided data on households receiving their regional minimum incomes and the MIS.

**In 2023, the benefit continued to evolve through actions developed by the Ministry of Inclusion to further achieve its targets and reduce the non-take-up rate.** Specifically, the main lines of development during the last year were the updating of the income and wealth limits, which were increased by 15%, the entry into force of the employment incentive and the completion of the MIS bus campaign. In addition, in 2023 the Ministry of Inclusion, Social Security and Migration (MISM) completed the implementation of the pilot projects of inclusion pathways and in March 2024 started to publish the results of its evaluations with proposals aimed at improving the effectiveness of the strategies that facilitate the inclusion of people, whether or not they are beneficiaries of the MIS, such as guidance, personalised attention, training and the reduction of the digital gap<sup>3</sup>. In February 2024, the MISM also published a report on the coverage gap (non-take-up) in the implementation of the MIS<sup>4</sup>.

**In 2023, the MIS guaranteed income limits were raised by 15%** (table 1). Accordingly, households benefiting in December 2022 and continuing to do so in January 2023 would see the amount of their payments unchanged or increased between these two months<sup>5</sup>. This 15% increase in guaranteed income entails raising the income and wealth limits that households must meet in order to be eligible for the MIS by the same proportion.

**The amounts of the Child Support Supplement remained unchanged in 2023, but the income and wealth limits for eligibility were also increased by 15%** (see table 2). As stated in the Second Opinion, the Law on the MIS establishes the Child Support Supplement that came into effect in February 2022. For eligible families, the Child Support Supplement comprises a monthly amount of €115 for each child under the age of three, €80.5 for each child between the ages of three and five, and €57.5 for each child aged six and over. These amounts have remained unaltered with respect to those received in 2022 since April with the entry into force of Royal Decree Law 6/2022, of March 29<sup>th</sup>, on urgent measures. However, updating the income and wealth limits for the MIS in 2023 automatically entails the same increase in the limits to receive the Child Support Supplement.

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<sup>3</sup> <https://www.inclusion.gob.es/en/web/inclusion/politicas-de-inclusion>

<sup>4</sup> [https://www.inclusion.gob.es/documents/384697/0/en\\_20240211Informe+NTU.pdf/65919f5d-c76b-d67d-3717-34d52c005924?t=1713427642393](https://www.inclusion.gob.es/documents/384697/0/en_20240211Informe+NTU.pdf/65919f5d-c76b-d67d-3717-34d52c005924?t=1713427642393)

<sup>5</sup> In the first case, those beneficiaries who only receive the Child Support Supplement or whose MIS amount coincides with their guaranteed income (i.e. when the eligible income is zero) maintain the same payment amount between January 2023 and December 2022. This is due to the 15% increase applied to payments between April and December 2022, in accordance with Royal Decree-Law 6/2022, of March 29<sup>th</sup>, on urgent measures. In the other cases, the change in the amount between the payment of January 2023 and December 2022 has been strictly positive.

TABLE 1. GUARANTEED INCOME AMOUNTS AND WEALTH LIMITS. 2023

Household type	Income limits		Wealth limits		
	Factor	Guaranteed income	Factor	Net wealth	Non-corporate assets
1A 0C	1.00	6,784	1.00	20,354	40,707
1A 1C	1.52	10,312	1.40	28,495	56,990
1A 2C	1.82	12,348	1.80	36,637	73,273
1A 3C	2.12	14,383	2.20	44,778	89,556
1A 4+C	2.42	16,418	2.60	52,919	105,839
2A 0C	1.30	8,820	1.40	28,495	56,990
2A 1C	1.60	10,855	1.80	36,637	73,273
2A 2C	1.90	12,890	2.20	44,778	89,556
2A 3+C	2.20	14,926	2.60	52,919	105,839
3A 0C	1.60	10,855	1.80	36,637	73,273
3A 1C	1.90	12,890	2.20	44,778	89,556
3A 2+C	2.20	14,926	2.60	52,919	105,839
4A 0C	1.90	12,890	2.20	44,778	89,556
4A 1+C	2.20	14,926	2.60	52,919	105,839
Other	2.20	14,926	2.60	52,919	105,839

Source: AIReF.

TABLE 2. AMOUNTS OF INCOME AND WEALTH LIMITS FOR THE CHILD SUPPORT SUPPLEMENT. 2023

Household type	Income	Net wealth	Non-corporate assets
1A 1C	26,460	42,743	56,990
1A 2C	32,566	54,955	73,273
1A 3C	38,672	67,167	89,556
1A 4+C	44,778	79,379	105,839
2A 1C	32,566	54,955	73,273
2A 2C	38,672	67,167	89,556
2A 3+C	44,778	79,379	105,839
3A 1C	38,672	67,167	89,556
3A 2+C	44,778	79,379	105,839
4A 1+C	44,778	79,379	105,839
Other	44,778	79,379	105,839

Source: AIReF.

**As from January 2023, a new employment incentive scheme for households receiving the MIS is applied.** Royal Decree 789/2022 of September 27<sup>th</sup>, 2022 regulates the incentive mechanism. The regulation lays down the requirements to be eligible for the incentive, as well as how to calculate the amount for households eligible to receive the MIS.

**At the level of eligible beneficiaries, households receiving the MIS that began to collect the benefit before the current year are eligible for the incentive (Article 2 of the RD).** For example, in 2023, the first year of application of the incentive, only households that started receiving the benefit before January 1<sup>st</sup>, 2023 may be beneficiaries. If a household starts receiving the MIS in 2024, it will be eligible for the employment incentive from 2025 onwards. In addition, the household must not be receiving the MIS benefit on the basis of the current year's income. Continuing with the example of 2023, if a household started receiving the MIS benefit in 2022 and the income of the same year 2022 was taken into account for the calculation of the amount, it will not be able to benefit from the employment incentive until 2024 (Article 5.1 of the RD).

**The main requirement to be eligible for the employment incentive in year t is that the MIS household has increased its income from earnings from work or self-employment between t-2 and t-1.** Take a household that meets the subjective requirement to be eligible for the incentive in 2023. This household will be eligible for the employment incentive if income from work and self-employment (calculated in accordance with Article 3 of the RD) in 2022 is higher than in 2021.

**The employment incentive consists of not calculating for the amount of the MIS to which the beneficiary is entitled a certain percentage of the increase in income derived from earnings from work obtained by the household.** The amount of the MIS is determined by the difference between the household's guaranteed income and the eligible income. Thus, prior to the entry into force of the incentive, if a household increased its income from work, the amount of the MIS was reduced by the amount of the increase. The employment incentive means that a certain percentage of this increase is excluded from the income calculation.

**The percentage of exemption varies according to three factors: the type of household, the starting level of earnings from work and the size of the increase in earnings from work in the two preceding years (Annex III of the RD).** Increases in earnings from work of up to 60% of the guaranteed income are always exempted at 100% (tranche 1). Above this threshold and up to the level of the guaranteed income corresponding to the household, the percentage of exemption changes according to the starting level of income and the type of

household (tranche 2). As shown in table 3, the exemption rate is slightly higher when the household had no income from work in t-2 (extensive margin). By household type, single-parent households benefit from the highest percentage of exemption in this second tranche (40% in the extensive margin and 30% in the intensive margin). This is followed by other households with children (35% in the extensive margin and 25% in the intensive margin) and finally by cohabitation units composed exclusively of adults (30% in the extensive margin and 20% in the intensive margin). Finally, the amount of the increase in earnings from work in excess of the guaranteed income will not be exempted in any case (tranche 3).

TABLE 3. PERCENTAGE EXEMPTION IN THE SECOND TRANCHE OF THE EMPLOYMENT INCENTIVE

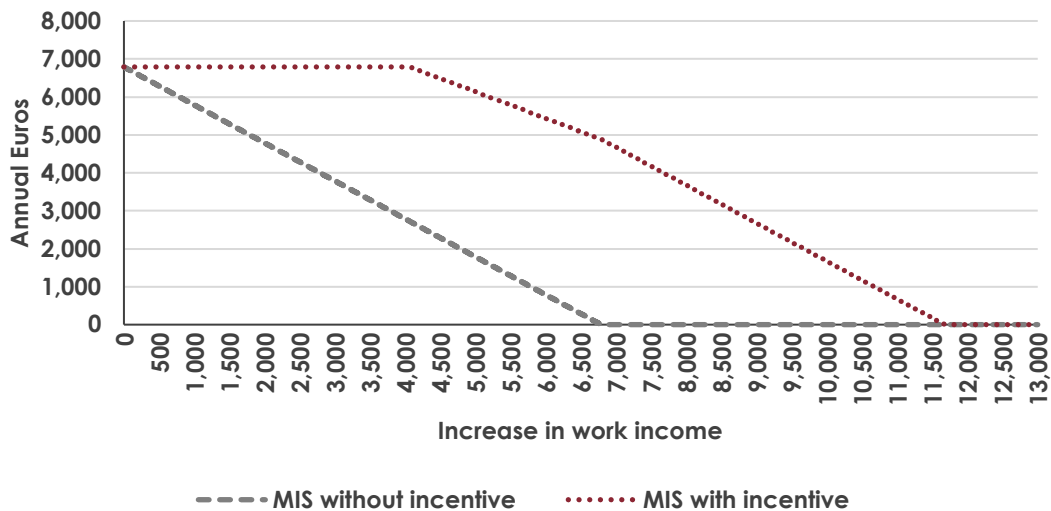
Household type	Margin	
	No starting income from work (extensive margin)	With starting income from work (intensive margin)
Single parent	40%	30%
Other households with children	35%	25%
Households with only adults	30%	20%

Source: AIReF.

**The employment incentive of the MIS makes the amount of the benefit equal to or higher than would be the case without its application.** Figure 1 focuses on the example of a single-person household receiving the MIS and eligible for the incentive in 2023. For simplicity's sake, the example household has no income even in 2021 (which puts it in the extensive margin for the purposes of the incentive). The x-axis represents the increase in earnings from work that this household earns between 2021 and 2022. The y-axis represents the amount of the MIS that would correspond to the household in 2023 with and without the employment incentive. As can be seen in figure 1, thanks to the employment incentive, the household's MIS remains unchanged up to increases in earnings from work below 60% of the guaranteed amount. From this level onwards, the exemption rate decreases to 30% in the second tranche (as explained in table 3 and 0% for the amount of increase above the guaranteed income of the household).



FIGURE 1. EXAMPLE OF THE EFFECT OF THE EMPLOYMENT INCENTIVE ON HOUSEHOLD MIS. SINGLE-PERSON HOUSEHOLD WITH NO INITIAL INCOME



Source: AIReF.

**The employment incentive can be applied for more than one year, but the household must maintain its status as an MIS beneficiary and increase its earnings from work each year.** For example, let us assume that the initial income of the same household in figure 1 is 0 and it records an increase in earnings from work between 2021 and 2022 of €1,109. Thanks to the employment incentive, this increase would be exempt - the household's MIS in 2023 is the same as in 2022 - and its total guaranteed income would be €6,784.44 per year. Similarly, the household could again benefit from the employment incentive in 2024 if in 2023 it again increases its earnings from work from the €1,109 it received in 2022. However, it would not benefit from the incentive if it did not experience additional increases in income in 2024 compared with 2023, as the duration of the employment incentive is one year.

**Finally, as regards the inclusion pathways pilot projects, on April 9<sup>th</sup>, 2024 the MISM published the report "[Levers for inclusion. Recommendations from the Inclusion Policy Lab based on Scientific Evidence](#)"** and the breakdown evaluation reports of 18 of the projects. These reports contain proposals based on causal evidence, mainly drawn from experimental analyses aimed at improving the effectiveness of inclusion policies for people, whether or not they are beneficiaries of the MIS. The recommendations include the importance of personalised care, community networks and psychological care, investment in education, training to reduce the digital gap, recruitment and loyalty, collaboration with local authorities and entities, the importance of personalised care, evaluation methodologies and the scalability of best practices. The launch of the Inclusion Policy Laboratory is based on Article 31.1 of the Law

on the MIS. The experimental analyses it carries out constitute a best practice to obtain evidence on the operation of the actions and the suitability of their implementation at scale.

## 1.2. Objective and pillars of the evaluation

**The objective of this Third Opinion on the MIS is to update the situation of the design, results and implementation of the MIS and the Child Support Supplement at December 31<sup>st</sup>, 2023, to evaluate the coverage and scope of the MIS in unforeseen situations of poverty and to analyse the complementarity of the State benefit with the regional minimum incomes.** In addition to this first introductory block, Block 2 of the findings is structured into three main sections with the following aims:

**Pillar 1. The evolution of the MIS and the Child Support Supplement (update of the modules included in the first two opinions)**, which aims to describe the degree of progress in the reduction of non-take-up and poverty, as well as to document progress in the processing of the benefit. As a new aspect, this section deals with the results of the new employment incentive mechanism.

**Pillar 2. Coverage and scope in unforeseen situations of poverty (Module 6 of AIReF's multi-year schedule of MIS opinions)**, the purpose of which is to analyse the design and implementation of the mechanism defined in Article 11.5 that allows the benefit to be granted in accordance with the current year's income.

In addition, this Third Opinion includes two boxes. First, following the rollout of the MIS bus between October 2022 and March 2023, an analysis of the geographical cover of this initiative among MIS non-take-up households is presented. Box 2 studies the effects of regional minimum incomes on MIS non-take-up.

TABLE 4. OUTLINE OF THE STUDY

Block I. Context, objectives and applied methodologies		
	PILLARS	ASPECTS ANALYSED
Block II. Evidence from evaluation	Update of the modules included in the first two Opinions on the MIS	<ul style="list-style-type: none"> <li>• <b>The rollout of the MIS</b></li> <li>• <b>The rollout of the Child Support Supplement</b></li> <li>• <b>Non-take-up</b> <ul style="list-style-type: none"> <li>• Box 1: Analysis of the MIS bus and information tent</li> <li>• Box 2: The effects of regional minimum incomes on MIS non-take-up</li> </ul> </li> <li>• <b>Implementation and management</b> <ul style="list-style-type: none"> <li>• Evolution in processing</li> <li>• The employment incentive</li> </ul> </li> </ul>
	Module 6	<ul style="list-style-type: none"> <li>• <b>Coverage and scope in unforeseen situations of poverty</b></li> </ul>
		Block III. Proposals

Source: AIReF.

### 1.3. Methodologies used in the evaluation

For the development of this Opinion, AIReF has updated the simulator<sup>6</sup> on which the analyses presented in the two previous opinions were based. Although the quantitative approach continues to play a predominant role, two focus groups were also conducted with the entities registered in the Register of Social Mediators of the MIS to gain a deeper understanding of the functioning of the benefit from a qualitative point of view.

Pillar 1 is based on the calculation of the indicators already contained in the first two opinions: coverage, rate, poverty gap, non-take-up and spending on the benefit. The processing of the MIS also continues to contain a good part of the indicators included in the previous opinions: duration of the benefit, processing times and impact of revisions. In addition, this first section updating the modules

<sup>6</sup> This simulator makes it possible to obtain the number of households that would be potential beneficiaries by adding up those that meet the requirements for receiving the MIS from the microdata supplied by the AEAT (household composition, age, income, wealth limits). The non-take-up rate is the result of dividing the households applying for the benefit (obtained from the data provided by the INSS) by the potential beneficiaries adjusted by the number of cases finally approved or denied. Therefore, the non-take-up figures provided in the Opinions on the MIS published by AIReF are not probabilistic estimates, but are the result of dividing the households applying for the benefit from the INSS data by those that meet the MIS access criteria from the AEAT data.

of the first two Opinions incorporates qualitative methodologies. Specifically, we have used discourse analysis techniques derived from the conversations held in the focus groups with the entities registered in the Register of Social Mediators of the MIS, which have been transcribed using voice recognition by artificial intelligence and analysed using text-mining techniques.

Pillar 2 is based on the calculation of indicators and micro-simulation exercises. Specifically, it calculates the applicant case files for the current year mechanism and the proportion to which it was finally applied. In addition, it estimates the households potentially benefiting from this method.

Box 1 uses descriptive statistical analysis and micro-simulation to find the total number of MIS non-applicant households at the municipality level and compare them with the stops made by the campaign bus.

Finally, the Box on the effects of regional minimum incomes on MIS non-take-up bases the findings on descriptive statistical analysis by estimating the degree of complementarity and transfers of revenue towards the State benefit.

