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COMMISSION STAFF WORKING DOCUMENT

IMPACT ASSESSMENT

Initiative to partially revise Regulation (EC) No 883/2004 of the European Parliament and of the Council on the coordination of social security systems and its implementing Regulation (EC) No 987/2009

Accompanying the document

Proposal for a Regulation of the European Parliament and of the Council

amending Regulation (EC) No 883/2004 on the coordination of social security systems and regulation (EC) No 987/2009 laying down the procedure for implementing Regulation (EC) No 883/2004

(text with relevance for the EEA and Switzerland)

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ANNEX XVI: Brodolini Report Administrative Costs family benefits

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Task 1: Administrative costs of handling exports of family benefits

Study to analyse and assess the impacts of policy options for a possible EU initiative in the area of coordination of social security schemes, in particular with regard to the revision of the current EU provisions on the export of family benefits

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Task 1: Administrative costs of handling exports of family benefits

Study to analyse and assess the impacts of policy options for a possible EU initiative in the area of coordination of social security schemes, in particular with regard to the revision of the current EU provisions on the export of family benefits

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Executive Summary

Regulation (EC) No 883/2004 of the European Parliament and of the Council of 29 April 2004 on the coordination of social security systems specifies in Article 67 that a person is entitled to family benefits, also where his/her family members reside in another Member State. Currently, the entitlement is determined by the legislation of that person's Member State – henceforth called the Member State of primary competence. Family benefits are intended to contribute to families' expenses, which both depend on the number and the age of the children and on the costs of living. However, in a case of export of family benefits, the family benefit amount depends on the costs of living in the Member State of primary competence rather than that of the Member State of residence of the child – henceforth called the Member State of secondary competence[1]. For such cases the amount of family benefits paid can be higher or lower than could be argued by the local circumstances where the family resides.

Revisions to the current rules are therefore being considered to address inequalities that may result from differences in the costs of living in the Member States of primary competence in relation to those of the Member States of secondary competence. Such amendments aim to ensure that family benefits contribute equally to family expenses for all families in a given Member State, and to ensure an even distribution of the financial burden between Member States. However, such revisions to the rules may also have implications for the administrative costs and burden for the national administrations handling exports of family benefits as well as for the EU-citizens themselves and their families.

On this background, the present study looks into the following three possible revisions to Regulation (EC) No 883/2004:

- Option 1a: Adjustment of the amount of exported family benefits to the living standard in the Member State of secondary competence (residence of the child) – i.e. adjustment upwards or downwards compared to current situation.

- Option 1b: Adjustment of the amount of exported family benefits to the living standard in the Member State of secondary competence – limited to the amount provided by the Member State of primary competence.

- Option 3[2]: Change in the current order of priority: (1) Member State of residence of the child [secondary competence], (2) Member State of work [primary competence], and (3) Member State of pension [primary competence]. This means that the Member State of residence of the child has primary responsibility to pay the full amount of family benefits to which the entitlement exists under its national rules. The Member State of work (or pension) will top up this amount if the level of family benefits would be higher there. The family will thus receive the same amount of family benefits as before, but the allocation of the costs between the Member State of work (or pension) and the Member State of residence will differ from the current situation.

[1] Not that the Member State of residence of the child is not always the state of secondary competence. For example, where both parents are economically active it will be the Member State of primary competence (Art 68(1)(b)(i)).

[2] Option 2 of no export of family benefits was initially considered for assessment, but was discarded because of concerns as regards its compatibility with Article 45(2) of the TFEU.

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There is, however, no official information available on the costs of the different administrative tasks carried out by the national administrations in the Member States when handling a case of export of family benefits. Therefore, the study has obtained this information from its primary sources via interviews with national administrations. It was not feasible within the scope of Task 1 to gather such information for all 28 EU Member States. Hence, the results are based on analyses for six case study Member States: Germany, Denmark, Netherlands, Poland, Romania, and the UK.

Change in administrative costs and burden for national administrations of primary competence

A first observation, when assessing the administrative costs and burden for the national administrations in the Member States acting as primary competence, is that most of these national administrations – at least in the six case study Member States – handle a significant number of cases annually. Germany experiences most cases with 62,587 (in 2013), followed by the UK (20,271) and the Netherlands (20,271). However, in comparison with the sizes of the national labour market, the amount of cases do compare in between the case study Member States – ranging from 0.56 cases per 1000 employed in Poland to 2.42 cases per 1000 employed in the Netherlands. Hence, from the outset it could be assumed that there within many national administrations is good experience with handling export of family benefit cases and there might be focus on the costs of doing so. In any case, the current total administrative costs are considered to be notable in an overall context.

Currently, the national administrations in the case study Member States use as shown in Table 0-1 on average around 2 man-hours per case, much of which is used for determining in which Member State the applicant and his/her family reside and in this context check whether the applicant is employed, unemployed, a posted worker or a civil servant. Relatively many resources are also spent on calculating the benefits that the given applicant is entitled to according to the given national legislation. This involves contacting the Member State of residence of the applicant's family to investigate the applicant's entitlement to family benefits in this Member State – i.e. to check for overlapping benefits, and it involves setting the payment of family benefits in motion. The UK and Denmark spend most resources per case, while the other case study Member States are at a lower but similar level.

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Table 0-1 National administrations handling exports of family benefits as primary competence, man-hours per average case

Administrative tasks	DE	DK	NL	PL	RO	UK	Av.(2)
Standard administrative tasks							
Determination of prim. competence	0.50	1.00	0.57	0.44	1.00	2.00	0.70
Calculation of benefit	0.50	1.83	0.75	0.47	0.20	2.00	0.75
Annual control(1)	0.67	0.60	0.19	0.06	0.10	0.75	0.32
Additional administrative tasks							
Disagreement on competence	0.10	0.13	0.50	0.00	0.00	0.30	0.15
Overlapping benefits	0.00	0.50	0.00	0.00	0.08	0.50	0.12
Reimbursement	0.10	0.24	0.05	0.00	0.00	0.30	0.08
Recovery	0.08	0.00	0.05	0.08	0.19	0.15	0.08
Other	0.09	0.00	0.00	0.21	0.00	0.00	0.06
TOTAL	**1.36**	**3.70**	**1.92**	**1.21**	**1.46**	**5.25**	**1.93**

Sources: Interviews.

Notes: (1) Annual control concerns exiting case and has so not been included in the total for new cases. (2) The UK estimates are considered too uncertain to be included in the average.

This study assesses as shown in Table 0-2 that the administrative tasks of the national administrations of primary competence are expected to increase by around one man-hour per case or by around 50% - no matter whether it is decided to implement Option 1a, Option 1b or Option 3. In other words the additional administrative efforts increase by similar amounts whether an requirement to take into account living standards in other Member States is introduced (Options 1a and 1b), or whether there is a change in the order of responsibility (Option 3). The major increase in absolute terms of man-hours is that for the calculation of benefits (around 40 minutes extra per average case). For example, where the calculations in many cases currently are being processed automatically, it will be necessary to make specific calculations in each case. In relative terms, the largest increase (around 140% = additional 6 minutes extra per average case) in the administrative burden is that for the reimbursement activity, as the more complex family benefit calculation rules are expected to lead to more cases where provisional family benefits are paid out in the Member State of secondary competence, and so have to be reimbursed by the Member State of primary competence.

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Table 0-2 Change in the man-hours per administrative task for exports of family benefit cases handled by national administrations as primary competence (simple average of case study Member States[(2)])

Administrative tasks	**Option 1a**		**Option 1b**		**Option 3**	
	man-hours	from base	man-hours	from base	man-hours	from base
Standard admin. tasks						
Determ. of prim. comp.	0.13	18.5%	0.13	18.5%	0.25	35.6%
Calculation of benefit	0.66	87.2%	0.66	87.2%	0.58	76.6%
Annual control[(1)]	0.10	30.9%	0.10	30.9%	0.08	24.8%
Additional admin. tasks						
Disagr. on competence	0.00	0.0%	0.00	0.0%	0.00	0.0%
Overlapping benefits	0.03	21.7%	0.03	21.7%	0.02	13.0%
Reimbursement	0.11	144.8%	0.11	144.8%	0.10	132.0%
Recovery	0.03	31.9%	0.02	19.2%	0.02	19.2%
Other	0.00	0.0%	0.00	0.0%	0.00	0.0%
TOTAL	**0.95**	**49.1%**	**0.94**	**48.6%**	**0.96**	**49.6%**

Sources: Interviews.

Note: [(1)] Annual control concerns exiting case and has so not been included in total for new cases. [(2)] No estimates for the UK, and so excluded from the average calculation.

In monetary terms, the assessment is as shown in Table 0-3 that the revisions will lead to notable increases in total administrative costs ranging from 5,600 EUR in Poland (Option 3) to 1,156,900 EUR in Germany (Options 1a and 1b). The low figures for Poland is combination of a relative low number of cases and low labour costs, while the opposite is the case for Germany.

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Table 0-3 Change in unit costs per case and total costs handling export of family benefit cases by national administrations as primary competence – main calculation

Member State	Option 1a		Option 1b		Option 3	
	Unit costs EUR	Total costs 1000 EUR	Unit costs EUR	Total costs 1000 EUR	Unit costs EUR	Total costs 1000 EUR
DE: Germany	18.5	1156.9	18.5	1156.9	10.3	642.7
DK: Denmark	58.3	303.3	58.3	303.3	58.3	303.3
NL: Netherlands	25.0	505.5	25.0	505.5	25.0	505.5
PL: Poland	2.2	19.0	1.9	16.7	0.6	5.6
RO: Romania	0.8	8.7	0.8	8.7	2.7	30.4
UK: United Kingdom(1)	n/a	n/a	n/a	n/a	n/a	n/a

Sources: Interviews and Eurostat.
Note: (1) No estimates for the UK.

Change in administrative costs and burden for national administrations of secondary competence

The observation that most national administrations of primary competence handle a significant number of export of family benefit cases annually few cases of unemployment period aggregations implies that this also will be the case for most national administrations of secondary – as the total number of cases is the same from both perspectives for the EU as a whole. Poland experiences with 62,047 (in 2013) by far the largest number of cases, followed by Germany with 20,918 cases. In relation to the size of the national labour market, Poland handles with almost 4 cases per 1000 employed most, while at the other end the UK handles 0.11 cases per 1000 employed.

Currently, the national administrations in the case study Member States use as shown in Table 0-4 on average just above 1.5 man-hours per case, much of which is used for determining in which Member State the applicant and his/her family reside and in this context check whether the applicant is employed, unemployed, a posted worker or a civil servant. As for the national administrations of primary competence, many resources are also spent on calculating the benefits that the given applicant is entitled to according to the given national legislation. Actually, many of the national administrations do not see many differences in tasks and efforts per case being of secondary or of primary competence.

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Table 0-4 National administrations handling exports of family benefits as secondary competence, man-hours per average case

Administrative tasks	DE	DK	NL	PL	RO	UK	Av.(2)
Standard administrative tasks							
Determination of primary competence	0.50	1.00	0.57	0.69	0.12	0.75	0.58
Calculation of benefit	0.50	1.83	0.75	0.17	0.20	0.75	0.69
Annual control(1)	1.00	0.05	0.38	0.00	1.00	0.75	0.49
Additional administrative tasks							
Disagreement on competence	0.10	0.13	0.05	0.00	0.05	0.30	0.07
Overlapping benefits	0.00	0.50	0.00	0.17	0.00	0.50	0.13
Reimbursement	0.10	0.24	0.05	0.00	0.00	0.30	0.08
Recovery	0.08	0.01	0.05	0.11	0.00	0.15	0.05
Other	0.00	0.17	0.00	0.00	0.00	0.00	0.03
TOTAL	**1.28**	**3.88**	**1.47**	**1.14**	**0.37**	**2.75**	**1.63**

Sources: Interviews.
Notes: (1) Annual control concerns exiting case and has so not been included in total for new cases. (2) The UK estimates are considered too uncertain to be included in the average.

This study assesses as shown in Table 0-5 that the administrative tasks of the national administrations of secondary primary competence on average will increase by almost one man-hour per case or by just above 50% - if it is decided to implement Option 1 or Option 1b, and slightly less if Option 3 is implemented. In absolute terms the largest increase is by far that for the calculation of benefits as more complex calculation rules will have to be implemented. Furthermore, there will be additional communication with the relevant Member States of primary competence to deal with. In relative terms, the largest increase in the administrative burden is – similar to when being of primary competence – that for the reimbursement activity.

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Table 0-5 Change in the man-hours per administrative task for exports of family benefit cases handled by national administrations as secondary competence (simple average of case study Member States[(2)])

Administrative tasks	**Option 1a**		**Option 1b**		**Option 3**	
	man-hours	from base	man-hours	from base	man-hours	from base
Standard admin. tasks						
Determ. of prim. comp.	0.13	22.6%	0.13	22.6%	0.06	10.5%
Calculation of benefit	0.70	100.7%	0.61	87.7%	0.60	86.2%
Annual control[(1)]	0.09	18.5%	0.00	0.0%	0.19	39.1%
Additional admin. tasks						
Disagr. on competence	0.00	0.0%	0.00	0.0%	0.01	15.4%
Overlapping benefits	0.02	11.4%	0.02	11.4%	0.02	11.4%
Reimbursement	0.11	144.9%	0.11	144.9%	0.09	112.8%
Recovery	0.03	50.8%	0.03	50.8%	-0.01	-19.7%
Other	0.00	0.0%	0.00	0.0%	0.00	0.0%
TOTAL	**0.98**	**60.2%**	**0.89**	**54.6%**	**0.76**	**46.7%**

Sources: Interviews.

Note: [(1)] Annual control concerns exiting case and has so not been included in total for new cases. [(2)] No estimates for the UK, and so excluded from the average calculation.

In monetary terms, the assessment is as shown in Table 0-6 that the revisions will lead to increases in total administrative costs in most Member Stares – although ranging from a slight fall of 39,800 EUR in Poland (Option 1b) to 386,700 EUR in Germany (Options 1a and 1b). The fall in administrative costs for Poland in Option 1b derives from the assessment of the Polish interviewees that they can reduce their contribution to calculating benefit rates in more cases.

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Table 0-6 Change in unit costs per case and total costs handling export of family benefit cases by national administrations as secondary competence – main calculation

Member State	Option 1a		Option 1b		Option 3	
	Unit costs EUR	Total costs 1000 EUR	Unit costs EUR	Total costs 1000 EUR	Unit costs EUR	Total costs 1000 EUR
DE: Germany	18.5	386.7	18.5	386.7	10.3	214.8
DK: Denmark	58.3	42.7	58.3	42.7	51.1	37.4
NL: Netherlands	25.0	189.2	25.0	189.2	25.0	189.2
PL: Poland	1.7	103.6	-0.6	-39.8	0.6	39.8
RO: Romania	1.4	6.4	1.4	6.4	0.8	3.5
UK: United Kingdom(1)	n/a	n/a	n/a	n/a	n/a	n/a

Sources: Interviews and Eurostat.
Note: (1) No estimates for the UK.

Change in administrative costs and burden for mobile EU-citizens and their families

The proposed revisions to the EU provisions may well have implications for the mobile EU-citizens and their families. However, it is suggested that in particular Option 1a and 1b may have minor implications, while Option 3 may increase the administrative burden from increased requirements to verifications of the residence of the children. In general, the longer processing times of the cases may be consider as adverse effect. This is, for example, the assessment of the German and Danish interviewees.

Similarly, the assessment in the Netherlands, Poland and Romania is that the changes will not lead to extra tasks for the applicants. However, it is stressed that the process of handling the applications most likely will take more time why the applicant consequently must wait longer to get the application approved.

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Introduction

1.1. Background and purpose

Regulation (EC) No 883/2004 of the European Parliament and of the Council of 29 April 2004 on the coordination of social security systems specifies in Article 67 that a person is entitled to family benefits, also where his/her family members reside in another Member State. Currently, the entitlement is determined by the legislation of that person's Member State – henceforth called the Member State of primary competence.

Family benefits are intended to contribute to families' expenses, which both depend on the number and the age of the children and on the costs of living. However, in a case of export of family benefits, the family benefit amount depends on the costs of living in the Member State of primary competence rather than that of the Member State of residence of the child – henceforth called the Member State of secondary competence[3]. For such cases the amount of family benefits paid can be higher or lower than could be argued by the local circumstances where the family resides.

Revisions to the current rules are therefore being considered to address inequalities that may result from differences in the costs of living in the Member States of primary competence in relation to those of the Member States of secondary competence. Such amendments aim to ensure that family benefits contribute equally to family expenses for all families in a given Member State, and to ensure an even distribution of the financial burden between Member States.

On this background, this present study looks into the following three possible revisions to Regulation (EC) No 883/2004:

- Option 1a: Adjustment of the amount of exported family benefits to the living standard in the Member State of secondary competence (residence of the child) – i.e. adjustment upwards or downwards compared to current situation.

- Option 1b: Adjustment of the amount of exported family benefits to the living standard in the Member State of secondary competence – limited to the amount provided by the Member State of primary competence.

- Option 3[4]: Change in the current order of priority: (1) Member State of residence of the child [secondary competence], (2) Member State of work [primary competence], and (3) Member State of pension [primary competence]. This means that the Member State of residence of the child has primary responsibility to pay the full amount of family benefits to which the entitlement exists under its national rules. The Member State of work (or pension) will top up this amount if the level of family benefits would be higher there. The family will thus receive the same amount of family benefits as before, but the allocation of the costs between the Member State of work (or pension) and the Member State of residence will differ from the current situation.

[3] Not that the Member State of residence of the child is not always the state of secondary competence. For example, where both parents are economically active it will be the Member State of primary competence (Art 68(1)(b)(i)).

[4] Option 2 of no export of family benefits was initially considered for assessment, but was discarded because of concerns as regards its compatibility with Article 45(2) of the TFEU.

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Such revisions may affect the behaviour of the mobile EU-citizens and their families, the amounts of exported family benefits being paid, and the administration needed to handle the export of family benefit cases. The analysis within Task 1 focuses on the latter issue – i.e. the changes in administrative costs and burden from the revisions to the national administrations handling exports of family benefits. In this context, Task 1 distinguishes between the administrative costs incurring in the Member States of primary competence and those incurring in the Member States of secondary competence. Furthermore, we look into the possible changes in the administrative burden for the mobile EU-citizens themselves and their families.

However, as described further below there is no official information available on the costs of the different administrative tasks carried out by the national administrations in the Member States when handling a case of export of family benefits. Therefore, we have obtained this information from its primary sources via interviews with national administrations. It was not feasible within the scope of Task 1 to gather such information for all 28 EU Member States. Hence, the results are based on analyses for six case study Member States: Germany, Denmark, Netherlands, Poland, Romania, and the UK.

1.2. Methodology

As just introduced above, Task 1 focuses on assessing the administrative costs and burden for the national administrations handling cases of export of family benefit. For this, we have made use of the definition of administrative costs and burden provided by the EC (2009) Impact Assessment Guidelines. While doing this, we have adopted a broad definition of administrative information obligations – i.e. we have considered the costs of administrative tasks such as the determination of Member State of competence, the calculation of benefits, and the reimbursement and recovery of benefits in between Member States. We have then assessed how these administrative costs may change from the revisions to Regulation (EC) No 883/2004 to comprise an additional administrative burden – positive or negative – for the national administrations as well as for the mobile EU-citizens and their families. This approach is also in line with the Better Regulation Guidelines (EC, 2015) emphasises objective of delivering maximum benefits to citizens, businesses and workers while avoiding all unnecessary regulatory burdens, and so avoiding unnecessary additional administrative burdens.

The calculations of the administrative costs for the national administrations are as illustrated in Figure 1-1 in principle simple. Firstly, the number of cases in the left-hand side of the figure are the annual cases of exports of family benefits currently registered in the six case study Members States. Actually, a given case may be dealt with in two of the six selected Member States if, for example, a given applicant for exports of family benefits (i.e. in a Member State of primary competence) has his/her family residing in another of the six Member States (i.e. in a Member State of secondary competence). In our main calculation, we assume that the number of cases does not change as a result of revisions to the EU provisions. However, we do to illustrate the sensitivity of this assumption also show a scenario where we assume a change in the number of cases based on the results of Task 3 of this study.

Secondly, we calculate the unit costs for the national administration – i.e. the current administrative costs per case as well as the changed administrative costs per case as a result of revisions to the EU provisions. The administrative costs per case will clearly differ between cases, i.e. there will be easy cases only involving standard administrative tasks while other more complex cases will involve additional tasks. Hence, we are in

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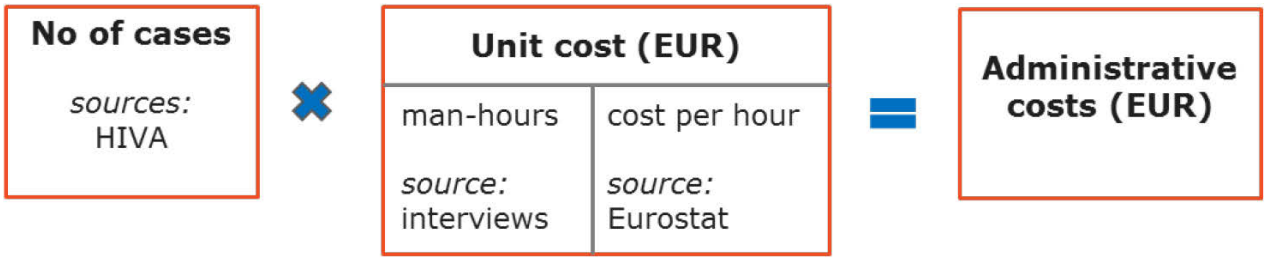
practice looking for average costs. These unit costs in EUR are composed of assessments of the man-hours needed per case and the costs per man-hour in EUR (see Table 1-1 in the next section).

Figure 1-1 Calculation of administrative costs for national administrations



As indicated in Figure 1-1, the estimations of the current number of cases have been provided by the HIVA KU Leuven Research Institute for Work and Society (HIVA) via a data gathering exercise (see Pacolet and De Wispelaere, 2015).

The bulk of the work within Task 1 has been the estimation of the man-hours needed to carry out the administrative tasks of handling a case of export of family benefits. As already mentioned, such information is not available from official sources, and so we have gathered the information through interviews with national administrations in the six case study Member States. For this purpose, we identified the national administrations to interview (see Annexes C to H for the interviewees), and we developed an interview guide that was shared with our Member States experts/interviewers in the six case study Member States in their respective national languages (see Annex B for the English version of the interview guide). The interview guide was developed via a desk study approach by reviewing existing literature and guidance papers on the legislation (see Annex A) and it was tested in Denmark before being applied in the five other case study Member States.

From the Member State-specific analyses in Annexes C to H, it becomes clear that most of the man-hour estimates are based on a few interviews only. This is partly because there is often only a few national administrations that handle export of family benefit cases in each of the Member States, and partly because of limited interview resources. Hence, the premise for this analysis is the uncertainty associated with few assessments that, furthermore, mostly are based on the subjective assessments of the interviewees rather than on actual registrations of time spent on different administrative tasks. It has therefore not been feasible within the present study period to further validate the administrative cost estimates, but these may well be commented upon by national administrations in the non-case study Member States once this report is released. In this context, it should be underlined that although there are some differences in the assessments both within and in between the Member States, the overall the assessed levels of administrative costs and the additional burdens from the possible revisions to the EU provisions do compare. Finally, the assessed additional burdens can be argued to be low, in particular in absolute terms for a Member State as a whole. Hence, they may well be lower that the socioeconomic benefits caused by the revisions.

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1.3. Case study Member States

As already mentioned, the calculations of the administrative costs and burden are based on information for six case study Member States only. Although, it is not the aim of Task 1 to produce a total EU-28 figure for the administrative costs and burden via an upscaling of the calculations from the case studies, we have aimed to select Member States that represent the variety within the EU.

Firstly, we have selected Member States that are geographically spread across the EU. Secondly, the selection comprises Member States that mainly attract mobile EU-citizens (Germany, Denmark, Netherlands, UK), and Member States that mainly see citizens leave (Poland, Romania). Thirdly, child benefits rules and amounts differ in between Member States[5]. Whereas there are Member States that provide fixed benefit amounts (Germany, Netherlands), others provide means-tested amounts that are fixed to thresholds (Poland, Romania). Some rules specify that children residing in the Member State can receive child benefits (Denmark, Romania, UK), while others link the child benefit to the place of taxation of the parent (Germany, Netherlands). Furthermore, the amounts of child benefits paid in the Member States vary widely.

Finally, as shown in Table 1-1, the unit labour costs of the national administrations differ much in between the case study Member States. We assume here that the average wage levels of the relevant employees in the national administrations are similar to that of employees in general in the public administration with upper secondary or post-secondary non-tertiary education. Although the differences in labour costs is a reflection of general differences in labour costs in between the Member States, it could be expected that this may lead to differences in the use of man-power to carry out the administrative tasks. It could, for example, be expected that higher labour costs could lead to fewer labour-intensive processes – and vice versa. However, as shown below such difference have not been detected in between higher and lower labour cost Member States.

Table 1-1 Labour costs, 2013, EUR per hour - employees in public administration etc. with upper secondary or post-secondary non-tertiary education

Member State	Wage costs, 2010, EUR per hour(1)	Wage costs, 2013, EUR per hour(2)	Labour costs, 2013, EUR per hour(3)
DE: Germany	14.9	16.4	20.5
DK: Denmark	22.3	23.4	29.3
NL: Netherlands	16.4	17.8	22.2
PL: Poland	3.8	4.1	5.1
RO: Romania	1.7	2.0	2.5
UK: United Kingdom	14.3	14.7	18.4

Sources: (1) Eurostat, Earnings survey, 2010 [the most recent] (earn_ses10_16). (2) 2013 estimates on the basis of Eurostat, Labour cost index ([lc_lci_r2_a). (3) Using 25% overhead costs according to EC Impact Assessment Guidelines.

[5] See Annexes C to H for more details on rules in the different case study Member States. Note in this context that Regulation overruns such national provisions if these are in conflict with this.

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Current administrative costs and burden

1.4. National administrations

The export of family benefit cases are handled by similar types of national administrations in the case study Member States. In Denmark, all cases – both when being of primary competence and of secondary competence – are carried out by one institution: Udbetaling Denmark. In Germany it is Die Bundesagentur für Arbeit, in the Netherlands: Sociale Verzekeringsbank, and in the UK: Her Majesty's Revenue and Customs. In Poland and Romania, the handling of cases takes place at both national and regional level. In Poland, it is the Ministry of Labour and Social Policy and the Regional Social Policy Centres (Krakow and Opole), respectively. In Romania, it is the National Agency for Payments and Social Inspection and county agencies, respectively.

The below box describes two possible examples of exports of family benefits currently handled by the national administrations. Parent A receives in both examples family benefits from the Member State [primary competence] where he works according to its rules.

Example 1 of exports of family benefits:

Parent A works in Member State A [primary competence] which has a higher cost of living than Member State B [secondary competence] while his non-working wife Parent B resides with their children in Member State B.

Under the current rules, Parent A is entitled to family benefits in Member State A at the same amount as if his family was residing in Member State A.

Example 2 of exports of family benefits:

Parent A works in Member State B [primary competence] while his non-working wife Parent B resides with their children in Member State A [secondary competence].

Under the current rules, Parent A is entitled to family benefits in Member State B at the same amount as if his family was residing in Member State B.

National administrations with primary competence

Table 2-1 shows that the number of cases handled by national administrations with primary competence varied between the case study Member States in 2013[6]. This is not surprising given the difference in the sizes of the Member States, and that we both have selected some that mainly attract mobile EU-citizens and some that mainly see citizens leave. However when looking at the number of cases relative to the sizes of the labour markets, the differences are less noticeable. While the Netherlands in 2013 experienced 2.42 cases per 1000 employed in the Netherlands as a whole, it was at the other end 0.56 cases per employed in Poland and 0.68 cases per employed in the UK

[6] 2013 has been chosen as it is year for the information on the number of cases gathered by Pacolet and De Wispelaere (2015).

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Table 2-1 Number of exports of family benefits handled by national administrations in 2013 as primary competence

Member State	Number of cases, 2013	Cases per 1000 employed
DE: Germany	62587	1.58
DK: Denmark(1)	5200	1.93
NL: Netherlands	20225	2.42
PL: Poland	8698	0.56
RO: Romania	11427	1.34
UK: United Kingdom	20271	0.68

Sources: Pacolet and De Wispelaere (2015). Eurostat database (lfsi_emp_a).
Note: (1) Estimate provided by the Danish national expert.

Table 2-2 shows for the six case study Member States, the man-hours per average case for the national administrations handling exports of family benefits as primary competence. The administrative tasks are divided into standard administrative tasks and additional administrative tasks.

The former tasks, which are carried out for almost all cases, comprise the determination of the national administration with primary competence – i.e. for each application for exports of family benefits, and for each of the applications, the national administration will determine in which Member State the applicant and his/her family reside and in this context check whether the applicant is employed, unemployed, a posted worker or a civil servant.

The national administration with primary competence will then calculate the benefits that the given applicant is entitled to according to the given national legislation. This involves contacting the Member State of residence of the applicant's family to investigate the applicant's entitlement to family benefits in this Member State – i.e. to check for overlapping benefits, and it involves setting the payment of family benefits in motion.

Furthermore, for each of the existing cases there will be an annual control to check whether the information/status of the applicant and his/her family has changed.

The latter tasks, which are carried out more infrequently for the more complex cases, comprise, for example, disagreements regarding the determination of the national administration having the primary competence. Such disagreement will lead to additional exchanges of information, to provision of provisional benefits, and ultimately from bringing the case before the Administrative Commission. Table 2-2 shows that this task for an average case in a Member States takes between zero and one hour. However, from the Member State-specific analyses in Annexes C to H, it e.g. shows that for Germany the 0.1 hours (around 7 minutes) per average case covers over that this task only is carried out in 5% of the cases, while each of these cases requires around two man-hours. Similarly, the 0.13 hours in Denmark cover over that such task is only carried out in 5% of the case – where the actual time spent on such rare cases typically amount to 2.5 hours.

In contrast, the 0.5 hours on average spent in Denmark on handling the issue of overlapping benefits, hereunder on deciding on a possible sharing of benefit payments, is very frequent and so almost resembles the efforts for each actual case. For Romania, the

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0.08 man-hours cover over that such task is only carried out for 5% of the cases – each typically requiring 1.5 man-hours.

Overall, Table 2-2 shows that currently the resources spent on a case being the national administration of primary competence averages around two man-hours. UK[7] and Denmark are outliers at the high end, which appears to be caused by relative much emphasis on the benefit calculations, hereunder on overlapping benefits and reimbursements if provisional benefits have been paid by another Member State. Poland, Germany and Romania are at the lower end with relatively few resources spent on additional administrative tasks.

Table 2-2 National administrations handling exports of family benefits as primary competence, man-hours per average case

Administrative tasks	DE	DK	NL	PL	RO	UK	Av.(2)
Standard administrative tasks							
Determination of prim. competence	0.50	1.00	0.57	0.44	1.00	2.00	0.70
Calculation of benefit	0.50	1.83	0.75	0.47	0.20	2.00	0.75
Annual control(1)	0.67	0.60	0.19	0.06	0.10	0.75	0.32
Additional administrative tasks							
Disagreement on competence	0.10	0.13	0.50	0.00	0.00	0.30	0.15
Overlapping benefits	0.00	0.50	0.00	0.00	0.08	0.50	0.12
Reimbursement	0.10	0.24	0.05	0.00	0.00	0.30	0.08
Recovery	0.08	0.00	0.05	0.08	0.19	0.15	0.08
Other	0.09	0.00	0.00	0.21	0.00	0.00	0.06
TOTAL	**1.36**	**3.70**	**1.92**	**1.21**	**1.46**	**5.25**	**1.93**

Sources: Interviews.
Notes: (1) Annual control concerns exiting case and has so not been included in the total for new cases. (2) The UK estimates are considered too uncertain to be included in the average.

When accounting for the differences in labour costs shown in Table 1-1, Table 2-3 shows that the average unit administrative costs in EUR differ more that the average man-hours shown in Table 2-2. The reason is that the high labour costs Members States, Denmark and the Netherlands, also spend relatively most man-hours. This could be argued to be a surprising result, i.e. it could be expected that higher labour costs could lead to less labour-intensive processes.

[7] Note that he UK estimates are considered particularly uncertain due to difficulties of the UK interviewee to provide estimates.

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The lower labour costs and man-hours spent in Poland and Romania imply that an average case costs around 4 to 6 EUR, while it in Denmark reaches above 100 EUR and in the Netherlands above 40 EUR. However, looking at total costs, Germany and the UK have with their many cases the highest current costs.

Table 2-3 Administrative costs for national administrations handling exports of family benefits as primary competence, unit costs and total costs 2013, EUR

	DE	DK	NL	PL	RO	UK	Av.(1)
Unit costs, EUR	28.0	108.5	42.7	6.2	3.7	96.4	**37.8**
Total costs, 1000 EUR	1751.4	564.0	862.7	53.9	42.3	1955.1	

Sources: Table 1-1, Table 2-1, and Table 2-2.
Note: (1) The UK estimates are considered too uncertain to be included in the average.

National administrations with secondary competence

Table 2-4 then shows the number of cases handled by national administrations as secondary competence in the case study Member States in 2013 provided by Pacolet and De Wispelaere (2015). Poland experiences the largest number of cases, followed by Germany. Compared with the size of the labour market – i.e. with the number of employed in the Member States as a whole – Poland has in relative terms the highest number of cases with around four cases per 1000 employed. Member States that mainly attract mobile EU-citizens such as the UK and Denmark handle relatively few cases.

Table 2-4 Number of exports of family benefits handled by national administrations in 2013 as secondary competence

Member State	Number of cases, 2013	Cases per 1000 employed
DE: Germany	20918	0.53
DK: Denmark	732	0.27
NL: Netherlands	7569	0.90
PL: Poland	62047	3.99
RO: Romania	4616	0.54
UK: United Kingdom	3391	0.11

Sources: Pacolet and De Wispelaere (2015). Eurostat database (lfsi_emp_a).

Table 2-5 shows for the six case study Member States, the man-hours per average case for the national administrations handling exports of family benefits as secondary competence. The administrative tasks are divided into standard administrative tasks and additional administrative tasks.

It must firstly be underlined that many of the national administrations do not see many differences in tasks and efforts per case being of secondary or of primary competence. Hence, for Germany, Denmark, the Netherlands and Poland, the figures are very similar to this in Table 2-2. Romania and the UK, however, spend much less time on the

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determination of primary competence, when it shows that its national administration is of secondary competence.

For example, in Romania the average resources spend on a case is 0.12 man-hours when being the national administration of secondary competence while it is 1 man-hour when being of primary competence. This is both due to fewer resources spend when the task is actually carried out being of secondary competence (0.6 man-hours) and the assessment that the task only is carried out for 20% of the cases.

Table 2-5 National administrations handling exports of family benefits as secondary competence, man-hours per average case

Administrative tasks	**DE**	**DK**	**NL**	**PL**	**RO**	**UK**	**Av.**(2)
Standard administrative tasks							
Determination of primary competence	0.50	1.00	0.57	0.69	0.12	0.75	0.58
Calculation of benefit	0.50	1.83	0.75	0.17	0.20	0.75	0.69
Annual control(1)	1.00	0.05	0.38	0.00	1.00	0.75	0.49
Additional administrative tasks							
Disagreement on competence	0.10	0.13	0.05	0.00	0.05	0.30	0.07
Overlapping benefits	0.00	0.50	0.00	0.17	0.00	0.50	0.13
Reimbursement	0.10	0.24	0.05	0.00	0.00	0.30	0.08
Recovery	0.08	0.01	0.05	0.11	0.00	0.15	0.05
Other	0.00	0.17	0.00	0.00	0.00	0.00	0.03
TOTAL	**1.28**	**3.88**	**1.47**	**1.14**	**0.37**	**2.75**	**1.63**

Sources: Interviews.
Notes: (1) Annual control concerns exiting case and has so not been included in total for new cases. (2) The UK estimates are considered too uncertain to be included in the average.

Table 2-6 therefore also shows a similar picture to that of Table 2-3 with the highest average unit administrative costs in EUR found in Denmark, followed by the UK, the Netherlands and Germany. However, looking at the total costs, Germany and Poland have as a result of handling many cases the highest costs.

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Table 2-6 Administrative costs for national administrations handling exports of family benefits as secondary competence, unit costs and total costs 2013, EUR

	DE	DK	NL	PL	RO	UK	Av.(1)
Unit costs, EUR	26.2	113.6	32.7	5.8	0.9	50.5	**35.8**
Total costs, 1000 EUR	547.8	83.1	247.2	362.9	4.3	171.3	

Sources: Table 1-1, Table 2-4, and Table 2-5.
Note: (1) The UK estimates are considered too uncertain to be included in the average.

1.5. Mobile EU-citizens and their families

The interviews carried out in the six case study Member States have not revealed many concerns about the time spent at present by the mobile EU-citizens and their families when applying for exports of family benefits. However, as discussed in Section 3.2 the possible revisions to the EU provisions may well have implications.

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Change in administrative costs and burden from revised EU provisions

1.6. National administrations

The administrative tasks of handling a case of export of family benefits may change in both size and characteristics if the EU provisions are revised. In this study we look, as introduced in Section 1.1, into the following three possible revisions, that each are exemplified in the below boxes.

Option 1a: Adjustment of the amount of exported family benefits to the living standard in the Member State of secondary competence (residence of the child) – i.e. adjustment upwards or downwards compared to current situation.

Example 1 of new situation:

Parent A works in Member State A [primary competence] while his non-working wife Parent B resides with their children in Member State B [secondary competence].

Under the revised rules, Parent A will receive family benefits from Member State A reduced to the living standard in Member State B.

Example 2 of new situation:

Parent A works in Member State B [primary competence] while his non-working wife Parent B resides with their children in Member State A [secondary competence].

Under the revised rules, Parent A will receive family benefits from Member State B increased to the living standard in Member State A.

Option 1b: Adjustment of the amount of exported family benefits to the living standard in the Member State of secondary competence – limited to the amount provided by the Member State of primary competence.

Example 1 of new situation:

Parent A works in Member State A [primary competence] while his non-working wife Parent B resides with their children in Member State B [secondary competence].

Under the revised rules, Parent A will receive family benefits from Member State A reduced to the living standard in Member State B.

Example 2 of new situation:

Parent A works in Member State B [primary competence] while his non-working wife Parent B resides with their children in Member State A [secondary competence].

Under the revised rules, Parent A will receive family benefits from Member State B to the maximum of the rate in Member State B, irrespective of the fact that the living standard in Member State A is higher.

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Option 3: Change in the current order of priority: (1) Member State of residence of the child [secondary competence], (2) Member State of work [primary competence], and (3) Member State of pension [primary competence].

Example 1 of new situation:

Parent A works in Member State A [primary competence] (which has a higher cost of living than Member State B) while his non-working wife Parent B resides with their children in Member State B [secondary competence] (which has a lower cost of living than Member State A).

Under the revised rules, Parent A will receive family benefits from Member State B at the normal national rate to which the entitlement exists under its national rules. If the family is also entitled to benefits from Member State A, the family would receive a differential supplement from Member State A to the level paid under its national legislation. The family overall receives the same amount, but Parent A receives less from Member State A than his co-workers whose children reside with them in Member State A.

Example 2 of new situation:

Parent A works in Member State B [primary competence] (which has a lower cost of living than Member State A) while his non-working wife Parent B resides with their children in Member State A [secondary competence] (which has a higher cost of living than Member State B).

Under the revised rules, Parent A will receive family benefits from Member State B at the normal national rate to which the entitlement exists under its national rules. As the amount of family benefits paid in Member State B is lower than the amount paid by Member State A, Member State B will pay nothing. The family overall receives the same amount, but Parent A receives less from Member State B than his co-workers whose children reside with them in Member State B.

National administrations with primary competence

As described in Section 1.2, we assume in the main calculations that the number of cases does not change as a result of revisions to the EU provisions. Hence, in the main calculations the changes in administrative costs and burden are solely a result of changes to the unit administrative costs. Table 3-1 shows a simple average – while we refer to the annexes regarding insight into the more specific Member State calculations.

A first important observation is that on average across the case study Member States, the interviewed national administrations expect that their administrative tasks as primary competence will increase by around one man-hour per case or by around 50% - no matter whether it is decided to implement Option 1a, Option 1b or Option 3. In other words, the additional administrative efforts increase by similar amounts whether an requirement to take into account living standards in other Member States is introduced (Options 1a and 1b), or whether there is a change in the order of responsibility (Option 3).

The major increase in absolute terms of man-hours is that for the calculation of benefits. For example, where the calculations in many cases currently are being processed automatically, it will be necessary to make specific calculations in each case. For Germany it may even not be technically feasible at the moment as it is not possible to pay out reduced or higher benefits. Furthermore, calculation efforts may increase as

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there is a need for additional contacts with national administrations in other Member States.

In relative terms, the largest increase in the administrative burden is that for the reimbursement activity, as the more complex family benefit calculation rules are expected to lead to more cases where provisional family benefits are paid out in the Member State of secondary competence, and so have to be reimbursed by the Member State of primary competence. Similarly, the more complex calculation rules are expected to lead to more cases where applicants unjustified have received family benefits, that then need to be recovered.

Table 3-1 Change in the man-hours per administrative task for exports of family benefit cases handled by national administrations as primary competence (simple average of case study Member States[(2)])

Administrative tasks	**Option 1a**		**Option 1b**		**Option 3**	
	man-hours	from base	man-hours	from base	man-hours	from base
Standard admin. tasks						
Determ. of prim. comp.	0.13	18.5%	0.13	18.5%	0.25	35.6%
Calculation of benefit	0.66	87.2%	0.66	87.2%	0.58	76.6%
Annual control[(1)]	0.10	30.9%	0.10	30.9%	0.08	24.8%
Additional admin. tasks						
Disagr. on competence	0.00	0.0%	0.00	0.0%	0.00	0.0%
Overlapping benefits	0.03	21.7%	0.03	21.7%	0.02	13.0%
Reimbursement	0.11	144.8%	0.11	144.8%	0.10	132.0%
Recovery	0.03	31.9%	0.02	19.2%	0.02	19.2%
Other	0.00	0.0%	0.00	0.0%	0.00	0.0%
TOTAL	**0.95**	**49.1%**	**0.94**	**48.6%**	**0.96**	**49.6%**

Sources: Interviews.
Note: [(1)] Annual control concerns exiting case and has so not been included in total for new cases. [(2)] No estimates for the UK could be provided by the UK national administration, and so excluded from the average calculation.

Table 3-2 then shows the change in the unit costs per case, in EUR and total costs in EUR for each of the case study Member States. It shows that the estimated total cost increases range from 5,600 EUR in Poland (Option 3) to 1,156,900 EUR in Germany

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(Options 1a and 1b). The low figures for Poland is combination of a relative low number of cases and low labour costs, while the opposite is the case for Germany.

Table 3-2 Change in unit costs per case and total costs handling export of family benefit cases by national administrations as primary competence – main calculation

Member State	Option 1a		Option 1b		Option 3	
	Unit costs EUR	Total costs 1000 EUR	Unit costs EUR	Total costs 1000 EUR	Unit costs EUR	Total costs 1000 EUR
DE: Germany	18.5	1156.9	18.5	1156.9	10.3	642.7
DK: Denmark	58.3	303.3	58.3	303.3	58.3	303.3
NL: Netherlands	25.0	505.5	25.0	505.5	25.0	505.5
PL: Poland	2.2	19.0	1.9	16.7	0.6	5.6
RO: Romania	0.8	8.7	0.8	8.7	2.7	30.4
UK: United Kingdom[(1)]	n/a	n/a	n/a	n/a	n/a	n/a

Sources: Interviews and Eurostat.
Note: [(1)] No estimates for the UK could be provided by the UK national administration.

The number of cases are, however, likely to change as a result of revisions to the EU provisions. There might be changes due to changing eligibility criteria for qualifying for export of family benefits and due to changing benefit incomes that affect the behaviour of the mobile EU-citizens. Task 3 of the present study has estimated such behavioural changes. We have on the basis of the behavioural change estimates for families composed of one-earner married couples with two children at 100% of average earnings derived assumptions about the likely change in the number of cases handled by national administrations as primary competence (cf. Table 3-3). Hence, implying that fewer mobile EU-citizens stay in these Member States and claim family benefits. In contrast, it will become relatively more attractive to stay in Member States with lower living standards such as Poland and Romania, and claim family benefits from other Member States (where the children reside).

A similar picture is found for Option 1b for the Member States with high living standards as family incomes fall for mobile EU-citizens claiming family benefits. However, those claiming benefits in Member States with low livings standards will not experience any change in family incomes.

Finally, FGB et.al. (2015) assume that Option 3 only will lead to a redistribution of competence from the Member State of primary competence to the Member State of secondary competence. Hence, there will be no impact on family incomes and so on mobility.

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Table 3-3 Change in number of exports of family[(1)] benefit cases handled by national administrations as primary competence

Member State	Option 1a	Option 1b	Option 3
DE: Germany	-3.1%	-3.2%	0%
DK: Denmark[(2)]	-3.5%	-3.6%	0%
NL: Netherlands	-4.0%	-4.0%	0%
PL: Poland	3.2%	0.0%	0%
RO: Romania	8.3%	0.0%	0%
UK: United Kingdom[(2)]	-3.5%	-3.6%	0%

Sources: FGB et.al. (2015): Annex 2 - Table 2.1.
Notes: [(1)] Estimation for "one-earner married couples with two children at 100% of average earnings". [(2)] As no estimates are provided for Denmark and the UK, we have assumed/used simple average of the changes for Germany and the Netherlands.

Adjusting the main results for such possible changes in the number of cases we get as shown in Table 3-4 slightly different results. While unit cost changes are similar to those presented in Table 3-2, Options 1a and 1b lead to lower total costs increases in Member States such as Denmark and the Netherlands as the number of cases to handle decreases.

Table 3-4 Change in unit costs per case and total costs handling export of family benefit cases by national administrations as primary competence – assuming changes in the number of cases

Member State	Option 1a		Option 1b		Option 3	
	Unit costs EUR	Total costs 1000 EUR	Unit costs EUR	Total costs 1000 EUR	Unit costs EUR	Total costs 1000 EUR
DE: Germany	18.5	1068.1	18.5	1063.0	10.3	642.7
DK: Denmark	58.3	272.7	58.3	272.0	58.3	303.3
NL: Netherlands	25.0	450.9	25.0	450.9	25.0	505.5
PL: Poland	2.2	21.3	1.9	16.7	0.6	5.6
RO: Romania	0.8	12.9	0.8	8.7	2.7	30.4
UK: United Kingdom[(1)]	n/a	n/a	n/a	n/a	n/a	n/a

Sources: FGB et.al. (2015): Annex 2 - Table 2.1, Eurostat and interviews.
Note: [(1)] No estimates for the UK could be provided by the UK national administration.

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National administrations with secondary competence

Table 3-5 shows that the expectations to changes in man-hours are fairly similar to those in Table 3-1 regarding primary competence. This is as already mentioned partly a consequence of that many of the national administrations do not see many differences in tasks and efforts per case being of secondary or of primary competence. Hence, the observations are also fairly similar to those for Table 3-1.

Hence, in absolute terms the largest increase is by far that for the calculation of benefits as more complex calculation rules will have to be implemented. Furthermore, there will be additional communication with the relevant Member States of primary competence to deal with.

In relative terms, the largest increase in the administrative burden is – similar to when being of primary competence – that for the reimbursement activity. There will be additional needs to request reimbursements from Member States of primary competence of provisionally paid family benefits. Furthermore, the more complex calculation rules in Options 1a and 1b are expected to lead to more cases where applicants unjustified have received family benefits, and so a need to contribute to this task. In contrast, it is assessed that the redistribution of competences in Option 3 may lead to a slightly lower need for recovery activities.

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Table 3-5 Change in the man-hours per administrative task for exports of family benefit cases handled by national administrations as secondary competence (simple average of case study Member States[(2)])

Administrative tasks	Option 1a		Option 1b		Option 3	
	man-hours	from base	man-hours	from base	man-hours	from base
Standard admin. tasks						
Determ. of prim. comp.	0.13	22.6%	0.13	22.6%	0.06	10.5%
Calculation of benefit	0.70	100.7%	0.61	87.7%	0.60	86.2%
Annual control[(1)]	0.09	18.5%	0.00	0.0%	0.19	39.1%
Additional admin. tasks						
Disagr. on competence	0.00	0.0%	0.00	0.0%	0.01	15.4%
Overlapping benefits	0.02	11.4%	0.02	11.4%	0.02	11.4%
Reimbursement	0.11	144.9%	0.11	144.9%	0.09	112.8%
Recovery	0.03	50.8%	0.03	50.8%	-0.01	-19.7%
Other	0.00	0.0%	0.00	0.0%	0.00	0.0%
TOTAL	**0.98**	**60.2%**	**0.89**	**54.6%**	**0.76**	**46.7%**

Sources: Interviews.

Note: [(1)] Annual control concerns exiting case and has so not been included in total for new cases. [(2)] No estimates for the UK could be provided by the UK national administration, and so excluded from the average calculation.

Table 3-6 then shows the change in the unit costs per case, in EUR and total costs in EUR for each of the case study Member States. It shows that costs are actually expected to fall slightly in Poland in the case of Option 1b, while the highest unit cost increases are expected for Denmark, the Netherlands and Germany.

The fall in administrative costs for Poland in Option 1b derives from the assessment of the Polish interviewees that they can reduce their contribution to calculating benefit rates in more cases.

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Table 3-6 Change in unit costs per case and total costs handling export of family benefit cases by national administrations as secondary competence – main calculation

Member State	Option 1a		Option 1b		Option 3	
	Unit costs EUR	Total costs 1000 EUR	Unit costs EUR	Total costs 1000 EUR	Unit costs EUR	Total costs 1000 EUR
DE: Germany	18.5	386.7	18.5	386.7	10.3	214.8
DK: Denmark	58.3	42.7	58.3	42.7	51.1	37.4
NL: Netherlands	25.0	189.2	25.0	189.2	25.0	189.2
PL: Poland	1.7	103.6	-0.6	-39.8	0.6	39.8
RO: Romania	1.4	6.4	1.4	6.4	0.8	3.5
UK: United Kingdom[1]	n/a	n/a	n/a	n/a	n/a	n/a

Sources: Interviews and Eurostat.
Note: [1] No estimates for the UK could be provided by the UK national administration.

The likely change in the number of cases as a result of revisions to the EU provisions will also be experienced by the national administrations with secondary competence. Table 3-7 shows our estimates/assumptions for these likely changes. Since the relative attractiveness of the Member States with high living standards decreases there will be relatively more mobile EU-citizens leaving for other Member States and so leave their families behind in the Member State of secondary competence. This effect goes the other way for Member States with lower living standards.

Table 3-7 Change in number of exports of family[1] benefit cases handled by national administrations as secondary competence

Member State	Option 1a	Option 1b	Option 3
DE: Germany	0.7%	-1.0%	0%
DK: Denmark[2]	2.0%	-0.5%	0%
NL: Netherlands	3.3%	0.0%	0%
PL: Poland	-3.2%	-3.2%	0%
RO: Romania	-3.7%	-3.7%	0%
UK: United Kingdom[2]	2.0%	-0.5%	0%

Sources: FGB et.al. (2015): Annex 2 - Table 2.1.
Notes: [1] Estimation for "one-earner married couples with two children at 100% of average earnings". [2] As no estimates are provided for Denmark and the UK, we have assumed/used simple average of the changes for Germany and the Netherlands.

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Adjusting the main results for such possible changes in the number of cases we get as shown in Table 3-8 slightly different results than those in Table 3-6. The fewer cases in Poland and Romania implies that the total cost figures are lower than those in Table 3-6, and in turn the total cost figures are higher for the remaining four case study Member States.

Table 3-8 Change in unit costs per case and total costs handling export of family benefit cases by national administrations as secondary competence – assuming changes in the number of cases

Member State	Option 1a		Option 1b		Option 3	
	Unit costs EUR	Total costs 1000 EUR	Unit costs EUR	Total costs 1000 EUR	Unit costs EUR	Total costs 1000 EUR
DE: Germany	18.5	392.8	18.5	377.7	10.3	214.8
DK: Denmark	58.3	45.2	58.3	42.1	51.1	37.4
NL: Netherlands	25.0	203.7	25.0	189.2	25.0	189.2
PL: Poland	1.7	88.6	-0.6	-50.2	0.6	39.8
RO: Romania	1.4	6.0	1.4	6.0	0.8	3.5
UK: United Kingdom(1)	n/a	n/a	n/a	n/a	n/a	n/a

Sources: FGB et.al. (2015): Annex 2 - Table 2.1, Eurostat and interviews.
Note: (1) No estimates for the UK could be provided by the UK national administration.

1.7. Mobile EU-citizens and their families

The interviews carried out in the six case study Member States indicate that the proposed revisions to the EU provisions may well have implications for the mobile EU-citizens and their families. However, many interviewees suggest that in particular Option 1a and 1b may have minor implications, while Option 3 may increase the administrative burden from increased requirements to verifications of the residence of the children. In general, the longer processing times of the cases may be consider as adverse effect. This is, for example, the assessment of the German and Danish interviewees.

Similarly, the assessment in the Netherlands, Poland and Romania is that the changes will not lead to extra tasks for the applicants. However, it is stressed that the process of handling the applications most likely will take more time why the applicant consequently must wait longer to get the application approved.

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Conclusions

Revising the current rules for export of family benefits specified in Regulation (EC) No 883/2004 will have impact on the administrative costs and burden of the national administration in the Member States handling cases where mobile EU-citizens apply for family benefits – both in the Member States where the application is submitted (Member State of primary competence) and in those where the children reside. Furthermore, the applying EU-citizens and their families will experience changes in the own administrative burden from the revisions. The overall conclusion from this study is that the impacts are expected to be notable in a number of Member States – a conclusion that is based on assessments made in six case study Member States: Germany, Denmark, the Netherlands, Poland, Romania, and the UK.

Change in administrative costs and burden for national administrations of primary competence

A first observation, when assessing the administrative costs and burden for the national administrations in the Member States acting as primary competence, is that most of these national administrations – at least in the six case study Member States – handle a significant number of cases annually. Germany experiences most cases with 62,587 (in 2013), followed by the UK (20,271) and the Netherlands (20,271). However, in comparison with the sizes of the national labour market, the amount of cases do compare in between the case study Member States – ranging from 0.56 cases per 1000 employed in Poland to 2.42 cases per 1000 employed in the Netherlands. Hence, from the outset it could be assumed that there within many national administrations is good experience with handling export of family benefit cases and there might be focus on the costs of doing so. In any case, the current total administrative costs are considered to be notable in an overall context.

Currently, the national administrations in the case study Member States use on average around 2 man-hours per case, much of which is used for determining in which Member State the applicant and his/her family reside and in this context check whether the applicant is employed, unemployed, a posted worker or a civil servant. Relatively many resources are also spent on calculating the benefits that the given applicant is entitled to according to the given national legislation. This involves contacting the Member State of residence of the applicant's family to investigate the applicant's entitlement to family benefits in this Member State – i.e. to check for overlapping benefits, and it involves setting the payment of family benefits in motion. The UK and Denmark spend most resources per case, while the other case study Member States are at a lower but similar level.

This study assesses that the administrative tasks of the national administrations of primary competence will increase by around one man-hour per case or by around 50% - no matter whether it is decided to implement Option 1a, Option 1b or Option 3. In other words the additional administrative efforts increase by similar amounts whether an requirement to take into account living standards in other Member States is introduced (Options 1a and 1b), or whether there is a change in the order of responsibility (Option 3). The major increase in absolute terms of man-hours is that for the calculation of benefits (around 40 minutes extra per average case). For example, where the calculations in many cases currently are being processed automatically, it will be necessary to make specific calculations in each case. In relative terms, the largest

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increase (around 140% = additional 6 minutes extra per average case) in the administrative burden is that for the reimbursement activity, as the more complex family benefit calculation rules are expected to lead to more cases where provisional family benefits are paid out in the Member State of secondary competence, and so have to be reimbursed by the Member State of primary competence.

In monetary terms, the assessment is that the revisions will lead to notable increases in total administrative costs ranging from 5,600 EUR in Poland (Option 3) to 1,156,900 EUR in Germany (Options 1a and 1b). The low figures for Poland is combination of a relative low number of cases and low labour costs, while the opposite is the case for Germany.

Change in administrative costs and burden for national administrations of secondary competence

The observation that most national administrations of primary competence handle a significant number of export of family benefit cases annually few cases of unemployment period aggregations implies that this also will be the case for most national administrations of secondary – as the total number of cases is the same from both perspectives for the EU as a whole. Poland experiences with 62,047 (in 2013) by far the largest number of cases, followed by Germany with 20,918 cases. In relation to the size of the national labour market, Poland handles with almost 4 cases per 1000 employed most, while at the other end the UK handles 0.11 cases per 1000 employed.

Currently, the national administrations in the case study Member States use on average just above 1.5 man-hours per case, much of which is used for determining in which Member State the applicant and his/her family reside and in this context check whether the applicant is employed, unemployed, a posted worker or a civil servant. As for the national administrations of primary competence, many resources are also spent on calculating the benefits that the given applicant is entitled to according to the given national legislation. Actually, many of the national administrations do not see many differences in tasks and efforts per case being of secondary or of primary competence

This study assesses that the administrative tasks of the national administrations of secondary primary competence on average will increase by almost one man-hour per case or by just above 50% - if it is decided to implement Option 1 or Option 1b, and slightly less if Option 3 is implemented. In absolute terms the largest increase is by far that for the calculation of benefits as more complex calculation rules will have to be implemented. Furthermore, there will be additional communication with the relevant Member States of primary competence to deal with. In relative terms, the largest increase in the administrative burden is – similar to when being of primary competence – that for the reimbursement activity.

In monetary terms, the assessment is that the revisions will lead to increases in total administrative costs in most Member Stares – although ranging from a slight fall of 39,800 EUR in Poland (Option 1b) to 386,700 EUR in Germany (Options 1a and 1b). The fall in administrative costs for Poland in Option 1b derives from the assessment of the Polish interviewees that they can reduce their contribution to calculating benefit rates in more cases.

Change in administrative costs and burden for mobile EU-citizens and their families

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The proposed revisions to the EU provisions may well have implications for the mobile EU-citizens and their families. However, it is suggested that in particular Option 1a and 1b may have minor implications, while Option 3 may increase the administrative burden from increased requirements to verifications of the residence of the children. In general, the longer processing times of the cases may be consider as adverse effect. This is, for example, the assessment of the German and Danish interviewees.

Similarly, the assessment in the Netherlands, Poland and Romania is that the changes will not lead to extra tasks for the applicants. However, it is stressed that the process of handling the applications most likely will take more time why the applicant consequently must wait longer to get the application approved.

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Annex A – Literature

EC (2009), Impact Assessment Guidelines, http://ec.europa.eu/smart-regulation/impact/commission_guidelines/docs/iag_2009_en.pdf

EC (2015), Commission staff working document, Better Regulation Guidelines, SWD(2015) 111 final, http://ec.europa.eu/smart-regulation/guidelines/docs/swd_br_guidelines_en.pdf

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FGB, COWI and IER (2015), Task 3, Draft Final Report, 31 July 2015.

Regulation (EC) No 883/2004 of the European Parliament and of the Council of 29 April 2004 on the coordination of social security systems, http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2004:166:0001:0123:en:PDF

Pacolet, J and F De Wispelaere (2015), Export of family benefits, Report on the questionnaire on the export of family benefits, July 2015.

Annex B – Interview guide

The attached interview guide is the actual version used for the interviews in the UK, and is so in English. The interview guide was provided to the Member States experts in their national languages.

Note that we in the interview guide make use of the option titles: Revisions (A), (B), and (C), rather than Options 1a, 1b, and 3 – as in the report. The reason for this was to avoid discussing what happened to Option 2.

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EUROPEAN COMMISSION, DG EMPLOYMENT, SOCIAL AFFAIRS AND INCLUSION

Study to analyse and assess the impacts of policy options for a possible EU initiative in the area of coordination of social security schemes, in particular with regard to the revision of the current EU provisions on entitlement to unemployment benefits and export of family benefits

Interview guide:
National administrations handling exports of family benefits

The European Commission, Directorate-General for Employment, Social Affairs and Inclusion has given Fondazione Brodolini, COWI and IER the task to assess changes to administrative/compliance costs within national administrations and for the families affected that would occur from the possible revision of the current EU provisions on export of family benefits specified in Regulation (EC) 883/2004: the 'Basic Regulation' and in Regulation (EC) 987/2009: the 'Implementing Regulation'.

More precisely, we aim to assess the changes in administrative/compliance tasks, and consequently costs, from having to calculate the amount of exported family benefits based on the living standard in the Member State of residence of the children rather than based on the competent Member State's benefit rates.

Furthermore, we aim to assess whether the families receiving the benefits will face changing administrative/compliance tasks.

We would therefore much appreciate your help by providing us with the list of tasks and estimates of your current administrative/compliance time needs for handling the current EU provisions, and in assessing how these time needs may change from revisions to the provisions. We would like to do this via an interview with you – either in person or by phone.

Hence, we would like to arrange the time and place for an interview; and for you to get more insight into the questions we would like to ask you – we hereby provide you with our interview guide.

You may well find that you are not able to answer all the questions. We will therefore focus on the questions you can answer – but you may also be able to help us pointing to the other services in your national administrations that can help us answering the remaining questions.

April 2015

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1. You and your national administration

Name and title of interviewee:
_____

National administration:
_____

Function/responsibility of interviewee:
_____

2. Current administrative tasks and consequently costs of handling exports of family benefits

In this section, we ask you to verify and estimate the costs of a number of administrative tasks that are currently carried out when handling a case of exports of family benefits. Imagine a case as described by the following examples:

Example 1 of exports of family benefits:

Carlos works in Member State A (which has a higher cost of living than Member State B) while his non-working wife Joanna resides with their children in Member State B (which has a lower cost of living than Member State A).

Under the current rules, Carlos is entitled to family benefits in Member State A at the same amount as if his family was residing in Member State A.

Example 2 of exports of family benefits:

Carlos works in Member State B while his non-working wife Joanna resides with their children in Member State A.

Under the current rules, Carlos is entitled to family benefits in Member State B at the same amount as if his family was residing in Member State B.

We do the assessment in two parts. Firstly, we ask you to assess a situation when you are the national administration with primary competence – i.e. where you deal with the applicant for family benefits.

Secondly, when you are the national administration with secondary competence – i.e. where you deal with the follow-on administrative tasks from an application submitted in another Member State.

If you only carry out one of the two types of administrative tasks – please leave out the other part.

2.1. Administrative tasks/costs – when national administration with primary competence

Consider the situation, where you are *the national administration with primary competence*.

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Firstly, please provide your assessment of the number of cases handled by your institution.

- How many cases of exports of family benefits does your institution currently handle per year *as the national administration with primary competence* – including new cases and already active cases?

  a) New cases?

  b) Existing active cases?

- How do you collect data?

  a) From other member states?

  b) From the applicant?

When answering these questions please explain whether you collect information via IT-systems, via records of personal registration etc.

Secondly, please provide, with an outset in the below table, your assessment of the current administrative costs of handling a typical case of exports of family benefits, *being the national administration with primary competence*. (You may relate the tasks to the SEDs to be filled out). Hence:

- Please assess the frequency of each of the detailed administrative tasks – i.e. how often are the tasks carried out for a given case?
  And in this context – is it appropriate to distinguish between "standard tasks" and "additional tasks"?

- Please estimate the average man-hours/minutes required per administrative task. We acknowledge that you may not keep accounts of your time spent on a case/task. Hence, we ask you to provide your best guess. Furthermore, we acknowledge that you may find it difficult to provide a specific man-hour estimate per task. Hence, you may instead provide ranges of estimates (less than 15 minutes, 15 to 30 minutes, 30 minutes to 1 hour, between 1 and 3 hours, between 3 hours and 1 working day, more than 1 working day), or you may also choose to provide a total cost estimate per case – and rank the tasks according to their resource demands, where 1 is the most resource demanding tasks and so forth.

Administrative task	**Description of administrative task** **- hereunder frequency of tasks within a case**	**Average man-hours/ minutes**	**Comments**
Standard administrative tasks			
Determination of national administration with primary competence	*Please revise (if necessary):* You receive an application for exports of family benefits, you determine in which Member State the applicant and his/her family reside, and determine whether the applicant is employed, unemployed, posted worker, or civil servant. *Please specify/revise frequency when you are the national administration with primary competence:* Frequency: 100%.		*Comments:*

Administrative task	**Description of administrative task** **- hereunder frequency of tasks within a case**	**Average man-hours/ minutes**	**Comments**
Calculation of benefit	*Please revise (if necessary):* For each of the cases where you are determined as the national administration with primary competence: You will calculate the benefits that the applicant is entitled to according to your national legislation. Furthermore, you will contact the Member State of residence of the applicant's family to investigate the applicant's entitlement to family benefits in this Member State – i.e. to check for overlapping benefits (see further below). Finally, you will set the payment of family benefits in motion. *Please specify/revise frequency when you are the national administration with primary competence:* Frequency, when you are the national administration with primary competence: 100%		*Comments:*
Annual control	*Please revise (if necessary):* For each of the existing cases of exports of family benefits: You will once a year check whether the information/status on the applicant and his/her family has changed based on the (renewed) application of the family. *Please specify/revise frequency when you are the national administration with primary competence:* Frequency, when you are the national administration with primary competence (i.e. once a year per existing case): 100%		*Comments:*
Additional administrative tasks			
Disagreement regarding determination of national administration with primary competence	*Please revise (if necessary):* If there is disagreement on whether you or your corresponding national administration in the other Member State is the competent one: Additional tasks/costs arise from exchange of information, from determination of which Member State to provide provisional benefits, and ultimately from bringing the case before the Administrative Commission. *Please specify frequency out of total number of cases when you are the national administration with primary competence:* Frequency: ___%		*Comments:*

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Administrative task	Description of administrative task - hereunder frequency of tasks within a case	Average man-hours/ minutes	Comments
Overlapping benefits	*Please revise (if necessary):* If the applicant is entitled to family benefits from more than one Member State: Additional costs arise from determining which Member State legislation to apply, and hence taking provisional decision on competence, and from deciding on possible sharing of benefit payments. *Please specify frequency out of total number of cases when you are the national administration with primary competence:* Frequency: ___%		*Comments:*
Reimbursement	*Please revise (if necessary):* If (provisional) family benefits should have been paid by another Member State: Additional costs arise from reimbursement activities. *Please specify frequency out of total number of cases when you are the national administration with primary competence:* Frequency: ___%		*Comments:*
Recovery	*Please revise (if necessary):* If an applicant unjustified has received family benefits: Additional costs arise from determining whether there is a basis for recovery, from calculation of benefits to recover, and from contacting Member States with secondary competence to seek recovery. *Please specify frequency out of total number of cases when you are the national administration with primary competence:* Frequency: ___%		*Comments:*
Missing administrative tasks			
Please add missing task			*Comments:*
Please add missing task			*Comments:*
Please estimate your total use of man-hours per case			

2.2. Administrative costs – when national administration with secondary competence

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Now, consider the situation, where you are *the national administration with secondary competence* – i.e. you receive a request for information from the national administration with primary competence in another Member State.

Firstly, please provide your assessment of the number of cases handled by your national administration.

- How many cases of exports of family benefits do institution currently handle per year *as the national administration with secondary competence*?

  a) New cases?

  b) Existing active cases?

Secondly, please provide, with an outset in the below table, your assessment of the current administrative costs of handling one case of exports of family benefits, *being the national administration with secondary competence*. (You may relate the tasks to the SEDs to be filled out). Hence:

- Please assess the frequency of each of the detailed administrative tasks – i.e. how often are the tasks carried out in a typical case of application for family benefits? 100 % means that the task is always carried out, while 50 % means it is carried out in half of the cases.
  And in this context – is it appropriate to distinguish between "standard tasks" and "additional tasks"?

- Please estimate the average man-hours/minutes required per administrative task. We acknowledge that you may not keep accounts of your time spent on a case/task. Hence, we ask you to provide your best guess. Furthermore, we acknowledge that you may find it difficult to provide a specific man-hour estimate per task. Hence, you may instead provide ranges of estimates (less than 15 minutes, 15 to 30 minutes, 30 minutes to 1 hour, between 1 and 3 hours, between 3 hours and 1 working day, more than 1 working day), or you may also choose to provide a total cost estimate per case – and rank the tasks according to their resource demands, where 1 is the most resource demanding tasks and so forth.

Administrative task	**Description of administrative task** **- hereunder frequency of tasks within a case**	**Average man-hours/ minutes**	**Comments**
Standard administrative tasks			
Determination of competent national administration with primary competence	*Please revise (if necessary):* You receive an application for family benefits - or a notice from another Member State regarding an application for exports of family benefits - and you contribute to determining the national administration with primary competence. *Please specify/revise frequency when you are the national administration with secondary competence:* Frequency: 100%.		*Comments:*

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Administrative task	**Description of administrative task** **- hereunder frequency of tasks within a case**	**Average man-hours/ minutes**	**Comments**
Calculation of benefit	*Please revise (if necessary):* You will assess the applicant's entitlement to family benefits in your Member State – i.e. you check for overlapping benefits (see further below). *Please specify/revise frequency when you are the national administration with secondary competence:* Frequency: 100%		*Comments:*
Annual control	*Please revise (if necessary):* For each of the existing cases of exports of family benefits, you will – on request – provide the national administration with primary competence with information/status on the applicant and his/her family. *Please specify/revise frequency when you are the national administration with secondary competence:* Frequency (i.e. once a year per existing case): 100%		*Comments:*
Additional administrative tasks			
Disagreement regarding determination of national administration with primary competence	*Please revise (if necessary):* If there is disagreement on whether you or your corresponding national administration in the other Member State is the competent one: Additional costs arise from exchange of information, from determination of which Member State to provide provisional benefits, and ultimately from bringing the case before the Administrative Commission. *Please specify frequency out of total number of cases when you are the national administration with secondary competence:* Frequency: ___%		*Comments:*
Overlapping benefits	*Please revise (if necessary):* If the applicant is entitled to family benefits from more than one Member State: Additional costs arise from determining which Member State legislation to apply, and hence taking provisional decision on competence, and from deciding on possible sharing of benefit payments. *Please specify frequency out of total number of cases when you are the national administration with secondary competence:* Frequency: ___%		*Comments:*

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Administrative task	Description of administrative task - hereunder frequency of tasks within a case	Average man-hours/ minutes	Comments
Reimbursement	*Please revise (if necessary):* If (provisional) family benefits should have been paid by another Member State: Additional costs arise from reimbursement activities. *Please specify frequency out of total number of cases when you are the national administration with secondary competence:* Frequency: ___%		*Comments:*
Recovery	*Please revise (if necessary):* If an applicant unjustified has received family benefits: On request, additional costs arise from assisting the national administration with primary competence in recovering unjustified family benefits from the applicant's family. *Please specify frequency out of total number of cases when you are the national administration with secondary competence:* Frequency: ___%		*Comments:*
Missing administrative tasks			
Please add missing task			*Comments:*
Please add missing task			*Comments:*
Please estimate your total use of man-hours per case			

3. Change in administrative costs of handling exports of family benefits from revisions to EU provisions

In this section, we then ask you to assess the likely increase or decrease in administrative task/costs within your national administration from possible revisions to the EU provisions.

