Barcelona B-MINCOME Pilot

Bru Laín | Barcelona City Council and University of Barcelona
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1. Why Barcelona?

Since 2009:

- House prices increased in 9.2%. 6,632 evictions in 2015 (30 per week, 81% because of non payment of rental).

- Social housing lower than 2%.

- Homeless increased in 162%.

- 10% poorest people’s income decreased 27% and 10% richest ones increased 11%

- Ratio average household income richest - poorest neighbourhoods: 3.3 → 7.3 times

- 75,000 food-bank users.

- 45,000 unemployed in 2008 (5.5%), 160,000 in 2011 (18.7%), 82,000 in 2018 (10.2%).

- Dual labour market: ‘insiders’ vs. ‘outsiders’ (part-time and short-term contracts, low wages).

- Salaries decreased in 26% (for 25-35 years old): +14% of working-poor.

- Non-take-up and excluded people from benefits (high requirements and admin. complexity, social stigmatization, lack of information, miseducation…).
Net Average Household Income in the 73 Barcelona’s neighbourhoods, 2015: 34.989€
B-MINCOME pilot in Besos Area (10 neighbourhoods in 3 districts):

District of Nou Barris
District of Sant Andreu
District of Sant Martí

114,014 inhabitants (7.12%) of an area covering 924.20ha (9.05%)
2. The ‘Urban Social Policies’ dilemma

People or territory?

The public aim is to reduce inequality and poverty, while avoiding the undesirable effects (negative externalities) of well-intentioned policies:

1. Gentrification: Policies improving neighborhoods’ infrastructures tends to increase housing prices (“gentrification”).

2. Economic and geographic polarization: Policies improving human capital make easier for residents to leave their neighborhoods, while the most vulnerable inhabitants remain.
Combining guaranteed minimum income (passive policy) and social policies (active policy) in deprived urban areas in the city of Barcelona.
3.1. Passive policy: GMI Rationale

- Not an UBI but GMI: the municipality cannot pay for a UBI; 2,800 €M municipal budget; cost UBI > 8,000 €M, and it is not legally/politically entitled to provide inhabitants with a UBI.

- To allow people to improve their employability without having to accept any kind of job offer: poverty/scarcity modifies people’s behaviour.

- To ensure that no resident has not secured a vital minimum to allow him/her to have a decent life.

- 4 modalities: conditioned/non-conditioned; and limited/non-limited.
3.1. Passive policy: GMI/SMI implementation

- The GMI/SMI is an “emergency social economic benefit”, complementary and compatible with other social benefits and with job-wages.

- The SMI is paid monthly according to the household economic and composition.

- The amount of SMI is the differences between the household maintenance costs and the sum of all household incomes (revised each three months).

- The amount of the SMI is between 100€ (minimum) and 1.676€ (maximum), the double of the poverty line risk in Catalonia in 2016).
3.2 Active policy of social and labour inclusion

Some recipients are involved in one active policy of socio-labour inclusion.

- Training & labour occupation.
- Entrepreneurship in Social and Coop. Economy
- Housing benefits to restore and to rent a room
- Communitarian participation programme

Modalities combining passive and active policies

- **CONDITIONAL**
  - To receive the SMI recipients need to participate in A. P.

- **UNCONDITIONAL**
  - To receive the SMI recipients do not need to participate in the A. P.

- **LIMITED**
  - Extra income does reduce the amount of benefit (up to 0 euros).

- **NON LIMITED**
  - Extra income does not reduce the benefit (net added).
Training and Labour Occupation (150 households)
- Duration: 12 months (4 months of education and 1 month after).
- Salary and possible unemployed benefits count as household income.
- Labour projects in collective concern issues designed by communitarian associations

Social and Coop. Enterpreneurship (100 households)
- Recipients will create projects within coop. economy or to be engaged in former projects.
- The income they receive from that activity will be taken into account to calculate the SMI.

House benefits to rent available rooms (24 households)
- They must be proprietors of their flats, and to have (at least) a room of 10 m to rent.
- The cash to arrange the flats/rooms will not be taken into account to calculate the SMI.

Communitarian participation (276 households)
In projects or initiatives of collective interest to expand individuals and collective skills and social engagement in: Social interrelation; Labour occupation; To coordinate collective projects and taking decisions; Social responsibilities and contribution to common good.
3.3. Experimental design

- **GMI 1,000**
  - **Active Policies (550)**
    - **Education and Labour Program (150)**
      - Limit vs. No Limit (Unconditional)
        - Conditional (75)
        - Unconditional (75)
    - **Social Entrepreneurship in Coop and Social econ. (100)**
      - Conditional (50)
      - Unconditional (50)
    - **Housing Benefits to restore a room to rent (24)**
      - Conditional (12)
      - Unconditional (12)
    - **Community Participation (276)**
      - Limit vs. No Limit (Unconditional)
        - No Limit (138)
        - Limit (138)
  - **No Active Policies (450)**
    - **No Limit (250)**
      - Limit (200)

- **2,000 Households**
  - **Status quo (1000)**
4. B-MINCOME requirements

1. All members must be registered as Bcn inhabitants from 30/06/2015, and to commit to do so until 30/09/19 in one of the 10 neighbourhoods.

2. Must be former social assistance recipients.

3. Must be 25 - 60 years old in 31/07/2017 (to be enrolled in the Active Pol.).

4. Household’s patrimony (excluding the main house and a parking) cannot be higher then 4 times the SMI annual amount.

5. The recipient must accept the conditions and legal commitments:
   › To consent to give their information (sociodemographic, residential, work…).
   › To answer three questionnaires (before, mid-term, and once the pilot is over).

6. A socio-demographic stratified lottery (income) and geographically (3 Districts).

7. Voluntary participation.
5. Expected outputs and evaluation

The goal of the evaluation is to get information to design more efficient social policies and so, to meliorate the municipal investment.

What we want to evaluate?

1. The effects and the efficacy in labour inclusion, entrepreneurship, education, housing stability, food security, school attendance, etc.

2. The efficiency of the 4 SMI modalities in reducing poverty and inequality.

3. To test which SMI modality is more efficient?

4. Which are the social groups benefitting the most from SMI?

5. Does SMI reduce the bureaucratic and administrative costs?
6. Challenges

1. The complexity of the project’s architecture and potential bureaucratic overload for the participants.

2. Might it cover the gaps of the Catalan and the Spanish social protection system?

3. Adjustments to changes (check 3 months requirements) and reliance on data (issues with black market and unregistered jobs).

4. Interaction with other policies at different administrative levels.

5. Random vs assignment to specific active policies and relations to local context.

6. Ongoing political support.