



# Belgium: Combat Poverty Service points out adverse effects of selective social protection

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*The 2018 report of the Belgian Combat Poverty Service deals with citizenship. According to the report, citizens living on social benefits often pay a high price when an adult member joins their household or when additional income is earned by another member of their household. An important consequence of this situation is that it tends to undermine family life and discourage solidarity.*

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## Description

The Belgian Combat Poverty Service (CPS) was established in 1998 by the Belgian Federal Government, the Belgian Regions and the Belgian Communities as an instrument for fighting poverty, insecurity and social exclusion.

The “penalty on love and solidarity” is but one of many issues tackled in the 2018 “Citizenship and poverty” report published by the CPS, but it was the one receiving most attention in the media (CPS, 2018). The CPS also held a well-attended colloquium on this topic in the Belgian Senate on 19 April 2018.

With the aim of targeting those most in need, while keeping public expenditure under control, nearly all social security benefits in Belgium are linked to the beneficiaries’ household status and income. This applies not only to social assistance benefits (guaranteed minimum income, minimum pension benefit, disability benefits) but also to longer-term social insurance benefits such as unemployment and work incapacity benefits. Household heads receive higher benefits than singles, who in turn receive higher amounts than adults living together in the same household (“cohabitants”). The status of household heads depends on whether the income of other household members remains below a given (low) threshold. The flip side of this situation is that any adult member joining the

household, or any additional income earned by one of the household members, negatively affects the rights and income of the others.

In practice, according to the report, this creates double standards between socio-economic groups in the Belgian tax-benefit system. On the one hand, the majority of working citizens are treated individually for the purpose of their personal income tax, based on the principle of non-discrimination by household status or gender. On the other hand, those who depend completely on social benefits, the poorest, have seen their income increasingly linked to their household status and, in fact, means-tested for all benefits. Moreover, the definitions of household head, cohabitant, dependants etc. differ between sectors of social security, which reduces transparency and increases the risk of sanctions.

Various examples are provided in the CPS report:

- The shift from single to cohabitant status often involves a major loss of income. As most long-term unemployment, disability and social assistance benefits are 20-30% below the at-risk-of-poverty threshold (Service de lutte contre la pauvreté, la précarité et l’exclusion sociale), couples starting a relationship have a strong incentive to keep living separately – or at least, to keep separate official

residences. The social security inspectorate considers such practices as fraud, and Public Centres for Social Welfare carry out strict checks on their beneficiaries: unannounced and intrusive home visits, expenditure checks and sanctions are used to detect and combat undeclared cohabitation (CPS, 2018, pp. 37-39 – full version of the report).

- Similar problems arise when dependant elderly people (i.e. elderly persons in poor physical or mental health) join their children's household: their (retirement) pension is added to the household resources in means tests, which results in reduced (unemployment, invalidity or social assistance) benefits for their children – in addition to the burden of home care.
- When young people earn their first wage, the pressure to leave their parental household is high, because parents' benefits are reduced accordingly. Parents' status may even change from household head to cohabitant unless there are other children in the household. Many poor parents regret their children leaving them prematurely, given their precarious employment and social situation (CPS, 2018, p. 12). The additional costs and risks involved for youngsters from socially disadvantaged backgrounds hinder intergenerational social mobility.
- Given the extreme poverty risk among single-parent households (36.4% in 2016 [Eurostat]), single parents receive the same amount of guaranteed minimum income (GMI) benefit as couples (€1230/month). However, the downside of this measure is that single parents entering into a relationship with a partner do not receive any supplement for the additional adult in the

household. Instead, if the partner has any source of income, they see their benefit diminished with the earnings of the new partner. Two single parents on GMI forming a couple even lose half of their joint income, as they switch from household head to cohabitant status.

- Offering shelter to a homeless relative or friend also becomes a risky decision as the income of this person, if any, may be added to the household income in the means test for the calculation of benefits (the precise criteria differ between branches of social security - e.g. GMI and unemployment insurance).

## Outlook & commentary

While the literature on social security has endlessly analysed the presumed work disincentives of social benefits, the adverse effects of the differentiation of benefits by household status and means-testing on family life have hardly been examined to date. However, the CPS report highlights very concretely the damage in terms of basic social rights: "Participants in the consultation wondered why people living in poverty cannot choose to improve their financial or social condition by living with their family, friends or people they know, when people who work can." (CPS, 2018, p. 12)

The CPS report therefore concludes with a few general principles to guide reforms:

- assess the costs of differentiation of benefits by household status for the recipients as well as for society at large (e.g. in terms of housing, opportunities for children, loss of solidarity, etc.);
- reform benefits, gradually eliminating "cohabitant" status;

- avoid adverse effects of reforms on any category of minimum benefit recipients.

In response to this report, the federal social security administration has appointed a multi-disciplinary task force to examine the issues in each branch of social security, from different angles (legal, sociological, economic). The CPS will include a call for reforms in its memorandum for the 2019 national elections.

## Further reading

Combat Poverty, Insecurity and Social Exclusion Service (CPS) (2018), *Citizenship and Poverty. A Contribution to the Political Debate and Action. Summary of the biannual report 2016-2017*, Brussels, 20p. ([http://www.combatpoverty.be/publications/combatpoverty2017\\_summary.pdf](http://www.combatpoverty.be/publications/combatpoverty2017_summary.pdf)).

The full report is available in Dutch (<http://www.armoedebestrijding.be/teejaarlijksverslag9.htm>) and in French (<http://www.luttepauvrete.be/rapportbisannuel9.htm>)

Service de lutte contre la pauvreté, la précarité et l'exclusion sociale, "Quels sont les montants des allocations minimales et du salaire minimum?" [*What are the amounts of minimum benefits and minimum wage*] [http://www.luttepauvrete.be/chiffres\\_minimum.htm](http://www.luttepauvrete.be/chiffres_minimum.htm)

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