We acknowledge that this may be even more difficult than estimating the current use of man-hours in the previous section – in particular if the revisions lead to new administrative tasks.

Please focus on the administrative tasks where resources in terms of average man-hours/minutes will change due to the revisions – i.e. if there is no change, please do just enter 0% in the below tables.

Please do this assessment for each of the possible revisions one by one. We firstly ask you to assess the revisions assuming you are the national administration with primary competence, and secondly we ask you to assess the revisions assuming you are the national administration with secondary competence. However, if you only carry out one of the two types of administrative tasks – please leave out the other.

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Revision (a):
Adjustment of amount of exported family benefits to the living standard in the Member State of residence of the child – i.e. adjustment upwards or downwards compared to current situation.

Example 1 of new situation:

Carlos works in Member State A while his non-working wife Joanna resides with their children in Member State B.

Under the revised rules, Carlos will receive family benefits from Member State A reduced to the living standard in Member State B.

Example 2 of new situation:

Carlos works in Member State B while his non-working wife Joanna resides with their children in Member State A.

Under the revised rules, Carlos will receive family benefits from Member State B increased to the living standard in Member State A.

- Please fill in the table in section 4.1 below.

Revision (b):
Adjustment of amount of exported family benefits to the living standard in the Member State of residence of the child – limited to the amount provided by the competent Member State.

Example 1 of new situation:

Carlos works in Member State A while his non-working wife Joanna resides with their children in Member State B.

Under the revised rules, Carlos will receive family benefits from Member State A reduced to the living standard in Member State B.

Example 2 of new situation:

Carlos works in Member State B while his non-working wife Joanna resides with their children in Member State A.

Under the revised rules, Carlos will receive family benefits from Member State B to the maximum of the rate in Member State B, irrespective of the fact that the living Standard in Member State A is higher.

- Please fill in the table in section 4.1 below.

Revision (c):
A further possible option would be that the current order of priority is changed as follows: 1) country of residence of the child; 2) the country of work; and 3) country of pension. This would mean that the country of residence of the child has primary responsibility to pay the full amount of family benefits to which the entitlement exists under its national rules. The country of work would top up this amount if the level of family benefits would be higher there. The family will receive the same amount of family benefits as before, but the allocation of the costs between the country of work and the country of residence will differ from the current rules. This also applies, where there is no entitlement to family benefits in the primary competent Member State, but there is entitlement in a secondary competent Member State, as in such a case, the latter State will pay 100% of benefits under its national legislation by way of a "top up".

Example 1 of new situation:

Carlos works in Member State A (which has a higher cost of living than Member State B) while his non-working wife Joanna resides with their children in Member State B (which has a lower cost of living than Member State A).

Under the revised rules, Carlos will receive family benefits from Member State B at the normal national rate to which the entitlement exists under its national rules. If the family is also entitled to benefits from Member State A, the family would receive a differential supplement from Member State A to the level paid under its national

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legislation. The family overall receives the same amount, but Carlos receives less from Member State A than his co-workers whose children reside with them in Member State A.

Example 2 of new situation:

Carlos works in Member State B (which has a lower cost of living than Member State A) while his non-working wife Joanna resides with their children in Member State A (which has a higher cost of living than Member State B).

Under the revised rules, Carlos will receive family benefits from Member State B at the normal national rate to which the entitlement exists under its national rules. As the amount of family benefits paid in Member State B is lower than the amount paid by Member State A, Member State B will pay nothing. The family overall receives the same amount, but Carlos receives less from Member State B than his co-workers whose children reside with them in Member State B.

➢ Please fill in the table in section 4.1 below.

3.1. Change in administrative tasks – when national administration with primary competence

Consider the situation, where you are the competent national administration – i.e. the national administration sending request for information to (an)other Member State(s).

Please focus on the current administrative tasks where resources in terms of average man-hours/minutes will change due to the revision. Please clearly indicate whether the change is positive or negative: a "+" indicate an increase in the man-hours needed to perform the task and a "-" indicate a reduction in man-hours needed to perform the task. If the estimated change is zero or insignificant please also indicate this in the table. Also please add new administrative tasks required by the revision if relevant.

Please provide a brief narrative explanation for each of the assessed changes and new administrative tasks.

Administrative task	**Change in unit cost of administrative tasks due possible revisions of family benefit provisions** Please provide change in average man-hours or % increase/decrease		
	Revision (a)	**Revision (b)**	**Revision (c)**
Standard administrative tasks			
Determination of national administration with primary competence	*Change:*	*Change:*	*Change:*
	Explanation:	*Explanation:*	*Explanation:*
Calculation of benefit	*Change:*	*Change:*	*Change:*
	Explanation:	*Explanation:*	*Explanation:*
Annual control	*Change:*	*Change:*	*Change:*
	Explanation:	*Explanation:*	*Explanation:*

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Administrative task	**Change in unit cost of administrative tasks due possible revisions of family benefit provisions** Please provide change in average man-hours or % increase/decrease		
	Revision (a)	**Revision (b)**	**Revision (c)**
Additional administrative tasks			
Disagreement regarding determination of national administration with primary competence	*Change:*	*Change:*	*Change:*
	Explanation:	*Explanation:*	*Explanation:*
Overlapping benefits	*Change:*	*Change:*	*Change:*
	Explanation:	*Explanation:*	*Explanation:*
Reimbursement	*Change:*	*Change:*	*Change:*
	Explanation:	*Explanation:*	*Explanation:*
Recovery	*Change:*	*Change:*	*Change:*
	Explanation:	*Explanation:*	*Explanation:*
Missing (current) administrative tasks [added in the previous section]			
Please add missing task	*Change:*	*Change:*	*Change:*
	Explanation:	*Explanation:*	*Explanation:*
Please add missing task	*Change:*	*Change:*	*Change:*
	Explanation:	*Explanation:*	*Explanation:*
New administrative tasks – due to the revision			
Please add new task	*Man-hours:*	*Man-hours:*	*Man-hours:*
	Explanation:	*Explanation:*	*Explanation:*
Please add new task	*Man-hours:*	*Man-hours:*	*Man-hours:*
	Explanation:	*Explanation:*	*Explanation:*

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3.2. Change in administrative costs – when national administration of residence of the family

Now, consider the situation, where you are *the national administration with secondary competence* – i.e. you receive a request for information from the national administration with primary competence in another Member State

- Please repeat the assessment of the change in the administrative tasks/costs associated with the case handling for each of the two revisions (a) and (b).

Please focus on the current administrative tasks where resources in terms of average man-hours/minutes will change due to the revision. Please clearly indicate whether the change is positive or negative: a "+" indicate an increase in the man-hours needed to perform the task and a "-" indicate a reduction in man-hours needed to perform the task. If the estimated change is zero or insignificant please also indicate this in the table. Also, please add new administrative tasks required by the revision if relevant.

Please provide a brief narrative explanation for each of the assessed changes and new administrative tasks.

Administrative task	**Change in unit cost of administrative tasks due possible revisions of family benefit provisions** Please provide change in average man-hours or % increase/decrease		
	Revision (a)	**Revision (b)**	**Revision (c)**
Standard administrative tasks			
Determination of national administration with primary competence	*Change:*	*Change:*	*Change:*
	Explanation:	*Explanation:*	*Explanation:*
Calculation of benefit	*Change:*	*Change:*	*Change:*
	Explanation:	*Explanation:*	*Explanation:*
Annual control	*Change:*	*Change:*	*Change:*
	Explanation:	*Explanation:*	*Explanation:*
Additional administrative tasks			
Disagreement regarding determination of national administration with primary competence	*Change:*	*Change:*	*Change:*
	Explanation:	*Explanation:*	*Explanation:*
Overlapping benefits	*Change:*	*Change:*	*Change:*

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Administrative task	**Change in unit cost of administrative tasks due possible revisions of family benefit provisions** Please provide change in average man-hours or % increase/decrease		
	Revision (a)	**Revision (b)**	**Revision (c)**
	Explanation:	*Explanation:*	*Explanation:*
Reimbursement	*Change:*	*Change:*	*Change:*
	Explanation:	*Explanation:*	*Explanation:*
Recovery	*Change:*	*Change:*	*Change:*
	Explanation:	*Explanation:*	*Explanation:*
Missing (current) administrative tasks [added in the previous section]			
Please add missing task	*Change:*	*Change:*	*Change:*
	Explanation:	*Explanation:*	*Explanation:*
Please add missing task	*Change:*	*Change:*	*Change:*
	Explanation:	*Explanation:*	*Explanation:*
New administrative tasks – due to the revision			
Please add new task	*Man-hours:*	*Man-hours:*	*Man-hours:*
	Explanation:	*Explanation:*	*Explanation:*
Please add new task	*Man-hours:*	*Man-hours:*	*Man-hours:*
	Explanation:	*Explanation:*	*Explanation:*

4. Administrative implications for families from revisions to EU provisions on exports of family benefits

The suggested revisions to the EU provisions on exports of family benefits, and hence changes to the administrative tasks of the national administrations, may also have administrative implications for the families – e.g. time spent when applying for exports of family benefits, when being controlled etc.

- Please add relevant tasks for the families in the table below.

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- For each of the revisions we ask you to assess the implications for the families associated hereby.

We acknowledge that it is difficult to assess such implications, but please help us doing this by providing your qualitative (or semi-quantitative) assessments. You may just provide a narrative assessment of the implications or you may try to link the implications to the administrative tasks of the national administrations listed in the below table.

Administrative task	**Implications for families due possible revisions of family benefit provisions** Please specify the direction of change (and if possible its size: low, medium or high)		
	Revision (a)	**Revision (b)**	**Revision (c)**
Please add task	*Man-hours/minutes:*	*Man-hours/minutes:*	*Man-hours/minutes:*
	Explanation:	*Explanation:*	*Explanation:*
Please add task	*Man-hours/minutes:*	*Man-hours/minutes:*	*Man-hours/minutes:*
	Explanation:	*Explanation:*	*Explanation:*

Thanks for your help!

Annex C – Case study for Germany

Introduction

In this section, we give a short description of the German provisions for family benefits, which kind of benefits they include, who is eligible, and how the provisions are interpreted by the national administrative institution handling family benefits: Die Bundesagentur für Arbeit.

EC Regulation 883/2004, Article 1 (z) defines the term family benefits as *"all benefits in kind or in cash intended to meet family expenses, excluding advances of maintenance payments and special childbirth and adoption allowances mentioned in Annex I".*

In Germany this includes:

- K indergeld (child benefit)
- E lterngeld (parental allowance)
- B etreuungsgeld (child care allowance)

This study considers exportable family benefits (cash benefits) only, and so only Kindergeld.

Kindergeld can be obtained by taxable persons residing in Germany, or persons subject to income taxation in Germany. There are no restrictions with respect to own children, adopted children or dependent children.

To receive Kindergeld, the applicant's children must be under the age of 18. However, there is a possibility for prolongation to 21 years of age for registered jobseekers, and to 25 for students and working students (less than 20 hours a week). Furthermore, the children must reside in Germany or in another EU Member State, the EEA, or in Switzerland.

The German scheme is universal, and so not means-tested. In 2015, the rates were EUR 184 per month for the first and second child, EUR 190 per month for the third child, and EUR 215 per month for the fourth and subsequent children.

Current administrative costs and burden

To determine the current administrative costs and burden in handling exports of family benefits in Germany, a number of face-to-face interviews were carried out with experts from the Nürnberg national administration for family benefits. They estimate that there in Germany as a whole are around 85,000 new cases per year and around 170,000 existing cases handled as primary competence. This is slightly more than the estimates by Pacolet and De Wispelaere (2015) shown in Table C-1.

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Averaging of the experiences of the interviewees of resources spend on administrative tasks as national administration with primary competence leads to an estimate of 1.36 man-hours per case and 1.28 man-hours per case when they act as national administration with secondary competence, c.f. Table C-1 and Table C-2. The tables show also the administrative tasks are fairly similar being of primary and of secondary competence, both with respect to type and to the amount of resources spent. Furthermore, some tasks are always carried out for a given case, while others are much rarer.

Based on the number of man-hours spent and an average labour cost at EUR 20.5 per hour this adds up to a total average of EUR 28.0 per case as national administration with primary competence and EUR 26.2 per case as national administration with secondary competence. Table C-1 and Table C-2 shows that for Germany as a whole – i.e. for all cases during a year – the current administrative costs amount to around mEUR 1.8 and mEUR 0.5, respectively.

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Table C-1 Current administrative costs and burden – Germany as Member State of primary competence

Administrative task	Average man-hours per case	Frequency	Number of cases(1)	Administrative costs, Total, EUR 1,000(2)
A typical case; first time handling of a case - all regular tasks included (not annual control)	**1.36 hours**	**100%**	**62587**	**1751.4**
Determination of national administration with primary competence[8]	0.5 hours	100%		
Calculation of benefit	0.5 hours	100%		
Annual control[9]	0.67 hours	100%		
Disagreement regarding determination of primary competence[10]	2 hours	5%		
Overlapping benefits	0 hours	0%		
Reimbursement	1 hour	10%		
Recovery	1 hour	>5%		
Translation and coordination	0.25 hours	30-40%		

Notes: (1) Source: Pacolet and De Wispelaere (2015). (2) Using unit labour cost estimates based on Eurostat data.

[8] The determination of competence and the calculation of benefit is considered as one working task – taking one hour altogether.
[9] The annual control is done via questionnaires sent out to benefit recipients.
[10] Happens rarely and the most important problem is missing answers from other administrations.

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Table C-2 Current administrative costs and burden – Germany as Member State of secondary competence

Administrative task	Average man-hours per case	Frequency	Number of cases(1)	Administrative costs, Total, EUR 1,000(2)
A typical case; first time handling of a case - all regular tasks included (not annual control)	**1.28 hours**	**100%**	**20918**	**547.8**
Determination of national administration with primary competence[11]	0.5 hours	100%		
Calculation of benefit	0.5 hours	100%		
Annual control	1 hour	100%		
Disagreement regarding determination of primary competence	2 hours	5%		
Overlapping benefits	0 hours	0%		
Reimbursement	1 hour	10%		
Recovery	1 hour	>5%		

Notes: (1) Source: Pacolet and De Wispelaere (2015). (2) Using unit labour cost estimates based on Eurostat data.

Change in administrative costs and burden from revised EU provisions

The overall assessment from the German interviewees is that the changes will lead to few additional man-hours used per case – both being national administration of primary competence and being national administration of secondary competence. Actually, it is assumed that the changes will be similar for the two competences.

Table C-3 shows the expected change in man-hours used per case for Options 1a and 1b – as these are expected to be similar, while Table C-4 concerns Option 3. Options 1a and 1b are extremely complicated to administer as it implies that the national administrations need knowledge on all the different systems, rules and regulations of the different Member States. Technical assistance through a common database. This concerns both the determination of the national administration as well as the calculation of benefits. Furthermore, it is difficult to align different systems like flat-rate systems, income-based systems, the duration of benefit payments etc.

For all three revisions, it has to be added that there are several significant transitional costs that have to be taken into account (training in the new regulations, changes in the IT-systems, re-examination and re-calculation of all existing cases).

[11] The determination of competence and the calculation of benefit is considered as one working task – taking one hour altogether.

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Table C-3 Change in administrative costs and burden from Option 1a and Option 1b – Germany as Member State of primary and secondary competence

Administrative task	Change in average man-hours per case	Frequency	Number of cases(1)	Change in administrative costs, Total, EUR 1,000(2)
A typical case; first time handling of a case - all regular tasks included (not annual control)	**0.9 hours**	**100%**	Primary: **62587** Secondary: **27794**	Primary: **1156.9** Secondary: **386.7**
Determination of national administration with primary competence[12]	0.4 hours	100%		
Calculation of benefit[13]	0.25 hours	100%		
Annual control	0 hours	100%		
Disagreement regarding determination of national administration with primary competence	0 hours	100%		
Overlapping benefits	0 hours	100%		
Reimbursement[14]	0.25 hours	100%		
Recovery	0 hours	100%		

Notes: (1) Source: Pacolet and De Wispelaere (2015). (2) Using unit labour cost estimates based on Eurostat data.

[12] The interviewees have indicated a change of "up to double effort"

[13] The interviewees have emphasised that it is not technically feasible at the moment as it is not possible to pay out reduced or higher benefits. They have assessed a change of "++" which we have interpreted as a 50% increase.

[14] The unit costs will increase if information provision by the other Member States is not corking and benefits are paid out without proper calculation. The interviewees have assessed a change of "+" which we have interpreted as a 25% increase.

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Table C-4 Change in administrative costs and burden from Option 3 – Germany as Member State of primary and secondary competence

A typical case; first time handling of a case - all regular tasks included (not annual control)	Change in average man-hours per case	Frequency	Number of cases(1)	Change in administrative costs, Total, EUR 1,000(2)
Total	**0.5 hours**	**100%**	Primary: **62587** Secondary: **27794**	Primary: **642.7** Secondary: **214.8**
Determination of national administration with primary competence	0 hours	100%		
Calculation of benefit[15]	0.25 hours	100%		
Annual control[16]	0.25 hours	100%		
Disagreement regarding determination of national administration with primary competence	0 hours	100%		
Overlapping benefits	0 hours	100%		
Reimbursement[17]	0.25 hours	100%		
Recovery	0 hours	100%		

Notes: (1) Source: Pacolet and De Wispelaere (2015). (2) Using unit labour cost estimates based on Eurostat data.

Administrative implications for families from revisions to EU provisions on exports of family benefits

It is the assessment of the national administrations that Options 1a and 1b only will have few administrative implications for the families subject to export of family benefits. However, Option 3 will increase their administrative burden as there will be verifications of the residence of the child. In turn, there may be a reduction in the administrative burden as proof of income will not be necessary anymore.

[15] The interviewees have emphasised that it is not technically feasible at the moment as it is not possible to pay our reduced or higher benefits. They have assessed a change of "++" which we have interpreted as a 50% increase.

[16] The control costs will increase as the residence of the child will have to be changes. In general, the control of the residence of the child is considered to be difficult to implement. However, as it is no longer necessary to control the existence of an employment contract, administrative costs might also decrease. All in all, the interviewees have assessed a change of "+" which we have interpreted as a 25% increase.

[17] The unit costs will increase if information provision by the other Member States is not corking and benefits are paid out without proper calculation. The interviewees have assessed a change of "+" which we have interpreted as a 25% increase.

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Conclusions

The annual number of cases handled in Germany per year is estimated at 62587 when Germany is the Member State of primary competence, while the number of cases is somewhat lower, 20918, when Germany is the Member State of secondary competence.

Currently, the administrative resources spent on each case amount to 1.36 hours for an average case when Germany is the Member State primary competence, and to 1.28 hours when of secondary competence.

The overall assessment is that the changes will lead to few additional man-hours used per case – both being national administration of primary competence and being national administration of secondary competence. Actually, it is assumed that the changes will be similar for the two competences.

It is the assessment of the national administrations that Options 1a and 1b only will have few administrative implications for the families subject to export of family benefits. However, Option 3 will increase their administrative burden as there will be verifications of the residence of the child. In turn, there may be a reduction in the administrative burden as proof of income will not be necessary anymore.

Annex D – Case study for Denmark

Introduction

In this section, we give a short description of the Danish legislation on family benefits, which kind of benefits it includes, who is eligible, and how the legislation is interpreted by the national administrative institution handling family benefits, Udbetaling Danmark (Payment Denmark).

EC Regulation 883/2004, Article 1 (z) defines the term family benefits as *"all benefits in kind or in cash intended to meet family expenses, excluding advances of maintenance payments and special childbirth and adoption allowances mentioned in Annex I"*.

In Denmark, this includes[18]:

- children and youth benefits (børne- og ungeydelsen)
- child supplements and adoption supplements (børnetilskud og adaptionstilskud)
- subsidies for private childcare and subsidies for home caring of own children in accordance with the Day Care Act chapter 15 and 16 (tilskud til privat pasning og tilskud til pasning af egne børn efter dagtilbudslovens kapitel 15 og 16)

However, since this study only assesses family benefits that can be exported (cash benefits) only the children and youth benefits are relevant.

The law on child benefits (børnetilskudsloven) regulates the children and youth benefits. Danish children and youth benefits are universal and not means-tested. However, since 2014 it has been income-regulated meaning that workers with a yearly income above DKK 723,100 (EUR 96,894) receive a reduced amount of benefits.

Family benefits are obtainable for residents with Danish nationality or refugee status and foreigners with one to three years of residence in Denmark, depending on the type of benefits applied for[19].

According to Danish law two years of residence or employment within a reference period of 10 years is required to obtain the right to family benefits[20]. Are these requirements not met the payments are reduced. Hence, the Danish law establishes that six months of residence or employment in Denmark entitles the applicant to 25% of the full amount of benefit. One year of residence or employment entitles the applicant to 50% of the full amount of benefits. 18 months entitles to 75% and two years of residence or employment entitles to 100% of the benefits[21]. All within a reference period of 10 years.

[18] 'Vejledning om EF-regler om social sikring – Familieydelser' (The official Danish manual on the interpretation of the EC regulation 883/2004 in a Danish context).
[19] Børnetilskudsloven § 5.
[20] Børnetilskudsloven § 5a, stk. 1.
[21] Børnetilskudsloven § 5a, stk. 2.

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For 2015, the rates of benefits are DKK 4,443 (EUR 595) per quarter for each child of 0-2 years, DKK 3,519 (EUR 472) per quarter for each child 3-6 years, DKK 2,769 (EUR 371) per quarter for each child 7-14, and DKK 923 (EUR 124) per quarter for each child of 15-17 years[22]. The benefits are tax-free and rates are adjusted annually.

In Denmark, Udbetaling Danmark (Payment Denmark) is the national administrative institution handling family benefits. Here, the Department of Family Benefits (afdeling for familieydelser) is responsible for all processes and payments related to family benefits. Therefore, in determining the Danish national administrative burdens related to handling exports of family benefits only one interview was conducted.

Udbetaling Danmark acknowledged that the Danish legislation at first glance might seem to be inconsistent with EC Regulation 883/2004. However, they stressed that in practice the rules are in line with EU regulation since Udbetaling Danmark calculate an EU-workers' right to benefits based on an aggregation principle, where the period of time, in which the EU-worker was entitled to benefits from the Member State(s) where he/she previously resided, is included. If the Member State(s), in which an EU-worker formerly resided, has assessed there is a right to benefits, this right also applies in Denmark. In many EU Member States, the right to family benefits derives from work or insurance, where in Denmark it is based on residence.

Current administrative costs and burden

To determine the current administrative costs and burden in handling family benefits in Denmark an interview with Udbetaling Danmark, Department of Family Benefits, was conducted. Udbetaling Danmark has been doing measurements of time used on internal handling of different types of cases and was therefore able to give rather accurate time estimates on the different tasks. Udbetaling Danmark has only existed for two years. Prior to this family benefits were managed by the Danish municipalities.

Udbetaling Danmark estimates that they handle approximately 6,500 new cases a year (about 450 cases per month). It is estimated that in 20% – or 1,300 – of these cases Udbetaling Danmark is the national administration of secondary competence. Udbetaling Danmark currently has 10,000 ongoing cases where quarterly payments are made. Udbetaling Danmark states that the number of cases has been stable – though with a slight increase – in the two years Udbetaling Danmark has existed. The amount of new cases typically follows the different types of seasonal work (e.g. horticulture work) and bigger projects (e.g. construction projects such as the new city metro line in Copenhagen). A slight increase in the number of cases in the coming years is expected due to the economic situation in Denmark, which remains better than many other European countries. However, there is a tendency towards more EU-workers moving their families to Denmark after having worked here for a period of time, in which case the family benefits cease being exported.

It is the impression at Udbetaling Danmark that Denmark, due to its high amount of benefits, in most cases is the primary competent state (at times jointly with another Member State).

[22] Rates publicly available at the citizens information service borger.dk: https://www.borger.dk/Sider/Boerne-ungeydelse.aspx

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The average man-hours used handling cases on export of family benefits by Udbetaling Danmark as national administration with primary competence is estimated at 3.70 man-hours per case. As national administration with secondary competence the number is 3.88 man-hours per case. With an average labour cost at EUR 29.3 per hour this adds up to a total average of EUR 108.5 per case as national administration with primary competence and EUR 113.6 per case as national administration with secondary competence. Hence, for Denmark as a whole the annual current administrative costs amount to EUR 564,000 and EUR 83,100, respectively.

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Table D-1 Current administrative costs and burden – Denmark as Member State of primary competence

Administrative task	Average man-hours per case	Frequency	Number of cases(1)	Administrative costs, Total, EUR 1,000(2)
A typical case; first time handling of a case - all regular tasks included (not annual control)	**3.70 hours**	**100%**	**5200**	**564.0**
Determination of national administration with primary competence[23]	1 hour	100%		
Calculation of benefit[24]	1.83 hours	100%		
Annual control	0.75 hours	80%		
Disagreement regarding determination of primary competence	2.50 hours	0-5%		
Overlapping benefits[25]	0.50 hours	90-100%		
Reimbursement[26]	12 hours	2%		
Recovery[27]	0.50 min.	0.25-0.5%		

Notes: (1) Source: Estimate provided by the Danish national expert. (2) Using unit labour cost estimates based on Eurostat data.

[23] The EU worker does not submit an actual application; he/she just provide the requested information to Udbetaling Danmark (or another MS) who then initiates the process. Exchange of information with other relevant Member State already takes place on receipt of application/information on EU worker. Other relevant Member State provides (amongst other things) information on the family status.

[24] Information and answers obtained before any calculation of benefits are made. Point should therefore be noted under 'determination of national administration with primary competence', where it is also included in the estimation of man-hours.

[25] There is usually overlap in entitlement why it should not be listed as a separate task, but should be located under 'determination of national administration with primary competence'. In Denmark, the right to benefits is conditioned by Danish residency, but in many other MS the right to benefits often derives from work or insurance. This creates an overlap in entitlement to benefits. Often an overlap in benefits occurs when the applicant moves between DK and another MS, as DK typically pre-pay, while other countries post pay.

[26] Very few cases after the new regulation. Today it is no longer possible to pay benefits to an applicant who is eligible in another MS, and then seek reimbursement from the other MS. Instead, the requirement today is to bypass the other MS and approach the applicant directly (which transfers most of the cases to the 'recovery' category). Reimbursement is only relevant in cases where there are three member states involved. For example, when the mother works in Denmark, and applies for family benefits here, the father works in Sweden, and applies for benefits there, while the family (children) lives in Norway. In this case both Denmark and Sweden are the competent administration why either Denmark or Sweden pays benefits to the family and afterwards seek reimbursement from the other MS.

[27] Genuine recovery is done via the Danish tax authorities.

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Table D-2 Current administrative costs and burden – Denmark as Member State of secondary competence

Administrative task	Average man-hours per case	Frequency	Number of cases(1)	Administrative costs, Total, EUR 1,000(2)
A typical case; first time handling of a case - all regular tasks included (not annual control)	**3.88 hours**	**100%**	**732**	**83.1**
Determination of national administration with primary competence[28]	1 hour	100%		
Calculation of benefit[29]	1.83 hours	100%		
Annual control[30]	0.25 hours	20%		
Annual recalculation of benefits as secondary MS[31]	0.17 hours	100%		
Disagreement regarding determination of primary competence	2.5 hours	0-5%		
Overlapping benefits[32]	0.5 hours	90-100%		
Reimbursement[33]	12 hours	2%		
Recovery[34]	2 hours	0.25-0.5%		

Notes: (1) Source: Pacolet and De Wispelaere (2015). (2) Using unit labour cost estimates based on Eurostat data.

[28] The EU worker does not submit an actual application; he/she just provide the requested information to Udbetaling Danmark (or another MS) who then initiates the process. Exchange of information with other relevant Member State already takes place on receipt of application/information on EU worker. Other relevant Member State provides (amongst other things) information on the family status.

[29] Information and answers obtained before any calculation of benefits are made. Point should therefore be noted under 'determination of national administration with primary competence', where it is also included in the estimation of man hours.

[30] When secondary state, less control is needed.

[31] The annual recalculation of benefits as secondary institution is relevant to Member States that have high family benefits. Udbetaling Danmark estimate that this goes for about one third of the MS. Eastern and southern Europe generally have very low benefits. Only Sweden (when the children are older), Netherlands and (some parts of) Germany have higher benefits than Denmark.

[32] There is usually overlap in entitlement why it should not be listed as a separate task, but should be located under 'determination of national administration with primary competence'. In Denmark, the right to benefits is conditioned by Danish residency, but in many other MS it is often conditioned by work. This creates an overlap in entitlement to benefits. There is often also an overlap when the applicant moves between DK and another MS, as DK typically pre-pay, while other countries post pay.

[33] Very few cases after the new regulation. Today it is no longer possible to pay benefits to an applicant who is eligible in another MS, and then seek reimbursement from the other MS. Instead, the requirement today is to bypass the other MS and approach the applicant directly (which transfers most of the cases to the 'recovery' category). Reimbursement is only relevant in cases where there are three member states involved. For example, when the mother works in Denmark, and applies for family benefits here, the father works in Sweden, and applies for benefits there, while the family (children) lives in Norway. In this case both Denmark and Sweden are the competent administration why either Denmark or Sweden pays benefits to the family and afterwards seek reimbursement from the other MS.

[34] In Denmark payments are made four times a year (30 min. x 4 times a year = 2 hours per case). There are currently 38 cases in which DK has been asked by other MS to hold back payments of benefits. Genuine recovery is done via the Danish tax authorities.

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Change in administrative costs and burden from revised EU provisions

Table D-3 and Table D-4 reveal that the Udbetaling Denmark envisages that the analysed revisions to the EU provisions will have fairly similar impacts on the administrative costs – whether being the Member State of primary competence or of secondary competence. Furthermore, Option 1a and Option 1b are expected to have similar impacts, while the impacts of Option 3 are slightly lower. The main impact is expected to be on the resources spend on the calculation of benefits, while the rare reimbursement cases are expected to be even more complex.

Table D-3 Change in administrative costs and burden from Option 1a and Option 1b – Denmark as Member State of primary and secondary competence

A typical case; first time handling of a case - all regular tasks included (not annual control)	Change in average man-hours per case	Frequency	Number of cases[(1)]	Change in administrative costs, Total, EUR 1,000[(2)]
Total	**1.99 hours**	**100%**	Primary: **5200** Secondary: **732**	Primary: **303.3** Secondary: **42.7**
Determination of national administration with primary competence[35]	0.25 hours	100%		
Calculation of benefit[36]	1.5 hours	100%		
Annual control[37]	0.5 hours	100%		
Disagreement regarding determination of national administration with primary competence	0 hours	0-5%		
Overlapping benefits	0 hours	90-100%		
Reimbursement	12 hours	2%		
Recovery	0 hours	0.25-0.5%		

Notes: [(1)] Source: Estimate provided by the Danish national expert, and Pacolet and De Wispelaere (2015). [(2)] Using unit labour cost estimates based on Eurostat data.

[35] To some extend it will be the same as the current situation. However, it will probably be necessary to gather information more often, on whether the EU workers entitlement to benefit in the other MS has changed.
[36] Instead of calculations being processed automatically there will be necessary to make specific calculations in each case.
[37] Due to a need for additional control and further exchange of information.

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Table D-4 Change in administrative costs and burden from Option 3 – Denmark as Member State of primary and secondary competence

A typical case; first time handling of a case - all regular tasks included (not annual control)	Change in average man-hours per case	Frequency	Number of cases[1]	Change in administrative costs, Total, EUR 1,000[2]
Total	Primary: **1.99** Secondary: **1.79**	**100%** **100%**	Primary: **5200** Secondary: **732**	Primary: **303.3** Secondary: **37.4**
Determination of national administration with primary competence	0.25 hours	100%		
Calculation of benefit	1.5 hours	100%		
Annual control	0.25 hours	Primary: 20% Secondary: 80% (Opposite before revision)		
Disagreement regarding determination of national administration with primary competence	0 hours	0-5%		
Overlapping benefits	0 hours	90-100%		
Reimbursement	12 hours	2%		
Recovery	0 hours	0.25-0.5%		

Notes: [1] Source: Estimate provided by the Danish national expert, and Pacolet and De Wispelaere (2015). [2] Using unit labour cost estimates based on Eurostat data.

Administrative implications for families from revisions to EU provisions on exports of family benefits

The proposal, which entails that benefits are adjusted to the standard of living in the Member State of residence, will most likely provide longer case processing times for the EU-workers and their families, due to the increase in information that needs to be obtained/exchanged.
Many of the changes involve, that the EU-workers need to be in contact with an additional authority (both the primary and the secondary) since they will have the right to benefits from more than one Member State.

In cases where EU workers need to provide proof of residence to obtain benefits the revisions might make it more difficult for them. In Denmark, this would not be an issue, since the National Register (Folkeregisteret) can provide proof of this information, but many Member States do not have such a register.

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Option 1a: Unchanged time used for the EU worker. EU workers must do the same as today, but will probably experience a prolonged processing time, since they in all cases must wait for information from the other Member State.

Option 1b: The same as Option 1a. Unchanged time used, but extended processing time for certain cases.

Option 3: Maybe less time consuming and experience of an easier procedure for the EU worker, since they must apply in the country where the family resides which can be assumed to have a system the EU worker will find easier to navigate in.

Conclusions

The annual number of cases handled in Denmark per year is estimated at 5200 when Denmark is the Member State of primary competence, while the number of cases is somewhat lower, 732, when Denmark is the Member State of secondary competence.

Currently, the administrative resources spent on each case amount to 3.70 hours for an average case when Denmark is the Member State primary competence, and to 3.88 hours when of secondary competence.

The overall assessment is that the changes will lead to around 2 additional man-hours used per case when being national administration of primary competence and around 1.8 additional hours being national administration of secondary competence.

Annex E – Case study for Netherlands

Introduction

In this section, we give a short description of Dutch the legislation on family benefits, which kind of benefits it includes, who is eligible, and how the legislation is interpreted by the national administrative institution handling family benefits, Sociale Verzekeringsbank (SVB).

EC Regulation 883/2004, Article 1 (z) defines the term family benefits as *"all benefits in kind or in cash intended to meet family expenses, excluding advances of maintenance payments and special childbirth and adoption allowances mentioned in Annex I".*

In The Netherlands, this includes:

- Algemene Kinderbijslagwet (AKW) (*General Child Benefit*)
- Wet op het kindgebonden budget (WKB) (*Act on supplementary child benefit*)

This study only assess exportable family benefits (cash benefits), which applies to both AKW and WKB. Both kinds of benefits are granted to EU workers with children residing in another EU Member State (EEA country or Switzerland).

To receive family benefits in the Netherlands the applicant's children must be under the age of 18. In addition, the applicant must – regardless of nationality – reside, work and consequently pay taxes on wages in the Netherlands to be eligible to family benefits. While the Algemene Kinderbijslagwet (AKW) is universal scheme and not mean-tested, the Wet op het kindgebonden budget (WKB) is means-tested.

In 2015 the AKW rates for children up to 5 years are EUR 63.88, for children in the age of 6-11 years: EUR 77.57, and for children in the age of 12-17 years: EUR 91.26. The benefits are paid per quarter.

For the WKB there is a ceiling depending on income. The benefit amount decreases as income rise: For income above the threshold of EUR 26,147 the allowance is reduced by 7.6% of the difference between the family income and the EUR 26,147. The income limit for a single person is EUR 102,499 and EUR 123,638 for partners. The monthly amount per children is for one child: EUR 39,529; for two children: EUR 46,581, for three children: EUR 48,989, for four children: EUR 50,384; (...) and for eight children: EUR 55,963.

Current administrative costs and burden

To determine the current administrative costs and burdens in handling family benefits in The Netherlands an interview with Sociale Verzekeringsbank (SVB), Directie Strategische en Externe Betrekkingen (Social Security Office, Department of Strategic and External Relations), was conducted.

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SVB estimates that they handle approximately 4,800 *new* cases each year[38] and about 15,600 existing cases[39]. The numbers from the HIVA study (Pacolet and De Wispelaere, 2015) for 2013 are 20,225 existing cases as national institution of primary competence and 7,596 cases as national institution of secondary competence. The calculations of administrative costs in handling family benefits are based on the data received from the HIVA study.

The present study estimates the number of man-hours spend as national administration with primary competence is 1.92 man-hours and 1.47 man-hours as national administration with secondary competence.

Based on the number of man-hours spend from this study and an average labour cost at EUR 22.2 per hour this adds up to a total average of EUR 42.7 per case as national administration with primary competence and EUR 32.7 per case as national administration with secondary competence. Hence, for the Netherlands as a whole the annual current administrative costs amount to EUR 862,700 and EUR 247,200, respectively

Below is a detailed review of the administrative cost (EUR) arising from each of the administrative tasks involved in handling the export of family benefits today and in regards to Options 1a, 1b and 3.

[38] Based on the number of new cases in the period from October to December 2013.

[39] Based on numbers available for the last quarter of 2014.

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Table E-1 Current administrative costs and burden – the Netherlands as Member State of primary competence

Administrative task	Average man-hours per case	Frequency	Number of cases(1)	Administrative costs, Total, EUR 1,000(2)
A typical case; first time handling of a case - all regular tasks included (not annual control)	**1.92 hours**	**100%**	**20225**	**862.7**
Determination of national administration with primary competence. [40]	0.5 hours	150%		
Calculation of benefit	0.75 hours	100%		
Annual control[41]	0.38 hours	50%		
Disagreement regarding determination of primary competence[42]	0.50 hours	100%		
Overlapping benefits[43]	0 hours	100%		
Reimbursement[44]	1 hour	0-5%		
Recovery[45]	1 hour	0-5%		

Notes: (1) Source: Pacolet and De Wispelaere (2015). (2) Using unit labour cost estimates based on Eurostat data.

[40] This task is done both during an intake and during mutation. Often there are one or more mutations during a year, why the task in average is done 1,5 times per year.
[41] Annual control is only done in about 50 pct. of the cases and often depend on which the country.
[42] Very few cases with disagreements on competence. Almost never happens.
[43] These task falls under the 'calculation of benefits'.
[44] Frequency per case is very hard to estimate. For both reimbursement and recovery, the tasks that the SVB has to do are the same. The SVB first tries to recover the money from the applicant, and only when that fails, do they contact the relevant institution in another Member State. Both for reimbursement and recovery the SVB uses the term 'Verrekening', which means 'solving miscalculation'.
[45] Frequency per case is very hard to estimate. For both reimbursement and recovery, the tasks that the SVB has to do are the same. The SVB first tries to recover the money from the applicant, and only when that fails, do they contact the relevant institution in another Member State. Both for reimbursement and recovery the SVB uses the term 'Verrekening', which means 'solving miscalculation'.

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Table E-2 Current administrative costs and burden – the Netherlands as Member State of secondary competence

Administrative task	Average man-hours per case	Frequency	Number of cases(1)	Administrative costs, Total, EUR 1,000(2)
A typical case; first time handling of a case - all regular tasks included (not annual control)	**1.47 hours**	**100%**	**7569**	**247.2**
Determination of national administration with primary competence[46]	0.38 hours	150%		
Calculation of benefit[47]	0.75 hours	100%		
Annual control	0.38 hours	100%		
Disagreement regarding determination of primary competence[48]	1 hour	0-5%		
Overlapping benefits[49]	0 hours	100%		
Reimbursement[50]	1 hour	0-5%		
Recovery[51]	1 hour	0-5%		

Notes: (1) Source: Pacolet and De Wispelaere (2015). (2) Using unit labour cost estimates based on Eurostat data.

Change in administrative costs and burden from revised EU provisions

The overall assessment from the SVB is, that the changes will lead to few additional man-hours used per case. However, the SVB stresses that the introduction of such changes most likely will be followed by a transition phase (6-12 months) involving a significant amount of policy changes, update of processes and instructions, change of IT-systems and new agreements with relevant partners (e.g. tax department).

Below is shown the expected change in man-hours used per case which for all three revisions is estimated to a total average of 1.13 hours per case both as primary and secondary national administration. With an average labour cost at EUR 22.2 per hour this adds up to a total average of additional EUR 25 per case.

[46] This task is done both during an intake and during mutation. Often there are one or more mutations during a year, why the task in average is done 1.5 times per year.
[47] Due to the need for additional contact to national administrations in other Member States and contact to the national tax department, this task is in average performed four times a year for active cases.
[48] Very few cases with disagreements on competence. Almost never happens.
[49] These task falls under the 'calculation of benefits'.
[50] Frequency per case is very hard to estimate. For both reimbursement and recovery, the tasks that the SVB has to do are the same. The SVB first tries to recover the money from the applicant, and only when that fails, do they contact the relevant institution in another Member State. Both for reimbursement and recovery the SVB uses the term 'Verrekening', which means 'solving miscalculation'.
[51] Frequency per case is very hard to estimate. For both reimbursement and recovery, the tasks that the SVB has to do are the same. The SVB first tries to recover the money from the applicant, and only when that fails, do they contact the relevant institution in another Member State. Both for reimbursement and recovery the SVB uses the term 'Verrekening', which means 'solving miscalculation'.

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Table E-3 Change in administrative costs and burden from Options 1a, 1b and 3 – the Netherlands as Member State of primary and secondary competence

Administrative task	Change in average man-hours per case	Frequency	Number of cases(1)	Change in administrative costs, Total, EUR 1,000(2)
A typical case; first time handling of a case - all regular tasks included (not annual control)	**1.13 hours**	**100%**	**27794**	**694.7**
Determination of national administration with primary competence[52]	0 hours	100%		
Calculation of benefit[53]	1.13 hours	100%		
Annual control[54]	0 hours	100%		
Disagreement regarding determination of national administration with primary competence[55]	0 hours	100%		
Overlapping benefits[56]	0 hours	100%		
Reimbursement[57]	0 hours	100%		
Recovery[58]	0 hours	100%		

Notes: (1) Source: Pacolet and De Wispelaere (2015). (2) Using unit labour cost estimates based on Eurostat data.

[52] Rules do not actually change.
[53] Option 1a: Additional 50% since living standards has to be taken into account. Option 1b: Additional 50% since living standards has to be taken into account and gathering of additional information from other Member States needs to be done.
[54] Rules do not actually change.
[55] Rules do not actually change.
[56] Rules do not actually change.
[57] Rules do not actually change.
[58] Rules do not actually change.

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Administrative implications for families from revisions to EU provisions on exports of family benefits

It is the SVB assessment that the changes will not lead to extra tasks for the applicants. However, they stress that the process of handling the applications most likely will take more time why the applicant consequently must wait longer to get the application approved.

Conclusions

The annual number of cases handled in the Netherlands per year is estimated at 20225 when the Netherlands is the Member State of primary competence, while the number of cases is somewhat lower, 7569, when being the Member State of secondary competence.

Currently, the administrative resources spent on each case amount to 1.92 hours for an average case when the Netherlands is the Member State primary competence, and to 1.47 hours when of secondary competence.

The overall assessment is that the changes due to any of the three revisions will lead to just above around 1 additional man-hour used per case – whether being national administration of primary competence or of secondary competence.

Annex F – Case study for Poland

Introduction

In this section, we give a short description of the Polish legislation on family benefits, which kind of benefits it includes, who is eligible, and how the legislation is interpreted by the administrative institutions handling family benefits. The institutions responsible for handling family benefits in Poland are at the national level the Ministry of Labour and Social Policy and at regional level the Regional Social Policy Centres, more precisely the Regional Social Policy Centre Krakow and the Regional Social Policy Centre Opole.

To be eligible to family benefits in Poland the beneficiaries must be either:

- Polish citizen
- Foreigner who falls within the scope of the law on coordination of social security schemes or bilateral agreement on social security
- Foreigners residing with their family within the territory of Poland who holds refugee status or has residence permit. Applicants who holds an EU, EEA or Swiss citizenship are not obliged to have their children living in Poland to be eligible to family benefits.

Polish family benefits are contributory and means-tested. It is given to children under the age of 18 years or at the end of the child's education at school. The family income per capita must not exceed PLN 539 (EUR 130) (in 2014) per month (PLN 623 (EUR 150) in the case of families with a disabled child). The monthly amounts per child depend on the age: under 5 years: PLN 77 (EUR 18), 5 - 18 years: PLN 106 (EUR 25), 18 - 24 years: PLN 115 (EUR 28).

Current administrative costs and burden

To determine the current administrative costs and burden in handling family benefits in Poland interviews with the relevant Polish administrative institutions have been conducted. This includes: at the national level the Ministry of Labour and Social Policy, Department of Coordination of Social Security Systems, and at regional level the Regional Social Policy Centres, more precisely the Regional Social Policy Centre Krakow and the Regional Social Policy Centre Opole.

The Ministry of Labour and Social Policy estimates, that they in average handled 78,000 cases of family benefits in 2014 and a total of around 6,000 active cases[59]. The ministry underlined that they did not have any data on man-hours used on handling cases of family benefits. Their given estimates of man-hours used are based on intuition.

[59] Cases that were initiated in 2013 and which had not been completed by 2014.

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Below is a detailed review of the administrative costs arising from each of the administrative tasks involved in handling the export of family benefits today and in regards to Options 1a, 1b and 3.

Table F-1 shows that an average case for the national administration as primary competence uses just above one man-hour with most time most often spent on the calculation of benefit and on determining which Member State actually has the primary competence. In addition, the Polish interviewees mention the copying of the application and its transfer to a foreign institution as a standard task.

Table F-1 Current administrative costs and burden – Poland as Member State of primary competence

Administrative task	Average man-hours per case	Frequency	Number of cases(1)	Administrative costs, Total, EUR 1,000(2)
A typical case; first time handling of a case - all regular tasks included (not annual control)	**1.21 hours**	**100%**	**8698**	**53.9**
Determination of national administration with primary competence	0.44 hours	100%		
Calculation of benefit[60]	0.47 hours	100%		
Annual control[61]	0.06 hours	0-1%		
Disagreement regarding determination of primary competence[62]	0.75 hours	0.04-1%		
Overlapping benefits[63]	0 hours	100%		
Reimbursement	0 hours	10%		
Recovery	0.33 hours	10%		
Additional task[64]	0.21 hours	100%		

Notes: (1) Source: Pacolet and De Wispelaere (2015). (2) Using unit labour cost estimates based on Eurostat data.

[60] In Poland the amount of family benefit is - to a large extend - fixed.
[61] The Ministry of Labour and Social Policy notes, that in Poland a new application has to be submitted every year, why annual control - in principle - is not relevant. However, in some cases they still have an annual inspection. It takes around 10 min. to submitting a new application.
[62] Time used on this task usually derives from challenges on gathering information from other Member States.
[63] Benefits in Poland are most often lower than in other Member States. Also, this is handled within the task of determination of national administration with primary competence.
[64] Copying the application and attachments to transfer to a foreign institution (Art. 68, 3 883/2004).

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Table F-2 shows that a similar amount of resources are spent on an average case being the national administration of secondary competence. The largest task is here the determination of which Member State that actually has the primary competence.

Table F-2 Current administrative costs and burden – Poland as Member State of secondary competence

Administrative task	Average man-hours per case	Frequency	Number of cases[1]	Administrative costs, Total, EUR 1,000[2]
A typical case; first time handling of a case - all regular tasks included (not annual control)	**1.14 hours**	**100%**	**62047**	**362.9**
Determination of national administration with primary competence	0.69 hours	100%		
Calculation of benefit	0.17 hours	100%		
Annual control	0 hours	0%		
Disagreement regarding determination of primary competence	0.50 hours	0-0.04%		
Overlapping benefits	0.17 hours	100%		
Reimbursement	0 hours	10%		
Recovery	0.11 hours	10%		

Notes: [1] Source: Pacolet and De Wispelaere (2015). [2] Using unit labour cost estimates based on Eurostat data.

Change in administrative costs and burden from revised EU provisions

The interviewees were also asked to assess the consequences of three different revisions to the current EU provisions. The consequences are estimated in terms of additional man-hours to carry out the administrative tasks.

Table F-3 shows that Option 1a is expected to lead to additional resource requirements of just under half an hour – a little less being of secondary competence than of primary competence. These amounts are composed of minor additional efforts to calculate benefits, to deal with overlapping benefits

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Table F-3 Change in administrative costs and burden from Option 1a – Poland as Member State of primary and secondary competence

Administrative task	Change in average man-hours per case	Frequency	Number of cases[1]	Change in administrative costs, Total, EUR 1,000[2]
A typical case; first time handling of a case - all regular tasks included (not annual control)	Primary: **0.43 hours** Secondary: **0.33 hours**	Primary: **100%** Secondary: **100%**	Primary: **8698** Secondary: **62047**	Primary: **19.0** Secondary: **103.6**
Determination of national administration with primary competence	Primary: 0 hours Secondary: 0 hours	100%		
Calculation of benefit	Primary: 0.15 hours Secondary: 0.10 hours	100%		
Annual control	Primary: 0 hours Secondary: -0.05 hours	Primary: 0-1% Secondary: 0%		
Disagreement regarding determination of national administration with primary competence	Primary: 0 hours Secondary: -0.05 hours	Primary: 0.04-1% Second.: 0-0.04%		
Overlapping benefits	Primary: 0.08 hours Secondary: 0.08 hours	100%		
Reimbursement	Primary: 0.08 hours Secondary: 0.08 hours	10%		
Recovery	Primary: 0.13 hours Secondary: 0.13 hours	10%		

Notes: [1] Source: Pacolet and De Wispelaere (2015). [2] Using unit labour cost estimates based on Eurostat data.

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The picture is as shown in Table F-4 similar of Option 1b when Poland is the Member State of primary competence, while resource requirements are expected to fall slightly when being of secondary competence. This is mainly due to a fall in the task of calculating benefits.

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Table F-4 Change in administrative costs and burden from Option 1b – Poland as Member State of primary and secondary competence

Administrative task	Change in average man-hours per case	Frequency	Number of cases[1]	Change in administrative costs, Total, EUR 1,000[2]
A typical case; first time handling of a case - all regular tasks included (not annual control)	Primary: **0.38 hours** Second.: **-0.13 hours**	Primary: **100%** Secondary: **100%**	Primary: **8698** Secondary: **62047**	Primary: **16.7** Secondary: **-39.8**
Determination of national administration with primary competence	Primary: 0 hours Secondary: 0 hours	100%		
Calculation of benefit	Primary: 0.15 hours Secondary: -0.15 hours	100%		
Annual control	Primary: 0 hours Secondary: -0.50 hours	Primary: 0-1% Secondary: 0%		
Disagreement regarding determination of national administration with primary competence	Primary: 0 hours Secondary: -0.05 hours	Primary: 0.04-1% Second.: 0-0.04%		
Overlapping benefits	Primary: 0 hours Secondary: 0 hours	100%		
Reimbursement	Primary: 0.08 hours Secondary: 0.08 hours	10%		
Recovery	Primary: 0.08 hours Secondary: 0.13 hours	10%		

Notes: [1] Source: Pacolet and De Wispelaere (2015). [2] Using unit labour cost estimates based on Eurostat data.

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Finally, Table F-5 shows that only few changes to the administrative tasks are expected from Option 3.

Table F-5 Change in administrative costs and burden from Option 3 – Poland as Member State of primary and secondary competence

Administrative task	Change in average man-hours per case	Frequency	Number of cases[1]	Change in administrative costs, Total, EUR 1,000[2]
A typical case; first time handling of a case - all regular tasks included (not annual control)	Primary: **0.13 hours** Secondary: **0.13 hours**	Primary: **100%** Secondary: **100%**	Primary: **8698** Secondary: **62047**	Primary: **5.6** Secondary: **39.8**
Determination of national administration with primary competence	Primary: 0 hours Secondary: 0.10 hours	100%		
Calculation of benefit	Primary: 0.10 hours Secondary: 0.10 hours	100%		
Annual control	Primary: 0 hours Secondary: -0.50 hours	Primary: 0-1% Secondary: 0%		
Disagreement regarding determination of national administration with primary competence	Primary: 0 hours Secondary: -0.05 hours	Primary: 0.04-1% Second.: 0-0.04%		
Overlapping benefits	Primary: 0.03 hours Secondary: 0.08 hours	100%		
Reimbursement	Primary: 0.03 hours Secondary: -0.05 hours	10%		
Recovery	Primary: 0.08 hours Secondary: -0.05 hours	10%		

Notes: [1] Source: Pacolet and De Wispelaere (2015). [2] Using unit labour cost estimates based on Eurostat data.

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Administrative implications for families from revisions to EU provisions on exports of family benefits

The Regional Social Policy Centre in Opole assesses that the revisions will not lead to any direct changes to the application procedure; neither in the time used nor in the administrative tasks to be performed. However, the Department for Coordination of Social Security Systems and the Ministry of Labour and Social Policy notes that their assessment of the implications to the applicants due to the revisions are high.

Conclusions

The annual number of cases handled in Poland per year is estimated at 8698 when Poland is the Member State of primary competence, while the number of cases is somewhat higher, 62047, when being the Member State of secondary competence.

Currently, the administrative resources spent on each case amount to 1.21 hours for an average case when Poland is the Member State primary competence, and to 1.14 hours when of secondary competence.

The overall assessment is that the changes due to any of the three revisions will lead to less than half an hour additional resource per case – whether being national administration of primary competence or of secondary competence.

Annex G – Case study for Romania

Introduction

In this section, we give a short description of Romanian legislation on family benefits, which kind of benefits it includes, who is eligible, and how the legislation is interpreted by the national administrative institution handling family benefits, National Agency for Payments and Social Inspection.

The National Agency for Payments and Social Inspection is a public institution with legal personality, subordinated to the Ministry of Labour, Family and Social Protection. The agency operates through county agencies for payments and social inspection, who are organized and operating as decentralised public services with legal personality. While the National Agency for Payments and Social Inspection is the liaison body for family benefits in Romania, the county agencies are the competent institutions.

EC Regulation 883/2004, Article 1 (z) defines the term family benefits as *"all benefits in kind or in cash intended to meet family expenses, excluding advances of maintenance payments and special childbirth and adoption allowances mentioned in Annex 1".*

In Romania, this includes:

- child benefits
- child-raising benefits

However, since this study assesses family benefits that can be exported (cash benefits) only the child benefits are relevant.

Children up to 18 years of age (or secondary or post-secondary graduation age), who live together with their parents, and have their domicile or residence in Romania, are entitled to state allowances for children *(alocaţie de stat pentru copii)*. The amount of child benefits is fixed (not income related), but varies according to age: 200 lei (EUR 45) for children under the age of two and to 42 lei (about EUR 9) for those older than two**.**

Claims for family benefits have to be submitted at the town halls. Claims that involve the use of EU forms are submitted to the county agencies for payments and social inspection who take the decision on entitlement.

Eligibility to family benefits requires documentation in the form of: original and copy of birth certificate of the child, original and copy of the ID of the legal representative, documents showing legal status of the child towards legal representative. In cases where claims for child benefits are made by EU citizens working in Romania, the applicant must provide documentation to clarify whether Romania has primary competence. This includes relevant information regarding working status and residence of the other parent and child(ren).

The National Agency for Payments and Social Inspection is using an IT tool for issuing the decisions and calculation of benefits in the case of national applications. This is not applicable for issuing the EU forms.

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Current administrative costs and burden

To determine the current administrative costs and burdens in handling family benefits in Romania an interview with the National Agency for Payments and Social Inspection was conducted.

The National Agency for Payments and Social Inspection estimates that they handle approximately 3,000 existing active cases as primary competent state and 49,536[65] existing cases as secondary competent state.

The average man-hours used handling cases on export of family benefits by National Agency for Payments and Social Inspection as national administration with primary competence is 1.46 man-hours. As national administration with secondary competence the number is 0.37 man-hours. With an average labour cost at EUR 2.5 per hour this adds up to a total average of EUR 3.7 per case as national administration with primary competence and EUR 0.9 per case as national administration with secondary competence.

Below is a detailed review of the administrative costs arising from each of the administrative tasks involved in handling the export of family benefits today and in regards to Options 1a, 1b, and 3.

[65] Note it is not the number of *new cases* in 2014 but *existing active cases* in 2014. The number of new cases for 2014 is not available.

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Table G-1 Current administrative costs and burden – Romania as Member State of primary competence

Administrative task	Average man-hours per case	Frequency	Number of cases(1)	Administrative costs, Total, EUR 1,000(2)
A typical case; first time handling of a case - all regular tasks included (not annual control)	**1.46 hours**	**100%**	**11427**	**42.3**
Determination of national administration with primary competence	1 hour	100%		
Calculation of benefit	2 hours	10%		
Annual control	1 hour	10%		
Disagreement regarding determination of primary competence[66]	1 hour	0.01%		
Overlapping benefits[67]	1.5 hours.	5%		
Reimbursement	1 hour	0.1%		
Recovery[68]	2 hours	0.05%		

Notes: (1) Source: Pacolet and De Wispelaere (2015). (2) Using unit labour cost estimates based on Eurostat data.

[66] 10-20 cases per year
[67] Information from other MS are received very late
[68] 844 cases in 2014. Degree of recovery 50%

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Table G-2 Current administrative costs and burden – Romania as Member State of secondary competence

Administrative task	Average man-hours per case	Frequency	Number of cases[1]	Administrative costs, Total, EUR 1,000[2]
A typical case; first time handling of a case - all regular tasks included (not annual control)	**0.37 hours**	**100%**	**4616**	**4.3**
Determination of national administration with primary competence	35 min.	20%		
Calculation of benefit	1 hour	20%		
Annual control	1 hour	100%		
Disagreement regarding determination of primary competence	1 hour	5%		
Overlapping benefits	1.5 hours	0.1%		
Reimbursement	-	0%		
Recovery	2 hours	0.1%		

Notes: [1] Source: Pacolet and De Wispelaere (2015). [2] Using unit labour cost estimates based on Eurostat data.

Change in administrative costs and burden from revised EU provisions

The National Agency for Payments and Social Inspection expressed doubts regarding the proposed changes to the provisions of family benefits granted according to the living standard in the Member State of residence of the child. The concerns were related to whether the revisions would lead to a breach with the principles of coordination of social security systems.

In addition, the National Agency for Payments and Social Inspection stressed, that since the procedure of implementing the new rules are not clear, they found it rather difficult to make an estimation of the change in administrative costs.

If the procedures are implemented through the same mechanism of EU forms and payments of benefits are made directly to the families, the administrative costs will remain almost the same. However, if the procedure shall involve reimbursements between the institutions, the administrative tasks will increase and the costs equally which most likely will affect the EU workers/applicants. The National Agency for Payments and Social Inspections also assessed, that in case the order of priority changed so that the country of residence of the children becomes the Member State with primary competence, it will lead to an increase in disagreements between the Member State on competence, since residence as a criteria is harder to implement than work.

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Table G-3 Change in administrative costs and burden from Option 1a and Option 1b – Romania as Member State of primary and secondary competence

Administrative task	Change in average man-hours per case	Frequency	Number of cases(1)	Change in administrative costs, Total, EUR 1,000(2)
A typical case; first time handling of a case - all regular tasks included (not annual control)	Primary: **0.30 hours** Secondary: **0.55 hours**	**100%** **100%**	Primary: **11427** Secondary: **4616**	Primary: **8.7** Secondary: **6.4**
Determination of national administration with primary competence	0 hours	Primary: 100% Secondary: 20%		
Calculation of benefit[69]	2.5 hours	Primary: 10% Secondary: 20%		
Annual control	0 hours	Primary: 10% Secondary: 100%		
Disagreement regarding determination of national administration with primary competence[70]	1 hour	Primary: 0.01% Secondary: 5%		
Overlapping benefits[71]	1 hour	Primary: 5% Secondary: 0.1%		
Reimbursement[72]	1 hour	Primary: 0.1% Secondary: 0%		
Recovery[73]	1 hour	Primary: 0.05% Secondary: 0.1%		

Notes: (1) Source: Pacolet and De Wispelaere (2015). (2) Using unit labour cost estimates based on Eurostat data.

[69] More information will probably be necessary to calculate the benefit.
[70] The number of cases where the MS disagree will probably increase.
[71] The number of tasks and checks will probably increase.
[72] The number of tasks and checks will probably increase.
[73] The number of tasks and checks will probably increase.

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Table G-4 Change in administrative costs and burden from Option 3 – Romania as Member State of primary and secondary competence

Administrative task	Change in average man-hours per case	Frequency	Number of cases(1)	Change in administrative costs, Total, EUR 1,000(2)
A typical case; first time handling of a case - all regular tasks included (not annual control)	Primary: **1.15** Secondary: **1.30**	**100%**	Primary: **11427** Secondary: **4616**	Primary: **30.4** Secondary: **3.5**
Determination of national administration with primary competence[74]	1 hour	Primary: 100% Secondary: 20%		
Calculation of benefit	0 hours	Primary: 10% Secondary: 20%		
Annual control[75]	1 hour	Primary: 10% Secondary: 100%		
Disagreement regarding determination of national administration with primary competence[76]	2 hours	Primary: 0.01% Secondary: 5%		
Overlapping benefits[77]	1 hour	Primary: 5% Secondary: 0.1%		
Reimbursement[78]	1 hour	Primary: 0.1% Secondary: 0%		
Recovery[79]	1 hour	Primary: 0.05% Secondary: 0.1%		

[74] The number of tasks and checks will probably increase.
[75] The number of tasks and checks will probably increase.
[76] The number of tasks and checks will probably increase.
[77] The number of tasks and checks will probably increase.
[78] The number of tasks and checks will probably increase.
[79] The number of tasks and checks will probably increase.

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Notes: [1] Source: Pacolet and De Wispelaere (2015). [2] Using unit labour cost estimates based on Eurostat data.

Administrative implications for families from revisions to EU provisions on exports of family benefits

Though they find it hard to estimate, the National Agency for Payments and Social Inspection believe that the revisions will lead to an increase in time spent by the families on providing information.

Conclusions

The annual number of cases handled in Romania per year is estimated at 11427 when Romania is the Member State of primary competence, while the number of cases is somewhat lower, 4616, when being the Member State of secondary competence.

Currently, the administrative resources spent on each case amount to 1.46 hours for an average case when Romania is the Member State primary competence, and to 0.37 hours when of secondary competence.

The overall assessment is that the changes to the administrative tasks will be quite significant. This is particularly the case for Option 3.

Annex H – Case study for UK

Introduction

In this section, we give a short description of the UK legislation on family benefits, which kind of benefits it includes, who is eligible, and how the legislation is interpreted by the national administrative institution handling family benefits, Her Majesty's Revenue and Customs.

EC Regulation 883/2004, Article 1 (z) defines the term family benefits as *"all benefits in kind or in cash intended to meet family expenses, excluding advances of maintenance payments and special childbirth and adoption allowances mentioned in Annex I"*.

In the UK, this includes child benefits, which is a tax financed (non-contributory, not means-tested) system available for persons responsible for raising a child or children. The claimant must be present, ordinarily resident and have a right to reside in the UK. Claimant's immigration status not subject to any limitation or condition Child and claimant to be present in UK and living together.

The benefits apply normally to children of up to 16 years or if continuing in non-advanced education or approved training up to 20th birthday. Generally, the child must be present in the UK.

In 2015, the benefit rates are GBP 88.83 (EUR 111) per month for the eldest qualifying child of a couple (monthly amount). For each other child GBP 58.72 (EUR 73).

Current administrative costs and burden

To determine the current administrative costs and burden in handling family benefits in the UK an interview with Her Majesty's Revenue and Customs was conducted. In general, the interviewee found it difficult to assess administrative costs and burden as no actual measurements are made. Hence, the assessments of current costs provided are rough estimates only, while no assessments of the changes to these as a result of revisions to the EU provisions have been provided.

With this caveat in mind, Table H-1 shows that Pacolet and De Wispelaere (2015) estimates that the UK as primary competence handles just above 20,000 cases a year. The administrative resources spent on average on these cases are estimated to amount to almost six man-hours per case. This is higher than for the other case study Member States. Much time seems, for example, to be spent on determining who the national administration with primary competence is, and on settling disagreements in this regard.

With the significant number of cases, the total administrative costs amount to almost mEUR 2 per year.

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Table H-1 Current administrative costs and burden – UK as Member State of primary competence

Administrative task	Average man-hours per case	Frequency	Number of cases[1]	Administrative costs, Total, EUR 1,000[2]
A typical case; first time handling of a case - all regular tasks included (not annual control)	**5.75 hours**	**100%**	**20271**	**1955.1**
Determination of national administration with primary competence	2 hours	100%		
Calculation of benefit	2 hours	100%		
Annual control	0.75 hours	100%		
Disagreement regarding determination of primary competence	2 hours	15%		
Overlapping benefits	2 hours	25%		
Reimbursement	0.75 hours	40%		
Recovery	0.75 hours	20%		

Notes: [1] Source: Pacolet and De Wispelaere (2015). [2] Using unit labour cost estimates based on Eurostat data.

Table H-2 then shows that Pacolet and De Wispelaere (2015) estimates that the UK as primary competence handles around 3,300 cases a year. The administrative resources spent on average on these cases are estimated to amount to 2.75 man-hours per case. This is similar to for the other case study Member States. The total administrative costs amount to almost EUR 200,000 per year.

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Table H-2 Current administrative costs and burden – UK as Member State of secondary competence

Administrative task	Average man-hours per case	Frequency	Number of cases[1]	Administrative costs, Total, EUR 1,000[2]
A typical case; first time handling of a case - all regular tasks included (not annual control)	**2.75 hours**	**100%**	**3391**	**171.3**
Determination of national administration with primary competence	0.75 hours	100%		
Calculation of benefit	0.75 hours	100%		
Annual control	0.75 hours	100%		
Disagreement regarding determination of primary competence	2 hours	15%		
Overlapping benefits	2 hours	25%		
Reimbursement	0.75 hours	40%		
Recovery	0.75 hours	20%		

Notes: [1] Source: Pacolet and De Wispelaere (2015). [2] Using unit labour cost estimates based on Eurostat data.

Change in administrative costs and burden from revised EU provisions

As mentioned above, it was not feasible for the UK interviewee to provide estimates of the change in the administrative costs from revisions to the EU provisions.

Administrative implications for families from revisions to EU provisions on exports of family benefits

Similarly, the UK interviewee could not assess the administrative implications for the families.

Conclusions

The annual number of cases handled in the UK per year is estimated at 20,271 when the UK is the Member State of primary competence, while the number of cases is somewhat lower, 3,391, when the UK is the Member State of secondary competence.

Currently, the administrative resources spent on each case amount to 5.75 hours for an average case when of primary competence, and to 2.75 hours when of secondary competence.

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It has not been feasible to obtain estimates of the change in the administrative costs from revisions to the EU provisions.

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ANNEX XVII: Brodolini Report Administrative Costs unemployment benefits

Task 2: Administrative costs of handling aggregation of periods or salaries for unemployment benefits

Study to analyse and assess the impacts of policy options for a possible EU initiative in the area of coordination of social security schemes, in particular with regard to the revision of the current EU provisions on the entitlement to unemployment benefits

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Tender prepared under the lead of Fondazione Giacomo Brodolini on behalf of the consortium, under the Framework Contract: “Provision of services related to evaluation, evaluative studies, analysis and research work, including support for impact assessment activities” YT/2013/119 – Lot 2

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Executive Summary

The right to unemployment benefits in all Member States depends on having fulfilled a qualifying period. Regulation (EC) No 883/2004 of the European Parliament and of the Council of 29 April 2004 on the coordination of social security systems specifies in Article 61 the principle of aggregation, which means that if a person does not have a sufficiently long unemployment benefit insurance record in the last Member State of activity/insurance – henceforth called the Member State of last employment, periods fulfilled in another Member State – henceforth called the Member State of previous employment. Most Member States apply the principle of aggregation after one day of insurance. This may lead to cases where unemployment benefits are being claimed after a very short period of being member of the insurance system in the Member State of last employment. It has therefore been questioned whether the current rules sufficiently ensure that a worker has an effective link to the given labour market and the related insurance system before claiming unemployment benefits there, either in terms of the length of the insurance periods fulfilled or in terms of the calculation basis for the unemployment benefits. Furthermore, claiming benefits after a short period of insurance or (self-)employment may have negative financial consequences for the Member States which has to pay the benefits.

Revisions to the current rules are therefore being considered to ensure uniform application of the principle of aggregation across Member States. This is done to ensure that the financial burden for paying unemployment benefits does not arise in situations, where mobile EU-workers have not yet made a significant contribution to the insurance system in the Member State of last employment, and in general to avoid undesirable uses of the unemployment benefit insurance systems in the EU. However, such revisions to the rules may also have implications for the administrative costs and burden for the national administrations handling aggregation of unemployment benefit cases as well as for the EU-workers themselves and their families.

On this background, the present study looks into the following four possible revisions to Regulation (EC) No 883/2004:

- Option 2a: A threshold of **one month** of insurance or (self-)employment needs to be completed in the Member State of last employment before aggregation of periods of insurance, employment or self-employment fulfilled in a Member State of previous employment can be applied[80].
- Option 2b: A threshold of **three months** of insurance or (self-)employment needs to be completed in the Member State of last employment before aggregation of

[80] We also qualitative assess the possible additional administrative burden, if the option is modified/extended to make the Member State of previous employment responsible for paying unemployment benefits for those workers who have not completed the required period of insurance or (self-)employment in the Member State of last employment.

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periods of insurance, employment or self-employment fulfilled in a Member State of previous employment can be applied[81].

- Option 3a: The salary earned in the Member State of previous employment is also taken into account for the calculation of the unemployment benefit by the Member State of last employment, if less than **one month** of insurance or (self-) employment is completed in the Member State of last employment. The calculation is made within a national reference period.

- Option 3b: The salary earned in the Member State of previous employment is also taken into account for the calculation of the unemployment benefit by the Member State of last employment, if less than **three months** of insurance or (self-) employment is completed in the Member State of last employment. The calculation is made within a national reference period.

There is, however, no official information available on the costs of the different administrative tasks carried out by the national administrations in the Member States when handling a case of aggregation of unemployment benefits. Therefore, the study has obtained this information from its primary sources via interviews with national administrations. It was not feasible within the scope of Task 2 to gather such information for all 28 EU Member States. Hence, the results are based on analyses for six case study Member States: Germany, Denmark, Netherlands, Poland, Romania, and the UK.

Change in administrative costs and burden for national administrations acting as authority of last employment

A first observation, when assessing the administrative costs and burden for the national administrations in the Member States acting as authority of last employment, is that most of these national administrations – at least in the six case study Member States – only handle few cases annually. Only Poland experiences a notable number of cases with 1,517 (in 2013) while the Romanian national administration only had to handle 12 cases. Hence, from the outset it could be assumed that there within many national administrations only is little experience with handling aggregation cases and not that much focus on the costs of doing so. In any case, the current total administrative costs are limited in an overall context.

