

RSA: Providing income security and supporting return to work



International
Labour
Office

France

The Active Solidarity Income (Revenu de Solidarité Active - RSA) provides a minimum income and measures aimed at supporting employability and return to work for the working poor and unemployed who receive insufficient income replacement.

In France, about 14 per cent of the population lives below the poverty line.¹ Among this poor population, more than 50 per cent are people of working age, unemployed, or working poor (Observatoire des inégalités, 2014).

The social protection system in the past suffered from gaps leaving a share of the active age population without income security in case of long-term unemployment or poverty. In addition, many of the existing income support schemes did not provide sufficient incentives to facilitate return to work.

The creation of the RSA in 2008 had a twofold objective: ensuring access to universal income security for the active age population coupled with placement services and skills development, and generating incentives for return to work.

National social protection floors (SPFs) guarantee access to essential health care and basic income security for children, persons of working age and older persons.

185 countries have adopted the Social Protection Floors Recommendation, 2012 (No. 202), an approach to achieve universal social protection.

This brief presents a successful country experience of expanding social protection.



Main lessons learned

- The RSA is a programme for the unemployed and the working poor that has successfully managed to link social protection benefits and active labour market policies to support effective job-search efforts, employability, and reduce and eliminate financial disincentives to return to work.
- Evaluation reports show that concerns about employers using the RSA strategically to decrease wages or impose part-time jobs were not confirmed.
- The RSA is a concrete policy example that addresses poverty of the working poor in addition to providing income security for the unemployed.
- The RSA programme is too complex to be understood by potential beneficiaries and even some local staff in charge of its administration, which has negatively impacted its expansion and does not allow the scheme to achieve its intended goals.
- Also, there is a perceived stigma of poverty among some RSA beneficiaries. This is an important concern that should be taken into consideration when designing, implementing, and communicating about social policies and programmes.

¹ The poverty line is defined as 60 per cent of median income (INSEE).

1. What led to the creation of the RSA?

Prior to 2008, three means-tested benefits provided income security to the non-active working age population living in France: the Minimum Subsistence Income (RMI), the Single Parent Allowance (API), and the Specific Solidarity Allowance (ASS). These income transfers were not combined with any measures to facilitate return to work. Also, the benefits would be significantly reduced or halted when beneficiaries found jobs or started working longer hours. Thus, individuals found in some cases that they faced significant reductions in their total income as a result of returning to work or working more hours. These benefits in some cases discouraged work and led to so-called “inactivity traps”, i.e. a vicious circle of inactivity and poverty. The programmes were also believed to have contributed to the expansion of undeclared work.

Negotiations organized in 2007-08 between the Government and social partners resulted in a national reform strategy aimed at simplifying and coordinating social inclusion programmes and linking them with active labour market policies. The strategy recommended a new social paradigm and the creation of the RSA.

The RSA was enacted by Law No. 2008-1249 of 1 December 2008. It is also included in the revised Social Action and Family Code of the 1 of June 2009.

2. How does the programme function?

The RSA aims to support households with insufficient incomes. Potentially eligible are adults above the age of 25, or under the age of 25 years if pregnant or with one or more dependents, or having worked at least two years during the last three years. French and European Union (EU) nationals should be legally residing in France for at least three months and non-EU nationals for five years. The programme targets unemployed persons (without work but available for work and seeking work) who receive insufficient income replacement, as well as the working poor.

The RSA income support is composed of two elements: the “Floor RSA” that is financed by local governments (*Départements*) guarantees a minimum income threshold, and the “Activity RSA” financed by the central Government is intended to create a work incentive.

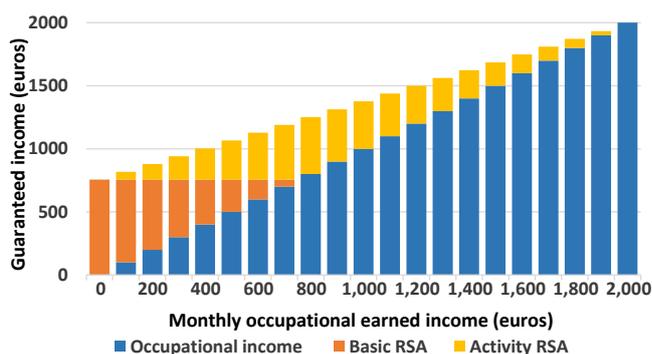
The Floor RSA amount varies according to the household composition and is indexed on inflation (revised annually). The Floor RSA is the amount received when no member of the household is working.

