

# Social Protection Reform Project 中国-欧盟社会保护改革项目

# Means Testing and identification of target Group of Social Assistance and Low-income families: the "Equivalent Economic Situation" (ISEE) experience

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Component Three - Mr. Gong Pugang - Deputy Minister of Civil Affairs of P.R.China visit to Italy

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### The "Equivalent Economic Situation" (ISEE) experience Definition and features



In Italy the **means test** for social assistance benefits and services is based on an economic indicator called **ISEE** (**Equivalent Economic Situation Indicator**). It is calculated with the **same rules** throughout the **whole national territory** and its validity has **no territorial restrictions**.



ISEE considers the household composition and its economic situation



ISEE is used by social assistance public administrations (both at central and local level) to **verify the applicants**' **requirements** to access to benefits and services



ISEE supports Policy Makers in the definition and development of the social assistance framework aligned to the real citizens' economic situation and social assistance needs

# The "Equivalent Economic Situation" (ISEE) experience Main goals



ISEE supports the central and local government (Regions, Municipalities, etc.) in clustering the population in terms of income brackets, social assistance needs and beneficiaries

Identification of households' social assistance needs

Minis.

Support to the evolution of the social benefits and services framework, in order to effectively meet the citizens' needs



Addressing the social assistance budget to the most requested social benefits and services or neediest territories

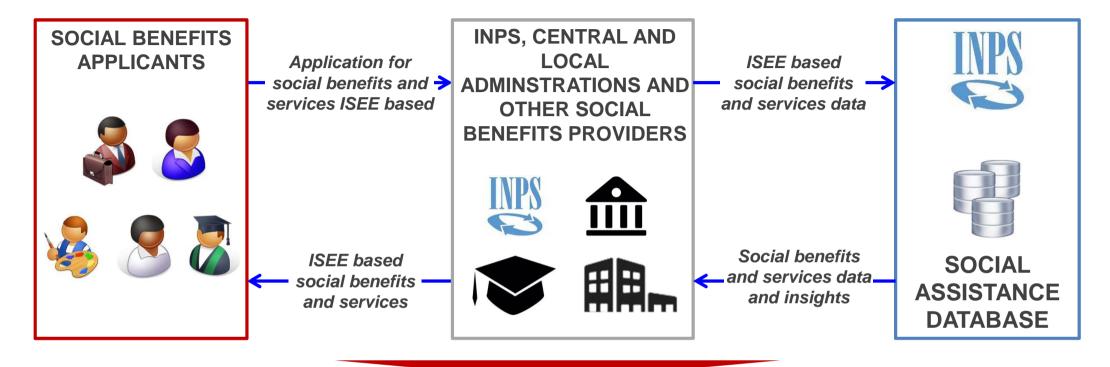


Monitoring the national households' wealth trend and analyzing the families' composition evolution