Currently, the national administrations in the case study Member States use as shown in Table 0-1 on average less than 1.5 man-hours per case, most of which is used for the collection of information from Member States of previous employment about the applicants' employment and insurance histories, followed by resources spent on the calculation of the unemployment benefit payments. The man-hour use is fairly similar in between the case study Member States, and there is no tendency to that high labour cost Member States such as Denmark and the Netherlands carry out the administrative tasks using less manpower than low labour cost Member States such as Poland and Romania.

[81] idem.

Table 0-1 National administrations handling aggregations of unemployment benefits as authority of last employment, man-hours per average case

Administrative tasks	DE	DK	NL	PL	RO	UK	Av.
Standard administrative tasks							
Collecting information	0.20	1.42	0.50	0.56	0.88	0.75	0.72
Calculation of benefit	0.20	0.21	0.50	0.32	1.00	0.38	0.43
Additional administrative tasks							
Determination of residence	0.00	0.04	0.05	0.63	0.00	0.00	0.12
Change in circumstances	0.00	0.08	0.03	0.07	0.00	0.00	0.03
Reimbursement	0.00	0.00	0.00	0.01	0.00	0.00	0.00
Recovery	0.00	0.07	0.02	0.00	0.00	0.00	0.01
Other	0.10	0.00	0.00	0.25	0.00	0.00	0.06
TOTAL	**0.50**	**1.81**	**1.10**	**1.83**	**1.88**	**1.13**	**1.37**

Sources: Interviews.

This study assesses as shown in Table 0-2 that the administrative tasks will be almost unchanged if it is decided to implement Option 2a or Option 2b – i.e. to introduce a threshold for the period of insurance or employment to be completed in the Member State of last employment before the aggregation principle applies. If Options 2a and 2b are modified/extended to make the Member State of previous employment responsible for paying unemployment benefits for those workers who have not completed the required period of insurance or (self-)employment in the Member State of last employment, there will be an additional need for the latter national administration to inform the former about this situation. Although the interviewees have not assessed the administrative burden of doing this, we would expect this to a minor additional task as the national administration of last employment in any case is in contact with the national administration of previous employment regarding the exchange of information about the given applicant.

For Options 3a and 3b – i.e. taking into account the salary earned in the Member State of previous employment in the unemployment benefit calculation – it is assessed that each case on average will take around 20 minutes longer to handle, i.e. 28-29% increase. This increase is caused by the need to collect information as the salary earned in the Member State of previous employment and to use this in the calculation of the unemployment benefit payment.

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Table 0-2 Change in the man-hours per administrative task for aggregation of unemployment benefit cases handled by national administrations as authority of last employment (simple average of case study Member States)

Administrative tasks	**Option 2a**		**Option 2b**		**Option 3a**		**Option 3b**	
	Man-hours	% from base	Man-hours	% from base	Man-hours	% from base	Man-hours	% from base
Standard admin. tasks								
Collecting information	0.00	0.0%	0.00	0.0%	0.33	46.5 %	0.33	46.5%
Calculation of benefit	0.00	0.0%	0.00	0.0%	0.13	30.7 %	0.13	30.7%
Additional admin. tasks								
Det. of residence	-0.04	-30.9 %	-0.03	-24.1%	-0.04	-30.9 %	-0.03	-24.1%
Change in circumstances	0.01	21.8 %	0.01	21.8%	0.00	0.0%	0.00	0.0%
Reimbursement	-0.05	0.0%	-0.04	0.0%	-0.05	0.0%	-0.04	0.0%
Recovery	0.00	14.5 %	0.00	14.5%	0.00	0.0%	0.00	0.0%
Other	0.00	0.0%	0.00	0.0%	0.00	0.0%	0.00	0.0%
TOTAL	**-0.08**	**-5.5 %**	**-0.06**	**-4.2%**	**0.38**	**27.9 %**	**0.40**	**29.1 %**

Sources: Interviews.

In monetary terms, the assessment is as shown in Table 0-3 that the revisions will lead to minor changes in total administrative costs. Only in Poland a change in the unit costs per case and in total costs in EUR is expected as a result of Options 2a and 2b.

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Table 0-3 Change in unit costs per case and total costs handling aggregation of unemployment benefit cases by national administrations as authority of last employment – main calculation

Member State	Option 2a		Option 2b		Option 3a		Option 3b	
	Unit costs EUR	Total costs 1000 EUR	Unit costs EUR	Total costs 1000 EUR	Unit costs EUR	Total costs 1000 EUR	Unit costs EUR	Total costs 1000 EUR
DE: Germany	0.0	0.0	0.0	0.0	11.3	8.9	11.3	8.9
DK: Denmark	0.0	0.0	0.0	0.0	15.1	0.8	15.1	0.8
NL: Netherlands	0.0	0.0	0.0	0.0	8.4	1.4	8.4	1.4
PL: Poland	-2.3	-3.5	-1.8	-2.7	-0.8	-1.2	-0.3	-0.4
RO: Romania	0.0	0.0	0.0	0.0	2.5	0.0	2.5	0.0
UK: United Kingdom	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Sources: Interviews and Eurostat.

Change in administrative costs and burden for national administrations acting as authority of previous employment

The observation that most national administrations of last employment only handle few cases of unemployment period aggregations implies that this also will be the case for most national administrations of previous employment – as the total number of cases is the same from both perspectives for the EU as a whole. This said, the number of cases handled by the six case study Member States of previous employment is somewhat higher than that when being of Member State of last employment. The UK experiences with 3,333 (in 2013) the largest number of cases, followed by Germany with 1,164 cases. However, in relation to the size of the national labour market, Denmark handles with 686 cases most.

Currently, the national administrations in the case study Member States use as shown in Table 0-4 on average less than one man-hour per case, with almost all time spent on the standard administrative task of providing information – i.e. to respond to a request from a Member State of last employment regarding an applicant's insurance and employment history. There is, however, some variation in the average time spent in between the case study Member States. In particular, the unemployment funds in Romania spend much time responding to a request for information about an applicant's previous insurance and employment history. At the other end, the UK does not see that of being the authority of previous employment involving much work.

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Table 0-4 National administrations handling aggregations of unemployment benefits as authority of previous employment, man-hours per average case

Administrative tasks	DE	DK	NL	PL	RO	UK	Av.
Standard administrative tasks							
Providing information	0.50	0.67	0.67	0.67	2.48	0.00	0.83
Additional administrative tasks							
Determination of residence	0.00	0.00	0.00	0.46	0.00	0.01	0.08
Change in circumstances	0.00	0.00	0.00	0.15	0.00	0.00	0.02
Reimbursement	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Recovery	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	**0.50**	**0.67**	**0.67**	**1.27**	**2.48**	**0.01**	**0.93**

Sources: Interviews.

Similar to for the national administrations of last employment, Option 2a and Option 2b will as shown in Table 0-5 not make almost no changes to the administrative tasks of the national administrations when acting as authority of previous employment. However, if Options 2a and 2b are modified/extended to make the Member State of previous employment responsible for paying unemployment benefits for those workers who have not completed the required period of insurance or (self-)employment in the Member State of last employment, the national administration of previous employment will have two new administrative tasks. Firstly, there will be a minor task of receiving and registering the information about the situation. Secondly, the national administration will calculate the benefits that the applicant is entitled to according to its national legislation. Our best estimate of the additional administrative burden of this is the time estimates provided by the national administrations of last employment for their similar tasks. Hence, based on their we assess that the national administration of previous employment will spent around 20 minutes extra for each case where it becomes responsible for paying the unemployment benefits.

This assessment of limited impacts goes, however, also for Options 3a and 3b when having the role as authority of previous employment.

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Table 0-5 Change in the man-hours per administrative task for aggregation of unemployment benefit cases handled by national administrations as authority of previous employment (simple average of case study Member States)

Administrative tasks	**Option 2a**		**Option 2b**		**Option 3a**		**Option 3b**	
	Man-hours	% from base	Man-hours	% from base	Man-hours	% from base	Man-hours	% from base
Standard admin. tasks								
Providing information	0.01	0.8%	0.01	0.8%	0.06	7.7%	0.06	7.7%
Additional admin. tasks								
Det. of residence	-0.04	-57.2%	-0.04	-57.2%	-0.04	-57.2%	-0.04	-57.2%
Change in circumstance	0.01	33.7%	0.01	33.7%	0.03	112.4%	0.03	112.4%
Reimbursement	-0.06	0.0%	-0.06	0.0%	-0.06	0.0%	-0.06	0.0%
Recovery	0.00	0.0%	0.00	0.0%	0.03	0.0%	0.03	0.0%
TOTAL	**-0.08**	**-8.8%**	**-0.08**	**-8.8%**	**0.05**	**5.3%**	**0.05**	**5.3%**

Sources: Interviews.

Hence as shown in Table 0-6, also in monetary terms the assessment is that the revisions will lead to minor changes in total administrative costs.

Table 0-6 Change in unit costs per case and total costs handling aggregation of unemployment benefit cases by national administrations as authority of previous employment – main calculation

Member State	**Option 2a**		**Option 2b**		**Option 3a**		**Option 3b**	
	Unit costs EUR	Total costs 1000 EUR	Unit costs EUR	Total costs 1000 EUR	Unit costs EUR	Total costs 1000 EUR	Unit costs EUR	Total costs 1000 EUR
DE: Germany	0.0	0.0	0.0	0.0	4.1	4.8	4.1	4.8
DK: Denmark	1.2	0.8	1.2	0.8	1.2	0.8	1.2	0.8
NL: Netherlands	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PL: Poland	-2.7	-0.4	-2.7	-0.4	0.3	0.04	0.3	0.04
RO: Romania	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
UK: United Kingdom	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Sources: Interviews and Eurostat.

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Change in administrative costs and burden for mobile EU-workers and their families

The proposed revisions to the EU provisions may well have implications for the mobile EU-workers and their families. Although it may not be considered as administrative implications, it is suggested that Option 2a and Option 2b may have a negative impact on the exercise of free movement, because a more complex legislation may discourage workers who were planning to move to another Member State.

Regarding Option 3a and Option 3b, compared with the current situation, applicants need to wait a longer time before they receive their benefits. This may further cause income problems for those without private savings. Furthermore, there is an increased requirement to provide documentation in the form of contracts, payslips etc.

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Introduction

1.8. Background and purpose

The right to unemployment benefits in all Member States depends on having fulfilled a qualifying period. Regulation (EC) No 883/2004 of the European Parliament and of the Council of 29 April 2004 on the coordination of social security systems specifies in Article 61 the principle of aggregation, which means that if a person does not have a sufficiently long unemployment benefit insurance record in the last Member State of activity/insurance – henceforth called the Member State of last employment, periods fulfilled in another Member State – henceforth called the Member State of previous employment.

Most Member States apply the principle of aggregation after one day of insurance. This may lead to cases where unemployment benefits are being claimed after a very short period of being member of the insurance system in the Member State of last employment. It has therefore been questioned whether the current rules sufficiently ensure that a worker has an effective link to the given labour market and the related insurance system before claiming unemployment benefits there, either in terms of the length of the insurance periods fulfilled or in terms of the calculation basis for the unemployment benefits. Furthermore, claiming benefits after a short period of insurance or (self-)employment may have negative financial consequences for the Member States which has to pay the benefits.

Revisions to the current rules are therefore being considered to ensure uniform application of the principle of aggregation across Member States. This is done to ensure that the financial burden for paying unemployment benefits does not arise in situations, where mobile EU-workers have not yet made a significant contribution to the insurance system in the Member State of last employment, and in general to avoid undesirable uses of the unemployment benefit insurance systems in the EU.

On this background, we look in the present study into the following four possible revisions to Regulation (EC) No 883/2004:

- Option 2a: A threshold of **one month** of insurance or (self-)employment needs to be completed in the Member State of last employment before aggregation of periods of insurance, employment or self-employment fulfilled in a Member State of previous employment can be applied[82].
- Option 2b: A threshold of **three months** of insurance or (self-)employment needs to be completed in the Member State of last employment before aggregation of periods of insurance, employment or self-employment fulfilled in a Member State of previous employment can be applied[83].
- Option 3a: The salary earned in the Member State of previous employment is also taken into account for the calculation of the unemployment benefit by the Member

[82] We also qualitative assess the possible additional administrative burden, if the option is modified/extended to make the Member State of previous employment responsible for paying unemployment benefits for those workers who have not completed the required period of insurance or (self-)employment in the Member State of last employment.
[83] idem.

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State of last employment, if less than **one month** of insurance or (self-) employment is completed in the Member State of last employment. The calculation is made within a national reference period.

- Option 3b: The salary earned in the Member State of previous employment is also taken into account for the calculation of the unemployment benefit by the Member State of last employment, if less than **three months** of insurance or (self-) employment is completed in the Member State of last employment. The calculation is made within a national reference period.

Such revisions may affect the behaviour of the mobile EU-workers and their families, the amounts of unemployment benefits being paid, and the administration needed to handle the aggregation of unemployment benefit cases. The analysis within Task 2 focuses on the latter issue – i.e. the changes to the administrative costs and burden for the national administrations handling aggregation of unemployment benefit cases from the revisions. In this context, Task 2 distinguishes between the administrative costs incurring in the Member States of last employment and those incurring in the Member States of previous employment. Furthermore, we look into the possible changes in the administrative burdens for the mobile EU-workers themselves and their families.

There is, however, as described further below no official information available on the costs of the different administrative tasks carried out by the national administrations in the Member States when handling a case of aggregation of unemployment benefits. Therefore, we have obtained this information from its primary sources via interviews with national administrations. It was not feasible within the scope of Task 2 to gather such information for all 28 EU Member States. Hence, the results are based on analyses for six case study Member States: Germany, Denmark, Netherlands, Poland, Romania, and the UK.

1.9. Methodology

As just introduced above, Task 2 focuses on assessing the administrative costs and burden for the national administrations handling aggregation of unemployment benefit cases. For this, we have made use of the definition of administrative costs and burden provided by the EC (2009) Impact Assessment Guidelines. While doing this, we have adopted a broad definition of administrative information obligations – i.e. we have considered the costs of administrative tasks such as the collection and provision of information, the calculation of benefits, and the reimbursement and recovery of benefits in between Member States. We have then assessed how these administrative costs may change from the revisions to Regulation (EC) No 883/2004 to comprise an additional administrative burden – positive or negative – for the national administrations as well as for the mobile EU-workers and their families. This approach is also in line with the Better Regulation Guidelines (EC, 2015) emphasises objective of delivering maximum benefits to citizens, businesses and workers while avoiding all unnecessary regulatory burdens, and so avoiding unnecessary additional administrative burdens.

The calculations of the administrative costs for the national administrations are as illustrated in Figure 1-1 in principle simple. Firstly, the number of cases in the left-hand side of the figure are the annual cases of aggregation of unemployment benefits currently registered in the six case study Members States. Actually, a given case may be dealt with in two of the six selected Member States if, for example, a given applicant for aggregation (i.e. in a Member State of last employment) comes from another of the six Member States (i.e. in a Member State of previous employment). In our main calculation, we assume that the number of cases does not change due to revising the EU provisions. However, we do to illustrate the sensitivity of this assumption also show a scenario

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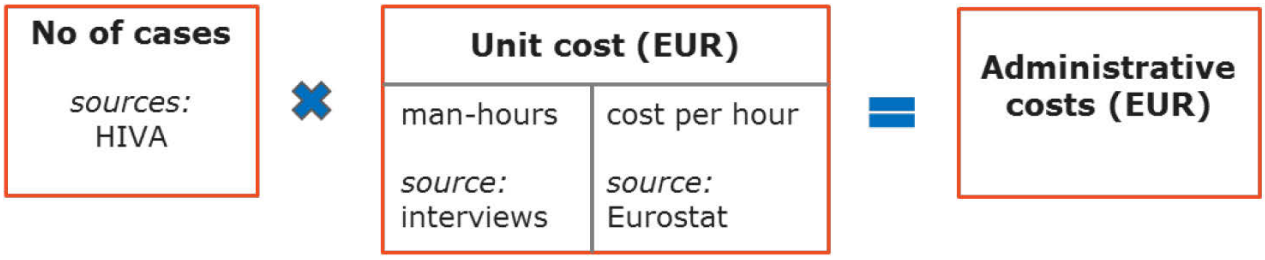
where we assume a change in the number of cases based on the results of Task 4 of this study.

Secondly, we calculate the unit costs for the national administration – i.e. the current administrative costs per case as well as the changed administrative costs per case as a result of revising the EU provisions. The administrative costs per case will clearly differ between cases, i.e. there will be easy cases only involving standard administrative tasks while other more complex cases will involve additional tasks. Hence, we are in practice looking for average costs. These unit costs in EUR are composed of assessments of the man-hours needed per case and the costs per man-hour in EUR (see Table 1-1 in the next section).

Figure 1-1 Calculation of administrative costs for national administrations



As indicated in Figure 1-1, the estimations of the current number of cases have been provided by the HIVA KU Leuven Research Institute for Work and Society (HIVA) via a data gathering exercise (see Pacolet and De Wispelaere, 2015).

The bulk of the work within Task 2 has been the estimation of the man-hours needed to carry out the administrative tasks of handling a case of aggregation of unemployment benefits. As already mentioned, such information is not available from official sources, and so we have gathered the information through interviews with national administrations in the six case study Member States. For this purpose we identified the national administrations to interview (see Annexes C to H for the interviewees), and we developed an interview guide that was shared with our Member States experts/interviewers in the six case study Member States in their respective national languages (see Annex B for the English version of the interview guide). The interview guide was developed via a desk study approach by reviewing existing literature and guidance papers on the legislation (see Annex A) and it was tested in Denmark before being applied in the five other case study Member States.

From the Member State-specific analyses in Annexes C to H, it becomes clear that most of the man-hour estimates are based on a few interviews only. This is partly because there is often only a few national administrations that handle export of family benefit cases in each of the Member States, and partly because of limited interview resources. Hence, the premise for this analysis is the uncertainty associated with few assessments that, furthermore, mostly are based on the subjective assessments of the interviewees rather than on actual registrations of time spent on different administrative tasks. It has therefore not been feasible within the present study period to further validate the administrative cost estimates, but these may well be commented upon by national administrations in the non-case study Member States once this report is released. In this context, it should be underlined that although there are some differences in the assessments both within and in between the Member States, the overall the assessed levels of administrative costs and the additional burdens from the possible revisions to the EU provisions do compare. Finally, the assessed additional burdens can be argued to be low, in particular in absolute terms for a Member State as a whole. Hence, they may well be lower that the socioeconomic benefits caused by the revisions.

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1.10. Case study Member States

As already mentioned, the calculations of the administrative costs and burden are based on information for six case study Member States only. Although, it is not the aim of Task 2 to produce a total EU-28 figure for the administrative costs and burden via an upscaling of the calculations from the case studies, we have aimed to select Member States that represent the variety within the EU.

Firstly, we have selected Member States that are geographically spread across the EU. Secondly, the selection comprises Member States that mainly attract mobile EU-workers (Germany, Denmark, Netherlands, UK) and Member States that mainly see workers leave (Poland, Romania). Thirdly, although all Member States apply the general principle of providing an income support to workers that have become (involuntarily) unemployed and all apply qualifying periods, there are some differences. While the Netherlands applies a qualifying period of less than one year, it is one year or above in Germany, Denmark, Poland and Romania. Furthermore, the income replacement rates are a percentage of past earnings averaged over more than three months in Germany, while Denmark and Netherlands only look at earnings during the last three months. Poland, Romania and the UK apply a flat or fixed rate[84]. Finally, the case study Member States may well differ with respect to the capacity of administration, to the development of IT, and to the standard of living.

Redading the latter, as shown in Table 1-1, the unit labour costs of the national administrations differ much in between the case study Member States. We assume here that the average wage levels of the relevant employees in the national administrations are similar to that of employees in general in the public administration with upper secondary or post-secondary non-tertiary education. Although the differences in labour costs is a reflection of general differences in labour costs in between the Member States, it could be expected that this may lead to differences in the use of man-power to carry out the administrative tasks. It could, for example, be expected that higher labour costs could lead to fewer labour-intensive processes – and vice versa. However, as shown below such difference have not been detected in between higher and lower labour cost Member States.

Table 1-1 Labour costs, 2013, EUR per hour - employees in public administration etc. with upper secondary or post-secondary non-tertiary education

Member State	Wage costs, 2010, EUR per hour(1)	Wage costs, 2013, EUR per hour(2)	Labour costs, 2013, EUR per hour(3)
DE: Germany	14.9	16.4	20.5
DK: Denmark	22.3	23.4	29.3
NL: Netherlands	16.4	17.8	22.2
PL: Poland	3.8	4.1	5.1
RO: Romania	1.7	2.0	2.5
UK: United Kingdom	14.3	14.7	18.4

Sources: (1) Eurostat, Earnings survey, 2010 [the most recent] (earn_ses10_16). (2) 2013 estimates on the basis of Eurostat, Labour cost index ([lc_lci_r2_a). (3) Using 25% overhead costs according to EC Impact Assessment Guidelines.

[84] See Annexes C to H for more details on rules in the different case study Member States. Note in this context that Regulation overruns such national provisions if these are in conflict with this.

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Current administrative costs and burden

1.11. National administrations

The aggregation of unemployment benefit cases are handled by different types of national administrations in the case study Member States. In Germany and Denmark, it is the task of the private unemployment insurance institutions – both when acting as the authority of last employment and of previous employment. In the Netherlands, it is the Institute for Employee Benefit Schemes. In Poland, it is both at national and regional level Departments of Social Security Systems. In Romania, it is the National Agency for Employment, while it in the UK is the Department for Work and Pensions.

The below box describes an example of an aggregation of unemployment benefits currently handled by the national administrations.

Example of aggregation of unemployment benefits:

EU-worker A moves from Member State A [previous employment] to Member State B [last employment] and works there for two weeks[85] before becoming unemployed. Currently, he can claim unemployment benefits in Member State of last employment B based on his period of insurance in Member State of previous employment A.

National administrations handling aggregation of unemployment benefits as authority of last employment

Table 2-1 shows that the number of cases handled by national administrations acting as authority of last employment varied between the case study Member States in 2013[86]. This is not surprising given the difference in the sizes of the Member States, and given the fact that we both have selected Member States that mainly attract mobile EU-citizens and mainly see citizens leave. Actually, only Poland experiences a notable number of cases. The differences are also notable when looking at the number of cases relative to the sizes of the labour markets – i.e. total employment in the respective Member States.

[85] Note that some Member States currently have stricter requirements, e.g. Denmark requires 8 weeks of work within 12 weeks to qualify.

[86] 2013 has been chosen as reference year, since the information on cases gathered by Pacolet and De Wispelaere (2015) is from 2013.

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Table 2-1 Number of aggregations of unemployment benefits handled by national administrations in 2013 as authority of last employment

Member State	Number of cases, 2013	Cases per 1000 employed
DE: Germany(1)	791	0.02
DK: Denmark	54	0.02
NL: Netherlands	160	0.02
PL: Poland	1517	0.10
RO: Romania	12	0.00
UK: United Kingdom	30	0.00

Sources: Pacolet and De Wispelaere (2015). Eurostat database (lfsi_emp_a).
Notes: (1) Estimate made by consultant on the basis of data for Denmark and the Netherlands.

Table 2-2 shows for the six case study Member States, the man-hours per average case for the national administrations handling aggregation of unemployment benefits as authority of last employment. The administrative tasks are divided into standard administrative tasks and additional administrative tasks.

The former tasks, which are carried out for almost all cases, comprise information collection. Hence, for each application for aggregation of unemployment benefits, the national administration will collect the information necessary to decide on the payment of unemployment benefits to the applicant. This involves, for example, obtaining information from previous Member State(s) of insurance about insurance and employment histories. Table 2-2 shows that this task for an average case in a Member States takes between 0.20 man-hours in Germany and 1.42 man-hours in Denmark (see Annexes C to H for Member State-specific analyses).

The national administration of last employment will then calculate the benefits that the given applicant is entitled to according to the given national legislation, and it will set the payment of unemployment benefits in motion. Here the average time spent per case ranges from 0.20 man-hours in Germany to 1 man-hours in Romania.

The latter tasks, which are carried out more infrequently for the more complex cases, comprise, for example, the determination of residence when this is not obvious. This task leads to additional costs as a result of collecting additional information about family ties, housing situation, characteristics of the applicant's professional activities. In Poland, this is an important task, while it is of only little importance in the other case study Member States.

Furthermore, if circumstances of the applicant change this will require a determination of the type of change and it may lead to a change of competence and to a recalculation of benefits. Finally, there may be costs from reimbursement activities if provisional unemployment benefits awarded to an EU-worker should have been paid by another Member State, and from recovery activities if an applicant unjustified has received unemployment benefits.

Overall, Table 2-2 shows that currently the resources spent on a case by the national administration as authority of last employment averages less than 1.5 man-hours. Germany is a slight outlier at the low end, which appears to be caused by relative less emphasis on information collection. Denmark, Poland, and Romania are at the higher end, due to different tasks, however.

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Table 2-2 National administrations handling aggregations of unemployment benefits as authority of last employment, man-hours per average case

Administrative tasks	DE	DK	NL	PL	RO	UK	Av.
Standard administrative tasks							
Collecting information	0.20	1.42	0.50	0.56	0.88	0.75	0.72
Calculation of benefit	0.20	0.21	0.50	0.32	1.00	0.38	0.43
Additional administrative tasks							
Determination of residence	0.00	0.04	0.05	0.63	0.00	0.00	0.12
Change in circumstances	0.00	0.08	0.03	0.07	0.00	0.00	0.03
Reimbursement	0.00	0.00	0.00	0.01	0.00	0.00	0.00
Recovery	0.00	0.07	0.02	0.00	0.00	0.00	0.01
Other	0.10	0.00	0.00	0.25	0.00	0.00	0.06
TOTAL	**0.50**	**1.81**	**1.10**	**1.83**	**1.88**	**1.13**	**1.37**

Sources: Interviews.

When accounting for the differences in labour costs shown in Table 1-1, Table 2-3 shows that the average unit administrative costs in EUR differ more that the average man-hours shown in Table 2-2. The reason is that the high labour cost Members State, Denmark, also spend relatively most man-hours. This could be argued to be a surprising result, i.e. it could be expected that higher labour costs could lead to less labour-intensive processes.

The lower labour costs and man-hours spent in Poland and Romania imply that an average case costs around 5 to 10 EUR, while it in Denmark reaches above 50 EUR and in the Netherlands around 25 EUR. However, looking at total costs, Germany has with its many case the highest total costs.

Table 2-3 Administrative costs for national administrations handling aggregations of unemployment benefits as authority of last employment, unit costs and total costs 2013, EUR

	DE	DK	NL	PL	RO	UK	Av.
Unit costs, EUR	10.3	53.0	24.3	9.4	4.7	20.7	20.4
Total costs, 1000 EUR	8.1	2.9	3.9	14.3	0.1	0.6	

Sources: Table 1-1, Table 2-1, and Table 2-2.

National administrations handling aggregation of unemployment benefits as authority of previous employment

Table 2-4 then shows the number of cases handled by national administrations as authority of previous employment in the case study Member States in 2013 provided by Pacolet and De Wispelaere (2015). There is large variation in the number of cases. The UK experiences the largest number of cases, followed by Germany. This variation is also notable when looked at it in relation to the size of the national labour markets. Using this

measure, Denmark handles relatively the highest number of cases, followed by the Netherlands, the UK and Romania.

Table 2-4 Number of aggregations of unemployment benefits handled by national administrations in 2013 as authority of previous employment

Member State	Number of cases, 2013	Cases per 1000 employed
DE: Germany	1164	0.03
DK: Denmark	686	0.26
NL: Netherlands	918	0.11
PL: Poland	147	0.01
RO: Romania	887	0.10
UK: United Kingdom	3333	0.11

Sources: Pacolet and De Wispelaere (2015). Eurostat database.

Table 2-5 shows for the six case study Member States, the unit administrative costs for the national administrations handling aggregations of unemployment benefits as authority of previous employment. The unit costs are here measured as man-hours per average case. Most cases involve time spent on the standard administrative task of providing information – i.e. to respond to a request from a Member State of last employment regarding an applicant's insurance and employment history.

More complex cases involve additional tasks that each may take significant time, but that will be infrequent. For the case study Member States this seems only to be significant for Poland, where time is spent on the determination of residence of the applicant and on dealing with changes in circumstances.

Overall, Table 2-5 shows that there is some variation in the average time spent in between the case study Member States. In particular, the unemployment funds in Romania spend much time responding to a request for information about an applicant's previous insurance and employment history. At the other end, the UK does not see that of being the authority of previous employment involving much work.

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Table 2-5 National administrations handling aggregations of unemployment benefits as authority of previous employment, man-hours per average case

Administrative tasks	DE	DK	NL	PL	RO	UK	Av.
Standard administrative tasks							
Providing information	0.50	0.67	0.67	0.67	2.48	0.00	0.83
Additional administrative tasks							
Determination of residence	0.00	0.00	0.00	0.46	0.00	0.01	0.08
Change in circumstances	0.00	0.00	0.00	0.15	0.00	0.00	0.02
Reimbursement	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Recovery	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	**0.50**	**0.67**	**0.67**	**1.27**	**2.48**	**0.01**	**0.93**

Sources: Interviews.

Table 2-6 shows that the average unit administrative costs in EUR differ less than the average man-hours shown in Table 2-5. The reason is that the high labour cost Members States spend relatively few man-hours.

Table 2-6 Administrative costs for national administrations handling aggregations of unemployment benefits as authority of previous employment, unit costs and total costs 2013, EUR

	DE	DK	NL	PL	RO	UK	Av.
Unit costs, EUR	10.3	19.5	14.9	6.5	6.3	0.1	**9.6**
Total costs, 1000 EUR	12.0	13.4	13.7	1.0	5.6	0.5	

Sources: Table 1-1, Table 2-4, and Table 2-5.

1.12. Mobile EU-workers and their families

The interviews carried out in the six case study Member States have not revealed many concerns about the time spent at present by the mobile EU-workers and their families when applying for aggregation of unemployment benefits. However, as discussed in Section 3.2 the possible revisions to the EU provisions may well have implications.

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Change in administrative costs and burden from revised EU provisions

1.13. National administrations

The administrative task of handling a case of aggregation of unemployment benefits may change in both size and characteristics if the EU provisions are revised. In this study we look as introduced in Section 1.1 into the following four possible revisions, that each are exemplified in the boxes below.

Option 2a: A threshold of **one month** of insurance or (self-)employment needs to be completed in the Member State of last employment before aggregation of periods of insurance, employment or self-employment fulfilled in a Member State of secondary competence can be applied.

Example of new situation:

EU-worker A becomes entitled to unemployment benefits in Member State A [of last employment] based on his insurance periods in Member State B [of previous employment] only after completion of at least **one month** of unemployment insurance in Member State A.

Option 2b: A threshold of **three months** of insurance or (self-)employment needs to be completed in the Member State of last employment before aggregation of periods of insurance, employment or self-employment fulfilled in a Member State of previous employment can be applied.

Example of new situation:

EU-worker A becomes entitled to unemployment benefits in Member State A [of last employment] based on his insurance periods in Member State B [of previous employment] only after completion of at least **three months** of unemployment insurance in Member State A.

Option 3a: The salary earned in the Member State of previous employment is also taken into account for the calculation of the unemployment benefit by the Member State of last employment, if less than **one month** of insurance or (self-) employment is completed in the Member State of last employment. The calculation is made within a national reference period.

Example of new situation

EU-worker A becomes entitled to unemployment benefits in Member State A [of last employment] after only one day of insurance in Member State A; but, as he has been employed for less than **one month** in Member State A, the institution in Member State A also takes his salaries earned in Member State B [of previous employment] into account for the calculation of the amount.

Option 3b: The salary earned in the Member State of previous employment is also taken into account for the calculation of the unemployment benefit by the Member State of last employment , if less than **three months** of insurance or (self-) employment is completed in the Member State of last employment. The calculation is made within a national reference period.

Example of new situation

EU-worker A becomes entitled to unemployment benefits in Member State A [of last employment] after only one day of insurance in Member State A; but, as he has been employed

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for less than **three months** in Member State A, the institution in Member State A also takes his salaries earned in Member State B [of previous employment] into account for the calculation of the amount.

National administrations handling aggregation of unemployment benefits as authority of last employment

As described in Section 1.2, we assume in the main calculations that the number of cases does not change as a result of revisions to the EU provisions. Hence, in the main calculations the changes in administrative costs and burden are solely a result of changes to the unit administrative costs. Table 3-1 shows a simple average – while we refer to the annexes regarding insight into the more specific Member State calculations.

A first important observation is that on average across the case study Member States, the interviewed national administrations expect that their administrative tasks as authority of last employment are expected to be almost unchanged if it is decided to implement Option 2a or Option 2b. The small decreases observed in Table 3-1 solely stem from the assessment of the Polish interviewees – i.e. that the options may lead to easier handlings of the determination of residence and regarding reimbursement activities.

If Options 2a and 2b are modified/extended to make the Member State of previous employment responsible for paying unemployment benefits for those workers who have not completed the required period of insurance or (self-)employment in the Member State of last employment, there will be an additional need for the latter national administration to inform the former about this situation. Although the interviewees have not assessed the administrative burden of doing this, we would expect this to a minor additional task as the national administration of last employment in any case is in contact with the national administration of previous employment regarding the exchange of information about the given applicant.For Options 3a and 3b, it is expected that the man-hours per case will increase by 28-29% which, however, only is around 20 minutes per case. This is mainly caused by increases in the need to collect information as the salary earned in the Member State of previous employment also must be taken into account in the calculation of the unemployment benefit payments.

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Table 3-1 Change in the man-hours per administrative task for aggregation of unemployment benefit cases handled by national administrations as authority of last employment (simple average of case study Member States)

Administrative tasks	**Option 2a**		**Option 2b**		**Option 3a**		**Option 3b**	
	Man-hours	% from base	Man-hours	% from base	Man-hours	% from base	Man-hours	% from base
Standard admin. tasks								
Collecting information	0.00	0.0%	0.00	0.0%	0.33	46.5 %	0.33	46.5%
Calculation of benefit	0.00	0.0%	0.00	0.0%	0.13	30.7 %	0.13	30.7%
Additional admin. tasks								
Det. of residence	-0.04	-30.9 %	-0.03	-24.1%	-0.04	-30.9 %	-0.03	-24.1%
Change in circumstances	0.01	21.8 %	0.01	21.8%	0.00	0.0%	0.00	0.0%
Reimbursement	-0.05	0.0%	-0.04	0.0%	-0.05	0.0%	-0.04	0.0%
Recovery	0.00	14.5 %	0.00	14.5%	0.00	0.0%	0.00	0.0%
Other	0.00	0.0%	0.00	0.0%	0.00	0.0%	0.00	0.0%
TOTAL	**-0.08**	**-5.5 %**	**-0.06**	**-4.2%**	**0.38**	**27.9 %**	**0.40**	**29.1 %**

Sources: Interviews.

As just mentioned above, only the Polish interviewees expect as a change in the unit costs per case and in total costs in EUR as a result of Options 2a and 2b, c.f. Table 3-2. The costs implications of Options 3a and 3b are, however, also assessed to be negligible.

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Table 3-2 Change in unit costs per case and total costs handling aggregation of unemployment benefit cases by national administrations as authority of last employment – main calculation

Member State	Option 2a		Option 2b		Option 3a		Option 3b	
	Unit costs EUR	Total costs 1000 EUR	Unit costs EUR	Total costs 1000 EUR	Unit costs EUR	Total costs 1000 EUR	Unit costs EUR	Total costs 1000 EUR
DE: Germany	0.0	0.0	0.0	0.0	11.3	8.9	11.3	8.9
DK: Denmark	0.0	0.0	0.0	0.0	15.1	0.8	15.1	0.8
NL: Netherlands	0.0	0.0	0.0	0.0	8.4	1.4	8.4	1.4
PL: Poland	-2.3	-3.5	-1.8	-2.7	-0.8	-1.2	-0.3	-0.4
RO: Romania	0.0	0.0	0.0	0.0	2.5	0.0	2.5	0.0
UK: United Kingdom	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Sources: Interviews and Eurostat.

The number of cases are, however, likely to change as a result of revisions to the EU provisions. There might be changes due to changing eligibility criteria for qualifying for aggregation of unemployment benefits and so due to changing unemployment benefit incomes that affect the behaviour of the mobile EU-workers. Task 4 of the present study has estimated such behavioural changes. We have on the basis of the behavioural change estimates for workers with families composed of one-earner married couples with two children at 100 % of average earnings derived assumptions about the likely change in the number of cases handled by national administrations as authority of last employment (cf. Table 3-3).

Hence, the estimation/assumption is that Option 2a and Option 2b, which introduce thresholds – one month and three months, respectively, of insurance or (self-)employment periods, have larger impacts on mobile EU-workers behaviour, than Option 3a and Option 3b, which specify that salaries earned in the Member States of previous employment also may be taken into account for the calculation of unemployment benefits.

Table 3-3 Change in number of aggregation of unemployment benefit cases handled by national administrations as authority of last employment

Member State	Option 2a	Option 2b	Option 3a	Option 3b
DE: Germany	-3.5%	-4.6%	-1.3%	-1.6%
DK: Denmark	-7.0%	-7.0%	-2.3%	-2.3%
NL: Netherlands	-0.8%	-1.6%	-0.2%	-0.4%
PL: Poland	0.0%	-0.1%	0.0%	0.0%
RO: Romania	0.0%	0.0%	0.0%	0.1%
UK: United Kingdom	-1.7%	-1.7%	-0.5%	-0.5%

Sources: FGB et.al. (2015): Annex 2 - Table 2.3 and Table 2.4.

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Adjusting the main results for such possible changes in the number of cases we get as shown in Table 3-4 slightly different results. While unit cost changes are the same as those presented in Table 3-2, the options lead to lower total costs compared with Table 3-4 for Member States such as Denmark and Germany as the number of cases to handle decreases.

Table 3-4 Change in unit costs per case and total costs handling aggregation of unemployment benefit cases by national administrations as authority of last employment – assuming changes in the number of cases

Member State	Option 2a		Option 2b		Option 3a		Option 3b	
	Unit costs EUR	Total costs 1000 EUR	Unit costs EUR	Total costs 1000 EUR	Unit costs EUR	Total costs 1000 EUR	Unit costs EUR	Total costs 1000 EUR
DE: Germany	0.0	-0.3	0.0	-0.4	11.3	8.7	11.3	8.7
DK: Denmark	0.0	-0.2	0.0	-0.2	15.1	0.7	15.1	0.7
NL: Netherlands	0.0	0.0	0.0	-0.1	8.4	1.3	8.4	1.3
PL: Poland	-2.3	-3.5	-1.8	-2.7	-0.8	-1.2	-0.3	-0.4
RO: Romania	0.0	0.0	0.0	0.0	2.5	0.0	2.5	0.0
UK: United Kingdom	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Sources: FGB et.al. (2015): Annex 2 - Table 2.3 and Table 2.4, Eurostat and interviews.

National administrations handling aggregation of unemployment benefits as authority of previous employment

Table 3-5 shows that the changes in man-hours spent by authorities of previous employments as a result of the revisions are expected to be minor. This also implies that the changes measured in EUR in Table 3-6 are very limited.

However, if Options 2a and 2b are modified/extended to make the Member State of previous employment responsible for paying unemployment benefits for those workers who have not completed the required period of insurance or (self-)employment in the Member State of last employment, the national administration of previous employment will have two new administrative tasks. Firstly, there will be a minor task of receiving and registering the information about the situation. Secondly, the national administration will calculate the benefits that the applicant is entitled to according to its national legislation. Our best estimate of the additional administrative burden of this is the time estimates provided by the national administrations of last employment for their similar tasks. Hence, based on the estimates in Table 2-2 we assess that the national administration of previous employment will spent around 20 minutes extra for each case where it becomes responsible for paying the unemployment benefits.

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Table 3-5 Change in the man-hours per administrative task for aggregation of unemployment benefit cases handled by national administrations as authority of previous employment (simple average of case study Member States)

Administrative tasks	**Option 2a**		**Option 2b**		**Option 3a**		**Option 3b**	
	Man-hours	% from base	Man-hours	% from base	Man-hours	% from base	Man-hours	% from base
Standard admin. tasks								
Providing information	0.01	0.8%	0.01	0.8%	0.06	7.7%	0.06	7.7%
Additional admin. tasks								
Det. of residence	-0.04	-57.2%	-0.04	-57.2%	-0.04	-57.2%	-0.04	-57.2%
Change in circumst.	0.01	33.7%	0.01	33.7%	0.03	112.4%	0.03	112.4%
Reimbursement	-0.06	0.0%	-0.06	0.0%	-0.06	0.0%	-0.06	0.0%
Recovery	0.00	0.0%	0.00	0.0%	0.03	0.0%	0.03	0.0%
TOTAL	**-0.08**	**-8.8%**	**-0.08**	**-8.8%**	**0.05**	**5.3%**	**0.05**	**5.3%**

Sources: Interviews.

Table 3-6 Change in unit costs per case and total costs handling aggregation of unemployment benefit cases by national administrations as authority of previous employment – main calculation

Member State	**Option 2a**		**Option 2b**		**Option 3a**		**Option 3b**	
	Unit costs EUR	Total costs 1000 EUR	Unit costs EUR	Total costs 1000 EUR	Unit costs EUR	Total costs 1000 EUR	Unit costs EUR	Total costs 1000 EUR
DE: Germany	0.0	0.0	0.0	0.0	4.1	4.8	4.1	4.8
DK: Denmark	1.2	0.8	1.2	0.8	1.2	0.8	1.2	0.8
NL: Netherlands	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PL: Poland	-2.7	-0.4	-2.7	-0.4	0.3	0.04	0.3	0.04
RO: Romania	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
UK: United Kingdom	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Sources: Interviews and Eurostat.

The likely change in the number of cases as a result of revisions to the EU provisions will also be experienced by the national administrations of previous employment. Table 3-7 shows our estimates/assumptions for these likely changes – which are limited apart from for Romania.

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Table 3-7 Change in number of aggregation of unemployment benefit cases handled by national administrations as authority of previous employment

Member State	Option 2a	Option 2b	Option 3a	Option 3b
DE: Germany	-1.0%	-1.2%	0.0%	0.0%
DK: Denmark	-1.2%	-1.6%	0.1%	0.1%
NL: Netherlands	-1.2%	-1.5%	0.0%	0.0%
PL: Poland	-3.4%	-4.4%	-1.3%	-1.7%
RO: Romania	-6.6%	-8.6%	-2.8%	-3.6%
UK: United Kingdom	-1.4%	-1.9%	0.0%	0.0%

Sources: FGB et.al. (2015): Annex 2 - Table 2.3 and Table 2.4.

For completeness, Table 3-8 shows the results adjusted for such possible changes in the number of cases. This does not change the conclusion that the changes are expected to be minor.

Table 3-8 Change in unit costs per case and total costs handling aggregation of unemployment benefit cases by national administrations as authority of previous employment – assuming changes in the number of cases

Member State	Option 2a		Option 2b		Option 3a		Option 3b	
	Unit costs EUR	Total costs 1000 EUR	Unit costs EUR	Total costs 1000 EUR	Unit costs EUR	Total costs 1000 EUR	Unit costs EUR	Total costs 1000 EUR
DE: Germany	0.0	-0.1	0.0	-0.1	4.1	4.8	4.1	4.8
DK: Denmark	1.2	0.7	1.2	0.6	1.2	0.9	1.2	0.9
NL: Netherlands	0.0	-0.2	0.0	-0.2	0.0	0.0	0.0	0.0
PL: Poland	-2.7	-0.4	-2.7	-0.4	0.3	0.03	0.3	0.02
RO: Romania	0.0	-0.4	0.0	-0.5	0.0	-0.2	0.0	-0.2
UK: United Kingdom	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Sources: FGB et.al. (2015): Annex 2 - Table 2.3 and Table 2.4, Eurostat and interviews.

1.14. Mobile EU-workers and their families

The interviews carried out in the six case study Member States indicate that the proposed revisions to the EU provisions may well have implications for the mobile EU-workers and their families. Although it may not be considered as administrative implications, some interviewees envisage that Option 2a and Option 2b may have a negative impact on the exercise of free movement, because a more complex legislation may discourage workers who were planning to move to another Member State.

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Regarding Option 3a and Option 3b, compared with the current situation, applicants need to wait a longer time before they receive their benefits. This may further cause income problems for those without private savings. Furthermore, there is an increased requirement to provide documentation in the form of contracts, payslips etc.

Conclusions

Revising the current rules for aggregation of unemployment periods specified in Regulation (EC) No 883/2004 will have impact on the administrative costs and burden of the national administration in the Member States handling cases where mobile EU-workers apply for unemployment benefits – both in the Member States of last employment of the applicant and in those of previous employment of the applicant. Furthermore, the applying EU-workers and their families will experience changes in the own administrative burden from the revisions. The overall conclusion from this study is, however, that the impacts are expected to be limited – a conclusion that is based on assessments made in six case study Member States: Germany, Denmark, the Netherlands, Poland, Romania, and the UK.

Change in administrative costs and burden for national administrations acting as authority of last employment

A first observation, when assessing the administrative costs and burden for the national administrations in the Member States acting as authority of last employment, is that most of these national administrations – at least in the six case study Member States – only handle few cases annually. Only Poland experiences a notable number of cases with 1,517 (in 2013) while the Romanian national administration only had to handle 12 cases. Hence, from the outset it could be assumed that there within many national administrations only is little experience with handling aggregation cases and not that much focus on the costs of doing so. In any case, the current total administrative costs are limited in an overall context.

Currently, the national administrations in the case study Member States use on average less than 1.5 man-hours per case, most of which is used for the collection of information from Member States of previous employment about the applicants' employment and insurance histories, followed by resources spent on the calculation of the unemployment benefit payments. The man-hour use is fairly similar in between the case study Member States, and there is no tendency to that high labour cost Member States such as Denmark and the Netherlands carry out the administrative tasks using less manpower than low labour cost Member States such as Poland and Romania.

This study assesses that the administrative tasks will be almost unchanged if it is decided to implement Option 2a or Option 2b – i.e. to introduce a threshold for the period of insurance or employment to be completed in the Member State of last employment before the aggregation principle applies. If Options 2a and 2b are modified/extended to make the Member State of previous employment responsible for paying unemployment benefits for those workers who have not completed the required period of insurance or (self-)employment in the Member State of last employment, there will be an additional need for the latter national administration to inform the former about this situation. Although the interviewees have not assessed the administrative burden of doing this, we would expect this to a minor additional task as the national administration of last employment in any case is in contact with the national administration of previous employment regarding the exchange of information about the given applicant.

For Options 3a and 3b – i.e. taking into account the salary earned in the Member State of previous employment in the unemployment benefit calculation – it is assessed that each case on average will take around 20 minutes longer to handle, i.e. 28-29% increase. This

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increase is caused by the need to collect information as the salary earned in the Member State of previous employment and to use this in the calculation of the unemployment benefit payment.

Change in administrative costs and burden for national administrations acting as authority of previous employment

The observation that most national administrations of last employment only handle few cases of unemployment period aggregations implies that this also will be the case for most national administrations of previous employment – as the total number of cases is the same from both perspectives for the EU as a whole. This said, the number of cases handled by the six case study Member States of previous employment is somewhat higher than that when being of Member State of last employment. The UK experiences with 3,333 (in 2013) the largest number of cases, followed by Germany with 1,164 cases. However, in relation to the size of the national labour market, Denmark handles with 686 cases most.

Currently, the national administrations in the case study Member States use on average less than one man-hour per case, with almost all time spent on the standard administrative task of providing information – i.e. to respond to a request from a Member State of last employment regarding an applicant's insurance and employment history. There is, however, some variation in the average time spent in between the case study Member States. In particular, the unemployment funds in Romania spend much time responding to a request for information about an applicant's previous insurance and employment history. At the other end, the UK does not see that of being the authority of previous employment involving much work.

Similar to for the national administrations of last employment, Option 2a and Option 2b will not make almost no changes to the administrative tasks of the national administrations when acting as authority of previous employment. However, if Options 2a and 2b are modified/extended to make the Member State of previous employment responsible for paying unemployment benefits for those workers who have not completed the required period of insurance or (self-)employment in the Member State of last employment, the national administration of previous employment will have two new administrative tasks. Firstly, there will be a minor task of receiving and registering the information about the situation. Secondly, the national administration will calculate the benefits that the applicant is entitled to according to its national legislation. Our best estimate of the additional administrative burden of this is the time estimates provided by the national administrations of last employment for their similar tasks. Hence, based on their we assess that the national administration of previous employment will spent around 20 minutes extra for each case where it becomes responsible for paying the unemployment benefits.

This assessment of limited impacts goes, however, also for Options 3a and 3b when having the role as authority of previous employment.

Change in administrative costs and burden for mobile EU-workers and their families

The proposed revisions to the EU provisions may well have implications for the mobile EU-workers and their families. Although it may not be considered as administrative implications, it is suggested that Option 2a and Option 2b may have a negative impact on the exercise of free movement, because a more complex legislation may discourage workers who were planning to move to another Member State.

Regarding Option 3a and Option 3b, compared with the current situation, applicants need to wait a longer time before they receive their benefits. This may further cause income problems for those without private savings. Furthermore, there is an increased requirement to provide documentation in the form of contracts, payslips etc.

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Annex A – Literature

EC (2009), Impact Assessment Guidelines, http://ec.europa.eu/smart-regulation/impact/commission_guidelines/docs/iag_2009_en.pdf

EC (2015), Commission staff working document, Better Regulation Guidelines, SWD(2015) 111 final, http://ec.europa.eu/smart-regulation/guidelines/docs/swd_br_guidelines_en.pdf

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Regulation (EC) No 883/2004 of the European Parliament and of the Council of 29 April 2004 on the coordination of social security systems, http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2004:166:0001:0123:en:PDF

Pacolet, J and F De Wispelaere (2015), Aggregation of periods for unemployment – Report on U1 portable documents for migrant workers, June 2015.

Annex B – Interview guide

The attached interview guide is the actual version used for the interviews in the UK, and is so in English. The interview guide was provided to the Member States experts in their national languages.

Note that we in the interview guide make use of the option titles: Revisions (A), (B), (C), and (D), rather than Options 2a, 2b, 3a, and 3b – as in the report. The reason for this was to avoid discussing what happened to Option 1.

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EUROPEAN COMMISSION, DG EMPLOYMENT, SOCIAL AFFAIRS AND INCLUSION

Study to analyse and assess the impacts of policy options for a possible EU initiative in the area of coordination of social security schemes, in particular with regard to the revision of the current EU provisions on entitlement to unemployment benefits and export of family benefits

Interview guide:
National administrations handling unemployment benefits

European Commission, Directorate General for Employment, Social Affairs and Inclusion has given Fondazione Brodolini, COWI and IER the task to assess changes to administrative/compliance costs within national administrations and for the individuals affected that might occur from possible revision of the current EU provisions on unemployment benefits specified in Regulation (EC) 883/2004: the 'Basic Regulation' and in Regulation (EC) 987/2009: the 'Implementing Regulation'.

In this interview, we focus on the case handling of applications for unemployment benefits where the aggregation principle apply. I.e. applications from citizens having moved from one Member State to another to work who have become unemployed before the qualifying period in the competent Member State has been completed. In this interview guide we refer to these citizens as mobile EU workers.

More precisely, we aim to assess changes in the administrative/compliance tasks and consequently costs of introducing a threshold of one to three months of insurance in the competent Member State before the aggregation rule applies. Furthermore, we want to assess changes in the administrative costs of introducing a rule that states that wages earned in a previous Member State should also be taken into account when the calculating unemployment benefits if less than one or three months of insurance or (self-) employment is completed in the competent State. Finally, we aim to assess whether the unemployed receiving the benefits will face changing administrative/compliance tasks.

We would therefore much appreciate your help by providing us with the list of tasks and estimates of your current administrative/compliance time needs for handling the current EU provisions, and in assessing how these time needs may change from revisions to the provisions. We would like to do this via an interview with you – either in person or by phone.

Hence, we would like to arrange the time and place for an interview; and for you to get more insight into the questions we would like to ask you – we hereby provide you with our interview guide.

You may well find that you are not able to answer all the questions. We will therefore focus on the questions you can answer – but you may also be able to help us pointing to the other services in your national administration that can help us answering the remaining questions.

April 2015

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5. You and your national administration

Name and title of interviewee:

_____

National administration:

_____

Function/responsibility of interviewee:

_____

6. Current administrative tasks and consequently costs of handling unemployment benefits

In this section, we ask you to verify and estimate the costs of a number of administrative tasks that are currently carried out when handling a case of unemployment benefits. Imagine a case as described by the following example:

Example 1 of unemployment benefits

Carlos moves from Member State A to Member State B and works there for two weeks before becoming unemployed. Currently, he can claim unemployment benefits in Member State B based on his period of insurance in Member State A.

We do the assessment in two parts. Firstly, we ask you to assess a situation when you are the competent national administration – i.e. where you deal with the applicant for unemployment benefits. Secondly, we ask you to assess a situation where you are the national administration of a previous Member State of employment – i.e. where you deal with the follow-on administrative tasks from an application submitted in another Member State.

If you only carry out one of the two types of administrative tasks – please leave out the other part.

6.1. Administrative tasks/costs – when competent national administration

Consider the situation, where you are *the competent national administration*.

Firstly, please provide your assessment of the number of cases handled by your institution.

- How many cases of application for unemployment benefits from Mobile EU workers do your institution currently handle per year *as the competent national administration*:

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c) New cases?

d) Existing active cases?

- How do you collect data?

  c) From other member states?

  d) From the applicant?

When answering these questions please explain whether you collect information via IT-systems, via records of personal registration etc.

Secondly, please provide, with an outset in the below table, your assessment of the current administrative costs in terms of average man-hours of handling one case of application for unemployment benefits from a mobile EU worker, *being the competent national administration*. (You may relate the tasks to the SEDs to be filled out). Hence:

- Please assess the frequency of each of the detailed administrative tasks – i.e. how often are the tasks carried out in a case of application for unemployment benefits from a mobile EU worker? 100 % means that the task is always carried out, while 50 % means it is carried out in half of the cases.
  And in this context – is it appropriate to distinguish between "standard tasks" and "additional tasks"?

- Please estimate the average man-hours/minutes required per administrative task. We acknowledge that you may not keep accounts of your time spent on a case/task. Hence, we ask you to provide your best guess. Furthermore, we acknowledge that you may find it difficult to provide a specific man-hour estimate per task. Hence, you may instead provide ranges of estimates (less than 15 minutes, 15 to 30 minutes, 30 minutes to 1 hour, between 1 and 3 hours, between 3 hours and 1 working day, more than 1 working day), or you may also choose to provide a total cost estimate per case – and rank the tasks according to their resource demands, where 1 is the most resource demanding tasks and so forth.

Administrative task	**Description of administrative task** **- hereunder frequency of tasks within a case**	**Average man-hours/ minutes**	**Comments**
Standard administrative tasks			
Collecting information	*Please revise (if necessary):* Determine whether the information provided by the applicant is sufficient to decide on the payment of unemployment benefits. Obtain information from other previous Member State(s) of insurance about insurance and employment history in this/these country(-ies). *Please specify/revise frequency when you are the competent national administration:* Frequency, when you are the competent national administration: ___%		

Administrative task	**Description of administrative task** **- hereunder frequency of tasks within a case**	**Average man-hours/ minutes**	**Comments**
Calculation of benefit	*Please revise (if necessary):* For each of those cases where you are the competent national administration: You calculate the benefit which the claimant is entitled to under the national legislation. You set the payment of unemployment benefits in motion. *Please specify/revise frequency when you are the competent national administration:* Frequency, when you are the competent national administration: 100%		*Comments:*
Additional administrative tasks			
Determination of residence	*Please revise (if necessary):* If the State of residence is not readily overt determination of residence needed to determine whether the applicant is eligible for unemployment benefits under the national legislation: Additional costs arise as a result of collecting additional information about e.g. family ties, housing situation, characteristics of the candidate's professional activities. *Please specify frequency out of total number of cases when you are the competent national administration:* Frequency: ___%		*Comments:*
Change in circumstances	*Please revise (if necessary):* If circumstances change and it leads to a change of who is the competent Member State, a re-calculation of benefits or revaluation of competent state is performed: Determine what type of change it is - whether it will lead to a re-calculation of benefits or change in competence. *Please specify frequency out of total number of cases when you are the competent national administration:* Frequency: ___%		*Comments:*
Reimbursement	*Please revise (if necessary):* If (provisional) unemployment benefits awarded to a Mobile EU worker should have been paid by another Member State: Additional costs arise from reimbursement activities. *Please specify frequency out of total number of cases when you are the competent national administration:* Frequency: ___%		*Comments:*

Administrative task	Description of administrative task - hereunder frequency of tasks within a case	Average man-hours/ minutes	Comments
Recovery	*Please revise (if necessary):* If an applicant unjustified has received unemployment benefits (i.e. it has been determined, that you are not the competent state after all): Additional costs arise from determining whether there is a basis for recovery, from calculation of benefits to recover, and from contacting the competent Member States to seek recovery. *Please specify frequency out of total number of cases when you are the competent national administration:* Frequency: ___%		*Comments:*
Missing administrative tasks			
Please add missing task			*Comments:*
Please add missing task			*Comments:*
Please estimate your total use of man-hours per case			

6.2. Administrative costs – when national administration in a Member State of previous insurance of a mobile EU worker

Now, consider the situation, where you are *the national administration in a Member State of previous insurance of a mobile EU worker* – i.e. you receive a request for information from another Member State.

Firstly, please provide your assessment of the number of cases handled by your national administration.

- How many cases of application for unemployment benefits from mobile EU workers do your institution currently handle per year *as the national administration in a Member State of previous insurance of a mobile EU worker*?

  c) New cases?

  d) Existing active cases?

Secondly, please provide, with an outset in the below table, your assessment of the current administrative costs of handling one application for unemployment benefits from a mobile EU worker, being *the national administration in a Member State of previous employment of a mobile EU worker.* (You may relate the tasks to the SEDs to be filled out). Hence:

- Please assess the frequency of each of the detailed administrative tasks – i.e. how often are the tasks carried out for a given case?

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And in this context – is it appropriate to distinguish between "standard tasks" and "additional tasks"?

- Please estimate the average man-hours/minutes required per administrative task. We acknowledge that you may not keep accounts of your time spent on a case/task. Hence, we ask you to provide your best guess. Furthermore, we acknowledge that you may find it difficult to provide a specific man-hour estimate per task. Hence, you may instead provide ranges of estimates (less than 15 minutes, 15 to 30 minutes, 30 minutes to 1 hour, between 1 and 3 hours, between 3 hours and 1 working day, more than 1 working day), or you may also choose to provide a total cost estimate per case – and rank the tasks according to their resource demands, where 1 is the most resource demanding tasks and so forth.

Administrative task	**Description of administrative task** **- hereunder frequency of tasks within a case**	**Average man-hours/ minutes**	**Comments**
Standard administrative tasks			
Providing information	*Please revise (if necessary):* You receive a request for information about an applicant's previous insurance and employment history in your State from another Member State concerning an application for unemployment benefits and you contribute with the required information. *Please specify frequency when you are a Member State of previous insurance:* Frequency: 100%		*Comments:*
Additional administrative tasks			
Determination of residence	*Please revise (if necessary):* If the State of residence is not readily overt determination of residence needed to determine whether the applicant is eligible for unemployment benefits under the national legislation: Additional costs arise as a result of providing additional information about candidate's professional activities. *Please specify frequency out of total number of cases when you are a Member State of previous insurance:* Frequency: ___%		*Comments:*
Change in circumstances	*Please revise (if necessary):* If circumstances change and it leads to a change of who is the competent Member State and you are determined the competent institution: Additional costs arise a calculation of benefits is performed. *Please specify frequency out of total number of cases when you are a Member State of previous insurance:* Frequency: ___%		*Comments:*

Administrative task	**Description of administrative task** **- hereunder frequency of tasks within a case**	**Average man-hours/ minutes**	**Comments**
Reimbursement	*Please revise (if necessary):* If (provisional) unemployment benefits awarded to a mobile EU worker should have been paid you, but another Member State has done this: Additional costs arise from reimbursement activities. *Please specify frequency out of total number of cases when you are a Member State of previous insurance:* Frequency: ___%		*Comments:*
Recovery	*Please revise (if necessary):* If an applicant, who belongs to your institution has unjustified received unemployment benefits in another Member State: Additional costs arise recovery activities. *Please specify frequency out of total number of cases when you are a Member State of previous insurance:* Frequency: ___%		*Comments:*
Missing administrative tasks			
Please add missing task			*Comments:*
Please add missing task			*Comments:*
Please estimate your total use of man-hours per case			

7. Change in administrative costs of handling unemployment benefits from revisions to EU provisions

In this section, we then ask you to assess the likely increase or decrease in administrative tasks/costs within your national administration from possible revisions to the EU provisions.

We acknowledge that this may be even more difficult than estimating the current use of man-hours in the previous section – in particular if the revisions lead to new administrative tasks.

Please focus on the administrative tasks where resources in terms of average man-hours/minutes will change due to the revisions – i.e. if there is no change, please do just enter 0% in the below tables.

Please do this assessment for each of the possible revisions one by one. We firstly ask you to assess the revisions assuming you are the competent national administration, and secondly we ask you to assess the revisions assuming you are the national administration in a Member State of previous employment of a mobile EU worker. However, if you only carry out one of the two types of administrative tasks – please leave out the other.

The four revisions to assess are presented in the following boxes:

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Revision (a):
A threshold of one month of insurance or (self-) employment needs to be completed before aggregation of periods of insurance, employment or self-employment fulfilled in another Member State can be applied.

Example A of new situation:

Carlos becomes entitled to unemployment benefits in Member State A based on his insurance periods in Member State B only after completion of at least one month of unemployment insurance in Member State A.

➢ Please fill in the table in section 4.1 below.

Revision (b):
A threshold of three months of insurance or (self-) employment needs to be completed before aggregation of periods of insurance, employment or self-employment fulfilled in another Member State can be applied.

Example B of new situation

Carlos becomes entitled to unemployment benefits in Member State A based on his insurance periods in Member State B only after completion of at least three months of unemployment insurance in Member State A.

➢ Please fill in the table in section 4.1 below.

Revision (c):
The salary earned in the previous Member State is also taken into account for the calculation of the unemployment benefit by the competent Member State, if less than one month of insurance or (self-) employment is completed. The calculation is made within a national reference period.

Example C of new situation:

Carlos becomes entitled to unemployment benefits in Member State A after only one day of insurance in Member State A, but, as he has been employed for less than one month in Member State A, the institution in Member State A also takes his salaries earned in Member State B into account for the calculation of the amount.

➢ Please fill in the table in section 4.1 below.

Revision (d):
The salary earned in the previous Member State is also taken into account for the calculation of the unemployment benefit by the competent Member State, if less than three months of insurance or (self-) employment is completed. The calculation is made within a national reference period.

Example of new situation

Carlos becomes entitled to unemployment benefits in Member State A after only one day of insurance in Member State A, but, as he has been employed for less than three month in Member State A, the institution in Member State A also takes his salaries earned in Member State B into account for the calculation of the amount.

➢ Please fill in the table in section 4.1 below.

7.1. Change in administrative tasks – when competent national administration

Consider the situation, where you are the competent national administration – i.e. the national administration sending request for information to (an)other Member State(s).

Please focus on the current administrative tasks where resources in terms of average man-hours/minutes will change due to the revision. Please clearly indicate whether the change is positive or negative: a "+" indicate an increase in the man-hours needed to perform the task and a "-" indicate a reduction in man-hours needed to perform the task. If the estimated change is zero or insignificant please also indicate this in the table. Also please add new administrative tasks required by the revision if relevant.

Please provide a brief narrative explanation for each of the assessed changes and new administrative tasks.

Administrative task	**Change in use of case handling time of administrative tasks due possible revisions of unemployment benefit provisions** Please provide change in average man-hours/minutes or % increase/decrease			
	Revision (a)	**Revision (b)**	**Revision (c)**	**Revision (d)**
Standard administrative tasks				
Collecting information	*Change:*	*Change:*	*Change:*	*Change:*
	Explanation:	*Explanation:*	*Explanation:*	*Explanation:*
Calculation of benefit	*Change:*	*Change:*	*Change:*	*Change:*
	Explanation:	*Explanation:*	*Explanation:*	*Explanation:*
Additional administrative tasks				
Determination of residence	*Change:*	*Change:*	*Change:*	*Change:*
	Explanation:	*Explanation:*	*Explanation:*	*Explanation:*
Change in circumstances	*Change:*	*Change:*	*Change:*	*Change:*
	Explanation:	*Explanation:*	*Explanation:*	*Explanation:*
Reimbursement	*Change:*	*Change:*	*Change:*	*Change:*
	Explanation:	*Explanation:*	*Explanation:*	*Explanation:*
Recovery	*Change:*	*Change:*	*Change:*	*Change:*
	Explanation:	*Explanation:*	*Explanation:*	*Explanation:*

Administrative task	**Change in use of case handling time of administrative tasks due possible revisions of unemployment benefit provisions** Please provide change in average man-hours/minutes or % increase/decrease			
	Revision (a)	**Revision (b)**	**Revision (c)**	**Revision (d)**
Missing (current) administrative tasks [added in the previous section]				
Please add missing task	*Change:*	*Change:*	*Change:*	*Change:*
	Explanation:	*Explanation:*	*Explanation:*	*Explanation:*
Please add missing task	*Change:*	*Change:*	*Change:*	*Change:*
	Explanation:	*Explanation:*	*Explanation:*	*Explanation:*
New administrative tasks – due to the revision				
Please add new task	*Man-hours/minutes:*	*Man-hours/minutes:*	*Man-hours/minutes:*	*Man-hours/minutes:*
	Explanation:	*Explanation:*	*Explanation:*	*Explanation:*
Please add new task	*Man-hours/minutes:*	*Man-hours/minutes:*	*Man-hours/minutes:*	*Man-hours/minutes:*
	Explanation:	*Explanation:*	*Explanation:*	*Explanation:*

7.2. Change in administrative costs – the national administration in a Member State of previous insurance of a mobile EU worker

Now, consider the situation, where you are *the national administration in a Member State of previous insurance of a mobile EU worker* – i.e. you receive a request for information from the competent national administration in another Member State.

- Please repeat the assessment of the change in the administrative costs associated with the case handling for each of the revisions (a), (b), (c) and (d).

Please focus on the current administrative tasks where resources in terms of average man-hours/minutes will change due to the revision. Please clearly indicate whether the change is positive or negative: a "+" indicate an increase in the man-hours needed to perform the task and a "-" indicate a reduction in man-hours needed to perform the task. If the estimated change is zero or insignificant please also indicate this in the table. Also please add new administrative tasks required by the revision if relevant.

Please provide a brief narrative explanation for each of the assessed changes and new administrative tasks.

Administrative task	**Change in use of case handling time of administrative tasks due possible revisions of unemployment benefit provisions** Please provide change in average man-hours/minutes or % increase/decrease			
	Revision (a)	**Revision (b)**	**Revision (c)**	**Revision (d)**

Administrative task	**Change in use of case handling time of administrative tasks due possible revisions of unemployment benefit provisions** Please provide change in average man-hours/minutes or % increase/decrease			
	Revision (a)	**Revision (b)**	**Revision (c)**	**Revision (d)**
Standard administrative tasks				
Providing information	*Change:*	*Change:*	*Change:*	*Change:*
	Explanation:	*Explanation:*	*Explanation:*	*Explanation:*
Additional administrative tasks				
Determination of residence	*Change:*	*Change:*	*Change:*	*Change:*
	Explanation:	*Explanation:*	*Explanation:*	*Explanation:*
Change in circumstances	*Change:*	*Change:*	*Change:*	*Change:*
	Explanation:	*Explanation:*	*Explanation:*	*Explanation:*
Reimbursement	*Change:*	*Change:*	*Change:*	*Change:*
	Explanation:	*Explanation:*	*Explanation:*	*Explanation:*
Recovery	*Change:*	*Change:*	*Change:*	*Change:*
	Explanation:	*Explanation:*	*Explanation:*	*Explanation:*

Administrative task	**Change in use of case handling time of administrative tasks due possible revisions of unemployment benefit provisions** Please provide change in average man-hours/minutes or % increase/decrease			
	Revision (a)	**Revision (b)**	**Revision (c)**	**Revision (d)**
Missing (current) administrative tasks [added in the previous section]				
Please add missing task	*Change:*	*Change:*	*Change:*	*Change:*
	Explanation:	*Explanation:*	*Explanation:*	*Explanation:*
Please add missing task	*Change:*	*Change:*	*Change:*	*Change:*
	Explanation:	*Explanation:*	*Explanation:*	*Explanation:*
New administrative tasks – due to the revision				
Please add new task	*Man-hours/minutes:*	*Man-hours/minutes:*	*Man-hours/minutes:*	*Man-hours/minutes:*
	Explanation:	*Explanation:*	*Explanation:*	*Explanation:*
Please add new task	*Man-hours/minutes:*	*Man-hours/minutes:*	*Man-hours/minutes:*	*Man-hours/minutes:*
	Explanation:	*Explanation:*	*Explanation:*	*Explanation:*

8. Administrative implications for mobile EU workers from revisions to EU provisions on unemployment benefits

The suggested revisions to the EU provisions on unemployment benefit, and hence changes to the administrative tasks of the national administrations, may have administrative implications for the mobile EU workers – e.g. time spent when applying for unemployment benefits.

- Please add relevant tasks for the Mobile EU worker in the table below.
- For each of the revisions we ask you to assess the implications for the Mobile EU worker associated hereby.

We acknowledge that it is difficult to assess such implications, but please help us doing this by providing your qualitative (or semi-quantitative) assessments. You may just provide a narrative assessment of the implications or you may try to link the implications to the administrative tasks of the national administrations listed in the below table.

Administrative task	**Implications for the Mobile EU worker due possible revisions of unemployment benefit provisions** Please specify the direction of change (and if possible its size: low, medium or high)			
	Revision (a)	**Revision (b)**	**Revision (c)**	**Revision (d)**

Administrative task	**Implications for the Mobile EU worker due possible revisions of unemployment benefit provisions** Please specify the direction of change (and if possible its size: low, medium or high)			
	Revision (a)	**Revision (b)**	**Revision (c)**	**Revision (d)**
Please add task	*Man-hours/minutes:*	*Man-hours/minutes:*	*Man-hours/minutes:*	*Man-hours/minutes:*
	Explanation:	*Explanation:*	*Explanation:*	*Explanation:*
Please add task	*Man-hours/minutes:*	*Man-hours/minutes:*	*Man-hours/minutes:*	*Man-hours/minutes:*
	Explanation:	*Explanation:*	*Explanation:*	*Explanation:*

Thanks for your help!

Annex C – Case study for Germany

Introduction

In this section, we give a short description of the German provisions for unemployment benefits, who is eligible, and how the legislation is interpreted by the national administrative institutions handling unemployment benefits: Arbeitnehmerleistungen/Sozialversicherung (the unemployment insurance funds).