## 1.4. Databases and other sources of information

For the quantitative analysis, information from different databases has been used.

The AEAT, the National Social Security Institute (INSS) and AIReF signed an agreement<sup>7</sup> whereby AIReF is provided with the databases for carrying out the evaluation of the MIS on an annual basis. For this Opinion, the INSS used the universe of MIS case files and the monthly payments of MIS recipients from June 2020 to December 2023. The Tax Agency, AEAT, has provided the universe of information on the income and wealth of households in the Autonomous Regions under the common tax regime<sup>8</sup>.

In addition, the monthly payments of minimum income beneficiaries from all the Autonomous Regions under the common tax regime and the two Autonomous Cities have been used. In addition, the Basque Country and Navarre have

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<sup>7</sup> Resolution of April 11<sup>th</sup>, 2022, of the Undersecretary's Office, publishing the Agreement between the State Tax Administration Agency, the National Social Security Institute and the Independent Authority for Fiscal Responsibility, A.A.I., for the transfer of information relating to the Minimum Income Scheme. [https://www.boe.es/diario\\_boe/txt.php?id=BOE-A-2022-6949](https://www.boe.es/diario_boe/txt.php?id=BOE-A-2022-6949)

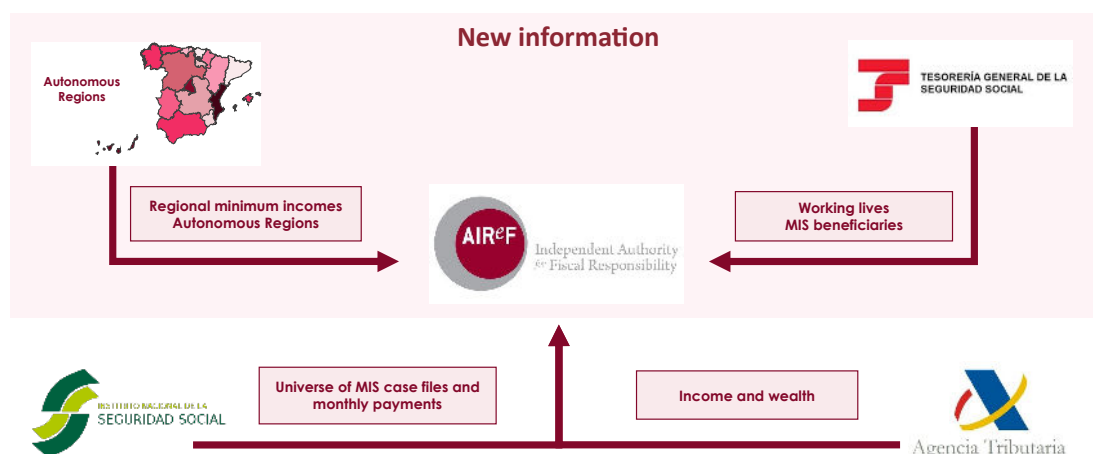
<sup>8</sup> The chartered territories have not provided information on income and wealth for the preparation of this evaluation.

provided the monthly payments of the MIS and their regional minimum incomes. Agreements have been signed with all these Autonomous Regions and Cities for the transfer of data.

Lastly, the General Social Security Treasury (TGSS) has provided AIReF with information on the working lives of MIS beneficiaries and potential control groups.

From a qualitative point of view, the primary information underpinning the findings of this Opinion comes from the focus groups with third sector entities that are part of the Register of Social Mediators of the MIS.

TABLE 5. DATABASES USED



Source: AIReF.

## 1.5. Governance and parties involved

**This evaluation was managed and performed by AIReF's Public Spending Evaluation Division team.**

The working team is grateful to all the institutions, entities and individuals who have participated in this study for their willingness and collaboration in providing exhaustive information and for the attention given to the preparation of this Opinion.

Special thanks are due to the 17 Autonomous Regions and two Autonomous Cities for their cooperation in providing data on regional minimum incomes: Andalusia, Aragon, Asturias, the Balearic Islands, the Canary Islands, Cantabria, Castile and Leon, Castile-La Mancha, Catalonia, Valencia, Extremadura, Galicia, Madrid, Murcia, Navarre, the Basque Country, Rioja, Ceuta and Melilla.

AIReF also acknowledges the excellent dedication and support of the entities registered in the Register of Social Mediators of the MIS that responded to the invitation to take part in the focus groups:

- Spanish Catholic Commission Association for Migration (ACCEM).
- Spanish Caritas.
- Confederation of Rural Development Centres (COCEDER).
- Spanish Confederation of People with Physical and Organic Disabilities (COCEMFE).
- Spanish Confederation for Full Inclusion.
- Spanish Red Cross.
- Cepaim Foundation. Comprehensive Action with Migrants.
- Roma Secretariat Foundation.
- Movement for Peace, Disarmament and Freedom (MPDL).
- Provienda.

## **1.6. Overview of the study**

The next block of this report deals with the analysis of the pillars that structure this evaluation. Pillar 1 is devoted to the analysis of the evolution of the MIS and the Child Support Supplement, and updates the modules included in the two previous Opinions. This pillar includes two boxes. Box 1 analyses the informative actions employed by the MIS and Box 2 analyses the effects of regional minimum incomes on the non-take-up of the MIS. Pillar 2 evaluates a new module, number 6 in the multi-year schedule, dedicated to the coverage and scope of the MIS in unforeseen situations of poverty. Finally, in block 3, the proposals of the evaluation are formulated and detailed, based on the main findings identified.

TABLE 6. SCHEDULE OF THE MODULES TO BE INCLUDED IN AIREF'S OPINIONS ON THE MIS UP TO 2026

First Opinion 2020/2021	Second Opinion 2021/2022	Third Opinion 2022/2023	Fourth Opinion 2024/2025	Fifth Opinion 2025/2026
<b>Module 1</b> Potential design	<b>Module 4</b> Children and young people	<b>Module 6</b> Coverage and scope in unforeseen situations of poverty	<b>Module 7</b> The inclusion capacity of the MIS and its effects on the labour market	<b>Module 8</b> Complementarity and overlaps with other non-contributory benefits
<b>Module 2</b> Results	<b>Module 5</b> Material needs and single-parent families			
<b>Module 3</b> Implementation and management	+		<b>Module 9</b> International comparison  (effectiveness and efficiency)	
<b>UPDATE</b>	<b>Box 1</b> The effects of regional minimum incomes on the non-take-up of MIS	<b>Box 2</b> Informative actions to reduce MIS non-take-up: the MIS bus		

Source: AIReF.

# 2.

## EVALUATION

### 2.1. The evolution of the MIS and the Child Support Supplement (update of the modules included in the first two Opinions)

#### 2.1.1. Rollout of the MIS in 2023

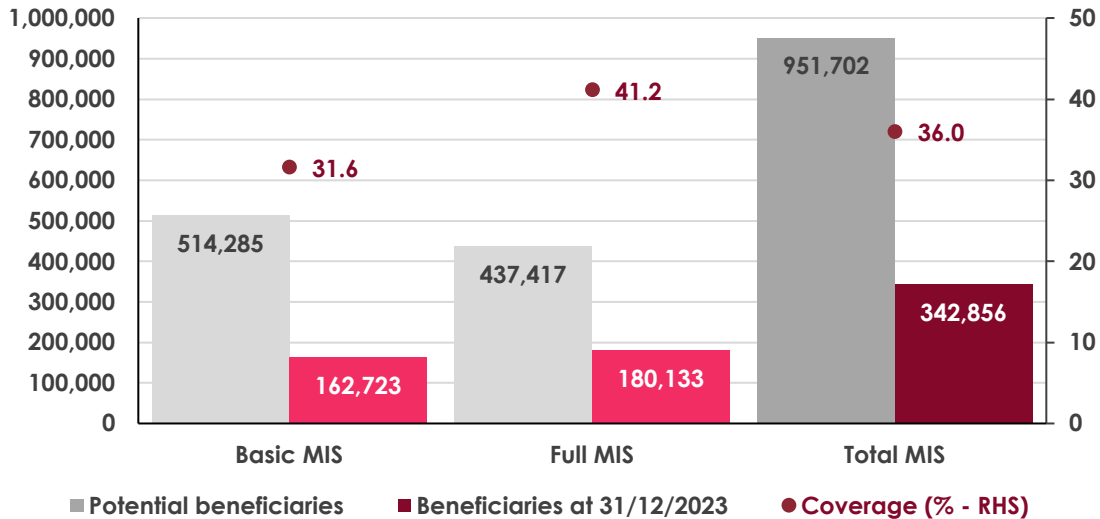
**342,856 households under the common tax regime receive the MIS<sup>9</sup> as of December 2023 (20% more than in 2022), out of a total of 951,702 potential beneficiary households** (figures 2 and 3). At December 31<sup>st</sup>, 2023, 36% of potential MIS beneficiary households receive the MIS. At a more disaggregated level, two groups can be distinguished: those exclusively receiving the MIS (basic MIS) and those households that can combine it with the supplement (full MIS). Thus, of the 514,285 potential beneficiaries of the MIS alone, 162,723 receive it at the end of 2023. Of the 437,417 potential MIS and Child Support Supplement beneficiary households, 180,133 receive both at the end of 2023.

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<sup>9</sup> As from January 2024, the MISM complies with one of the proposals in AIReF's 2nd Opinion on the MIS and begins to publish, in addition to the cumulative number of MIS beneficiaries, the number of beneficiaries in the current month.

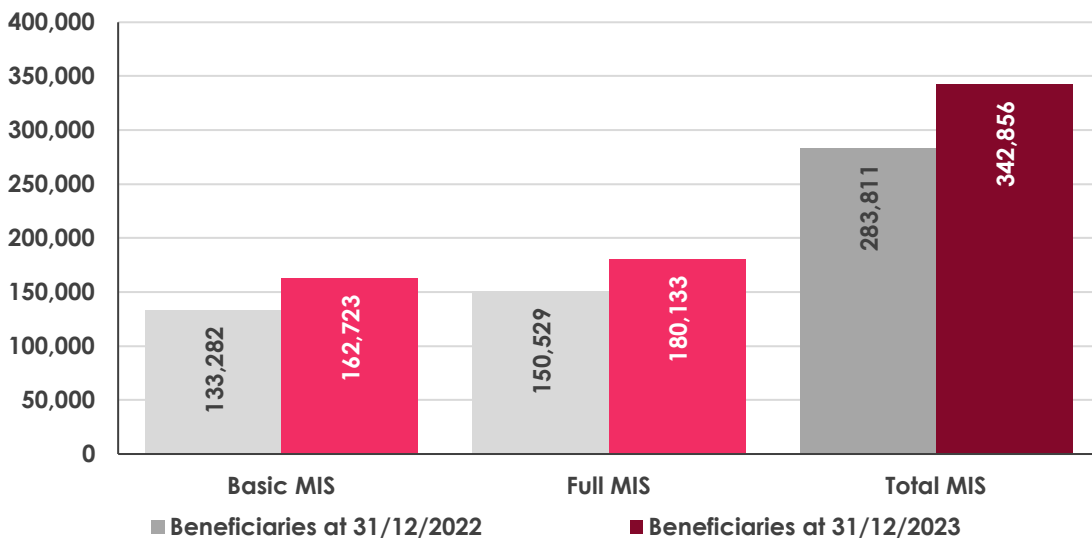


FIGURE 2. NUMBER OF MIS BENEFICIARY AND POTENTIAL BENEFICIARY HOUSEHOLDS IN DECEMBER 2023



Source: AIReF based on the merger between the AIReF-MIS\_MI simulator and MIS case files.

FIGURE 3. MIS BENEFICIARIES AT THE END OF 2022 AND 2023



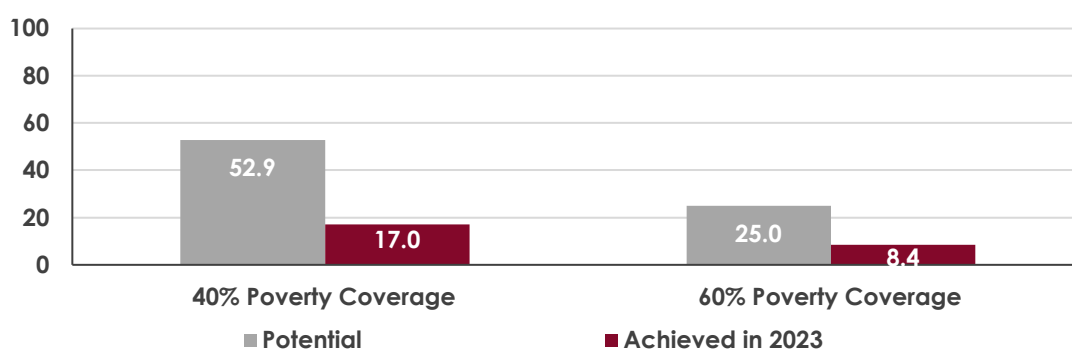
Source: AIReF based on the use of MIS case files.

If the MIS had been fully implemented in 2023, the annual cost would have amounted to €5.153 bn. The annual cost of the MIS for beneficiary households at December 31<sup>st</sup>, 2023 is €2.504 bn. Thus, in terms of cost, at December 31<sup>st</sup>, 2023 the MIS covers 48% of its potential.

In terms of impact on poverty, while the fully implemented MIS would cover 53% of households with equivalised income below 40% of the median, at December 31<sup>st</sup>, 2023, it covers 17% of these households, given the total number

**of beneficiaries reached** (figure 4). If the at-risk-of-poverty threshold of 60% of the median is taken, the MIS at its potential level would cover 25% of households in this situation and actually reached 8% at December 31<sup>st</sup>, 2023.

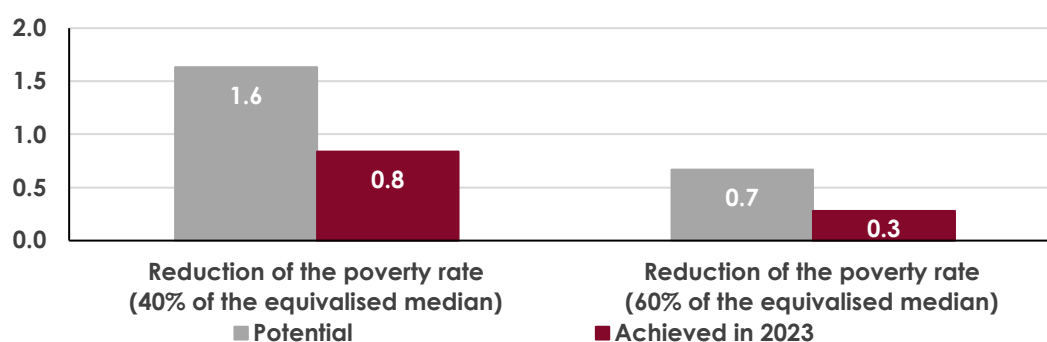
**FIGURE 4. POTENTIAL AND ACTUAL COVER OF HOUSEHOLDS AT RISK OF POVERTY OF THE MIS IN 2023 (%)**



Source: AIReF based on the merger between the AIReF-MIS\_RRMM simulator and MIS case files.

**The fully implemented MIS would reduce the poverty rate by 1.6 percentage points calculated at the 40% of the median threshold. Based on the data of beneficiary households at December 31<sup>st</sup>, 2023, the MIS reduces this poverty rate by 0.8 percentage points** (figure 5). The potential capacity of the MIS to reduce the poverty rate calculated with the threshold of 60% of the median is 0.7 percentage points. The implementation of the benefit at December 31<sup>st</sup>, 2023 reduces this poverty rate by 0.3 percentage points.