### The "Equivalent Economic Situation" (ISEE) experience ISEE role in the Italian Social Assistance framework





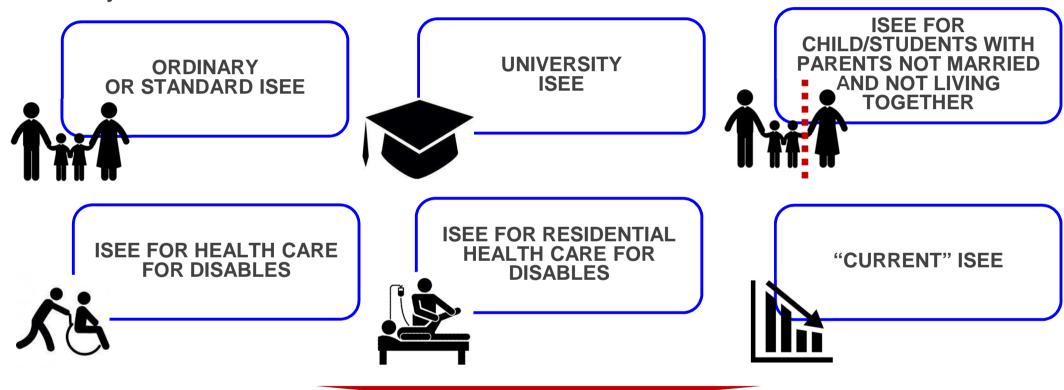
#### **Social Assistance Database:**

- ✓ collects all the information related to social assistance benefits provided to citizens by INPS, Central and Local Administrations, etc.;
- ✓ offers information concerning the social benefits and services expenditure;
- ✓ may support the analysis of overlapping of social benefits and "cliff effects" due
  to the grant of several social benefits to the same beneficiary because this database
  returns all the social benefits and service the same person or family has applied to.

### The "Equivalent Economic Situation" (ISEE) experience 2013 Reform – More Indicators



In 2013, in order to make the indicator as much fair and representative of the actual household condition, five new ISEE were introduced besides the ordinary one



Each ISEE is based on the same formula but it is customized on the social measure or services the citizen is applying to and/or the household peculiarities (e.g. disables, child whose parents are not married and do not live together, etc.)

#### The "Equivalent Economic Situation" (ISEE) experience 2013 Reform – Review of the calculation factors



In addition, with the Reform, ISEE calculation factors were revisited:

**Inclusion in the calculation of tax free amounts** (e.g. family allowances, welfare payments, etc.)

Calculation method of the financial assets not only as a final stock, but also by average year balance, if greater

Inclusion in the calculation of the ISEE of the assets owned abroad by the households' members

Possibility to deduct certain expenses stated to the Revenue Agency (e.g. health expenses)

Introduction of a more favorable calculation method of the owned housing building

The review of the calculation factors aimed to reflect the actual economic condition of the household as truthful as possible and, as a result, it ensures greater fairness with regard to the access to social benefits

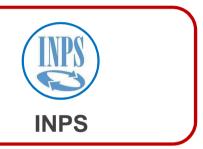
# The "Equivalent Economic Situation" (ISEE) experience ISEE-based social benefits and providers



Using the appropriate ISEE, citizens can apply to several social benefits that are granted by different institutional providers:

SOCIAL BENEFITS PROVIDERS

#### SOCIAL BENEFITS AND SERVICES EXAMPLES



- ✓ Low income elderly vouchers to sustain basic needs
- ✓ Home care services for disables
- ✓ Contributions to personal services (care and hygiene interventions in favor of persons at marginalization risk, etc.)
- **√** ...



- √ Scholarships
- √ Facilitations for university taxes
- ✓ Meal allowance and accomodations for students
- **√** ...