Within this study, we focus on the case-handling of applications for unemployment benefits where the aggregation principle apply – i.e. applications from citizens who do not have sufficiently long insurance records in the last Member State of activity/insurance (the Member State of last employment) to qualify for unemployment benefits. Thus periods fulfilled in another Member State (of previous employment) can be aggregated in line with the "principle of aggregation" laid down in Article 61 of Regulation (EC) No 883/2004.

In addition, to qualify for unemployment benefits in Germany the applicant must not be engaged in an employment relationship, but make an effort to put an end to this situation. He/she must be available for placement efforts undertaken by the employment agency, must not be entitled to a standard pension, and in general must make use of all possibilities of occupational integration. Furthermore, the applicant must have been compulsorily insured for at least 12 months during the last two years.

Benefits are based on the recent net earnings, on the category mentioned on the wage-tax card and on the presence or not of children. Beneficiaries with children get 67% of recent net earnings, while it is 60% for those without children.

Current administrative costs and burden

To determine the current administrative costs and burden in handling aggregations of unemployment benefits in Germany, five experts from the Arbeitnehmerleistungen/ Sozialversicherung were interviewed. They emphasised, as also suggested by Pacolet and De Wispelaere (2015), that data on new or existing cases of aggregations of unemployment benefits are not available – at least seen from the perspective of being the Member State of last employment. One reason is that the Bundesagentur für Arbeit (the German Federal Employment Agency) in its IT-systems consider the applications for unemployment benefits from EU-workers as standard files, i.e. not marked as special cases. Another reason is that the administrative procedures within the Bundesagentur für Arbeit do not differ between EU-workers and cross-border workers applying for unemployment benefits, and so any registration of cases is a mix of the two.

We have therefore for the purpose of calculating the administrative costs and burden for Germany as a whole (as authority of last employment) made use of a rough estimate of the number of cases based on the assumption that the number of cases are similar to those in Denmark and the Netherlands – adjusted for the sizes of the labour markets. This leads as shown in Table C-1 to an estimate of 791 cases in 2013.

Table C-1 shows that in total, an average case handling of an application for unemployment benefits from a mobile EU-worker amount to approximately 0.5 hours in the current situation when Germany is the Member State of last employment – with most time spent on collecting information about the applicant´s unemployment insurance

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history from other Member States and on calculating the benefit payments. Some time is also spent on providing personal explanation to the applicant.

Table C-1 Current administrative costs and burden – Germany as Member State of last employment

Administrative task	Average man-hours per case	Frequency	Number of cases(1)	Administrative costs, Total, EUR 1,000(2)
A typical case; first time handling of a case - all regular tasks included	**0.5 hours**	**100%**	**791**	**8.1**
Collecting information[87]	0.2 hours	100%		
Calculation of benefit[88]	0.2 hours	100%		
Determination of residence[89]	0 hours	0%		
Change in circumstances[90]	0 hours	0%		
Reimbursement[91]	0 hours	0%		
Recovery[92]	0 hours	0%		
Explanation of application process to EU-worker	0.1 hours	100%		

Notes: (1) Estimate on the basis of data for Denmark and the Netherlands. (2) Using unit labour cost estimates based on Eurostat data.

When Germany is the Member State of previous insurance (authority of previous employment), the national administrations are assessed as shown in Table C-2 currently to use around half an hour per case to provide information about the applicant to the Member State of last employment.

[87] 20 min. when PDU 1 is handed in and (more or less) filled in completely; 30 min. when an information request must be sent to the former insurance institution (filling in SED).
[88] Part of this administrative task has already taken place as part of "collection of information". In any case, it is not more time consuming than the calculation for 'normal' German applicants. Furthermore, former periods of employment are under the current legislation not relevant for the calculation of benefits.
[89] As the applicant in question has had a working contract in Germany and is eligible for German unemployment benefits, the determination of residence is not necessary.
[90] Not considered as a relevant administrative task, as Germany no longer is the Member State of last employment.
[91] Not considered as a relevant administrative task under the current legislation.
[92] Not considered as a relevant administrative task under the current legislation.

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Table C-2 Current administrative costs and burden – Germany as Member State of previous employment

Administrative task	Average man-hours per case	Frequency	Number of cases(1)	Administrative costs, Total, EUR 1,000(2)
A typical case; first time handling of a case - all regular tasks included	**0.5 hours**	**100%**	**1164**	**12.0**
Providing information[93]	0.5 hours	100%		
Determination of residence[94]	0 hours	0%		
Change in circumstances[95]	0 hours	0%		
Reimbursement[96]	0 hours	0%		
Recovery[97]	0 hours	0%		

Notes: (1) Source: Pacolet and De Wispelaere (2015). (2) Using unit labour cost estimates based on Eurostat data.

Change in administrative costs and burden from revised EU provisions – Germany as Member State of last employment

The interviewees were also asked to assess the consequences of four different revisions to the current EU provisions. The consequences are estimated in terms of additional man-hours to carry out the administrative tasks. As shown Table C-3 and Table C-4, the interviewees envisage that the changes will be similar for Option 2a and Option 2b, and for Option 3a and Option 3b, respectively.

Table C-3 shows that no change in man-hours spent per case is assessed for Option 2a and Option 2b. However, some interviewees envisage that reimbursement and recovery procedures may get more difficult and so require more time; but it is difficult to assess the amount of time needed and the frequency of cases. Furthermore, it may well be so that these two revisions may create a lot of problems as no coherent administrative practices exist for solving possible conflicts between public employment services in different Member State regarding responsibilities for paying unemployment benefits, for providing job counselling or other instruments etc.

Table C-3 Change in administrative costs and burden from Option 2a and Option 2b – Germany as Member State of last employment

Administrative task	Change in average	Frequency	Number of cases(1)	Change in administrative

[93] When the applicant requests information: fill in PDU 1; when the public employment service of another Member State requests information: fill in SED; in some cases: contacting former employers and determining pension insurance number.
[94] Not applicable.
[95] Not applicable.
[96] Not applicable.
[97] Not applicable.

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	man-hours per case			costs, Total, EUR 1,000[2]
Total	**0 hours**	**100%**	**791**	**0**
Collecting information	0 hours	100%		
Calculation of benefit	0 hours	0%		
Determination of residence	0 hours	0%		
Change in circumstances	0 hours	0%		
Reimbursement	0 hours	0%		
Recovery	0 hours	0%		
Explanation of application process to EU-worker	0 hours	100%		

Notes: [1] Estimate on the basis of data for Denmark and the Netherlands. [2] Using unit labour cost estimates based on Eurostat data.

Option 3a and Option 3b will require additional resources for the collection of income data – i.e. the use of two SED forms, one for employment periods and one for incomes. Although applicants are already expected to indicate their former income in the PDU 1 document, very often this information is not provided and the former insurance institution must be contacts. Furthermore, there will be an additional administrative burden from the requirement to calculate mixed benefits, i.e. taking salaries of former employment periods into consideration, c.f. Table C-4.

Table C-4 Change in administrative costs and burden from Option 3a and Option 3b – Germany as Member State of last employment

Administrative task	Change in average man-hours per case	Frequency	Number of cases[1]	Change in administrative costs, Total, EUR 1,000[2]
Total	**0.55 hours**	**100%**	**791**	**8.9**
Collecting information	0.15 hours	100%		
Calculation of benefit	0.4 hours	100%		
Determination of residence	0 hours	0%		
Change in circumstances	0 hours	0%		
Reimbursement	0 hours	0%		
Recovery	0 hours	0%		
Explanation of application process to EU-worker	0 hours	100%		

Notes: [1] Estimate on the basis of data for Denmark and the Netherlands. [2] Using unit labour cost estimates based on Eurostat data.

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Change in administrative costs and burden from revised EU provisions – Germany as Member State of previous employment

Similar to the situation as Member State of last employment, the changes are envisaged to be similar for Option 2a and Option 2b, and for Option 3a and Option 3b, respectively, when it comes to Germany as Member State of previous employment.

Furthermore, similar to Table C-3, Table C-5 shows that no change is assessed for Option 2a and Option 2b. However, some interviewees envisage also here that reimbursement and recovery procedures may get more difficult and so require more time; but it is difficult to assess the amount of time needed and the frequency of cases.

Table C-5 Change in administrative costs and burden from Option 2a and Option 2b – Germany as Member State of previous employment

Administrative task	Change in average man-hours per case	Frequency	Number of cases(1)	Change in administrative costs, Total, EUR 1,000(2)
Total	**0 hours**	**100%**	**1164**	**0**
Providing information	0 hours	100%		
Determination of residence	0 hours	0%		
Change in circumstances	0 hours	0%		
Reimbursement	0 hours	0%		
Recovery	0 hours	0%		

Notes: (1) Source: Pacolet and De Wispelaere (2015). (2) Using unit labour cost estimates based on Eurostat data.

Table C-6 shows that Option 3a and Option 3b are expected to require a minor extra effort to provide information regarding former incomes – i.e. around 3 minutes extra for the PDU 1 or around 10 minutes extra for the SED form. Furthermore, additional consultation resources must be allocated to explain the calculation methods to the applicants.

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Table C-6 Change in administrative costs and burden from Option 3a and Option 3b – Germany as Member State of previous employment

Administrative task	Change in average man-hours per case	Frequency	Number of cases[1]	Change in administrative costs, Total, EUR 1,000[2]
Total	**0.2 hours**	**100%**	**1164**	**4.8**
Providing information	0.1 hours	100%		
Determination of residence	0 hours	0%		
Change in circumstances	0 hours	0%		
Reimbursement	0 hours	0%		
Recovery	0 hours	0%		
Explanation of application process to EU-worker	0.1 hours	100%		

Notes: [1] Source: Pacolet and De Wispelaere (2015). [2] Using unit labour cost estimates based on Eurostat data.

Administrative implications for applicants from revisions to EU provisions on unemployment benefits

The interviewees envisage that Option 2a and Option 2b may have a negative impact on the exercise of free movement, because a more complex legislation may discourage workers who were planning to move to another Member State. Furthermore, workers will be deprived of social security protection to which they would have been entitled if they had spent their working life in only one Member State. This is in particular true for the access to measures of active labour market policies.

Regarding Option 3a and Option 3b, compared with the current legislation, applicants need to wait a longer time before they receive their benefits. In case the applicant has no private savings, the increased time to calculate benefits might create problems. Furthermore, applicants are expected to provide additional data compared with the current legislation) because former salaries are unclear etc. Finally, communication with the applicant will be more complicated, as the legislation is getting more complex.

Conclusions

The annual number of cases handled in Germany per year is estimated at 791 when Germany is the Member State of last employment, while the number of cases is somewhat higher, 1164, when Germany is the Member State of previous employment – i.e. of previous insurance.

Currently, the administrative resources spent on each case amount to 0.5 hours for an average case – whether Germany is the Member State of last employment or of previous employment.

While Options 2a and 2b are not expected to require additional administrative resources per case, Options 3a and 3b will increase these requirements. Being the Member State of last employment, the national administrations are expected to spent 0.55 hours more per case – i.e. more than double compared with the current situation – in particular on the calculation of benefits. Being the Member State of previous employment, additional 0.2

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hours per case are expected – partly for providing information, and partly for explaining the application process to the EU-worker.

Option 2a and Option 2b are envisaged to have a negative impact on the exercise of free movement, because a more complex legislation may discourage workers who were planning to move to another Member State. Regarding Option 3a and Option 3b, compared with the current legislation, applicants need to wait a longer time before they receive their benefits. In case the applicant has no private savings, the increased time to calculate benefits might create problems. Furthermore, applicants are expected to provide additional data compared with the current legislation) because former salaries are unclear etc. Finally, communication with the applicant will be more complicated, as the legislation is getting more complex.

Annex D – Case study for Denmark

Introduction

In this section, we provide a short description of Danish legislation on unemployment benefits, who is eligible, and how the legislation is interpreted by the national administrative institutions handling unemployment benefits: A-kasserne (the unemployment insurance funds).

To qualify for unemployment benefits in Denmark – the applicant must fulfil the following conditions:

- reside in Denmark
- be unemployed
- not be actively engaged with a formal education
- be a registered as active jobseeker and so be available to the Jobcenter (Danish employment centre)
- be able to work
- be available to the job market
- be between 18 and 65 years old
- be actively job seeking and cooperate with the Jobcenter in building an individual action plan
- have fulfilled eight weeks of work in Denmark (equivalent to 296 hours) within 12 weeks preceding the unemployment spell

The calculation of unemployment benefits is usually based on the average income over the last 12 weeks. In 2015, the amount obtained corresponds to 90% of the earlier income up to a limit of DKK 827 (EUR 111) a day. One can only receive unemployment benefits in up to two years within a three-year period.

There are 26 unemployment insurance funds (A-kasser) in Denmark. The unemployment insurance funds are private and their activities are funded by worker memberships. However, they keep responsibility of public authorities by also administering the publicly-funded share of the unemployment benefits. In other words, they constitute the national administrative institutions handling unemployment benefits.

It is the perception among the interviewed A-kasser that Danish legislation is fully in line with the EC regulation 883/2004. The interpretation of the regulation may, however, differ from other Member States' interpretations in that a period of eight weeks of employment in Denmark within 12 weeks has to be fulfilled in order to qualify for aggregation of unemployment period – i.e. a mobile worker will not be eligible after just one day of work in Denmark.

Current administrative costs and burden

To determine the current administrative costs and burden in handling unemployment benefits in Denmark, we have interviewed four unemployment insurance funds listed in Table D-1 below.

Table D-1 Interviewed unemployment insurance funds, Denmark

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Unemployment insurance fund	Description[98]
3F	Members within Transport, Building & Construction, Manufacturing industries, Agriculture, Forestry, Horticulture/Market Gardens, Cleaning, Hotel & Restaurants, Delivery and distribution of newspapers and magazines. About 250,000 members.
HK	Unemployment fund for Trade and office workers. About 200,000 members.
ASE	Unemployment insurance fund for all types of workers. About 140,000 members.
Krifa	Unemployment insurance fund for all types of workers. About 140,000 members.

None of the four interviewed unemployment insurance funds has exact time measurements of the administrative costs in terms of man-hours used per case handled. Hence, the estimations are based on best guesses from their experience with the case handlings. However, since unemployment insurance funds are privately-owned in Denmark, both HK A-kasse and 3F A-kasse have expressed that they are focussed on limiting time used on case handling, and so they have a good feeling of the time spent.

The interviewed unemployment insurance funds handle between 20 and 150 cases of applications from workers per year (i.e. comparable with the figures in Table D-2), where the aggregation principle is applicable. They generally believe that this number will increase over time. Reasons include expectations of higher degree of travelling abroad to work – especially among young workers[99]. In the shorter run, the Danish economy shows signs of improvement causing employment to increase – and a faster improvement than other EEA countries. This will probably attract more workers seeking employment in Denmark[100].

In total, an average case handling of an application for unemployment benefits from a mobile EU-worker amount to approximately 1.8 hours in the current situation when Denmark is the Member State of last employment, c.f. Table D-2.

Table D-2 Current administrative costs and burden – Denmark as Member State of last employment

Administrative task	Average man-hours per case	Frequency	Number of cases(1)	Administrative costs, Total, EUR 1,000(2)
A typical case; first time handling of a case - all regular tasks included	**1.8 hours**	**100%**	**54**	**2.9**
Collecting information[101]	1.4 hours	100%		
Calculation of benefit[102]	0.2 hours	100%		

[98] Memberships are per January 1st 2015.
[99] Interview with HK A-kasse.
[100] Interview with Krifa.
[101] Determination of whether the information provided by the applicant is sufficient to decide on the payment of unemployment benefits. Obtain information from other previous Member State(s) of insurance about insurance and employment history in this/these country(-ies).

Determination of residence[103]	<0.1 hours	8%		
Change in circumstances[104]	<0.1 hours	4%		
Reimbursement[105]	0	0%		
Recovery[106]	<0.1 hours	1%		

Notes: (1) Source: Pacolet and De Wispelaere (2015). (2) Using unit labour cost estimates based on Eurostat data.

There is a large variation in the time spend on the individual cases – mostly depending on the applicant's previous place of insurance. For instance, if the unemployment insurance fund in the Member State of previous employment has not had much experience with exchanging information with the previous place of insurance, it might take longer to attain the information needed.

The calculation of unemployment benefits is usually straightforward. The interviewed unemployment insurance funds have all set up a calculation tool which calculates the amount to be paid out. However, in most cases the calculation is not event necessary, as the Danish rate for unemployment insurance will be paid out. The calculation is thus merely a check to see, if the applicant is entitled to more benefits than the standard rate would dictate.

When Denmark is the Member State of previous employment, the average man-hours used for case handling is 0.7 hours, c.f. Table D-3. Only time spend on providing information has proven to be a task actually carried out in the interviewed unemployment insurance funds. They acknowledge that the other tasks in principle exist. However, none of them has recent experience with handling any of them and note that these tasks are the exception rather than the rule, when handling applications for unemployment benefits from mobile EU-workers. Therefore no time estimate has been provided for these tasks.

[102] For each of those cases where the interviewed unemployment insurance fund is the competent national administration: Time spend on calculation of the benefit, which the applicant is entitled to under the national legislation. The interviewed unemployment insurance fund set the payment of unemployment benefits in motion.

[103] If the State of residence is not readily overt determination of residence needed to determine whether the applicant is eligible for unemployment benefits under the national legislation: Additional costs arise as a result of collecting additional information about e.g. family ties, housing situation, characteristics of the candidate's professional activities.

[104] If circumstances change and it leads to a change of who is the competent Member State, a re-calculation of benefits or revaluation of competent state is performed: Determine what type of change it is - whether it will lead to a re-calculation of benefits or change in competence.

[105] If (provisional) unemployment benefits awarded to a Mobile EU worker should have been paid by another Member State: Additional costs arise from reimbursement activities.

[106] If an applicant unjustified has received unemployment benefits (i.e. it has been determined, that the interviewed unemployment fund are not the competent state after all): additional costs arise from determining whether there is a basis for recovery, from calculation of benefits to recover, and from contacting the competent Member States to seek recovery.

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Table D-3 Current administrative costs and burden – Denmark as Member State of previous employment

Administrative task	Average man-hours per case	Frequency	Number of cases(1)	Administrative costs, Total, EUR 1,000(2)
A typical case; first time handling of a case - all regular tasks included	**0.7 hours**	**100%**	**686**	**13.4**
Providing information[107]	0.7 hours	100%		
Determination of residence[108]	0 hours	0%		
Change in circumstances[109]	0 hours	0%		
Reimbursement[110]	0 hours	0%		
Recovery[111]	0 hours	0%		

Notes: (1) Source: Pacolet and De Wispelaere (2015). (2) Using unit labour cost estimates based on Eurostat data.

Change in administrative costs and burden from revised EU provisions – Denmark as Member State of last employment

The interviewees were also asked to assess the consequences of four different revisions to the current EU provisions. The consequences are estimated in terms of additional man-hours to carry out the administrative tasks. No new tasks have been identified based on the revisions during any of the four interviews.

The interviewed unemployment insurance funds believe that Option 2a compared with the current practice could be considered to lessen the requirements to employment in Denmark. While this may push for more applications for unemployment benefits from mobile EU-workers, in turn the more complex legislation may discourage workers who were planning to move to another Member State. Similarly, FGB et.al (2015) – as also shown in Table 3-3 – assessed that stricter requirements will lead to less applications in Member States that mainly attract mobile EU-workers. In any case, the administrative burden in terms of additional man-hours required for case handlings is unchanged. Thus, as can be seen from Table D-4, Option 2a is expected to have no impact on the man-hours for case handling in the Danish context. Similarly, all of the interviewed unemployment insurance funds interpret Option 2b as being more or less the same as the current rules in Denmark.[112] The administrative burden in terms of additional man-hours required to case handlings is therefore unchanged.

[107] The interviewed unemployment fund receive a request for information about an applicant's previous insurance and employment history in your State from another Member State concerning an application for unemployment benefits and you contribute with the required information.

[108] If the State of residence is not readily overt determination of residence needed to determine whether the applicant is eligible for unemployment benefits under the national legislation: Additional costs arise as a result of providing additional information about candidate's professional activities.

[109] If circumstances change and it leads to a change of who is the competent Member State and the interviewed unemployment fund are determined the competent institution: Additional costs arise a calculation of benefits is performed.

[110] If (provisional) unemployment benefits awarded to a mobile EU worker should have been paid by the interviewed unemployment fund, but another Member State has done this: Additional costs arise from reimbursement activities.

[111] If an applicant, who belongs to the interviewed unemployment fund has unjustified received unemployment benefits in another Member State: Additional costs arise recovery activities.

[112] ASE interprets Option 2b as a slight lessening of the current rules, while Krifa interprets the revision as a slight tightening of the rules.

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Table D-4 Change in administrative costs and burden from Options 2a and 2b – Denmark as Member State of last employment

Administrative task	Change in average man-hours per case	Frequency	Number of cases[1]	Change in administrative costs, Total, EUR 1,000[2]
Total	**0 hours**	**100%**	**54**	**0**
Collecting information	0 hours	100%		
Calculation of benefit	0 hours	100%		
Determination of residence	0 hours	8%		
Change in circumstances	0 hours	4%		
Reimbursement	0 hours	0%		
Recovery	0 hours	1%		

Notes: [1] Source: Pacolet and De Wispelaere (2015). [2] Using unit labour cost estimates based on Eurostat data.

Option 3a is interpreted as leading to a much lower unemployment benefits for many of the mobile EU-worker applicants. However, the interviewees disagree on the expected effect on the number of applications for unemployment benefits from EU workers. Some argue that the living costs in Denmark are so high, that it will become harder to get by on the reduced benefit, and thus reduce the number of mobile EU-workers to travel to Denmark. Others argue that many of the applicants travel to Denmark because of spouses or other circumstances and not because of the job possibilities in itself. Those applicants will continue to travel to Denmark no matter how the benefits are calculated.

The administrative costs in terms of additional use of man-hours per case have an average estimate of total 0.5 hours subdivided into 0.4 hours for additional information gathering and 0.1 hours on calculation of benefits, c.f. Table D-5. The additional information gathering concerns the collection of salary statements. The extra time spent on information gathering varies between the interviewees, though. Some argue that no extra information is necessary. It depends on what information the unemployment insurance fund already obtain.

The calculation of benefits will become a bit more extensive, when having to include previous salary history. It increases the need to understand specific salary statements and calls for the development of standardised portable documents e.g. with clear definitions of wages to be applied for the aggregation calculations.

Option 3b is interpreted much in the same way as Option 3a, but with a slightly higher consequence on the development in the number of applications in the future. Additional time consumption on case handling are the same – i.e. a total of additional 0.5 hours per case.

Table D-5 Change in administrative costs and burden from Option 3a and Option 3b – Denmark as Member State of last employment

Administrative task	Change in average	Frequency	Number of cases[1]	Change in administrative

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	man-hours per case			costs, Total, EUR 1,000[2]
Total	**0.5 hours**	**100%**	**54**	**0.8**
Collecting information	0.4 hours	100%		
Calculation of benefit	0.1 hours	100%		
Determination of residence	0 hours	8%		
Change in circumstances	0 hours	4%		
Reimbursement	0 hours	0%		
Recovery	0 hours	1%		

Notes: [1] Source: Pacolet and De Wispelaere (2015). [2] Using unit labour cost estimates based on Eurostat data.

Change in administrative costs and burden from revised EU provisions – Denmark as Member State of previous employment[113]

In addition to assessing the consequences of the four revisions while being the Member State of last employment, the interviewees were also asked to assess the consequences when being the Member State previous employment – i.e. of previous insurance. Again, no new tasks have been identified for any of the revisions.

Since time spend on providing information have proven to be the only administrative task actually carried out in the unemployment insurance funds in this respect, it is the only one that has been assessed during this part of the interviews.

In general, it is the conviction, that the administrative costs in terms of additional man-hours are infinitesimal. Most interviewees give an estimate of no additional time consumption. 3F A-kasse foresee a bit more servicing of other Member States based on the revision.

Table D-6 Change in administrative costs and burden from changing information task – Denmark as Member State of previous employment

Revision	Change in average man-hours per case	Frequency	Number of cases[1]	Change in administrative costs, Total, EUR 1,000[2]
Option 2a	<0.1 hours	100%	686	0.8
Option 2b	<0.1 hours	100%	686	0.8
Option 3a	<0.1 hours	100%	686	0.8
Option 3b	<0.1 hours	100%	686	0.8

Notes: [1] Source: Pacolet and De Wispelaere (2015). [2] Using unit labour cost estimates based on Eurostat data.

[113] The estimation of the administrative costs and burden from revised EU provisions when Denmark is the Member State of previous insurance is based on three interviews, since HK A-kasse was not able to give an estimation on this.

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Administrative implications for applicants from revisions to EU provisions on unemployment benefits

Revising the unemployment provisions according to the proposed revisions will have different effect, depending on the unemployment insurance funds standard case handling. Overall, the more complex legislation may discourage workers who were planning to move to another Member State.

However, both HK A-kasse and Krifa already ask the applicants for documentation for employment history and salary slips, which means they do not expect any of the revisions to increase the administrative implications for the applicants. Krifa explains, that the demands they pose on mobile EU-workers today are relatively extensive, which means it is hard to imagine that the proposed revisions should make it more difficult for the applicants.

3F A-kasse and ASE do not necessarily require documentation for salary and employment history in their current case handlings of applications for unemployment benefits from mobile EU-workers. Thus, they expect the administrative implications for the applicant will increase in the case of Options 3a and 3b, where these documents will become necessary. ASE further expects, that they will demand authorised translation of the documentation, which will pose both an administrative implication on the applicant in terms of time and in terms of monetary costs. This burden may be reduced by the introduction of standardised documents.

Conclusions

The annual number of cases handled in Denmark per year is 54 when Denmark is the Member State of last employment, while the number of cases is somewhat higher, 686, when Denmark is the Member State of previous employment – i.e. of previous insurance.

Currently, the administrative resources spent on each case amount to 1.8 hours for an average case – whether Denmark is the Member State of last employment, and 0.7 hours when of previous employment. Most resources are spent on collecting and providing information.

In the Danish case, only two of the four revisions are expected to have impact on administrative costs in terms of use of man-hours when being the Member state of last employment: Options 3a and 3b. The impacts are very limited though, and thus, the increase in administrative costs in terms of labour costs are relatively small. A small impact is expected from the revisions being the Member State of previous insurance. However, the impacts are infinitesimal.

Overall, the more complex legislation may discourage workers who were planning to move to another Member State. However, applicants are already expected to provide documentation for employment history and salary slips, which means they do not expect any of the revisions to increase the administrative implications for the applicants. The demands they pose on mobile EU-workers today are relatively extensive, which means it is hard to imagine that the proposed revisions should make it more difficult for the applicants.

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Annex E – Case study for Netherlands

Introduction

In this section, we provide a short description of Dutch legislation on unemployment benefits, who is eligible, and how the legislation is interpreted by the national administrative institutions handling unemployment benefits: the Institute for Employee Benefit Schemes (UWV).

To qualify for unemployment benefits (WW-uitkering) in the Netherlands – the applicant must fulfil the following conditions:

- be involuntarily unemployed
- have had a loss of at least five or half the working hours per week
- timely register with the Institute for Employee Benefit Schemes (UWV)
- be able to work
- be available to the job market
- be below the legal retirement age
- seek employment
- reside in the Netherlands
- apply for benefits on the first day of unemployment

To be eligible for WW benefit the applicant needs to satisfy the "26 out of 36 weeks" ruling, which states that he/she must have been employed for at least 26 out of the 36 weeks before the first day of unemployment. An applicant who only meets the required number of weeks will receive WW benefit up to a maximum of three months. If the applicant has received wages for at least 52 days for four (out of the five) last calendar years from the year of unemployment, the benefit will be payable for as many months as the number of years the person he/she was employed.

The calculation of unemployment benefits is based on the last available daily wage with a maximum of EUR 198.28. The amount is equal to 75% of the last daily wage during the first two months, 70% thereafter. An applicant who only meets the weeks' condition receives benefits for a maximum duration of three months, whereas a person who satisfies the years' condition receives benefits for as many months as the number of months in employment, with a maximum of 38 months.

If unemployment benefits are less than the social minimum, a supplementary benefit can be claimed under the Supplementary Benefit Act (Toeslagenwet, TW).

Current administrative costs and burden

To determine the current administrative costs and burden in handling unemployment benefits in the Netherlands, we have interviewed the Institute for Employee Benefit Schemes (UWV).

The Institute for Employee Benefit Schemes (UWV) estimates that they had 40 new cases in 2014 as national administration with last employment and a total of only 10 existing active cases. From the HIVA study (Pacolet and De Wispelaere, 2015) the number of cases for 2013 as national administration with last employment is 160. As for the number of cases as national administration with previous employment the UWV estimates that they handled a total number of 23,808 cases in 2014, but are unable to say for how

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many of these cases the aggregation principle (*in Dutch: samenstellingsregeling*) applied. However, the HIVA study shows that the aggregation principle was used in 918 cases where the UWV was the national administration with previous employment. Hence, there seems to be some uncertainty connected with the counting of cases.

In total, an average case handling of an application for unemployment benefits from a mobile EU-worker will amount to approximately 1.1 hours in the current situation when the Netherlands is the Member State of last employment, most often spent on the collection of information about the applicant's employment and insurance history and on the calculation of benefits, c.f. Table E-1. Based on the average number of man-hours spend and an average labour cost at EUR 22.2 per hour this adds up to a total average of EUR 24.3 per case as national administration with last employment, and to EUR 3,900 for all cases.

Table E-1 Current administrative costs and burden – the Netherlands as Member State of last employment

Administrative task	Average man-hours per case	Frequency	Number of cases(1)	Administrative costs, Total, EUR 1,000(2)
A typical case; first time handling of a case - all regular tasks included	1.1 hours	100%	160	3.9
Collecting information[114]	0.5 hours	100%		
Calculation of benefit[115]	0.5 hours	100%		
Determination of residence[116]	0.5 hours	5-10%		
Change in circumstances[117]	0.53 hours	>5%		
Reimbursement[118]	0 hours	0%		
Recovery[119]	0.38 hours	>5%		

Notes: (1) Source: Pacolet and De Wispelaere (2015). (2) Using unit labour cost estimates based on Eurostat data.

When the Netherlands is the Member State of previous insurance (previous employment), the average man-hours used for case handling is 0.67 hours, c.f. Table E-2, all of which

[114] Determination of whether the information provided by the applicant is sufficient to decide on the payment of unemployment benefits. Obtain information from other previous Member State(s) of insurance about insurance and employment history in this/these country(-ies).

[115] For each of those cases where the interviewed administration is the competent national administration: Time spend on calculation of the benefit, which the applicant is entitled to under the national legislation. The interviewed unemployment insurance fund set the payment of unemployment benefits in motion.

[116] If the State of residence is not readily overt determination of residence needed to determine whether the applicant is eligible for unemployment benefits under the national legislation: Additional costs arise as a result of collecting additional information about e.g. family ties, housing situation, characteristics of the candidate's professional activities.

[117] If circumstances change and it leads to a change of who is the competent Member State, a re-calculation of benefits or revaluation of competent state is performed: Determine what type of change it is - whether it will lead to a re-calculation of benefits or change in competence.

[118] If (provisional) unemployment benefits awarded to a Mobile EU worker should have been paid by another Member State: Additional costs arise from reimbursement activities.

[119] If an applicant unjustified has received unemployment benefits (i.e. it has been determined, that the interviewed unemployment fund are not the competent state after all): additional costs arise from determining whether there is a basis for recovery, from calculation of benefits to recover, and from contacting the competent Member States to seek recovery.

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is spent on providing information about the applicant's employment and insurance history to the relevant Member State of last employment.

Table E-2 Current administrative costs and burden – the Netherlands as Member State of previous employment

Administrative task	Average man-hours per case	Frequency	Number of cases(1)	Administrative costs, Total, EUR 1,000(2)
A typical case; first time handling of a case - all regular tasks included	**0.67 hours**	**100%**	**918**	**13.7**
Providing information[120]	0.67 hour	100%		
Determination of residence[121]	0 hours	0%		
Change in circumstances[122]	0 hours	0%		
Reimbursement[123]	0 hours	0%		
Recovery[124]	0 hours	0%		

Notes: (1) Source: Pacolet and De Wispelaere (2015). (2) Using unit labour cost estimates based on Eurostat data.

Change in administrative costs and burden from revised EU provisions – The Netherlands as Member State of last employment

The interviewees were also asked to assess the consequences of four different revisions to the current EU provisions. The consequences are estimated in terms of additional man-hours to carry out the administrative tasks. No new tasks have been identified based on the revisions during the interviews.

As shown in Table E-3 no change in man-hours used are expected for Option 2a and Option 2b – i.e. the introduction of a threshold is not expected to make much difference to the single case handling.

[120] The interviewed administration receive a request for information about an applicant's previous insurance and employment history in your State from another Member State concerning an application for unemployment benefits and you contribute with the required information.

[121] If the State of residence is not readily overt determination of residence needed to determine whether the applicant is eligible for unemployment benefits under the national legislation: Additional costs arise as a result of providing additional information about candidate's professional activities.

[122] If circumstances change and it leads to a change of who is the competent Member State and the interviewed unemployment fund are determined the competent institution: Additional costs arise a calculation of benefits is performed.

[123] If (provisional) unemployment benefits awarded to a mobile EU worker should have been paid by the interviewed unemployment fund, but another Member State has done this: Additional costs arise from reimbursement activities.

[124] If an applicant has unjustified received unemployment benefits in another Member State: Additional costs arise recovery activities.

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Table E-3 Change in administrative costs and burden from Option 2a and Option 2b – the Netherlands as Member State of last employment

Administrative task	Change in average man-hours per case	Frequency	Number of cases(1)	Change in administrative costs, Total, EUR 1,000(2)
Total	**0 hours**	**100%**	**160**	**0**
Collecting information[125]	0 hours	0%		
Calculation of benefit	0 hours	0%		
Determination of residence	0 hours	0%		
Change in circumstances	0 hours	0%		
Reimbursement	0 hours	0%		
Recovery	0 hours	0%		

Notes: (1) Source: Pacolet and De Wispelaere (2015). (2) Using unit labour cost estimates based on Eurostat data.

However, the UWV assesses that Option 3a will require them to collect additional information when processing the applications and estimates this will lead to an increase in man-hours spend per case at 0.38 hours per case (Table E-4). The UWV interprets the effects of Option 3b to be much the same as Option 3a. However, based on current numbers the UWV asses that Option 3b will lead to a rise in the number of cases, since the applicant in almost all cases has worked in the Netherlands for more than one month. This said, the additional time used on processing the cases is estimated by the UWV to be the same as for Option 3a.

[125] In the current situation much of the information needed for Option 2a and Option 2b is already being gathered in the current situation. The period of time the applicant has worked in the Netherlands does not influence the administrative process.

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Table E-4 Change in administrative costs and burden from Option 3a and Option 3b – the Netherlands as Member State of last employment

Administrative task	Change in average man-hours per case	Frequency	Number of cases[1]	Change in administrative costs, Total, EUR 1,000[2]
Total	**0.38 hours**	**100%**	**160**	**1.4**
Collecting information	0.38 hours	100%		
Calculation of benefit	0 hours	100%		
Determination of residence	0 hours	0%		
Change in circumstances	0 hours	0%		
Reimbursement	0 hours	0%		
Recovery	0 hours	0%		

Notes: [1] Source: Pacolet and De Wispelaere (2015). [2] Using unit labour cost estimates based on Eurostat data.

Change in administrative costs and burden from revised EU provisions – the Netherlands as Member State of previous employment

In addition to assessing the consequences of the four revisions while being the Member State of last employment, the interviewees were also asked to assess the consequences when being the Member State of previous employment – i.e. of previous insurance.

As it is shown below in Table E-5 the UWV assess that the revisions will not lead to changes in the time used handling the cases. In addition, no new tasks have been identified for any of the revisions.

Table E-5 Change in administrative costs and burden from changing information task – the Netherlands as Member State of previous employment

Revision	Change in average man-hours per case	Frequency	Number of cases[1]	Change in administrative costs, Total, EUR 1,000[2]
Option 2a	0 hours	100%	918	0
Option 2b	0 hours	100%	918	0
Option 3a	0 hours	100%	918	0
Option 3b	0 hours	100%	918	0

Notes: [1] Source: Pacolet and De Wispelaere (2015). [2] Using unit labour cost estimates based on Eurostat data.

Administrative implications for applicants from revisions to EU provisions on unemployment benefits

The UWV assesses that revising the unemployment provisions according to the proposed revisions will lead to a slight increase in the time used on the application for the mobile EU-worker. The reason for this mainly arise from the additional information and documents the applicant must provide – e.g. in the form of contracts, payslips etc.

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Conclusions

The annual number of cases handled in the Netherlands per year is 160 when the Netherlands is the Member State of last employment, while the number of cases is significantly higher, 918, when the Netherlands is the Member State of previous employment – i.e. of previous insurance.

Currently, the administrative resources spent on each case amount to 1.1 hours for an average case – when the Netherlands is the Member State of last employment, and 0.67 hours when of previous employment. Most resources are spent on collecting and providing information, and on the calculation of benefits.

As the interviewee only handle a small number of cases as competent state every year, the burden from revision being the competent state is relatively small. In addition, even though the Netherlands is the Member State of previous employment in a higher number of cases, the estimate of additional costs per case is limited, which means the burden is not that significant when being the state of previous employment. Hence, all in all none of the policy revisions seems to have a larger impact on administrative costs of case handling unemployment benefits in the Netherlands.

Finally, it is assessed that that revising the unemployment provisions according to the proposed revisions will lead to a slight increase in the time used on the application for the mobile EU-worker. The reason for this mainly arise from the additional information and documents the applicant must provide – e.g. in the form of contracts, payslips etc.

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Annex F – Case study for Poland

Introduction

In this section, a short description is given of the Polish legislation on unemployment benefits, who is eligible, and how the national administrative institutions handling unemployment benefits interpret the legislation.

To qualify for unemployment benefits (*Zasiłek dla bezrobotnych*) in Poland – the applicant must fulfil the following conditions:

- be involuntary unemployed
- be without work or payment
- be registered with the employment agency
- be capable for work
- be available for full-time work
- be at least 18 years of age and less than 60 years (woman) or 65 years (man)
- not be entitled to old-age or invalidity pension
- hold a Polish, EU or EEA or Swiss citizenship
- not be recipient of rehabilitation, sickness, maternity or child raising allowance

In addition, there is a qualifying period, where the applicant must have been in paid employment of at least 365 calendar days within a period of 18 months preceding the day of registration.

The amount of unemployment benefits are not based on earnings, but on the length of economic activity. It is calculated as a percentage of the Basic Unemployment Allowance, depending upon the length of employment: one to five years of work entitles the applicant to 80% of the Basic Unemployment Allowance; five to 20 years entitles the applicant to 100% of the full amount; 20 years and more entitle the applicant to a 120% of the full amount.

The Basic Unemployment Allowance constitutes an amount of PLN 831.10 (EUR 200) per month for a period of three months and PLN 652.60 (EUR 157) thereafter. The duration of the benefits is a period of six months in areas with an unemployment rate less than 150% national average. In areas with an unemployment rate of at least 150% or more of the national average the duration of benefits are 12 months. This period of benefits on 12 months also applies if the claimant has a qualifying period of 20 years and is more than 50 years old, or if the claimant's spouse is unemployed, not entitled to an allowance and they have at least one dependent child under the age of 15 years.

Current administrative costs and burden

To determine the current administrative costs and burden in handling unemployment benefits in Poland, we have interviewed four Polish national and regional administrations listed in Table F-1 below.

Table F-1 Interviewed national and regional administrative institutions handling unemployment benefits, Poland

Institution
Regional Labour Office Warsaw, team for promoting of employment and EURES
Lower Silesian Regional Labour Office, Department of Social Security Systems
Ministry of Labour and Social Policy, Department for Coordination of Social Security Systems
Ministry of Labour and Social Policy, Department of Labour Market

None of the four interviewed administrations handling unemployment benefits has exact time measurements of the administrative costs in terms of man-hours used per case handling. Hence, the estimations are based on best guesses from their experience with the case handlings.

In total, an average case handling of an application for unemployment benefits from a mobile EU-worker will amount to approximately 1.8 hours in the current situation when Poland is the Member State of last employment, c.f. Table F-2. The largest task is the determination of residence followed by the collection of information about the applicant's employment and insurance history from the relevant Member State of previous employment.

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Table F-2 Current administrative costs and burden – Poland as Member State of last employment

Administrative task	Average man-hours per case(1)	Frequency(1)	Number of cases(2)	Administrative costs, Total, EUR 1,000(3)
A typical case; first time handling of a case - all regular tasks included	**1.83 hours**	**100%**	**1517**	**14.3**
Collecting information[126]	0.56 hours	-		
Calculation of benefit[127]	0.32 hours	-		
Determination of residence[128]	0.63 hours	-		
Change in circumstances[129]	0.07 hours	-		
Reimbursement[130]	0.01 hours	-		
Recovery[131]	0 hours	-		

Notes: (1) The frequencies in the Polish calculations have been taken into account when calculating the average man-hours per case. (2) Source: Pacolet and De Wispelaere (2015). (3) Using unit labour cost estimates based on Eurostat data.

Table F-3 shows that Poland as Member State of previous employment annually handles around 147 cases. The average time of handling a case is 1.27 hours – with most time spent of the provision of information about the applicant to the relevant Member State of last employment, followed by efforts regarding determination of residence of the applicant.

[126] Determination of whether the information provided by the applicant is sufficient to decide on the payment of unemployment benefits. Obtain information from other previous Member State(s) of insurance about insurance and employment history in this/these country(-ies).

[127] For each of those cases where the interviewed administration is the competent national administration: Time spend on calculation of the benefit, which the applicant is entitled to under the national legislation. The interviewed administration set the payment of unemployment benefits in motion.

[128] If the State of residence is not readily overt determination of residence needed to determine whether the applicant is eligible for unemployment benefits under the national legislation: Additional costs arise as a result of collecting additional information about e.g. family ties, housing situation, characteristics of the candidate's professional activities.

[129] If circumstances change and it leads to a change of who is the competent Member State, a re-calculation of benefits or revaluation of competent state is performed: Determine what type of change it is - whether it will lead to a re-calculation of benefits or change in competence.

[130] If (provisional) unemployment benefits awarded to a Mobile EU worker should have been paid by another Member State: Additional costs arise from reimbursement activities.

[131] If an applicant unjustified has received unemployment benefits (i.e. it has been determined, that the interviewed unemployment fund are not the competent state after all): additional costs arise from determining whether there is a basis for recovery, from calculation of benefits to recover, and from contacting the competent Member States to seek recovery.

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Table F-3 Current administrative costs and burden – Poland as Member State of previous employment

Administrative task	Average man-hours per case(1)	Frequency(1)	Number of cases(2)	Administrative costs, Total, EUR 1,000(3)
A typical case; first time handling of a case - all regular tasks included	**1.27 hours**	**100%**	**147**	**1.0**
Providing information[132]	0.67 hours	-		
Determination of residence[133]	0.46 hours	-		
Change in circumstances[134]	0.15 hours	-		
Reimbursement[135]	0 hours	-		
Recovery[136]	0 hours	-		

Notes: (1) The frequencies in the Polish calculations have been taken into account when calculating the average man-hours per case. (2) Source: Pacolet and De Wispelaere (2015). (3) Using unit labour cost estimates based on Eurostat data.

Change in administrative costs and burden from revised EU provisions – Poland as Member State of last employment

The interviewees were also asked to assess the consequences of four different revisions to the current EU provisions. The consequences are estimated in terms of additional man-hours to carry out the administrative tasks.

The respondents gave quite different answers to the expected changes in administrative cost and burdens due to the revisions.

In one interview with the Department for Coordination of Social Security Systems at the Ministry of Labour and Social Policy it was assessed that both Options 2a and 2b will lead to an increase of 50% in collecting information due to the need of collecting further information on the applicants previous period of employment. As for Options 3a and 3b, they estimate that there will be no changes. However, in another interview with the same department at the Ministry of Labour and Social Policy it was estimated that neither of the revisions will lead to any changes. As for Options 2a and 2b the explanation to this is, that the time it takes to analyse the documents will stay the same before and after the revisions. For Options 3a and 3b the remark is that Polish benefits are not dependent on the wages but on status. This assessment is shared by the Regional Labour Office Warsaw who notes that the revisions will not lead to any changes in the handling of documents related to the application.

[132] The interviewed administration receive a request for information about an applicant's previous insurance and employment history in your State from another Member State concerning an application for unemployment benefits and you contribute with the required information.

[133] If the State of residence is not readily overt determination of residence needed to determine whether the applicant is eligible for unemployment benefits under the national legislation: Additional costs arise as a result of providing additional information about candidate's professional activities.

[134] If circumstances change and it leads to a change of who is the competent Member State and the interviewed unemployment fund are determined the competent institution: Additional costs arise a calculation of benefits is performed.

[135] If (provisional) unemployment benefits awarded to a mobile EU worker should have been paid by the interviewed unemployment fund, but another Member State has done this: Additional costs arise from reimbursement activities.

[136] If an applicant, who belongs to the interviewed administration has unjustified received unemployment benefits in another Member State: Additional costs arise recovery activities.

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The Labour Market Department – also at the Ministry of Labour and Social Policy – the assessment is that all revisions will lead to an increase in time spend on collecting information. This is again contrary to what the Lower Silesian Regional Labour Office estimates; here it is expected that the all revisions will lead to decrease on 50-70% in man-hours used due to less administrative work[137]. These differences in estimations of changes due to revisions recurs at several tasks.

The following tables give an overview of the aggregated/average estimates by the Polish interviewees of the changes when Poland is Member State of last employment. These aggregated estimates show that the overall view is that all revisions will lead to a slight decrease in administrative costs and burdens when handling unemployment benefits.

Table F-4 Change in administrative costs and burden from Option 2a – Poland as Member State of last employment

Administrative task	Change in average man-hours per case(1)	Frequency(1)	Number of cases(2)	Change in administrative costs, Total, EUR 1,000(3)
Total	**-0.45 hours**	**100%**	**1517**	**-3.5**
Collecting information	0 hours	-		
Calculation of benefit	0 hours	-		
Determination of residence	-0.23 hours	-		
Change in circumstances	0.04 hours	-		
Reimbursement	-0.28 hours	-		
Recovery	0.01 hours	-		

Notes: (1) The frequencies in the Polish calculations have been taken into account when calculating the average man-hours per case. (2) Source: Pacolet and De Wispelaere (2015). (3) Using unit labour cost estimates based on Eurostat data.

[137] *"No need to fill in a declaration printing (printing extensive and time-consuming)"*

Table F-5 Change in administrative costs and burden from Option 2b – Poland as Member State of last employment

Administrative task	Change in average man-hours per case[1]	Frequency[1]	Number of cases[2]	Change in administrative costs, Total, EUR 1,000[3]
Total	**-0.35 hours**	**100%**	**1517**	**-2.7**
Collecting information	0 hours	-		
Calculation of benefit	0 hours	-		
Determination of residence	-0.18 hours	-		
Change in circumstances	0.04 hours	-		
Reimbursement	-0.23 hours	-		
Recovery	0.01 hours	-		

Notes: [1] The frequencies in the Polish calculations have been taken into account when calculating the average man-hours per case. [2] Source: Pacolet and De Wispelaere (2015). [3] Using unit labour cost estimates based on Eurostat data.

Table F-6 Change in administrative costs and burden from Option 3a – Poland as Member State of last employment

Administrative task	Change in average man-hours per case[1]	Frequency[1]	Number of cases[2]	Change in administrative costs, Total, EUR 1,000[3]
Total	**-0.15 hours**	**100%**	**1517**	**-1.2**
Collecting information	0.05 hours	-		
Calculation of benefit	0.30 hours	-		
Determination of residence	-0.23 hours	-		
Change in circumstances	0 hours	-		
Reimbursement	-0.28 hours	-		
Recovery	0 hours	-		

Notes: [1] The frequencies in the Polish calculations have been taken into account when calculating the average man-hours per case. [2] Source: Pacolet and De Wispelaere (2015). [3] Using unit labour cost estimates based on Eurostat data.

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Table F-7 Change in administrative costs and burden from Option 3b – Poland as Member State of last employment

Administrative task	Change in average man-hours per case[1]	Frequency[1]	Number of cases[2]	Change in administrative costs, Total, EUR 1,000[3]
Total	**-0.05 hours**	**100%**	**1517**	**-0.4**
Collecting information	0.05 hours	-		
Calculation of benefit	0.30 hours	-		
Determination of residence	-0.18 hours	-		
Change in circumstances	0 hours	-		
Reimbursement	-0.23 hours	-		
Recovery	0 hours	-		

Notes: [1] The frequencies in the Polish calculations have been taken into account when calculating the average man-hours per case. [2] Source: Pacolet and De Wispelaere (2015). [3] Using unit labour cost estimates based on Eurostat data.

Change in administrative costs and burden from revised EU provisions – Poland as Member State of previous employment

In addition to assessing the consequences of the four revisions while being the Member State of last employment, the interviewees were also asked to assess the consequences when being the Member State previous employment competence – i.e. of previous insurance.

As shown in Table F-8, the aggregated assessment of Options 2a and 2b is that they will also lead to a slight decrease in man-hours used on handling unemployment benefits.

Opposite the estimates given on changes in administrative cost and burdens as a result of the revisions when Poland is the Member State of last employment, the aggregated assessment is, that Options 3a and 3b will lead to an almost insignificant increase in man-hours used when Poland is Member State of previous employment – c.f. Table F-9. This minor increase covers, however, over slight a slight increase in resources needed for providing information, while savings are expected regarding the determination of residence and the reimbursement task.

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Table F-8 Change in administrative costs and burden from Options 2a and 2b – Poland as Member State of previous employment

Administrative task	Change in average man-hours per case[1]	Frequency[1]	Number of cases[2]	Change in administrative costs, Total, EUR 1,000[3]
Total	**-0.53 hours**	**100%**	**147**	**-0.4**
Providing information	0 hours	-		
Determination of residence	-0.27 hours	-		
Change in circumstances	0.05 hours	-		
Reimbursement	-0.33 hours	-		
Recovery	0.02 hours	-		

Notes: [1] The frequencies in the Polish calculations have been taken into account when calculating the average man-hours per case. [2] Source: Pacolet and De Wispelaere (2015). [3] Using unit labour cost estimates based on Eurostat data.

Table F-9 Change in administrative costs and burden from Options 3a and 3b – Poland as Member State of previous employment

Administrative task	Change in average man-hours per case[1]	Frequency[1]	Number of cases[2]	Change in administrative costs, Total, EUR 1,000[3]
Total	**0.05 hours**	**100%**	**147**	**0.04**
Providing information	0.08 hours	-		
Determination of residence	-0.27 hours	-		
Change in circumstances	0.17 hours	-		
Reimbursement	-0.33 hours	-		
Recovery	0.17 hours	-		

Notes: [1] The frequencies in the Polish calculations have been taken into account when calculating the average man-hours per case. [2] Source: Pacolet and De Wispelaere (2015). [3] Using unit labour cost estimates based on Eurostat data.

Administrative implications for applicants from revisions to EU provisions on unemployment benefits

The interviewed administrative institutions were very reluctant to estimate the implications to the applicants due to the revisions. However, the Labour Market Department at the Ministry of Labour and Social Policy assesses that Option 3b will not have significant implications to the applicant, though it might lead to slight increase in workload, since the need for documentation and information will increase.

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Conclusions

The annual number of cases handled in Poland per year is 1517 when Poland is the Member State of last employment, while the number of cases is significantly lower, 147, when the Netherlands is the Member State of previous employment – i.e. of previous insurance.

Currently, the administrative resources spent on each case amount to 1.83 hours for an average case – when Poland is the Member State of last employment, and 1.27 hours when of previous employment. Most resources are spent on collecting and providing information, and on the calculation of benefits and the determination of residence.

The aggregated estimates show that the overall view is that all revisions will lead to a slight decrease in administrative costs and burdens when handling unemployment benefits as authority of last employment. This result is also found for Options 2a and 2b when being the authority of previous employment, which a slight very small increase in administrative costs are expected for Options 2a and 2b.

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Annex G – Case study for Romania

Introduction

In this section, we provide a short description of Romanian legislation on unemployment benefits, who is eligible, and how the national administrative institutions handling unemployment benefits interpret the legislation.

To obtain unemployment benefits in Romania a person has to address to the local/county agency for employment to register for unemployment benefit with the following documents:

- identity document
- diplomas and certificates of qualifications
- documents from the former employers on ending employment: dismissal decision, the labour contract
- medical certificate proving that the person it is able to work or if the person has any medical restrictions
- documents issued by the financial relevant authorities, showing that the person has no income or in case of self-employed persons, or has income less than the unemployment benefit

Within this study, we focus on the case-handling of applications for unemployment benefits where the aggregation principle apply – i.e. applications from citizens who do not have sufficiently long insurance records in the last Member State of activity/insurance to qualify for unemployment benefits. Thus periods fulfilled in another Member State can be aggregated in line with the "principle of aggregation" laid down in Article 61 of Regulation (EC) No 883/2004. The unemployment benefit level is determined by the reference social indicator, the level of earnings, and the length of contribution period.

The unemployment indemnity is calculated and paid monthly as a percentage of the reference social indicator (500 RON, 111 EUR) and is 75% for a contribution period of one year and over (375 RON, 83.3 EUR). For a contribution period of three years and over, another percentage of the average gross income earned during the last 12 months contribution period is added to the base amount:

- 3% of the average gross income earned during the last 12 months for a contribution period between three and five years;
- 5% of the average gross income earned during the last 12 months between five and ten years;
- 7% of the average gross income earned during the last 12 months between ten and twenty years;
- 10% of the average gross income earned during the last 12 months for twenty years and over.

In short, the procedure for obtaining unemployment benefit in Romania can be described as follows:

When a claim for unemployment benefits is submitted to the national administration, the local agency for employment or working point will prepare a file containing all documents submitted for granting unemployment benefits.

The employment officer from the local employment agency or work point checks the documents submitted and decides if the conditions are met to obtain the unemployment benefit.

The registered unemployed who involuntarily became unemployed is required to have completed a contribution period of 12 months during the 24 months preceding registration in order to be entitled to an unemployment indemnity (*indemnizatie de somaj*) from the unemployment insurance system's scheme.

The duration of the unemployment indemnity varies with the length of contribution period: 6 months for a contribution period between one and five years, 9 months between five and ten years, and 12 months for ten years and over. The employment officer shall issue the decision on the establishment or denial of unemployment benefits. In case the claimant is entitled to unemployment benefits, it is necessary to review the length of contribution period to determine the amount and duration of the benefit, in order to issue the decision.

The Romanian National Employment Agency is using an IT tool for issuing the decisions and calculation of benefits in the case of national applications.

Current administrative costs and burden

To determine the current administrative costs and burden in handling unemployment benefits in Romania, we have interviewed three bodies within the National Agency for Employment listed in Table G-1 below.

Table G-1 Interviewed unemployment insurance funds, Romania

Unemployment insurance fund	**Description**[138]
National Agency for Employment	An autonomous public institution, under the coordination of Ministry of Labour, Family, Social Protection and Elderly. NAE administers and operates the unemployment insurance system through 42 county employment agencies, 70 local agencies and 141 working points.
County Employment Agency, Ilfov	Hence, the county employment agencies are in practice handling unemployment aggregation case and are so the competent institutions.
Local employment agency, Brasov	However, to obtain unemployment benefits in Romania a person can approach to the local employment agency.

The interviewed national administration of Romania represented by the three bodies above handled a total of 12 cases in 2013 and 4 cases in 2014 at national level, where the aggregation principle was applicable. Pacolet and De Wispelaere (2015) report a total of 12 cases per year.

In total, an average case handling of an application for unemployment benefits from a mobile EU-worker amounts to approximately 1.9 hours in the current situation when Romania is the Member State of last employment, c.f. Table G-2. Most time is spent on the calculation of benefits and on the collection of information about the applicant from

[138] Memberships are per January 1st 2015.

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the relevant Member State of previous employment. The remaining tasks are only infrequently carried out.

Table G-2 Current administrative costs and burden – Romania as Member State of last employment

Administrative task	Average man-hours per case	Frequency	Number of cases(1)	Administrative costs, Total, EUR 1,000(2)
A typical case; first time handling of a case - all regular tasks included	**1.9 hours**	**100%**	**12**	**0.1**
Collecting information[139]	0.9 hours	100%		
Calculation of benefit[140]	1 hour	100%		
Determination of residence[141]	0	0%		
Change in circumstances[142]	1 hour	0.1%		
Reimbursement[143]	0.5 hours	0.01%		
Recovery[144]	2 hours	0.1%		

Notes: (1) Source: Pacolet and De Wispelaere (2015). (2) Using unit labour cost estimates based on Eurostat data.

When the qualifying period is only fulfilled by application of the aggregation principle of periods of employment/work/insurance in the Member State of previous employment the employment officer shall decide upon the settlement or denial of unemployment benefits.

If the person does not already have the demanded EU forms, the officer must inform the applicant about the need of the EU form in order to obtain the unemployment benefit. The applicant is advised to obtain the EU form by him-/herself. The reason is that usually in this way the EU form is received earlier than using the official/institutional way.

When the EU form has been received from the applicant the officer prepare the EU form, submit it to the director of the employment agency to be signed and send the form by e-

[139] Determination of whether the information provided by the applicant is sufficient to decide on the payment of unemployment benefits. Obtain information from other previous Member State(s) of insurance about insurance and employment history in this/these country(-ies).

[140] For each of those cases where the interviewed unemployment insurance fund is the competent national administration: Time spend on calculation of the benefit, which the applicant is entitled to under the national legislation. The interviewed unemployment insurance fund set the payment of unemployment benefits in motion.

[141] If the State of residence is not readily overt determination of residence needed to determine whether the applicant is eligible for unemployment benefits under the national legislation: Additional costs arise as a result of collecting additional information about e.g. family ties, housing situation, characteristics of the candidate's professional activities.

[142] If circumstances change and it leads to a change of who is the competent Member State, a re-calculation of benefits or revaluation of competent state is performed: Determine what type of change it is - whether it will lead to a re-calculation of benefits or change in competence.

[143] If (provisional) unemployment benefits awarded to a Mobile EU worker should have been paid by another Member State: Additional costs arise from reimbursement activities.

[144] If an applicant unjustified has received unemployment benefits (i.e. it has been determined, that the interviewed unemployment fund are not the competent state after all): additional costs arise from determining whether there is a basis for recovery, from calculation of benefits to recover, and from contacting the competent Member States to seek recovery.

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mail or regular mail to the liaison body of the competent country. When the information needed is available, and the person is entitled to unemployment benefit, the benefit can be calculated

The Romanian National Employment Agency uses an IT tool for the issue of the E-forms. The application was not yet updated for the U-forms. This is the reason of preference of using E-forms. If an EU country requires only U-forms, these are prepared using only Word documents, taking more time than preparing an E-form. If the EU-form is returned within 30 days and contains information that the qualifying period is completed, the payment of unemployment benefits is to be set in motion, and the officer proceed to the calculation of the unemployment benefits and to issue the decision. If the EU form is not returned within 30 days or is returned and contains information that the qualifying period is not completed, the officer shall prepare a decision of denial of unemployment benefits.

After signing the decision on the settlement or denial of unemployment benefits by the Executive Director or the person empowered to do so, a copy of the decision shall be given to the claimant, a copy is kept on file unemployed and the third copy, together with the form "Information regarding payment of the benefit" is forward to the payment compartment. The decision on the right to unemployment benefit is handed to the applicant on the first visit to the agency.

To make a correct calculation of the unemployment benefit the officer needs to know the entire history of work, insurance and self-employment periods and the amount of the gross income earned in last 12 months of work. This information should be provided by the claimant within the documents submitted with the claim.

Romania handles significantly more cases as the Member State of previous employment. According to the interviewees, the national administration handled a total of 6,567 cases. Pacolet and De Wispelaere (2015) counts less at 887 cases per year. c.f. Table G-3. In total, an average case handling of an application for unemployment benefits from a mobile EU-worker amounts to approximately 2.5 hours in the current situation when Romania is the Member State of previous employment – with almost all time spent on providing information to the relevant Member States of the applicant's employment and insurance history.

Table G-3 Current administrative costs and burden – Romania as Member State of previous employment

Administrative task	Average man-hours per case	Frequency	Number of cases(1)	Administrative costs, Total, EUR 1,000(2)
A typical case; first time handling of a case - all regular tasks included	**2.5 hours**	**100%**	**887**	**5.6**
Providing information[145]	2.5 hours	100%		
Determination of residence[146]	Almost 0 hours	0.1%		
Change in circumstances[147]	0.25 hours	1%		
Reimbursement[148]	2 hours	0.1%		
Recovery[149]	2 hours	0.01%		

Notes: (1) Source: Pacolet and De Wispelaere (2015). (2) Using unit labour cost estimates based on Eurostat data.

It is easier and the process is shorter if the applicant him-/herself claim the EU-form regarding the last period of insurance or the income and composition of the family directly to the Romanian institution, instead of an EU-form received from other EU institution, because in this case the officer could ask for information directly to that person.

Change in administrative costs and burden from revised EU provisions – Romania as Member State of last employment

The interviewees were also asked to assess the consequences of four different revisions to the current EU provisions. The consequences are estimated in terms of the additional man-hours to carry out the administrative tasks. No new tasks have been identified based on the revisions during any of the interviews.

The Romanian interviewees do not anticipate additional administrative costs based on neither Option 2a nor Option 2b, cf. Table G-4.

Table G-4 Change in administrative costs and burden from Option 2a and Option 2b – Romania as Member State of last employment

Administrative task	Change in	Frequency	Number of	Change in

[145] The interviewed unemployment fund receive a request for information about an applicant's previous insurance and employment history in your State from another Member State concerning an application for unemployment benefits and you contribute with the required information.

[146] If the State of residence is not readily overt determination of residence needed to determine whether the applicant is eligible for unemployment benefits under the national legislation: Additional costs arise as a result of providing additional information about candidate's professional activities.

[147] If circumstances change and it leads to a change of who is the competent Member State and the interviewed unemployment fund are determined the competent institution: Additional costs arise a calculation of benefits is performed.

[148] If (provisional) unemployment benefits awarded to a mobile EU worker should have been paid by the interviewed unemployment fund, but another Member State has done this: Additional costs arise from reimbursement activities.

[149] If an applicant, who belongs to the interviewed unemployment fund has unjustified received unemployment benefits in another Member State: Additional costs arise recovery activities.

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	average man-hours per case		cases[1]	administrative costs, Total, EUR 1,000[2]
Total	**0 hours**	**100%**	**12**	**0**
Collecting information	0 hours	100%		
Calculation of benefit	0 hours	100%		
Determination of residence	0 hours	0%		
Change in circumstances	0 hours	0.1%		
Reimbursement	0 hours	0.01%		
Recovery	0 hours	0.1%		

Notes: [1] Source: Pacolet and De Wispelaere (2015). [2] Using unit labour cost estimates based on Eurostat data.

For Options 3a and 3b, the interviewees expect that collecting information regarding the salary earned in the previous Member State will be probably necessary, and thus will require additional administrative costs in terms of man-hours for case handling. The additional cost is estimated to amount to a total of 1 hour, c.f. Table G-5.

Table G-5 Change in administrative costs and burden from Option 3a and Option 3b – Romania as Member State of last employment

Administrative task	Change in average man-hours per case	Frequency	Number of cases[1]	Change in administrative costs, Total, EUR 1,000[2]
Total	**1 hour**	**100%**	**12**	**<0.5**
Collecting information	1 hour	100%		
Calculation of benefit	0 hours	0.1%		
Determination of residence	0 hours	1%		
Change in circumstances	0 hours	0.1%		
Reimbursement	0 hours	0.01%		
Recovery	0 hours	**100%**		

Notes: [1] Source: Pacolet and De Wispelaere (2015). [2] Using unit labour cost estimates based on Eurostat data.

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Change in administrative costs and burden from revised EU provisions – Romania as Member State of previous employment

In addition to assessing the consequences of the four revisions while being the Member State of last employment, the interviewees were also asked to assess the consequences when being the Member State of previous employment – i.e. of previous insurance. Table G-6 shows that none of the revisions is expected to lead to any changes to the administrative costs and burden.

Table G-6 Change in administrative costs and burden from changing information task – Romania as Member State of previous employment

Revision	Change in average man-hours per case	Frequency	Number of cases[1]	Change in administrative costs, Total, EUR 1,000[2]
Option 2a	0 hours	100%	887	0
Option 2b	0 hours	100%	887	0
Option 3a	0 hours	100%	887	0
Option 3b	0 hours	100%	887	0

Notes: [1] Source: Pacolet and De Wispelaere (2015). [2] Using unit labour cost estimates based on Eurostat data.

Administrative implications for applicants from revisions to EU provisions on unemployment benefits

The national administration on unemployment benefits in Romania expects that only Options 3a and 3b will lead to additional administrative burden for the mobile EU worker and increased time to process the information. This burden is due to the demand for information regarding history of salary earned in the previous Member State, which will probably be necessary under these revisions.

Conclusions

The annual number of cases handled in Romania per year is 12 when Romania is the Member State of last employment, while the number of cases is significantly higher, 887, when Romania is the Member State of previous employment – i.e. of previous insurance.

Currently, the administrative resources spent on each case amount to 1.9 hours for an average case – when Romania is the Member State of last employment, and 2.5 hours when of previous employment. Most resources are spent on collecting and providing information, and on the calculation of benefits.

As the interviewee only handle a few cases as competent state every year, the burden from revision being the competent state is infinitesimal. In addition, even though Romania is the Member State of previous employment in a higher number of cases, the estimate of additional costs per case is close to zero, which means the burden is also infinitesimal when being the state of previous employment. Hence, all in all none of the policy revisions seems to have a significant impact on administrative costs of case handling unemployment benefits in Romania.

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Annex H – Case study for UK

In this section, we provide a short description of United Kingdom's legislation on unemployment benefits, who is eligible, and how the national administrative institutions handling unemployment benefits interpret the legislation.

The national institution responsible for handling contribution-based Jobseekers' Allowance (JSA) in the United Kingdom is the Department for Work and Pensions. Unemployment benefits are a flat-rate benefit, which means that benefits are not based on earnings, but vary according to age: aged 25 or over receive GBP 72.40 (EUR 90) per week and aged 18-24 receive GBP 57.35 (EUR 72) per week. There is no increase for dependants and the duration of the benefits are limited to 182 days in any job-seeking period. If the applicant has not paid enough National Insurance contributions he/she may be eligible for income-based JSA.

To qualify for unemployment benefits in the UK the applicant must fulfil the following main conditions:

- be involuntarily unemployed
- not be engaged in work for 16 or more hours a week
- be capable of work
- be available for work
- be under pensionable age
- has entered into a Jobseekers' agreement
- be actively seeking employment
- be in the UK
- not being a full-time student
- not being engaged in a trade dispute (on strike or being locked-out)

In addition, there is a qualifying period, which entails that:

- contributions has been paid in one of the two tax years on which the claim is based amounting to at least 26 times the minimum weekly contribution for that year
- contributions has been paid or credited in both the appropriate tax years - amounting to a total of at least 50 times the minimum weekly contribution for that year

Current administrative costs and burden

To determine the current administrative costs and burden in handling unemployment benefits in the UK, we have interviewed several caseworkers and team leaders within different departments in the Department for Work and Pensions (DWP).

Table H-1 shows that according to Pacolet and De Wispelaere (2015) the UK national administration handles only around 30 cases per year being the authority of last employment. In total, an average case handling of an application for unemployment benefits from a mobile EU-worker amounts to approximately 1.1 hours in the current situation – most on collecting information about the applicant's insurance and employment history from the relevant Member State of previous employment, the rest on the calculation of benefits.

Table H-1 Current administrative costs and burden – UK as Member State of last employment

Administrative task	Average man-hours per case	Frequency	Number of cases(1)	Administrative costs, Total, EUR 1,000(2)
A typical case; first time handling of a case - all regular tasks included	**1.1 hours**	**100%**	**30**	**0.6**
Collecting information[150]	0.75 hours	100%		
Calculation of benefit[151]	0.38 hours	100%		
Determination of residence[152]	0 hours	50%		
Change in circumstances[153]	0 hours	0%		
Reimbursement[154]	0 hours	0%		
Recovery[155]	0 hours	0%		

Notes: (1) Source: Pacolet and De Wispelaere (2015). (2) Using unit labour cost estimates based on Eurostat data.

Table H-2 shows that the UK national administrations hardly spend any resources when being the authority of previous employment. Only in rare cases, time is spent on the determination of residence.

[150] Determination of whether the information provided by the applicant is sufficient to decide on the payment of unemployment benefits. Obtain information from other previous Member State(s) of insurance about insurance and employment history in this/these country(-ies).

[151] For each of those cases where the interviewed unemployment insurance fund is the competent national administration: Time spend on calculation of the benefit, which the applicant is entitled to under the national legislation. The interviewed unemployment insurance fund set the payment of unemployment benefits in motion. The DWP notes that they do not calculate benefits, since they use a flat rate.

[152] If the State of residence is not readily overt determination of residence needed to determine whether the applicant is eligible for unemployment benefits under the national legislation: Additional costs arise as a result of collecting additional information about e.g. family ties, housing situation, characteristics of the candidate's professional activities. The DWP notes, that the only cost they have derives from the issue of a questionnaire to the customer/applicant. They can determine competence, but do not always enhance the insurance record.

[153] If circumstances change and it leads to a change of who is the competent Member State, a re-calculation of benefits or revaluation of competent state is performed: Determine what type of change it is - whether it will lead to a re-calculation of benefits or change in competence. The DWP notes, that if the insured applicant leaves the UK the claim ends after 5 days if they fail to attend the Jobcentre (PES) and the DWP do not calculate benefits.

[154] If (provisional) unemployment benefits awarded to a Mobile EU worker should have been paid by another Member State: Additional costs arise from reimbursement activities. The DWP notes, that any overpayment would be classed as an 'official error' in UK terms and written off. Their PES can invite repayment from the customer. Only relevant in Article 65 cases.

[155] If an applicant unjustified has received unemployment benefits (i.e. it has been determined, that the interviewed unemployment fund are not the competent state after all): additional costs arise from determining whether there is a basis for recovery, from calculation of benefits to recover, and from contacting the competent Member States to seek recovery. The DWP notes, that they do not seek recovery.

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Table H-2 Current administrative costs and burden – UK as Member State of previous employment

Administrative task	Average man-hours per case	Frequency	Number of cases(1)	Administrative costs, Total, EUR 1,000(2)
A typical case; first time handling of a case - all regular tasks included	**0.01 hours**	**100%**	**3333**	**0.5**
Providing information[156]	0 hours	100%		
Determination of residence[157]	0.25 hours	3%		
Change in circumstances[158]	0 hours	0%		
Reimbursement[159]	0 hours	0%		
Recovery[160]	0 hours	0%		

Notes: (1) Source: Pacolet and De Wispelaere (2015). (2) Using unit labour cost estimates based on Eurostat data.