**FIGURE 5. POVERTY RATE REDUCTION BY POTENTIAL AND IMPLEMENTED MIS IN 2023 (PERCENTAGE POINTS)**

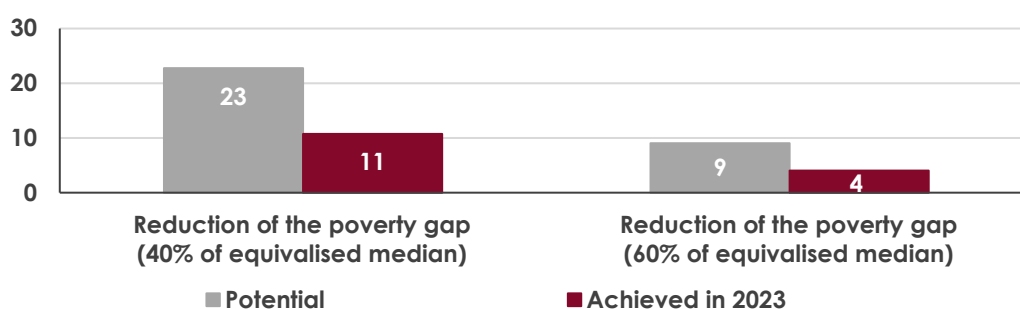


Source: AIReF based on the merger between the AIReF-MIS\_MI simulator and MIS case files.

**Finally, if all households potentially eligible for the MIS were to receive it, the poverty gap at the 40% of the median poverty line would be reduced by 23 percentage points. With the level of implementation reached in 2023, this poverty gap is reduced by 11 percentage points** (figure 6). The poverty gap or poverty intensity is defined as the average distance of household income

to the poverty line. Taking 60% of the median, the MIS under a hypothetical scenario of full implementation would reduce the gap to this poverty line by 9 percentage points. The reduction achieved in 2023 is 4 percentage points.

**FIGURE 6. POVERTY GAP REDUCTION BY POTENTIAL AND IMPLEMENTED MIS IN 2023 (PERCENTAGE POINTS)**

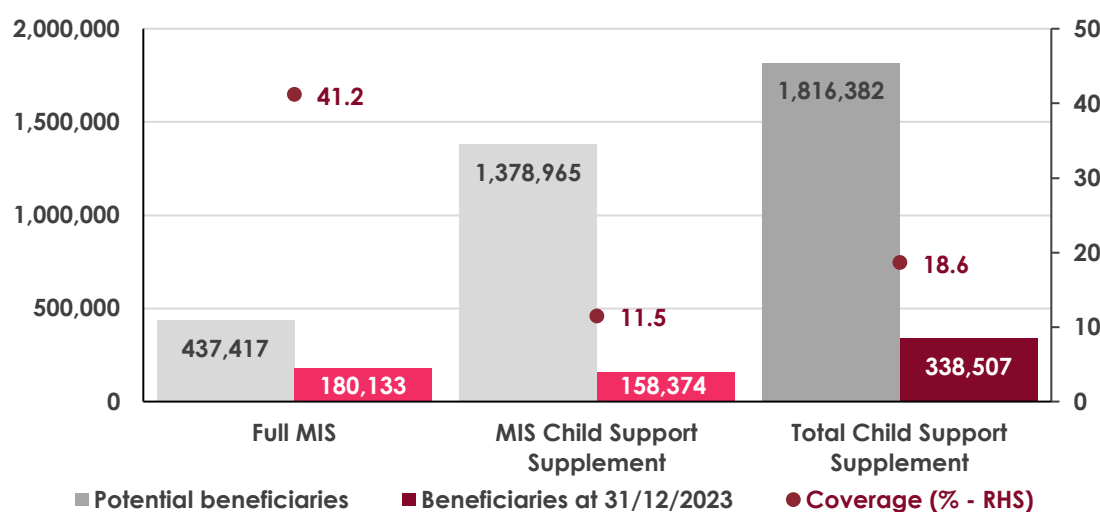


Source: AIReF based on the merger between the AIReF-MIS\_MI simulator and MIS case files.

### 2.1.2. Rollout of the Child Support Supplement in 2023

**Of the 1,816,382 potential Child Support Supplement beneficiary households, 338,507 receive it at the end of 2023** (figure 7). At December 31<sup>st</sup>, 2023, 19% of potential beneficiary households receive the Child Support Supplement. Of the 437,417 potential MIS and Child Support Supplement beneficiary households, 180,133 receive both at the end of 2023. Of the 1,378,965 potential beneficiary households receiving the Child Support Supplement alone, 158,374 receive it at the end of 2023.

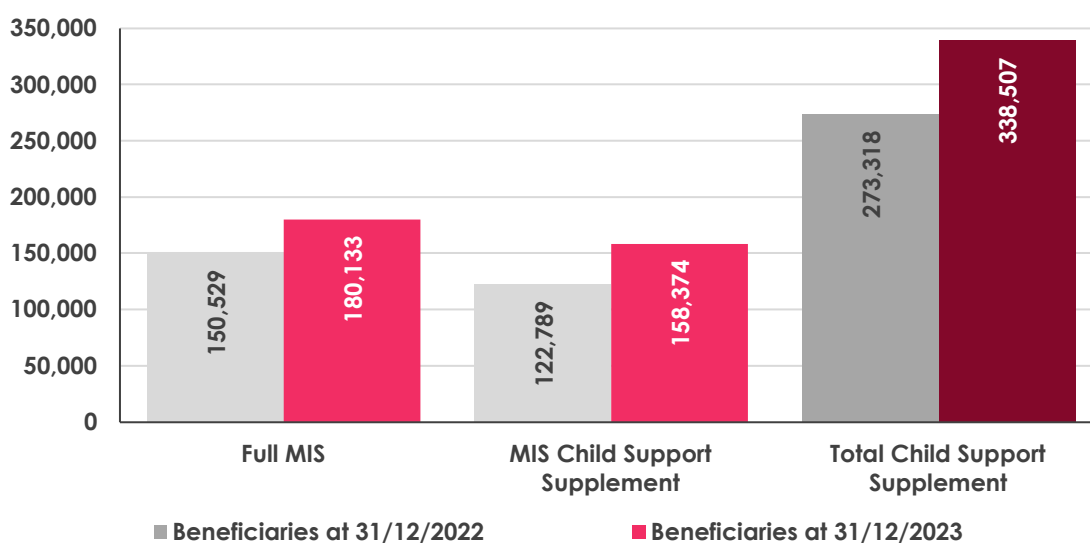
**FIGURE 7. NUMBER OF CHILD SUPPORT SUPPLEMENT BENEFICIARY AND POTENTIAL BENEFICIARY HOUSEHOLDS IN DECEMBER 2023**



Source: AIReF based on the merger between the AIReF-MIS\_MI simulator and MIS case files.

**At year-end, Child Support Supplement beneficiaries have increased by 24% between 2022 and 2023** (figure 8). The largest year-on-year growth is in the group of beneficiaries of the Child Support Supplement alone, from 122,789 households in December 2022 to 158,374 households in December 2023 (an increase of 29%).

FIGURE 8. CHILD SUPPORT SUPPLEMENT BENEFICIARIES AT YEAR-END 2022 AND 2023



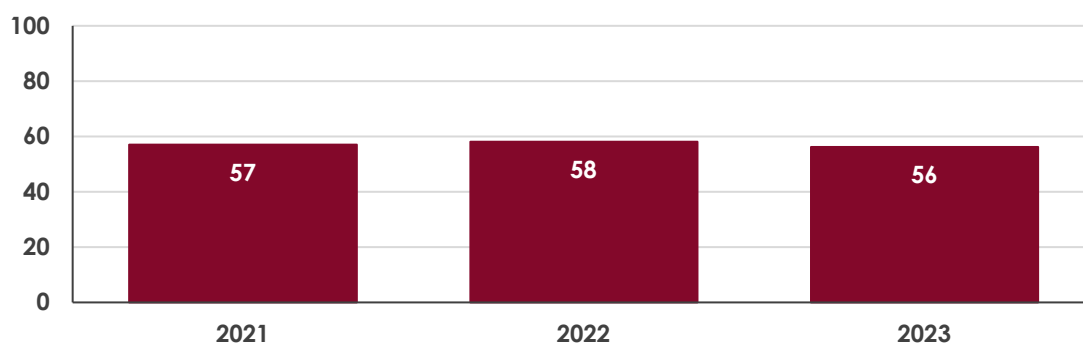
Source: AIReF based on the use of MIS case files.

**If the Child Support Supplement had reached all eligible households in 2023, the annual cost would be €2.615 bn. The annual cost of the Child Support Supplement for households benefiting from the supplement at December 31<sup>st</sup>, 2023 is €768m.** Thus, in terms of cost, at December 31<sup>st</sup>, 2023, the Child Support Supplement accounts for 29% of its potential.

### 2.1.3. Non-take-up

**56% of MIS-eligible households do not apply for the benefit in 2023 (non-take-up)** (figure 9). **This indicator is virtually unchanged from the level published in the First and Second Opinions (58%).** This stagnation is due to the fact that both the numerator and the denominator of the non-take-up rate are growing at almost the same rate, around 16% (which is in turn the same as the percentage increase in the guaranteed income and wealth limits in 2023 compared with 2022).

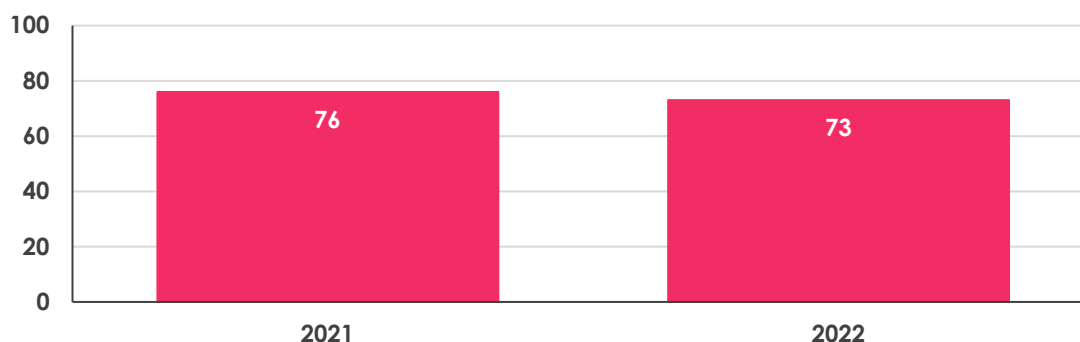
FIGURE 9. EVOLUTION OF MIS NON-TAKE-UP (%)



Source: AIReF based on the merger between the AIReF-MIS\_MI simulator and MIS case files.

**73% of the households eligible for the Child Support Supplement do not apply for the benefit in 2023 (non-take-up)** (figure 10). This indicator is 3 percentage points lower than the level published in the Second Opinion (76%).

FIGURE 10. EVOLUTION OF CHILD SUPPORT SUPPLEMENT NON-TAKE-UP (%)



Source: AIReF based on the merger between the AIReF-MIS\_MI simulator and MIS case files.

**Information is central to the discussion with the MIS mediators on the reasons for non-take-up** (table 7). Table 7 shows two visualisations derived from the qualitative analysis of the focus groups. The left part of the panel contains a grouping of the main reasons for non-take-up identified by the MIS mediators. The right part of the panel includes the words that appear in the actions on non-take-up, and their size is proportional to the frequency of use. A lack of information, unfamiliarity with the language and fear of having to make refunds are the most frequent reasons for non-take-up in the discourse of the mediators. In the word cloud (right-hand side of table 7) the most repeated word is "information", due to its absence. According to third-sector organisations, this lack of information gives rise to feelings of fear and misinformation about the benefit, highlighting negative concepts such as "it's not worth it", "long times", "refunds", which are those received by the applicant. Social Security and social services are also relevant, as claimants also turn to these entities for information.

TABLE 7. CODING AND FREQUENCY OF REASONS FOR NON-TAKE-UP. WORD CLOUD ASSOCIATED WITH THE RESULTS OF THE FOCUS GROUPS WITH THIRD-SECTOR ORGANISATIONS



Source: AIReF.

### **Box 1. Information actions implemented to reduce MIS non-take-up: the MIS bus and information tent**

**Between October 2022 and March 2023, the MISM carried out the bus and information tent initiative with the aim of informing about the MIS to all those people in a vulnerable situation, potential beneficiaries of the benefit, but who were not receiving it.** This campaign stopped in 43 municipalities in the 15 Autonomous Regions under the common tax regime and the two Autonomous Cities. According to the information published on the Ministry's website, the aim of the initiative was to provide information about the MIS to all those vulnerable people who are potential beneficiaries of the benefit but who are not receiving it, and to help them make the application or find out their status. Dissemination and support strategies can strengthen the visibility of the benefit and encourage an increase in the number of applications, as has been shown by some of the pilot projects promoted by the Ministry.

**50% of the households not applying for the MIS are concentrated in 112 municipalities under the common tax regime. However, the MIS bus did not stop in 66% of them –74 municipalities–** (table b\_1.1). Figure b\_1.1 depicts in colour the 112 municipalities that account for 50% of the households not applying for the MIS. These municipalities are home to at least 500 MIS non-applicant households, a minimum of 0.1% of the total number of non-applicant households in Spain. Madrid is the municipality where the highest number of MIS non-applicant households reside, 6.1% of the total. It is followed by Barcelona, Valencia, Seville, Malaga, Alicante, Las Palmas and Murcia with 3.3%, 1.9%, 1.6%, 1.4%, 1.2%, 1.1% and 1% of non-applicant households in Spain, respectively. Table b\_1.1 summarises the total number of municipalities where the bus and/or tent has stopped. Of the 112 municipalities with 50% of MIS non-applicant households, 38 were covered by this initiative. In the remaining 74 municipalities, no stops were made. In addition, the bus and/or tent has been present in five municipalities where less than 0.1% of the total number of non-beneficiary households reside.

**The coverage of this initiative has reached municipalities that account for 28% of the non-take-up, but has been uneven by Autonomous Region. In Andalusia, the Canary Islands, Catalonia, Valencia, Galicia and Asturias, the bus has stopped in less than 50% of the municipalities where more than 500 MIS non-applicant households reside.** In Andalusia, there are 28 municipalities with more than 500 households not applying for the MIS, but only four of them (14%) have been visited by the bus and/or tent. In the Canary Islands, there are 10

municipalities with more than 500 households not applying for the MIS, but two of them (20%) were visited by the bus and/or tent. In Catalonia, there are 16 municipalities with more than 500 households not applying for the MIS and only four of them (25%) have been visited by the bus and/or tent.

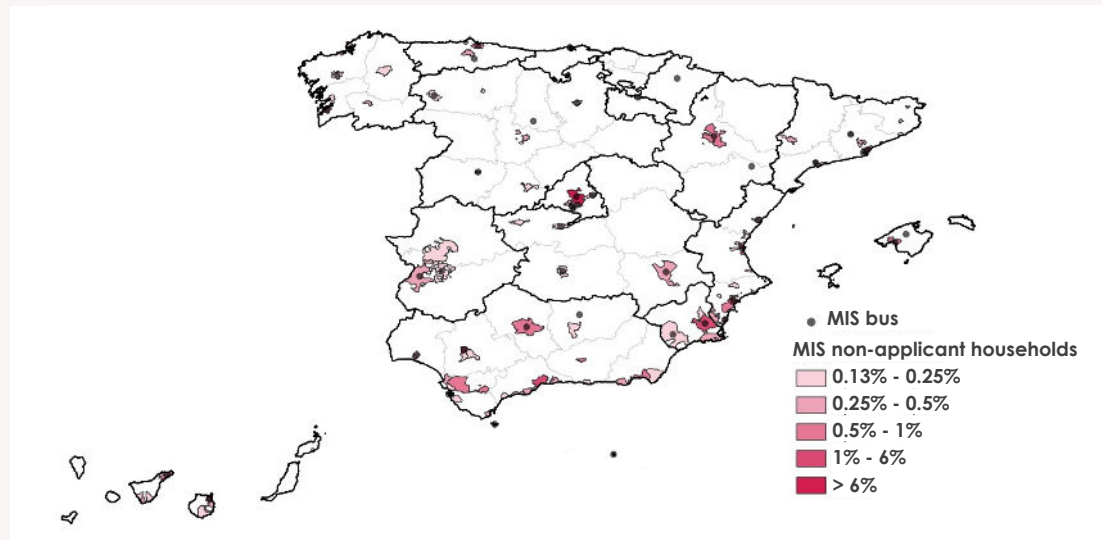
**TABLE B\_1.1. DISTRIBUTION OF BUS STOPS ACCORDING TO NUMBER OF ELIGIBLE HOUSEHOLDS NOT APPLYING FOR THE MIS IN THE MUNICIPALITY**

Autonomous Region	Number of stops	Municipalities with more than 500 MIS non-applicant households		Municipalities with fewer than 500 MIS non-applicant households	
		Total	Visited	Total	Visited
Andalusia	5	28	4	757	1
Aragon	2	1	1	730	1
Asturias	2	3	1	75	1
Balearic Islands	2	1	1	66	1
Canary Islands	2	10	2	78	0
Cantabria	1	1	1	101	0
Castile and Leon	4	6	3	2.242	1
Castile-La Mancha	3	4	3	915	0
Catalonia	4	16	4	932	0
Valencia	4	16	4	526	0
Extremadura	2	3	2	385	0
Galicia	2	7	2	306	0
Madrid	5	9	5	170	0
Murcia	2	4	2	41	0
Rioja	1	1	1	173	0
Ceuta	1	1	1	0	0
Melilla	1	1	1	0	0
<b>Total</b>	<b>43</b>	<b>112</b>	<b>38</b>	<b>7.497</b>	<b>5</b>

Source: AIReF based on INSS management data.



