



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Preliminary draft, please do not quote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*

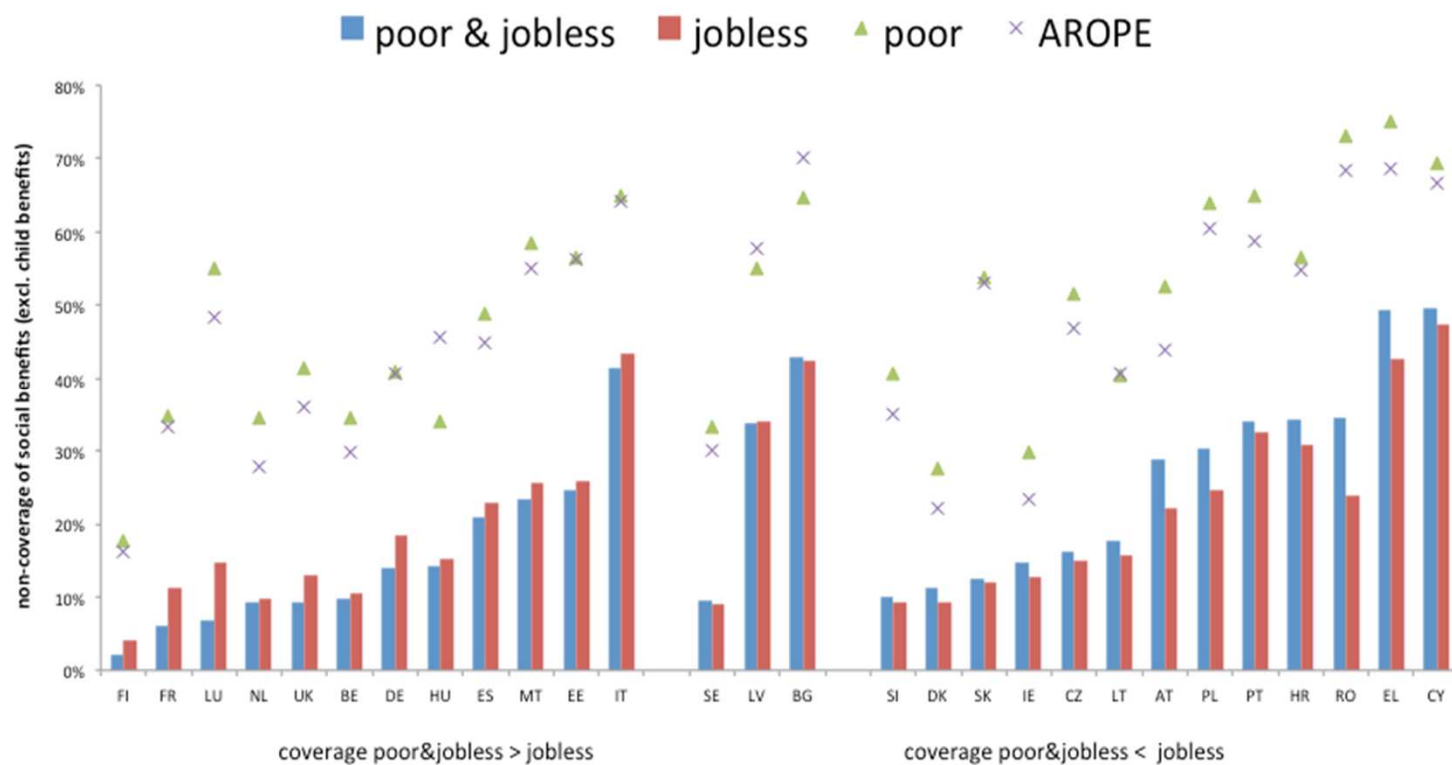




A. DEFINITION OF TARGET POPULATION



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*





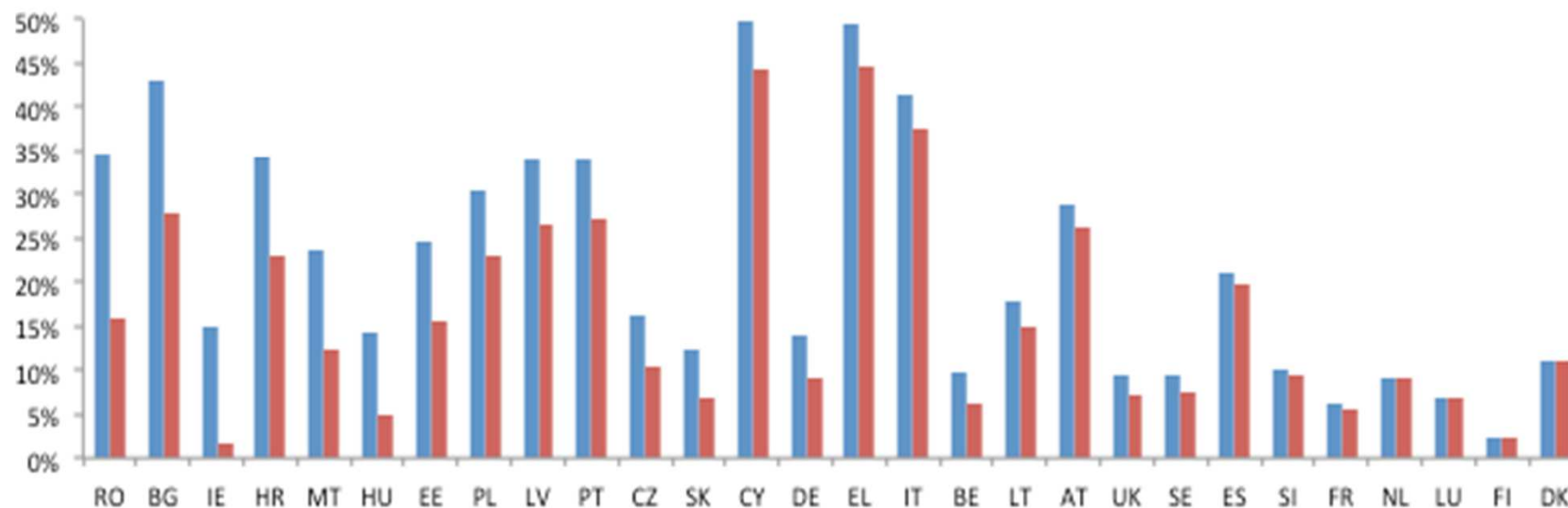
B. SELECTION OF BENEFITS



B. Which benefits?

Non-coverage of social benefits

■ without ■ with family/child 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