Change in administrative costs and burden from revised EU provisions – UK as Member State of last employment

The interviewees were also asked to assess the consequences of four different revisions to the current EU provisions. The consequences are estimated in terms of additional man-hours to carry out the administrative tasks. DWP did not envisage any changes to the man-hours spent on each case due to the revisions, and they did not expect new additional tasks. Hence, unlike most of the other case study Member States, they did not envisage an additional information collection burden from Options 3a and 3b.

[156] The interviewed unemployment fund receive a request for information about an applicant's previous insurance and employment history in your State from another Member State concerning an application for unemployment benefits and you contribute with the required information.

[157] If the State of residence is not readily overt determination of residence needed to determine whether the applicant is eligible for unemployment benefits under the national legislation: Additional costs arise as a result of providing additional information about candidate's professional activities.

[158] If circumstances change and it leads to a change of who is the competent Member State and the interviewed unemployment fund are determined the competent institution: Additional costs arise a calculation of benefits is performed.

[159] If (provisional) unemployment benefits awarded to a mobile EU worker should have been paid by the interviewed unemployment fund, but another Member State has done this: Additional costs arise from reimbursement activities.

[160] If an applicant, who belongs to the interviewed unemployment fund has unjustified received unemployment benefits in another Member State: Additional costs arise recovery activities.

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Table H-3 Change in administrative costs and burden – UK as Member State of last employment

Revision	Change in average man-hours per case	Frequency	Number of cases[1]	Change in administrative costs, Total, EUR 1,000[2]
Option 2a	0 hours	100%	30	0
Option 2b	0 hours	100%	30	0
Option 3a	0 hours	100%	30	0
Option 3b	0 hours	100%	30	0

Notes: [1] Source: Pacolet and De Wispelaere (2015). [2] Using unit labour cost estimates based on Eurostat data.

Change in administrative costs and burden from revised EU provisions – UK as Member State of previous employment

In addition to assessing the consequences of the four revisions while being the Member State of last employment, the interviewees were also asked to assess the consequences when being the Member State previous employment – i.e. of previous insurance. Again, the DWP assessed that the revisions would not lead to any changes in man-hours used per case and no new tasks was identified for any of the revisions.

Table H-4 Change in administrative costs and burden – UK as Member State of previous employment

Revision	Change in average man-hours per case	Frequency	Number of cases[1]	Change in administrative costs, Total, EUR 1,000[2]
Option 2a	0 hours	100%	3333	0
Option 2b	0 hours	100%	3333	0
Option 3a	0 hours	100%	3333	0
Option 3b	0 hours	100%	3333	0

Notes: [1] Source: Pacolet and De Wispelaere (2015). [2] Using unit labour cost estimates based on Eurostat data.

Administrative implications for applicants from revisions to EU provisions on unemployment benefits

The DWP has not noted any administrative implications for the applicants as a result of the revisions to the EU provisions on unemployment benefits.

Conclusions

The annual number of cases handled in the UK per year is 30 when UK is the Member State of last employment, while the number of cases is significantly higher, 3333, when the UK is the Member State of previous employment – i.e. of previous insurance.

Currently, the administrative resources spent on each case amount to 1.1 hours for an average case – when UK is the Member State of last employment, while the UK national

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administrations hardly spend any resources when being the authority of previous employment. Only in rare cases, time is spent on the determination of residence.

As the interviewee only handle a few cases as competent state every year - and the changes in man-hours per case as a consequence of the revisions are assessed to be zero – the burden from the revisions are infinitesimal. In addition, even though the UK is the Member State of previous employment in a higher number of cases, the estimate of additional costs per case is also zero, which means the burden is also infinitesimal when being the state of previous employment. Hence, all in all, none of the policy revisions seems to have a significant impact on administrative costs of case handling unemployment benefits in the UK.

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ANNEXE XVIII: Brodolini Report secondary effects family benefits

Task 3:

Secondary effects following a change of regulations on the exportation of family benefits

Study to analyse and assess the impacts of policy options for a possible EU initiative in the area of coordination of social security schemes, in particular with regard to the revision of the current EU provisions on the export of family benefits

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Tender prepared under the lead of Fondazione Giacomo Brodolini on behalf of the consortium, under the Framework Contract: “Provision of services related to evaluation, evaluative studies, analysis and research work, including support for impact assessment activities” YT/2013/119 – Lot 2

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Directorate-General for Employment, Social Affairs and Inclusion

Directorate B — Employment and Social Legislation, Social Dialogue

Unit B.4 — Free Movement of Workers and Coordination of Social Security Schemes

European Commission
B-1049 Brussels

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Executive Summary

The background for this report are the current considerations with respect to changing the EU provisions relating to a person's entitlement to family benefits, also where his/her family member reside in another Member State (Regulation (EC) No 883/2004). Currently, the entitlement is determined by the legislation of that person's Member State – henceforth called the Member State of primary competence. Whereas the Member State of residence of the child(ren) is henceforth called the Member State of secondary competence. The amendments that are being considered aim to ensure that family benefits contribute equally to family expenses for all families in a given Member State, and to ensure an even distribution of the financial burden between Member States. The three revisions being considered are:

- Option 1– Adjustment of the amount of exported family benefits to the living standard in the Member State of residence of the child(ren):
  - Option 1a: Adjustment upwards and downwards of the amount of exported family benefits according to the living standard in the Member State of residence of child(ren);
  - Option 1b: Adjustment of the amount of exported family benefits to the living standard in the Member State of residence of the child(ren), but limited to the amount provided by the competent Member State.

- Option 3[161]: Making the Member State of residence of the child(ren) primarily competent. In this option, the current order of priority for the export of family benefit is changed as follows: 1) country of residence of the child(ren); 2) country of work and 3) country of pension. This would mean that the country of residence of the child(ren) has primary responsibility to pay the full amount of family benefits to which entitlement exists under its national rules. The country of work would top up this amount if the level of family benefits were higher there. The family will receive the same amount of family benefits as before, but the allocation of the costs between the country of work and the country of residence will differ from the current rules. This also applies, where there is no entitlement to family benefits in the Member State of residence of the child(ren), but there is entitlement in a secondary competent Member State, as in such a case, the latter State will pay 100% of benefits under its national legislation by way of a "top up".

On this background, the present study aims to estimate the envisaged secondary effects derived by the proposed modification of the current EU regulation to the export of family benefits. The analysis focuses on the effects that the possible revision of the current regulation on the export of family benefits may generate in terms of intra-EU mobility and in the dimension of the population interested to the export of family benefits, providing also consideration in relation to variation in family reunification. The study also offers an estimate of the variation in the expenditure for the export of

[161] After a revision of the policy options originally proposed, policy option 2 has been substituted by policy option 3.

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family benefits that would result from the implementation of the proposed policy options and from the related mobility changes.

The simulation tool developed for the this study aims at translating the implications of the proposed policy options into expected income changes. Assuming a given connection between income differentials and the propensity to move among EU countries, a variation in mobility flows and in the number of potential cases of export of family benefits is estimated. Finally, taking into account the variation in the number of cases, the different level of benefits and the redistribution of competences between sending and receiving countries envisioned by the policy options, it is proposed an estimate of the variation in expenditure for the export of family benefits for the selected countries.

The main representative unit of population identified for the analysis is one-earner couples with two children at 100% of the average wage. As alternative target populations, we take one-earner families with up to two children and one-earner families with more than two children. The reason to focus on one-earner families with different numbers of children derives from the fact that in this case the economic differential potentially generated by the proposed policy options could be higher with respect to the case of two-earned families, increasing the incentive to mobility or family reunification .

The countries proposed for the analysis as case studies are Germany, Belgium, Poland, Romania, Netherlands, Spain and Ireland[162]. The proposed countries are chosen as geographically spread across the EU. They include countries which are mainly attracting EU mobile citizens from other member states (DE; IE) as well as countries that experience strong migration outflows (PL; RO) but also countries within the middle ground (BE; NL; ES). The selection of the 7 MS is derived also by the specific characteristics that regulate the provision and the access to family benefits.

Section 3 provides a description of the virtual status quo year which represents a pre-policy option scenario, against which the possible secondary effects are estimated and evaluated. This section provides figures of mobility flows, computed as the averages of the most recent values of annual mobility flows among the 7 selected countries. This section provides also the number of export of family benefits among the selected MS as well as the average values of these benefits, defined according to the administrative data collected by the HIVA study[163].

Section 4 reports the variation of mobility patterns between the selected MS according to the policy options proposed, assessed in relation to the status quo scenario. Results generally show mild reductions in mobility changes (see fig. 4.1) attributable to the potential implementation of the policy options. Limited differences can be noted for the two policy options tested for mobility changes (1a and 1b). Excluding Poland and Romania, the other MSs analysed show a slight decrease in migration flows. The variations range between -0.2% and -4%. Because the benefits paid in Poland and

[162] When analysing countries of focus for secondary effects of exportability of family benefits, we noticed that for 4 of the countries originally selected no data on the Export of child benefits – number of persons entitled –, were provided by the parallel study (see Pacolet, 2015, Table 6). We then opted for the replacement of, France, Italy and the UK respectively with, Belgium, Spain and Ireland, for which data were available.

[163] PACOLET, J. and DE WISPELAERE, F., Export of family benefits, Network Statistics FMSSFE, European Commission, June 2015

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Romania in the status quo scenario are lower than those paid in the other selected MS, the implementation of policy option 1a produces an incentive to move to these countries and an increase in mobility from the other 6 MS of respectively 3.2% and 8.3%. When the upward adjustment is limited to the amount provided by the competent Member State (policy option 1b), the negative impact of mobility flows is slightly increased in most countries, while the change in mobility is null for Poland and Romania.

For what concerns expenditure changes generated by policy options and mobility changes, presented in section 5, as much as the percentage variations on expenditure levels may reach high values, variations shown in absolute terms and as ratios of GDP confirm the little relevance for national budgets of the expenditure for the exportation of family benefits

In relation to family reunification it is possible to presume that some families may react to the implementation of policy options 1a and 1b by reuniting in the country of residence of the working parent. Dependant family members residing in the poorer countries will indeed have an incentive to reunite with their mobile working relative, so to avoid the reduction in the family benefit (which under policy option 1a and 1b would be computed at the level of the country of residence of the children). If all families residing in poorer countries were to react according to the economic incentive produced by policy options 1a and 1b, they would nullify the effects of the policies. On the contrary, dependant family members residing in richer countries would have a disincentive to reunite with their mobile working relative under policy option 1a, since by doing so they would lose the entitlement to higher benefits (while they would experience no difference under policy option 1b). In relation to the other policy option (3) considered, since there is no variation in the level of family benefits perceived, no economic incentive to reunite families would be produced.

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1. Introduction

The right to export family benefits and the provision to manage cases of overlapping entitlement to family benefits are regulated under the current EU provisions on export of family benefits specified in Regulation (EC) 883/2004: the 'Basic Regulation' and in Regulation (EC) 987/2009: the 'Implementing Regulation'. Article 67 of Regulation (EC) No 883/2004 states that "A person shall be entitled to family benefits in accordance with the legislation of the competent Member State, including for his family members residing in another Member State". Article 68(1)(a) of Regulation (EC) No 883/2004 specifies the order of priority for competence to pay family benefits as 1) the country of work (Member State of primary competence); 2) the country of pension and 3) the country of residence of the child (Member State of secondary competence). Article 68(2) also provides that any other Member State with secondary competence must pay a differential supplement or "top up" if its own benefits are higher than the ones provided by the Member State of primary competence. In the report, the current regulation of export of family benefits defines the status quo scenario.

The study aims to estimate the envisaged secondary effects derived by a possible modification of the current EU regulation to the export of family benefits. The general objective of the proposed revision of the EU regulation (see below, policy option 1a, 1b and 3) is to modernise the EU social security coordination rules and adapt them to changes in mobility patterns and in national social security systems, demographic developments and case law of the Court of Justice. The initiative aims to ensure that the rules be fit for the purpose and constitute the basis for effective and efficient coordination and cooperation between Member States, ensuring both protection of citizen's rights and even distribution of the financial burden between Member States.

When exporting *family benefits* from a given competent Member State, the amount of the benefits is unrelated to the standard of living in the Member State where the family members reside..

On this background, in the present study we look into the following possible revisions to Regulation (EC) 883/2004 and Regulation (EC) 987/2009:

- Option 1: Adjustment of the amount of exported family benefits to the living standard in the Member State of residence of the child(ren)
  - Option 1a: Adjustment upwards and downwards of the amount of exported family benefits according to the living standard in the Member State of residence of child(ren);
  - Option 1b: Adjustment of the amount of exported family benefits to the living standard in the Member State of residence of the child(ren), but limited to the amount provided by the competent Member State.
- Option 3[164]: Making the Member State of residence of the child(ren) primarily competent.

[164] After a revision of the policy options originally proposed, policy option 2 has been substituted by policy option 3.

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In this option, the current order of priority for the export of family benefit is changed as follows: 1) country of residence of the child(ren); 2) country of work and 3) country of pension. This would mean that the country of residence of the child(ren) has primary responsibility to pay the full amount of family benefits to which entitlement exists under its national rules. The country of work would top up this amount if the level of family benefits were higher there. The family will receive the same amount of family benefits as before, but the allocation of the costs between the country of work and the country of residence will differ from the current rules. This also applies, where there is no entitlement to family benefits in the Member State of residence of the child(ren), but there is entitlement in a secondary competent Member State, as in such a case, the latter State will pay 100% of benefits under its national legislation by way of a "top up".

- Option 4:

  Different coordination rules for salary-related child-raising allowances.
  This is a horizontal option, which may be applied in conjunction with any of the options above. Under this proposal, salary-related child raising allowances (or any salary-related components of a benefit which comprises of both salary-related and flat rate elements) would continue to be exportable as family benefits, but would be treated as individual and personal rights which may only be claimed by the parent who is subject to the applicable legislation in question (not by other members of their family).
  In addition, it is proposed that no anti-overlapping rules would apply to such benefits meaning that they would be payable in full to the parent concerned under the applicable national legislation irrespective of whether the Member State concerned has primary or secondary competence and amounts awarded by the primary competent Member State may not be "off-set" by the secondary Member State when calculating the differential supplement.
  Further, in cases where, under national legislation, parents are permitted to share a salary-related child raising allowances (e.g. Sweden) the parent who is subject to applicable legislation is entitled to the allowance for the maximum duration permitted under national legislation. However, where a family receives a salary-related child raising allowance in more than one Member State, national authorities will be entitled to "off-set" periods of entitlement in another Member State from the overall duration of the benefit (although not the amount).

Such revisions may affect the behaviour of EU mobile citizens and of their families, the amounts of family benefits paid out and the administrative work needed to handle the cases of export of family benefits. In this report, the analysis focuses on the effects that the possible revision of the current regulation on the export of family benefits may generate in terms of intra-EU mobility and in the dimension of the population interested to the export of family benefits (henceforth: target population). The study also offers an estimate of the variation in the expenditure for the export of family benefits that would result from the implementation of the proposed policy options.

The opportunity to make an assessment on the potential implementation of policy option 4 was brought up very late during the impact assessment process. Because of

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the intrinsic difference with the other policy options[165] and the lack of the necessary time to research the national legislations on the matter, it was impossible to deliver quantitative nor qualitative results on mobility and expenditure changes for the given policy option.

The present study assumes different sources of data, among which a parallel study on the export of family benefits , which provides detailed data for a proper estimation of the possible secondary effects related to the amendments to the current regulations, e.g. average values of child benefits and number of persons entitled. The administrative data collected by this study, however, does not provide figures on the export of family benefits for all the 28 MS. Additionally, this study is based on a limited number of Member States chosen in relation to their different characteristics in terms of social security schemes and migration flows. Hence, the analysis proposed in this report focuses on seven case-study Member States: Germany, Belgium, the Netherlands, Poland, Romania, Spain and Ireland.

[165] Both in terms of object ('salary-related child-raising allowances' instead of general 'family benefits') and area of impact (time away from work instead of income differential).

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2. Methodology

2.1. General approach

The aim of the report is to provide support to considerations on the overall long-term effects of the proposed changes to the current rules on the export of family benefits in terms of mobility, migration patterns, related variation of costs generated and in relation to the possible variation in terms of family reunification. We calculate the effect of the policy options on the income differentials among MSs, then assess the impacts of said policy changes in terms of incentives to move, providing a tool for comparing the options

- against the status quo scenario;
- against each other.

We must emphasise the important role of family benefits in supporting national and intra-EU mobile families. Moreover, their cross-border nature highlights the relevance of these benefits in the current debate, placing family benefits at the core of a possible EU initiative in the area of coordination of social security schemes.

The output will consist of a definition of different final scenarios for each policy option and for each selected Member State (MS), with the impacts of the potential policy changes being estimated in terms of intra-EU mobility and expenditure variations. The analysis of the possible secondary effects provides for each policy option the following estimates:

- estimation on the change of inflows and outflows of EU citizens;
- estimation on the variation of expenditure for the export of family benefits.

It is important to draw a distinction between direct secondary effects that are potential outputs of a viable model in the present context and indirect consequences of all changes that can propagate throughout the economic and social system of a country and the EU.

In order to identify secondary effects, we will restrict the analysis to the impact on the social security system of a country attributable to changes in the family benefits exported to family members of EU mobile citizens. Therefore, our results provide a estimation of mobility and cost variations imputable to policy options for what concerns exported family benefits, without considering potential effects on other areas, e.g. on the levels of contributions and/or taxes paid or on the variation in other cost elements, e.g. health and care expenditure[166], which are beyond the scope of the study.

A quantitative assessment of the exact variation in the number of mobile citizens as well as an exact definition of cost changes are beyond the scope of this study. Rather, we suggest reading the estimation of the secondary effects as indicative of the direction and the general magnitude of the variation generated by the implementation of the different policy options.

[166] Due to the available data for the specific categories of population analysed, secondary effects on other area or on other expenditure issues cannot be estimated.

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2.2. Data and data limitation

In order to provide information on how changes in the regulation for the export of family benefits can influence the decision to move, different sources of data are needed. The main surveys that provide micro data on individual and family condition, employment situation, social benefits and services received are the European Union Statistics on Income and Living Conditions (EU-SILC) and, to a lesser degree, the EU Labour Force Survey (EU-LFS). In order to supplement and validate the analysis of EU-LFS and EU-SILC surveys, additional datasets of the Eurostat database on migration statistics are used with the aim of defining the bilateral migration flow between the 7 selected countries. Eurostat data allow identifying the average inflow and outflow of EU mobile citizens for each pair of countries. These data represent the starting point on which to assess the variation of mobility patterns generated by each policy option. In order to get figures on the target population (EU mobile citizens residing in a MS with dependent family members residing in a different MS), we make use of the data gathered by the parallel study carried out by the HIVA Research Institute for Work and Society of KU Leuven[167].

2.3. Literature review

While there are many aspects that drive migration and mobility decisions, we will focus in the following on a broad overview on the literature of economic drivers. Other factors such as institutions, language barriers, religion or distance will at most be discussed briefly. As the main change in the policy simulated is an economic one, while other factors remain constant, our focus reflects the focus of the simulation exercise. Further changes to other factors are also likely to take place in the future, but are not taken into account in the simulation exercise as we solemnly want to identify the effect of the specific policy changes.

In *The Theory of Wages*, Hicks[168] argues that the main causes of migration are differences in wages. To this day, all economic studies of migration decisions employ Hicks' considerations as the general conjecture on which more sophisticated arguments are built about the influence of various other factors. These economic factors are used for internal, i.e. within country, mobility just as much as for cross-country mobility. Migration is in this context seen as an investment into human capital, yielding potentially higher income in the receiving country than in the sending country (Sjaastad, 1962).

Borjas[169] has formulated this into an inter-temporal choice to the general evaluation of income differences. The migration decision is based on income differences between home (sending) and foreign (receiving) country, individual preferences for specific countries (which can be specified by a separate factor, or attributed in relation to the cost of moving) and the cost of moving:

$$d = (income_foreign - income_home) - z_i - c$$

as specified in Hatton and Williamson[170]. Where d is the decision to migrate. When $d>0$, an individual is assumed to migrate, or in other words, as long as the income

[167] PACOLET, J. and DE WISPELAERE, F., Export of family benefits, Network Statistics FMSSFE, European Commission, June 2015, 18 p
[168] Hicks, John R. (1932). The Theory of Wages. London: Macmillan
[169] Borjas, G. J. (2014). Immigration economics. Harvard University Press.
[170] Hatton, T. J., & Williamson, J. G. (2002). What fundamentals drive world migration? (No. w9159). National Bureau of Economic Research

difference outweighs the cost of moving (*c*) and the individual's compensating differential (*z_i*), he/she will move.

The new economics of labour migration emphasizes the importance of families or households in the decision to migrate. Rather than taking an isolated, individual decision, it is argued that the unit of interest might in many cases be the household[171]. We are considering this by taking earnings relative to household rather than individuals in our simulation tool.

Employing wage or income differentials as an explanation of mobility behaviour seems to be at odds with low mobility in the European Union, which largely diminished legal and institutional obstacles to the free movement of workers. Wages in the past have had only a weak influence on migration flows, e.g., Braunerhjelm et al.[172] find that mobility levels were not increasing despite a widening gap in income differentials and unemployment levels. In contrast to this, Bentivogli and Pagano[173] (1999) note that the US labour market shows much stronger reaction to income differentials than the EU. More recent evidence, however, shows that mobility takes on stronger roles in solving imbalances. Probably through the abolishment of inhibitions to mobility within the European Union, market forces such as wage differences allow to solve shocks to labour markets by regional mobility. For example, Arpaia et al.[174] (2014) show in their study that regional labour market mobility can adjust for about 25% within a year of the shock that affects a specific region, thus the regional mobility – which explicitly includes mobility across national borders – plays an important role in resolving labour market imbalances. Beyer and Smets[175] (2015) corroborate those findings by showing that regional labour market mobility can adjust for about 25% within a year of the shock that affects a specific region.[176]

The overall economic effect of migration can be subsumed into three separate elements. The economic effects of migration include the ability of mobile workers and migrants to blend in or 'assimilate' into the labour market, the economic impact on the labour market ('displacement of native workers') and the impact on the social security system of the country, both as contributors and recipients of benefits (Kerr & Kerr, 2011). The current study deals mainly with the third effect.

Measurement of the success of mobile workers is difficult, as most datasets cannot overcome the problem of selectivity of results through re-migration. E.g. Edin et al[177] (2000) found that 30-40% of the immigrants to Sweden had left the country within five years. These re-migrants were usually less assimilated than the group of migrants

[171] Stark, O., Bloom, D. E. (1985). The new economics of labor migration. The American Economic Review, 173-178; Mincer, J. (1978). Family migration decisions. Journal of Political Economy, 86, 749-773; Nivalainen, S. (2004). Determinants of family migration: short moves vs. long moves. Journal of Population Economics, 17(1), 157-175.

[172] Braunerhjelm, P., Faini, R., Norman, V., Ruane, F., & Seabright, P. (2000). Integration and the regions of Europe: how the right policies can prevent polarization. Monitoring European integration 10. CEPR, London.

[173] Bentivogli, C., & Pagano, P. (1999). Regional Disparities and Labour Mobility: the Euro-11 versus the USA. Labour, 13(3), 737-760.

[174] Apaia, A.; Kiss, A.; Palvolgyi, B.; Turrini, A. (2014): Labour mobility and labour market adjustment in the EU, Economic Papers 539, European Commission.

[175] Beyer, R.C.M. & Smets, F. (2015): Labour market adjustements in Europe and the US: How different?, European Central Bank, Working Paper 1767.

[176] The VAR framework used in both studies was developed in Blanchard, O. & Katz, L.F. (1992): Regional evolutions, Brookings Papers on Economic Activity 1, 1-75.

[177] Edin P-A., Fredriksson P., Aslund O. (2000), Emigration of immigrants and measures of immigrant assimilation: Evidence from Sweden, Swedish Economic Policy Review, 7, 163-204.

staying longer. Similar patterns can also be found in other countries (e.g. Germany as reported in Constant and Massey, 2003; and Bellemare, 2007[178]). The literature shows clear differences in the success of migrants (as measured by e.g. earnings assimilation, unemployment, or culture integration) in mobility from within the EU and migration from outside of the EU (mostly developing countries). Overall, those migrants that remain in the country exhibit earnings assimilation to the natives (Aslund and Rooth[179], 2007). A recent report by ILO-MPI indicates the difficulties of migrant workers (from outside of the EU) to keep up their income position.[180]

The country of origin seems to be the most important explanatory variable for the gaps observed between the employment rates of immigrants and those of the locals. For Sweden, Nekby (2002) reports 30-32% lower employment rates in 1990-2000, while Ekberg (1991) reports -17% for a single year (1989). For Finland, Sarvimäki[181] (2011) reports 9 – 18% lower employment levels for migrants from OECD countries. For the Netherlands, Rooddenburg et al.[182] (2003) find 4% lower employment rates for migrants from Western countries, versus 18% lower employment rates for migrants from non-Western countries. Overall Kerr and Kerr[183] (2011) conclude that "[…] the mechanisms of wage and employment assimilation are poorly understood. Immigrants may face various obstacles to employment, including issues with the recognition of educational degrees, lack of language skills, poor professional connections or networks, and regulations that prevent them from working legally."

A crucial determinant of the economic impact of immigration on the host country is the net amount of welfare services and other social benefits that immigrants consume or contribute. The net amount has to be calculated based on the contribution minus the benefits paid. The importance of the welfare receipts is discussed in the literature both from the angle of 'net costs' of migrants and in terms of the attractiveness of a country through its welfare system. Borjas[184] (1999) and others have discussed possible "welfare magnet effects" where migrants are drawn to countries with high social benefits. Kerr & Kerr (2011, p. 17) conclude that this is likely to be more important in the EU countries as immigrants in most European countries rely more on social security and unemployment benefits relative to natives in the US or Canada. Using the EU Household Panel study, De Giorgi & Pellizari[185] (2009) find a significant, albeit small, effect of the generosity of welfare on (individual) migration decisions. This effect, however, is still large enough to influence the distribution of migration flows. It is, however, also the case that mobile EU workers tend to have on average lower uptake of benefits than nationals.[186]

[178] Constant A. & Massey D. (2003) Self-selection, earnings, and out-migration: a longitudinal study of immigrants to Germany, Journal of Population Economics, 16, 631-653. Bellemare, C. (2007). A life-cycle model of outmigration and economic assimilation of immigrants in Germany. European Economic Review, 51(3), 553-576.

[179] Åslund, O., & Rooth, D. O. (2007). Do when and where matter? Initial labour market conditions and immigrant earnings. *The Economic Journal*, *117*(518), 422-448.

[180] See: http://www.ilo.org/global/topics/labour-migration/projects/WCMS_357742/lang--en/index.htm

[181] Sarvimäki, M. (2011). Assimilation to a Welfare State: Labor Market Performance and Use of Social Benefits by Immigrants to Finland*. The Scandinavian Journal of Economics, 113(3), 665-688.

[182] Roodenburg, H. J., Euwals, R., & ter Rele, H. (2003). Immigration and the Dutch economy (Vol. 26). The Hague: CPB.

[183] Kerr, S. P., & Kerr, W. R. (2011). Economic impacts of immigration: A survey (No. w16736). National Bureau of Economic Research.

[184] Borjas, G. J. (1999). Immigration and welfare magnets. Journal of labor economics, 17(4), 607-637.

[185] De Giorgi, G., & Pellizzari, M. (2009). Welfare migration in Europe. Labour Economics, 16(4), 353-363.

[186] Social situation monitor, *Access of mobile EU citizens to social protection*, Research note No 10/2013, available at http://ec.europa.eu/social/BlobServlet?docId=11568&langId=en.

The studies that address the concept net costs of migration into a country, i.e. the contribution of migrant minus their uptake in social benefits and public expenditure find mixed evidence. Boerie[187] (2010) using EU-SILC for the core EU15 countries concludes that there is no evidence that legal migrants, notably skilled migrants, are net recipients of transfers from the state. However, there is evidence of 'residual dependency' on non-contributory transfers and self-selection of unskilled migrants in the countries with the most generous welfare states. Hansen and Lofstrom[188] (2003) investigated the causes of greater welfare reliance by immigrants to Sweden. They concluded that recent immigrants used relatively more social security than they did in 1980s. This is due to a change in the composition and volume of the migration flows, while observable traits do not explain the gap in welfare take-up, implying that there are unobserved differences or selectivity. Büchel & Frick[189] (2005) emphasized the heterogeneity of the European situation in migration decisions. However, examining migration flows and controlling for immigrant characteristics did not dramatically change this EU heterogeneity. The higher benefit usage thus results more from policy and institutional differences across countries than the characteristics of migrants themselves. .They conclude that limitations and restrictions to participate or access relevant parts of the labour market can be a limiting factor in the economic performance of migrants. Overall, this conclusion from 2005 should become less important to within EU mobility, as limiting factors diminished.[190]

Overall, we can conclude that, while economic factors by themselves seem to bear little explanatory value to the variation of size of mobility across countries in the EU, taking into account non-economic factors yields the expected outcomes: correcting for cultural differences such as the language and cultural distance between countries, as in Belot and Ederveen[191] and Sprenger[192], economic factors do play an important role in explaining migration flows. Over time, economic differences across regions seem to have increased in their explanatory power towards migration flows.

2.4. Simulation approach

The simulations presented aim at translating the implications of the proposed policy options into expected income changes. Assuming a connection between income differentials and the propensity to move among EU countries, a variation in mobility flows and in the number of potential cases of export of family benefits is estimated. Finally, taking into account the variation in the number of cases, the different level of benefits and the redistribution of competences between sending and receiving countries envisioned by the policy options, we give an estimate of the variation in expenditure for the export of family benefits for the selected countries.

[187] Boeri, T. (2010). Immigration to the Land of Redistribution. Economica, 77(308), 651-687.
[188] Hansen, J., & Lofstrom, M. (2003). Immigrant Assimilation and Welfare Participation Do Immigrants Assimilate Into or Out of Welfare?. Journal of Human Resources, 38(1), 74-98.
[189] Büchel, F., & Frick, J. R. (2005). Immigrants' economic performance across Europe–does immigration policy matter?. Population Research and Policy Review, 24(2), 175-212.
[190] See also: Social situation monitor, *Access of mobile EU citizens to social protection*, Research note No 10/2013, available at http://ec.europa.eu/social/BlobServlet?docId=11568&langId=en.
[191] Belot, M., & Ederveen, S. (2012). Cultural barriers in migration between OECD countries. Journal of Population Economics, 25(3), 1077-1105.
[192] Sprenger, E. (2013). The Determinants of International Migration in the European Union: An Empirical Analysis IOS Working Paper, No. 325.

The status quo scenario is built on a virtual 'baseline year', with a defined level of mobility flows and a defined level of expenditure. Changes attributable to the policy options are computed on an annual basis.

In analogy with the parallel study[193], as a main representative unit of population we take one-earner couples with two children at 100% of the average wage. Average wage levels are derived from Eurostat (earn_nt_net), while the average amounts for family benefits are taken from the parallel study (Pacolet et al., June 2015, table 3). For this assumption of the target population, we estimate both mobility and expenditure changes.

As alternative target populations, we take one-earner families with up to two children and one-earner families with more than two children, taking information on average wage and average amount of family benefits from own elaborations on EU-SILC. In these cases, we only estimate mobility changes.

We decided to focus on one-earner families with different numbers of children since in this case the economic differential potentially generated by the proposed policy options would be higher, compared to the case of two-earner families, increasing the incentive to move.

2.4.1. The estimation of mobility changes

The simulation tool takes an average level of flows between two countries to build the status quo scenario. We use the most recent available flow figures from Eurostat, computing averages from the last three available years[194]. The derived annual flows of migration are assumed to be characterizing our countries in our virtual 'status quo years' (before policy options are implemented). These migration flows are caused by all factors that influence the mobility decisions of EU citizens, which we do not attempt to model. Based on these existing flows and on the income level of our target households, the impact of the various policy options on the overall income of the household is evaluated.

The income level is set to the sum of the net average household earnings (source is either Eurostat, earn_nt_net, or own elaborations on EU-SILC, see above) and the average child benefit (source is either Pacolet et al., June 2015, table 3, or own elaborations on EU-SILC, see above).

$$(1) \qquad Income = avg_earnings + avg_FB$$

Income differences between two countries are then defined as:

$$(2) \qquad Income_difference = Income_receiving - Income_sending$$

It is assumed that the income differences observed in the status quo scenario – along with all other factors that the policy options do not have an impact on – generate the mobility observed in the status quo period both in terms of general mobility flows and in terms of the number of family benefits exported.

[193] PACOLET, J. and DE WISPELAERE, F. (2015).
[194] The choice to choose a reference period of 3 years in the estimation of the average flows between MS derives from the necessity to consider the most recent values but still avoid 'year effects'.

The influence of family benefits on mobility is evaluated by calculating the change attributable to the various policy options on the amounts of family benefits paid in relation to the family income in the country of origin.

(3) *pct_income_change = chg_ family_benefits(policy option) / Income_sending*

Once the income change is calculated, we convert that change into a potential mobility effect. In lack of useful indications from the economic literature on migration, we opted for theoretical assumptions on the elasticity of migration flows to income changes, relating elasticity to income differentials for each combination of countries (42 in total). As a measure for earnings, we consider the net earnings (PPS-adjusted) of a one-earner married couple with two children, at 100% of average wage (Eurostat). For each country, we compute the 2011-13 average value.

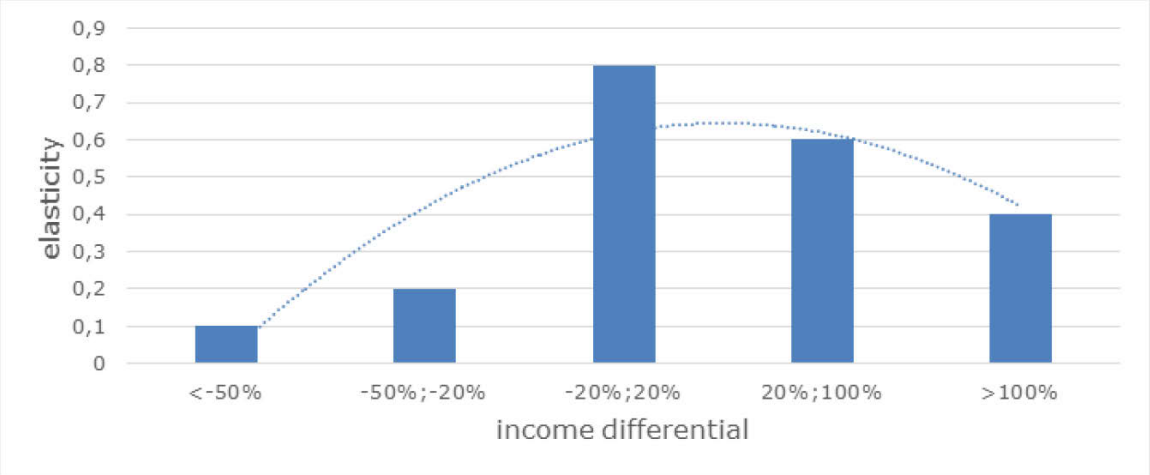
Table 2.4.1. Income differentials in the selected countries.

	BE	DE	ES	IE	NL	PL	RO
BE		-8%	36%	5%	-4%	133%	295%
DE	9%		49%	15%	4%	154%	331%
ES	-27%	-33%		-23%	-30%	71%	189%
IE	-5%	-13%	29%		-9%	121%	274%
NL	5%	-4%	43%	10%		144%	313%
PL	-57%	-61%	-41%	-55%	-59%		69%
RO	-75%	-77%	-65%	-73%	-76%	-41%	

Source: Eurostat (earn_nt_net, web-based database). Own elaborations.
Values for the countries in rows are at the numerator, values for the countries in column at the denominator.

In the absence of relevant literature on the matter, basing on economic logic we assume the function that relates income differentials to elasticity to have the shape of a reverse U: the highest elasticity corresponds to close-to-null values in the income differential.

Figure 2.4.1. Assumed relation between income differential and elasticity in mobile patterns to income change



The assumption is that, in case of large gaps in mean earnings between countries (either positive or negative, i.e. Polish average salaries compared to German average salaries or vice-versa), the motives to move will not be substantially impacted by marginal changes of income caused by the implementation of the policy options. For a

same absolute level of income differential, a lower level of elasticity is attributed when said differentials are negative compared to when they are positive: if a citizen is moving from Denmark to Romania, his/her choice is probably scarcely related to welfare motives.

Table 2.4.2. Elasticity assumptions for the selected countries

	BE	DE	ES	IE	NL	PL	RO
BE		0.8	0.6	0.8	0.8	0.4	0.4
DE	0.8		0.6	0.8	0.8	0.4	0.4
ES	0.2	0.2		0.2	0.2	0.6	0.4
IE	0.8	0.8	0.6		0.8	0.4	0.4
NL	0.8	0.8	0.6	0.8		0.4	0.4
PL	0.1	0.1	0.2	0.1	0.1		0.6
RO	0.1	0.1	0.1	0.1	0.1	0.2	

Source: our calculation based on Eurostat (earn_nt_net, web-based database)
Row: Country of destination. Column: Country of origin.

Once elasticity is computed, the percentage of income change can be translated into a mobility percentage change:

*pct_mobility_change = elasticity * pct_income_change* (3)

The percentage of mobility change can then be translated into a change in mobility flows (in the number of people entitled to family benefits) by relating the calculated percentage change to the absolute number of mobile citizens (people entitled to family benefits) in the status quo case.

Policy option 3 leaves intact the overall amount of the family benefit paid, it only transfers the main competence from receiving to sending countries. As option 3 does not produce variations in income differentials, its impact is not studied at this point, but it is included in the estimation of expenditure changes for the national security systems (see below).

2.4.2. The estimation of expenditure changes

Focusing on the population that seems to better represent the target of the policy options, one-earner couples with two children (100% of average wage)[195], for each of the 7 selected countries we have estimated the changes in terms of expenditure dedicated to the export of family benefits to the other seven countries.

We compute the present level of expenditure by multiplying the number of cases of export of family benefits (Pacolet et al., 2015, table 6) by the average amount of family benefits (Pacolet et al., 2015, table 3).

We then observe the percentage variation of expenditure – total and related to each bilateral relation. When computing the post-policy-option expenditure, we take into account the previously estimated variation in the number of cases of family benefits, the different level of benefits envisioned by policy options 1a and 1b and the redistribution of competences envisioned by policy option 3.

[195] According to Eurostat data, in EU, between 2001 and 2013, the average value of the fertility rate (he average number of children that would be born to a woman over her lifetime) is close to 1.6.

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2.5. Case study Member States

The countries proposed for the analysis as case studies are Germany, Belgium, Poland, Romania, Netherlands, Spain and Ireland[196]. The proposed countries are chosen as geographically spread across the EU. They include countries which are mainly attracting EU mobile citizens from other member states (DE; IE) as well as countries that experience strong migration outflows (PL; RO) but also countries within the middle ground (BE; NL; ES). The selection of the 7 MS is derived also by the specific characteristics that regulate the provision and the access to family benefits. Countries' regulatory framework for family benefits can be summarised as follows:

Table 2.5.1. Overview of principal characteristics of child benefits in the selected countries

Family Benefits	
Child Benefits: Dependence on parents income	
Fixed Amount	DE, NL, BE, , IE
Means-tested	RO, PL, ES
Level of Child Benefits	
High	DE, , IE
Intermediate	NL, BE, (ES)
Low	RO, PL
Child Benefits: Residence requirement	
Residence required	BE, ES, , IE, RO
Parents' taxable / working	DE, NL, PL, BE
Other family (cash) benefits	
Child-raising income supplement	BE, DE, RO,
Means-tested supplements	NL

Source: MISSOC (web based dataset)

As table 2.5.1 shows, family benefits vary in the amount and in the rules for the determination of the amount. There are countries that provide a fixed amount (DE; NL, BE, , IE); others provide means-tested benefits that are fixed to thresholds (RO, PL) or inversely related to the total income (ES) of the recipient's parent. Some of the

[196] When analysing countries of focus for secondary effects of exportability of family benefits, we noticed that for 4 of the countries originally selected no data on the Export of child benefits – number of persons entitled –, were provided by the parallel study (see Pacolet, 2015, Table 6). We then opted for the replacement of, France, Italy and the UK respectively with, Belgium, Spain and Ireland, for which data were available.

selected countries foresee child benefits for children residing in the country (BE, ES, IE, RO)[197] while others link the child benefit to the place of taxation of the parent (DE, NL, PL) without the requirement that the child live in the same country. Finally, the amount of child benefits varies greatly. The additional (cash) family benefits cover a wide range of cases reflecting the diversity and complexity of the harmonisation process on the matter of EU mobile citizens. Appendix 1 provides an overview of the principal characteristics of the child benefits for the selected countries.

The purpose of the simulation is to estimate the secondary effects of the potential implementation of the policy options on the bilateral relations between the 7 selected MS. Results for each pair of countries are essentially driven by the country-specific figures on migration flows, average levels of family benefits and income differentials with the other countries. The observed results can therefore be imputed to pair of MS countries that present similar characteristics in said aspects.

Annex 4 presents a methodology for an indicative extension of the simulation results to the other EU-28 MS.

[197] For the purpose of the study, and following the data collected by Pacolet (see note 1) we assume the present EU regulations (Regulation (EC) 883/2004: the 'Basic Regulation' and Regulation (EC) 987/2009: the 'Implementing Regulation') as in force. Therefore, child benefits are considered payable also to children not residing in the country of work of the employed parent.

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3. Status quo Scenario

3.1 Status quo mobility flows

The table below reports the figures of mobility flows in our virtual status quo year, computed as the averages of the most recent values of annual mobility flows among the 7 selected countries[198]. The estimation of the variation in mobility patterns generated by the policy options is derived from the bilateral flows presented in table 3.1.1.

Table 3.1.1. Mobility flows between selected countries. Status quo scenario.

	Country of origin						
MS of residence	**BE**	**DE**	**ES**	**IE**	**NL**	**PL**	**RO**
BE		4,223	6,725	449	10,431	8,464	7,624
DE	4,247		15,707	1,918	14,185	149,513	38,314
ES	3,283	9,720		1,691	3,539	2,841	33,581
IE	430	1,794	2,447		626	4,155	1,180
NL	7,820	10,824	5,477	729		14,895	1,744
PL	107	3,321	155	277	228		15
RO	77	644	212	26	139	141	

Source: Eurostat (web-based database). Averages are estimated on 2011-13 data when available, or on latest available data. We are considering countries of last residence as 'senders' (Eurostat: migr_imm5prv). For lack of data, for Romania countries of nationality are assumed as 'senders' (Eurostat: migr_imm1ctz)[199].

Poland and Romania are the two prevalent sending countries among the seven selected. In Ireland, the Netherlands and especially Germany, citizens coming from Poland represent the prevalent share in the migration flows, while Romania is the main country of origin among mobile citizens residing in Spain. Another interesting result concerns the migration flow between neighbouring countries (Belgium-Netherlands, Germany-Netherlands). Germany is also a common receiving country for citizens coming from Spain. The migration flows towards Ireland are moderate, as well as the migration from Ireland to the other selected countries. According to the data, the principal migration flows regards Romania and Poland as sending countries and Belgium, Germany and Spain as receiving countries. The highest migration flow concerns Poland and Germany: 149,513 citizens coming from Poland move to Germany in the virtual 'status quo year'.

3.2 Status quo target population

According to the current EU provisions on export of family benefits specified in Regulation (EC) 883/2004: the 'Basic Regulation' and in Regulation (EC) 987/2009: the 'Implementing Regulation', the exportability of family benefits is regulated as follows:

[198] In order to contextualize the relations between the eight selected MS in the intra-EU mobility, according to Eurostat (migr_imm5pr), the bilateral migration flows considered account for around 20% of the overall intra-EU migration flow. Data are usually computed as 2011-13 averages. We are considering countries of last residence as 'senders'. For lack of data, for Romania countries of nationality are assumed as 'senders'.

[199] Taking country of nationality as country of origin seems problematic for the case of Romania: in 2013, as many as 124,273 EU-mobile citizens were reported to enter Romania (Eurostat, no differentiation available in terms of sending country), but in the same year only 1,024 non-Romanian EU citizens were reported to enter Romania.

Example 1
Joanna works in Member State A (which has a higher cost of living than Member State B) while her non-working husband Colin resides with their children in Member State B (which has a lower cost of living than Member State A).

Under the current rules, Joanna is entitled to family benefits in Member State A at the same amount as if her family was residing in Member State A.

Example 2:
Colin works in Member State B (which has a lower cost of living than Member State A) while his non-working wife Joanna resides with their children in Member State A (which has a higher cost of living than Member State B.

Under the current rules, Colin is entitled to family benefits in Member State B at the same amount as if his family was residing in Member State B.

As the examples suggest, the target population of the study are one-earner families in which the person entitled to the exportability of child benefits works and resides in a MS different from the one the dependent family members reside in. The HIVA study[200] allows to identify, for each selected country, the total number of persons entitled to the export of child benefits. The data provided in table 3.2.1 offer an overview of the population interested by the policy options and of the related expenditure in our virtual 'status quo year'. The table reports the aggregate data of the bilateral relations between the seven selected countries, in terms of number of persons entitled, average values of child benefits, and related estimated expenditure[201].

Table 3.2.1. Status quo scenario. Number of entitled persons, average amount of child benefit, and related expenditure.

	Persons entitled	**Average annual values of child benefits**	**Estimated annual expenditure**
	Number	*Amount (in €)*	*Amount (in €)*
BE	6,730	4,268	28,723,640
DE	34,922	4,605	160,815,810
IE	3,112	3,363	10,465,656
ES	30	1,763	52,890
NL	18,663	5,837	108,935,931
PL	-	1,456	-
RO	5,887	177	1,041,999
Total	69,344	3,067	299,581,391

Source: HIVA study (Pacolet et al., 2015). Own elaborations.

According to the HIVA study, in 2013, in the 7 selected countries 69,344 persons were entitled to export child benefits. In absolute terms, Germany is the country with the highest number of persons entitled, followed by the Netherlands. According to the HIVA study, in Spain only 30 EU mobile citizens were entitled to export child benefits.

[200] PACOLET, J. and DE WISPELAERE, F., Export of family benefits, Network Statistics FMSSFE, European Commission, June 2015, 34 p

[201] The analysis of the secondary effects of policy options are based on the bilateral relations between the selected MS. For this reason, the simulation tool uses the number of entitled persons derived by each combination between the selected MSs provided by the HIVA study (Pacolet, 2015).

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The annual average values of child benefits vary significantly among the selected countries. Belgium, the Netherlands and Germany present the highest values, ranging between 4,200 euro and 5,800 euro. Romania presents the lowest values of child benefits (177 euro). In 2013, the overall expenditure on the export of child benefits among the selected countries was about 299 millions of euro. Germany and the Netherlands account for over 80% of that expenditure. In Romania and especially in Spain, the reported expenditure is very limited. Unfortunately, according to HIVA study administrative data on the number of persons entitled to the export of child benefits in Poland are not available. It is therefore impossible to estimate the annual expenditure for this country in the status quo scenario. We still decided to keep Poland among the selected countries even if the data on the export of family benefits are not available: as subsection 3.1 shows, the migration flows from Poland towards the other selected countries are the highest among those analysed.

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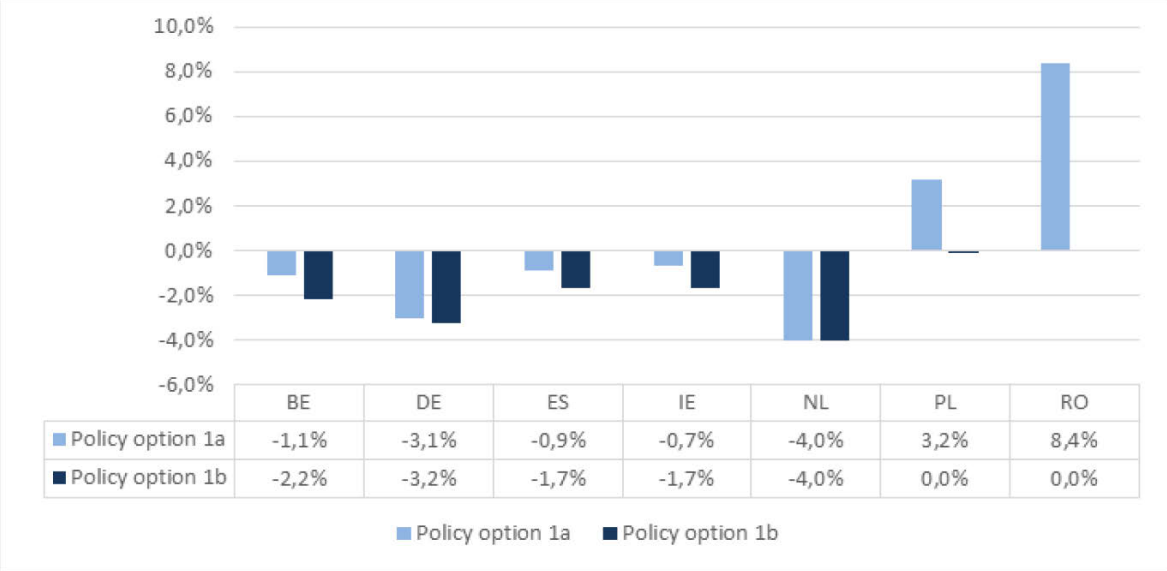
4. Secondary effects: estimation of mobility changes

This section reports the variation of mobility patterns between the selected MS according to the policy options proposed, assessed in relation to the status quo scenario. The mobility patterns are estimated for three categories of population. This section presents the results of the analysis for one-earner married couples with two children at 100% of average earnings. Results for the other categories of population presented above - one-earner married couples with up to two children and one-earner married couples with three or more children- are reported in annex 2. The figures are presented in aggregate terms for each MS, while the detailed results of the bilateral relations between the 7 selected MS are again presented in annex 2[202].
As previously stated, in the estimation of mobility changes we assume all factors to stay constant but the income differential impacted by the policy options analysed.

As stated in sub-section 4.2.1, the estimation of changes in mobility only concerns policy option 1. Policy option 3 merely envisions a redistribution of competence (from receiving to sending country), with no change in the benefits paid to recipients. Since in our simulation tool mobility changes are only caused by the economic differentials generated by a modification to the current regulations, policy option 3 implies no mobility change.

Figure 4.1. Variation in mobility flows. Policy options 1a and 1b (one-earner married couples with two children at 100% of average earnings)



	BE	DE	ES	IE	NL	PL	RO
Policy option 1a	-1,1%	-3,1%	-0,9%	-0,7%	-4,0%	3,2%	8,4%
Policy option 1b	-2,2%	-3,2%	-1,7%	-1,7%	-4,0%	0,0%	0,0%

Source: our calculations based on data from Pacolet et al. (2015) and Eurostat (migr_imm5prv, earn_nt_net; web-based database)

Figure 4.1 shows the estimated intra-EU mobility flows as impacted by the implementation of policy options 1a and 1b. According to policy option 1a, the amount of the exported family benefits has to be adjusted (upward and downward) to the living standard in the Member State of residence of the child(ren). In the case of policy option 1b, said adjustment cannot exceed the amount of the family benefits provided in the member state of primary competence.

[202] For the three categories of population considered, annex 2 provides to the reader the possibility to extrapolate the bilateral results for each MS considered.

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In aggregate terms, with the exception of Poland and Romania, policy option 1 generates a slight reduction in (net) migration flows. The Netherlands present the highest reductions in percentage terms. Policy option 1 (a and b) produces a decrease of 4.0% of the estimated migration inflow defined in the status quo scenario. In Germany, a slight difference between policy option 1a and policy option 1b is registered. In the latter case, this country experiences a reduction of the overall migration inflow from the other six countries equal to 3.2%, while in the case of policy option 1a the reduction is of 3.1%. In Belgium, the two policy options analysed produce a more marked difference. Although the impact on mobility flows of the policy option is generally limited, the effect of policy option 1b is two times higher than policy option 1a (2.2% to 1.1%). Spain and Ireland show similar results. In Poland and Romania, while policy option 1b does not generate any change in mobility, policy option 1a causes an increase in mobility towards these countries (3.2% and 8.4% for Poland and Romania respectively). This happens because the absence of a threshold for the upward adjustment on the amount of family benefits incentivizes EU mobile citizens to move to Poland and Romania. Because all factors but family benefits stay constant, the increase in family benefits generates a net incentive to move.
When the upward adjustment is limited to the amount provided by the competent Member State (policy option 1b), no change in the income differentials observed in the status quo scenario is produced, nor is the incentive to move generated, which results in no change in mobility.

As regards the bilateral relations, the main results concern the migration flows of EU mobile citizens coming from Poland and Romania. In the policy option considered, this population accounts for the majority of the reduction of migration flows for the other MS analysed. For Germany, Belgium and Ireland, the reduction of EU mobile citizens coming from Spain represents a significant share of the overall decrease in the migration flows to these countries. In the Netherlands, in addition to EU mobile citizens coming from Poland and Spain, an important reduction in migration flows is imputable to neighbouring countries. Respectively 17.0% and 15.3% of the decrease in the Dutch aggregate migration flow is attributable to citizens coming from Germany and Belgium (see annex 2 for the detailed bilateral relations).

Figure 4.2 shows the variation in potential target population according to the policy options analysed[203]. The figure presents, for each MS, the changes in percentage terms of the population that applies for the export of family benefits compared to the figures in the status quo scenario (see tab. 3.1.1). The figures report variations in target population attributable to changes in the economic differential in the case of policy option 1, and to the redistribution of competences in the case of policy option 3[204]. Policy option 3 is in a way 'splitting' the competence between country of work and country of residence of the children. In the following results, variations in the target population attributed to policy option 3 are only relative to the share of population to which countries are primary competent. When estimating expenditure variations, integrations are also taken into account.

[203] As previously stated, in this case target population refers to one-earner families in which the person entitled to the exportability of child benefits works and resides in a MS different from the one the dependent family members reside in.

[204] In policy option 3, the country of residence of the child(ren) has primary responsibility to pay the full amount of family benefits to which entitlement exists under its national rules. The country of work of the parent will top up this amount if the level of family benefits is be higher there.

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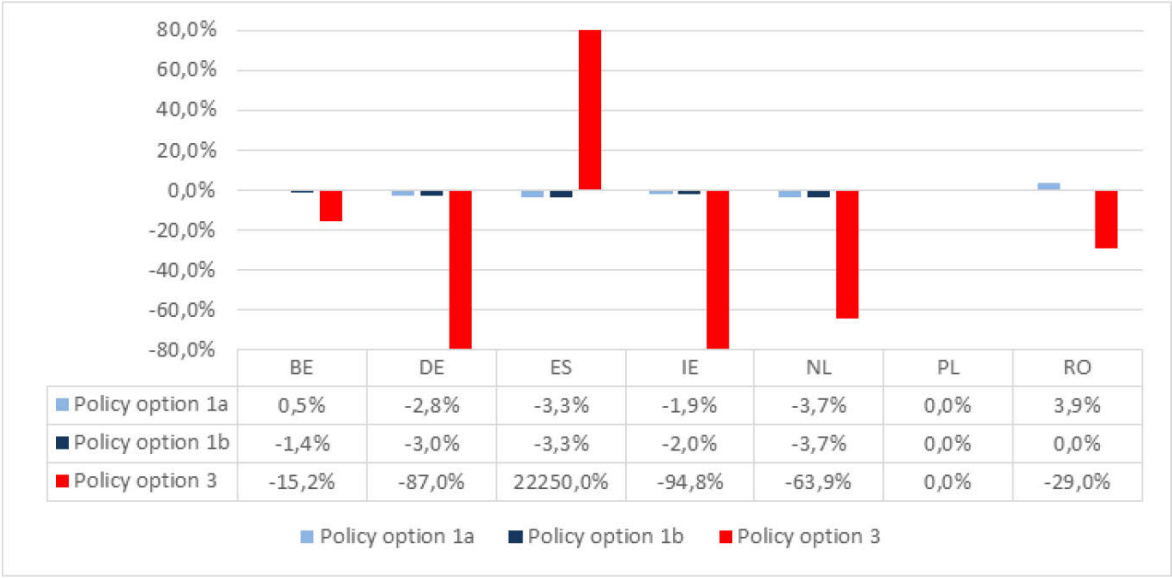
In general, the variations in target population generated by policy option 1 are very moderate, between 3.9% and -3.7%, and with the exception of Belgium and Romania (policy option 1a), in all countries the result is a reduction in the export of family benefits. In absolute terms, the higher variations in target population are experienced by Germany and the Netherlands. In policy option 1b, the latter shows a reduction of the target population equal to 700 EU mobile citizens, while the reduction in Germany is of 962. Among the other countries considered, with the exclusion of Spain, in which policy option 1 affects only a very limited number of EU mobile citizens, and Romania, in which policy option 1a results in a increase of target population equal to 231 EU mobile citizens, in the other countries, policy option 1 results in a decrease of target population between 58 and 94 EU mobile citizens[205].

Figure 4.2. Variation in potential target population. Policy options 1a, 1b, 3 (one-earner married couples with two children at 100% of average earnings).



	BE	DE	ES	IE	NL	PL	RO
Policy option 1a	0,5%	-2,8%	-3,3%	-1,9%	-3,7%	0,0%	3,9%
Policy option 1b	-1,4%	-3,0%	-3,3%	-2,0%	-3,7%	0,0%	0,0%
Policy option 3	-15,2%	-87,0%	22250,0%	-94,8%	-63,9%	0,0%	-29,0%

Source: our calculations based on data from Pacolet et al. (2015) and Eurostat (earn_nt_net; web-based database). No variation can be estimated for Poland, for which no administrative data on the export of family benefits are available in the status scenario. It has to be stressed that, according to the administrative data collected by the HIVA study (Pacolet et al., 2015) in Spain the number of cases of exportation of family benefits is extremely low: only 37 overall, in 2013.

Policy option 3 results in a decrease in the number of EU mobile citizens entitled to the export of family benefits for the majority of countries considered. Only Spain records a - very important - increase in the target population. This, however, is attributable to the fact that, according to the administrative data collected by the HIVA study, only 30 EU mobile citizens coming from the other 6 selected countries that reside in Spain export family benefits in 2013 (and in our status quo scenario), while the number of family benefits claimed in the other 6 selected countries by EU mobile citizens coming from Spain is as high as 6,705. The inversion of competences therefore produces an considerable change in the target population.

In countries characterised by immigration rather than emigration, like Germany and Ireland, policy option 3 results in a reduction of the target population higher than 87%. In the Netherlands, characterised by significant migration flows towards Germany and Belgium, policy option 3 results in a more mild reduction in target

[205] It has to be stressed that, according to the administrative data collected by the HIVA study (Pacolet, 2015), in Spain the number of cases of exportation of family benefits is extremely low: only 37 in 2013. Additionally administrative data on the export of family benefits are not available for Poland, and no estimation are provided for this country.

population (63.9%) compared to the aforementioned countries. Similarly, in Belgium the reduction of target population is limited by the significant share of EU mobile citizens with Belgium as country of previous residence that apply for the export of family benefits in the Netherlands. Surprisingly, even Romania experiences a decrease in target population. This reduction is due to the high number of family benefits claimed in Romania by EU mobile citizens that previously resided in Spain, which alone outnumbers the family benefits asked by EU mobile citizens coming from Romania in the other 6 selected countries (see annex 2 for the detailed result of the bilateral relations).

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5. Secondary effects: estimation of expenditure changes

This section reports the estimated changes of expenditure of family benefits devoted to the target population compared to the figures observed in the status quo scenario, for each MS analysed and according to the various policy options. The results discussed in this section are referred to the representative category of the potential target population: one-earner couples at 100% of average earning with up to two children. The results are presented in aggregate terms for each MS, while the detailed results of the bilateral relations between the 8 MS considered are presented in annex 3.

As reported in section 2.4.2, in defining the expenditures changes we take into account the variation in the target population (due to both mobility changes and variations in the relevant regulations), the different level of benefits envisioned by policy options 1a and 1b and the redistribution of competences envisioned by policy option 3.

With the exception of Romania[206] policy option 1 provokes a relevant reduction in percentage terms of the expenditure for child benefits paid to the target population (figure 5.1). In Germany, Ireland and the Netherlands, only a small difference is registered between the effects of policy options 1a and 1b. In Belgium, the differences between sub-options are most pronounced. Policy option 1a implicates a reduction of expenditure for the export of family benefits of 8.8%, while the estimated saving of policy option 1b is equal to 30.8%. In Germany, Spain, the Netherlands and Ireland the cost changes generated by policy option 1 are higher than half the previous expenditure. Even though Spain presents percentage variations in line with the other selected countries, since the number of family benefits exported is very limited, the savings generated by policy option 1a and 1b are extremely low in monetary terms (around € 36,000 for policy option 1a and just above € 42,000 for policy option 1b). Romania is the only country that registers an increase of expenditure for the export of child benefits when policy option 1a is applied. The difference between the average amount of child benefits paid in Romania and those of the other selected MS causes a high increase (in percentage terms) in the expenditure for the export of child benefits. As Figure 5.1 shows, the expenditure variation for Romania is of 1058.8%. Similarly to the results observed for mobility changes, when the upward adjustment is limited to the amount provided by the competent Member State (policy option 1b), no change in expenditure is observed.

In policy option 3 the country of residence of the child has primary responsibility to pay the full amount of the family benefit to which entitlement exists under its national rules. The country of work will top up this amount if the level of family benefits is higher there. In Belgium and especially in Spain, this policy option results in an increase of the expenditure devoted to the export of child benefits.

[206] As previously stated, since data on the number of cases of export of family benefits are not available for Poland in the HIVA study, we cannot estimate the changes in expenditures for family benefits for this country.

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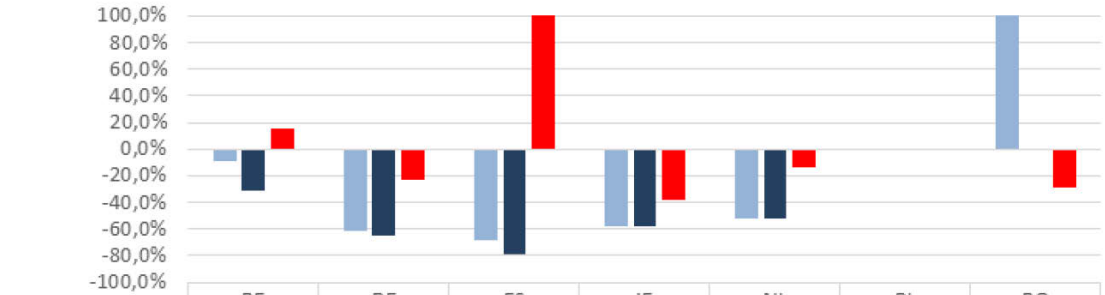
Figure 5.1. Variation of expenditure for the export of family benefits. Policy options 1a, 1b and 3 (one-earner married couples with two children at 100% of average earnings).



	BE	DE	ES	IE	NL	PL	RO
Policy option 1a	-8,8%	-61,9%	-68,7%	-57,4%	-51,9%	0%	1058,8%
Policy option 1b	-30,8%	-64,7%	-79,4%	-57,9%	-51,9%	0%	0,0%
Policy option 3	15,1%	-23,1%	22329,1%	-37,6%	-13,6%	0%	-29,0%

Source: Our calculation based on data from Pacolet et al. (2015), Eurostat (migr_imm5prv, earn_nt_net; web-based database). No variation can be estimated for Poland, for which no administrative data on the export of family benefits are available in the status scenario. It has to be stressed that, according to the administrative data collected by the HIVA study (Pacolet et al., 2015) in Spain the number of cases of exportation of family benefits is extremely low: only 37 overall, in 2013.

As figure 4.2 shows, in Spain, policy option 3 generates an extreme increase in the target population. In the status quo scenario, only a very limited number family benefits are recorded to be exported from Spain (only 30 to the other 6 selected countries), but EU mobile citizens who have Spain as country of previous residence represent an important share of the target population in the other 6 selected MS, especially in Germany, Romania and the Netherlands. Under policy option 3, the number of family benefits Spain has to pay for therefore increase dramatically, generating an extremely high increase in expenditure (+22329.1%). However, it has to be considered that this expenditure variation could represent an overestimation. In Spain the access to family benefits is mean-tested, and only families with income per year below €11,519.16. (or €17,337.05 in the case of families with 3 dependent children) are eligible. The simulation tool used in this study is based on aggregate data at national level and does not allow taking into account the families' income distribution. Eurostat data suggest that in 2013 less than 18% of the families residing in Spain had an income below €13,524 (second quartile top cut-off point). Hence, we can assess that, even if policy option 3 in Spain could generate a significant increase in the expenditure for the export of family benefits, the variation proposed is likely overestimated[207].

In Belgium, the increase of expenditure for the export of child benefits (15.1%) derives primarily from the export of family benefits to the Netherlands. In the Netherlands the average amount of family benefits are higher than in Belgium. Hence the difference between the average amount of child benefits generates an increase of expenditure for Belgium estimated to be around a fifth of the expenditure defined in the status quo scenario. In Germany, an important share of the overall variation of expenditures, is due to the payment that the country's finances would sustain to top up the gap between the amount of child benefits in Poland and in Germany, when

[207] Similar considerations can be applied in the case of Romania and Poland where, similarly to Spain, the access of family benefits is means-tested.

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Poland is the country of residence of the family members. In Ireland, the combination of the bilateral relations among the selected MS generates a reduction of expenditure for the export of child benefits of 37.6%. According to the data collected by Pacolet et al. (2015), there are plenty of mobile citizens entitled to the export of family benefits in Romania that have their family members in Spain. The redistribution of competences envisioned by policy option 3 actually reduces the number of benefits to be paid by Romania: the expenditure decreases by 29.0%.

Table 5.1 shows the bilateral distribution of the expenditure that each MS considered sustains in the export of family benefit in relation to the other six selected MS.

Table 5.1. Bilateral variation of expenditure export of family benefits for aggregate expenditure for family benefits, policy option 1a and 1b (one-earner married couples with two children at 100% of average earnings).

Country of Residence	**BELGIUM**						**GERMANY**					
Country of origin	***DE***	***ES***	***IE***	***NL***	***PL***	***RO***	***BE***	***ES***	***IE***	***NL***	***PL***	***RO***
status quo	3,2%	5,8%	0,2%	52,1%	33,6%	5,0%	1,6%	1,9%	0,1%	9,1%	77,0%	10,3%
P.o. 1a	3,9%	2,5%	0,2%	80,9%	12,2%	0,2%	3,8%	1,8%	0,2%	31,3%	61,9%	1,0%
P.o. 1b	4,7%	3,3%	0,2%	75,3%	16,1%	0,3%	4,1%	1,9%	0,2%	25,9%	66,8%	1,1%
Country of Residence	**SPAIN**						**IRELAND**					
Country of origin	***BE***	***DE***	***IE***	***NL***	***PL***	***RO***	***BE***	***DE***	***ES***	***NO***	***PL***	***RO***
status quo	0,0%	6,7%	0,0%	0,0%	6,7%	86,7%	0,1%	0,5%	1,9%	0,0%	94,2%	3,0%
P.o. 1a	0,0%	55,6%	0,0%	0,0%	17,6%	26,8%	0,4%	1,7%	2,3%	0,0%	94,0%	0,4%
P.o. 1b	0,0%	32,4%	0,0%	0,0%	26,8%	40,8%	0,3%	1,2%	2,3%	0,0%	95,1%	0,4%
Country of Residence	**the NETHERLANDS**						**ROMANIA**					
Country of origin	***BE***	***DE***	***ES***	***IE***	***PL***	***RO***	***BE***	***DE***	***ES***	***IE***	***NL***	***PL***
status quo	27,2%	21,6%	1,6%	0,1%	48,9%	0,5%	1,2%	4,6%	90,4%	1,6%	0,4%	0,7%
P.o. 1a	40,0%	34,5%	0,9%	0,1%	24,3%	0,0%	2,6%	11,3%	80,0%	2,9%	1,3%	0,5%
P.o. 1b	40,0%	34,5%	0,9%	0,1%	24,3%	0,0%	1,2%	4,6%	90,4%	1,6%	0,4%	0,7%
Country of Residence	**POLAND**											
Country of origin	***BE***	***DE***	***ES***	***IE***	***NL***	***RO***						
status quo	-	-	-	-	-	-						
P.o. 1a	-	-	-	-	-	-						
P.o. 1b	-	-	-	-	-	-						

Source: Our calculation based on data from Pacolet et al. (2015), Eurostat (migr_imm5prv, earn_nt_net; web-based database). No variation can be estimated for Poland, for which no data on the export of family benefits are available in the staus quo scenario. It has to be stressed that the number of cases of exportation of family benefits recorded by the HIVA study (Pacolet et al., 2015) for Spain is extremely low: only 37 overall, in 2013.

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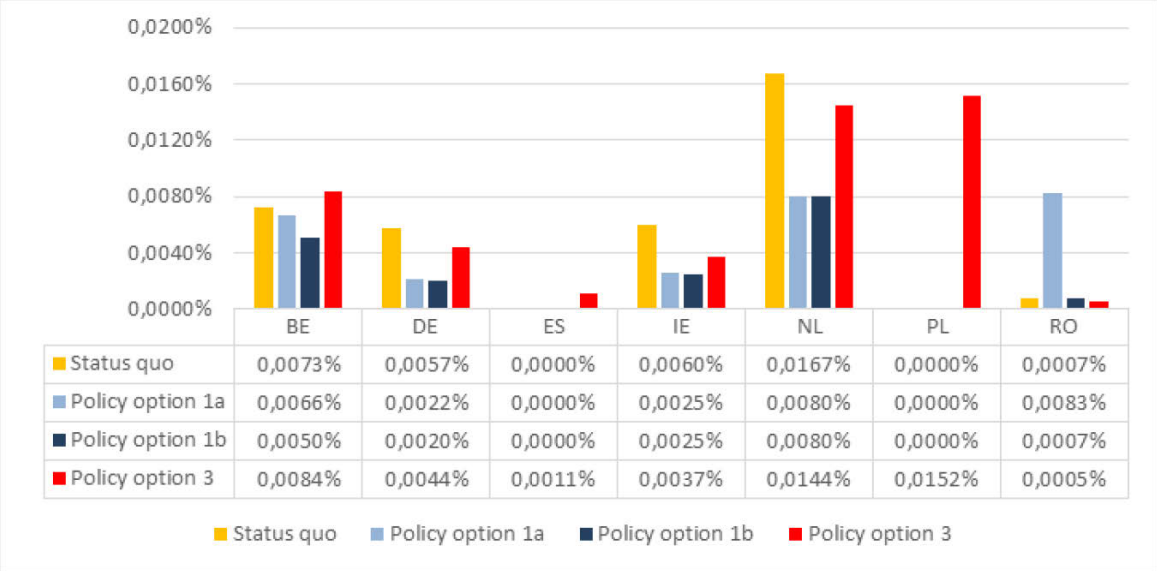
In Germany and Ireland the majority of the expenditure for the export of family benefits is devoted to EU mobile citizens coming from Poland. In Ireland the policy option 1 does not impact on the share of expenditure received by this population, which accounts for around 95% of the aggregate expenditure. In Germany policy option 1 (a and b) results in a decrease in the analysed chapter of expenditure. Additionally, in Germany, policy option 1 involves an increase of the share of expenditure of export of family benefits directed to EU mobile citizens how have the Netherlands as country of origin. This population – EU mobile citizens coming from the Netherlands – represents an relevant chapter of expenditures also for Belgium. In policy option 1, the Belgian expenditure for the export of family benefits devoted to this population ranges between 75% and 80%. In the Netherlands, policy option 1 halves the cost of export of family benefits sustained for EU mobile citizens coming from Poland. As a result, the aggregate expenditure for the export of family benefits among the countries considered is more or less evenly shared between EU mobile citizens coming from Belgium, Germany and Poland. Similarly in Spain, policy option 1 significantly reduces the share of expenditure for export of family benefits sustained for EU mobile citizens coming from Romania. This variation is compensated by an increase of the share of expenditure related to citizens coming from Germany and Poland. In Romania, while policy option 1b does not produce any variation in the distribution of the expenditure, policy option 1a generates only a small changes in the chapters of expenditure devoted to EU mobile citizens coming from Spain and Germany.