FIGURE B\_1.1. MUNICIPALITIES WITH MORE THAN 500 ELIGIBLE HOUSEHOLDS NOT APPLYING THE FOR MIS AND BUS STOPS



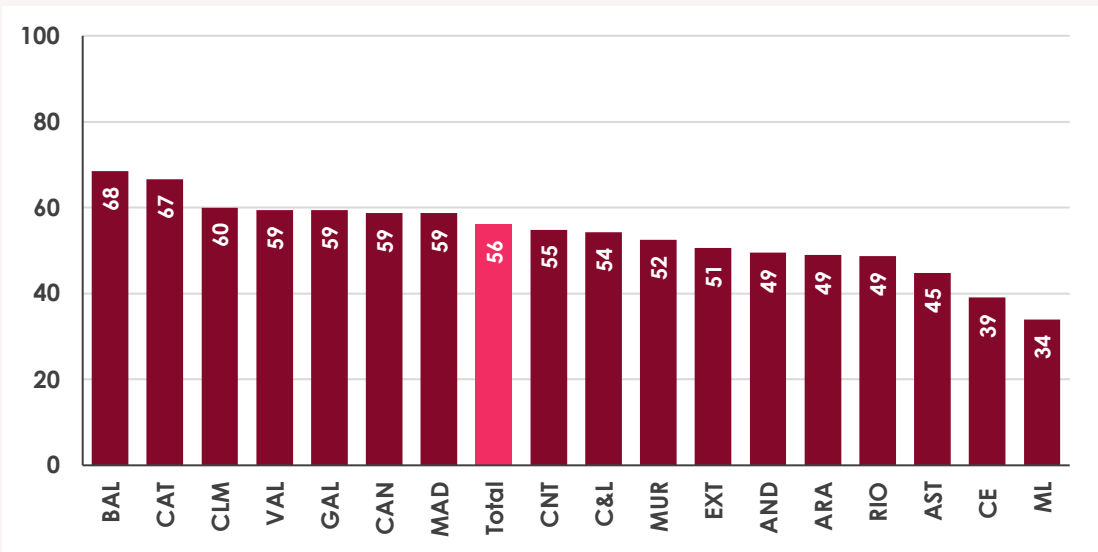
Source: AIReF based on INSS management data.



**Box 2. The effects of regional minimum incomes on the non-take-up of the MIS**

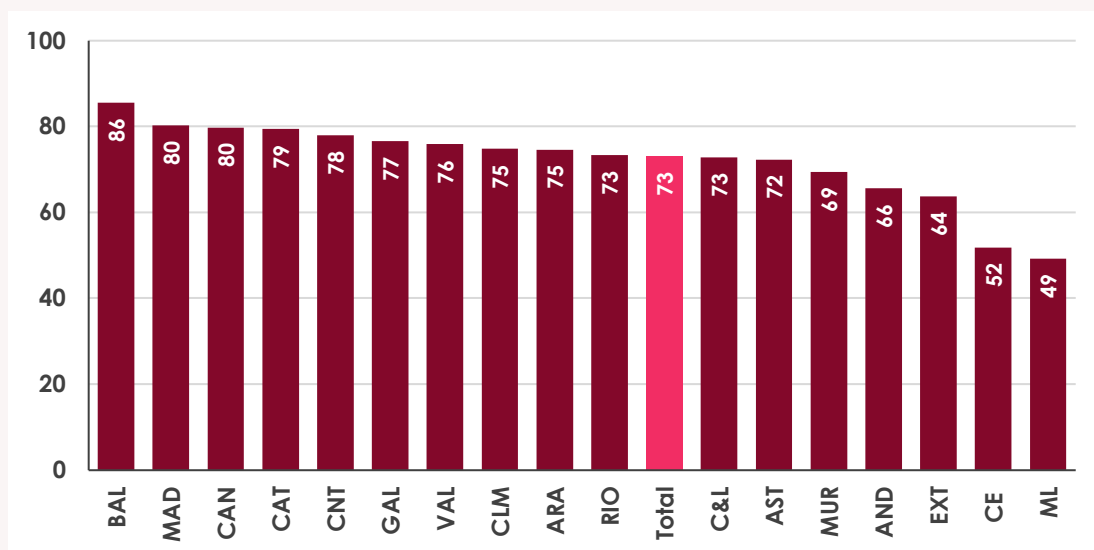
As noted in the Second Opinion, differences exist in the level of MIS non-take-up by Autonomous Region. Specifically, the Balearic Islands, Catalonia, Castile-La Mancha, Valencia, the Canary Islands, Galicia and Madrid continue to have MIS non-take-up rates above the national average (figure b\_2.1). Figure b\_2.1 ranks the Autonomous Regions from highest to lowest MIS non-take-up rates in 2023. Thus, 68%, 67%, 60%, 60%, 59%, 59%, 59% and 59% of potential MIS beneficiary households in 2023 have not applied for the benefit in the Balearic Islands, Catalonia, Castile-La Mancha, Valencia, the Canary Islands, Galicia and Madrid, respectively. The Autonomous Regions with the highest non-take-up rates for the Child Support Supplement are the Balearic Islands (86%), Madrid (80%), the Canary Islands (80%), Catalonia (79%), Cantabria (78%), Galicia (77%), Valencia (76%), Castile La Mancha (75%) and Aragon (75%) (figure b\_2.2).

FIGURE B\_2.1. NON-TAKE-UP RATES OF MIS IN 2023. BREAKDOWN BY AUTONOMOUS REGION



Source: AIReF based on the merger between the AIReF-MIS\_MI simulator and MIS case files.

FIGURE B\_2.2. CHILD SUPPORT SUPPLEMENT NON-TAKE-UP RATES IN 2023. BREAKDOWN BY AUTONOMOUS REGION



Source: AIReF based on the merger between the AIReF-MIS\_MI simulator and MIS case files.

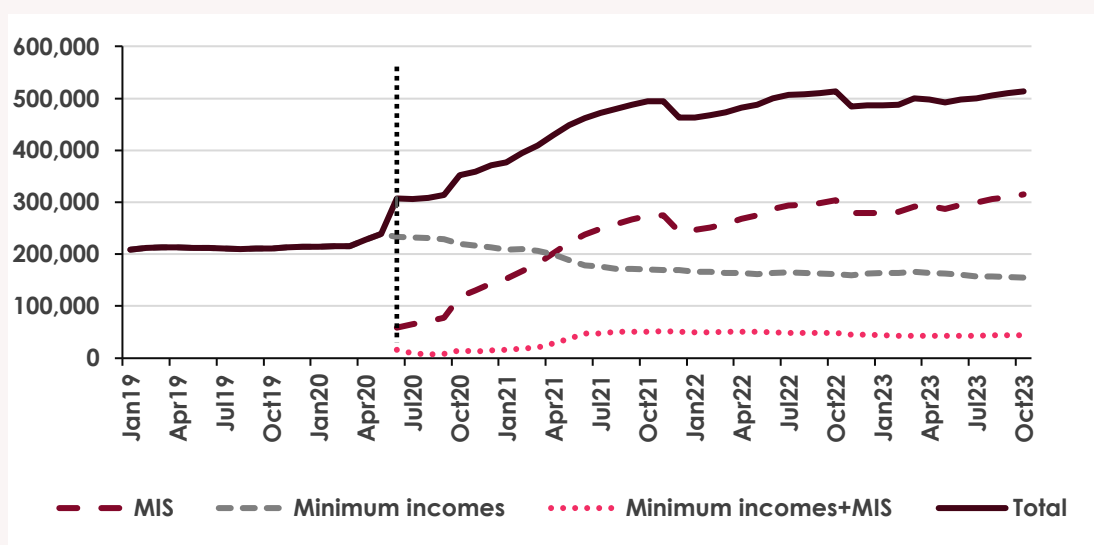
**This Opinion investigates the extent to which the coexistence of the MIS with regional minimum incomes may be an explanatory factor for the non-take-up observed in each Region.** In the Second Opinion on the MIS, the poor quality of the microdata on regional minimum incomes that the Autonomous Regions report to the State Tax Administration Agency (AEAT) and the INSS prevented AIReF from analysing the transfer of these to the MIS or their degree of complementarity with the State benefit. This exercise has been undertaken for the Third Opinion by requesting the data on the monthly minimum income payments in each Autonomous Region since January 2019. In turn, this information has been cross-checked with the monthly MIS payments since the start of the benefit in June 2020 provided by the INSS.

**In the national aggregate, the MIS extends the coverage of households in receipt of a last resort benefit (MIS or regional minimum incomes) compared with the situation before June 2020 when there was no MIS** (see figure b\_2.3). Figure b\_2.3 represents three series with a monthly frequency for the aggregate of the 17 Autonomous Regions under the common tax regime and the two Autonomous Cities: total households only benefiting from regional minimum incomes, only from the MIS and from the MIS and regional minimum incomes<sup>10</sup>. It can be

<sup>10</sup> This section does not include beneficiaries of the Child Support Supplement alone, as it is not considered a benefit comparable with the MIS or regional minimum incomes. The reason for this is that the Child Support Supplement has income and wealth thresholds that are clearly higher than those of the last resort benefit.

seen that, since the entry into force of the MIS, households receiving the State benefit have followed an upward trend. In contrast, the number of regional minimum income beneficiaries decreased, although to a lesser extent than the increase in the series of monthly MIS payments. In addition, there is a group of households that receive both regional minimum incomes and the MIS, as some Regions have configured their regional minimum incomes as complementary to the MIS.

FIGURE B\_2.3. BENEFICIARIES OF MIS AND REGIONAL MINIMUM INCOMES. TOTAL



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

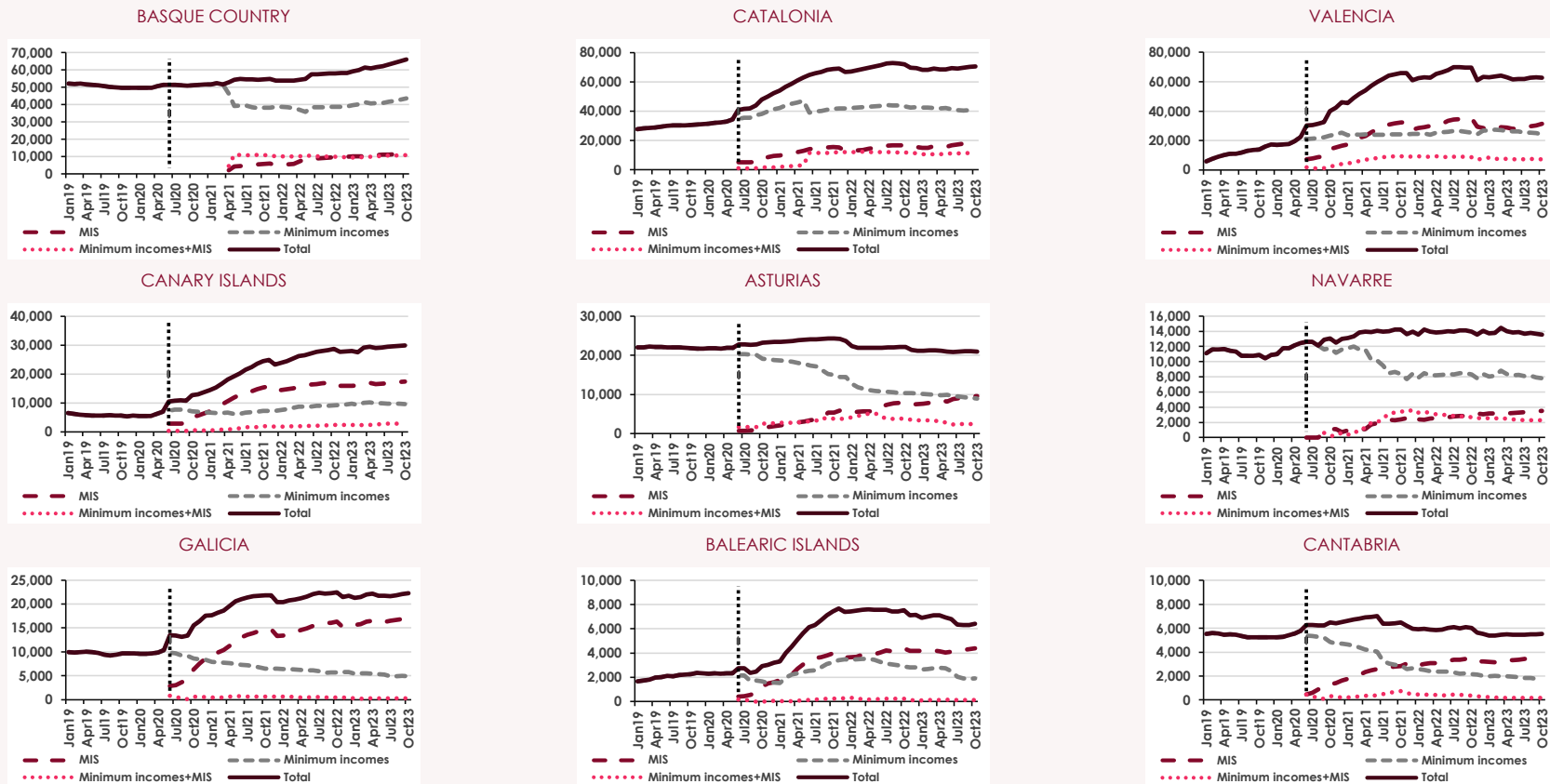
The aggregate dynamics are the result of heterogeneous evolutions in the Autonomous Regions that can be summarised in two groups in terms of their effects on the non-take-up of the MIS. The first of these groups consists of nine Autonomous Regions that have maintained a significant number of regional minimum income beneficiaries since the introduction of the MIS (figure b\_2.4). The Basque Country<sup>11</sup>, Catalonia, Valencia, the Canary Islands, the Balearic Islands, Asturias, Galicia and Cantabria maintain a significant number of regional minimum income beneficiaries. Within this first group, the Basque Country, Catalonia, Valencia and the Canary Islands have maintained a relatively stable total number of households receiving regional minimum incomes over time. In all of them, it can also be seen how the introduction of the MIS in 2020 adds households without there being a reduction in the number

<sup>11</sup> The MIS payments file provided by the INSS contains data for the Basque Country from April 2021 to June 2022. The Basque Country has been able to provide MIS payment data from December 2022. Linear interpolation has been used to allocate the monthly series between June 2022 and December 2022.

of minimum income beneficiaries. Moreover, Catalonia represents a unique case given that the total number of households benefiting from the regional minimum income exceeds the number of MIS beneficiaries over the whole period. Although Asturias, Galicia and Cantabria reduce the total number of households receiving regional minimum incomes, in 2023 they continue to maintain between 40% and 50% of households on the benefit.