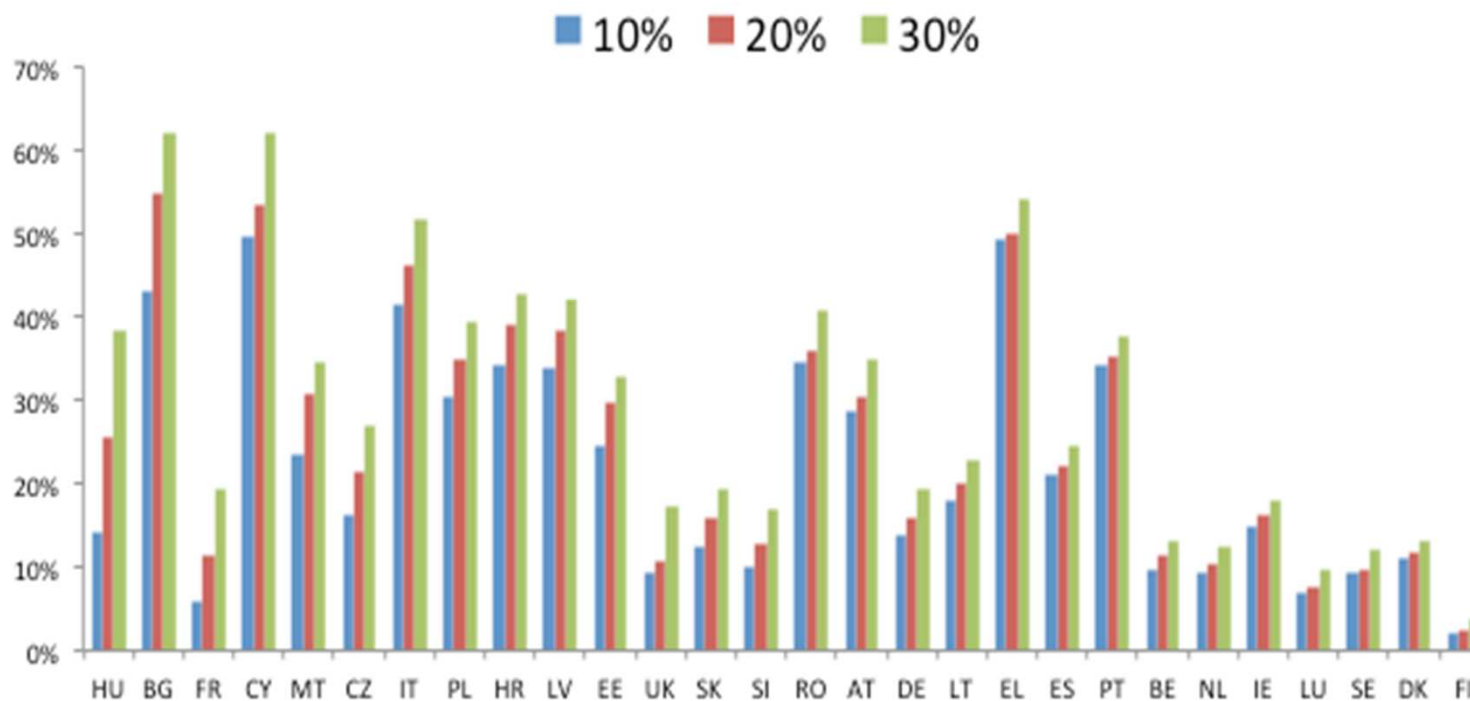


C. Sensitivity of non-coverage definition

- *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

non-coverage if the share of benefits (excl. fam/child) is less than:



Countries sorted in descending order in the