In order to provide a benchmark for the evaluation of expenditure variations, figure 5.2 reports the expenditure for the export of family benefits paid to EU mobile citizens coming from the other 6 selected countries as a ratio of the GDP, in the status quo scenario and in each policy option.

Figure 5.2. Expenditure variation in % GDP (2013), Status quo and policy option scenarios



	BE	DE	ES	IE	NL	PL	RO
Status quo	0,0073%	0,0057%	0,0000%	0,0060%	0,0167%	0,0000%	0,0007%
Policy option 1a	0,0066%	0,0022%	0,0000%	0,0025%	0,0080%	0,0000%	0,0083%
Policy option 1b	0,0050%	0,0020%	0,0000%	0,0025%	0,0080%	0,0000%	0,0007%
Policy option 3	0,0084%	0,0044%	0,0011%	0,0037%	0,0144%	0,0152%	0,0005%

Source: Our calculation based on data from Pacolet et al. (2015), Eurostat (migr_imm5prv, earn_nt_net, nama_10_gdp; web-based database).

The figure indicates that in all scenarios the expenditure for the export of family benefits devoted to the target population is very limited: in no case does the value go over 0.015% of the GDP. In Romania, policy option 1a produces a significant increase

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in the expenditure for the export of family benefits in absolute terms, but the share of GDP involved is still of little relevance, rising from 0.0007% in the status quo scenario to 0.0083%. As already observed, in Belgium, Germany and Ireland the expenditure variations between the status quo scenario and the policy options are moderate. In the Netherlands, policy option 1 reduces the expenditure by half while policy option 3 generates only a limited saving. In Poland, according to the available data, it is only possible to estimate the expenditure for the export of family benefits related to policy option 3[208]. In this case, the expenditure that this country sustains in order to provide family benefits to EU mobile citizens coming from this MS and residing in one of the other six MS considered is equal to 0.0152% of the GDP.

5.2 Possible effects of family reunifications

The approach followed by the study at hand does not allow to specifically account for the event of family reunifications, i.e. the dependant family members reuniting with the mobile citizen that is entitled to the family benefit. Some considerations are however possible and seem appropriate in analysing the matter at hand.

As a general note, if dependent family members were to reunite with the working partner/parent working in another MS, they would nullify the effects of all of the policy options. We shall then analyse how the economic incentives generated by the policy options may influence the decision to reunite of European families.

Under policy options 1a and 1b, dependent family members residing in the poorer countries (in terms of the level of family benefits computed) will have an incentive to reunite with their mobile working relative, so to avoid the reduction in the family benefit (which under policy options 1a and 1b would be computed at the level of the country of residence of the children). Let us take the example of a European citizen that resides and works in Belgium, while her partner and their children are in Romania. Following the implementation of policy option 1a or 1b, the household would see the family benefit reduced from the level of Belgium to the one of Romania. The dependent family members would have an incentive to move to Belgium in order to get higher benefits. If this incentive trumps the costs of moving (this is probably the case when the decision to migrate is a long-term one), the family members residing in the poorer country will move to the richer and offset the effect of the policy option.
If all families residing in poorer countries were to react according to the economic incentive produced by policy options 1a and 1b, they would nullify the effects of the policies, i.e. in our example, Belgium would have to pay family benefits at the Belgian level.

On the contrary, dependent family members residing in richer countries would have a disincentive to reunite with their mobile working relative under policy option 1a, since by doing so they would lose the entitlement to higher benefits.
Let us take the example of a European citizen that resides and works in Poland, while her partner and their children are in Germany. Following the implementation of policy option 1a, the household would see the family benefit increased from the level of

[208] Still, no estimation can be made on the expenditure – derivable from the potential implementation of policy option 3 – relative to the integration of family benefits paid to EU mobile citizens residing in Poland. These costs would most likely have little relevance, since the average level of family benefits paid in Poland is the second lowest amongst the 7 selected countries. The only accountable costs here are those Poland would sustain, as MS of primary competence, to pay family benefits to mobile citizens whose children reside in Poland.

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Poland to the one of Germany. The dependent family members would have a disincentive to move to Poland, because that would mean getting a lower benefit.
If this disincentive is trumped by some incentive to reunite (this is probably the case when the decision to migrate is a long-term one), the family members residing in the poorer country will move to the richer and offset the effect of the policy option.
Instead, if all families residing in richer countries were to react according to the economic incentive produced by policy options 1a, the effects of the policies would stay intact.
If policy option 1b is implemented, because of the limits imposed on the level of benefits computed, no variation in the household income is envisioned, i.e. in our example, the household would see the family benefit stay at the Polish level and the incentives to reunite would not be altered.

In addition, as noticed above, no variation in the level of family benefits is imputable to policy option 4 (only changes in competence priorities are envisioned). Therefore, the economic incentives to reunite would not be altered, neither in poor-to-rich nor in rich-to-poor relations.

Table 5.3. The estimated effects of family reunifications

Policy option	Country relation	New incentive produced	Effect if reunification is determined by the new incentives produced	Effect if reunification happens nonetheless
2A	Poor-to-rich	Incentive to move	P.O. effects nullified	P.O. effects nullified
	Rich-to-poor	Disincentive to move	P.O. effects intact	P.O. effects nullified
2B	Poor-to-rich	Incentive to move	P.O. effects nullified	P.O. effects nullified
	Rich-to-poor	None	P.O. effects intact	P.O. effects nullified
4	Poor-to-rich	None	P.O. effects intact	P.O. effects nullified
	Rich-to-poor	None	P.O. effects intact	P.O. effects nullified

6. Conclusions

The aim of the study is to assess the secondary effects of the proposed modification to the current EU provisions on the export of family benefits, as specified in Regulation (EC) 883/2004: the 'Basic Regulation' and in Regulation (EC) 987/2009: the 'Implementing Regulation'. Such secondary effects include changes in the overall mobility of citizens, in the number of individuals entitled to the exportation of family benefits and in the level of expenditure attributable to the item.

To this end, we have selected 7 MS as part of the case study, with consideration to the level of representativeness of the group as regards the whole EU. For each MS, we have defined size and characteristics of the population potentially interested by the policy changes, as well as the relative expenditure for the export of child benefits. Against this 'status quo scenario', we have estimated the impact of the various policy changes.

A simulation tool has been defined in order to estimate the potential mobility changes attributable to the economic differentials generated by the three policy options. The second step of the analysis has concerned the estimation of the changes of public expenditure devoted to the child benefits paid to the target population.

In order to proceed with the estimate, key assumptions had to be made on the elasticity of potentially mobile EU citizens to changes in income differentials among countries, which are expected to impact the incentives to move across countries (see par. 2.4).

Results generally show mild reductions in mobility changes (see fig. 4.1) attributable to the potential implementation of the policy options. Limited differences can be noted for the two policy options tested for mobility changes (1a and 1b). Excluding Poland and Romania, the other MSs analysed show a slight decrease in migration flows. The variations range between -0.2% and -4%.
Because the benefits paid in Poland and Romania in the status quo scenario are lower than those paid in the other selected MS, the implementation of policy option 1a produces an incentive to move to these countries and an increase in mobility from the other 6 MS of respectively 3.2% and 8.3%.
When the upward adjustment is limited to the amount provided by the competent Member State (policy option 1b), the negative impact of mobility flows is slightly increased in most countries, while the change in mobility is null for Poland and Romania.

In relation to expenditure changes[209] generated by policy options and mobility changes, as much as the percentage variations on expenditure levels may reach high values, variations shown in absolute terms and as ratios of GDP confirm the little relevance for national budgets of the expenditure for the exportation of family benefits (see fig. 5.2).

[209] No variation can be estimated for Poland, for which no data on the export of family benefits are available in the status quos scenario (no data in Pacolet et al, 2015). Results observed for Spain should be considered most carefully, since according to administrative data collected by the HIVA study (Pacolet et al., 2015) the number of cases of exportation of family benefits are extremely low for this MS: only 37 overall, in 2013.

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The approach followed by the study at hand does not allow to specifically account for the event of family reunifications, i.e. the dependant family members reuniting with the mobile citizen that is entitled to the family benefit.

However, we can presume that some families may react to the implementation of policy options 1a and 1b by reuniting in the country of residence of the working parent. Dependant family members residing in the poorer countries will indeed have an incentive to reunite with their mobile working relative, so to avoid the reduction in the family benefit (which under policy option 1a and 1b would be computed at the level of the country of residence of the children). If all families residing in poorer countries were to react according to the economic incentive produced by policy options 1a and 1b, they would nullify the effects of the policies.

On the contrary, dependant family members residing in richer countries would have a disincentive to reunite with their mobile working relative under policy option 1a, since by doing so they would lose the entitlement to higher benefits (while they would experience no difference under policy option 1b).

As already noticed, no variation in the level of family benefits perceived is imputable to policy option 3. Therefore, no economic incentive to reunite families would be produced.

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Annex 1 – List of Family benefits within the scope of the study (source MISSOC).

The MISSOC Comparative Tables Database contains detailed information on social protection in 32 countries. However MISSOC gives a description of the purely national legislation and often does not take into account the application of Regulation 883/2004, while in many MS the Regulation directly applies and has priority over national law. The scope of this table is to provide a indicative overview of the characteristics of the family benefits under the national legislation in the 7 selected MS.

	Name or act	**Conditions**	**Age limit and child residence**	**Benefit amount**
Belgium	*General Act of 19 December 1939 on Child Benefits (Loi générale du 19 décembre 1939 relative aux allocations familiales (LGAF)/ Algemene kinderbijslagwet (AKBW)) (as amended by the act of 4 April 2014)*	* The beneficiary must have a parental, alliance, adoption or unofficial guardianship link with the child. * No variation with income.	*Normal: 18 years. *Vocational training: 25 years. *Further education: 25 years. * The child must be brought up in Belgium and follow his studies there and not abroad.	1st child: € 90.28 2nd child: € 167.05 3rd child and subsequent children: € 249.41 Variation with age. Monthly age supplements Children in 1st order, receiving the normal rate (i.e. not entitled to the supplement for single parent families or to a social supplement and who are not disabled): aged 6 – 12: € 15.73 aged 12 - 18: € 23.95 aged 18 or more: € 27.6
Germany	*Kindergeld*	*Taxable persons residing in Germany or persons subject to income taxation there without restrictions for their own children, adopted children or dependent children *Universal scheme, not means-tested.	*18 years. Prolongation to 21 for registered jobseekers, and to 25 for student and working student (less than 20 hours a week) *The child must reside in Germany or in another EU or EEA Member State or in Switzerland	1st and 2nd child: € 184 3rd child: € 190 4th and subsequent: € 215

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Spain	*Prestaciones por hijo a cargo*	* Parents or persons in charge of the child, legally resident in Spain	* 18 years. * The child must be resident in Spain	* Child Benefit (12 payments per year): Children under 18 years of age:€24.25; * No benefit if the family income per year exceeds €11,519.16. This ceiling increases up to €17,337.05 for families with 3 dependent children. This amount increases by €2,808.12 for each dependent child after and including the fourth child.
Poland	N/A	*The beneficiaries must be either: Polish citizens, foreigners who fall within the scope of the law on co-ordination of social security schemes or bilateral agreement on social security, foreigners staying in the territory of Poland who hold refugee status or residence permit if they reside in the territory of Poland together with family members. *contributory and means-tested	*The condition of residence of the child must be fulfilled only in relation to foreigners who: have neither EU nor EEA nor Swiss citizenship, hold refugee status or residence permit. *Less than 18 years,* the end of the child's education at school	Family income per capita must not exceed PLN 539 (€130) (in 2014) per month (PLN 623 (€150) in the case of families with a disabled child). The monthly amounts per child depend on the age: under 5 years: PLN 77 (€18), 5 - 18 years: PLN 106 (€25), 18 - 24 years: PLN 115 (€28)
Romania	*Alocatie de stat pentru copii*	* Social assistance scheme, universal, financed by the State Budget * means-tested. * Child cohabiting with	*18 years (or secondary or post-secondary graduation age) *Domicile or residence in Romania	*The monthly amount varies with the age of children and the Reference Social Indicator(RSI) *Ceiling: The total amount of social assistance benefits accrued by a single person or a family

		his/her parent(s)		may not exceed a certain coefficient set annually by Government Decision and which is related to the RSI
The Netherlands	*Algemene Kinderbijslagwet (AKW); Wet op het *kindgebonden budget (WKB) • Tegemoetkoming ouders van thuiswonende gehandicapte kinderen (TOG) • Wet Kinderopvang en kwaliteitseisen peuterspeelzalen	*all (insured) residents whatever their nationality who work in the Netherlands and consequently pay tax on wages, and also maintain the child. *Universal scheme, not means-tested (AKW),means-tested (WKB)	* Child up to 18 years of age *Both AKW and WKB are also paid for children who live in an EU or EEA country or Switzerland	*AKW: up to 5 years: €63.88 / 6-11 years: €77.57 / 12-17 years: €91.26. The benefits are paid per quarter. *WKB ceiling: above the threshold of €26,147 the allowance is reduced by 7.6% of the difference between the family income and €26,147. Income limit: €102,499 for a single person or €123,638 for partners. The benefit amount decreases as income rises. Monthly amount per children: 1 child: €39,529; 2children: €46,581; 3 children: €48,989; 4 children: €50,384; (...) 8 children: €55,963.
Ireland	Social Welfare Consolidation Act 2005 (act)	* Child Benefit is a monthly payment, paid to the child's mother or step-mother; however it may be paid to the father or step-father if the child is living with and being supported by them. * No variation with income.	*No variation with age * Normal: up to 16th birthday *Further education: up to 18th birthday * Child must be normally living with and being supported by recipient.	*€130 per child. *In cases of triplets, quadruplets and other multiple births the allowance for each child is doubled. In the case of twins the allowance is one and a half times the first child payment

Source: MISSOC

Annex 2 – Secondary effects: estimation of mobility patterns. Detailed results of bilateral relations between selected MSs

Table 2.1 Secondary effects: estimation of mobility patterns. Detailed results of bilateral relations between selected MSs. One-earner married couples with two children at 100% of average earnings

		Status quo			Policy option 1A				Policy option 1B			
Country of Residence	Country of origin	Mobility flow	Export of FB	Elasticity	% income change	% mobility change	Change in total mobility flow	Change in export of FB	% income change	% mobility change	Change in total mobility flow	Change in export of FB
BE	DE	4223	218	0.8	0.89%	0.7%	30	2	0.00%	0.0%	0	0
BE	ES	6725	389	0.6	-6.25%	-3.7%	-252	-15	-6.25%	-3.7%	-252	-15
BE	IE	449	13	0.8	-2.68%	-2.1%	-10	0	-2.68%	-2.1%	-10	0
BE	NL	10431	3505	0.8	4.46%	3.6%	373	125	0.00%	0.0%	0	0
BE	PL	8464	2259	0.4	-7.14%	-2.9%	-242	-65	-7.14%	-2.9%	-242	-65
BE	RO	7624	336	0.4	-10.27%	-4.1%	-313	-14	-10.27%	-4.1%	-313	-14
DE	BE	4247	543	0.8	-0.89%	-0.7%	-30	-4	-0.89%	-0.7%	-30	-4
DE	ES	15707	647	0.6	-7.10%	-4.3%	-670	-28	-7.10%	-4.3%	-670	-28
DE	IE	1918	35	0.8	-3.55%	-2.8%	-55	-1	-3.55%	-2.8%	-55	-1
DE	NL	14185	3194	0.8	3.55%	2.8%	403	91	0.00%	0.0%	0	0
DE	PL	149513	26901	0.4	-7.99%	-3.2%	-4780	-860	-7.99%	-3.2%	-4780	-860
DE	RO	38314	3585	0.4	-11.10%	-4.4%	-1702	-159	-11.10%	-4.4%	-1702	-159
ES	BE	3283	0	0.2	10.45%	2.1%	69	0	0.00%	0.0%	0	0
ES	DE	9720	2	0.2	11.95%	2.4%	232	0	0.00%	0.0%	0	0
ES	IE	1691	0	0.2	5.97%	1.2%	20	0	0.00%	0.0%	0	0
ES	NL	3539	0	0.2	17.92%	3.6%	127	0	0.00%	0.0%	0	0
ES	PL	2841	2	0.6	-1.49%	-0.9%	-25	0	-1.49%	-0.9%	-25	0
ES	RO	33581	26	0.4	-6.72%	-2.7%	-903	-1	-6.72%	-2.7%	-903	-1
IE	BE	430	4	0.8	2.90%	2.3%	10	0	0.00%	0.0%	0	0
IE	DE	1794	16	0.8	3.86%	3.1%	55	0	0.00%	0.0%	0	0
IE	ES	2447	58	0.6	-3.86%	-2.3%	-57	-1	-3.86%	-2.3%	-57	-1

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IE	NL	626	9	0.8	7.73%	6.2%	39	1	0.00%	0.0%	0	0
IE	PL	4155	2932	0.4	-4.83%	-1.9%	-80	-57	-4.83%	-1.9%	-80	-57
IE	RO	1180	93	0.4	-8.21%	-3.3%	-39	-3	-8.21%	-3.3%	-39	-3
NL	BE	7820	5081	0.8	-4.18%	-3.3%	-262	-170	-4.18%	-3.3%	-262	-170
NL	DE	10824	4030	0.8	-3.34%	-2.7%	-290	-108	-3.34%	-2.7%	-290	-108
NL	ES	5477	291	0.6	-10.03%	-6.0%	-330	-18	-10.03%	-6.0%	-330	-18
NL	IE	729	18	0.8	-6.69%	-5.4%	-39	-1	-6.69%	-5.4%	-39	-1
NL	PL	14895	9131	0.4	-10.87%	-4.3%	-648	-397	-10.87%	-4.3%	-648	-397
NL	RO	1744	90	0.4	-13.80%	-5.5%	-96	-5	-13.80%	-5.5%	-96	-5
PL	BE	107	0	0.1	29.90%	3.0%	3	0	0.00%	0.0%	0	0
PL	DE	3321	0	0.1	33.64%	3.4%	112	0	0.00%	0.0%	0	0
PL	ES	155	0	0.2	3.74%	0.7%	1	0	0.00%	0.0%	0	0
PL	IE	277	0	0.1	18.69%	1.9%	5	0	0.00%	0.0%	0	0
PL	NL	228	0	0.1	48.59%	4.9%	11	0	0.00%	0.0%	0	0
PL	RO	15	0	0.6	-13.09%	-7.9%	-1	0	-13.09%	-7.9%	-1	0
RO	BE	77	68	0.1	88.76%	8.9%	7	6	0.00%	0.0%	0	0
RO	DE	644	272	0.1	96.48%	9.6%	62	26	0.00%	0.0%	0	0
RO	ES	212	5320	0.1	34.74%	3.5%	7	185	0.00%	0.0%	0	0
RO	IE	26	97	0.1	65.61%	6.6%	2	6	0.00%	0.0%	0	0
RO	NL	139	23	0.1	127.35%	12.7%	18	3	0.00%	0.0%	0	0
RO	PL	141	39	0.2	27.02%	5.4%	8	2	0.00%	0.0%	0	0

Source: Eurostat (migr_imm5prv, migr_imm1ctz, earn_nt_net, web-based database); Pacolet et al. (2015).

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Table 2.2. Secondary effects: estimation of mobility patters. Detailed results of bilateral relations between selected MS. One-earner married couples with up to two children and One-earner married couples with three or more children.

		One-earner married couples with up to two children								**One-earner married couples with three or more children**							
		policy option 1A				**policy option 1B**				**policy option 1A**				**policy option 1B**			
Country of Residence	Country of origin	% income change	% mobility change	Change in total mobility flow	Change in export of FB	% income change	% mobility change	Change in total mobility flow	Change in export of FB	% income change	% mobility change	Change in total mobility flow	Change in export of FB	% income change	% mobility change	Change in total mobility flow	Change in export of FB
BE	DE	3.9%	3.2%	133	7	0.0%	0.0%	0	0	1.5%	1.2%	49	3	0.0%	0.0%	0	0
BE	ES	3.6%	2.1%	144	8	0.0%	0.0%	0	0	-8.2%	-4.9%	-331	-19	-8.2%	-4.9%	-331	-19
BE	IE	3.4%	2.7%	12	0	0.0%	0.0%	0	0	2.4%	1.9%	9	0	0.0%	0.0%	0	0
BE	NL	-2.5%	-2.0%	-206	-69	-2.5%	-2.0%	-206	-69	-6.0%	-4.8%	-501	-168	-6.0%	-4.8%	-501	-168
BE	PL	-3.4%	-1.4%	-115	-31	-3.4%	-1.4%	-115	-31	-10.0%	-4.0%	-339	-91	-10.0%	-4.0%	-339	-91
BE	RO	-5.0%	-2.0%	-153	-7	-5.0%	-2.0%	-153	-7	-11.5%	-4.6%	-352	-16	-11.5%	-4.6%	-352	-16
DE	BE	-3.2%	-2.5%	-108	-14	-3.2%	-2.5%	-108	-14	-1.3%	-1.1%	-46	-6	-1.3%	-1.1%	-46	-6
DE	ES	-0.3%	-0.2%	-30	-1	-0.3%	-0.2%	-30	-1	-8.9%	-5.3%	-836	-34	-8.9%	-5.3%	-836	-34
DE	IE	-0.4%	-0.3%	-6	0	-0.4%	-0.3%	-6	0	0.9%	0.7%	13	0	0.0%	0.0%	0	0
DE	NL	-5.1%	-4.1%	-584	-131	-5.1%	-4.1%	-584	-131	-6.9%	-5.5%	-778	-175	-6.9%	-5.5%	-778	-175
DE	PL	-5.9%	-2.4%	-3527	-635	-5.9%	-2.4%	-3527	-635	-10.6%	-4.2%	-6310	-1135	-10.6%	-4.2%	-6310	-1135
DE	RO	-7.2%	-2.9%	-1103	-103	-7.2%	-2.9%	-1103	-103	-11.9%	-4.8%	-1831	-171	-11.9%	-4.8%	-1831	-171
ES	BE	-4.0%	-0.8%	-27	0	-4.0%	-0.8%	-27	0	13.2%	2.6%	87	0	0.0%	0.0%	0	0
ES	DE	0.4%	0.1%	9	0	0.0%	0.0%	0	0	15.6%	3.1%	303	0	0.0%	0.0%	0	0
ES	IE	-0.1%	0.0%	0	0	-0.1%	0.0%	0	0	17.1%	3.4%	58	0	0.0%	0.0%	0	0
ES	NL	-6.8%	-1.4%	-48	0	-6.8%	-1.4%	-48	0	3.5%	0.7%	25	0	0.0%	0.0%	0	0
ES	PL	-7.9%	-4.7%	-135	0	-7.9%	-4.7%	-135	0	-2.9%	-1.8%	-50	0	-2.9%	-1.8%	-50	0
ES	RO	-9.8%	-3.9%	-1310	-1	-9.8%	-3.9%	-1310	-1	-5.4%	-2.2%	-726	-1	-5.4%	-2.2%	-726	-1
IE	BE	-3.3%	-2.7%	-11	0	-3.3%	-2.7%	-11	0	-2.1%	-1.7%	-7	0	-2.1%	-1.7%	-7	0
IE	DE	0.5%	0.4%	7	0	0.0%	0.0%	0	0	-0.8%	-0.7%	-12	0	-0.8%	-0.7%	-12	0
IE	ES	0.1%	0.1%	2	0	0.0%	0.0%	0	0	-9.3%	-5.6%	-137	-3	-9.3%	-5.6%	-137	-3
IE	NL	-5.7%	-4.6%	-29	0	-5.7%	-4.6%	-29	0	-7.4%	-5.9%	-37	-1	-7.4%	-5.9%	-37	-1

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IE	PL	-6.6%	-2.6%	-110	-78	-6.6%	-2.6%	-110	-78	-10.9%	-4.4%	-182	-128	-10.9%	-4.4%	-182	-128
IE	RO	-8.2%	-3.3%	-39	-3	-8.2%	-3.3%	-39	-3	-12.3%	-4.9%	-58	-5	-12.3%	-4.9%	-58	-5
NL	BE	2.0%	1.6%	127	82	0.0%	0.0%	0	0	5.8%	4.6%	362	235	0.0%	0.0%	0	0
NL	DE	5.3%	4.2%	457	170	0.0%	0.0%	0	0	7.2%	5.8%	623	232	0.0%	0.0%	0	0
NL	ES	5.0%	3.0%	163	9	0.0%	0.0%	0	0	-2.1%	-1.3%	-70	-4	-2.1%	-1.3%	-70	-4
NL	IE	4.9%	3.9%	28	1	0.0%	0.0%	0	0	8.1%	6.5%	47	1	0.0%	0.0%	0	0
NL	PL	-0.8%	-0.3%	-46	-28	-0.8%	-0.3%	-46	-28	-3.9%	-1.6%	-231	-142	-3.9%	-1.6%	-231	-142
NL	RO	-2.1%	-0.8%	-15	-1	-2.1%	-0.8%	-15	-1	-5.3%	-2.1%	-37	-2	-5.3%	-2.1%	-37	-2
PL	BE	12.9%	1.3%	1	0	0.0%	0.0%	0	0	44.4%	4.4%	5	0	0.0%	0.0%	0	0
PL	DE	27.8%	2.8%	92	0	0.0%	0.0%	0	0	50.8%	5.1%	169	0	0.0%	0.0%	0	0
PL	ES	26.3%	5.3%	8	0	0.0%	0.0%	0	0	8.1%	1.6%	3	0	0.0%	0.0%	0	0
PL	IE	25.9%	2.6%	7	0	0.0%	0.0%	0	0	55.1%	5.5%	15	0	0.0%	0.0%	0	0
PL	NL	3.6%	0.4%	1	0	0.0%	0.0%	0	0	17.8%	1.8%	4	0	0.0%	0.0%	0	0
PL	RO	-6.1%	-3.7%	-1	0	-6.1%	-3.7%	-1	0	-6.7%	-4.0%	-1	0	-6.7%	-4.0%	-1	0
RO	BE	54.4%	5.4%	4	4	0.0%	0.0%	0	0	137.7%	13.8%	11	9	0.0%	0.0%	0	0
RO	DE	97.2%	9.7%	63	26	0.0%	0.0%	0	0	155.1%	15.5%	100	42	0.0%	0.0%	0	0
RO	ES	92.9%	9.3%	20	494	0.0%	0.0%	0	0	39.9%	4.0%	8	212	0.0%	0.0%	0	0
RO	IE	91.6%	9.2%	2	9	0.0%	0.0%	0	0	166.5%	16.6%	4	16	0.0%	0.0%	0	0
RO	NL	27.8%	2.8%	4	1	0.0%	0.0%	0	0	66.1%	6.6%	9	2	0.0%	0.0%	0	0
RO	PL	17.6%	3.5%	5	1	0.0%	0.0%	0	0	18.2%	3.6%	5	1	0.0%	0.0%	0	0

Source: Eurostat (migr_imm5prv, migr_imm1ctz, web-based database); Pacolet et al. (2015) ; EU-SILC.

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Annex 3 - Secondary effects: estimation of expenditure changes. Detailed results of bilateral relations between selected MSs

Table 3.1. Cost variation analysis. Detailed results of bilateral relations between selected MSs, policy option 1a, 1b. One-earner married couples with two children at 100% of average earnings

		Status quo			Policy option 1A						Policy option 1B					
Country of Residence	Country of origin	Export of FB	Expenditure for export of FB	TOTAL Expenditure for export of FB	Change in export of FB	Export of FB	Expenditure for export of FB	% expenditure variation	TOTAL Expenditure for export of FB	% expenditure variation	Change in export of FB	Export of FB	Expenditure for export of FB	% expenditure variation	TOTAL Expenditure for export of FB	% expenditure variation
BE	DE	218	930424.00	€ 28680960	2	220	€ 1,013,126.40	8.9%	€ 26159459	-8,79%	0	218	€ 930,424.00	0.0%	19845609	-30,8%
BE	ES	389	1660252.00		-15	374	€ 659,362.00	-60.3%			-15	374	€ 659,362.00	-60.3%		
BE	IE	13	€ 55,484.00		0	13	€ 43,719.00	-21.2%			0	13	€ 43,719.00	-21.2%		
BE	NL	3505	€ 14,959,340.00		125	3630	€ 21,190,488.00	41.7%			0	3505	€ 14,959,340.00	0.0%		
BE	PL	2259	€ 9,641,412.00		-65	2194	€ 3,195,692.64	-66.9%			-65	2194	€ 3,195,692.64	-66.9%		
BE	RO	336	€ 1,434,048.00		-14	322	€ 57,071.28	-96.0%			-14	322	€ 57,071.28	-96.0%		
DE	BE	543	€ 2,500,580.16	€ 160741713	-4	539	€ 2,300,452.00	-8.0%	€ 61220110	61,91%	-4	539	€ 2,300,452.00	-8.0%	56752347	-64,7%
DE	ES	647	€ 2,979,512.64		-28	619	€ 1,091,297.00	-63.4%			-28	619	€ 1,091,297.00	-63.4%		
DE	IE	35	€ 161,179.20		-1	34	€ 114,342.00	-29.1%			-1	34	€ 114,342.00	-29.1%		
DE	NL	3194	€ 14,708,753.28		91	3285	€ 19,176,516.00	30.4%			0	3194	€ 14,708,753.28	0.0%		
DE	PL	26901	€ 123,882,333.		-860	26041	€ 37,930,278.	-69.4%			-860	26041	€ 37,930,27	-69.4%		

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			12				96						8.96			
DE	RO	3585	€ 16,509,355.20		-159	3426	€ 607,224.24	-96.3%			-159	3426	€ 607,224.24	-96.3%		
ES	BE	0	€ -	€ 52890	0	0	€ -	#DIV/0!	€ 16554	68,70%	0	0	€ -	#DIV/0!	€ 10.870	-79,4%
ES	DE	2	€ 3,526.00		0	2	€ 9,210.24	161.2%			0	2	€ 3,526.00	0.0%		
ES	IE	0	€ -		0	0	€ -	#DIV/0!			0	0	€ -	#DIV/0!		
ES	NL	0	€ -		0	0	€ -	#DIV/0!			0	0	€ -	#DIV/0!		
ES	PL	2	€ 3,526.00		0	2	€ 2,913.12	-17.4%			0	2	€ 2,913.12	-17.4%		
ES	RO	26	€ 45,838.00		-1	25	€ 4,431.00	-90.3%			-1	25	€ 4,431.00	-90.3%		
IE	BE	4	€ 13,452.00	€ 10465656	0	4	€ 17,072.00	26.9%	€ 4453182	- 57,45%	0	4	€ 13,452.00	0.0%	€ 4.401.580	-57,9%
IE	DE	16	€ 53,808.00		0	16	€ 73,681.92	36.9%			0	16	€ 53,808.00	0.0%		
IE	ES	58	€ 195,054.00		-1	57	€ 100,491.00	-48.5%			-1	57	€ 100,491.00	-48.5%		
IE	NL	9	€ 30,267.00		1	10	€ 58,376.00	92.9%			0	9	€ 30,267.00	0.0%		
IE	PL	2932	€ 9,860,316.00		-57	2875	€ 4,187,610.00	-57.5%			-57	2875	€ 4,187,610.00	-57.5%		
IE	RO	93	€ 312,759.00		-3	90	€ 15,951.60	-94.9%			-3	90	€ 15,951.60	-94.9%		
NL	BE	5081	€ 29,660,845.60	€ 108818701,6	-170	4911	€ 20,960,148.00	-29.3%	€ 52296559	51,94%	-170	4911	€ 20,960,148.00	-29.3%	€ 52.296.559	-51,9%
NL	DE	4030	€ 23,525,528.00		-108	3922	€ 18,061,280.64	-23.2%			-108	3922	€ 18,061,280.64	-23.2%		
NL	ES	291	€ 1,698,741.60		-18	273	€ 481,299.00	-71.7%			-18	273	€ 481,299.00	-71.7%		
NL	IE	18	€ 105,076.80		-1	17	€ 57,171.00	-45.6%			-1	17	€ 57,171.00	-45.6%		
NL	PL	9131	€ 53,303,125.60		-397	8734	€ 12,721,595.04	-76.1%			-397	8734	€ 12,721,595.04	-76.1%		

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NL	RO	90	€ 525,384.00		-5	85	€ 15,065.40	-97.1%			-5	85	€ 15,065.40	-97.1%		
PL	BE	0	€ -		0	0	€ -	#DIV/0!			0	0	€ -	#DIV/0!		
PL	DE	0	€ -		0	0	€ -	#DIV/0!			0	0	€ -	#DIV/0!		
PL	ES	0	€ -		0	0	€ -	#DIV/0!			0	0	€ -	#DIV/0!		
PL	IE	0	€ -	-	0	0	€ -	#DIV/0!		%	0	0	€ -	#DIV/0!		
PL	NL	0	€ -		0	0	€ -	#DIV/0!			0	0	€ -	#DIV/0!		
PL	RO	0	€ -		0	0	€ -	#DIV/0!			0	0	€ -	#DIV/0!		
RO	BE	68	€ 12,052.32		6	74	€ 315,832.00	2520.5 %			0	68	€ 12,052.32	0.0%		
RO	DE	272	€ 48,209.28		26	298	€ 1,372,325.76	2746.6 %			0	272	€ 48,209.28	0.0%		
RO	ES	5320	€ 942,916.80	€ 1031359,56	185	5505	€ 9,705,315.00	929.3%	€ 11951515	1058,81 %	0	5320	€ 942,916.80	0.0%	€ 1.031.360	0,0%
RO	IE	97	€ 17,192.28		6	103	€ 346,389.00	1914.8 %			0	97	€ 17,192.28	0.0%		
RO	NL	23	€ 4,076.52		3	26	€ 151,777.60	3623.2 %			0	23	€ 4,076.52	0.0%		
RO	PL	39	€ 6,912.36		2	41	€ 59,876.08	766.2%			0	39	€ 6,912.36	0.0%		

Source: Eurostat (migr_imm5prv, migr_imm1ctz, earn_nt_net, web-based database); Pacolet et al. (2015).

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Table 3.2. Cost variation analysis. Detailed results of bilateral relations between selected MSs, policy option 4. One-earner married couples with two children at 100% of average earnings

		Status quo			Policy option 3			
Country of Residence	Country of origin	Export of FB	Expenditure for export of FB	TOTAL Expenditure for export of FB	Expenditure for export of FB (country of residence) POST policy	Expenditure for export of FB (country of origin) POST policy	TOTAL expenditure for export of FB (considering competence as country of residence and as country of origin) POST policy	% expenditure variation
BE	DE	218	€ 930,424.00	€ 28680960	€ -	€ 1,003,916.16	€ 33.022.276	15,1%
BE	ES	389	€ 1,660,252.00		€ 974,445.00	€ 685,807.00		
BE	IE	13	€ 55,484.00		€ 11,765.00	€ 43,719.00		
BE	NL	3505	€ 14,959,340.00		€ -	€ 20,460,788.00		
BE	PL	2259	€ 9,641,412.00		€ 6,351,042.96	€ 3,290,369.04		
BE	RO	336	€ 1,434,048.00		€ 1,374,495.36	€ 59,552.64		
DE	BE	543	€ 2,500,580.16	€ 160741713	€ 183,056.16	€ 2,317,524.00	€ 123.536.779	-23,1%
DE	ES	647	€ 2,979,512.64		€ 1,838,851.64	€ 1,140,661.00		
DE	IE	35	€ 161,179.20		€ 43,474.20	€ 117,705.00		
DE	NL	3194	€ 14,708,753.28		€ -	€ 18,645,294.40		
DE	PL	26901	€ 123,882,333.12		€ 84,699,412.56	€ 39,182,920.56		
DE	RO	3585	€ 16,509,355.20		€ 15,873,949.80	€ 635,405.40		
ES	BE	0	€ -	€ 52890	€ -	€ -	€ 11.862.758	22329,1%
ES	DE	2	€ 3,526.00		€ -	€ 9,210.24		
ES	IE	0	€ -		€ -	€ -		
ES	NL	0	€ -		€ -	€ -		

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ES	PL	2	€ 3,526.00		€ 612.88	€ 2,913.12		
ES	RO	26	€ 45,838.00		€ 41,229.76	€ 4,608.24		
IE	BE	4	€ 13,452.00		€ -	€ 17,072.00		
IE	DE	16	€ 53,808.00		€ -	€ 73,681.92		
IE	ES	58	€ 195,054.00	€ 10465656	€ 92,800.00	€ 102,254.00	€ 6.526.927	-37,6%
IE	NL	9	€ 30,267.00		€ -	€ 52,538.40		
IE	PL	2932	€ 9,860,316.00		€ 5,589,682.08	€ 4,270,633.92		
IE	RO	93	€ 312,759.00		€ 296,275.68	€ 16,483.32		
NL	BE	5081	€ 29,660,845.60		€ 7,975,137.60	€ 21,685,708.00		
NL	DE	4030	€ 23,525,528.00		€ 4,966,894.40	€ 18,558,633.60		
NL	ES	291	€ 1,698,741.60	€ 108818701,6	€ 1,185,708.60	€ 513,033.00	€ 93.977.878	-13,6%
NL	IE	18	€ 105,076.80		€ 44,542.80	€ 60,534.00		
NL	PL	9131	€ 53,303,125.60		€ 40,003,276.24	€ 13,299,849.36		
NL	RO	90	€ 525,384.00		€ 509,432.40	€ 15,951.60		
PL	BE	0	€ -		€ -	€ -		
PL	DE	0	€ -		€ -	€ -		
PL	ES	0	€ -	-	€ -	€ -	€ 60.103.492	
PL	IE	0	€ -		€ -	€ -		
PL	NL	0	€ -		€ -	€ -		
PL	RO	0	€ -		€ -	€ -		
RO	BE	68	€ 12,052.32	€ 1031359,56	€ -	€ 290,224.00	€ 732.001	-29,0%
RO	DE	272	€ 48,209.28		€ -	€ 1,252,592.64		

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RO	ES	5320	€ 942,916.80		€ -	€ 9,379,160.00		
RO	IE	97	€ 17,192.28		€ -	€ 326,211.00		
RO	NL	23	€ 4,076.52		€ -	€ 134,264.80		
RO	PL	39	€ 6,912.36		€ -	€ 56,805.84		

Source: Eurostat (migr_imm5prv, migr_imm1ctz, earn_nt_net, web-based database); Pacolet et al. (2015).

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Annex 4 – Extension of results to EU-28 countries

The purpose of the simulation is to estimate the secondary effects of the potential implementation of the policy options on the bilateral relations between the 7 selected MS. Results for each pair of countries are essentially driven by the country-specific figures on migration flows, average levels of family benefits and income differentials with the other countries.

For each of the 7 selected countries, table 4.1 offers elements for an indicative extension of the results observed.
Underneath the selected countries, in the first column, the income differential is computed by dividing the expected income values of the row countries (inclusive of the average level of family benefits) by the expected income values of the column countries. In analogy with par. 2.4.1, expected incomes are computed according to the formula:

$$Income = avg_earnings + avg_FB$$

The second column reports the quota of EU-mobile citizens coming from the row countries on the total of EU-mobile citizens in the column country. In analogy with par. 3.1, we report flow values.
When row countries that are not part of the case study show similar values in both variables to those row countries that are part of the 7 countries selected for the analysis, we can predict a similar response to the implementation of the policy options and a similar impact on the countries in column. Italy, for instance, has values similar to Spain, when related to Belgium or Germany. The income differential is indicative of the response to the policy options, the quota of mobile citizens on the total is indicative of the impact that the population moving from the given row country will have on the column country. For example, EU-mobile citizens coming from Lithuania and Latvia, when reacting to the policy options implemented, can be predicted to act similarly to mobile citizens coming from Poland (similar income differentials). Because the formers constitute a much smaller quota of the total EU-mobile citizens that move to Belgium in the baseline scenario (0.3% and 0.4% from Latvia and Lithuania respectively, against 10.3% from Poland), the impact on Belgium will be less relevant.
The extension of results proposed is to be intended as indicative. An estimation in line with the methodology proposed would have to account for the number of individuals entitled to family benefits (as well as the country of residence of their children) and separately (not only as part of the 'expected income') account for the level of family benefits in the different countries.

Table 4.1. Income differential and distribution of EU-mobile citizens. Selected countries and EU-28 MS

	Belgium		Germany		Ireland		Spain		Netherlands		Poland		Romania	
	income difference	% mobile citizens	income difference	% mobile citizens	income difference	% mobile citizens	income difference	% mobile citizens	income difference	% mobile citizens	income difference	% mobile citizens	income difference	% mobile citizens
Austria	-4.9%	0.4%	-5.4%	4.2%	2.9%	0.6%	59.1%	0.7%	-10.9%	0.9%	298.3%	2.5%	722.4%	0.2%
Belgium	:	:	-0.5%	1.1%	8.2%	1.4%	67.2%	3.5%	-6.3%	11.2%	318.7%	1.2%	764.4%	0.6%

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Bulgaria	:	4.4%	:	5.9%	:	0.5%	:	4.9%	:	3.7%	:	0.2%	:	6.3%
Croatia	-72.9%	0.4%	-73.0%	2.2%	-70.7%	0.1%	-54.6%	0.2%	-74.6%	0.4%	13.6%	0.1%	134.5%	1.6%
Cyprus	:	0.2%	:	0.1%	:	0.3%	:	0.1%	:	0.2%	:	0.1%	:	0.0%
Czech Republic	-65.7%	0.6%	-65.9%	1.8%	-62.9%	1.2%	-42.6%	0.6%	-67.9%	0.8%	43.7%	0.4%	196.7%	2.3%
Denmark	:	0.3%	:	0.8%	:	0.8%	:	0.8%	:	0.8%	:	0.6%	:	0.1%
Estonia	-71.5%	0.2%	-71.7%	0.2%	-69.2%	0.4%	-52.4%	0.3%	-73.3%	0.3%	19.2%	0.0%	146.1%	0.1%
Finland	:	0.3%	:	0.5%	:	0.6%	:	0.9%	:	0.6%	:	0.1%	:	0.0%
France	:	21.7%	:	4.9%	:	8.1%	:	10.3%	:	5.0%	:	3.7%	:	2.4%
Germany	0.5%	4.5%	:	:	8.7%	6.1%	68.1%	9.0%	-5.8%	14.6%	320.9%	36.9%	769.0%	1.3%
Greece	-54.9%	1.9%	-55.1%	2.3%	-51.2%	0.5%	-24.6%	0.7%	-57.8%	3.8%	88.9%	1.0%	289.9%	0.7%
Hungary	:	1.1%	:	6.4%	:	2.3%	:	0.9%	:	2.9%	:	0.1%	:	2.1%
Ireland	-7.5%	0.5%	-8.0%	0.5%	:	:	54.6%	1.6%	-13.4%	1.0%	287.1%	5.6%	699.2%	1.4%
Italy	-36.0%	7.5%	-36.4%	5.6%	-30.8%	4.1%	7.0%	12.3%	-40.1%	4.9%	167.8%	3.9%	453.0%	56.3%
Latvia	-79.7%	0.3%	-79.8%	0.5%	-78.0%	4.0%	-66.0%	0.4%	-81.0%	0.9%	-14.8%	0.0%	75.8%	0.6%
Lithuania	-82.9%	0.4%	-82.9%	0.9%	-81.5%	5.8%	-71.3%	0.7%	-83.9%	1.2%	-28.2%	0.2%	48.2%	1.6%
Luxembourg	49.3%	2.0%	48.5%	0.9%	61.5%	0.2%	149.7%	0.1%	39.9%	0.3%	525.2%	0.1%	1190.7%	0.0%
Malta	-52.7%	0.1%	-53.0%	0.0%	-48.8%	0.2%	-20.9%	0.0%	-55.7%	0.1%	98.0%	0.0%	308.8%	0.0%
Netherlands	6.8%	13.3%	6.2%	3.6%	15.5%	2.2%	78.6%	3.4%	:	:	347.0%	2.7%	822.9%	0.9%
Poland	-76.1%	10.3%	-76.2%	32.7%	-74.2%	13.6%	-60.1%	2.5%	-77.6%	22.1%	:	:	106.5%	6.6%
Portugal	-59.1%	4.9%	-59.3%	1.6%	-55.8%	1.0%	-31.6%	5.1%	-61.7%	2.9%	71.3%	0.1%	253.6%	2.3%
Romania	-88.4%	10.6%	-88.5%	11.9%	-87.5%	3.8%	-80.7%	22.2%	-89.2%	2.4%	-51.6%	0.1%	:	:
Slovakia	:	0.8%	:	2.2%	:	1.5%	:	0.4%	:	0.8%	:	0.1%	:	0.5%
Slovenia	-53.3%	0.2%	-53.5%	0.3%	-49.5%	0.1%	-21.9%	0.2%	-56.2%	0.2%	95.6%	0.0%	303.8%	0.1%
Spain	-40.2%	9.6%	-40.5%	4.3%	-35.3%	8.4%	:	:	-44.0%	8.4%	150.3%	2.0%	416.9%	7.0%
Sweden	:	0.5%	:	0.8%	:	1.4%	:	1.7%	:	1.3%	:	1.5%	:	0.6%
United Kingdom	:	3.2%	:	3.8%	:	30.8%	:	16.4%	:	8.6%	:	36.9%	:	4.5%

Source: for income differentials, net earnings of one-earner couples with two children at 100% of the average wage (2013), Eurostat (earn_nt_net); average family benefits, Pacolet (June 2015, table 3). For % mobile citizens, we are considering countries of last residence as 'senders', Eurostat (2013 or latest available, migr_imm5prv). For lack of data, for Romania countries of nationality are assumed as 'senders', Eurostat (2013, migr_imm1ctz)[210].

[210] See note 39.

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ANNEXE XIX: Brodolini Report secondary effects unemployment benefits

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Task 4:

Secondary effects following a change of regulations on the aggregation of periods or salaries for unemployment benefits

Study to analyse and assess the impacts of policy options for a possible EU initiative in the area of coordination of social security schemes, in particular with regard to the revision of the current EU provisions on the entitlement to unemployment benefits

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Tender prepared under the lead of Fondazione Giacomo Brodolini on behalf of the consortium, under the Framework Contract: “Provision of services related to evaluation, evaluative studies, analysis and research work, including support for impact assessment activities” YT/2013/119 – Lot 2

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Directorate-General for Employment, Social Affairs and Inclusion

Directorate B — Employment and Social Legislation, Social Dialogue

Unit B.4 — Free Movement of Workers and Coordination of Social Security Schemes

European Commission
B-1049 Brussels

Task 4:

Secondary effects following a change of regulations on the aggregation of periods or salaries for unemployment benefits

Study to analyse and assess the impacts of policy options for a possible EU initiative in the area of coordination of social security schemes, in particular with regard to the revision of the current EU provisions on the entitlement to unemployment benefits

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Executive Summary

The background for this report are the current considerations with respect to changing the EU provisions relating the coordination of social security systems specifies in Article 61 of Regulation (EC) No 883/2004. Article 61 defines the principle of aggregation, which means that - if a person does not have a sufficiently long unemployment benefit insurance record in the Member State of “last” employment, then activity/insurance periods fulfilled in the Member State of "previous" employment would qualify and give the right to aggregate unemployment benefits between Member States.

Most Member States apply the principle of aggregation after one day of insurance[211]. This may lead to cases where unemployment benefits are being claimed after a very short period of being member of the insurance system in the Member State of "last" employment. It has therefore been questioned whether the current rules sufficiently ensure that a worker has an effective link to the given labour market and the related insurance system before claiming unemployment benefits there. Amendments to the current rules are therefore being considered to ensure a uniform application of the principle of aggregation across Member States. The aim is to avoid that payment of unemployment benefits across Member States give rise to situations where mobile EU-workers have not yet made a significant contribution to the insurance system in the Member State of "last" employment and avoid negative financial consequences for the Member States, which have to pay the benefits. The considered revisions are:

- Policy option 2a: A threshold of **one month** of insurance or (self-)employment needs to be completed in the Member State of last employment before aggregation of periods of insurance, employment or self-employment fulfilled in a Member State of previous employment can be applied. The MS of previous employment is responsible for paying the UB for workers who do not meet the threshold.

- Policy option 2b: A threshold of **three months** of insurance or (self-)employment needs to be completed in the Member State of last employment before aggregation of periods of insurance, employment or self-employment fulfilled in a Member State of previous employment can be applied. The MS of previous employment is responsible for paying the UB for workers who do not meet the threshold.

Because the specification that mobile workers would have the possibility to claim benefits if they moved back to the country of previous employment was included late during the assessment process, the quantitative results presented in this report do not consider it. If individuals do not meet the threshold, they are expected to not be entitled to any benefit.
Qualitative assessments that take into account the mentioned specification are provided.

[211] When building the status quo scenario, we are assuming that all countries have implemented the one day rule.

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- Policy option 3a: The salary earned in the Member State of previous employment is also taken into account for the calculation of the unemployment benefit by the Member State of last employment, if less than **one month** of insurance or (self-)employment is completed in the Member State of last employment.

- Policy option 3b: The salary earned in the Member State of previous employment is also taken into account for the calculation of the unemployment benefit by the Member State of last employment, if less than **three months** of insurance or (self-)employment is completed in the Member State of last employment.

On this background, the present study aims to estimate the envisaged secondary effects derived by the proposed modification of the current EU regulation on the aggregation of periods or salaries for unemployment benefits. The analysis focuses on the effects that the proposed possible revision may generate in terms of labour mobility, migration patterns and related variation of costs generated.

The simulation tool developed for this study aims at translating the implications of the policy options into expected income changes. Assuming a connection between income differentials and the propensity to move among EU countries, variations in overall migration flows and in the dimension of the target population – comprised within said migration flows – are estimated. Finally, taking into account both the variation in the number of cases and the different computation rules for the benefits, we give an estimate of the change in expenditure for the aggregation of periods or salaries for unemployment benefits for the selected countries.

As best representative of the target population, we chose single individuals without children at 100% of the average wage. This choice is first of all derived from the consideration that unemployment benefits are provided to individuals; also, the target population is composed of individuals who have only been working in their country of residence for a short time. We assume that this type of short-term mobility (possibly linked to short-term contracts) is more suitable to single individuals rather than families.

The countries proposed for the analysis as case studies are Denmark, Germany, France, Poland, Romania, the Netherlands, Italy and the UK. The proposed countries are chosen as geographically spread across the EU as well as differentiated in the welfare systems. They include countries that are mainly attracting EU mobile workers (DK; DE; NL; UK) from other member states as well as those that see many workers leave (PL; RO) but also countries within the middle ground (FR; IT).

Section 3 provides a description of the virtual status quo year which represents a pre-policy option scenario, against which the possible secondary effects are estimated and evaluated. This section provides figures of mobility flows, computed as the averages of the most recent values of annual mobility flows among the 8 selected countries. The section provides also the average values of the unemployment benefits as well as the estimated aggregate expenditure devoted to aggregation of periods or salaries for unemployment benefits computed in relation to the target population identified in the virtual status quo year. The number of potential cases of aggregation of periods or salaries for unemployment benefits (target population) is computed by multiplying the

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status quo mobility flow registered from a given sending country to a given receiving country with the ratio of unemployed non-national EU28+EFTA individuals on the total number of non-national EU28+EFTA individuals in the given receiving country.

Section 4 reports the variation of mobility patterns between the selected MS according to the policy options proposed, assessed in relation to the status quo scenario. Results generally show mild reductions in overall migration flows attributable to the potential implementation of the policy options. Decreases are stronger when policy option 2 is implemented, especially 2b, since a rather relevant quota of the target population is excluded by the entitlement to unemployment benefits, which reduces the incentive to move. The disincentives to move would be reduced if potential movers were to consider the possibility to obtain welfare coverage if they moved back to the country of previous employment.

When option 3 is implemented, much smaller changes are observed. Policy option 2 also results in an important reduction of EU mobile citizens eligible for the aggregation of periods or salaries for the purpose of receiving unemployment benefits. For policy option 3, variations in the target population are limited to those produced by the changes in overall migration flows, since this option does not reduce the population eligible to unemployment benefits.

For what concerns expenditure changes generated by policy options and mobility changes - presented in section 5 -, because policy option 2 excludes quite a large share of individuals from the entitlement to unemployment benefits, all countries experience a high decrease in the relevant chapter of expenditure (more so in the case of policy option 2b). Lower savings are observed when policy option 3 is implemented. Because the computation of benefits has to take into account salaries earned in the country of previous residence, Poland and Romania see their expenditure grow by a wide margin when option 3 is realised. In both policy option 2 and 3, most of the expenditure variation is imputable to changes in entitlement and computation rules, while the behavioral change in mobility flows accounts for only a limited share of the cost variations. As much as the percentages may reach high values, variations shown in absolute terms and as ratios of GDP confirm the little relevance for national budgets of the expenditure on unemployment benefits that require aggregation of periods or salaries.

Comparing the obtained results with the administrative data provided by a parallel study conducted by the HIVA Research Institute for Work and Society (Pacolet, 2015), it appears that for most of the countries our estimate of the potential target population in the ‘status-quo’ scenario represents an upper bound. EU mobile citizens seem to have lower take up of unemployment benefits than natives. The dimensions of the phenomenon analysed and of the expenditure figures are therefore even smaller than what has appeared in the present study.

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5. Introduction

The right to unemployment benefits in all Member States depends on having fulfilled a qualifying period. Regulation (EC) No 883/2004 (April 29th 2004) on the coordination of social security systems specifies the principle of aggregation (Article 61): if a person does not have a sufficiently long unemployment benefit insurance record in the last Member State of activity/insurance (hereinafter 'the Member State of last employment), periods fulfilled in another Member State (hereinafter 'the Member State of previous employment') can be added together.

Most Member States apply the principle of aggregation after one day of insurance[212]. This may lead to cases where unemployment benefits are claimed after a very short period of contribution to the insurance system of the Member State of last employment. It has therefore been questioned whether the current rules sufficiently ensure that a worker has an effective link to the given labour market and the related insurance system before claiming unemployment benefits there, either in terms of the length of the insurance periods fulfilled or in terms of the calculation basis for the unemployment benefits. Furthermore, claiming benefits after a short period of insurance or (self-)employment may have negative financial consequences for the Member States which have to pay the benefits.

Amendments to the current rules are therefore being considered to ensure uniform application of the principle of aggregation across Member States. This in order to ensure that the payment of unemployment benefits does not burden countries where mobile EU-workers have not yet made a significant contribution to the insurance system and more in general to avoid undesirable uses of the unemployment benefit insurance systems in the EU.

On this background, we look in the present study into the following possible revisions to Regulation (EC) No 883/2004:

- Policy option 2a: A threshold of **one month** of insurance or (self-)employment needs to be completed in the Member State of last employment before aggregation of periods of insurance, employment or self-employment fulfilled in a Member State of previous employment can be applied. The MS of previous employment is responsible for paying the UB for workers who do not meet the threshold.

- Policy option 2b: A threshold of **three months** of insurance or (self-)employment needs to be completed in the Member State of last employment before aggregation of periods of insurance, employment or self-employment fulfilled in a Member State of previous employment can be applied. The MS of previous employment is responsible for paying the UB for workers who do not meet the threshold.

[212] When building the status quo scenario, we are assuming that all countries have implemented the one day rule.

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Because the specification that mobile workers would have the possibility to claim benefits if they moved back to the country of previous employment was included late during the assessment process, the quantitative results presented in this report do not consider it. If individuals do not meet the threshold, they are expected to not be entitled to any benefit.
Qualitative assessments that take into account the mentioned specification are provided in par. 4.1 and 5.1.

- Policy option 3a: The salary earned in the Member State of previous employment is also taken into account for the calculation of the unemployment benefit by the Member State of last employment, if less than **one month** of insurance or (self-)employment is completed in the Member State of last employment.

- Policy option 3b: The salary earned in the Member State of previous employment is also taken into account for the calculation of the unemployment benefit by the Member State of last employment, if less than **three months** of insurance or (self-)employment is completed in the Member State of last employment.

Such revisions may affect the behaviour of the mobile EU-workers and their families, the amounts of unemployment benefits paid and entitlement to them, and the administrative costs and procedures needed to handle the cases of aggregation of unemployment benefit. In this context, the report focuses on the secondary effects that the revision of the current regulation of aggregation of periods or salaries for unemployment benefits generates in terms of intra-EU mobility for the population potentially interested by the regulation change. The study aims also to estimate the changes that would occur in the expenditure for unemployment benefits.

As described further below, intra-EU mobility is quite difficult to measure. Therefore, the study assumes different sources of data, among which a study on the aggregation of period for unemployment[213], which provides detailed data for a proper estimation of the possible secondary effects related to the amendments to the current regulations. The administrative data collected by this study, however, does not provide figures on the aggregation of unemployment benefits for all the 28 Member States. Additionally, This study is based on a limited number of Member States chosen in relation to their different characteristics in terms of social security schemes and migration flows. Hence, the analysis proposed in this report focus on eight case study Member States: Germany, Denmark, France, the Netherlands, Italy, Poland, Romania, and the UK.

[213] PACOLET, J. and DE WISPELAERE, F., Aggregation of periods for unemployment, Network Statistics FMSSFE, European Commission, June 2015, 18 p.

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6. Methodology

6.1. General approach

The aim of the report is to provide support to considerations on the overall long-term effects of the proposed changes to the current rules on the aggregation of periods or salaries for unemployment benefits, in terms of labour mobility, migration patterns and related variation of costs generated. Evaluating the policy options in terms of pull factors for individual and household mobility it is possible to estimate the potential impact of the policy changes at the national level, providing a tool for comparing the options

- against the status quo scenario;
- against each other.

The output will consist of a definition of different final scenarios for each policy option and for each selected Member State (MS), with the impacts of the potential policy changes being estimated in terms of intra-EU mobility and cost variation. The analysis of the possible secondary effects provides for each policy option the following estimates:

- estimation on the change of inflows and outflows of EU citizens (and consequently of the potential target population[214]);
- estimation on the variation of expenditure for unemployment benefits that require aggregation of periods or salaries paid to EU mobile workers.

It is important to draw a distinction between **direct secondary effects** that are potential outputs of a viable model in the present context and **indirect consequences** of all changes that can propagate throughout the economic and social system of a country and the EU.

In the framework of the study we focus on the impact of any changes on the mobility decisions of workers in the EU and on cost changes for unemployment expenditures (specifically in our 8 countries). In order to identify secondary effects, we will have to restrict the analysis to the impact on the specific branch of the social security system attributable to changes in the unemployment benefits paid to EU mobile workers that resort to the aggregation of periods or salaries. This will inevitably yield an incomplete picture, as we will disregard potential effects on other areas, e.g. on the levels of contributions and/or taxes paid or on the variation in other cost elements, e.g. health and care expenditure[215], which are beyond the scope of the study.
We must also stress that the implied changes in the level of expenditure are indicative, since they are based on the assumptions made for the definition of a representative category of population, from which we extract the population interested to the aggregation of periods or salaries in order to claim unemployment benefits (see par. 3.1).

[214] By 'target population', we hereby refer to individuals who need to aggregate periods or salaries in order to claim unemployment benefits.
[215] Due to the available data for the specific categories of population analysed, secondary effects on other area or on other expenditure issues cannot be estimated.

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A quantitative assessment of the exact variation in the number of mobile workers and families as well as an exact definition of the cost changes are beyond the scope of this study. Rather, we suggest reading the estimation of the secondary effects as indicative of the direction and the general magnitude of the variation generated by the implementation of the different policy options.

6.2. Data and data limitation

In order to provide information on how changes in the regulation of aggregation of periods or salaries for unemployment benefits can influence the decision to move, different sources of data are needed. The main surveys that provide micro data on individual and family condition, employment situation, social benefits and services received are the European Union Statistics on Income and Living Conditions (EU-SILC) and, to a lesser degree, the European Union Labour Force Survey (EU-LFS). In order to supplement and validate the analysis of EU-LFS and EU-SILC surveys, additional datasets of the Eurostat database on migration statistics are used with the aim of defining the bilateral migration flow between the 8 selected countries. Eurostat data allow identifying the average inflow and outflow of EU mobile citizens for each pair of countries. These data represent the starting point on which to assess the variation of mobility patterns generated by each policy option. Considering that intra-EU mobility in general is considered difficult to measure[216], and that the current analysis focuses on a target population even more difficult to measure (unemployed EU mobile citizens which have worked for a limited period after entering the receiving country), we also make use of the data gathered by the parallel study carried out by the HIVA Research Institute for Work and Society of KU Leuven[217].

6.3. Literature review

While there are many aspects that drive migration and mobility decisions, we will focus in the following on a broad overview on the literature of economic drivers. Other factors such as institutions, language barriers, religion or distance will at most be discussed briefly. As the main change in the policy simulated is an economic one, while other factors remain constant, our focus reflects the focus of the simulation exercise. Further changes to other factors are also likely to take place in the future, but are not taken into account in the simulation exercise as we solemnly want to identify the effect of the specific policy changes.

In *The Theory of Wages*, Hicks[218] argues that the main causes of migration are differences in wages. To this day, all economic studies of migration decisions employ Hicks' considerations as the general conjecture on which more sophisticated arguments are built about the influence of various other factors. These economic factors are used for internal, i.e. within country, mobility just as much as for cross-country mobility. Migration is in this context seen as an investment into human capital, yielding potentially higher income in the receiving country than in the sending country (Sjaastad, 1962).

[216] Canetta, E., Fries-Tersch, E. and Mabilia-Milieu, V. 2014 Annual report on labour mobility (October 2014). Available at http://ec.europa.eu/social/contentAdmin/BlobServlet?docId=13484&langId=en. EU Employment and Social Situation. Recent trends in the geographical mobility of workers in the EU – Quarterly Review (June 2014). Available at http://ec.europa.eu/social/BlobServlet?docId=11945&langId=en.
[217] Pacolet, J. and De Wispelaere, F. (2015).
[218] Hicks, John R. (1932). The Theory of Wages. London: Macmillan

Borjas[219] has formulated this into an inter-temporal choice to the general evaluation of income differences. The migration decision is based on income differences between home (sending) and foreign (receiving) country, individual preferences for specific countries (which can be specified by a separate factor, or attributed in relation to the cost of moving) and the cost of moving:

$$d = (income_foreign - income_home) - z_i - c$$

as specified in Hatton and Williamson[220]. Where *d* is the decision to migrate. When *d>0*, an individual is assumed to migrate, or in other words, as long as the income difference outweighs the cost of moving (*c*) and the individual's compensating differential (*z_i*), he/she will move.

The role of unemployment in determining the income is introduced in Harris and Todaro[221] for the rural-to-urban mobility. Harris and Todaro provide the basis for the assumption that migration decisions are likely to be based on expected income, by that meaning a combination of the expected salary and the income that one may receive as unemployed. Both are weighted by the respective probabilities.

The new economics of labour migration emphasizes the importance of families or households in the decision to migrate. Rather than taking an isolated, individual decision, it is argued that the unit of interest might in many cases be the household[222]. We take this into account in the evaluation of family benefits which is usually paid to the household, whereas the evaluation of the impact of unemployment benefits will be more individualistic.

Employing wage or income differentials as an explanation of mobility behaviour seems to be at odds with low mobility in the European Union, which largely diminished legal and institutional obstacles to the free movement of workers. Wages in the past have had only a weak influence on migration flows, e.g., Braunerhjelm et al.[223] find that mobility levels were not increasing despite a widening gap in income differentials and unemployment levels. In contrast to this, Bentivogli and Pagano[224] (1999) note that the US labour market shows much stronger reaction to income differentials than the EU. More recent evidence, however, shows that mobility takes on stronger roles in solving imbalances. Probably through the abolishment of inhibitions to mobility within the European Union, market forces such as wage differences allow to solve shocks to

219 Borjas, G. J. (2014). Immigration economics. Harvard University Press.

220 Hatton, T. J., & Williamson, J. G. (2002). What fundamentals drive world migration? (No. w9159). National Bureau of Economic Research

221 Harris, J. R., & Todaro, M. P. (1970). Migration, unemployment and development: a two-sector analysis. The American economic review, 126-142.

222 Stark, O., Bloom, D. E. (1985). The new economics of labor migration. The American Economic Review, 173-178; Mincer, J. (1978). Family migration decisions. Journal of Political Economy, 86, 749-773; Nivalainen, S. (2004). Determinants of family migration: short moves vs. long moves. Journal of Population Economics, 17(1), 157-175.

223 Braunerhjelm, P., Faini, R., Norman, V., Ruane, F., & Seabright, P. (2000). Integration and the regions of Europe: how the right policies can prevent polarization. Monitoring European integration 10. CEPR, London.

224 Bentivogli, C., & Pagano, P. (1999). Regional Disparities and Labour Mobility: the Euro-11 versus the USA. Labour, 13(3), 737-760.

labour markets by regional mobility. For example, Arpaia et al.[225] (2014) show in their study that regional labour market mobility can adjust for about 25% within a year of the shock that affects a specific region, thus the regional mobility – which explicitly includes mobility across national borders – plays an important role in resolving labour market imbalances. Beyer and Smets[226] (2015) corroborate those findings by showing that regional labour market mobility can adjust for about 25% within a year of the shock that affects a specific region. The VAR framework used in both studies was developed in Blanchard and Katz[227] (1992).

The overall economic effect of migration can be subsumed into three separate elements. The economic effects of migration include the ability of mobile workers and migrants to blend in or 'assimilate' into the labour market, the economic impact on the labour market and the impact on the social security system of the country, both as contributors and recipients of benefits (Kerr & Kerr, 2011). The current study deals mainly with the third effect.

Measurement of the success of mobile workers is difficult, as most datasets cannot overcome the problem of selectivity of results through re-migration. E.g. Edin et al[228] (2000) found that 30-40% of the immigrants to Sweden had left the country within five years. These re-migrants were usually less assimilated than the group of migrants staying longer. Similar patterns can also be found in other countries (e.g. Germany as reported in Constant and Massey, 2003; and Bellemare, 2007[229]). The literature shows clear differences in the success of migrants (as measured by e.g. earnings assimilation, unemployment, or culture integration) in mobility from within the EU and migration from outside of the EU (mostly developing countries). Overall, those migrants that remain in the country exhibit earnings assimilation to the natives (Aslund and Rooth[230], 2007).

The country of origin seems to be the most important explanatory variable for the gaps observed between the employment rates of immigrants and those of the locals. For Sweden, Nekby (2002) reports 30-32% lower employment rates in 1990-2000, while Ekberg (1991) reports -17% for a single year (1989). For Finland, Sarvimäki[231] (2011) reports 9 – 18% lower employment levels for migrants from OECD countries. For the Netherlands, Rooddenburg et al.[232] (2003) find 4% lower employment rates for migrants from Western countries, versus 18% lower employment rates for

[225] Apaia, A.; Kiss, A.; Palvolgyi, B.; Turrini, A. (2014): Labour mobility and labour market adjustment in the EU, Economic Papers 539, European Commission.

[226] Beyer, R.C.M. & Smets, F. (2015): Labour market adjustements in Europe and the US: How different?, European Central Bank, Working Paper 1767.

[227] Blanchard, O. & Katz, L.F. (1992): Regional evolutions, Brookings Papers on Economic Activity 1, 1-75.

[228] Edin P-A., Fredriksson P., Aslund O. (2000), Emigration of immigratns and measures of immigrant assimilation: Evidence from Sweden, Swedish Economic Policy Review, 7, 163-204.

[229] Constant A. & Massey D. (2003) Self-slection, earnings, and out-migratin: a longitudianl study of immigrants to Germany, Journal of Population Economics, 16, 631-653. Bellemare, C. (2007). A life-cycle model of outmigration and economic assimilation of immigrants in Germany. European Economic Review, 51(3), 553-576.

[230] Åslund, O., & Rooth, D. O. (2007). Do when and where matter? initial labour market conditions and immigrant earnings. *The Economic Journal*, *117*(518), 422-448.

[231] Sarvimäki, M. (2011). Assimilation to a Welfare State: Labor Market Performance and Use of Social Benefits by Immigrants to Finland*. The Scandinavian Journal of Economics, 113(3), 665-688.

[232] Roodenburg, H. J., Euwals, R., & ter Rele, H. (2003). Immigration and the Dutch economy (Vol. 26). The Hague: CPB.

migrants from non-Western countries. Overall Kerr and Kerr[233] (2011) conclude that "[…] the mechanisms of wage and employment assimilation are poorly understood. Immigrants may face various obstacles to employment, including issues with the recognition of educational degrees, lack of language skills, poor professional connections or networks, and regulations that prevent them from working legally."

A crucial determinant of the economic impact of immigration on the host country is the net amount of welfare services and other social benefits that immigrants consume or contribute. The net amount has to be calculated based on the contribution minus the benefits paid. The importance of the welfare receipts is discussed in the literature both from the angle of 'net costs' of migrants and in terms of the attractiveness of a country through its welfare system. Borjas[234] (1999) and others have discussed possible "welfare magnet effects" where migrants are drawn to countries with high social benefits. Kerr & Kerr (2011, p. 17) conclude that this is likely to be more important in the EU countries as immigrants in most European countries rely more on social security and unemployment benefits relative to natives in the US or Canada. The importance of the welfare generosity is taken on in Giulietti et al.[235]. In estimating the (macro-economic) relation between (national) welfare spending and migration flow, they find, however, no evidence that workers' mobility within the EU responds to unemployment benefit incentives. Using the EU Household Panel study, De Giorgi & Pellizari[236] (2009) find a significant, albeit small, effect of the generosity of welfare on (individual) migration decisions. This effect, however, is still large enough to influence the distribution of migration flows. It is, however, also the case that mobile EU workers tend to have on average lower uptake of benefits than nationals[237].