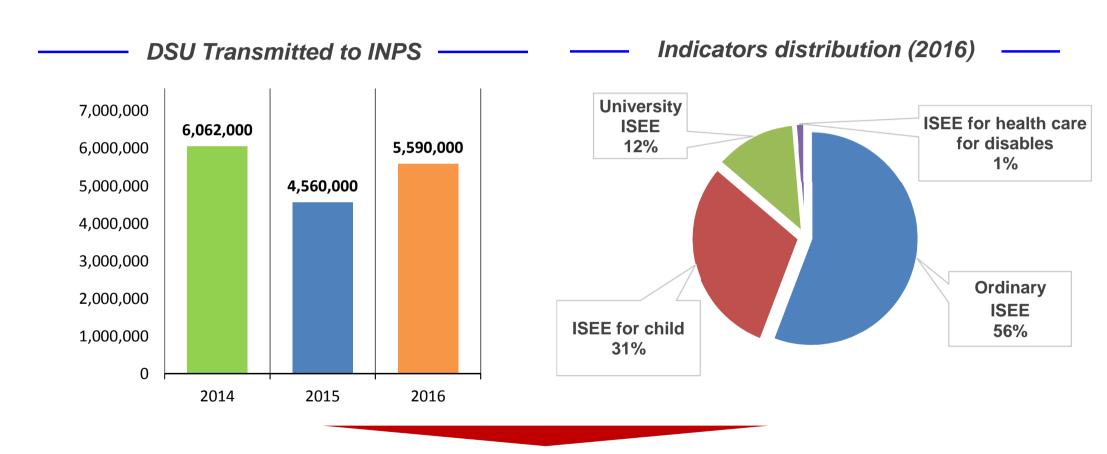


- √ Household allowance
- ✓ Moterhood and family allowance
- Monetary contributions for transport and mobility
- ✓ Facilitations for utilities (electricity, energy, ect.)
- ✓ Kindergarten facilitations
- **√** ...

### The "Equivalent Economic Situation" (ISEE) experience Main data and insights (1/2)



The chart below shows the nationwide volume of DSU submitted to INPS comparing the new ISEE framework (2015 – 2016) with 2014 (the last year before the reform) and the distribution of the indicators calculated by INPS



After a decline in 2015, primarily due to the Reform introduction, in 2016 the number of DSU transmitted is reaching again 2014 values

# The "Equivalent Economic Situation" (ISEE) experience Main data and insights (2/2)



The table following shows the percentage distribution of ISEE calculated by INPS in terms of ISEE values' ranges during 2016

ISEE values' ranges (year 2016)	ORDINARY ISEE	ISEE FOR CHILD	UNIVERSITY ISEE	ISEE FOR HEALTH CARE FOR DISABLES
ISEE = 0	11%	9%	2%	19%
0 < ISEE ≤ 3.000 €	15%	18%	5%	13%
3.000 € < ISEE≤ 5.000 €	11%	12%	4%	10%
5.000 € < ISEE ≤ 7.500 €	13%	15%	7%	12%
7.500 € < ISEE≤ 10.000 €	11%	11%	8%	11%
10.000 € < ISEE≤ 15.000 €	13%	14%	16%	15%
15.000 € < ISEE ≤ 20.000 €	9%	8%	14%	8%
20.000 € < ISEE≤ 25.000 €	6%	5%	11%	5%
25.000 € < ISEE ≤ 30.000 €	4%	3%	9%	3%
30.000 € < ISEE≤ 50.000 €	6%	4%	17%	4%
ISEE > 50.000 €	2%	1%	7%	1%

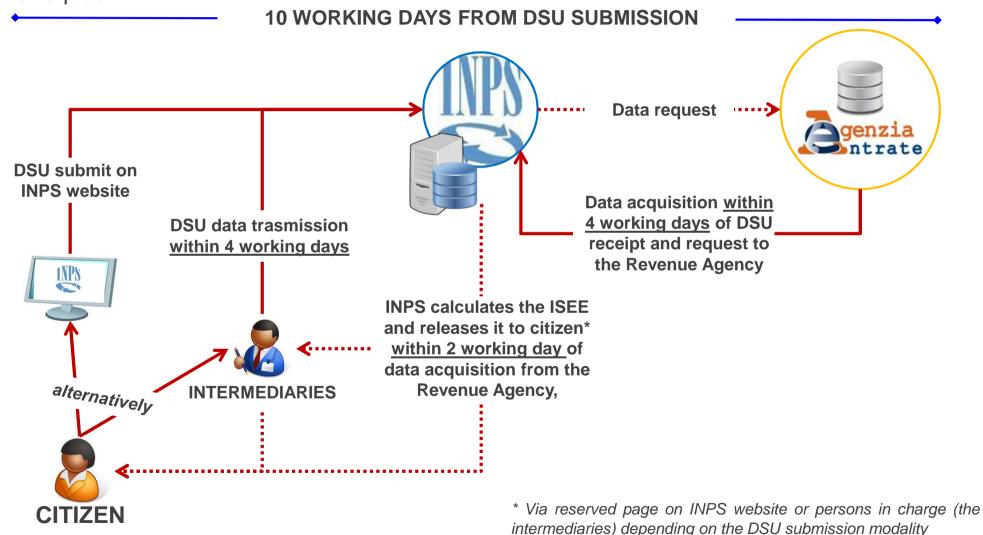
Due to the introduction of different indicators based on the specific beneficiary and the social benefits he/she will apply to, the most vulnerable people have benefited of a reduction of the ISEE value: 19% of ISEE for health care services for disables is equal to zero



