

Reforms to Spain's Minimum Living Income scheme improve coverage and protection

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The Spanish Parliament passed the 19/2021 Act on Minimum Living Income (Ingreso Mínimo Vital - MLI) in December 2021. This Act reformed the MLI scheme, a national, non-contributory, means-tested, social assistance benefit introduced in June 2020 within the Social Security as a nationwide common basic safety net. It also introduced a children's supplement aimed at reducing child poverty. According to recently published figures, the changes introduced by the new Act have improved coverage, although some problems in the establishment of this scheme persist.

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Description

The MLI was established in June 2020 (RDL 20/2020), partly as a response to the socio-economic emergency resulting from the COVID-19 pandemic. This benefit, funded by the central government, became part of the non-contributory income protection provided by the Social Security (Arriba and Rodríguez-Cabrero, 2021). It aimed to offer common basic protection for the whole country, supplementing the previous, highly heterogeneous, and often poorly protecting regional minimum income schemes (RMIS) (Ayala et al., 2016). The MLI also meant the gradual phasing-out of the means-tested child benefits for low-income households with children under 18 without disabilities, or with a disability under 33% (one of the benefits of the *Prestación Familiar por Hijo a Cargo - PFHC*), a cash transfer of €341 per year for one-child households with annual income under €12,913, €1,023 for three-child households with annual income under €19,434, or €588 for households with annual income under 25% of the median equivalised income (€4,909 per year) in 2019.

The MLI guarantees a certain level of income: the amount received is the difference between the household's income (monthly average of overall income during the previous fiscal year), and a maximum amount depending on household size and structure (in 2022 the monthly guaranteed income ranges from €491.63 for one person, up to €1,081.59 for households of at least five persons). From 1 April 2022 until 31 December 2022, the amounts perceived by MLI beneficiaries have been temporarily increased by 15% to compensate for the high inflation. The

value of resources and assets owned (excluding the main residence) must be less than three times the annual guaranteed amount. The MLI is managed by the National Social Security Institute (NSSI), and Autonomous Communities have the possibility of signing agreements with the central government to take over the management of the scheme.

Under the original system, claimants had to be 23-65 years old, and had to have been residing in Spain for at least one year. Young people under 23 were not eligible unless they cared for their own offspring, or had been victims of gender violence or trafficking for sexual exploitation. Applicants living alone were only eligible if they had lived outside the parental home for the last three years and had been on a payroll for at least one year. People living in publicly financed residential services could not access the MLI. It was unclear how different household units sharing a dwelling could access the benefit.

Certain requirements (registering as a job seeker, condition of previous independent living) were either removed, or significantly relaxed in September 2020 (RDL 28/2020, and RDL 30/2020), with a view to increasing the effective coverage of the programme, and to facilitating access to potential beneficiaries. Additional flexibility measures regarding dwellings shared by two or more households, people living in residences, hotels or hostels, and the involvement of social services and third sector organisations in the certification of requirements were introduced in February 2021 (RDL 3/2021).

In December 2021 the Spanish Parliament approved the 19/2021 Act, introducing significant reforms to the functioning of the MLI. The new version of the scheme

introduced a Child Support Supplement (*Complemento de Ayuda a la Infancia - CSS*) aimed at improving protection for children living in deprived households. The CSS (€100/month per child below age 3, €70 per child aged 3-5, and €50 for those aged 6-17) is allocated to households with children whose income is lower than three times the monthly guaranteed income, and with assets less than one and a half times the thresholds established for accessing the MLI.

The new Law aims to address gaps in the coverage of the MLI deriving from specific situations of individuals, or from administrative requirements difficult to comply with. Thus, a supplement of 22% of the basic MLI has been introduced for households with at least one member with a disability of over 65%. Young people aged 18-22 who are orphans, or who have been looked after by children's services, may also receive the MLI. The requirement of 3 years of independent living for people aged 23-30 is reduced to 2 years, and the period of one year of salaried work is reduced to 6 months.

Under the new regulations, applicants may ask the administration handling the application to consider their income in the current year instead of the previous fiscal year subject to certain conditions regarding income and assets in the previous year.



Outlook and commentary

The introduction of the MLI in 2020 altered the non-contributory income protection for the working-age population, formerly based on unemployment assistance benefits and RMISs (Aguilar and Arriba, 2020). The reforms made to this new scheme since its inception, and notably the new 19/2021 Act, have resolved some of the

problems experienced by the initial version of this programme, improving its coverage and protection capacity. Although 461,788 households had become beneficiaries of the MLI as of May 2022 (MISSI, 2022), the initial estimate of 850,000 potential beneficiary households has not been reached yet, indicating the persistence of problems in the establishment of this scheme.

The absence of a shared management model generates significant uncertainties about the link between the MLI and the RMISs: although the MLI is defined as a common baseline compatible with the RMISs, in some regions where the RMISs are poorly developed and have little political support, the MLI may end up replacing the regional programme (Aguilar and Arriba, 2021). So, while in some regions the highest levels of protection will be maintained or targeted at those sectors that fall outside of the MLI, in other regions the MLI may become the "only game in town".

The various social assistance benefits for the active population (unemployment benefits, MLI and RMISs) apply uncoordinated parameters (objectives, access criteria and means-testing, levels of protection, activation philosophies, and access to other services) that make them difficult to understand, inconsistent with each other, and result in a lack of protection for some populations. For example, the Spanish Youth Council has expressed its objections to the restrictive requirements to be met by people younger than 30 if they are to access the MLI (Hernández Díaz et al., 2022).

The addition of the CSS to the MLI in 2020 is a response to the phasing-out of the means-tested child benefit scheme (PFHC) and constitutes a significant improvement in coverage and protective capacity. Nevertheless, some questions remain about the consequences of the

disappearance of the old Child Benefit scheme for low-income households (some beneficiaries of the old scheme may not be included in the MLI), as well as about the future of the non-means-tested Child Benefit scheme that will continue to support households with children with a disability over 33% and those with a dependent relative over 17 with a disability of over 65%.

It is extremely difficult to access information and data about the functioning of the MLI. Two years after its implementation started, the National Social Security Institute (NSSI) has not published any data on this scheme. The rare information about coverage and beneficiaries' characteristics comes from press releases published by the Ministry of Social Inclusion.

Further reading

Aguilar, M. and Arriba, A. (2020). [Out of the wilderness? The coming back of the debate on minimum income in Spain and the Great Recession](#). Soc Policy Adm. 54: 556–573.

Aguilar, M. and Arriba, A. (2 October 2021). [El IMV y las rentas mínimas, un año después](#). *Llei d'Engel*.

Arriba, A. and Rodríguez-Cabrero, G. (2021). [New developments in the national guaranteed MIS in Spain](#), ESPN Flash Report 2021/15, ESPN, Brussels: European Commission.

Ayala, L., Arranz, J., García, C. and Martínez, L. (2016). [The income guarantee system in Spain](#). PROGRESS axis. EU programme for Employment and Social Innovation. Madrid.

Hernández, E., Presno, M. and Fernández, G. (2022) [IMV: ¿Es Justo con la Juventud?](#), Madrid, Consejo General de la Juventud.

MISSI (*Ministerio de Inclusión, Seguridad Social e Inmigración*) (13 June 2022) [Escrivá: "En próximas fechas aprobaremos dos medidas para completar el IMV: el sello social y el incentivo al empleo"](#). *La Revista de la Seguridad Social*.

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