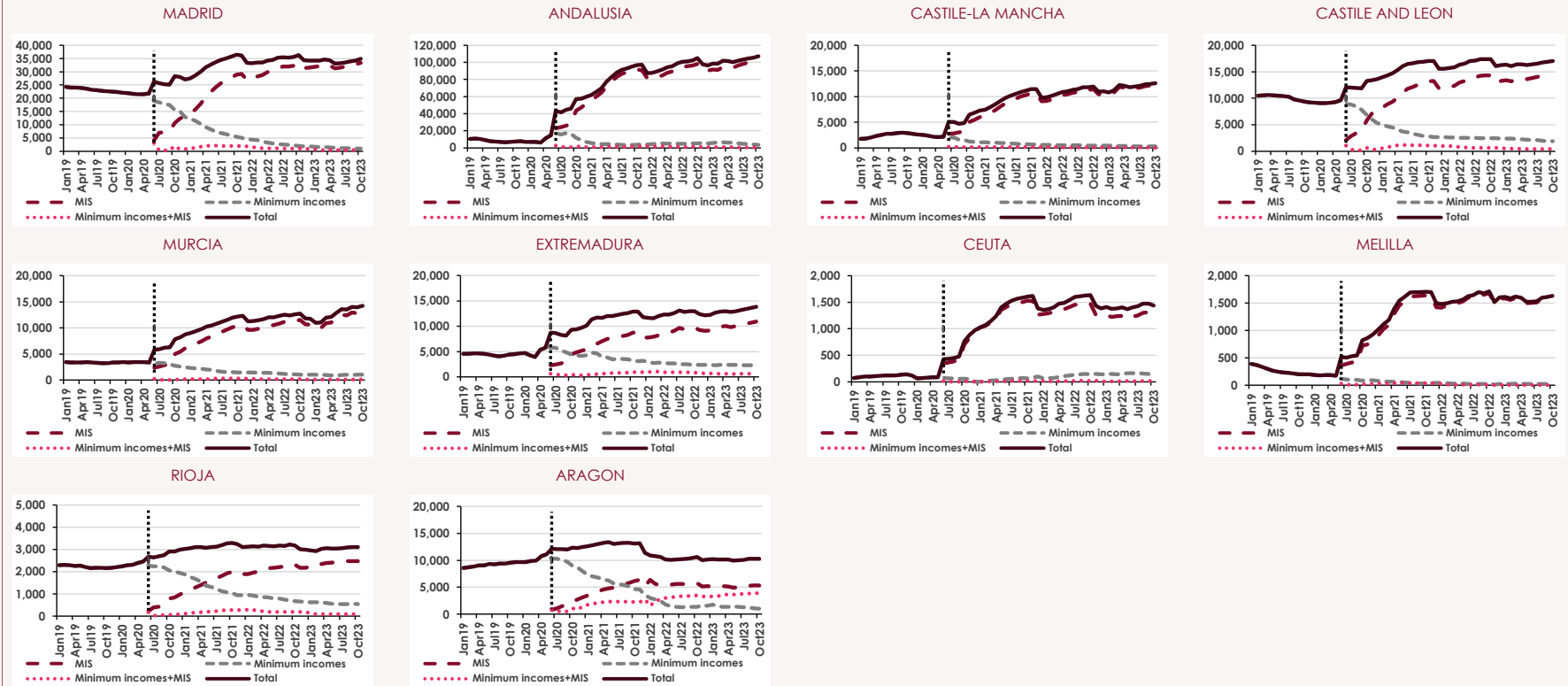
**The second group consists of those Autonomous Regions whose regional minimum income programmes have practically disappeared or show a clear downward trend** (figure b\_2.5). This second group is made up of Madrid, Andalusia, Castile-La Mancha, Castile and Leon, Murcia, Extremadura, Ceuta, Melilla, Rioja and Aragon. A particular feature of this group is that Aragon has a high degree of compatibility between its regional minimum income and the MIS, since the number of households that simultaneously receive both benefits is almost as high as the number of households receiving just the MIS.

FIGURE B\_2.4. GROUP 1: AUTONOMOUS REGIONS THAT MAINTAIN A SIGNIFICANT NUMBER OF REGIONAL MINIMUM INCOME BENEFICIARIES SINCE THE INTRODUCTION OF THE MIS



Source: AIR eF based on the MIS and regional minimum incomes.

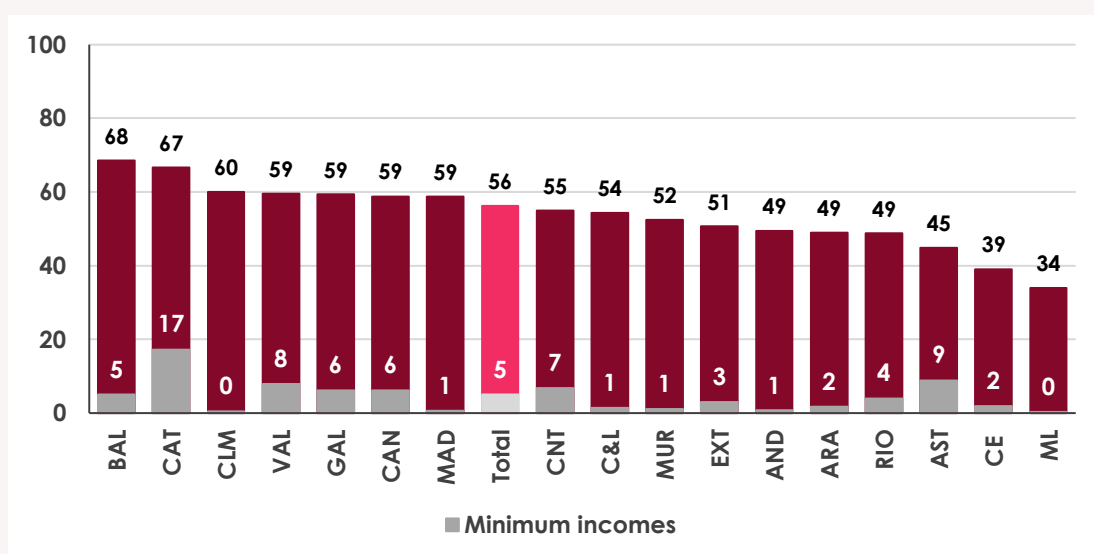
FIGURE B\_2.5. GROUP 2: AUTONOMOUS REGIONS WHERE THERE HAS BEEN A SIGNIFICANT DECREASE IN MINIMUM INCOME BENEFICIARIES SINCE THE INTRODUCTION OF THE MIS



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

Of the 56% of the non-take-up rate of the MIS, 5 percentage points correspond to households receiving regional minimum incomes in 2023 (see figure b\_2.6). This proportion is higher in the Autonomous Regions in group 1, where there is still a significant level of regional minimum income beneficiaries in 2023. Thus, in Catalonia, Valencia, the Canary Islands, the Balearic Islands, Asturias, Galicia and Cantabria, minimum income beneficiary households account for 17, 8, 6, 5, 9, 6 and 7 percentage points of their respective non-take-up rates.

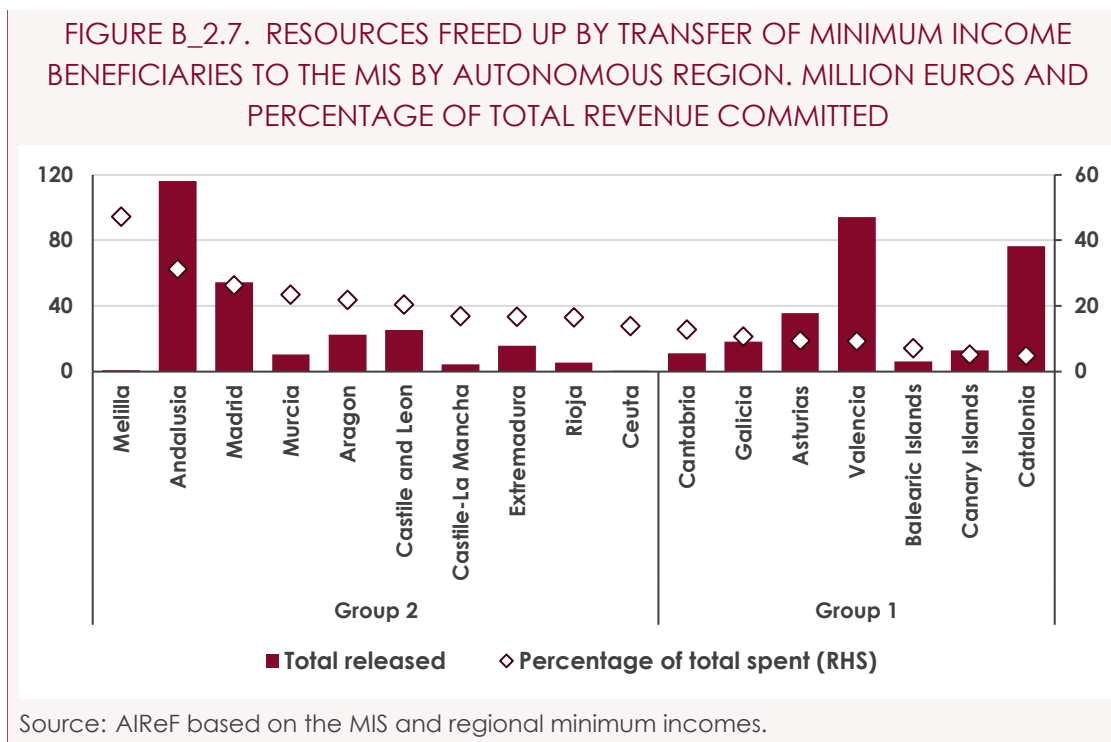
FIGURE B\_2.6. EFFECT OF REGIONAL MINIMUM INCOMES ON THE NON-TAKE-UP OF THE MIS IN 2023



Source: AIReF based on the merger between the AIReF-MIS\_MI Simulator, the MIS case files and the regional minimum incomes.

Furthermore, since the entry into force of the MIS, the transfer of beneficiaries from the regional minimum incomes to the State benefit has freed up €510m, 11% of the spending of the Autonomous Regions on their regional minimum incomes. The percentage of revenue freed up is lower in the Autonomous Regions in group 1, which have maintained a significant number of households benefiting from their regional minimum income programmes (figure b\_2.7). The Autonomous Regions with the highest percentage of funds released as a result of the transfer of their minimum income beneficiaries to the MIS were Melilla, Andalusia, Madrid, Murcia, Aragon and Castile and Leon. These Autonomous Regions have released 47%, 31%, 26%, 23%, 21% and 20% respectively of the total expenditure on their regional minimum incomes between 2020 and 2023. Within group 1, Cantabria, Galicia, Asturias, Valencia, the Balearic Islands, the Canary Islands and Catalonia have released a smaller percentage of revenue, 12%, 10%, 9%, 9%, 9%, 7%, 5% and 4% respectively.





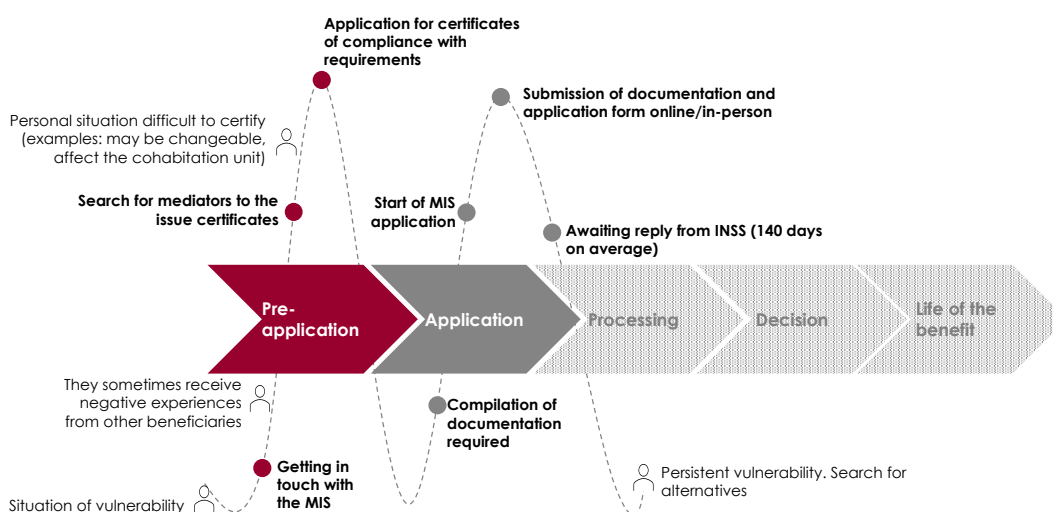
## 2.1.4. Implementation and management

### 2.1.4.1. Evolution in processing

Households making use of the MIS can go through a maximum of five stages: **pre-application, application, processing, decision and the life of the benefit** (table 8). Based on the qualitative analysis conducted in this Opinion, the maximum number of theoretical stages through which a household can interact with the MIS has been reconstructed. The first of the stages can be referred to as pre-application. In this first pre-application contact, households receive information about the benefit, learn about their eligibility and assess the possibility of applying. In the application stage, the documentation required is collected (evidence, certificates from mediators, social services, Local Governments, etc.). This stage is completed by sending the application through the Social Security electronic office, or on paper at the registry. During the processing stage, the INSS analyses the documentation provided and compliance with the requirements. If necessary, users are asked to correct the documentation. The processing of the application concludes with its decision, and the case file can be approved or denied. Finally, throughout the life of the benefit, households receiving the MIS must comply with a series of obligations established in the regulations.

The qualitative analysis carried out in this Third Opinion has made it possible to identify some challenges, mainly in the pre-application and application stages. The focus groups conducted by AIReF with the entities registered in the Register of Social Mediators of the MIS have provided evidence of issues that hinder or lengthen the benefit pre-application or application stages (table 8).

TABLE 8. OUTLINE OF MIS STAGES FROM THE HOUSEHOLD PERSPECTIVE RESULTING FROM THE QUALITATIVE ANALYSIS



Source: AIReF.

The MIS mediators highlight three difficulties: the lack of correspondence between the providing of evidence of requirements and the social reality of certain households, the unresolved situation of vulnerability while the decision is being drawn up, and the challenges in issuing the certificates inherent to their status as mediators<sup>12</sup>. First, the mediators have identified from their experience that there are some requirements for access to the benefit whose fulfilment requires stability in the household's circumstances, which, for many applicants, ends up being a barrier. This mainly affects providing evidence of address (census and residence permits) or the constitution of cohabitation units. In this regard, some of the groups mentioned during the focus groups were the immigrant population, extended families, people with disabilities, non-formalised unmarried couples, cohabitation units with one or more registered but absent members, etc.

<sup>12</sup> The Register of Social Mediators of the MIS has been in operation since December 3<sup>rd</sup>, 2021. There are currently 11 registered entities with the capacity to issue certificates accrediting complex situations, such as the risk of social exclusion, the residence of homeless people, the real address when it does not match the census, independence for young people or the absence of family ties between people or families living together in the same home.

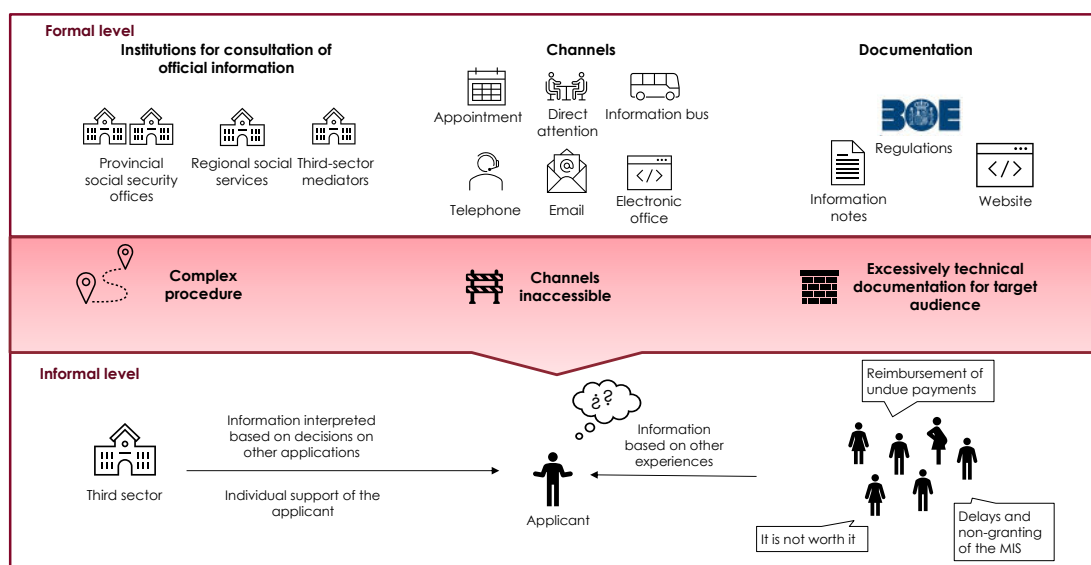
Second, **the MIS mediators highlight the length of time it takes for a household to understand the requirements, collect the documentation, fill out the form and finally send it in.** During these months, the household remains in a vulnerable situation. In addition to this preparatory period, there is also the time that elapses until the case is decided on.

