Autoridad Independiente de Responsabilidad Fiscal

Fourth Opinion on the Minimum Income Scheme

July 9th, 2025

AIReF has been assessing the MIS in the common tax territory for more than four years

UPDATE

First Opinion 2020/2021	Second Opinion 2021/2022	Third Opinion 2022/2023	Fourth Opinion 2024/2025	Fifth Opinion 2025/2026
Module 1 Potential design	**Module 4** Children and Youth	**Module 6** Coverage and scope of the MIS in situations of poverty situations	**Module 7** The **effects** of the MIS on **employment**	**Module 8** Complementarity and overlaps with other non-contributory non-contributory benefits
Module 2 Results	**Module 5** Deprivation and single-parent families	**Box 1** The effects of minimum incomes on the *non take-up* of MIS	**Box 1** Beneficiaries' **permanence** in MIS	**Module 9** Comparison international (effectiveness and efficiency)
Module 3 Implementation and management		**Box 2** Information actions to reduce the *non take-up*: geographical coverage the MIS bus	**Box 2** Effectiveness of the MIS **employment incentive**	

NEW

STUDY IN PHASE 2 OF THE SPENDING REVIEW 2022-2026

- **The review of the MIS in the SR will allow a recapitulation of all the lessons learnt over the years**
- **Time to assess whether it is appropriate to maintain annual assessments of the MIS**

By updating the above modules, progress can be seen in some areas...

Progress in 2024 in terms of deployment and outreach

Year-on-year increase of 14% in beneficiaries
(As at 31/12/24, 392,444 households in the common tax territory received the MIS)

34% growth in CAPI
(452,234 common tax territory households)

Reduction in average processing times by 45 days to 203 days

Of the total number of **applications submitted** in the year, the percentage still in the pipeline at the end of 2024 was 25% compared to 49% at the end of 2024
was 25% compared to 49% a year earlier

In 2024 the **employment incentive benefited 30%** of households receiving the MIS, equivalent to 2023

...but without relevant structural modifications

No relevant structural modifications by retaining a design with limitations from the outset.

Limited coverage. In 2024, MIS and CAPI reach 42% and 23% of potential households respectively.
MIS reaches 53% of its potential cost and CAPI 29%

***Non-take-up* figures similar to previous years:** 55% for MIS and 72% for CAPI
-> Numerous AIReF analyses on *non take-up*

Administrative complexity: 68% of beneficiaries affected by rent review:

	Median amount
24% increase	*+980 euros*
32% decrease	*-845 euros*
12% cause cancellation	*-2,615 euros*

In 2024, the **main reason for the rejection** of applications was related to the municipal registration or the composition of the household unit

There are still territorial differences in *non-take-up* that show a lack of coordination between the MIS and the minimum incomes of the Autonomous Regions. In Catalonia and the Balearic Islands the non-application rate is 65%

The effects of the MIS on employment

The econometric evaluation reveals statistically significant effects of the MIS on the labour participation of beneficiaries, with these effects being maintained after the entry into force of the employment incentive in January 2023.

3 points

The probability of working decreases, representing a drop of 12%. In single parents, with a high salary and under under 30 years exceeds 20%

0.6 days

The number of days worked in the month is reduced by 11%. In single-parent, high wage earners and under 30 years by more than 20%

3%

Increases the probability of having an indefinite contract among beneficiaries who maintain their employment relationship

+ Benefits of last resort may affect on labour supply

Increases the minimum wage at which a worker would be willing to accept a job, which may reduce labour supply

+ But they also have benefits in the employment and non-employment labour and non-labour

- Facilitates the rejection of precarious jobs
- Allows for more selective job searches
- Provides stability that can improve subsequent performance
- Offers opportunities for re-qualification

The sustained impact on employment and continued reliance on the benefit raise questions about how effective the IMS is in encouraging employment

Analysis of the permanence in the benefit

90%

Beneficiaries stay more than 12 months

75%

Beneficiaries stay more than 24 months

60%

Beneficiaries keep benefit more than 3 years

Analysis of the effectiveness of the employment incentive

Inability to mitigate disincentive effects identified in the first 12 months after its entry into force, no significant impact on labour intensity or participation rates

Design problems

- **It uses tax information with a time lag that prevents beneficiaries from perceiving the benefits of the incentive clearly and instantaneously**
- **It lacks elements that encourage rapid entry into work or the intensity of the working day**
- **It does not offer a guaranteed duration that provides security to beneficiaries regarding the permanence of the benefit**

Given the lack of progress on the proposals from previous Opinions, AIReF reiterates several recommendations and puts forward new ones based on the findings regarding the impact on employment

Administrative barriers

They affect *non-take-up*, the response to situations of supervening poverty and requests for reimbursement for undue recovery

Difficulties in measuring effectiveness

MSI does not have a quantifiable objective to measure its effectiveness.

Not to be confused with management objectives

The target population are people in a situation of economic vulnerability.

The different situations of this population require particular attention

Transparency, coordination and evaluation

Continue to evaluate the effects of minimum incomes on the MIS, as well as the overall coverage of poverty in Spain

Problems in the design of the employment incentive that limit its effectiveness.

Lack of visibility, transparency of duration and adaptability to incorporation and working hours

PROPOSALS

AUTOMATISM

Verification
Automatic verification of essential requirements to overcome current administrative barriers, such as the use of quarterly or monthly administrative data. In particular in the CAPI

GOALS

Transformation of the objectives of the MIS into quantifiable and measurable and measurable goals

ACCOMPANIMENT PROPOSALS

Reinforcing individualised accompaniment programmes

MINIMUM RENTS

Ensuring the continuity of homogeneous and comparable and comparable of minimum incomes of the 3rd AIReF Opinion of AIReF

REFORMULATION

Complete reformulation of the MIS employment incentive

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