Floor RSA amounts in 2015²

No. of children	Single person / parent	Couple
0	€483.24	€724.86
1	€724.86	€869.83
2	€869.83	€1,014.84
Additional children	€193.30	€193.30

When the recipient works, even part time, the Floor RSA is reduced and an Activity RSA is added on to ensure that the total income (composed of Floor RSA, Activity RSA, and earnings) equals the minimum income guarantee (MIG). This MIG is the Floor RSA plus 62 per cent of the earnings up to a threshold that is approximately the minimum wage for a single person.

Monthly guaranteed income according to the household monthly income from work – Simulation for a single person with one child assuming that no other social transfer is received.³



The sum of all social transfers and earnings cannot exceed the minimum income guarantee (MIG). Therefore, revenues that derive from other income

² Source: <http://rsa-revenu-de-solidarite-active.com/montant-rsa/216-montant-rsa-2015.html>.

³ Source : <https://www.dcaf.fr/wps/portal/caffr/aidesetservices/lesservicesenligne/estimervosdroits/lersa>.

support programmes (unemployment allowance, housing benefit, among others) are deducted from the RSA amount.

RSA beneficiaries have on principle the obligation to look for a job or take action to create their own enterprise. They receive support and placement advisory services, as well as training.

In 2014, total expenditure on RSA benefits represented 0.4 per cent of GDP (Observatoire national de l'action sociale, 2015). Its implementation requires the cooperation of multiple actors. Local governments (*Départements*) are responsible for the scheme's operations. The National Fund for Family Benefits (CNAF) and the Social Agricultural Mutual Fund (CMSA) process applications, assess eligibility, define the amount of the income support quarterly, and manage the payment of benefits. Finally, the Public Employment Agency (*Pôle Emploi*) provides job counselling and matching services to the scheme's beneficiaries.

3. The impact of the RSA on people's lives

As of June 2015, 2.45 million households were receiving the RSA, out of which 1.6 million did not have economically active members and received the basic allocation only (CNAF, 2015). It is estimated that 68 per cent of the population eligible for the Activity RSA is not registered, notably due to a lack of understanding of the mechanism (Sirugue, 2013).

The RSA provides greater income security and support for people of working age. The scheme also fosters return to work for unemployed people and economic inclusion of the working poor.

The RSA National Evaluation Committee's final report of 2011 (Comité d'évaluation du RSA, 2011) concluded that the Activity RSA had increased the median income per consumption unit by 18 per cent from €699 to €825 as of December 2009. The scheme also decreased poverty by 0.3 percentage points in 2010, which represent 135,000 people moving out of poverty.

Although the RSA clearly provides incentives to work, the direct impact of the programme on

employment is difficult to assess since most beneficiaries receive a number of complementary transfers and other support. Results also significantly differ according to the composition of the household, in particular the number of children.

Regarding potential undesired effects of the RSA, the 2011 evaluation report (Comité d'évaluation du RSA, 2011) shows that concerns about employers using the Activity RSA strategically to decrease wages or impose part-time jobs were not confirmed.

4. What's next?

The RSA is facing three main challenges:

- The efficiency of the RSA is hampered by difficulties in coordinating the actions of participating agencies and government bodies. Local governments that were designated to oversee the implementation of the scheme did not always have the necessary capacities to do so. Additionally, with the global financial crisis and a significant rise in unemployment, the national employment agency is overwhelmed by demand and cannot always provide adapted assistance to RSA beneficiaries.
- The complexity of the scheme has prevented its expansion. Although RSA is well-known, few understand how benefits are calculated, can name its different components, or know the eligibility criteria.
- Finally, the RSA competes with another measure called *Prime pour l'emploi* (PPE). PPE is a tax credit that has the same objective as the Activity RSA and reaches 6.3 million households.

As a result of these limitations, the French Government has created an Activity Bonus (*Prime d'activité*) that will replace the PPE and Activity RSA starting from January 2016 (Government of France, 2015). The Activity Bonus will keep the salient features of the Activity RSA, notably linking the allowance with occupational income. Eligibility criteria will also be simplified.

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Building Social Protection Floors

Country Note Series
November 2015

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