sensitivity of the threshold chosen for the definition of non-coverage

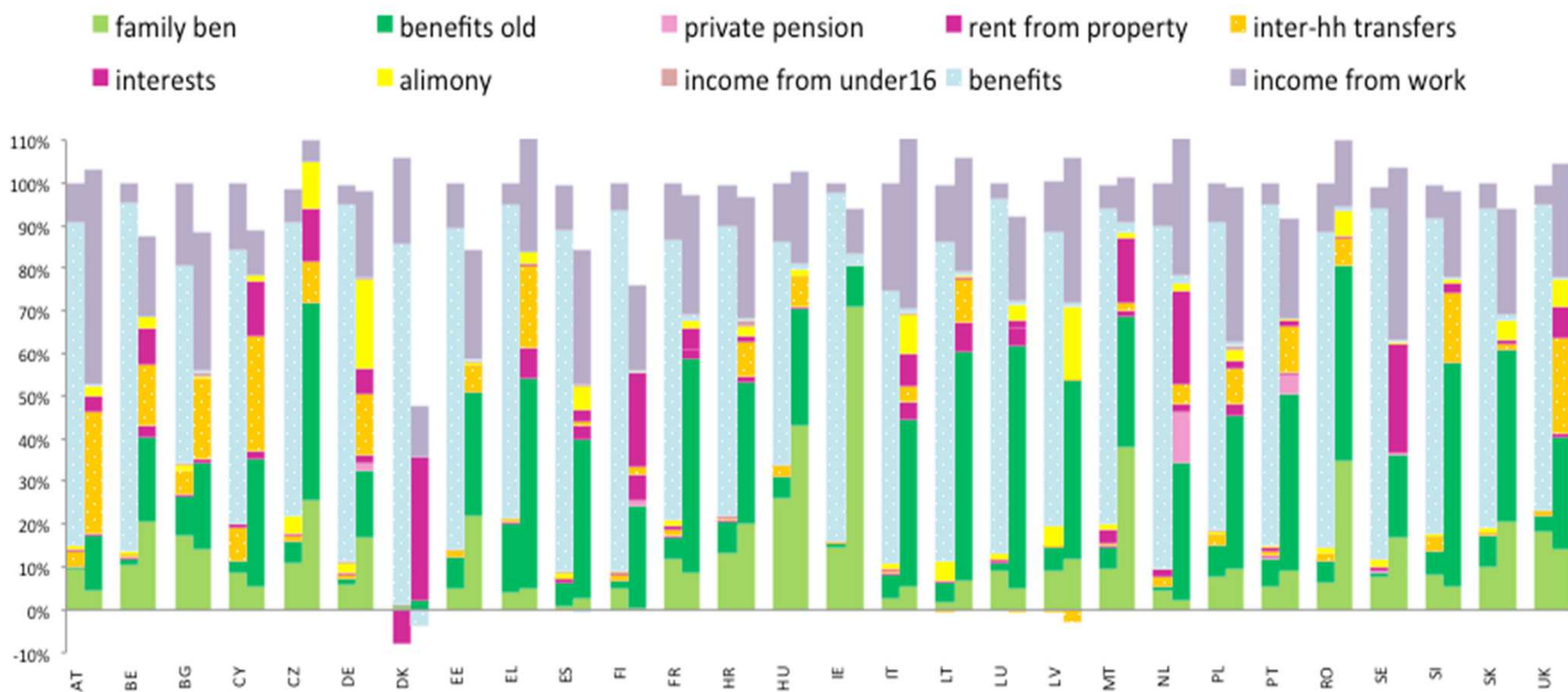




D. INCOME SOURCES OF NON-COVERED



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?*



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THANKS