#### The "Equivalent Economic Situation" (ISEE) experience ISEE calculation flow



The following picture shows the complete work flow for the ISEE calculation release by INPS in ordinary way; INPS must release the ISEE calculation to applicant citizens within 10 working days from the request

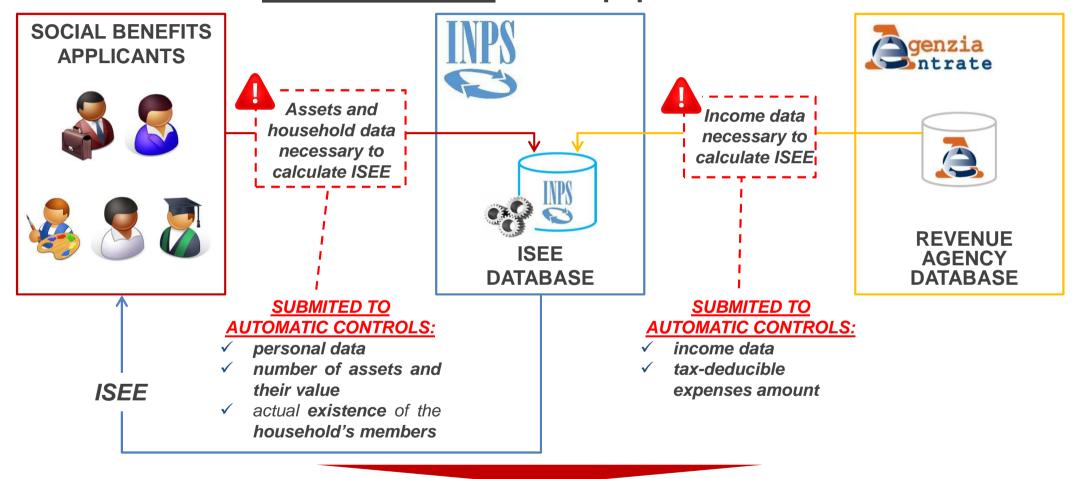




# The "Equivalent Economic Situation" (ISEE) experience ISEE information and controls system



All the **information flows** needed to provide INPS the necessary data to calculate ISEE are **totally digitalized** and **no paper forms are used**.



Several controls are carried out in order to identify frauds attempts and to use only real information to calculate the indicators

#### The "Equivalent Economic Situation" (ISEE) experience ISEE Simulator



Since this year, INPS has released a brand-new application that enables citizens and Social benefits providers (e.g. Universities, Municipalities, etc.) to **simulate the ISEE value**, using only self-certified data and without submitting the DSU. The **simulated-ISEE value is calculated instantaneously** 

#### MAIN BENEFITS OF THE ISEE SIMULATOR



- Evaluate in advance the household condition and the chance to gain access to social benefits and services
- **✓** Become familiar with the online ISEE procedure
- Social benefits and services providers



- Support budget and expenditure forecasting, by facilitating the definition of ISEE threshold or ranges for benefits/services
- ✓ Align the social benefits and services granted with the specific target beneficiaries' characteristics, (e.g. household composition, incomes, assets owned, etc.)

### The "Equivalent Economic Situation" (ISEE) experience Future steps



At the moment, INPS and Revenue Agency are defining a new ISEE framework, based on the automatization of the ISEE calculation and release flow.