The studies that address the concept net costs of migration into a country, i.e. the contribution of migrant minus their uptake in social benefits and public expenditure find mixed evidence. Büchel and Frick[238] (2003) conclude that immigrants in Germany are on average net payers to the social security system. Boeri[239] (2010) using EU-SILC for the core EU15 countries concludes that there is no evidence that legal migrants, notably skilled migrants, are net recipients of transfers from the state. However, there is evidence of 'residual dependency' on non-contributory transfers and self-selection of unskilled migrants in the countries with the most generous welfare states. Hansen and Lofstrom[240] (2003) investigated the causes of greater welfare reliance by immigrants to Sweden. They concluded that recent immigrants used relatively more social security than they did in 1980s. This is due to a change in the composition and volume of the migration flows, while observable traits do not explain the gap in welfare take-up, implying that there are unobserved differences or

[233] Kerr, S. P., & Kerr, W. R. (2011). Economic impacts of immigration: A survey (No. w16736). National Bureau of Economic Research.
[234] Borjas, G. J. (1999). Immigration and welfare magnets. Journal of labor economics, 17(4), 607-637.
[235] Giulietti, C., Guzi, M., Kahanec, M., & Zimmermann, K. F. (2013). Unemployment benefits and immigration: evidence from the EU. International Journal of Manpower, 34(1), 24-38.
[236] De Giorgi, G., & Pellizzari, M. (2009). Welfare migration in Europe. Labour Economics, 16(4), 353-363.
[237] Social situation monitor, *Access of mobile EU citizens to social protection*, Research note No 10/2013, available at http://ec.europa.eu/social/BlobServlet?docId=11568&langId=en.
[238] Büchel, F., & Frick, J. R. (2004). Immigrants in the UK and in West Germany–Relative income position, income portfolio, and redistribution effects. Journal of population Economics, 17(3), 553-581.
[239] Boeri, T. (2010). Immigration to the Land of Redistribution. Economica, 77(308), 651-687.
[240] Hansen, J., & Lofstrom, M. (2003). Immigrant Assimilation and Welfare Participation Do Immigrants Assimilate Into or Out of Welfare?. Journal of Human Resources, 38(1), 74-98.

selectivity. Büchel & Frick[241] (2005) emphasized the heterogeneity of the European situation in migration decisions. However, examining migration flows and controlling for immigrant characteristics did not dramatically change this EU heterogeneity. The higher benefit usage thus results more from policy and institutional differences across countries than the characteristics of migrants themselves. They conclude that limitations and restrictions to participate or access relevant parts of the labour market can be a limiting factor in the economic condition of migrants. Overall, this conclusion from 2005 should become less important at EU level, as limiting factors diminished.[242]

Overall, we can conclude that, while economic factors by themselves seem to bear little explanatory value to the variation of size of mobility across countries in the EU. Taking into account non-economic factors yields the expected outcomes: correcting for cultural differences such as the language and cultural distance between countries, as in Belot and Ederveen[243] and Sprenger[244], economic factors do play an important role in explaining migration flows. Over time, economic differences across regions seem to have increased in their explanatory power towards migration flows.

6.4. Simulation approach

The simulations presented aim at translating the implications of the policy options into expected income changes. Assuming a connection between income differentials and the propensity to move among EU countries, variations in overall migration flows and in the dimension of the target population – comprised within said migration flows – are estimated. Finally, taking into account both the variation in the number of cases and the different computation rules for the benefits, we give an estimate of the change in expenditure for the aggregation of periods or salaries for unemployment benefits for the selected countries.

The status quo scenario is built on a virtual 'baseline year', with a defined level of mobility flows and a defined level of expenditure. Changes attributable to the policy options are computed on an annual basis.

As best representative of the target population, we chose single individuals without children at 100% of the average wage. This choice is first of all derived from the consideration that unemployment benefits are provided to individuals; also, the target population is composed of individuals who have only been working in their country of residence for a short time. We assume that this type of short-term mobility (possibly linked to short-term contracts) is more suitable to single individuals rather than families. As Par. 2.4.1 shows, in our model the decision to move is made by individuals on the basis of their expected wage both in the (potentially) sending and in the (potentially) receiving country.

Average net earnings are derived from Eurostat (earn_nt_net), while in order to compute the average unemployment benefits we made use of the replacement rates

[241] Büchel, F., & Frick, J. R. (2005). Immigrants' economic performance across Europe–does immigration policy matter?. population Research and policy Review, 24(2), 175-212.

[242] See also: Social situation monitor, *Access of mobile EU citizens to social protection*, Research note No 10/2013, available at http://ec.europa.eu/social/BlobServlet?docId=11568&langId=en.

[243] Belot, M., & Ederveen, S. (2012). Cultural barriers in migration between OECD countries. Journal of Population Economics, 25(3), 1077-1105.

[244] Sprenger, E. (2013). The Determinants of International Migration in the European Union: An Empirical Analysis IOS Working Paper, No. 325.

suggested by van Vliet[245]. With this target population assumed, we estimate both mobility and expenditure changes.

As an alternative target population, we take net earnings of one-earner couples with two children at 100% of the average wage. For this case, we only estimate mobility changes.

Information on the number of aggregations of periods or salaries for unemployment benefits by length of insurance (1 day, 30 days, 3 months), is obtained from the parallel study (Pacolet, 2015, Table 10)[246].

6.4.1. The estimation of mobility changes

The simulation tool takes an average level of flows between two countries to build the status quo scenario. We use the most recent available flow figures from Eurostat, computing averages from the last three available years (see par. 2.6). The derived annual flows of migration are assumed to be characterizing our countries in our virtual 'baseline year' (before policy options are implemented). These migration flows are caused by all factors that influence the mobility decisions of EU workers, which we do not attempt to model. Based on these existing flows and on the status quo income level of our target households, the impact of the various policy options on the overall income of the household is evaluated.

The status quo income level is set to the average income in a country. In order to compute that status quo income, we combine the mean earnings derived from Eurostat with the probability of employment, then we add the probability of unemployment times the income that can be generate while unemployed (UB). The nominal value obtained is divided by price level indices that adjust the figures to purchasing power (base of the index is EU28[247]): this allows individuals to account for costs of living in their choice to move.

$$Income = (Prob(1\text{-}Unemployed) * avg_earnings + Prob(Unemployed) * UB) / PPP_index \quad (4)$$

Income differences between two countries are then defined as:

$$Income_difference = Income_receiving - Income_sending \quad (5)$$

It is assumed that the income differences observed in the status quo scenario – along with all other factors that the policy options do not have an impact on – generate the mobility observed in the status quo scenario both in terms of general mobility flows and in terms of the number of potential cases of aggregation of periods or salaries for unemployment benefits.

[245] van Vliet, O.; Caminada, K. (2012). Unemployment replacement rates dataset among 34 welfare states 1971-2009: An update, extension and modification of Scruggs' Welfare State Entitlements Data Set, NEUJOBS Special Report No. 2, Leiden University.

[246] Since figures for Germany and Italy are not collected by Pacolet et al. (2015), they have been computed as an average of the figures collected for the other seven countries.

[247] Source: Eurostat (prc_ppp_ind).

A probabilistic evaluation of income as a probability-weighted combination of wage income and unemployment benefits is within the tradition of economics (e.g. search theory implements this approach). Just as in the decision for specific occupations[248], it is rational to assume that mobile workers evaluate the overall income level while taking the decision on cross-border mobility.

Some care needs to be taken in determining appropriate amounts of unemployment benefits, we are using the following specification to translate the policy options into our framework.

The unemployment benefits are calculated as:

*(6) UB = (income relevant for eligibility * replacement rate (RR) * eligibility) / PPP_index*

We use the replacement rates as they are reported in van Vliet et al. (2012) for the various countries. The income relevant for eligibility is usually the income earned in the country of residence. For eligibility, we employ data collected by Pacolet (2015, table 10) on the number of aggregations of periods or salaries for unemployment benefits by length of insurance (1 day, 30 days, 3 months). Pacolet's data do not differentiate by country of previous employment; therefore, we apply the same percentages for all of the bilateral relations studied. In addition, Pacolet's data are collected on a single year (2013), but figures may change significantly in other periods.

Policy option 3a and 3b require a combination of the income in the present country of residence and of the income earned in the previous country or residence. In line with the letter of the policy options 3a and 3b, we have opted for an equal weighting of the two average income levels:

*(7) UB = ([(avg_earnings(country of residence) + avg_earnings(country of origin)] / 2 * RR(country of residence)) / PPP_index*

The influence of unemployment benefits is then evaluated by calculating the change attributable to the various policy options on the unemployment benefits in relation to the original income in the country of previous residence.

(8) pct_income_change = chg_U_benefits(policy option) / Income_sending

Once the income change is calculated, we convert that change into a potential mobility effect. In lack of useful indications from the economic literature on migration, we opted for theoretical assumptions on the elasticity of migration flows to income changes, relating elasticity to income differentials for each combination of countries (56 in total). As a measure for earnings, we consider the net earnings (PPS-adjusted) of single individuals without children at 100% of the average wage. For each country, we calculate the 2011-13 average value.

Table 2.4.1. Income differentials in the selected countries

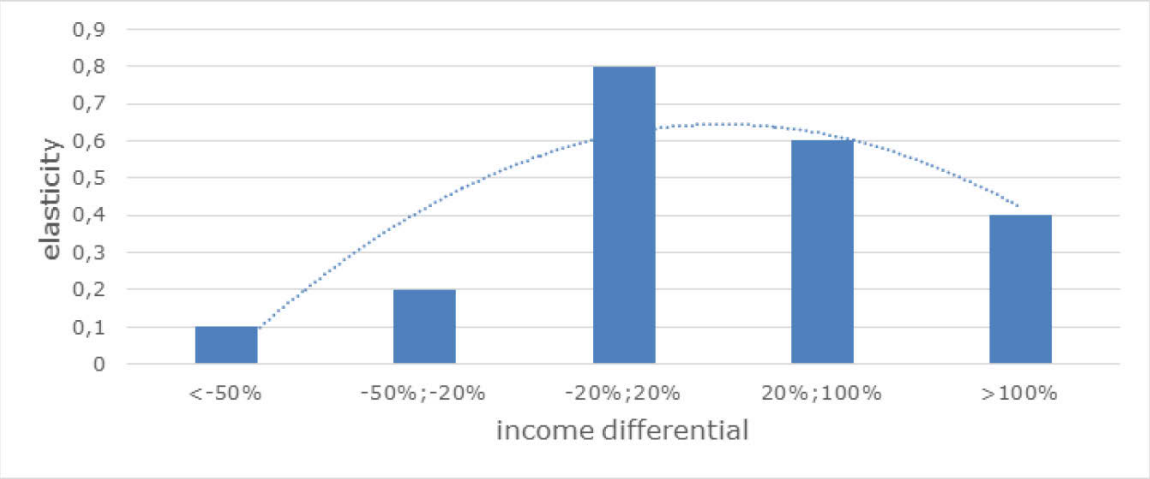
[248] D. Fouarge, B. Kriechel, T. Dohmen (2014), Occupational sorting of school graduates: The role of economic preferences, in Journal of Economic Behavior & Organization 106, 335-351.

	DE	DK	FR	IT	NL	PL	RO	UK
DE		14%	10%	33%	-12%	111%	252%	-12%
DK	-12%		-4%	16%	-23%	85%	208%	-23%
FR	-9%	4%		21%	-20%	92%	220%	-20%
IT	-25%	-14%	-17%		-34%	59%	165%	-34%
NL	14%	30%	25%	51%		140%	300%	0%
PL	-53%	-46%	-48%	-37%	-58%		66%	-58%
RO	-72%	-68%	-69%	-62%	-75%	-40%		-75%
UK	13%	29%	25%	51%	0%	140%	299%	

Source: Eurostat (earn_nt_net, web-based database). Own elaborations.
Values for the countries in rows are at the numerator, values for the countries in column at the denominator.

In the absence of relevant literature on the matter, basing on economic logic we assume the function that relates income differentials to elasticity to have the shape of a reverse U: the highest elasticity corresponds to close-to-null values in the income differential.

Fig. 2.4.1. Assumed relation between income differential and elasticity in mobile patterns to income change



The assumption is that, in case of large gaps in mean earnings between countries (either positive or negative, i.e. Polish average salaries compared to German average salaries or vice-versa), the motives to move will not be substantially impacted by marginal changes of income caused by the implementation of the policy options. For a same absolute level of income differential, a lower level of elasticity is attributed when said differentials are negative compared to when they are positive: if a mobile worker is moving from Denmark to Romania, his/her choice is probably not much related to welfare motives.

Tab. 2.4.2. Elasticity assumptions for the selected countries

	DE	DK	FR	IT	NL	PL	RO	UK
DE		0.8	0.8	0.6	0.8	0.4	0.4	0.8
DK	0.8		0.8	0.8	0.2	0.6	0.4	0.2
FR	0.8	0.8		0.6	0.8	0.6	0.4	0.8
IT	0.2	0.8	0.8		0.2	0.6	0.4	0.2
NL	0.8	0.6	0.6	0.6		0.4	0.4	0.8
PL	0.1	0.2	0.2	0.2	0.1		0.6	0.1
RO	0.1	0.1	0.1	0.1	0.1	0.2		0.1
UK	0.8	0.6	0.6	0.6	0.8	0.4	0.4	

Source: our calculation based on Eurostat (earn_nt_net, web-based database)
Row: Country of destination. Column: Country of origin.

Once elasticity is computed, the percentage of income change can be translated into a percentage change in mobility:

$$pct_mobility_change = elasticity * pct_income_change \quad (9)$$

The percentage of mobility change can then be translated into a change in mobility flows by relating the calculated percentage change to the absolute number of mobile workers in the status quo case.

When measuring the impact of policy options 2a and 2b on the population potentially interested to the aggregation of periods or salaries for unemployment benefits (our 'target population'), we account for the change in mobility patterns and we subtract

the share of mobile workers excluded by the entitlement of the benefits because of the one-month/three-month threshold[249].

6.4.2. The estimation of expenditure changes

Focusing on the population that seems to better represent the target of the policy options - single individuals at 100% of the average wage - for each of the 8 selected countries we have estimated the changes in terms of expenditure dedicated to unemployment benefits that are a result of aggregation of periods or salaries by workers moving from one of the other seven countries.

We compute the present level of expenditure by multiplying the number of present potential cases of aggregation of periods or salaries for unemployment benefits by the average amount of unemployment benefits.

We then observe the percentage variation of expenditure – total and related to each bilateral relation. In evaluating the impact due to the implementation of the policy options, we are first considering the behavioral change in mobility flows. Then, employing the percentages made available by Pacolet (see note 1, Table 2), for policy option 2 we are computing no benefit to individuals having contributed less than 1 month (2a) and less than 3 months (2b) in the country of residence. For policy options 3a and 3b, we consider those same individuals and assign them with a benefit that takes into account the income perceived in the country of previous residence (see formula 4).

6.5. Case study Member States

The unemployment cases to be considered for the scope of the study are defined by Regulation 883/2004. Only contributory unemployment benefits will be analysed. The export of unemployment benefits is beyond the scope of the present study, and the issue of aggregation alone is to be analysed[250].

The countries proposed for the analysis as case studies are Denmark, Germany, France, Poland, Romania, the Netherlands, Italy and the UK. The proposed countries are chosen as geographically spread across the EU as well as differentiated in the welfare systems. They include countries that are mainly attracting EU mobile workers (DK; DE; NL; UK) from other member states as well as those that see many workers leave (PL; RO) but also countries within the middle ground (FR; IT).

Countries' regulatory framework for unemployment benefits can be summarised as follows:

Table 2.5.1. Overview of principal characteristics of unemployment benefits in the selected countries

Unemployment Benefits
UB: Eligibility - qualifying period

[249] Source: Pacolet (2015).

[250] Annex 1 and 2 present a list of unemployment and family benefits in the countries proposed for the case studies, made on the bases of the MISSOC.

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below 1 year	FR, (IT), NL
1 year or more	DK, DE, IT, PL, RO,
UB: Replacement rates	
% of past earnings (average over more than 3 months)	FR, DE, IT
% of last earnings (up to 3 months)	DK, NL
flat or fixed rate	PL, RO, UK

Source: MISSOC (web-based database)

The purpose and requirements for unemployment benefits are similar. The general principle of providing an income stream for those claimants that become (involuntarily) unemployed is generally found in all countries. All systems require a qualifying period, which we have dichotomised as i) below 1 year (FR, NL (IT)) or ii) above one year (DK, DE, IT, PL, RO). In many cases, specific requirements are in place about the (minimum) number of hours worked or about the level of wages earned during the qualifying period.

In terms of replacement rates for unemployment benefits, similar breakdowns can also be made of variations across countries. Here we offer a distinction among countries that base the amount of the benefits mainly on current income: some compute the average over (up to) the last 3 months of work (DK, NL), some over longer periods (FR, DE, IT). There are also countries that provide a flat or fixed amount (PL, RO, UK). Often this is linked to some minimum income level.

The purpose of the simulation is to estimate the secondary effects of the potential implementation of the policy options on the bilateral relations between the 8 selected MS. Results for each pair of countries are essentially driven by the country-specific figures on migration flows, average levels of unemployment benefits and income differentials with the other countries. The observed results can therefore be imputed to pairs of MS countries that present similar characteristics in said aspects.

Annex 4 presents a methodology for an indicative extension of the simulation results to the other EU-28 MS.

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7. Status quo scenario

3.1 Status quo mobility flows

The table below reports the figures of mobility flows in our virtual baseline year, computed as the averages of the most recent values of annual mobility flows among the 8 selected countries[251]. The estimation of the variation in mobility patterns generated by the policy options are defined from the bilateral flows presented in table 3.2.1.

Table 3.1.1. Mobility flows between selected countries. Status quo scenario.

	MS of previous employment								
MS of last employment		**DE**	**DK**	**FR**	**IT**	**NL**	**PL**	**RO**	**UK**
	DE		2,742	19,498	21,117	14,185	149,513	38,314	13,863
	DK	3,066		1,136	1,080	721	3,396	3,137	2,886
	FR(b)	6,413	599		4,654	2,145	2,077	1,831	9,538
	IT	6,605	205	3,922		746	4,691	76,521	3,732
	NL	10,824	528	3,410	3,017		14,895	1,744	5,942
	PL	3,321	46	358	373	228		15	1,991
	RO(a)	644	44	508	850	139	141		284
	UK	17,241	1,077	21,889	13,230	7,616	32,413	10,422	

Source: Eurostat (web-based database). Averages are estimated on 2011-13 data when available, or on latest available data. We are considering countries of last residence as 'senders' (Eurostat: migr_imm5prv). For lack of data, for Romania countries of nationality are assumed as 'senders' (Eurostat: migr_imm1ctz). Same is done for France, though data is not obtained from Eurostat, since it is not available, but from the United Nations Population Division (International Migration Flows to and from Selected Countries: The 2010 Revision (web-based database)[252].

Poland and Romania are the two prevalent sending countries among the eight selected. According to the data, the highest migration flow concerns Poland and Germany. It is estimated that 149,513 citizens move from Poland to Germany in our virtual 'status quo year'. Additionally, Poland represent the main sending country for the Netherlands, Denmark and the UK. Citizens coming from Romania represent the larger share of EU mobile citizens moving to Italy (80%). Moreover, there are also a significant number of mobile citizens who migrate from Romania to Germany (38,314) and to the UK (10,422). The table also highlights that Italy, France, the UK and the Netherlands are common countries of origin of mobile citizens moving to Germany. On the other hand, Germany represents the country of origin for a relevant number of mobile citizens moving to the UK, the Netherlands, Italy and France. An important migration flow regards the relation between UK, as a receiving country, and Italy, France and the Netherlands as countries of origin. The migration flows towards Romania and Poland in general are limited. Besides the migration flow from Germany to Poland and from the UK to Poland, in these countries the migration flows of EU citizens are lower than 1000 individuals. Compared to the other countries, in Denmark (limiting the attention to the selected MS) the migration of EU mobile workers is quite limited. The four main countries of origin of the mobile EU population in Denmark are Germany, the UK, Poland and Romania.

[251] In order to contextualize the relations between the eight selected MS in the intra-EU mobility, according to Eurostat (migr_imm5prv), the bilateral migration flows considered account for 32.7% of the overall intra-EU migration flow.

[252] Taking country of nationality as country of origin seems particularly problematic for the case of Romania: in 2013, as many as 124,273 EU-mobile citizens were reported to enter Romania (Eurostat, no differentiation available in terms of sending country), but in the same year only 1,024 non-Romanian EU citizens were reported to enter Romania.

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3.2 Status quo target population

According to the policy options proposed for the revision of the current EU provisions on unemployment benefits – specified in Regulation (EC) 883/2004: the 'Basic Regulation' and in Regulation (EC) 987/2009: the 'Implementing Regulation' – the target population of the current study are EU citizens having moved from one Member State to another to work who have become unemployed before having met the qualifying period for the entitlement of unemployment benefits in the receiving country.

The number of potential cases of aggregation of periods or salaries for unemployment benefits (that compose our 'target population') is computed by multiplying the status quo mobility flow (see tab. 3.1.1) registered from a given sending country to a given receiving country with the ratio of unemployed non-national EU28+EFTA individuals on the total number of non-national EU28+EFTA individuals in the given receiving country[253].

Table 3.2.1. Status quo scenario. Target population, average amount of unemployment benefits, and estimated related expenditure. Eight selected countries

Country of last employment	Target population (a)	Annual average UB (b) [254]	Expenditure (c)
DE	12185	€ 16,669.45	€ 203,117,272.62
DK	1005	€ 19,258.48	€ 19,354,769.68
FR	1218	€ 18,729.70	€ 22,812,770.56
IT	7649	€ 11,833.71	€ 90,516,009.86
NL	1563	€ 22,865.09	€ 35,738,132.30
PL	172	€ 1,898.37	€ 326,520.16
RO	50	€ 1,802.55	€ 90,127.68
UK	4240	€ 4,242.05	€ 17,986,297.02
Total	28082	€ 12,162.42	€ 341,545,207.10

Source: a) Our calculations based on data from Eurostat (migr_imm5prv; web-based database) and EU-LFS. b) Our calculations based on data on 2014 net earnings for singles at 100% of AW from Eurostat (earn_nt_net; web-based database) and replacement rates calculated by van Vliet & Caminada (2012). c) Our calculations based on a) and b).

The data provided in table 3.2.1 provide an overview of the size and related expenditure for the estimated target population of unemployed EU mobile citizens residing in one of the selected MS and coming from the other selected countries (bilateral migration flows between the selected MS)[255]. For each MS, the table reports

[253] Source: LFS, own elaborations. We would indeed need unemployment rates specific to individuals that have the country of last residence and work (not the country of nationality) as 'sender' State. Because we do not dispone of such data, the mentioned approximation was necessary. We also opted for unemployment rates relative to all the EU28+EFTA mobile citizens because we found the estimation to be more robust than if made on specific nationalities (lack of an adequately large sample in LFS).

[254] The average values of unemployment benefits is calculated according to the average replacement rate provided by van Vliet & Caminada (2012). The table reports the average values for the category of population used for the definition of the main result: single person at 100% of average earnings.

[255] We estimated the population according to the average values of the recent migration flows (2011-2013) between the 8 selected countries provided by Eurostat (migr_imm5prv; web-based database), and

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the aggregate data in terms of the number of potential unemployed EU citizens, average values of unemployment benefits and related estimated expenditure. According to the status quo scenario, considering all the 8 selected countries, the amount of unemployed EU mobile citizens (regardless of the length of unemployment insurance period) is equal to 28,082. According to our estimation, Germany, Italy and the UK are the countries with the highest share of unemployed, and account for 85% of the total potential population identified. France, Denmark and the Netherlands present a similar number of potential unemployed mobile citizens (around 1000 persons), while in Poland and Romania the share of unemployed mobile citizens coming from the other seven selected countries is limited. The average amount of unemployment benefits varies markedly across the selected countries. The Netherlands, France, Germany and Denmark are marked by a comparatively higher annual amount of unemployed benefits. In relation to the other countries, Italy and UK are characterized by a mean value of average amount of unemployment benefits, while in Poland and Romania the average unemployment benefits are estimated to be just under 2000 euro. The total expenditure of unemployment benefits for EU mobile citizens among the selected countries is estimated at about 328 millions of euro. Germany presents the highest estimated expenditure for unemployment benefits for EU mobile citizens (more than 200 millions of euro). In Italy, the high number of unemployed mobile citizens involves an expenditure for these benefits of around 90 millions of euro. In Germany, the UK, the Netherlands and France the estimated expenditure ranges from 17 millions of euro in the UK, to 35 millions of euro in the Netherlands. Due to the limited number of unemployed mobile citizens as well as the moderate average amount of unemployed benefits, the estimated expenditure in Romania and Poland is comparatively lower respect the other selected countries, respectively 326,520 euro in Poland and 90,127 euro in Romania.

When taking in consideration figures from Pacolet (2015, p.18) it appears that for most of the countries our estimate of the potential target population in the 'status-quo' scenario represents an upper bound. For the Netherlands, the UK, Romania and Denmark, the administrative data collected by the HIVA study (Pacolet, 2015) reports respectively 160, 30, 12 and 54 total cases of aggregation in 2013, whereas we estimate 1005, 4240, 50 and 1005 cases of aggregation only for individuals coming from the other 7 selected countries. Assuming that the survey data shown by Pacolet is reliable, the very low access to aggregation can be explained as a consequence of potentially restrictive national legislations and lack of action from the potentially interested citizens.

Said discrepancies between our assumptions on the target population and Pacolet's findings should also be kept in mind when assessing the observed potential impacts of the proposed policy options, as the dimension of the phenomenon may be even smaller than what is apparent in the present study.

according to the share of unemployed EU mobile citizens on the total EU mobile citizens population in each MS.

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8. Secondary effects: estimation of mobility changes

This section reports the variation of mobility patterns between the selected MS according to the policy options proposed, assessed in relation to the status quo scenario. The mobility patterns are estimated for two categories of population. This section presents the results of the analysis of the variation in mobility patterns for the representative category of the potential target population, single person at 100% of average earning. The results for the second category of population identified - one-earner married couple with two children at 100% of average earnings - are reported in annex 2. The results are presented in aggregate terms for each MS, while the detailed results of the bilateral relations between the 8 selected MS are presented in annex 2. As previously stated, in the estimation of mobility changes we assume all factors to stay constant but the income differential impacted by the policy options analysed.

Figure 4.1 shows the estimated variations in the overall mobilty flows attributable to the policy options analysed. Policy option 2 establishes that the population of unemployed EU mobile citizens who has become unemployed before the defined thresholds are met (respectively, one month of contribution in the country of competence for policy option 2a, three months for policy option 2b) is not entitled to the aggregation of periods or salaries for the purpose of receiving unemployment benefits. In relation to such policy options, Denmark and Italy present a high reduction of the migration flows in percentage terms.

In Denmark the introduction of a threshold of either one month or three months generates a decrease of migration flow equal to 6,1%[256]. In Italy, policy option 2a produces a decrease of the migration flow equal to 4.4%, while policy option 2b generates a reduction of the potential migration inflow of 5.3%.

As visible in table 2.1 of annex 2, for both Denmark and Italy a rather large change in the income difference is foreseen for groups of potentially mobile citizens coming from Poland and Romania. Together, they constitute a large component of the overall migration flow from the other 7 selected countries observed in the status quo scenario (42% for Denmark, 84% for Italy). For Denmark, one also needs to take into account that according to Pacolet's data (Pacolet, 2015, table 10) as much as 62% of the individuals who needed an aggregation of periods had only been contributing in the new country of work for less than 1 month (same quota for less than 3 months). Policy options 2a and 2b are therefore sure to have a strong impact, since potential movers will have to consider that if they fall unemployed within a year from moving[257], there is a strong chance (62%) that they do when they have no entitlement to unemployment benefits. That makes their expected income fall and creates an economic disincentive to move.

In Germany, the reduction generated by policy option 2 on the inflow population coming from the other seven countries analysed ranges from 2.5% to 3.3%. In France, the policy option 2 results in a decrease of the migration flow equal to 2.5% in the case of option 2a, and to 3.4% in the case of option 2b. In the Netherlands the

[256] The two policy options produce the same result, since, according to the HIVA study (Pacolet et al., 2015), in Denmark there are no EU mobile citizens coming from the other seven selected countries that have required an aggregation of unemployment insurance periods after having contributed for more than one month but less than three months. The same share of target population is therefore applied to both policy option 2a and 2b.

[257] We are taking annual flows in consideration.

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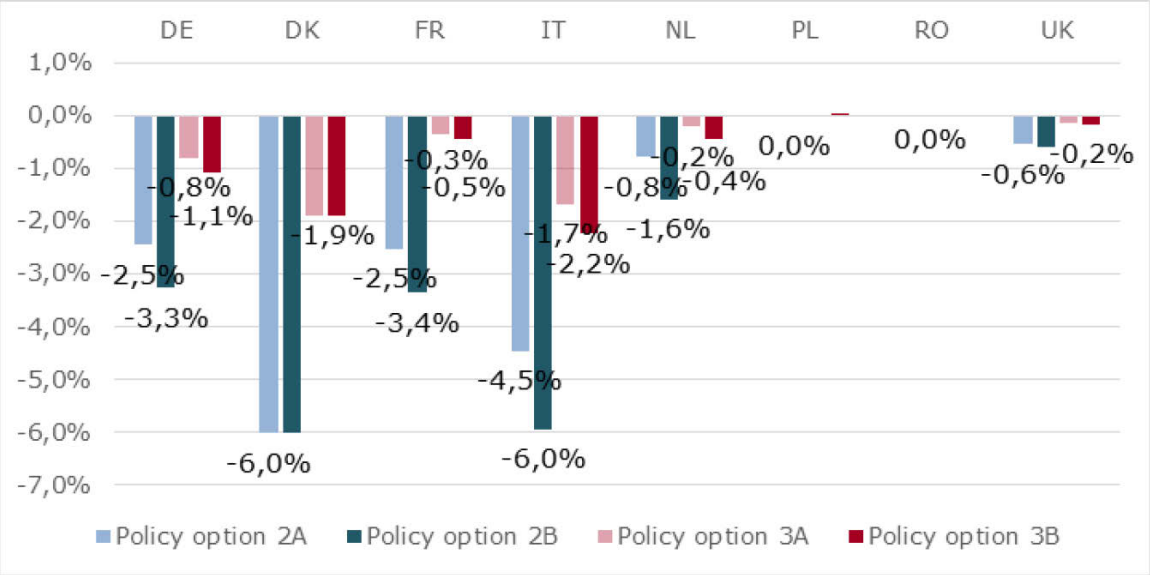
reduction of mobility patterns of EU mobile citizens is between 0.8% and 1.5%. In Uk the impact of policy option 2 on migration flow is moderate. The introduction of policy option 2a or 2b results in a decrease of migration flow equal to 0.6%. In the cases of Romania and Poland no variation of the potential target population is estimated.

Figure 4.1. Variation in overall migration flows. Policy options 2a, 2b, 3a, 3b (single person at 100% of the average wage).



Source: Our calculation based on data from Pacolet (2015), Eurostat (migr_imm5prv, earn_nt_net; web-based database), van Vliet and Caminada (2012) and EU-SILC.

According to policy option 3, for the unemployed EU mobile citizens who become unemployed before the defined thresholds are met (respectively, one month of contribution for policy options 3a, three months for policy options 3b), the salary earned in the Member State of previous employment is also taken into account for the calculation of the unemployment benefit by the Member State of last employment. In relation to policy option 2, the variation of mobility patterns generated by policy option 3 (a and b) are more moderate (Figure 4.1). As in the case of policy option 2, Denmark and Italy are the countries in which the reduction of migration flows is more evident. In Germany the policy option analysed diminishes the inflow of mobile citizens by 0.8%, in the case of policy option 3a, and 1.1%, in the case of policy option 3b. In France, the Netherlands and the UK the modification of the current regulation on aggregation of periods or salary for unemployment benefits generates a limited variation in the migration flow. In the case of policy option 3 the variation of migration flows of the potential target population is between 0.1% and 0.5%[258]. Similar to policy option 2, for Romania and Poland no variation in the migration flows are estimated.

As regards the bilateral relations, the main results concern the migration flows of the EU mobile citizens coming from Poland and Romania. In both policy options considered, this population accounts for the majority of the reduction of migration

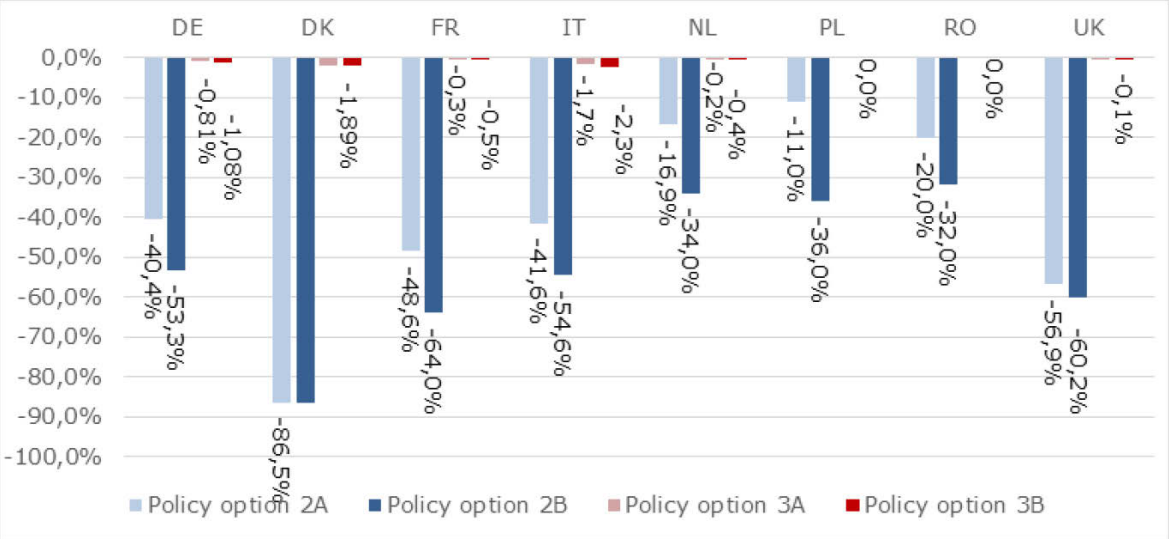
[258] In the case of France, the limited share of EU mobile citizens coming from Romania and Poland can explain said low results. In the Netherlands, a significant share of the migration flow is composed by EU mobile citizens coming from neighbouring countries (DE, DK and FR), in relation to which the variation in income differentials generated by policy option 3 is moderate. The low level of unemployment benefits in the UK (see tab. 3.2.1) does not allow the policy options to produce relevant changes in weighted income (that accounts for both earnings and unemployment benefits, see equation (1) at par. 2.4.1). No relevant change is therefore observed in the income differentials with any country.

flows for the other MS analysed. The only exception is France in which the main variations of migration flows are attributable to EU mobile citizens coming from the UK, Germany and Italy[259].

Figure 4.1 suggests that the impact on migration flows of the four policy options is modest, especially in the case of policy option 3. Policy option 2 generates stronger secondary effects on the mobility patterns of EU mobile citizens, inasmuch it produces a higher economic differential compared to policy option 3. The threshold for the entitlement of aggregation of periods or salaries for the purpose of receiving unemployment benefits (one and three months) generates a high variation of the expected income derived from unemployment benefits, influencing the decision of EU mobile citizens to move.

Figure 4.2 shows the variation in potential target population according to the policy options analysed. The figure presents the changes in percentage terms of the share of population in the status quo mobility flow that requires the aggregation of periods or salaries in order to be entitled to unemployment benefits in the country of residence. We take in consideration the impacts produced by both the variation in mobility flows and the changes in entitlement rules. As the figure suggests, policy option 3 (sub-options a and b) has a very limited impact on the target population. Except for small differences caused by approximation to units, results are identical to the ones observed for overall migration flows (see fig. 4.1), since policy options 3a and 3b do not restrict the entitlement to unemployment benefits. The estimated reduction varies between -1.9% or -1.7%, in Denmark and in Italy, to values close to 0 for the other MS. In absolute terms the higher variation in potential target population is in Italy, in which policy option 3b generates a reduction equal to 173 EU mobile citizens. Excluding Germany that presents values similar to the Italian ones, in the other MS the reduction of the target population is comprised between 0 and 19 EU citizens (annex 2).

Figure 4.2. Variation in potential target population. Policy options 2a, 2b, 3a, 3b (single person at 100% of the average wage).



Source: Our calculation based on data from Pacolet (2015), Eurostat (migr_imm5prv, earn_nt_net; web-based database), van Vliet, Caminada (2012) and EU-SILC.

[259] The detailed figures of bilateral mobility changes are reported in Annex 2.

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The scenario significantly differs in the case of policy option 2. The introduction of thresholds (one month and three months) for the entitlement of aggregation of periods or salaries for receiving unemployment benefits results in a high variation in potential target population, compared to the status quo scenario. In percentage terms, Denmark shows the highest variation in target population among the selected countries. Policy option 2a and policy option 2b generate a reduction of target population equal to 86.5%, which corresponds to 6499 EU mobile citizens. In the UK, the variation on the target population generated by policy option 2 is around 60%. In this MS the implementation of policy option 2a and 2b leads to a reduction of the target population of respectively 2414 (59.6%) and 2554 (60.2%) EU mobile citizens. In Italy, France and Germany policy option 2 results in a similar reduction of the target population, which ranges from 40% to 64%. In absolute terms, Germany and Italy present the highest variation in target population, which in the case of policy option 2b corresponds to respectively 6499 and 4178 EU mobile citizens (annex 2). In the Netherlands, Romania and Poland the variations in target population generated by policy option 2 are significant, but comparatively limited in relation to the other MS analysed. In the Netherlands, after the introduction of policy option 2b the target population entitled to aggregation of periods or salaries for receiving unemployment benefits is equal to 1031, which means a reduction of 34.0% of the target population defined in the status quo scenario. In Romania and Poland, the variations in target population in absolute terms are moderate. In Poland, the reduction of 36.0% (policy option 2b) corresponds to 62 EU mobile citizens, while in Romania variation generated by policy option 2b corresponds to 16 EU mobile citizens.

As in the case of variation in overall migration flows, the main results related to the bilateral relation among the selected MS concerns the variation in target population generated by EU mobile citizens coming from Poland and Romania. In both policy option 2 and 3, this population accounts for the majority of the reduction in target population for the other MS (annex 2). The only exception is France in which around 75% of the total variation in target population is explained by citizens coming from UK, Germany and Italy (respectively 34.7%, 23.4% and 17.0%). Additionally, in the UK a significant reduction in target population is generated by EU mobile citizens coming from France, Italy and Germany (respectively 21.0%, 16.6% and 12.3%). In the Netherlands, around a quarter of the total reduction in the target population generated by policy option 2 derives from EU mobile citizens coming from Germany.

Figure 4.2 indicates that the two policy options analysed generate two completely different scenarios. The limited variation in the target population related to policy option 3 (a and b) is generated only by the changes in the overall mobility flow attributable to economic differentials. Conversely, in policy option 2 (a and b), the introduction of thresholds for the entitlement of the aggregation of periods or salaries for the purpose of receiving unemployment benefits significantly reduces the target population in all the MS considered.

8.1. Refinement of policy options 2a and 2b

The disincentives to move produced by policy options 2a and 2b as considered above would be reduced if potential movers were to consider the possibility to obtain welfare coverage if they moved back to the country of previous employment.

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The effect of said reduction in the disincentives would essentially be linked to the level of benefits obtainable in the country of previous employment and to the costs of moving (due to both geographical distance and individual perspective when moving, short or long-term). For example, individuals that plan to move from the Netherlands to Belgium for a short term contract will look at the possibility of losing their job in less than 1 month/3 months as 'easily solvable' by moving back to the closeby Netherlands, where they can get a rather high benefit and compensate for the relatively low costs of moving. The results observed in the above paragraph for policy options 2a and 2b would therefore change significantly.

Viceversa, EU citizens that plan to move (for example) from Romania to the UK are more likely to be long-term movers that will not consider the possibility to move back to Romania as an actual option. In this type of cases, results for policy option 2a and 2b in their 'refined' versions would align to those seen in the above paragraph.

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9. Secondary effects: estimation of expenditure changes

This section reports the estimated changes of expenditure on unemployment benefits devoted to workers who need to aggregate periods or salaries in order to be entitled to such benefits. The variation is computed on the aforementioned status quo scenario (see par. 3), for each MS analysed and according to the various policy options. The results discussed in this section are referred to the representative category of the potential target population: single persons at 100% of average earning. The results are presented in aggregate terms for each MS, while the detailed results of the bilateral relations between the 8 selected MS are presented in annex 3.

As reported in section 2.4.2, in evaluating the impact on expenditure due to the implementation of the policy options, we are considering both the behavioral change in mobility flows and the change in entitlement and computation rules. For each analysed MS, Figure 5.1 shows the results in aggregate terms.

In the 8 MS, policy option 2 provokes a reduction of the expenditure for unemployment benefits for the potential target population. This reduction is obviously more marked when the threshold for the aggregation of periods or salaries for unemployment benefits is set to three months (policy option 2b). In Denmark, Italy, the UK, France and Germany, the cost changes generated by the policy option 2b exceed 50%. In Denmark, the expenditure on unemployment benefits for the potential target population decreases by 86.5%. In France, policy option 2 involves a reduction of expenditure equal to 48.6%, in the case of policy option 2a, and of 64%, in the case of policy option 2b. In percentages terms, in Italy and Germany the effects of policy options 2 are similar, respectively -40.4% and -41.6% for policy option 2a, -53.3% and -54,6% for policy option 2b. In the UK, policy option 2 involves a decrease of -56.9% (option 2a) and -60.2% (option 2b). In the Netherlands, Poland and Romania the cost changes attributable to policy option 2 are similar, ranging from -16.9% to -20.0%, for policy option 2a, and from -32.0% to -36.0% in the case of policy option 2b.

In the case of policy option 2, the analysis of the disaggregated results for each bilateral relation between the 8 MS (annex 3) suggests that a significant reduction of the expenditure for unemployment benefits that require aggregations of periods or salaries in Germany (57.7%), the Netherlands (29.3%), the UK (37.4%) and Denmark (22.1%) is to be imputed to those EU mobile citizens coming from Poland[260]. In Italy, about 80% of the decrease in expenditure is due to the variation attributable to mobile workers coming from Romania. The reduction of unemployment benefits expenditure generated by target population coming from the UK is estimated to be 34.7% in France, 30.6% in Poland and 16.6% in Denmark. EU mobile citizens coming from Germany account for 53.2% of the estimated decrease for the expenditure for unemployment benefits in Poland, and for 20.5%, 26,6%, 23.3% and 19.8% respectively in the Netherlands, France and Denmark. In the UK around 20% of the savings generated by policy option 2b is to be imputed to EU mobile citizens coming from France.

[260] Since there is a slight difference between policy option 2a and policy option 2b in terms of bilateral relations between the 8 MS considered, in this section we focus only on the results of policy option 2b. The complete set of results is reported in annex 3.

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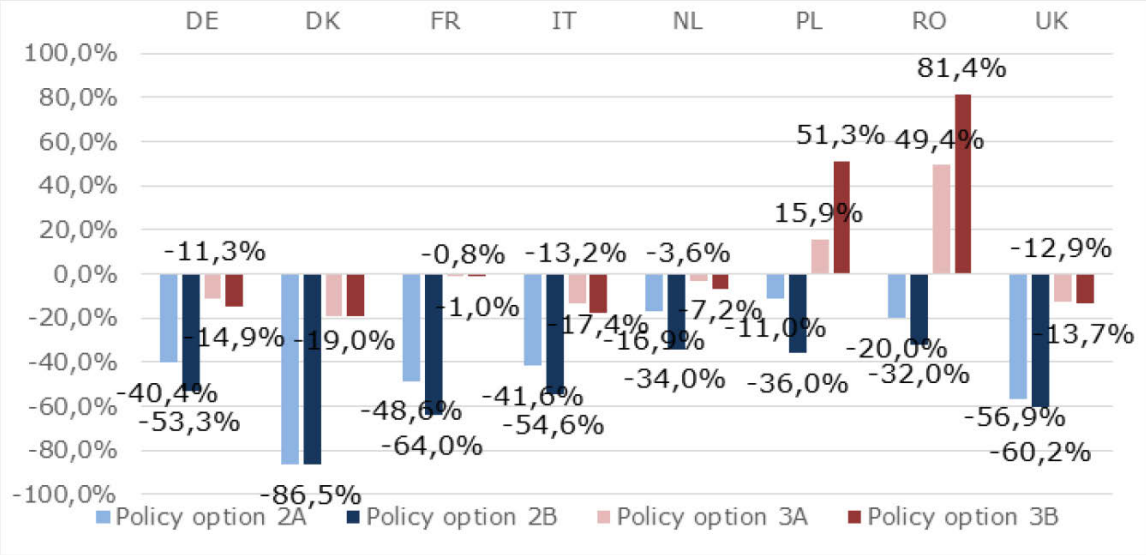
Figure 5.1. Variation of expenditure for unemployment benefits that require aggregations of periods or salaries. Policy options 2a, 2b, 3a, 3b (single person at 100% of the average wage).



Source. Our calculation based on data from Pacolet (2015), Eurostat (migr_imm5prv, earn_nt_net; web-based database), van Vliet and Caminada (2012), and EU-LFS.

In policy option 3, the calculation of unemployment benefits for the potential target population takes into account the salary earned in the Member State of previous employment when the one-month/three-month threshold is not met (see equation (4) in par 2.4.1). That produces a limited reduction in the expenditure in six of the analysed MS (DE, UK, IT, FR, NL and FR). For Poland and Romania, the entry into force of policy option 3 would result in an increase of public expenditure: the computation of the unemployment benefits would have to take into account the salaries earned in the countries of previous residence, where the average salary is generally higher than in these two countries.

In the UK, Germany and Italy the cost changes related to policy option 3 are between -11.3% and -17.4%, while in Denmark the estimated expenditure reduction is -19.0%[261]. In the Netherlands the effects of policy option 3 are a reduction in expenditures between 3.6% and 7.2%. In France the policy option examined produces a very limited change (-0.6% for 3a, -1% for 3b). The most relevant results of policy option 3 concern Poland and Romania. Both would face an increase in the expenditure dedicated to unemployment benefits paid to mobile workers that require aggregation of periods or salaries. In Poland, such policy option generates an increase of public expenditure of 15.9%, in the case of policy option 3a, and of 51.3%, in the case of policy option 3b. In Romania the estimated effects on cost changes are even higher. Policy option 3a involves an additional expenditure for unemployment benefits

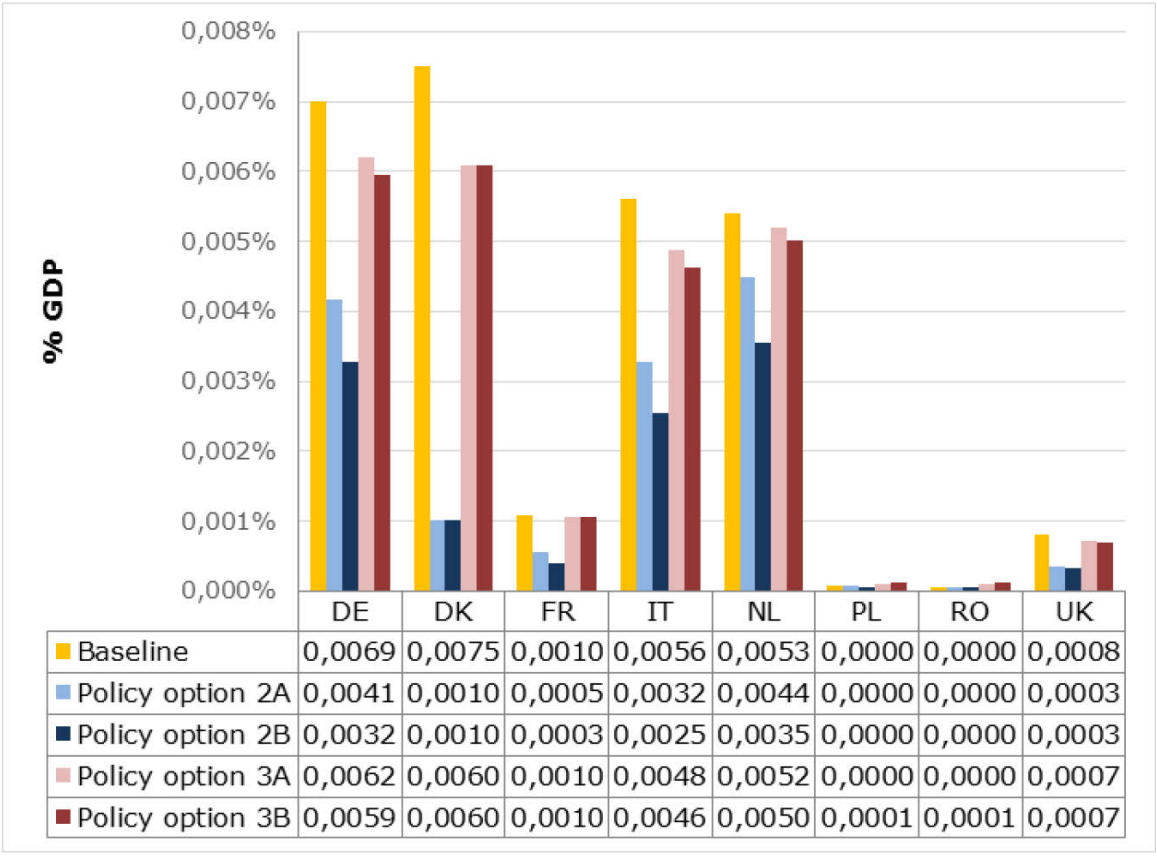
[261] Policy option 3a: IT -13.2% (€ 11,949,089); DE -11.0% (€ 22,425,518); UK -12.8% (€ 2,310,933); DK 19.0% (€ 3,682,527). Policy option 3b: IT -17.4% (€ 15,772,988); DE -14.6% (€ 29,741,402); UK -13.6% (€ 2,444,233); DK -19.0% (€ 3,682,527).

estimated to 49.4% of the expenditure calculated in the status quo scenario, while the increase generated by policy option 3b reaches 81.4%.

The bilateral relations between the selected MS in terms of cost changes reflect those generated by policy option 2, previously analysed. Table 3.1.2 in annex 3 reports the detailed results.

In order to provide a benchmark for the evaluation of expenditure variations, figure 5.2 reports the expenditure for unemployment benefits paid to mobile workers (coming from the other 7 selected countries) that require the aggregation of periods or salaries as a ratio of GDP, in the status quo scenario and in each policy option. The figure indicates that in all scenarios the unemployment benefits expenditures devoted to the target population is very limited: in no case does the value go over 0.008% of GDP. In Denmark and Germany, the expenditure generated by policy option 3 is around 0.006% of GDP, while in Italy and the Netherlands these values range from 0.0046% to 0.0052% of GDP. In France, the UK, and especially Poland and Romania, the public expenditure in policy option 3 is even more moderate. In France and the UK, the values are around or just below 0.001%of GDP, and in Romania and Poland these expenditures account only for one millionth of GDP.

Fig. 5.2. Expenditure variation in % GDP (2014), Status quo and policy option scenarios



	DE	DK	FR	IT	NL	PL	RO	UK
Baseline	0,0069	0,0075	0,0010	0,0056	0,0053	0,0000	0,0000	0,0008
Policy option 2A	0,0041	0,0010	0,0005	0,0032	0,0044	0,0000	0,0000	0,0003
Policy option 2B	0,0032	0,0010	0,0003	0,0025	0,0035	0,0000	0,0000	0,0003
Policy option 3A	0,0062	0,0060	0,0010	0,0048	0,0052	0,0000	0,0000	0,0007
Policy option 3B	0,0059	0,0060	0,0010	0,0046	0,0050	0,0001	0,0001	0,0007

Source: Our calculation based on data from Pacolet (2015), Eurostat (migr_imm5prv, earn_nt_net, nama_10_gdp; web-based database), van Vliet and Caminada (2012), and EU-LFS.

As already mentioned, policy option 2 generates higher savings compared to policy option 3, resulting in an even lower expenditure for unemployment benefits paid to mobile workers (coming from the other 7 selected countries) that require the aggregation of periods or salaries. This is clear in the case of Denmark, where the

estimated aggregate expenditure for policy option 2 is around 0.001% of GDP. For the other considered countries, the difference between policy options 2 and 3 is not as noticeable. For a group of countries (Germany, Italy and the Netherlands) the aggregate expenditure is comprised between 0.0045% and 0.0025% of GDP, while for the UK, France, Poland and Romania the values are below or significantly below 0.001% of GDP.
Table 5.1 disaggregates the expenditure estimated for each policy option, presenting the expenditure variation due the behavioral change in mobility flows and due to the change in entitlement and computation rules.

Tab. 5.1. Cost variation attributable to mobility change and to changes in entitlement and computation rules. Policy options 2a, 2b, 3a, 3b (single person at 100% of the average wage).

		DE	DK	FR	IT	NL	PL	RO	UK
Policy option 2A	mobility change	-2.5%	-6.1%	-2.5%	-4.4%	-0.8%	0.0%	0.0%	-0.6%
	change in rules	-37.9%	-80.4%	-46.1%	-37.2%	-16.1%	-11.0%	-20.0%	-56.4%
	Tot	-40.4%	-86.5%	-48.6%	-41.6%	-16.9%	-11.0%	-20.0%	-56.9%
Policy option 2B	mobility change	-3.3%	-6.1%	-3.4%	-5.9%	-1.5%	0.0%	0.0%	-0.6%
	change in rules	-50.1%	-80.4%	-60.6%	-48.7%	-32.6%	-36.0%	-32.0%	-59.7%
	Tot	-53.3%	-86.5%	-64.0%	-54.6%	-34.0%	-36.0%	-32.0%	-60.2%
Policy option 3A	mobility change	-0.8%	-1.9%	-0.3%	-1.7%	-0.2%	0.0%	0.0%	-0.1%
	change in rules	-10.4%	-17.1%	-0.4%	-11.5%	-3.4%	15.9%	49.4%	-12.8%
	Tot	-11.3%	-19.0%	-0.8%	-13.2%	-3.6%	15.9%	49.4%	-12.9%
Policy option 3B	mobility change	-1.1%	-1.9%	-0.5%	-2.3%	-0.4%	0.0%	0.0%	-0.1%
	change in rules	-13.8%	-17.1%	-0.5%	-15.1%	-6.8%	51.3%	81.4%	-13.5%
	Tot	-14.9%	-19.0%	-1.0%	-17.4%	-7.2%	51.3%	81.4%	-13.7%

Source: Our calculation based on data from Pacolet (2015), Eurostat (migr_imm5prv, earn_nt_net; web-based database), van Vliet and Caminada (2012), and EU-LFS.

The changes in migration flows account only for a moderate share of the expenditure variations for all policy options. Excluding Italy and Denmark, for the other six MS considered, the behavioural change in mobility flows explains less than 3.5% of the expenditure variations. The highest expenditure variations related to changes in migration flows are registered for policy option 2b. In this case, around 6% of expenditure variation of Italy and Denmark is attributable to mobility changes. In general, most of the expenditure variation is due to a reduction of the population entitled to receive unemployment benefits (policy option 2), or to different computation rules for the benefits (policy option 3).

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9.1. Refinement of policy options 2a and 2b

For what concerns policy options 2a and 2b, variations of expenditure for unemployment benefits that require aggregations of periods or salaries would not differ from the ones observed if potential movers were to consider the possibility to obtain welfare coverage if they moved back to the country of previous employment.

EU-mobile citizens that decide to come back to the country of previous employment to receive the unemployment benefits that are no longer paid in the country where they have lost their job would burden the general welfare expenditure of the MS.

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10. Conclusions

The aim of the study is to assess the secondary effects of the proposed modification to the current EU provisions on the entitlement to unemployment benefits paid to mobile workers that require the aggregation of periods or salaries, as specified in Regulation (EC) 883/2004: the 'Basic Regulation' and in Regulation (EC) 987/2009: the 'Implementing Regulation'. Such secondary effects include changes in the overall mobility of workers, in the number of individuals entitled to the benefits and in the level of expenditure.

To this end, we have selected 8 MS as part of the case study, with consideration to the level of representativeness of the group as regards the whole EU. For each MS, we have defined size and characteristics of the population potentially interested by the policy changes, as well as the relative expenditure for unemployment benefits. Against this status quo scenario, we have estimated the impact of the various policy changes.

A simulation tool has been defined in order to estimate the potential mobility changes attributable to the economic differentials generated by the four policy options. The second step of the analysis has concerned the estimation of the changes of public expenditure devoted to the unemployment benefits paid to the target population.

In order to proceed with the estimate, key assumptions had to be made on the elasticity of potentially mobile EU citizens to changes in income differentials among countries (see par. 2.4).

Results generally show mild reductions in overall migration flows attributable to the potential implementation of the policy options. Decreases are stronger when policy option 2 is implemented, especially 2b, since a rather relevant quota of the target population is excluded by the entitlement to unemployment benefits, which reduces the incentive to move. The disincentives to move would be reduced if potential movers were to consider the possibility to obtain welfare coverage if they moved back to the country of previous employment. When option 3 is implemented, much smaller changes are observed. Policy option 2 also results in an important reduction of EU mobile citizens eligible for the aggregation of periods or salaries for the purpose of receiving unemployment benefits. For policy option 3, variations in the target population are limited to those produced by the changes in overall migration flows, since this option does not reduce the population eligible to unemployment benefits.

As regards expenditure changes, because policy option 2 excludes quite a large share of individuals from the entitlement to unemployment benefits, all countries experience a high decrease in the relevant chapter of expenditure (more so in the case of policy option 2b). That would not change if potential movers were to consider the possibility to obtain welfare coverage if they moved back to the country of previous employmentm though of course EU-mobile citizens that decide to come back to the country of previous employment to receive the unemployment benefits that are no longer paid in the country where they have lost their job would burden the general welfare expenditure of that MS.

Lower savings are observed when policy option 3 is implemented. Because the computation of benefits has to take into account salaries earned in the country of previous residence, Poland and Romania see their expenditure grow by a wide margin

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when option 3 is realised. In both policy option 2 and 3, most of the expenditure variation is imputable to changes in entitlement and computation rules, while the behavioral change in mobility flows accounts for only a limited share of the cost variations. As much as the percentages may reach high values, variations shown in absolute terms and as ratios of GDP confirm the little relevance for national budgets of the expenditure on unemployment benefits that require aggregation of periods or salaries.

As noted in par. 3.2, when taking in consideration figures from Pacolet (2015, p.18) it appears that for most of the countries our estimate of the potential target population in the 'status-quo' scenario represents an upper bound. EU mobile citizens seem to have lower take up of unemployment benefits than natives. The dimensions of the phenomenon analysed and of the expenditure figures are therefore even smaller than what has appeared in the present study.

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Annex 1 – List of unemployment benefits within the scope of the study

DENMARK	
ACT or Name	Consolidated Act No 348 of 8 April 2014 on unemployment insurance (om arbejdsløshedsforsikring mv)
Main condition	* Residing in Denmark.* No working activity;* No formal educational activity;* Registered as job seeker and at the disposal of the employment office; * Capable of working; * Available for the labour market; * Age between 18-65 years; * Actively seeking employment and co-operating with the employment office to build up an individual action plan;
Qualifying period	Basic allowance: A minimum period of 1,924 hours (corresponding to full-time employment during one year) during the 3 preceding years is required. Only employment carried out while being insured is taken into account.
Waiting period	Employees: No waiting period if involuntarily unemployed. 3 weeks waiting period if voluntarily unemployed. Self-employed: 3 weeks.
Determining factors	Previous earnings; period of employment.
Amount	Employees: Calculation usually based on average earnings of preceding 12 weeks or three months. No ceiling for the reference earnings. Self-employed: Calculation on the basis of his/her daily income (1/260 of the yearly income) if the self-employed person has carried out substantial self-employed activities for at least one year in a 3-year-period.Amount. 90% of previous earnings, but not more than DKK 815 (€109) per day. The benefit is paid per month. This maximum is adjusted once a year according to the adjustment rate (satsreguleringsprocenten).Duration: 2 years within a 3-year period. Labour market benefit (midlertidig arbejdsmarkedsydelse): Paid after entitlement to unemployment benefit has expired: 80% or 60% of the maximum unemployment benefit, according as to whether or not the beneficiary has dependent children. Duration: Up to 15 months after expiry of entitlement to unemployment benefit
supplement	No family or other supplement

FRANCE	
ACT or Name	assurance chômage

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Main condition	*Residence in France; * not to have left previous employment voluntarily without good cause; *to be effectively and permanently looking for work; *to be registered as jobseeker and to conform to a personalised back-to-work action plan; * to be physically able to work; *not to have reached the statutory retirement age (between 60 and 62). However, the indemnity is maintained (within the limit of its maximum duration) until the person reaches the age for entitlement to full pension (between 65 and 67 years), regardless of the length of insurance.
Qualifying period	At least 4 months (122 days) insurance during the last 28 months (36 months for those aged 50 and over) preceding the unemployment.
Waiting period	The waiting period comprises paid holidays plus a general period of 7 days plus a waiting period equal to the amount of the redundancy payment divided by 90 within a limit of 180 days (75 days in the case of redundancy).
Determining factors	Earnings on which contributions have been paid.
Amount	Earnings of the last 12 months within the limit of four times the social security ceiling (€12,516 per month). 40.4% of reference daily wages (RDW) + €11.72 per day or 57.4% of the RDW within the limit of 75% of the RDW. The best result is taken into account. Minimum: €28.58 per day. The duration of payment of the benefit corresponds to the length of insurance taken into account for acquiring entitlement to benefits (between 4 months and 2 years or 3 years if the beneficiary is aged 50 and over).
Supplement	No Family or other supplement

GERMANY	
ACT or Name	Arbeitslosenversicherung
Main condition	not engaged in an employment relationship (without work); * makes an effort to put an end to this situation (efforts of his or her own); * is available for the placement efforts undertaken by the employment agency (availability); not entitled to a standard pension; * the unemployed person is obliged to make use of all possibilities of occupational integration
Qualifying period	The unemployed person must have been compulsorily insured for at least 12 months during the last 2 years.
Waiting period	In principle no waiting period. If the unemployed person has terminated his/her employment contract without good reason or has

	caused the termination of the contract through his/her own misconduct, a waiting period (a so-called blocking period, Sperrzeit) of up to 12 weeks may become effective.
Determining factors	Benefits are based on the salary, on the category mentioned on the wage-tax card and on the presence or not of children.
Amount	Beneficiaries with children: 67% of net earnings. Beneficiaries without children: 60% of net earnings. The duration of benefits (DB) depends on the duration of compulsory insurance coverage (DI) and on the age of the beneficiary. Minimum length 12 DI, age not considered, equals to 6 months of DB; Maximum length 48 DI, age 58 years, 24 months of DB
supplement	No family or other supplement

ITALY	
ACT or Name	*Assegno Sociale per l'Impiego ASPI, (Indennità di disoccupazione)*
Main condition	To be involuntarily unemployed, *not engaged in work for more than 5 consecutive days; to be capable of work; *to be available for the employment office; *not benefiting from any other pension treatment; * no income higher than the personal annual taxable limit; *claim to be presented within 2 months (98 days in case of dismissal without notice).
Qualifying period	ASPI: Having matured at least two years of work insurance contributions one of which accrued during the two years prior to the onset of unemployment. Mini ASpI: Having matured at least 13 weeks (3 months) of contributions during the 12 months prior to dismissal.
Waiting period	Waiting period of 8 days.
Determining factors	Previous salary with a ceiling; age; duration of unemployment.
Amount	The benefit is calculated as a percentage of the average monthly gross income earned by the worker in the last two years prior to dismissal, with a monthly ceiling of €1,192.98 for the year 2014. ASPI and mini ASPI. Amounts equal to 75% of the monthly reference earnings. The maximum payable amount is €1,165.58 per month. The amount of the benefit is reduced to 60% of the monthly reference earnings after six months and to 45% after twelve months. Duration. ASPI. Duration will be gradually increased according to age: Unemployed persons under 50 are granted the benefit for 10 months in 2015; Unemployed persons between the age of 50 and 54 are granted the benefit for a period of 12 months through 2015 (from January 2016

	onwards Unemployed persons under 55 will be granted the benefit for 12 months); Unemployed persons aged 55 and over are granted the benefit for 16 months in 2015 (18 months from January 2016 onwards). Mini ASPI: Granted for a number of weeks corresponding to half the number of weekly contributions paid during the last year prior to dismissal.
supplement	Eligible unemployed persons can receive an additional allowance for family dependent family members (*assegni familiari*) upon request.

POLAND	
ACT or Name	Zasiłek dla bezrobotnych
Main condition	*Involuntarily unemployed; *without work or payment; *registered with the employment agency; *to be capable of work; *to be available for full-time work; *aged at least 18 years of age and less than 60 years (woman) or 65 years (man); *no entitlement to old-age or invalidity pension; *Polish or EU or EEA or Swiss citizenship; *not in receipt of rehabilitation, sickness, maternity or child-raising allowance.
Qualifying period	At least 365 calendar days of paid employment during the 18 months preceding the day of registration.
Waiting period	7 calendar days.
Determining factors	Length of economic activity.
Amount	Benefits not based on earnings. The monthly amount is paid as a percentage of the Basic Unemployment Allowance, depending upon the length of economic activity: 1 to 5 years of work: 80%; 5 to 20 years: 100%; 20 years and more: 120%. Basic Unemployment Allowance: PLN 831.10 (€200) per month for a period of three months, PLN 652.60 (€157) thereafter.Duration:6 months in areas with an unemployment rate less than 150% national average; 12 months in areas with an unemployment rate of at least 150% or more of the national average, or if the claimant has a qualifying period of 20 years and is over 50 years old, or if the claimant's spouse is unemployed, not entitled to an allowance, and they have at least one dependent child under the age of 15 years.
supplement	No family or other supplement

ROMANIA	
ACT or Name	indemnizatie de somaj
Main condition	*To be involuntarily unemployed; *not working; *to be registered as unemployed with the National Agency for Employment; *to be able to work; *to be available for work; *to be aged between 16 and the date of meeting the conditions for the Old-Age Pension (pensie pentru limita de varsta);* to be actively searching for work; * to have domicile or residence in Romania; * to apply for benefit within 12 months.
Qualifying period	Minimum contribution period:12 months during the 24 months preceding the application date. No qualifying period for graduates.
Waiting period	No waiting period.
Determining factors	level of earnings, length of contribution period.
Amount	Reference earnings: the monthly gross income. No ceiling. The amount is related to the length of contribution period and to the Reference Social Indicator (RSI) (indicator social de referinta).The duration of Unemployment Indemnity varies with the contribution period. Minimum length, between 1-5 years, entitlement to 6 months; maximum length, 10 and over years, entitlement for 12 months.
supplement	No family supplement or any other supplement

The NETHERLANDS	
ACT or Name	WW-uitkering
Main condition	*To be involuntarily unemployed; *loss of at least 5 or half of the working hours per week; *timely registration with the Institute for Employee Benefit Schemes (UWV);*to be capable for work; *to be available for work;*below the legal retirement age; *seeking employment; *residence in the Netherlands; *application for benefit on the first day of unemployment.
Qualifying period	A person who has received wages in at least 26 weeks out of the 36 weeks before the first day of unemployment (weeks' condition).A person who has received wages for at least 208 hours in four of the five calendar years preceding the year in which s/he became unemployed (years condition).
Waiting	No waiting period.

period	
Determining factors	Reference earnings.
Amount	The reference earning is the last daily wage with a maximum of €198.28. The amount is equal to 75% of the last daily wage during the first two months, 70% thereafter. Duration. A person who only meets the weeks condition receives benefits for a maximum duration of 3 months. A person who satisfies the years condition receives benefits for as many months as the number of months in employment, with a maximum of 38 months.
supplement	If unemployment benefits are less than the social minimum, a supplementary benefit can be claimed under the Supplementary Benefit Act (Toeslagenwet, TW)

UK	
ACT or Name	Contribution-based Jobseekers' Allowance (JSA)
Main condition	*to be involuntarily unemployed;* not engaged in work for 16 or more hours a week; *to be capable of work; *to be available for work; * under pensionable age; *has entered into a Jobseekers' agreement; *actively seeking employment; *is in Great Britain; *is not a full-time student; *is not engaged in a trade dispute.
Qualifying period	Requirements. Contributions paid in one of the 2 tax years on which the claim is based amounting to at least 26 times the minimum weekly contribution for that year, and contributions paid or credited in both the appropriate tax years amounting to a total of at least 50 times the minimum weekly contribution for that year.
Waiting period	3 days
Determining factors	Flat-rate benefit, varying according to age.
Amount	Benefits not based on earnings, but varying with age: aged 25 or over: GBP 72.40 (€90) per week; aged 18-24: GBP 57.35 (€72) per week. Additionally no increase for dependants. Duration: limited to 182 days in any jobseeking period.
supplement	If a higher rate of benefit is needed and the conditions of entitlement are met, Income-based Jobseekers' Allowance can be payable instead. Income-based Jobseekers' Allowance: Support for children formerly included in Income-based Jobseekers' Allowance claims was transferred

	to Child Tax Credit in 2006/07.

