



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**

*Maria Grazia Sampietro, INPS - Head of Department for Income support benefits*

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

**Rome, 26<sup>th</sup> May 2017**

## The “Equivalent Economic Situation” (ISEE) experience

- ✓ *Definition and features*
- ✓ *Main goals*
- ✓ *ISEE role in the Italian Social Assistance framework*
- ✓ *2013 reform*
- ✓ *ISEE-based social benefits and providers*
- ✓ *Main data and insights*
- ✓ *ISEE calculation flow*
- ✓ *ISEE information and controls system*
- ✓ *ISEE Simulator*
- ✓ *Future steps*
- ✓ *Example*

*Annexes*

# 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**



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



**ISEE GOALS**

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

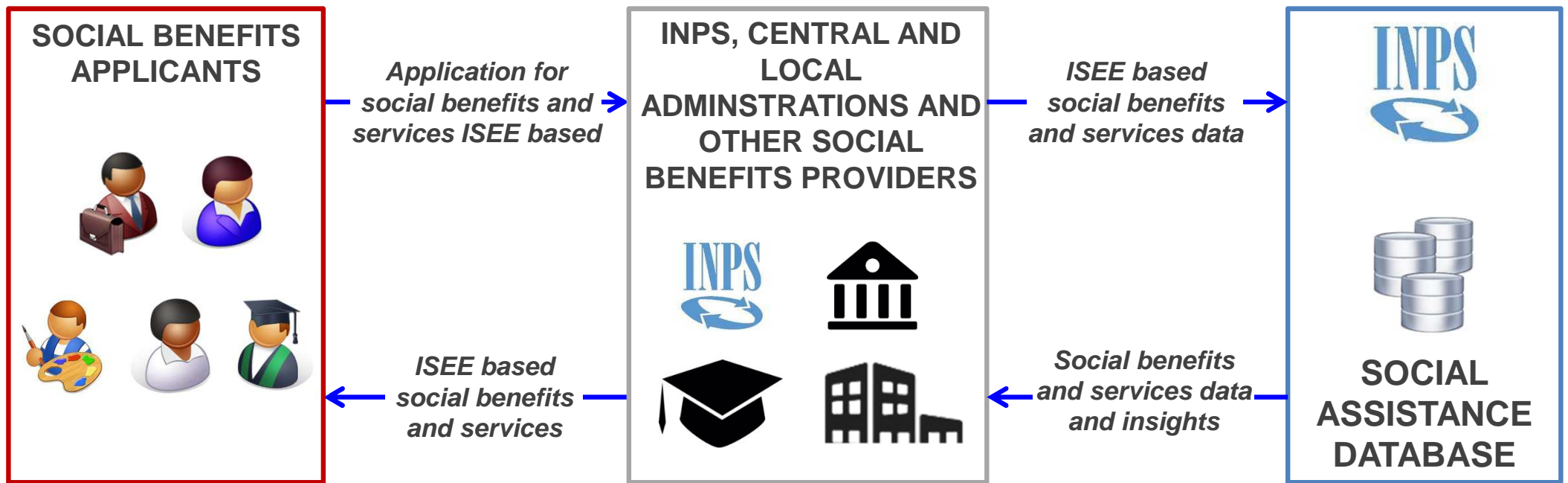


**Monitoring the national households’ wealth trend** and **analyzing the families’ composition evolution**



# The “Equivalent Economic Situation” (ISEE) experience

## ISEE role in the Italian Social Assistance framework



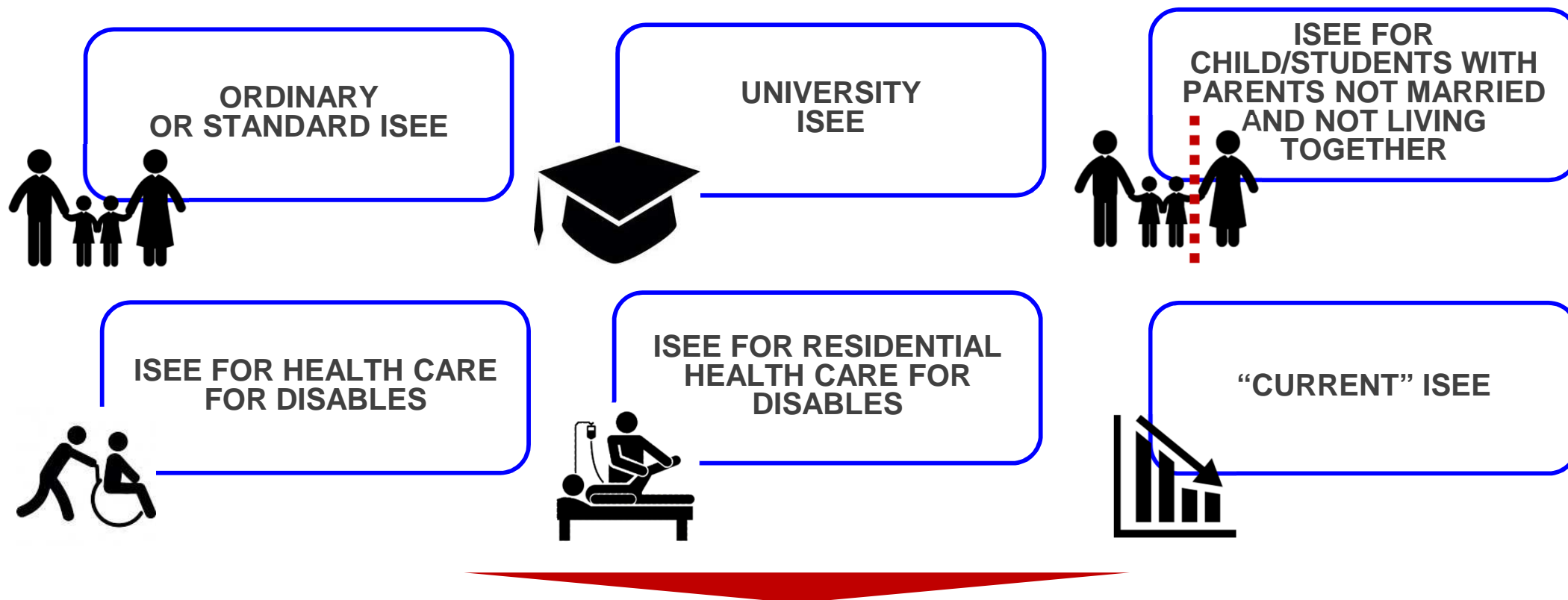
### Social Assistance Database:

- ✓ 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



INPS

- ✓ **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.)
- ✓ ...