From the 2<sup>nd</sup> semester of 2018, the extensive set of data and information owned by INPS and Revenue Agency, will allow citizens to apply for ISEE calculation with a further sensible reduction of data to be filled in the DSU

#### **FUTURE ISEE FLOW ISEE** calculation request with very limited (or without atall) self-certified data Revenue Agency **CITIZEN** SOCIAL ASSISTANCE **Employers DATABASE** Financial institutions **ISEE** calculation release **COOPERATION TO SHARING DATA AND** INFORMATION

Leaend

Flow in

••••• Flow out

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#### The "Equivalent Economic Situation" (ISEE) experience Example



✓ Rossi family is made up by 5 people: the applicant, his spouse, his disabled father and two sons:



**Depending on** the **social benefits** they **apply to** (and consequently the different **beneficiary**), **different ISEE are needed**:



The same household may have different ISEE depending on the social benefits or services they are applying to

#### The "Equivalent Economic Situation" (ISEE) experience



#### **Annexes**

# Annex 1 Source of data (1/2)



Data source for ISEE calculation is defined by law and can be divided into two main clusters:

#### SELF-CERTIFIED DATA BY APPLICANTS THROUGH DSU

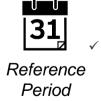
- ✓ Household composition (number of people, presence of minors) and family peculiarities (e.g. single-parent family, presence of people with disabilities, etc.)
- ✓ Properties (Houses, lands, etc.) and Financial assets (e.g. cash deposits, stocks, bonds, etc.)
- ✓ Expenses related to the whole household
  (house rent)

#### DATA AUTOMATICALLY GATHERED FROM REVENUE AGENCY AND INPS DATA BASES

- Incomes from working and not working activities
- √ welfare allowances eligible for ISEE calculation
- √ Health expenses







✓ Household composition and peculiarities: DSU transmission date Properties and house rent amount (if applicable): 1st solar-year preceding the DSU transmission date

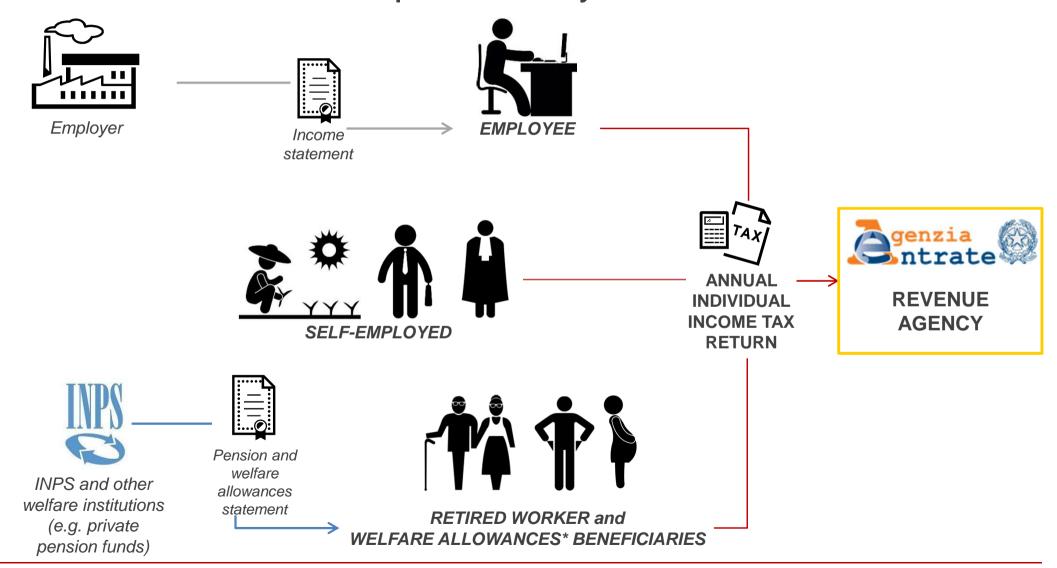


Reference Period 2<sup>nd</sup> solar year preceding the DSU transmission date

# Annex 1 Source of data (2/2)



In Italy, every year, workers, retired and welfare allowance beneficiaries must fill the Tax Income Return related to the previous solar year



#### **Annex 2** *ISEE Certification*



#### The following picture exemplifies the ISEE Certificate released to applicants citizens from INPS

Nota Bene: l'ISEE ordinario sopra riportato è valido per la generalità delle prestazioni, salvo quanto di seguito specificato.