Third, the **mediators highlight the very small number of certificates they have issued since the launch of the register.** According to them, the limited number of certificates issued is due to two reasons: the perceived lack of usefulness and the difficulty in certifying the specific situation. In relation to the first reason, the mediators consider that the information in the census takes precedence over their certificates and they are unaware of the purpose of the social exclusion certificate. In relation to the second reason, there are situations in which the entities state that the people who do ask for certification would require home visits, with the consequent ethical difficulty and their lack of legal powers to carry them out.

**At a cross-cutting level, the main challenge identified by MIS mediators is access to comprehensible, reliable and standardised information for households and for those who accompany them in the process** (table 9). The qualitative analysis carried out in this Third Opinion has identified the existence of two levels of MIS information: formal and informal. Table 9 summarises the characteristics of both and highlights some aspects that hamper the effectiveness of the system as a whole. The informal level draws on support from third-sector organisations and advice or experiences from the social network surrounding the household. The formal level is characterised by a diversity of channels and institutions from which information can be obtained, as well as by a multiplicity of sources of documentation. The experience of the MIS mediators underlines the complexity of this formal level due to the inaccessibility of information channels and documentation not adapted to the target group. Specifically, mediators have identified the following difficulties at a formal level:

- Lack of clarity in the justification of the INSS decisions determining the amount of the MIS and its adjustments<sup>13</sup>, and in the decisions rejecting the application<sup>14</sup>.
- The need to offer more individualised support to guide the particular case of each applicant. In this regard, mediators underline the importance of improving access to the available channels while strengthening the training of Social Security professionals in the advice they provide to households involved in any of the MIS stages.
- Lack of publication of clear, uniform and language-adapted guidelines to guide and facilitate understanding of the application, processing and granting of support.
- Excessively technical language in official communications with applicant and beneficiary households (requests for documentation, claims for amounts, etc.), which makes it difficult for the beneficiary to understand them.

TABLE 9. APPLICANT'S ACCESS TO MIS INFORMATION



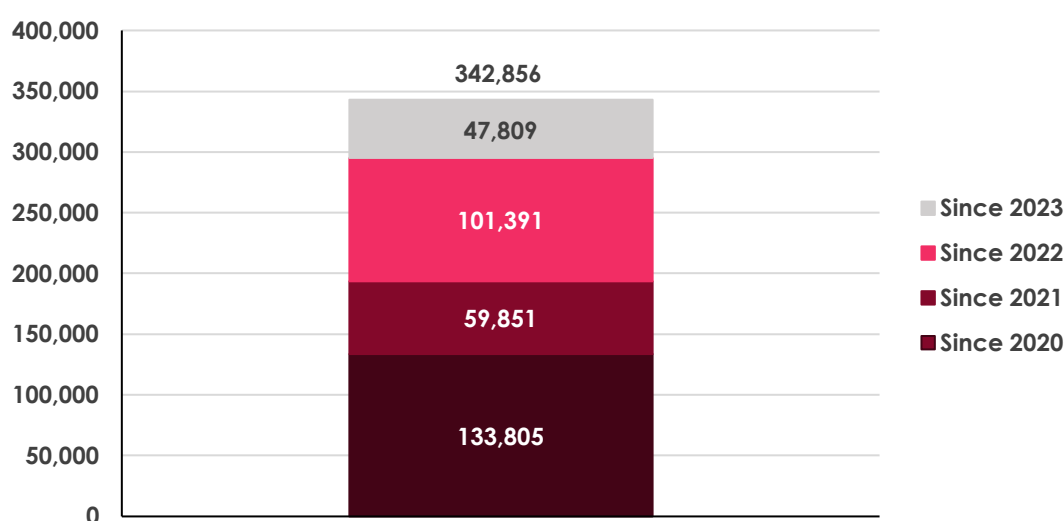
Source: AIReF.

<sup>13</sup> Mediators find it difficult to understand how the amount of the benefit has been calculated in each case, which complicates the filing of prior claims by households.

<sup>14</sup> Mediators consider that denials are limited to citing the article of the law without providing an individualised justification for the case. This makes it difficult to orientate the claim correctly or the occurrence of an excess number of claims, as a more detailed explanation would have made it clear that there was no entitlement.

**With regard to the duration of the benefit, 39% of MIS beneficiaries at December 31<sup>st</sup>, 2023 started receiving the benefit in 2020** (figure 11). Of the 42 months that have elapsed since the launch of the MIS in June 2020, households receiving the MIS at December 31<sup>st</sup>, 2023 have received it for a median period of 30 months. In absolute numbers, figure 11 shows that, of the total number of beneficiaries at December 31<sup>st</sup>, 2023, 133,805 households (39%) have been beneficiaries since 2020, 59,851 since 2021 (17%), 101,391 since 2022 (30%) and 47,809 (14%) started in 2023 itself.

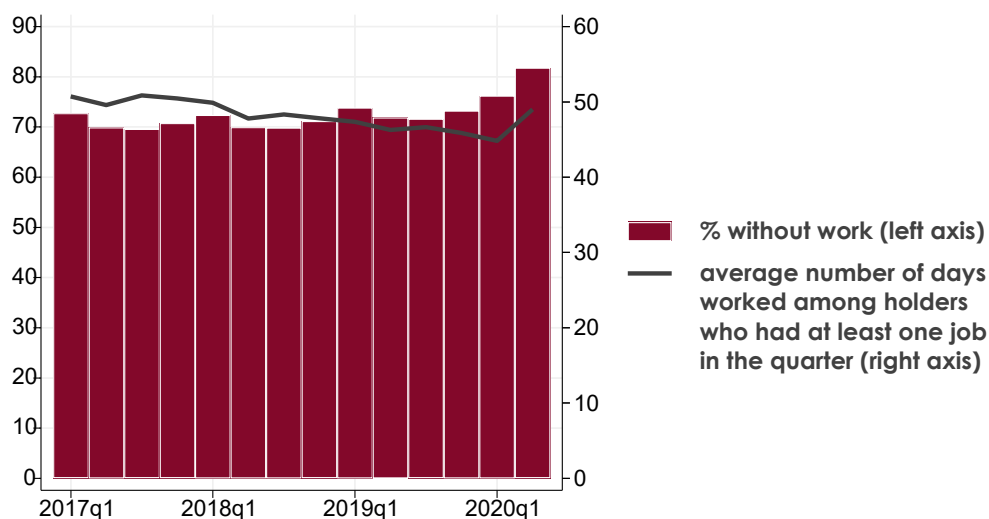
**FIGURE 11. YEAR OF RECOGNITION OF THE BENEFIT AMONG BENEFICIARY HOUSEHOLDS REGISTERED AT DECEMBER 31<sup>ST</sup>, 2023**



Source: AIReF based on the use of MIS case files.

**As evidenced in the box on employment and MIS published in the Second Opinion, the exploitation in this new Opinion of the administrative record of working lives of MIS beneficiaries confirms that around 70% of MIS holders were not employed in the quarters prior to the entry into force of the MIS** (figure 12). (Figure 12 plots the extensive margin between the first quarter of 2017 and the second quarter of 2020 (percentage of MIS beneficiaries who were not employed in the quarter) and the intensive margin (average number of days worked among beneficiaries who had at least one job in the quarter). The percentage of MIS beneficiaries without employment is around 70% until 2020. In the first and second quarters of 2020, this indicator rises to 80%. Within the 30% of MIS holders with employment, figure 12 shows they worked on average 50 days of the quarter.

FIGURE 12. PERCENTAGE OF MIS BENEFICIARIES WITHOUT EMPLOYMENT AND AVERAGE NUMBER OF DAYS WORKED IN THE QUARTERS PRIOR TO THE MIS (2017-2020)



Source: AIReF on the basis of MIS case files and the working lives of MIS holders.

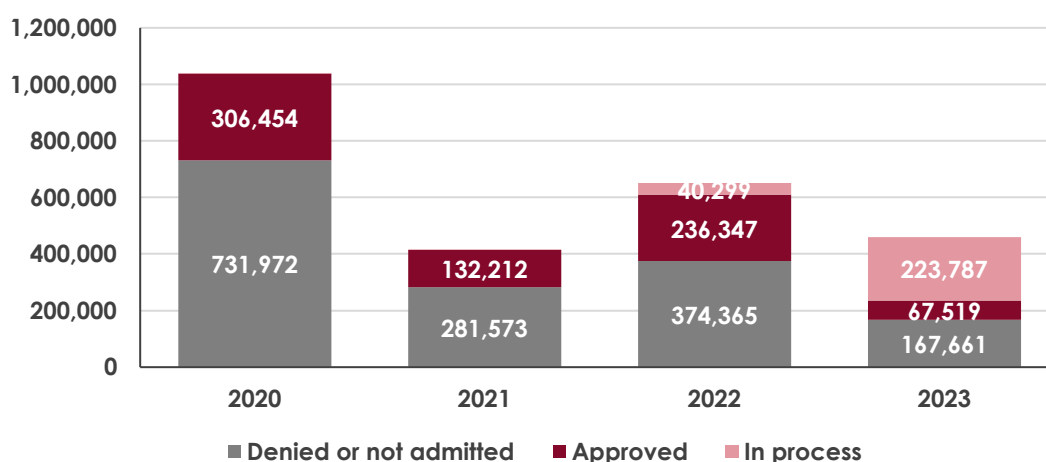
**In 2023, 458,967 applications were submitted<sup>15</sup>, 29.5% less than in 2022, the year when the Child Support Supplement was launched (figure 13). Of these, 14.7% have been approved, 36.5% have been denied and the remaining 48.8% are still being processed at December 31<sup>st</sup>, 2023 (figure 14).** Figure 13 represents the total number of applications received each year since the entry into force of the MIS, as well as their status at the decision date of the case file. The "pending" status can be explained by the fact that the case file has not yet been decided on at December 31<sup>st</sup>, 2023. Figure 14 shows the same information expressed as a percentage of the total number of applications received each year. Thus, of the million applications submitted in 2020, 30% were approved and 70% denied. Of the 414,364 applications received in 2021, 31.9% were approved, 68% were denied and the remaining 0.6% are still pending a decision. In 2022, following the entry into force of the Child Support Supplement, there is a 57% increase in the number of applications, as noted in the Second Opinion on the MIS. Of the 651,011 applications submitted in 2022, 36.3% were approved, 57.5% were denied and 6.2% are still pending a decision at December 31<sup>st</sup>, 2023<sup>16</sup>. Finally, of the 458,967 applications submitted in 2023, 14.7% and 36.5%

<sup>15</sup> Cancelled applications are excluded from the calculation.

<sup>16</sup> The Second Opinion on the MIS published that the percentage of applications denied in 2022 was 69%. This discrepancy is explained by the fact that on December 31<sup>st</sup>, 2022 the total number of successful 2022 applications was lower than the total on December 31<sup>st</sup>, 2023. On December 31<sup>st</sup>, 2023, 92% of the 2022 applications have already been decided on and the denial rate

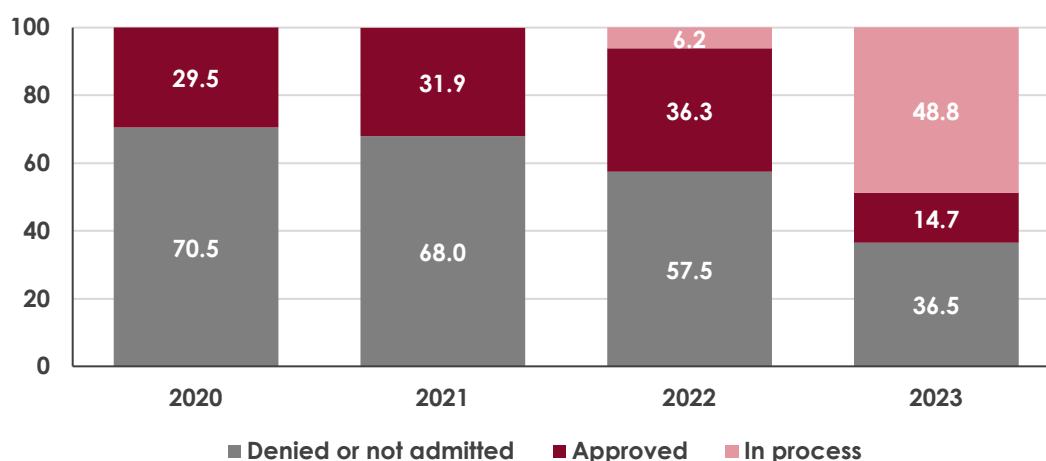
were approved and denied, respectively, at the decision date of the case file. At December 31<sup>st</sup>, 2023, 48.8% of the applications submitted in 2023 are still pending a decision. Note that the percentage of case files approved in 2023 has been lower and the percentage of pending case files higher, as the time elapsed for their processing has been shorter.

**FIGURE 13. NUMBER OF APPLICATIONS PER YEAR. BREAKDOWN BY STATUS OF APPLICATION AT DECEMBER 31<sup>st</sup>, 2023**



Source: AIReF based on the use of MIS case files.

**FIGURE 14. STATUS OF APPLICATIONS AT DECEMBER 31<sup>st</sup>, 2023. PERCENTAGE OF TOTAL APPLICATIONS SUBMITTED IN EACH YEAR**



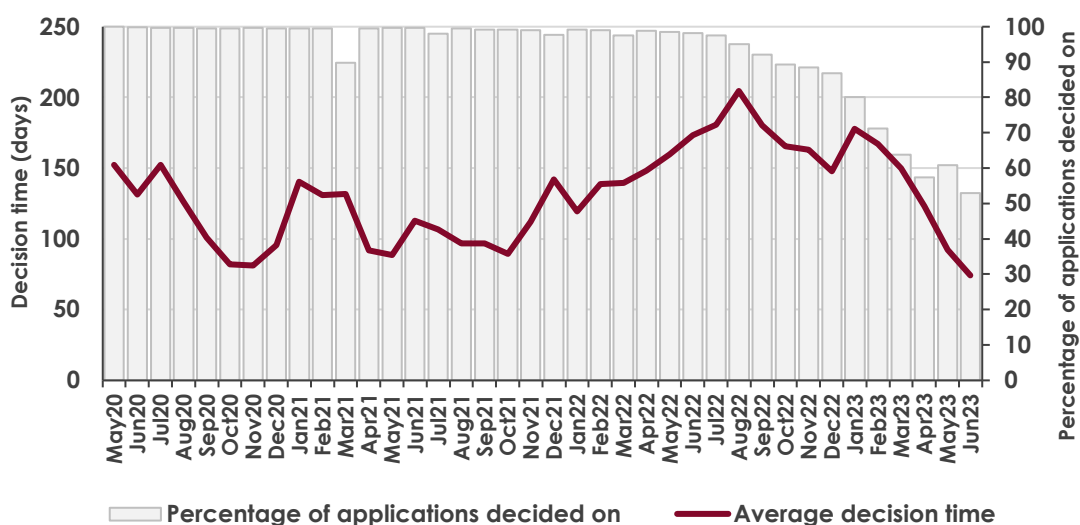
Source: AIReF based on the use of MIS case files.

decreases to 57.5%. For the same reason, the figure published in this Third Opinion will change when the Fourth Opinion on the MIS is published, by which time a large part of the 223,787 2023 applications still pending at December 31<sup>st</sup>, 2023 will have been decided on.

Due to a change in the application used by the INSS to codify the reasons for denied applications, it has not been possible to provide evidence consistent with that contained in the two previous opinions on the relative importance of each reason. Figures 36 and 16 of the First and Second Opinion on the MIS, respectively, showed that the main reasons for denial were non-compliance with income criteria, followed by the category encompassing reasons due to census registration or the cohabitation unit. The Third Opinion on the MIS has been unable to update this analysis since, as from July 2022, the INSS now processes almost all the case files through the new APPIAN-MIS application. As a result of this migration, there is a discontinuity in the method of coding the causes in the applications denied, which entails a break in the series, making it impossible to compare the results with those published in the first two Opinions on the MIS.