UNIVERSITIES

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



MUNICIPALITIES AND  
LOCAL  
ADMINISTRATIONS

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

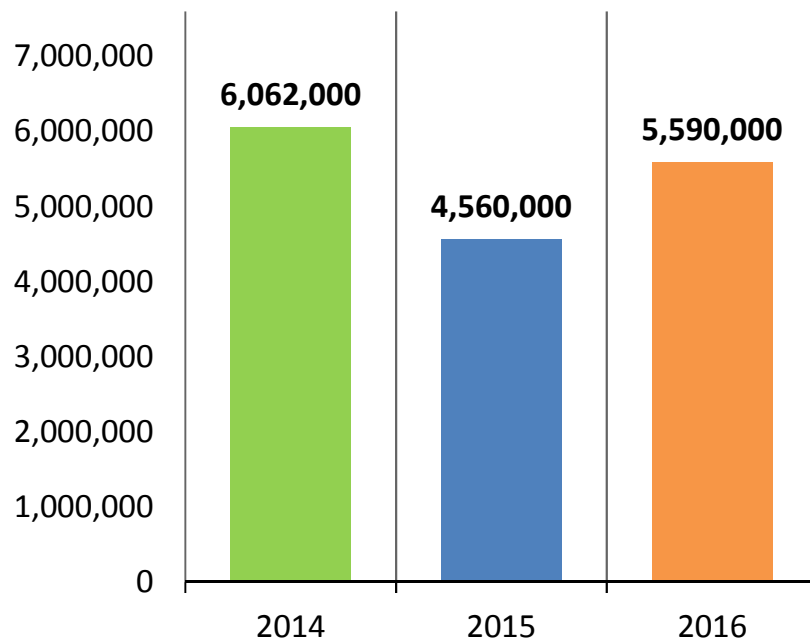


# The “Equivalent Economic Situation” (ISEE) experience

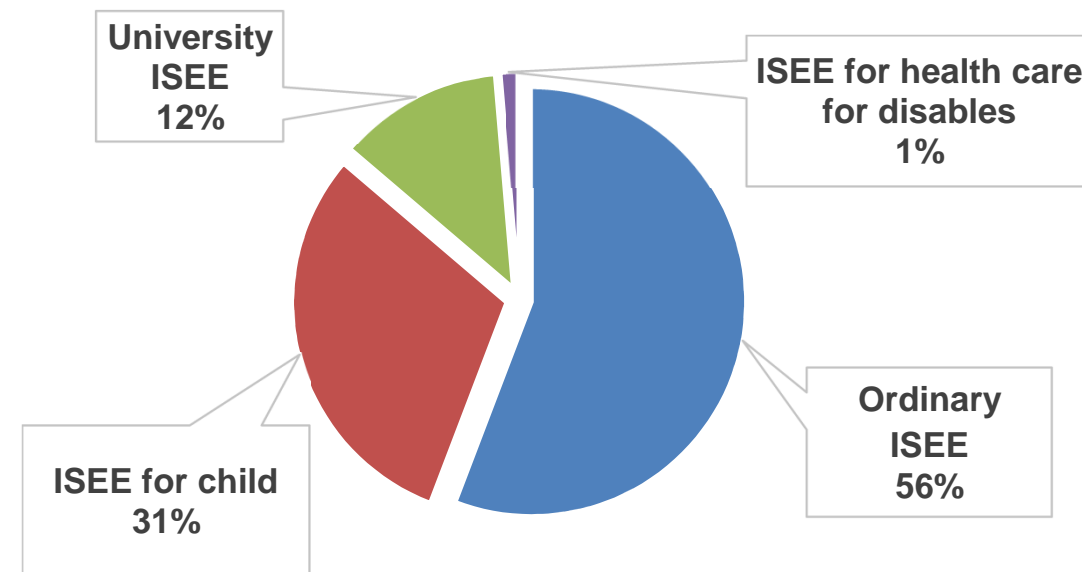
## Main data and insights (1/2)

