

TAKE: Reducing poverty through improving take up of social policies

Summary of the final report

December 2022

Non-take-up: what it is and why it is important

Belgium has an extensive set of social and employment policies aimed at reducing inequality and poverty. However, many of these measures are confronted with non-take up: not everyone who is eligible, receives the benefits they are entitled to. It is widely acknowledged that non-take-up of public provisions is an important challenge of contemporary welfare states. High levels of non-take-up imply that public policies risk falling short of their objectives. Non-take-up undermines the poverty-reducing capacity of the welfare state. Further, it causes unjustified disparities among those eligible. Finally, while non-take-up saves public funds in the short run, this may not hold true in the longer run if non-take-up contributes to, for instance, delayed health care and an impoverished environment for children.

Non-take-up has received increased attention, but important data gaps remain

In Belgium, as well as in other countries, the issue of non-take-up has received attention from researchers, policy makers, and public agencies concerned with poverty, social exclusion and well-being. At the federal level, the improvement of take-up of social benefits was identified as one of the key pillars in the fight against poverty. However, in spite of this interest, and increased efforts to study and tackle the phenomenon of non-take-up, important gaps in our knowledge of non-take-up in Belgium remain with regard to the quantification of the problem, its causes and its impacts. This is a fortiori the case when the scope is broadened to also include wage subsidies which should stimulate low-skilled employment that could help to reduce poverty. Furthermore, relatively little quantitative evidence is available regarding the impact of existing and proposed measures to tackle non-take-up.

The TAKE project in a nutshell

The TAKE project, which ran from December 2015 until September 2022, and was funded by the FPP Belgian Science Policy (Belspo), was set up to contribute to filling this gap. It was coordinated by the University of Antwerp, and was carried out in collaboration with the Université de Liège, the Federal Planning Bureau, and the FPS Social Security. The main objective of the TAKE project was to study the size, characteristics and determinants of non-take up of policy measures targeted at vulnerable groups in Belgium. In addition, the project evaluated the impact of several policy initiatives aimed at reducing non-take-up. For doing so, the project built on the latest theoretical insights, analysed existing administrative and survey data, collected new data through surveys, in-depth interviews and focus groups, and made use of both microsimulation techniques and a large-scale field experiment.

The TAKE project focused on federal public benefits targeted at people living in low-income families, notably social assistance for people at active age (the Social Integration Allowance, SIA), social assistance for people after retirement age (the Income Guarantee for Elderly people, IGE), and two additional income-tested measures for which no age-restriction applies, notably the Increased Reimbursement of health care (IR) and the Heating Allowance. The latter two are interesting because they are (at least in part) so-called 'derived rights': people receiving SIA or IGE nearly automatically qualify for the latter two benefits. This allowed us to study to what degree non-take-up of one benefit

results in non-take-up of another. In addition, we looked at non-take-up of low wage subsidies targeted at employers, a topic that is largely overlooked in the literature.

The TAKE Survey and the TAKEMOD model

In the TAKE project, we were able to generate new evidence on the size of non-take-up of some important means-tested social benefits among both the low-income population at active age (18-64 years) and old age (+65 year) in Belgium. Our estimates of the extent of non-take-up are based on a combination of administrative data and survey data collected in the TAKE survey, and refer to the situation in 2019. This new dataset allowed us to build a refined microsimulation model, TAKEMOD, for assessing who is eligible for the benefits under study, even if they do not take them up. When interpreting our findings, it is important to keep in mind that the TAKE sample is representative for households with a very low taxable income in 2017. This implies that we do not capture the total population of beneficiaries of the benefits we study. As a result, we underestimate the absolute number of people not taking up their social rights.

Relatively high levels of non-take-up of means-tested benefits

A first important observation is that the non-take-up of means-tested benefits is (still) a major challenge in Belgium. These substantial levels of non-take-up undermine the social safety net's capacity to protect people against poverty. For the (equivalent) Social Integration Allowance and Increased Reimbursement, we find that nearly half of the persons eligible for these benefits in the TAKE target population of 18-64 years old, do not receive them. For those aged 65 and over in the TAKE target population, we also find that half of those eligible for the IGE do not make use of their rights. Also the Increased reimbursement is confronted with a sizeable level of non-take-up. As regards the heating allowance, non-take-up rates even rise in the TAKE target population to about 80% for both age groups. These non-take-up estimates for Belgium are relatively high, but not exceptional, in comparison with non-take-up estimates of social assistance benefits in other countries. A second observation is that a substantial share of non-take-up of social assistance benefits (SIA and IGE) concerns non-take-up of relatively large sums of money. In the case of the Social Integration Allowance, at least 66% miss out on an average monthly benefit of 500 EUR or more. The same applies to about 35% of those who do not take up IGE in spite of being eligible for it. Third, compared to the level of non-take-up observed for social benefits, the examined employment subsidies display a relatively low level of non-take-up by employers.