The estimated average decision time in 2023 is 141 days (figure 15). This estimate is performed in a similar way to the two previous Opinions on the MIS. In other words, the average decision times for applications received between January and June 2023 are weighted by the total number of applications in each of these months. Applications submitted between July and December 2023 are omitted since, in these months, less than 50% of the applications were decided on by December 31<sup>st</sup> of that year. It should be noted that the applications initiated in 2022, the year in which the Child Support Supplement was introduced and in which applications increased by 57%, show longer decision times than in previous years.

FIGURE 15. AVERAGE DECISION TIME PER MONTH OF APPLICATION (DAYS) (CUT-OFF DATE DECEMBER 31<sup>st</sup>, 2023)

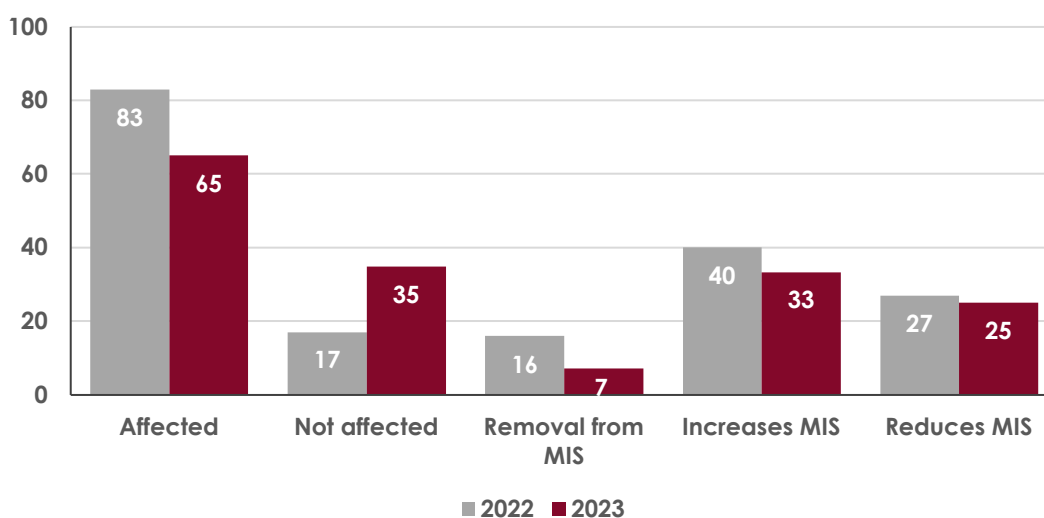


Source: AIReF based on the use of MIS case files.



**In 2023, the percentage of MIS households affected by the income revision has fallen by 18 percentage points, although it remains at 65%** (figure 16). Whereas in 2022 the Second Opinion on the MIS found that 83% of households receiving the benefit in June were affected by the income revision<sup>17</sup>, in 2023 this proportion falls to 65%. The percentage of households removed from the benefit as a result of cross-checking with the previous year's income data falls from 16% in 2022 to 7% in 2023. The percentage of households whose benefit is increased for this reason falls from 40% in 2022 to 33% in 2023. The reduction in the amount affects 27% and 25% of households in 2022 and 2023, respectively.

**FIGURE 16. HOUSEHOLDS AFFECTED BY THE INCOME REVISIONS AS A RESULT OF CROSS-CHECKING WITH TAX DATA. PERCENTAGE OF TOTAL HOUSEHOLDS REGISTERED IN JUNE OF THE YEAR**



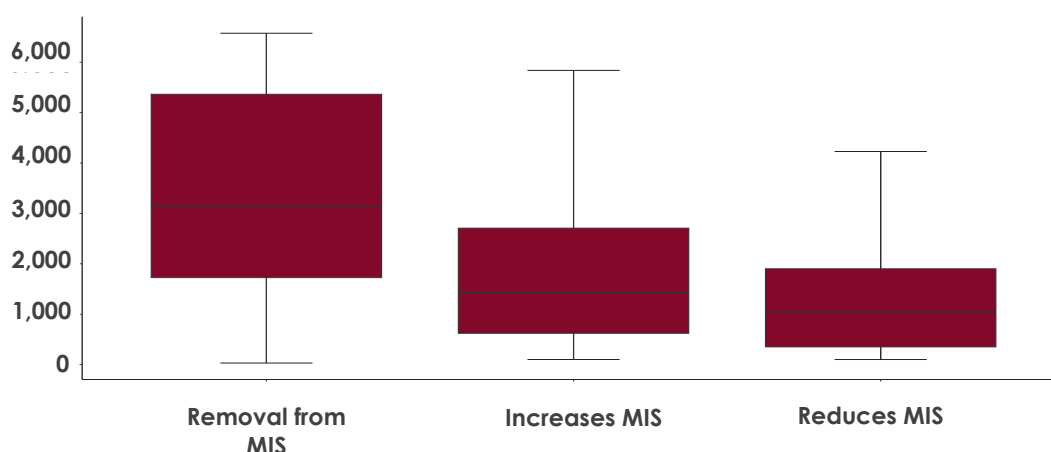
Source: AIReF based on MIS payments.

**In line with the findings of the Second Opinion on the MIS, it continues to be observed that households are removed from the benefit are those that show the highest amounts affected by the revision, with a median value of €3,000** (figure 17). Households for whom the revision means an increase in the amount of the benefit receive a median amount of almost €1,400 more. Finally, for households for whom the revision entails a reduction in the benefit, the MIS falls by a median sum of slightly less than €1,000.

<sup>17</sup> In November 2023, the benefit was revised on the basis of the income and wealth data for 2022. A comparison of the previous payments with those in December 2023 has made it possible to calculate the households and amounts affected by this process.

As noted in the **Second Opinion on the MIS**, the application of the employment incentive has led to a lower number of income revisions in 2023 than in previous years. Specifically, 23% of the total number of MIS beneficiary households in June 2023 whose benefit was not affected by the revision were subject to the employment incentive.

**FIGURE 17. DISTRIBUTION OF AMOUNTS NOT COLLECTED BY HOUSEHOLDS OR UNDULY COLLECTED BETWEEN JANUARY AND OCTOBER 2023**

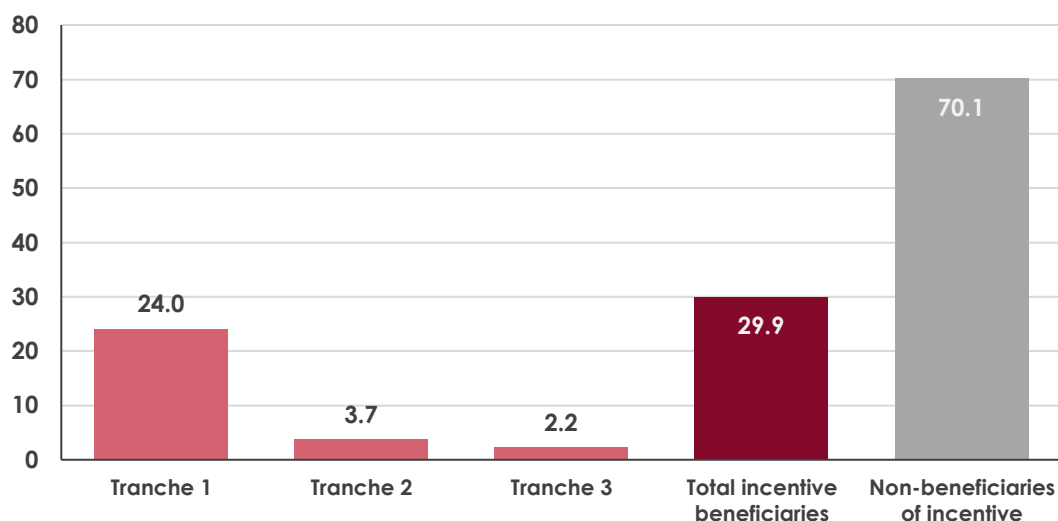


Source: AIReF based on MIS payments.

#### 2.1.4.2. The employment incentive

In 2023, the new employment incentive scheme was applied to 30% of MIS beneficiary households (figure 18). Among these households, 80% fall into tranche 1, i.e. they increased earnings from work between 2021 and 2022 by an amount equal to or less than 60% of the guaranteed income and therefore the entire increase in income is excluded for the calculation of the MIS to which they are entitled. The remaining 12% and 8% of households benefiting from the employment incentive are in tranches 2 and 3 respectively. Correlatively, 70% of MIS beneficiary households have not recorded increases in earnings from work as established in Royal Decree 789/2022 of September 27<sup>th</sup>, 2022.

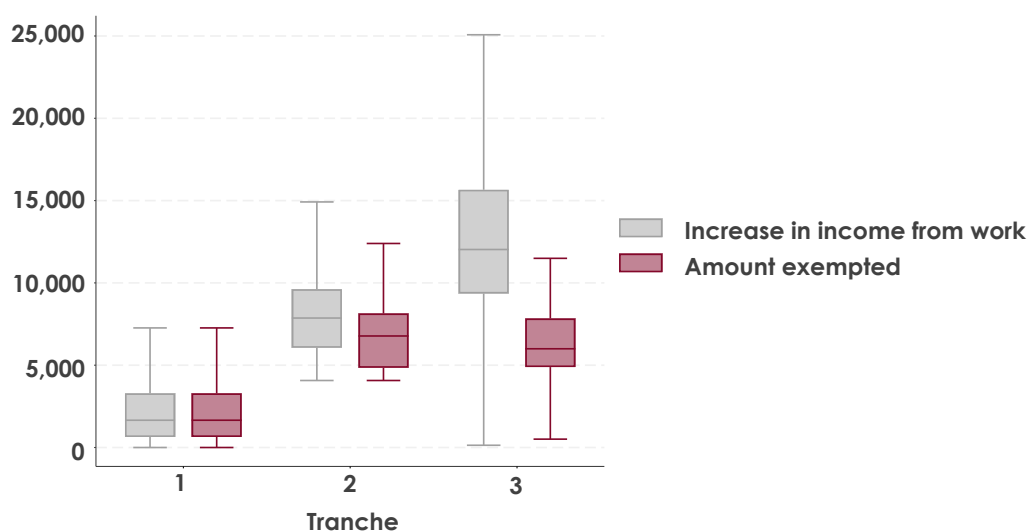
FIGURE 18. PERCENTAGE OF MIS HOUSEHOLDS BENEFITING FROM THE EMPLOYMENT INCENTIVE. BREAKDOWN BY TRANCHE



Source: AIReF based on INSS management data.

**Households in tranches 1, 2 and 3 increased median earnings from work by €1,656, €7,864 and €12,029, respectively** (figure 19). Figure 19 represents the distribution of two variables: the increase in earnings from work (between 2021 and 2022) and the part of this increase that is exempted in the calculation of the MIS benefit. Households classified in tranche 1 have increases in earnings from work of €642 in the first quartile, median of €1,656 and €3,291 in the third quartile. By definition, as households in tranche 1, the increases are exempted at 100%, so the distribution of the second variable is equivalent. Households in tranche 2 record increases of €6,060 (first quartile), €7,864 (median) and €9,615 (third quartile). Since in the second tranche the exemption is partial, the distribution of exempted amounts is lower than the increase in earnings from work. Specifically, for households in tranche 2, the exempted amount is €4,843 in the first quartile, median of €6,773 and €8,143 in the third quartile. Finally, households in tranche 3 record median increases in earnings from work of €12,029, while the median amount of this exempt increase is €5,998.

FIGURE 19. DISTRIBUTION OF INCREASES IN EARNINGS FROM WORK AND EXEMPTED AMOUNTS AMONG HOUSEHOLDS BENEFITING FROM THE EMPLOYMENT INCENTIVE



Source: AIReF based on INSS management data.

## 2.2. Module 6. Coverage and scope in unforeseen situations of poverty

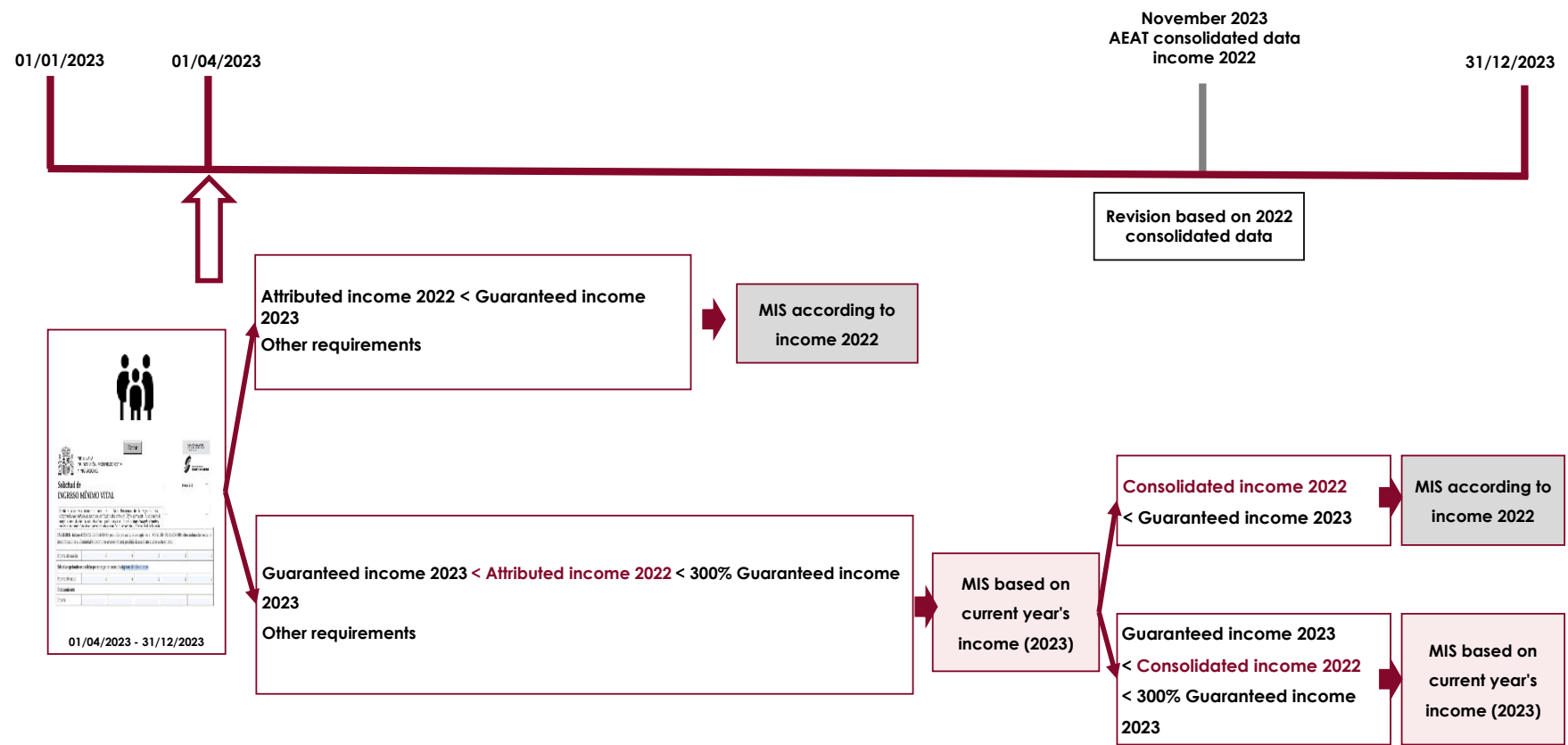
The preamble of the Law on the MIS refers to unforeseen situations of economic vulnerability and contains a specific mechanism to take into account the current year's income. Specifically, Article 11.5 establishes that "where the requirement of financial vulnerability was not met in the previous year, an application may be made from April 1<sup>st</sup> to December 31<sup>st</sup> of the current year for recognition of entitlement to the Minimum Income Scheme benefit in those cases where the situation of financial vulnerability has arisen during the current year".

**The recognition of the MIS on the basis of the current year's income is applied on a subsidiary basis.** Table 10 illustrates this subsidiarity on the basis of the different possibilities that may occur in a MIS case file submitted in 2023 where the household requests that its current year's income be taken into account.