Ove siano richieste prestazioni agevolate di natura socio-sanitaria (di cui all'articolo 6 del DPCM 5 dicembre 2013, n.159), prestazioni agevolate rivolte a minorenni (articolo 7), prestazioni per il diritto allo studio universitario (articolo 8), o l'ISEE corrente (articolo 9), l'attestazione potrà assumere specifiche connotazioni. Per tali prestazioni, con riferimento al nucleo familiare sopra indicato, l'ISEE ordinario potrà essere utilizzato nei sequenti casi:

- si applica alle PRESTAZIONI AGEVOLATE RIVOLTE A MINORENNI<sup>1</sup> in favore di
- non si applica alle PRESTAZIONI AGEVOLATE RIVOLTE A MINORENNI<sup>1</sup> in favore di Consultare gli ISEE indicati nella relativa tabella alle pagine successive.
- non si applica alle PRESTAZIONI AGEVOLATE PER IL DIRITTO ALLO STUDIO UNIVERSITARIO
- non si applica alle PRESTAZIONI SOCIO SANITARIE RESIDENZIALI PER PERSONE MAGGIORENNI

L'ISEE ordinario si applica inoltre alle prestazioni agevolate di natura socio-sanitaria non residenziali per persone maggiorenni e ai corsi di dottorato, qualora non si intenda avvalersi della facoltà di considerare un nucleo familiare ristretto (composto dal beneficiario, dall'eventuale coniuge e dagli eventuali figli)<sup>2</sup>.

relativamente all'indicatore calcolato si fornisce la modalità di calcolo:

1 - MODALITÀ DI CALCOLO ISEE ORDINARIO	Somma dei redditi dei componenti del nucleo	Euro	+ 8,798,00
	Reddito figurativo del patrimonio mobiliare del nucleo	Euro	+ 0,00
	Detrazioni per spese e franchigie del nucleo	Euro	- 5.400,00
	Indicatore Situazione Reddituale (ISR)	Euro	3.398,00
	Patrimonio mobiliare del nucleo	Euro	+ 4.605,00
	Detrazione patrimonio mobiliare	Euro	- 4,605,00
	Patrimonio immobiliare del nucleo	Euro	+ 0,00
	Detrazione patrimonio immobiliare	Euro	-0,00
	Indicatore Situazione Patrimoniale (ISP)	Euro	0,00
	Indicatore Situazione Economica (ISE)	Euro	3.396,00
	Parametro calcolato in base al numero di componenti del nucleo		2,04
	Eventuali maggiorazioni applicate		0,50
	Valore della scala di equivalenza		2,54

Il calcolo dell'ISEE è stato effettuato in base ai dati autodichiarati ed a quelli derivanti dagli archivi dell'Agenzia delle Entrate e dell'INPS contenuti nel/i Quadro/i FC8 sezioni II e III.

La Dichiarazione Sostitutiva Unica INPS-ISEE-2016-0 è stata presentata in data 05/08/2015.

La presente attestazione è stata rilasciata in data 31/05/2016.

La Dichiarazione Sostitutiva Unica é valida fino alla data 15/01/2016.

household of reference for the ISEE calculation and, for each members, the relationship with the applicant

indicator value

social benefits to which it is possible to access and the specific beneficiary

indicator calculation method and intermediate data, such as ISR, ISP and Equivalence Scale Parameter

ISEE certification period of validity