Non-take-up varies in the population, and policy design plays a role

Patterns of non-take-up vary across socio-demographic groups in the population. This implies that some groups are much more prone to non-take-up than others. When trying to understand non-take-up and planning efforts to reduce it, it is clearly important to take this into account. On the other hand, some of the groups with a high level of non-take-up (e.g. home-owners) constitute only a small part of those not taking up benefits. Therefore, efforts targeted at reducing non-take-up should also take the composition of those not taking up benefits into account.

Policy design matters. For instance, administrative simplification through the creation of derived rights allows for lower levels of non-take-up, in particular when combined with automatic benefit access. For instance, non-take-up of the increased reimbursement is low among those receiving a social assistance benefit (who get automatic access), and is therefore nearly entirely concentrated among those who are not eligible as a derived right. At the same time, derived rights reinforce the importance of minimizing non-take-up of benefits which automatically open access to other benefits. If non-take-up of social assistance benefits would be zero, non-take-up of the increased reimbursement would be

roughly halved within the TAKE target population between 18 and 64 years old, and decrease with about 25% among those aged 65 and over.

Limiting information costs and process costs are key

Based on an in-depth analysis of the non-take-up of social assistance for people at active age, we find convincing evidence for claiming costs to be important factors inhibiting take-up of social assistance. In contrast to other papers in which they make use of proxies to measure the relevance of the costs associated with claiming, we measured claiming costs in a more direct way by making use of a specifically developed claiming costs scale. We find that, controlling for other factors, people experiencing a high level of information costs (e.g. related to understanding eligibility) and/or process costs (related to applying for the benefit), have a higher probability of missing out on their entitlements. We do not find similar evidence for social and psychological costs (including stigma), which seem to play a smaller role in decisions on non-take-up of the Social Integration Allowance.

Similarly, one of the main factors explaining non-take-up of employment subsidies by employers, is the role played by social secretariats or accountants who are entitled to claim these benefits for them. The measures with the lower non-take-up rates are the ones for which these service providers have all the information that is required to apply for, and obtain, these benefits. In other words, reducing information costs and process costs is also essential for minimising non-take-up of employment subsidies.

Automating benefit access works, and should be strengthened and expanded

The application procedures for benefits should be scrutinized and improved to facilitate take-up. A more radical overhaul of the application procedure for the heating allowance seems long overdue. Belgium has already taken some steps to reduce the non-take-up of benefits, mainly by implementing various forms of automating benefit access. Our analyses demonstrate that even for derived rights, fully automating benefit access to the increased reimbursement has reduced non-take-up a lot. Similarly, we found compelling evidence that proactively contacting potential beneficiaries, substantially increased the take-up of the increased reimbursement. Policy-makers should continue on this path. For example, it seems useful to examine how local offices of health insurers (mutualities) could play a more pronounced role in reducing non-take-up of other benefits. We also reiterate the key role a register of wealth and assets, that can be consulted by benefit agencies, could play in facilitating further automation of benefit access. At the same time, it should be avoided that simplification leads to excluding people in more complex situations, or handling their cases (much) more slowly than those of people in less complex situations. In addition, specifying eligibility criteria in the same way for multiple benefits could entail the danger of 'all or nothing situations'. Also, it goes without saying that increased data collection and data exchanges at a large scale require secure data protection procedures.

Belgium should monitor non-take-up in a much more consistent way

Finally, non-take-up of social policies should be monitored in a much more consistent way in Belgium. This is essential for understanding the equity, effectiveness and efficiency of social policies and for guiding the efforts policy-makers and administrations undertake to reduce non-take-up. Currently, many resources are invested in strategies for reducing non-take-up, without really knowing which impact these strategies have.