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

**DSU Transmitted to INPS**



**Indicators distribution (2016)**



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

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

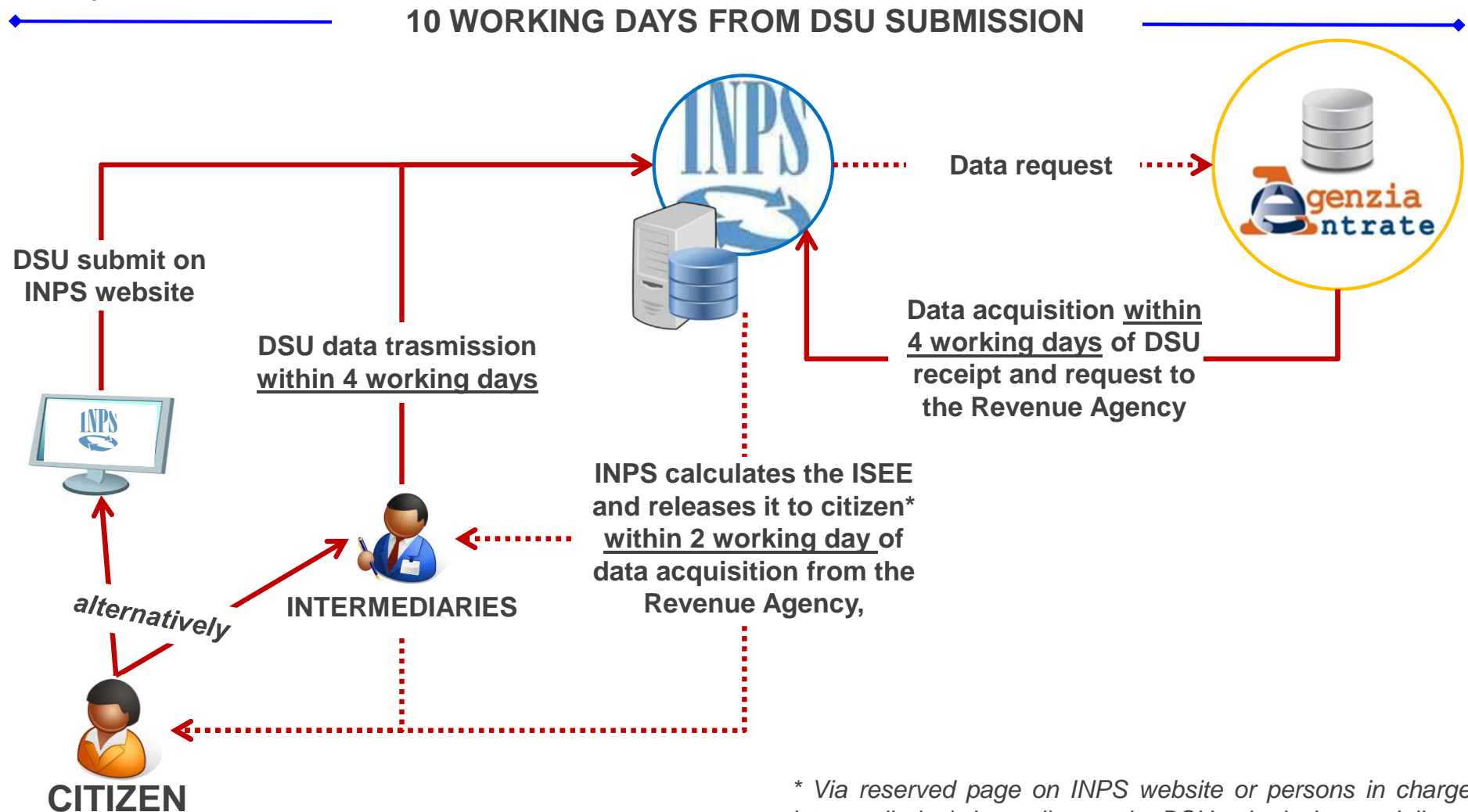
Legend



# 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

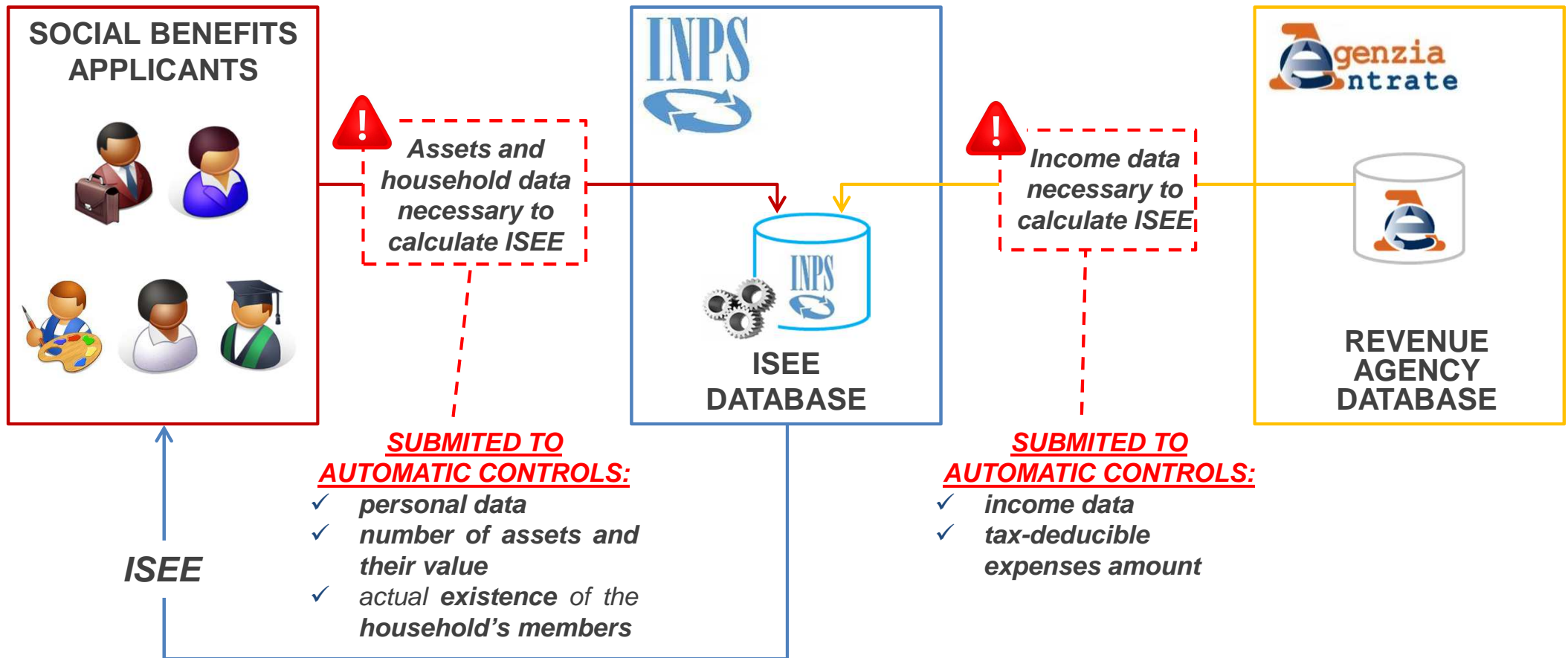


\* Via reserved page on INPS website or persons in charge (the intermediaries) depending on the DSU submission modality

# 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

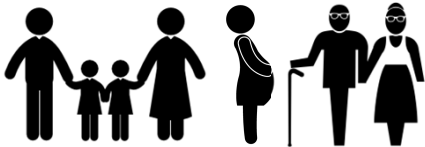
