Non-coverage of social benefits

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Preliminary draft, please do not quote

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Background

- A number of MS received a recommendation on improving the coverage of UB and SA while strengthening activation (e.g. IT, HU, LT)
- Policy aim: develop indicators to monitor progress and identify room for improvement
- Long-term unemployed, NEET, inactivity and last resort schemes: the coverage of UB needs to be complemented by the non-coverage of social benefits indicator
Non-coverage of social benefits

A. **Definition of target population**: working age people “in need” → low work intensity and poor?

B. **Which benefits**? All benefits linked to income maintenance (unemployment, social exclusion and housing, ..., family?)

C. **Definition of non-coverage**: less than 10% of total household gross income from benefits?
Non-coverage of social benefits

D. How do non-covered people live? Are they “in need”? → Analysis of income sources of non-covered and comparison with covered population
A. DEFINITION OF TARGET POPULATION
A. Sensitivity of definition of the target population

Countries sorted in ascending order of non-coverage of jobless & poor households by group
A. Sensitivity of definition of the target population

- RO, EL, AT, PL: jobless covered considerably more than jobless poor
- Social benefits pull out some jobless from poverty? Poverty is also an outcome of benefits
- Use income before benefits to define people in need?
- How to better identify people in need?
- Other issues: sample size
B. SELECTION OF BENEFITS
B. Which benefits?

Countries sorted in descending order in the importance of family/child benefits for coverage
B. Which benefits?

- *Selected benefits*: aimed at income maintenance and possibly linked to activation
- *The inclusion of family/child benefits increases coverage in most MS and particularly in RO, BG, IE, HR and MT*
- *Useful to keep both indicators*
C. DEFINITION OF NON-COVERAGE
C. Sensitivity of non-coverage definition

• Definition of benefit dependency: benefits more than x% of total household gross income

• 10% for non-coverage is too little? Indicator sensitive to household's income...

• The non-coverage of HU, BG, CY, FR, MT, CZ and IT is more sensitive to the chosen thresholds of benefits over total household income
C. Sensitivity of non-coverage definition

Countries sorted in descending order in the sensitivity of the threshold chosen for the definition of non-coverage
D. INCOME SOURCES OF NON-COVERED
D. Income sources of covered and non-covered jobless poor

100% = average income covered jobless poor
D. Income sources of non-covered

- **Importance of assets**: DK, FI, NL, SE, ... → non-covered possibly excluded by means-testing
- Exclude people with considerable income from assets from target population?
- **Dependency from family benefits** (IE, HU, ...) and **pensions** (SI, LT, LU, ...)
- **Dependency from inter-household transfers**: AT, DE, UK, ...
Conclusions

A. Better to use "low work intensity" as target population also for sample size reason?
B. Next: coverage indicator and breakdown by benefit type
C. Refine choice of cut-off (relative and absolute)?
D. Identify non-covered “in need” e.g. by excluding people with assets?
THANKS