If income and wealth in 2022 are below the defined thresholds for receiving the benefit in 2023, the MIS will be granted on the basis of the previous year's income. This decision of the INSS prevails, even if the household requests that its current year's income be taken into account. If, on the other hand, the 2022 income and wealth at the time the application is verified exceed the 2023 thresholds by less than 300%, the current year's income is taken into account. If this income is below the 2023 thresholds, the MIS is granted according to the estimate made

of the current year's income. Even if the MIS is granted based on the current year's income, this method may lapse towards the end of the year, when the INSS has the 2022 consolidated income and wealth information provided by the AEAT. If, at that time, it is found that the 2022 income and wealth were finally lower than the 2023 thresholds, the MIS benefit is recalculated to adjust it to the usual method, i.e. with the previous year's eligible income.

TABLE 10. THEORETICAL EXAMPLE OF AN MIS APPLICATION WITH CURRENT YEAR'S INCOME AND CASES OF APPLICATION OF THE MECHANISM

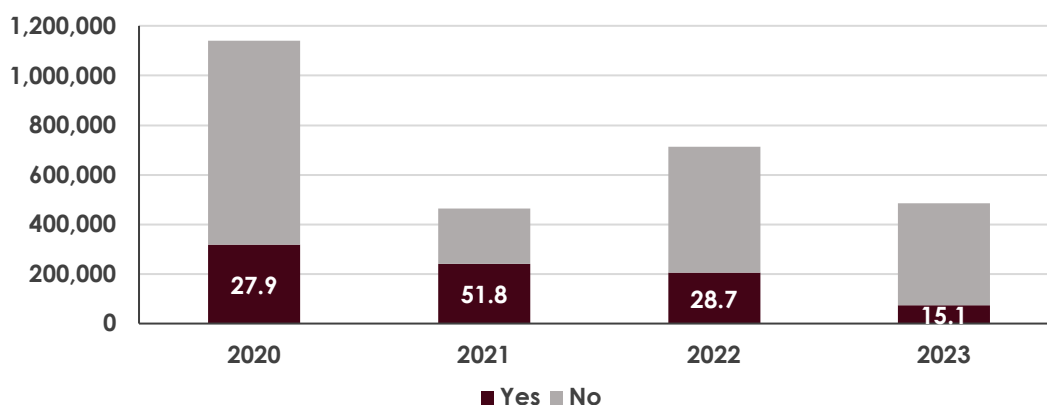


Source: AIReF.

**At the potential level, it has been estimated that in 2022 there were 261,000 households that could have received the MIS under the current year's income method.** In 2022, 261,000 households were not eligible for the MIS on the basis of their 2021 income and wealth, but were eligible for the MIS on the basis of the income and wealth accumulated in 2022 itself<sup>18</sup>. This potential estimate has been made using the AEAT's income and wealth files; hence, it takes into account the final data for the full year of 2022. As explained above, when the INSS must analyse an MIS application with the current year's income, it does not have the consolidated and final data for the current year-end, so it must estimate it with the information that is available. In other words, a current year application submitted in 2022 must be analysed and decided on in 2022 itself. However, the 2022 consolidated income and wealth data are not available until November 2023. Therefore, if an MIS benefit is granted in 2022 based on the current year's income, the benefit is based on an estimate, and will be corrected in the November 2023 revision when the AEAT dumps the 2022 income and wealth data.

**Since the entry into force of the MIS, 836,510 applications have been made for the current year's income to be considered in case files (30% of the total).** This percentage has varied depending on the year in which the application is submitted. In 2021, the percentage was 51.8% and in 2023 only 15.1% of the applications asked for the current year's income to be taken into account (figure 20).

**FIGURE 20. NUMBER OF CASE FILES AND PERCENTAGE WITH REQUEST TO USE CURRENT YEAR'S INCOME**

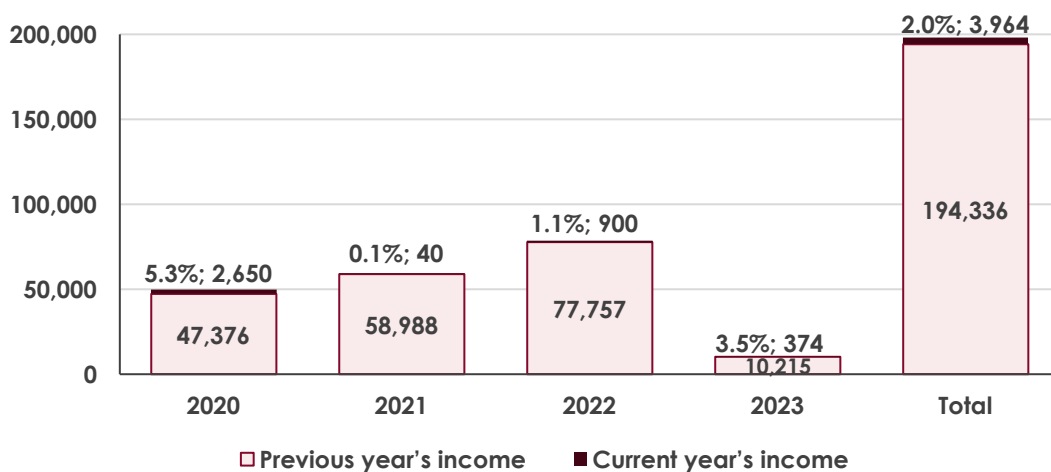


Source: AIReF based on the use of MIS case files.

<sup>18</sup> In this simulation, it has been verified that these households comply with the income and wealth limits of Annex IV of the Law on the MIS for beneficiaries due to a situation of financial vulnerability in the current year.

The subsidiarity of the MIS according to the current year's income established by the Law on the MIS has meant that it has only been applied to 3,964 case files, i.e. 2% of those who had applied for and received the benefit (figure 21). 24% of the applications requesting the benefit in accordance with the current year's income have been approved. Of these 198,300 case files approved, 3,964 (2%) have been granted the benefit according to the current year's income: 2,650 correspond to the year 2020, 40 to 2021, 900 to 2022 and 374 to 2023 (figure 21).

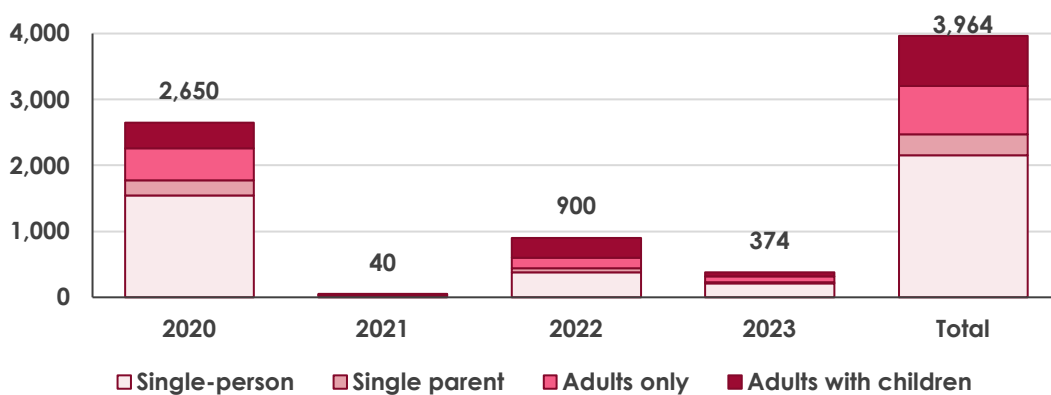
**FIGURE 21. APPLICATIONS SUBMITTED UNDER THE CURRENT YEAR METHOD AND APPROVED UNDER THE CURRENT OR PREVIOUS YEAR METHOD**



Source: AIReF based on the use of MIS case files.

54% of the MIS benefits based on the current year's income were for single-person households, followed by households with children (19%), adult-only households (18%) and, lastly, single-parent households (8%) (figure 22).

**FIGURE 22. NUMBER OF MIS BENEFICIARY HOUSEHOLDS FOR CURRENT YEAR'S INCOME. BREAKDOWN BY YEAR AND TYPE OF HOUSEHOLD**

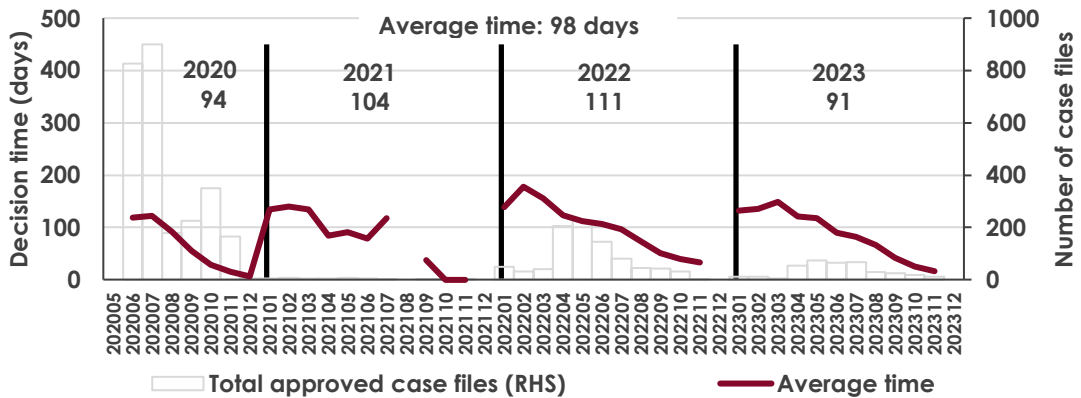


Source: AIReF based on the use of MIS case files.



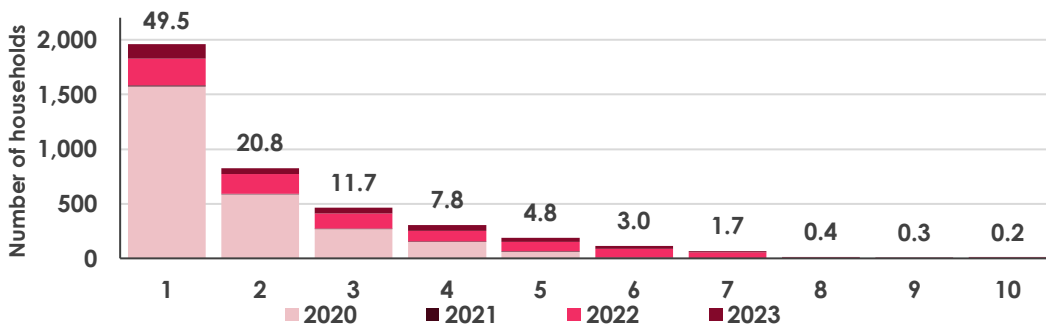
The average processing time for applications approved with the current year's income is 98 days (figure 23) and 70% of the households who are granted this method end up enjoying it for under four months based on the current year's income (figure 24). Specifically, 49.5% of households whose benefits are recognised on the basis of the current year's income receive a single payment calculated in this way<sup>19</sup>: 20.8% of households for two months, 11.7% of households for three months and the remaining 18% for between four and ten months. Once January of the following year arrives, the benefits are switched to the usual benefit calculated on the basis of the estimated income of the previous year.

FIGURE 23. AVERAGE DECISION TIME FROM THE MONTH OF APPLICATION FOR THE CASE FILES THAT HAVE RECEIVED THE BENEFIT ACCORDING TO CURRENT YEAR'S INCOME



Source: AIReF based on the use of MIS case files.

FIGURE 24. HISTOGRAM OF THE NUMBER OF PAYMENTS RECEIVED BY HOUSEHOLDS WITH THE MIS APPROVED FOR CURRENT YEAR'S INCOME



Source: AIReF based on the use of MIS case files.

<sup>19</sup> In all case files approved, the first payment includes the amounts accrued since the application, except in 2020, where the benefit is backdated to June 2020 in all cases, even if the application was made after that date.

**In conclusion, although 30% of the applications express the wish to have the current year's income taken into account, only 0.5% of them are granted.** Of these applications, 24% are approved, but only 2% of them result in payments based on the current year's income. This percentage of considering the current year's income is due to the subsidiarity of the mechanism since, if the household was eligible for the MIS on the basis of its income and wealth in the previous year, this overrides its request to consider the current year's income.

# 3.

## PROPOSALS

**AIReF has drawn up five proposals based on the findings of the analysis carried out in this Third Opinion.** The proposals follow the line of the two previous Opinions and seek to address improvements in the benefit in terms of effectiveness and efficiency.

### **Proposal 1: Bring the benefit closer to the citizen using *ex officio* award schemes**

**In line with the First and Second Opinions, it is proposed to bring the MIS closer to the citizen by using *ex officio* award schemes.** In other words, accelerate the transformation towards a more automatic management model for all non-contributory benefits (MIS, Child Support Supplement, unemployment benefits, etc.), in which the potential beneficiary does not have to provide the information that the public authorities already possess:

- It is implemented under an information system developed by the public authorities that contains the variables on which the benefit is based.
- The benefit is automatically activated (after confirmation by the beneficiary) in the month or quarter in which the unforeseen situation of vulnerability or the circumstances giving entitlement to each benefit are identified.

In line with this proposal, Royal Decree-Law 2/2024 regulates a new procedure which, without the need for an application, allows those persons who have exhausted the maximum period for receiving unemployment benefits without having returned to work to receive the MIS benefit. During the quarter prior to the unemployment benefit expiring, the Public Employment Service (SEPE) will inform the beneficiary of the possibility of submitting their details and those of their family unit to the INSS in order to process the MIS benefit. To do so, the beneficiary

must give his/her consent and sign a statement of responsibility regarding the fulfilment of certain requirements. The SEPE will check the existence of the consent and the correct completion of the statement of responsibility by the interested party and, once verified, will submit the information necessary to process this benefit to the INSS within ten days of the date on which the unemployment benefit expires. If the right to the MIS is recognised, the activation date will be the date the unemployment benefit expires and the economic effects will take effect on the first day of the month following the activation date. This procedure will enter into force in November 2024.

**Proposal 2: Verify the financial requirements for the MIS benefit using data more closely linked to the present rather than the previous year's data**

**It is proposed to use information available to the public authorities on a monthly or quarterly basis** (e.g. social contributions) in the verification of financial eligibility for access to and maintenance of the MIS benefit for the following purpose:

- Improve the ability of the benefit to be activated in unforeseen situations of poverty.
- Reduce the number of requests for the refund of amounts unduly received.
- Simplify the definition of eligible income for the MIS by only including those items that are primarily recorded by the target population of the benefit (mainly work and benefits as evidenced in the Second Opinion on the MIS).

**Proposal 3: Specify the MIS targets in quantitative poverty terms**

**Specify the targets of the MIS in quantitative terms so that their attainment can be accurately evaluated.** This would require specifying definitions and indicators, establishing clear and realistic process and result targets for the benefit and the timescales within which these are to be attained, thus ensuring that the targets formulated are quantifiable and measurable. In particular, it would be useful to clarify what percentage of median equivalised net income or other poverty indicator should be used to compare the effects of the benefit.

**Proposal 4: Strengthen individualised information and support campaigns to improve the inclusion of beneficiaries**

**Design targeted and scaled campaigns and support tools,** in line with the evidence identified in the qualitative work of this evaluation and the results of the experimental exercises carried out by the Ministry of Inclusion in the pilot projects for social inclusion. The high non-take-up rate of the Child Support Supplement makes it necessary for these campaigns to be focused on its potential beneficiaries, 1.8 million households (with it currently reaching 338,000 families).

**Proposal 5: Ensure the continuity of the publication of standardised and comparable statistics on the beneficiaries and monthly amounts of the regional minimum income programmes contained in this Opinion. These statistics would make it possible to continue with the evaluation of the effects of the evolution of regional minimum incomes on the MIS and, beyond AIReF's commission, the overall cover for poverty in Spain.**

**Ensure continuity in the publication of the statistics on the regional minimum income programmes contained in this Third AIReF Opinion on the MIS.** The sources of public information available to date on the regional minimum income programmes suffered problems of standardisation that made comparability difficult. Accordingly, AIReF asked all Autonomous Regions for microdata on the monthly payments to each recipient of their minimum income schemes in recent years, anonymised them and merged them with the MIS beneficiaries.

This work and its publication in this Opinion makes available a new statistical source for the set of regional minimum incomes existing in Spain, which is standardised, comparable and with a monthly frequency that allows us to analyse their evolution since the introduction of the MIS. The relevance of this information to continue evaluating, in the future, the effects of the development of regional minimum incomes on the MIS, and the coverage of poverty in Spain, makes it appropriate to recommend the continuity of these statistics beyond the development of this Opinion.

The president of AIReF



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