# The “Equivalent Economic Situation” (ISEE) experience

## *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

#### Citizens



- ✓ 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.)

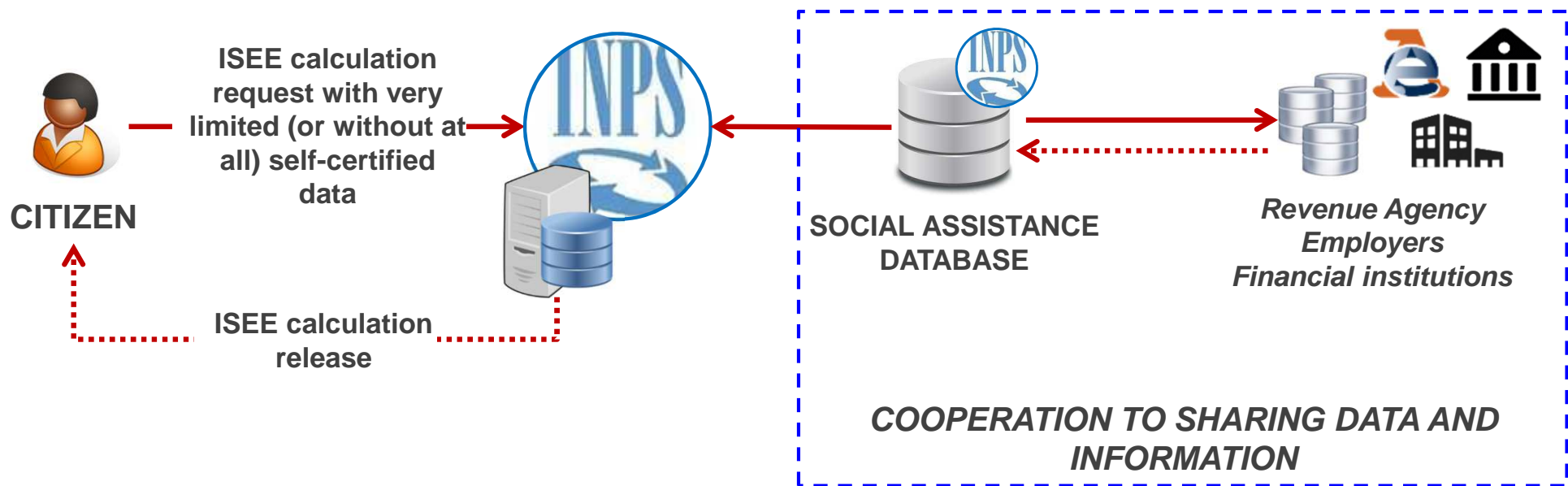
# The “Equivalent Economic Situation” (ISEE) experience

## 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



# 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**:

*General social benefits*  
(e.g. electricity facilitations)

*Health benefits for  
disables*

*University taxes  
facilitations*

**ORDINARY  
OR STANDARD  
ISEE**

**18.657,53 €**

**ISEE FOR  
HEALTH CARE  
FOR DISABLE**

**9.666,67 €**

**ISEE FOR STUDENT WITH  
PARENTS NOT  
MARRIED AND NOT  
LIVING TOGETHER**

**41.275 €**

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

## *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**



Reference  
Period

- ✓ Household composition and peculiarities: **DSU transmission date**
- ✓ Properties and house rent amount (if applicable): **1<sup>st</sup> 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**