Source: MISSOC (web database)

Annex 2 - Secondary effects analysis: mobility patterns. Detailed results of bilateral relations between selected MSs

Table 2.1. Secondary effects analysis: mobility patterns. Detailed results of bilateral relations between selected MSs. Single persons at 100% of average earnings. Policy options 2a and 2b

		Status quo scenario				Policy option 2A						Policy option 2B					
Country of Residence	Country of origin	Mobility flow	Unemployed/Pop rate for EU-28+EFTA mobile workers	Potential target population	Elasticity to income change	% income change	% mobility change	Change in total mobility flow	Change in potential target population due to mobility change	Change in potential target population due to exclusion of <1month workers	Change in potential target population	% income change	% mobility change	Change in total mobility flow	Change in potential target population due to mobility change	Change in potential target population due to exclusion of <3months workers	Change in potential target population
DE	DK	2742	4.70%	129	0.8	-1.4%	-1.1%	-31	-1	-50	-51	-1.9%	-1.5%	-42	-2	-66	-68
DE	FR	19498	4.70%	916	0.8	-1.8%	-1.4%	-275	-13	-351	-364	-2.3%	-1.9%	-366	-17	-465	-482
DE	IT	21117	4.70%	993	0.6	-2.3%	-1.4%	-286	-13	-381	-394	-3.0%	-1.8%	-380	-18	-505	-523
DE	NL	14185	4.70%	667	0.8	-1.4%	-1.1%	-162	-8	-256	-264	-1.9%	-1.5%	-215	-10	-340	-350
DE	PL	149513	4.70%	7027	0.4	-6.4%	-2.6%	-3820	-180	-2663	-2843	-8.5%	-3.4%	-5086	-239	-3513	-3752
DE	RO	38314	4.70%	1801	0.4	-10.6%	-4.3%	-1631	-77	-671	-748	-14.2%	-5.7%	-2172	-102	-879	-981
DE	UK	13863	4.70%	652	0.8	-1.5%	-1.2%	-169	-8	-251	-259	-2.0%	-1.6%	-225	-11	-332	-343
DK	DE	3,066	6.52%	200	0.8	-4.2%	-3.4%	-104	-7	-165	-172	-4.2%	-3.4%	-104	-7	-165	-172
DK	FR	1,136	6.52%	74	0.8	-4.3%	-3.5%	-39	-3	-61	-64	-4.3%	-3.5%	-39	-3	-61	-64
DK	IT	1,080	6.52%	70	0.8	-5.5%	-4.4%	-48	-3	-57	-60	-5.5%	-4.4%	-48	-3	-57	-60
DK	NL	721	6.52%	47	0.2	-3.5%	-0.7%	-5	0	-40	-40	-3.5%	-0.7%	-5	0	-40	-40
DK	PL	3,396	6.52%	221	0.6	-15.6%	-9.4%	-319	-21	-171	-192	-15.6%	-9.4%	-319	-21	-171	-192
DK	RO	3,137	6.52%	204	0.4	-26.1%	-10.4%	-327	-21	-157	-178	-26.1%	-10.4%	-327	-21	-157	-178
DK	UK	2,886	6.52%	188	0.8	-3.7%	-3.0%	-86	-6	-156	-162	-3.7%	-3.0%	-86	-6	-156	-162
FR	DE	6413	4.47%	286	0.8	-2.6%	-2.1%	-133	-6	-132	-138	-3.4%	-2.8%	-177	-8	-174	-182
FR	DK	599	4.47%	27	0.8	-2.1%	-1.7%	-10	0	-13	-13	-2.8%	-2.3%	-14	-1	-16	-17
FR	IT	4654	4.47%	208	0.8	-3.4%	-2.7%	-126	-6	-96	-102	-4.5%	-3.6%	-167	-7	-126	-133
FR	NL	2145	4.47%	96	0.2	-2.1%	-0.4%	-9	0	-45	-45	-2.8%	-0.6%	-12	-1	-60	-61

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FR	PL	2077	4.47%	93	0.6	-9.6%	-5.8%	-120	-5	-42	-47	-12.7%	-7.6%	-159	-7	-54	-61
FR	RO	1831	4.47%	82	0.4	-16.0%	-6.4%	-117	-5	-36	-41	-21.2%	-8.5%	-155	-7	-47	-54
FR	UK	9538	4.47%	426	0.8	-2.3%	-1.8%	-175	-8	-198	-206	-3.0%	-2.4%	-232	-10	-261	-271
IT	DE	6605	7.93%	524	0.2	-2.1%	-0.4%	-28	-2	-203	-205	-2.8%	-0.6%	-37	-3	-270	-273
IT	DK	205	7.93%	16	0.8	-1.7%	-1.4%	-3	0	-6	-6	-2.3%	-1.9%	-4	0	-8	-8
IT	FR	3922	7.93%	311	0.8	-2.1%	-1.7%	-67	-5	-119	-124	-2.9%	-2.3%	-90	-7	-157	-164
IT	NL	746	7.93%	59	0.2	-1.7%	-0.3%	-3	0	-23	-23	-2.3%	-0.5%	-3	0	-31	-31
IT	PL	4691	7.93%	372	0.6	-7.8%	-4.7%	-219	-17	-138	-155	-10.4%	-6.2%	-292	-23	-181	-204
IT	RO	76521	7.93%	6071	0.4	-13.0%	-5.2%	-3976	-315	-2239	-2554	-17.3%	-6.9%	-5294	-420	-2924	-3344
IT	UK	3732	7.93%	296	0.2	-1.9%	-0.4%	-14	-1	-115	-116	-2.5%	-0.5%	-18	-1	-153	-154
NL	DE	10824	3.87%	419	0.8	-0.7%	-0.6%	-62	-2	-68	-70	-1.5%	-1.2%	-127	-5	-137	-142
NL	DK	528	3.87%	20	0.6	-0.6%	-0.4%	-2	0	-3	-3	-1.2%	-0.7%	-4	0	-7	-7
NL	FR	3410	3.87%	132	0.6	-0.7%	-0.4%	-15	-1	-21	-22	-1.5%	-0.9%	-31	-1	-43	-44
NL	IT	3017	3.87%	117	0.6	-0.9%	-0.6%	-17	-1	-19	-20	-1.9%	-1.1%	-35	-1	-38	-39
NL	PL	14895	3.87%	577	0.4	-2.6%	-1.1%	-158	-6	-93	-99	-5.4%	-2.2%	-322	-12	-187	-199
NL	RO	1744	3.87%	68	0.4	-4.4%	-1.8%	-31	-1	-11	-12	-9.0%	-3.6%	-63	-2	-22	-24
NL	UK	5942	3.87%	230	0.8	-0.6%	-0.5%	-30	-1	-37	-38	-1.3%	-1.0%	-61	-2	-75	-77
PL	DE	3321	2.74%	91	0.1	-0.1%	0.0%	0	0	-10	-10	-0.2%	0.0%	-1	0	-33	-33
PL	DK	46	2.74%	1	0.2	-0.1%	0.0%	0	0	0	0	-0.2%	0.0%	0	0	0	0
PL	FR	358	2.74%	10	0.2	-0.1%	0.0%	0	0	-1	-1	-0.2%	0.0%	0	0	-4	-4
PL	IT	373	2.74%	10	0.2	-0.1%	0.0%	0	0	-1	-1	-0.3%	-0.1%	0	0	-4	-4
PL	NL	228	2.74%	6	0.1	-0.1%	0.0%	0	0	-1	-1	-0.2%	0.0%	0	0	-2	-2
PL	RO	15	2.74%	0	0.6	-0.4%	-0.3%	0	0	0	0	-1.4%	-0.9%	0	0	0	0
PL	UK	1991	2.74%	54	0.1	-0.1%	0.0%	0	0	-6	-6	-0.2%	0.0%	0	0	-19	-19
RO	DE	644	1.87%	12	0.1	-0.1%	0.0%	0	0	-2	-2	-0.2%	0.0%	0	0	-4	-4
RO	DK	44	1.87%	1	0.1	-0.1%	0.0%	0	0	0	0	-0.2%	0.0%	0	0	0	0
RO	FR	508	1.87%	10	0.1	-0.1%	0.0%	0	0	-2	-2	-0.2%	0.0%	0	0	-3	-3
RO	IT	850	1.87%	16	0.1	-0.1%	0.0%	0	0	-3	-3	-0.3%	0.0%	0	0	-5	-5
RO	NL	139	1.87%	3	0.1	-0.1%	0.0%	0	0	-1	-1	-0.2%	0.0%	0	0	-1	-1

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RO	PL	141	1.87%	3	0.2	-0.4%	-0.1%	0	0	-1	-1	-0.8%	-0.2%	0	0	-1	-1
RO	UK	284	1.87%	5	0.1	-0.1%	0.0%	0	0	-1	-1	-0.2%	0.0%	0	0	-2	-2
UK	DE	17241	4.08%	704	0.8	-0.5%	-0.4%	-68	-3	-397	-400	-0.5%	-0.4%	-72	-3	-421	-424
UK	DK	1077	4.08%	44	0.6	-0.4%	-0.2%	-3	0	-25	-25	-0.4%	-0.3%	-3	0	-26	-26
UK	FR	21889	4.08%	893	0.6	-0.5%	-0.3%	-66	-3	-505	-508	-0.5%	-0.3%	-70	-3	-534	-537
UK	IT	13230	4.08%	540	0.6	-0.6%	-0.4%	-51	-2	-305	-307	-0.7%	-0.4%	-54	-2	-323	-325
UK	NL	7616	4.08%	311	0.8	-0.4%	-0.3%	-25	-1	-176	-177	-0.4%	-0.3%	-26	-1	-186	-187
UK	PL	32413	4.08%	1323	0.4	-1.8%	-0.7%	-235	-10	-744	-754	-1.9%	-0.8%	-249	-10	-788	-798
UK	RO	10422	4.08%	425	0.4	-3.0%	-1.2%	-126	-5	-238	-243	-3.2%	-1.3%	-133	-5	-252	-257

Table 2.2 Secondary effects analysis: mobility patterns. Detailed results of bilateral relations between selected MSs. Single persons at 100% of average earnings. Policy options 3a and 3b

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		Status quo scenario				**Policy option 3A**				**Policy option 3B**			
Country of Residence	Country of origin	Mobility flow	Unemployed/Pop rate for EU-28+EFTA mobile workers	Potential target population	Elasticity to income change	% income change	% mobility change	Change in total mobility flow	Change in potential target population	% income change	% mobility change	Change in total mobility flow	Change in potential target population
DE	DK	2742	4.70%	129	0.8	0.1%	0.1%	3	0	0.2%	0.1%	4	0
DE	FR	19498	4.70%	916	0.8	0.0%	0.0%	-5	0	0.0%	0.0%	-7	0
DE	IT	21117	4.70%	993	0.6	-0.3%	-0.2%	-35	-2	-0.4%	-0.2%	-47	-2
DE	NL	14185	4.70%	667	0.8	0.1%	0.1%	15	1	0.2%	0.1%	20	1
DE	PL	149513	4.70%	7027	0.4	-2.3%	-0.9%	-1402	-66	-3.1%	-1.2%	-1867	-88
DE	RO	38314	4.70%	1801	0.4	-4.5%	-1.8%	-685	-32	-6.0%	-2.4%	-912	-43
DE	UK	13863	4.70%	652	0.8	0.1%	0.1%	10	0	0.1%	0.1%	13	1
DK	DE	3,066	6.52%	200	0.8	-0.4%	-0.3%	-10	-1	-0.4%	-0.3%	-10	-1
DK	FR	1,136	6.52%	74	0.8	-0.4%	-0.4%	-4	0	-0.4%	-0.4%	-4	0
DK	IT	1,080	6.52%	70	0.8	-1.1%	-0.8%	-9	-1	-1.1%	-0.8%	-9	-1
DK	NL	721	6.52%	47	0.2	0.0%	0.0%	0	0	0.0%	0.0%	0	0
DK	PL	3,396	6.52%	221	0.6	-6.1%	-3.7%	-125	-8	-6.1%	-3.7%	-125	-8
DK	RO	3,137	6.52%	204	0.4	-11.3%	-4.5%	-142	-9	-11.3%	-4.5%	-142	-9

DK	UK	2,886	6.52%	188	0.8	-0.2%	-0.1%	-4	0	-0.2%	-0.1%	-4	0
FR	DE	6413	4.47%	286	0.8	0.0%	0.0%	0	0	0.0%	0.0%	0	0
FR	DK	599	4.47%	27	0.8	0.2%	0.2%	1	0	0.3%	0.2%	1	0
FR	IT	4654	4.47%	208	0.8	-0.4%	-0.3%	-15	-1	-0.5%	-0.4%	-19	-1
FR	NL	2145	4.47%	96	0.2	0.2%	0.0%	1	0	0.3%	0.1%	1	0
FR	PL	2077	4.47%	93	0.6	-3.5%	-2.1%	-44	-2	-4.6%	-2.8%	-58	-3
FR	RO	1831	4.47%	82	0.4	-6.7%	-2.7%	-49	-2	-8.9%	-3.5%	-65	-3
FR	UK	9538	4.47%	426	0.8	0.2%	0.1%	12	1	0.2%	0.2%	16	1
IT	DE	6605	7.93%	524	0.2	0.3%	0.1%	4	0	0.4%	0.1%	5	0
IT	DK	205	7.93%	16	0.8	0.5%	0.4%	1	0	0.6%	0.5%	1	0
IT	FR	3922	7.93%	311	0.8	0.3%	0.2%	9	1	0.4%	0.3%	12	1
IT	NL	746	7.93%	59	0.2	0.5%	0.1%	1	0	0.6%	0.1%	1	0
IT	PL	4691	7.93%	372	0.6	-2.5%	-1.5%	-72	-6	-3.4%	-2.0%	-95	-8
IT	RO	76521	7.93%	6071	0.4	-5.1%	-2.1%	-1572	-125	-6.8%	-2.7%	-2094	-166
IT	UK	3732	7.93%	296	0.2	0.4%	0.1%	3	0	0.6%	0.1%	4	0
NL	DE	10824	3.87%	419	0.8	-0.1%	-0.1%	-6	0	-0.1%	-0.1%	-12	0
NL	DK	528	3.87%	20	0.6	0.0%	0.0%	0	0	0.0%	0.0%	0	0
NL	FR	3410	3.87%	132	0.6	-0.1%	0.0%	-1	0	-0.2%	-0.1%	-3	0
NL	IT	3017	3.87%	117	0.6	-0.2%	-0.1%	-3	0	-0.4%	-0.2%	-7	0
NL	PL	14895	3.87%	577	0.4	-1.0%	-0.4%	-61	-2	-2.1%	-0.8%	-125	-5
NL	RO	1744	3.87%	68	0.4	-1.9%	-0.8%	-13	-1	-3.9%	-1.6%	-27	-1
NL	UK	5942	3.87%	230	0.8	0.0%	0.0%	-1	0	-0.1%	0.0%	-2	0
PL	DE	3321	2.74%	91	0.1	0.1%	0.0%	0	0	0.3%	0.0%	1	0
PL	DK	46	2.74%	1	0.2	0.1%	0.0%	0	0	0.3%	0.1%	0	0
PL	FR	358	2.74%	10	0.2	0.1%	0.0%	0	0	0.3%	0.1%	0	0
PL	IT	373	2.74%	10	0.2	0.1%	0.0%	0	0	0.3%	0.1%	0	0
PL	NL	228	2.74%	6	0.1	0.1%	0.0%	0	0	0.3%	0.0%	0	0
PL	RO	15	2.74%	0	0.6	-0.1%	-0.1%	0	0	-0.3%	-0.2%	0	0
PL	UK	1991	2.74%	54	0.1	0.1%	0.0%	0	0	0.3%	0.0%	1	0

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RO	DE	644	1.87%	12	0.1	0.3%	0.0%	0	0	0.6%	0.1%	0	0
RO	DK	44	1.87%	1	0.1	0.3%	0.0%	0	0	0.6%	0.1%	0	0
RO	FR	508	1.87%	10	0.1	0.3%	0.0%	0	0	0.6%	0.1%	0	0
RO	IT	850	1.87%	16	0.1	0.3%	0.0%	0	0	0.6%	0.1%	0	0
RO	NL	139	1.87%	3	0.1	0.3%	0.0%	0	0	0.6%	0.1%	0	0
RO	PL	141	1.87%	3	0.2	0.1%	0.0%	0	0	0.3%	0.1%	0	0
RO	UK	284	1.87%	5	0.1	0.3%	0.0%	0	0	0.6%	0.1%	0	0
UK	DE	17241	4.08%	704	0.8	0.0%	0.0%	-6	0	0.0%	0.0%	-6	0
UK	DK	1077	4.08%	44	0.6	0.0%	0.0%	0	0	0.0%	0.0%	0	0
UK	FR	21889	4.08%	893	0.6	0.0%	0.0%	-6	0	0.0%	0.0%	-7	0
UK	IT	13230	4.08%	540	0.6	-0.1%	-0.1%	-9	0	-0.1%	-0.1%	-10	0
UK	NL	7616	4.08%	311	0.8	0.0%	0.0%	0	0	0.0%	0.0%	0	0
UK	PL	32413	4.08%	1323	0.4	-0.7%	-0.3%	-91	-4	-0.7%	-0.3%	-97	-4
UK	RO	10422	4.08%	425	0.4	-1.3%	-0.5%	-55	-2	-1.4%	-0.6%	-58	-2

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Table 2.3. Secondary effects analysis: mobility patterns. Detailed results of bilateral relations between selected MSs. One-earner married couples with two children at 100% of average earnings. Policy options 2a and 2b

		Status quo scenario				**Policy option 2°**						**Policy option 2B**					
Country of Residence	Country of origin	Mobility flow	Unemployed/Pop rate for EU-28+EFTA mobile workers	Potential target population	Elasticity	% income change	% mobility change	Change in total mobility flow	Change in potential target population due to mobility change	Change in potential target population due to exclusion of <1month workers	Change in potential target population	% income change	% mobility change	Change in total mobility flow	Change in potential target population due to mobility change	Change in potential target population due to exclusion of <3months workers	Change in potential target population
DE	DK	2742	4.70%	129	0.8	-1.8%	-1.5%	-40	-2	-49	-51	-2.5%	-2.0%	-54	-3	-65	-68
DE	FR	19498	4.70%	916	0.8	-2.4%	-1.9%	-367	-17	-350	-367	-3.1%	-2.5%	-488	-23	-462	-485
DE	IT	21117	4.70%	993	0.6	-2.9%	-1.8%	-371	-17	-380	-397	-3.9%	-2.3%	-494	-23	-502	-525
DE	NL	14185	4.70%	667	0.8	-2.0%	-1.6%	-222	-10	-256	-266	-2.6%	-2.1%	-296	-14	-338	-352
DE	PL	149513	4.70%	7027	0.4	-9.0%	-3.6%	-5357	-252	-2635	-2887	-11.9%	-4.8%	-7133	-335	-3463	-3798

DE	RO	38314	4.70%	1801	0.4	-15.8%	-6.3%	-2427	-114	-656	-770	-21.1%	-8.4%	-3232	-152	-853	-1005
DE	UK	13863	4.70%	652	0.8	-2.1%	-1.7%	-229	-11	-249	-260	-2.8%	-2.2%	-305	-14	-330	-344
DK	DE	3,066	6.52%	200	0.8	-4.1%	-3.3%	-101	-7	-165	-172	-4.1%	-3.3%	-101	-7	-165	-172
DK	FR	1,136	6.52%	74	0.8	-4.8%	-3.8%	-44	-3	-61	-64	-4.8%	-3.8%	-44	-3	-61	-64
DK	IT	1,080	6.52%	70	0.8	-6.0%	-4.8%	-52	-3	-57	-60	-6.0%	-4.8%	-52	-3	-57	-60
DK	NL	721	6.52%	47	0.2	-4.0%	-0.8%	-6	0	-40	-40	-4.0%	-0.8%	-6	0	-40	-40
DK	PL	3,396	6.52%	221	0.6	-18.3%	-11.0%	-373	-24	-169	-193	-18.3%	-11.0%	-373	-24	-169	-193
DK	RO	3,137	6.52%	204	0.4	-32.4%	-13.0%	-407	-26	-152	-178	-32.4%	-13.0%	-407	-26	-152	-178
DK	UK	2,886	6.52%	188	0.8	-4.2%	-3.4%	-98	-6	-156	-162	-4.2%	-3.4%	-98	-6	-156	-162
FR	DE	6413	4.47%	286	0.8	-2.2%	-1.8%	-113	-5	-133	-138	-2.9%	-2.3%	-150	-7	-175	-182
FR	DK	599	4.47%	27	0.8	-2.0%	-1.6%	-10	0	-13	-13	-2.7%	-2.2%	-13	-1	-16	-17
FR	IT	4654	4.47%	208	0.8	-3.2%	-2.6%	-120	-5	-96	-101	-4.3%	-3.4%	-159	-7	-126	-133
FR	NL	2145	4.47%	96	0.2	-2.2%	-0.4%	-9	0	-45	-45	-2.9%	-0.6%	-12	-1	-60	-61
FR	PL	2077	4.47%	93	0.6	-9.9%	-5.9%	-123	-6	-41	-47	-13.1%	-7.8%	-163	-7	-54	-61
FR	RO	1831	4.47%	82	0.4	-17.4%	-7.0%	-128	-6	-36	-42	-23.1%	-9.2%	-169	-8	-46	-54
FR	UK	9538	4.47%	426	0.8	-2.3%	-1.8%	-174	-8	-198	-206	-3.0%	-2.4%	-230	-10	-261	-271
IT	DE	6605	7.93%	524	0.2	-2.2%	-0.4%	-29	-2	-203	-205	-2.9%	-0.6%	-38	-3	-270	-273
IT	DK	205	7.93%	16	0.8	-2.0%	-1.6%	-3	0	-6	-6	-2.7%	-2.1%	-4	0	-8	-8
IT	FR	3922	7.93%	311	0.8	-2.6%	-2.0%	-80	-6	-119	-125	-3.4%	-2.7%	-107	-8	-157	-165
IT	NL	746	7.93%	59	0.2	-2.1%	-0.4%	-3	0	-23	-23	-2.8%	-0.6%	-4	0	-31	-31
IT	PL	4691	7.93%	372	0.6	-9.7%	-5.8%	-274	-22	-136	-158	-13.0%	-7.8%	-365	-29	-178	-207
IT	RO	76521	7.93%	6071	0.4	-17.2%	-6.9%	-5266	-418	-2199	-2617	-22.9%	-9.2%	-7011	-556	-2854	-3410
IT	UK	3732	7.93%	296	0.2	-2.2%	-0.4%	-17	-1	-115	-116	-3.0%	-0.6%	-22	-2	-152	-154
NL	DE	10824	3.87%	419	0.8	-0.6%	-0.5%	-54	-2	-68	-70	-1.3%	-1.0%	-111	-4	-137	-141
NL	DK	528	3.87%	20	0.6	-0.6%	-0.3%	-2	0	-3	-3	-1.2%	-0.7%	-4	0	-7	-7
NL	FR	3410	3.87%	132	0.6	-0.7%	-0.4%	-15	-1	-21	-22	-1.5%	-0.9%	-31	-1	-43	-44
NL	IT	3017	3.87%	117	0.6	-0.9%	-0.6%	-17	-1	-19	-20	-1.9%	-1.1%	-34	-1	-38	-39
NL	PL	14895	3.87%	577	0.4	-2.8%	-1.1%	-167	-6	-93	-99	-5.7%	-2.3%	-342	-13	-187	-200
NL	RO	1744	3.87%	68	0.4	-5.0%	-2.0%	-35	-1	-11	-12	-10.1%	-4.1%	-71	-3	-22	-25

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NL	UK	5942	3.87%	230	0.8	-0.6%	-0.5%	-31	-1	-37	-38	-1.3%	-1.1%	-63	-2	-75	-77
PL	DE	3321	2.74%	91	0.1	-0.1%	0.0%	0	0	-10	-10	-0.2%	0.0%	-1	0	-33	-33
PL	DK	46	2.74%	1	0.2	-0.1%	0.0%	0	0	0	0	-0.2%	0.0%	0	0	0	0
PL	FR	358	2.74%	10	0.2	-0.1%	0.0%	0	0	-1	-1	-0.3%	-0.1%	0	0	-4	-4
PL	IT	373	2.74%	10	0.2	-0.1%	0.0%	0	0	-1	-1	-0.3%	-0.1%	0	0	-4	-4
PL	NL	228	2.74%	6	0.1	-0.1%	0.0%	0	0	-1	-1	-0.2%	0.0%	0	0	-2	-2
PL	RO	15	2.74%	0	0.6	-0.5%	-0.3%	0	0	0	0	-1.8%	-1.1%	0	0	0	0
PL	UK	1991	2.74%	54	0.1	-0.1%	0.0%	0	0	-6	-6	-0.2%	0.0%	0	0	-19	-19
RO	DE	644	1.87%	12	0.1	-0.1%	0.0%	0	0	-2	-2	-0.2%	0.0%	0	0	-4	-4
RO	DK	44	1.87%	1	0.1	-0.1%	0.0%	0	0	0	0	-0.2%	0.0%	0	0	0	0
RO	FR	508	1.87%	10	0.1	-0.1%	0.0%	0	0	-2	-2	-0.2%	0.0%	0	0	-3	-3
RO	IT	850	1.87%	16	0.1	-0.1%	0.0%	0	0	-3	-3	-0.3%	0.0%	0	0	-5	-5
RO	NL	139	1.87%	3	0.1	-0.1%	0.0%	0	0	-1	-1	-0.2%	0.0%	0	0	-1	-1
RO	PL	141	1.87%	3	0.2	-0.4%	-0.1%	0	0	-1	-1	-0.9%	-0.2%	0	0	-1	-1
RO	UK	284	1.87%	5	0.1	-0.1%	0.0%	0	0	-1	-1	-0.2%	0.0%	0	0	-2	-2
UK	DE	17241	4.08%	704	0.8	-1.2%	-1.0%	-170	-7	-395	-402	-1.3%	-1.0%	-180	-7	-418	-425
UK	DK	1077	4.08%	44	0.6	-1.1%	-0.7%	-7	0	-25	-25	-1.2%	-0.7%	-8	0	-26	-26
UK	FR	21889	4.08%	893	0.6	-1.4%	-0.9%	-190	-8	-502	-510	-1.5%	-0.9%	-201	-8	-531	-539
UK	IT	13230	4.08%	540	0.6	-1.8%	-1.1%	-143	-6	-303	-309	-1.9%	-1.1%	-151	-6	-320	-326
UK	NL	7616	4.08%	311	0.8	-1.2%	-1.0%	-73	-3	-175	-178	-1.3%	-1.0%	-78	-3	-185	-188
UK	PL	32413	4.08%	1323	0.4	-5.5%	-2.2%	-715	-29	-734	-763	-5.8%	-2.3%	-756	-31	-775	-806
UK	RO	10422	4.08%	425	0.4	-9.7%	-3.9%	-406	-17	-231	-248	-10.3%	-4.1%	-430	-18	-244	-262

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Table 2.4. Secondary effects analysis: mobility patterns. Detailed results of bilateral relations between selected MSs. One-earner married couple with two children at 100% of average earnings. Policy options 3a and 3b

		Status quo scenario				**Policy option 3A**				**Policy option 3B**			
Country of Residence	Country of origin	Mobility flow	Unemployed/Pop rate for EU-28+EFTA mobile workers	Potential target population	Elasticity	% income change	% mobility change	Change in total mobility flow	Change in potential target population	% income change	% mobility change	Change in total mobility flow	Change in potential target population
DE	DK	2742	4.70%	129	0.8	0.1%	0.1%	2	0	0.1%	0.1%	2	0
DE	FR	19498	4.70%	916	0.8	-0.2%	-0.1%	-27	-1	-0.2%	-0.2%	-36	-2
DE	IT	21117	4.70%	993	0.6	-0.5%	-0.3%	-58	-3	-0.6%	-0.4%	-78	-4
DE	NL	14185	4.70%	667	0.8	0.0%	0.0%	3	0	0.0%	0.0%	4	0
DE	PL	149513	4.70%	7027	0.4	-3.5%	-1.4%	-2077	-98	-4.6%	-1.8%	-2766	-130
DE	RO	38314	4.70%	1801	0.4	-6.9%	-2.8%	-1059	-50	-9.2%	-3.7%	-1410	-66
DE	UK	13863	4.70%	652	0.8	0.0%	0.0%	-3	0	0.0%	0.0%	-5	0
DK	DE	3,066	6.52%	200	0.8	-0.2%	-0.1%	-4	0	-0.2%	-0.1%	-4	0
DK	FR	1,136	6.52%	74	0.8	-0.5%	-0.4%	-5	0	-0.5%	-0.4%	-5	0
DK	IT	1,080	6.52%	70	0.8	-1.1%	-0.9%	-10	-1	-1.1%	-0.9%	-10	-1
DK	NL	721	6.52%	47	0.2	-0.1%	0.0%	0	0	-0.1%	0.0%	0	0
DK	PL	3,396	6.52%	221	0.6	-7.3%	-4.4%	-148	-10	-7.3%	-4.4%	-148	-10
DK	RO	3,137	6.52%	204	0.4	-14.3%	-5.7%	-180	-12	-14.3%	-5.7%	-180	-12
DK	UK	2,886	6.52%	188	0.8	-0.2%	-0.2%	-5	0	-0.2%	-0.2%	-5	0
FR	DE	6413	4.47%	286	0.8	0.2%	0.2%	10	0	0.3%	0.2%	13	1
FR	DK	599	4.47%	27	0.8	0.3%	0.2%	1	0	0.4%	0.3%	2	0
FR	IT	4654	4.47%	208	0.8	-0.3%	-0.3%	-12	-1	-0.4%	-0.3%	-16	-1
FR	NL	2145	4.47%	96	0.2	0.2%	0.0%	1	0	0.3%	0.1%	1	0
FR	PL	2077	4.47%	93	0.6	-3.6%	-2.2%	-45	-2	-4.8%	-2.9%	-60	-3
FR	RO	1831	4.47%	82	0.4	-7.4%	-3.0%	-54	-2	-9.8%	-3.9%	-72	-3
FR	UK	9538	4.47%	426	0.8	0.2%	0.1%	12	1	0.2%	0.2%	16	1
IT	DE	6605	7.93%	524	0.2	0.5%	0.1%	7	1	0.7%	0.1%	9	1

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IT	DK	205	7.93%	16	0.8	0.6%	0.5%	1	0	0.8%	0.6%	1	0
IT	FR	3922	7.93%	311	0.8	0.3%	0.3%	10	1	0.4%	0.3%	13	1
IT	NL	746	7.93%	59	0.2	0.5%	0.1%	1	0	0.7%	0.1%	1	0
IT	PL	4691	7.93%	372	0.6	-3.3%	-2.0%	-92	-7	-4.4%	-2.6%	-123	-10
IT	RO	76521	7.93%	6071	0.4	-7.0%	-2.8%	-2143	-170	-9.3%	-3.7%	-2855	-227
IT	UK	3732	7.93%	296	0.2	0.5%	0.1%	4	0	0.6%	0.1%	5	0
NL	DE	10824	3.87%	419	0.8	0.0%	0.0%	0	0	0.0%	0.0%	-1	0
NL	DK	528	3.87%	20	0.6	0.0%	0.0%	0	0	0.0%	0.0%	0	0
NL	FR	3410	3.87%	132	0.6	-0.1%	0.0%	-1	0	-0.1%	-0.1%	-2	0
NL	IT	3017	3.87%	117	0.6	-0.1%	-0.1%	-3	0	-0.3%	-0.2%	-6	0
NL	PL	14895	3.87%	577	0.4	-1.1%	-0.4%	-65	-3	-2.2%	-0.9%	-133	-5
NL	RO	1744	3.87%	68	0.4	-2.2%	-0.9%	-15	-1	-4.4%	-1.8%	-31	-1
NL	UK	5942	3.87%	230	0.8	0.0%	0.0%	-1	0	0.0%	0.0%	-1	0
PL	DE	3321	2.74%	91	0.1	0.1%	0.0%	0	0	0.4%	0.0%	1	0
PL	DK	46	2.74%	1	0.2	0.1%	0.0%	0	0	0.4%	0.1%	0	0
PL	FR	358	2.74%	10	0.2	0.1%	0.0%	0	0	0.4%	0.1%	0	0
PL	IT	373	2.74%	10	0.2	0.1%	0.0%	0	0	0.3%	0.1%	0	0
PL	NL	228	2.74%	6	0.1	0.1%	0.0%	0	0	0.4%	0.0%	0	0
PL	RO	15	2.74%	0	0.6	-0.1%	-0.1%	0	0	-0.4%	-0.2%	0	0
PL	UK	1991	2.74%	54	0.1	0.1%	0.0%	0	0	0.4%	0.0%	1	0
RO	DE	644	1.87%	12	0.1	0.3%	0.0%	0	0	0.7%	0.1%	0	0
RO	DK	44	1.87%	1	0.1	0.3%	0.0%	0	0	0.7%	0.1%	0	0
RO	FR	508	1.87%	10	0.1	0.3%	0.0%	0	0	0.7%	0.1%	0	0
RO	IT	850	1.87%	16	0.1	0.3%	0.0%	0	0	0.6%	0.1%	1	0
RO	NL	139	1.87%	3	0.1	0.3%	0.0%	0	0	0.7%	0.1%	0	0
RO	PL	141	1.87%	3	0.2	0.2%	0.0%	0	0	0.3%	0.1%	0	0
RO	UK	284	1.87%	5	0.1	0.3%	0.0%	0	0	0.7%	0.1%	0	0
UK	DE	17241	4.08%	704	0.8	0.0%	0.0%	3	0	0.0%	0.0%	3	0
UK	DK	1077	4.08%	44	0.6	0.1%	0.0%	0	0	0.1%	0.0%	0	0

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UK	FR	21889	4.08%	893	0.6	-0.1%	-0.1%	-11	0	-0.1%	-0.1%	-12	0
UK	IT	13230	4.08%	540	0.6	-0.3%	-0.2%	-21	-1	-0.3%	-0.2%	-22	-1
UK	NL	7616	4.08%	311	0.8	0.0%	0.0%	2	0	0.0%	0.0%	2	0
UK	PL	32413	4.08%	1323	0.4	-2.1%	-0.8%	-275	-11	-2.2%	-0.9%	-291	-12
UK	RO	10422	4.08%	425	0.4	-4.2%	-1.7%	-177	-7	-4.5%	-1.8%	-187	-8

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Annex 3 – Secondary effects analysis: cost changes

Table 3.1. Cost changes analysis. Detailed results of bilateral relations between selected MSs, policy option 2A

		Status quo scenario		Policy option 2A							
				Variation attributable to mobility change				Variation attributable to mobility change and change in rules			
Country of Residence	Country of origin	Expenditure	Total expenditure	Expenditure	% expenditure variation	Total expenditure	% total expenditure variation	Expenditure	% expenditure variation	Total expenditure	% total expenditure variation
DE	DK	€ 2,150,359.31	€ 203,100,603.17	€ 2,133,689.86	-0.8%	€ 198,099,767.57	-2.5%	€ 1,300,217.26	-39.5%	€ 121,036,890.97	-40.4%
DE	FR	€ 15,269,218.03		€ 15,052,515.16	-1.4%			€ 9,201,537.50	-39.7%		
DE	IT	€ 16,536,096.38		€ 16,319,393.51	-1.3%			€ 9,968,332.30	-39.7%		
DE	NL	€ 11,118,524.48		€ 10,985,168.87	-1.2%			€ 6,717,789.16	-39.6%		
DE	PL	€ 117,136,239.20		€ 114,135,737.84	-2.6%			€ 69,744,987.17	-40.5%		
DE	RO	€ 30,021,683.05		€ 28,738,135.25	-4.3%			€ 17,552,932.96	-41.5%		
DE	UK	€ 10,868,482.70		€ 10,735,127.09	-1.2%			€ 6,551,094.64	-39.7%		
DK	DE	€ 3,851,695.46	€ 19,335,511.21	€ 3,716,886.12	-3.5%	€ 18,160,744.09	-6.1%	€ 539,237.36	-86.0%	€ 2,619,152.91	-86.5%
DK	FR	€ 1,425,127.32		€ 1,367,351.89	-4.1%			€ 192,584.77	-86.5%		
DK	IT	€ 1,348,093.41		€ 1,290,317.98	-4.3%			€ 192,584.77	-85.7%		
DK	NL	€ 905,148.43		€ 905,148.43	0.0%			€ 134,809.34	-85.1%		
DK	PL	€ 4,256,123.48		€ 3,851,695.46	-9.5%			€ 558,495.84	-86.9%		
DK	RO	€ 3,928,729.37		€ 3,524,301.35	-10.3%			€ 500,720.41	-87.3%		
DK	UK	€ 3,620,593.73		€ 3,505,042.87	-3.2%			€ 500,720.41	-86.2%		
FR	DE	€ 5,356,693.25	€ 22,812,770.56	€ 5,244,315.07	-2.1%	€ 22,250,879.66	-2.5%	€ 2,771,995.11	-48.3%	€ 11,724,790.12	-48.6%
FR	DK	€ 505,701.81		€ 505,701.81	0.0%			€ 262,215.75	-48.1%		
FR	IT	€ 3,895,776.91		€ 3,783,398.73	-2.9%			€ 1,985,347.85	-49.0%		
FR	NL	€ 1,798,050.88		€ 1,798,050.88	0.0%			€ 955,214.53	-46.9%		

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FR	PL	€ 1,741,861.79		€ 1,648,213.31	-5.4%			€ 861,566.05	-50.5%		
FR	RO	€ 1,535,835.13		€ 1,442,186.64	-6.1%			€ 767,917.56	-50.0%		
FR	UK	€ 7,978,850.79		€ 7,829,013.21	-1.9%			€ 4,120,533.27	-48.4%		
IT	DE	€ 6,200,861.44		€ 6,177,194.03	-0.4%			€ 3,774,951.91	-39.1%		
IT	DK	€ 189,339.28		€ 189,339.28	0.0%			€ 118,337.05	-37.5%		
IT	FR	€ 3,680,282.27		€ 3,621,113.74	-1.6%			€ 2,212,902.84	-39.9%		
IT	NL	€ 698,188.60	€ 90,516,009.86	€ 698,188.60	0.0%	€ 86,492,550.15	-4.4%	€ 426,013.38	-39.0%	€ 52,849,326.71	-41.6%
IT	PL	€ 4,402,138.28		€ 4,200,965.29	-4.6%			€ 2,567,913.99	-41.7%		
IT	RO	€ 71,842,423.30		€ 68,114,806.22	-5.2%			€ 41,619,140.63	-42.1%		
IT	UK	€ 3,502,776.69		€ 3,490,942.99	-0.3%			€ 2,130,066.91	-39.2%		
NL	DE	€ 9,580,471.81		€ 9,534,741.63	-0.5%			€ 7,979,915.66	-16.7%		
NL	DK	€ 457,301.76		€ 457,301.76	0.0%			€ 388,706.49	-15.0%		
NL	FR	€ 3,018,191.60		€ 2,995,326.51	-0.8%			€ 2,515,159.66	-16.7%		
NL	IT	€ 2,675,215.28	€ 35,738,132.30	€ 2,652,350.19	-0.9%	€ 35,463,751.24	-0.8%	€ 2,217,913.52	-17.1%	€ 29,701,749.11	-16.9%
NL	PL	€ 13,193,155.68		€ 13,055,965.16	-1.0%			€ 10,929,511.99	-17.2%		
NL	RO	€ 1,554,825.97		€ 1,531,960.89	-1.5%			€ 1,280,444.92	-17.6%		
NL	UK	€ 5,258,970.20		€ 5,236,105.12	-0.4%			€ 4,390,096.87	-16.5%		
PL	DE	€ 172,751.95		€ 172,751.95	0.0%			€ 153,768.22	-11.0%		
PL	DK	€ 1,898.37		€ 1,898.37	0.0%			€ 1,898.37	0.0%		
PL	FR	€ 18,983.73		€ 18,983.73	0.0%			€ 17,085.36	-10.0%		
PL	IT	€ 18,983.73	€ 326,520.16	€ 18,983.73	0.0%	€ 326,520.16	0.0%	€ 17,085.36	-10.0%	€ 290,451.07	-11.0%
PL	NL	€ 11,390.24		€ 11,390.24	0.0%			€ 9,491.87	-16.7%		
PL	RO	€ -		€ -	#DIV/0!			€ -	-		
PL	UK	€ 102,512.14		€ 102,512.14	0.0%			€ 91,121.91	-11.1%		
RO	DE	€ 21,630.64	€ 90,127.68	€ 21,630.64	0.0%	€ 90,127.68	0.0%	€ 18,025.54	-16.7%	€ 72,102.14	-20.0%
RO	DK	€		€	0.0%			€	0.0%		

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		1,802.55		1,802.55				1,802.55			
RO	FR	€ 18,025.54		€ 18,025.54	0.0%			€ 14,420.43	-20.0%		
RO	IT	€ 28,840.86		€ 28,840.86	0.0%			€ 23,433.20	-18.8%		
RO	NL	€ 5,407.66		€ 5,407.66	0.0%			€ 3,605.11	-33.3%		
RO	PL	€ 5,407.66		€ 5,407.66	0.0%			€ 3,605.11	-33.3%		
RO	UK	€ 9,012.77		€ 9,012.77	0.0%			€ 7,210.21	-20.0%		
UK	DE	€ 2,986,404.03		€ 2,973,677.88	-0.4%			€ 1,289,583.56	-56.8%		
UK	DK	€ 186,650.25		€ 186,650.25	0.0%			€ 80,598.97	-56.8%		
UK	FR	€ 3,788,151.71		€ 3,775,425.55	-0.3%			€ 1,633,189.71	-56.9%		
UK	IT	€ 2,290,707.64	€ 17,986,297.02	€ 2,282,223.54	-0.4%	€ 17,884,487.79	-0.6%	€ 988,397.93	-56.9%	€ 7,745,985.46	-56.9%
UK	NL	€ 1,319,277.92		€ 1,315,035.87	-0.3%			€ 568,434.86	-56.9%		
UK	PL	€ 5,612,233.72		€ 5,569,813.20	-0.8%			€ 2,413,727.12	-57.0%		
UK	RO	€ 1,802,871.75		€ 1,781,661.50	-1.2%			€ 772,053.32	-57.2%		

Table 3.2. Cost changes analysis. Detailed results of bilateral relations between selected MSs, policy option 2B

		Status quo scenario		**Policy option 2B**							
				Variation attributable to mobility change				**Variation attributable to mobility change and change in rules**			
Country of Residence	Country of origin	Expenditure	Total expenditure	Expenditure	% expenditure variation	Total expenditure	% total expenditure variation	Expenditure	% expenditure variation	Total expenditure	% total expenditure variation
DE	DK	€ 2,150,359.31		€ 2,117,020.40	-1.6%			€ 1,016,836.57	-52.7%		
DE	FR	€ 15,269,218.03		€ 14,985,837.35	-1.9%			€ 7,234,542.17	-52.6%		
DE	IT	€ 16,536,096.38		€ 16,236,046.25	-1.8%			€ 7,834,642.44	-52.6%		
DE	NL	€ 11,118,524.48	€ 203,100,603.17	€ 10,951,829.96	-1.5%	€ 196,449,491.82	-3.3%	€ 5,284,216.28	-52.5%	€ 94,782,504.07	-53.3%
DE	PL	€ 117,136,239.20		€ 113,152,240.18	-3.4%			€ 54,592,455.30	-53.4%		
DE	RO	€ 30,021,683.05		€ 28,321,398.95	-5.7%			€ 13,668,950.64	-54.5%		
DE	UK	€ 10,868,482.70		€ 10,685,118.73	-1.7%			€ 5,150,860.67	-52.6%		

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DK	DE	€ 3,851,695.46		€ 3,716,886.12	-3.5%			€ 539,237.36	-86.0%		
DK	FR	€ 1,425,127.32		€ 1,367,351.89	-4.1%			€ 192,584.77	-86.5%		
DK	IT	€ 1,348,093.41		€ 1,290,317.98	-4.3%			€ 192,584.77	-85.7%		
DK	NL	€ 905,148.43	€ 19,335,511.21	€ 905,148.43	0.0%	€ 18,160,744.09	-6.1%	€ 134,809.34	-85.1%	€ 2,619,152.91	-86.5%
DK	PL	€ 4,256,123.48		€ 3,851,695.46	-9.5%			€ 558,495.84	-86.9%		
DK	RO	€ 3,928,729.37		€ 3,524,301.35	-10.3%			€ 500,720.41	-87.3%		
DK	UK	€ 3,620,593.73		€ 3,505,042.87	-3.2%			€ 500,720.41	-86.2%		
FR	DE	€ 5,356,693.25		€ 5,206,855.68	-2.8%			€ 1,947,888.45	-63.6%		
FR	DK	€ 505,701.81		€ 486,972.11	-3.7%			€ 187,296.97	-63.0%		
FR	IT	€ 3,895,776.91		€ 3,764,669.03	-3.4%			€ 1,404,727.25	-63.9%		
FR	NL	€ 1,798,050.88	€ 22,812,770.56	€ 1,779,321.18	-1.0%	€ 22,044,852.99	-3.4%	€ 655,539.38	-63.5%	€ 8,222,336.84	-64.0%
FR	PL	€ 1,741,861.79		€ 1,610,753.91	-7.5%			€ 599,350.29	-65.6%		
FR	RO	€ 1,535,835.13		€ 1,404,727.25	-8.5%			€ 524,431.51	-65.9%		
FR	UK	€ 7,978,850.79		€ 7,791,553.82	-2.3%			€ 2,903,102.99	-63.6%		
IT	DE	€ 6,200,861.44		€ 6,165,360.33	-0.6%			€ 2,970,259.97	-52.1%		
IT	DK	€ 189,339.28		€ 189,339.28	0.0%			€ 94,669.64	-50.0%		
IT	FR	€ 3,680,282.27		€ 3,597,446.33	-2.3%			€ 1,739,554.64	-52.7%		
IT	NL	€ 698,188.60	€ 90,516,009.86	€ 698,188.60	0.0%	€ 85,143,507.77	-5.9%	€ 331,343.74	-52.5%	€ 41,074,790.20	-54.6%
IT	PL	€ 4,402,138.28		€ 4,129,963.06	-6.2%			€ 1,988,062.45	-54.8%		
IT	RO	€ 71,842,423.30		€ 66,872,267.19	-6.9%			€ 32,270,513.65	-55.1%		
IT	UK	€ 3,502,776.69		€ 3,490,942.99	-0.3%			€ 1,680,386.12	-52.0%		
NL	DE	€ 9,580,471.81		€ 9,466,146.37	-1.2%			€ 6,333,629.33	-33.9%		
NL	DK	€ 457,301.76		€ 457,301.76	0.0%			€ 297,246.14	-35.0%		
NL	FR	€ 3,018,191.60		€ 2,995,326.51	-0.8%			€ 2,012,127.73	-33.3%		
NL	IT	€ 2,675,215.28	€ 35,738,132.30	€ 2,652,350.19	-0.9%	€ 35,212,235.28	-1.5%	€ 1,783,476.85	-33.3%	€ 23,573,905.56	-34.0%
NL	PL	€ 13,193,155.68		€ 12,918,774.63	-2.1%			€ 8,643,003.20	-34.5%		
NL	RO	€ 1,554,825.97		€ 1,509,095.80	-2.9%			€ 1,006,063.87	-35.3%		
NL	UK	€ 5,258,970.20		€ 5,213,240.03	-0.9%			€ 3,498,358.44	-33.5%		
PL	DE	€ 172,751.95	€ 326,520.16	€ 172,751.95	0.0%	€ 326,520.16	0.0%	€ 110,105.64	-36.3%	€ 208,821.03	-36.0%

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PL	DK	€ 1,898.37		€ 1,898.37	0.0%			€ 1,898.37	0.0%		
PL	FR	€ 18,983.73		€ 18,983.73	0.0%			€ 11,390.24	-40.0%		
PL	IT	€ 18,983.73		€ 18,983.73	0.0%			€ 11,390.24	-40.0%		
PL	NL	€ 11,390.24		€ 11,390.24	0.0%			€ 7,593.49	-33.3%		
PL	RO	€ -		€ -	#DIV/0!			€ -	#DIV/0!		
PL	UK	€ 102,512.14		€ 102,512.14	0.0%			€ 66,443.06	-35.2%		
RO	DE	€ 21,630.64		€ 21,630.64	0.0%			€ 14,420.43	-33.3%		
RO	DK	€ 1,802.55		€ 1,802.55	0.0%			€ 1,802.55	0.0%		
RO	FR	€ 18,025.54		€ 18,025.54	0.0%			€ 12,617.88	-30.0%		
RO	IT	€ 28,840.86	€ 90,127.68	€ 28,840.86	0.0%	€ 90,127.68	0.0%	€ 19,828.09	-31.3%	€ 61,286.82	-32.0%
RO	NL	€ 5,407.66		€ 5,407.66	0.0%			€ 3,605.11	-33.3%		
RO	PL	€ 5,407.66		€ 5,407.66	0.0%			€ 3,605.11	-33.3%		
RO	UK	€ 9,012.77		€ 9,012.77	0.0%			€ 5,407.66	-40.0%		
UK	DE	€ 2,986,404.03		€ 2,973,677.88	-0.4%			€ 1,187,774.33	-60.2%		
UK	DK	€ 186,650.25		€ 186,650.25	0.0%			€ 76,356.92	-59.1%		
UK	FR	€ 3,788,151.71		€ 3,775,425.55	-0.3%			€ 1,510,170.22	-60.1%		
UK	IT	€ 2,290,707.64	€ 17,986,297.02	€ 2,282,223.54	-0.4%	€ 17,884,487.79	-0.6%	€ 912,041.00	-60.2%	€ 7,152,098.29	-60.2%
UK	NL	€ 1,319,277.92		€ 1,315,035.87	-0.3%			€ 526,014.35	-60.1%		
UK	PL	€ 5,612,233.72		€ 5,569,813.20	-0.8%			€ 2,227,076.87	-60.3%		
UK	RO	€ 1,802,871.75		€ 1,781,661.50	-1.2%			€ 712,664.60	-60.5%		

Table 3.3. Cost changes analysis. Detailed results of bilateral relations between selected MSs, policy option 3A

		Status quo scenario		**Policy option 2B**							
				Variation attributable to mobility change				**Variation attributable to mobility change and change in rules**			
Country of Residence	Country of origin	Expenditure	Total expenditure	Expenditure	% expenditure variation	Total expenditure	% total expenditure variation	Expenditure	% expenditure variation	Total expenditure	% total expenditure variation
DE	DK	€ 2,150,359.31	€ 203,100,603.17	€ 2,150,359.31	0.0%	€ 201,450,327.42	-0.8%	€ 2,228,930.36	3.7%	€ 180,246,567.74	-11.3%

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DE	FR	€ 15,269,218.03		€ 15,269,218.03	0.0%			€ 15,152,188.73	-0.8%		
DE	IT	€ 16,536,096.38		€ 16,502,757.48	-0.2%			€ 15,700,229.99	-5.1%		
DE	NL	€ 11,118,524.48		€ 11,135,193.94	0.1%			€ 11,583,092.56	4.2%		
DE	PL	€ 117,136,239.20		€ 116,036,055.37	-0.9%			€ 99,651,117.23	-14.9%		
DE	RO	€ 30,021,683.05		€ 29,488,260.59	-1.8%			€ 24,609,841.79	-18.0%		
DE	UK	€ 10,868,482.70		€ 10,868,482.70	0.0%			€ 11,321,167.09	4.2%		
DK	DE	€ 3,851,695.46		€ 3,832,436.98	-0.5%			€ 3,572,762.87	-7.2%		
DK	FR	€ 1,425,127.32		€ 1,425,127.32	0.0%			€ 1,308,763.82	-8.2%		
DK	IT	€ 1,348,093.41		€ 1,328,834.93	-1.4%			€ 1,119,165.82	-17.0%		
DK	NL	€ 905,148.43	€ 19,335,511.21	€ 905,148.43	0.0%	€ 18,969,600.14	-1.9%	€ 911,029.94	0.6%	€ 15,668,197.99	-19.0%
DK	PL	€ 4,256,123.48		€ 4,102,055.66	-3.6%			€ 2,753,630.38	-35.3%		
DK	RO	€ 3,928,729.37		€ 3,755,403.07	-4.4%			€ 2,349,261.16	-40.2%		
DK	UK	€ 3,620,593.73		€ 3,620,593.73	0.0%			€ 3,653,583.99	0.9%		
FR	DE	€ 5,356,693.25		€ 5,356,693.25	0.0%			€ 5,408,604.80	1.0%		
FR	DK	€ 505,701.81		€ 505,701.81	0.0%			€ 534,596.50	5.7%		
FR	IT	€ 3,895,776.91		€ 3,877,047.21	-0.5%			€ 3,675,779.05	-5.6%		
FR	NL	€ 1,798,050.88	€ 22,812,770.56	€ 1,798,050.88	0.0%	€ 22,737,851.77	-0.3%	€ 1,906,033.26	6.0%	€ 22,635,792.66	-0.8%
FR	PL	€ 1,741,861.79		€ 1,704,402.40	-2.2%			€ 1,416,603.38	-18.7%		
FR	RO	€ 1,535,835.13		€ 1,498,375.73	-2.4%			€ 1,197,807.01	-22.0%		
FR	UK	€ 7,978,850.79		€ 7,997,580.48	0.2%			€ 8,496,368.66	6.5%		
IT	DE	€ 6,200,861.44		€ 6,200,861.44	0.0%			€ 6,603,414.82	6.5%		
IT	DK	€ 189,339.28		€ 189,339.28	0.0%			€ 210,104.70	11.0%		
IT	FR	€ 3,680,282.27		€ 3,692,115.97	0.3%			€ 3,893,230.25	5.8%		
IT	NL	€ 698,188.60	€ 90,516,009.86	€ 698,188.60	0.0%	€ 88,977,628.20	-1.7%	€ 781,082.90	11.9%	€ 78,610,980.89	-13.2%
IT	PL	€ 4,402,138.28		€ 4,331,136.05	-1.6%			€ 3,797,992.64	-13.7%		
IT	RO	€ 71,842,423.30		€ 70,363,210.17	-2.1%			€ 59,401,426.05	-17.3%		
IT	UK	€ 3,502,776.69		€ 3,502,776.69	0.0%			€ 3,923,729.54	12.0%		
NL	DE	€ 9,580,471.81	€ 35,738,132.30	€ 9,580,471.81	0.0%	€ 35,669,537.03	-0.2%	€ 9,447,312.39	-1.4%	€ 34,464,042.81	-3.6%
NL	DK	€ 457,301.76		€ 457,301.76	0.0%			€ 456,785.91	-0.1%		

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NL	FR	€ 3,018,191.60		€ 3,018,191.60	0.0%			€ 2,966,889.62	-1.7%		
NL	IT	€ 2,675,215.28		€ 2,675,215.28	0.0%			€ 2,592,988.57	-3.1%		
NL	PL	€ 13,193,155.68		€ 13,147,425.51	-0.3%			€ 12,316,834.24	-6.6%		
NL	RO	€ 1,554,825.97		€ 1,531,960.89	-1.5%			€ 1,421,757.90	-8.6%		
NL	UK	€ 5,258,970.20		€ 5,258,970.20	0.0%			€ 5,261,474.18	0.0%		
PL	DE	€ 172,751.95		€ 172,751.95	0.0%			€ 197,895.20	14.6%		
PL	DK	€ 1,898.37		€ 1,898.37	0.0%			€ 1,898.37	0.0%		
PL	FR	€ 18,983.73		€ 18,983.73	0.0%			€ 21,361.45	12.5%		
PL	IT	€ 18,983.73	€ 326,520.16	€ 18,983.73	0.0%	€ 326,520.16	0.0%	€ 20,631.84	8.7%	€ 378,449.04	15.9%
PL	NL	€ 11,390.24		€ 11,390.24	0.0%			€ 14,620.43	28.4%		
PL	RO	€ -		€ -	#DIV/0!			€ -	#DIV/0!		
PL	UK	€ 102,512.14		€ 102,512.14	0.0%			€ 122,041.74	19.1%		
RO	DE	€ 21,630.64		€ 21,630.64	0.0%			€ 31,905.08	47.5%		
RO	DK	€ 1,802.55		€ 1,802.55	0.0%			€ 1,802.55	0.0%		
RO	FR	€ 18,025.54		€ 18,025.54	0.0%			€ 27,823.64	54.4%		
RO	IT	€ 28,840.86	€ 90,127.68	€ 28,840.86	0.0%	€ 90,127.68	0.0%	€ 39,721.89	37.7%	€ 134,648.59	49.4%
RO	NL	€ 5,407.66		€ 5,407.66	0.0%			€ 11,792.96	118.1%		
RO	PL	€ 5,407.66		€ 5,407.66	0.0%			€ 6,161.25	13.9%		
RO	UK	€ 9,012.77		€ 9,012.77	0.0%			€ 15,441.20	71.3%		
UK	DE	€ 2,986,404.03		€ 2,986,404.03	0.0%			€ 2,837,320.02	-5.0%		
UK	DK	€ 186,650.25		€ 186,650.25	0.0%			€ 185,545.39	-0.6%		
UK	FR	€ 3,788,151.71		€ 3,788,151.71	0.0%			€ 3,564,214.59	-5.9%		
UK	IT	€ 2,290,707.64	€ 17,986,297.02	€ 2,290,707.64	0.0%	€ 17,960,844.71	-0.1%	€ 2,042,646.17	-10.8%	€ 15,661,679.38	-12.9%
UK	NL	€ 1,319,277.92		€ 1,319,277.92	0.0%			€ 1,317,081.16	-0.2%		
UK	PL	€ 5,612,233.72		€ 5,595,265.51	-0.3%			€ 4,366,937.17	-22.2%		
UK	RO	€ 1,802,871.75		€ 1,794,387.65	-0.5%			€ 1,347,934.88	-25.2%		

Table 3.4. Cost changes analysis. Detailed results of bilateral relations between selected MSs, policy option 3B

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		Status quo scenario		Policy option 2B							
				Variation attributable to mobility change				Variation attributable to mobility change and change in rules			
Country of Residence	Country of origin	Expenditure	Total expenditure	Expenditure	% expenditure variation	Total expenditure	% total expenditure variation	Expenditure	% expenditure variation	Total expenditure	% total expenditure variation
DE	DK	€ 2,150,359.31	€ 203,100,603.17	€ 2,150,359.31	0.0%	€ 200,916,904.96	-1.1%	€ 2,255,644.52	4.9%	€ 172,817,404.20	-14.9%
DE	FR	€ 15,269,218.03		€ 15,269,218.03	0.0%			€ 15,113,398.12	-1.0%		
DE	IT	€ 16,536,096.38		€ 16,502,757.48	-0.2%			€ 15,435,500.14	-6.7%		
DE	NL	€ 11,118,524.48		€ 11,135,193.94	0.1%			€ 11,731,243.64	5.5%		
DE	PL	€ 117,136,239.20		€ 115,669,327.43	-1.3%			€ 93,941,737.74	-19.8%		
DE	RO	€ 30,021,683.05		€ 29,304,896.62	-2.4%			€ 22,852,336.87	-23.9%		
DE	UK	€ 10,868,482.70		€ 10,885,152.16	0.2%			€ 11,487,543.19	5.7%		
DK	DE	€ 3,851,695.46	€ 19,335,511.21	€ 3,832,436.98	-0.5%	€ 18,969,600.14	-1.9%	€ 3,572,762.87	-7.2%	€ 15,668,197.99	-19.0%
DK	FR	€ 1,425,127.32		€ 1,425,127.32	0.0%			€ 1,308,763.82	-8.2%		
DK	IT	€ 1,348,093.41		€ 1,328,834.93	-1.4%			€ 1,119,165.82	-17.0%		
DK	NL	€ 905,148.43		€ 905,148.43	0.0%			€ 911,029.94	0.6%		
DK	PL	€ 4,256,123.48		€ 4,102,055.66	-3.6%			€ 2,753,630.38	-35.3%		
DK	RO	€ 3,928,729.37		€ 3,755,403.07	-4.4%			€ 2,349,261.16	-40.2%		
DK	UK	€ 3,620,593.73		€ 3,620,593.73	0.0%			€ 3,653,583.99	0.9%		
FR	DE	€ 5,356,693.25	€ 22,812,770.56	€ 5,356,693.25	0.0%	€ 22,700,392.38	-0.5%	€ 5,425,524.12	1.3%	€ 22,575,462.12	-1.0%
FR	DK	€ 505,701.81		€ 505,701.81	0.0%			€ 543,487.17	7.5%		
FR	IT	€ 3,895,776.91		€ 3,877,047.21	-0.5%			€ 3,610,058.83	-7.3%		
FR	NL	€ 1,798,050.88		€ 1,798,050.88	0.0%			€ 1,942,027.39	8.0%		
FR	PL	€ 1,741,861.79		€ 1,685,672.70	-3.2%			€ 1,310,864.68	-24.7%		
FR	RO	€ 1,535,835.13		€ 1,479,646.04	-3.7%			€ 1,084,160.88	-29.4%		
FR	UK	€ 7,978,850.79		€ 7,997,580.48	0.2%			€ 8,659,339.05	8.5%		
IT	DE	€ 6,200,861.44	€ 90,516,009.86	€ 6,200,861.44	0.0%	€ 88,468,778.89	-2.3%	€ 6,735,625.98	8.6%	€ 74,781,740.17	-17.4%
IT	DK	€ 189,339.28		€ 189,339.28	0.0%			€ 217,026.50	14.6%		
IT	FR	€ 3,680,282.27		€ 3,692,115.97	0.3%			€ 3,959,714.31	7.6%		

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IT	NL	€ 698,188.60		€ 698,188.60	0.0%			€ 809,915.70	16.0%		
IT	PL	€ 4,402,138.28		€ 4,307,468.63	-2.2%			€ 3,601,616.80	-18.2%		
IT	RO	€ 71,842,423.30		€ 69,878,028.27	-2.7%			€ 55,395,013.87	-22.9%		
IT	UK	€ 3,502,776.69		€ 3,502,776.69	0.0%			€ 4,062,827.00	16.0%		
NL	DE	€ 9,580,471.81		€ 9,580,471.81	0.0%			€ 9,308,278.29	-2.8%		
NL	DK	€ 457,301.76		€ 457,301.76	0.0%			€ 456,098.12	-0.3%		
NL	FR	€ 3,018,191.60		€ 3,018,191.60	0.0%			€ 2,915,587.65	-3.4%		
NL	IT	€ 2,675,215.28	€ 35,738,132.30	€ 2,675,215.28	0.0%	€ 35,600,941.77	-0.4%	€ 2,506,434.13	-6.3%	€ 33,170,878.25	-7.2%
NL	PL	€ 13,193,155.68		€ 13,078,830.25	-0.9%			€ 11,408,811.63	-13.5%		
NL	RO	€ 1,554,825.97		€ 1,531,960.89	-1.5%			€ 1,311,554.92	-15.6%		
NL	UK	€ 5,258,970.20		€ 5,258,970.20	0.0%			€ 5,264,113.51	0.1%		
PL	DE	€ 172,751.95		€ 172,751.95	0.0%			€ 255,724.70	48.0%		
PL	DK	€ 1,898.37		€ 1,898.37	0.0%			€ 1,898.37	0.0%		
PL	FR	€ 18,983.73		€ 18,983.73	0.0%			€ 28,494.61	50.1%		
PL	IT	€ 18,983.73	€ 326,520.16	€ 18,983.73	0.0%	€ 326,520.16	0.0%	€ 25,576.18	34.7%	€ 493,900.34	51.3%
PL	NL	€ 11,390.24		€ 11,390.24	0.0%			€ 17,850.62	56.7%		
PL	RO	€ -		€ -	#DIV/0!			€ -	#DIV/0!		
PL	UK	€ 102,512.14		€ 102,512.14	0.0%			€ 164,355.85	60.3%		
RO	DE	€ 21,630.64		€ 21,630.64	0.0%			€ 42,179.52	95.0%		
RO	DK	€ 1,802.55		€ 1,802.55	0.0%			€ 1,802.55	0.0%		
RO	FR	€ 18,025.54		€ 18,025.54	0.0%			€ 32,722.69	81.5%		
RO	IT	€ 28,840.86	€ 90,127.68	€ 28,840.86	0.0%	€ 90,127.68	0.0%	€ 46,975.92	62.9%	€ 163,504.54	81.4%
RO	NL	€ 5,407.66		€ 5,407.66	0.0%			€ 11,792.96	118.1%		
RO	PL	€ 5,407.66		€ 5,407.66	0.0%			€ 6,161.25	13.9%		
RO	UK	€ 9,012.77		€ 9,012.77	0.0%			€ 21,869.64	142.7%		
UK	DE	€ 2,986,404.03		€ 2,986,404.03	0.0%			€ 2,828,726.20	-5.3%		
UK	DK	€ 186,650.25	€ 17,986,297.02	€ 186,650.25	0.0%	€ 17,960,844.71	-0.1%	€ 185,501.19	-0.6%	€ 15,528,379.78	-13.7%
UK	FR	€ 3,788,151.71		€ 3,788,151.71	0.0%			€ 3,550,937.68	-6.3%		
UK	IT	€ 2,290,707.64		€ 2,290,707.64	0.0%			€ 2,028,054.32	-11.5%		

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UK	NL	€ 1,319,277.92		€ 1,319,277.92	0.0%			€ 1,316,943.87	-0.2%		
UK	PL	€ 5,612,233.72		€ 5,595,265.51	-0.3%			€ 4,296,324.71	-23.4%		
UK	RO	€ 1,802,871.75		€ 1,794,387.65	-0.5%			€ 1,321,891.80	-26.7%		

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Annex 4 – Extension of results to EU-28 countries

The purpose of the simulation is to estimate the secondary effects of the potential implementation of the policy options on the bilateral relations between the 8 selected MS. Results for each pair of countries are essentially driven by the country-specific figures on migration flows, average levels of unemployment benefits and income differentials with the other countries.

For each of the 8 selected countries, table 4.1 offers elements for an indicative extension of the results observed.
Underneath the selected countries, in the first column, the income differential is computed by dividing the expected income values of the row countries by the expected income values of the column countries. In analogy with par. 2.4.1, expected incomes are computed according to the formula:

*Income = (Prob(1-Unemployed) * avg_earnings + Prob(Unemployed) * UB) / PPP_index*

The second column reports the quota of EU-mobile citizens coming from the row countries on the total of EU-mobile citizens in the column country. In analogy with par. 3.1, we report flow values.

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When row countries that are not part of the case study show similar values in both variables to those row countries that are part of the 8 countries selected for the analysis, we can predict a similar response to the implementation of the policy options and a similar impact on the countries in column. Belgium, for instance, has similar values to Denmark, when related to Germany. Bulgaria has similar values to Romania, when related to the Netherlands. The income differential is indicative of the response to the policy options, the quota of mobile citizens on the total is indicative of the impact that the population moving from the given row country will have on the column country.

The extension of results proposed is to be intended as indicative. An estimation in line with the methodology proposed would have to account for an estimate on the length of insurance (1 day, 30 days, 3 months) of EU-mobile citizens that require aggregation and separately (not only as part of the 'expected income') account for the level of unemployment benefits in the different countries.

Table 4.1. Income differential and distribution of EU-mobile citizens. Selected countries and EU-28 MS

	Germany		Denmark		France		Italy		Netherlands		Poland		Romania		United Kingdom	
	income differential	% mobile citizens	income differential	% mobile citizens	income differential	% mobile citizens	income differential	% mobile citizens	income differential	% mobile citizens	income differential	% mobile citizens	income differential	% mobile citizens	income differential	% mobile citizens
Austria	-7.7%	4.2%	7.0%	0.7%	3.6%	0.8%	24.2%	0.5%	-16.3%	0.9%	83.5%	2.5%	189.8%	0.2%	-8.4%	:
Belgium	-13.3%	1.1%	0.5%	1.2%	-2.7%	8.4%	16.7%	1.2%	-21.4%	11.2%	72.3%	1.2%	172.1%	0.6%	-14.0%	:
Bulgaria	-67.9%	5.9%	-62.8%	4.5%	-64.0%	2.0%	-56.8%	4.2%	-70.9%	3.7%	-36.2%	0.2%	0.7%	6.3%	-68.2%	:
Croatia	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:

Cyprus	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
Czech Republic	-49.1%	1.8%	-41.0%	0.7%	-42.9%	0.9%	-31.5%	0.4%	-53.8%	0.8%	1.2%	0.4%	59.8%	2.3%	-49.5%	:
Denmark	-13.8%	0.8%			-3.2%	1.0%	16.1%	0.2%	-21.8%	0.8%	71.4%	0.6%	170.8%	0.1%	-14.5%	:
Estonia	-51.8%	0.2%	-44.1%	0.7%	-45.9%	0.1%	-35.2%	0.1%	-56.3%	0.3%	-4.2%	0.0%	51.3%	0.1%	-52.2%	:
Finland	-11.7%	0.5%	2.4%	0.9%	-0.9%	0.6%	18.8%	0.2%	-19.9%	0.6%	75.5%	0.1%	177.2%	0.0%	-12.4%	:
France	-10.9%	4.9%	3.3%	3.9%			19.9%	4.1%	-19.2%	5.0%	77.1%	3.7%	179.7%	2.4%	-11.6%	16.2%
Germany			16.0%	10.4%	12.3%	11.9%	34.6%	6.4%	-9.3%	14.6%	98.8%	36.9%	214.1%	1.3%	-0.8%	8.3%
Greece	-42.5%	2.3%	-33.3%	1.8%	-35.4%	0.8%	-22.5%	0.8%	-47.8%	3.8%	14.4%	1.0%	80.7%	0.7%	-42.9%	:
Hungary	-57.9%	6.4%	-51.1%	2.5%	-52.7%	0.9%	-43.3%	0.8%	-61.8%	2.9%	-16.2%	0.1%	32.4%	2.1%	-58.2%	4.5%
Ireland	-23.2%	0.5%	-10.9%	1.0%	-13.7%	1.3%	3.4%	0.4%	-30.3%	1.0%	52.8%	5.6%	141.3%	1.4%	-23.8%	:
Italy	-25.7%	5.6%	-13.9%	4.1%	-16.6%	8.0%			-32.6%	4.9%	47.7%	3.9%	133.3%	56.3%	-26.3%	11.7%
Latvia	-64.3%	0.5%	-58.6%	2.3%	-59.9%	0.2%	-51.9%	0.2%	-67.6%	0.9%	-29.0%	0.0%	12.2%	0.6%	-64.5%	:
Lithuania	-62.9%	0.9%	-56.9%	4.7%	-58.3%	0.3%	-50.0%	0.4%	-66.3%	1.2%	-26.2%	0.2%	16.6%	1.6%	-63.2%	:
Luxembourg	5.6%	0.9%	22.5%	0.3%	18.6%	0.4%	42.2%	0.2%	-4.2%	0.3%	109.9%	0.1%	231.6%	0.0%	4.8%	:
Malta	-22.7%	0.0%	-10.3%	0.2%	-13.1%	0.0%	4.1%	0.1%	-29.8%	0.1%	53.8%	0.0%	142.9%	0.0%	-23.2%	:
Netherlands	10.2%	3.6%	27.8%	2.6%	23.8%	4.2%	48.4%	0.9%			119.2%	2.7%	246.2%	0.9%	9.4%	:
Poland	-49.7%	32.7%	-41.7%	12.0%	-43.5%	5.4%	-32.3%	4.0%	-54.4%	22.1%			58.0%	6.6%	-50.1%	19.4%
Portugal	-38.9%	1.6%	-29.1%	1.3%	-31.4%	15.6%	-17.8%	0.6%	-44.6%	2.9%	21.5%	0.1%	91.9%	2.3%	-39.4%	6.1%
Romania	-68.2%	11.9%	-63.1%	11.6%	-64.2%	5.6%	-57.1%	64.5%	-71.1%	2.4%	-36.7%	0.1%			-68.4%	10.8%
Slovakia	-56.9%	2.2%	-50.0%	1.2%	-51.6%	0.6%	-41.9%	0.6%	-60.9%	0.8%	-14.2%	0.1%	35.5%	0.5%	-57.2%	:
Slovenia	-46.4%	0.3%	-37.9%	0.2%	-39.8%	0.2%	-27.9%	0.3%	-51.4%	0.2%	6.5%	0.0%	68.3%	0.1%	-46.8%	:
Spain	-24.2%	4.3%	-12.1%	6.1%	-14.9%	7.0%	2.0%	3.9%	-31.2%	8.4%	50.7%	2.0%	138.0%	7.0%	-24.8%	23.0%
Sweden	-9.7%	0.8%	4.8%	14.3%	1.4%	1.6%	21.6%	0.3%	-18.1%	1.3%	79.6%	1.5%	183.7%	0.6%	-10.4%	:
United Kingdom	0.8%	3.8%	16.9%	10.1%	13.2%	21.7%	35.7%	3.8%	-8.6%	8.6%	100.4%	36.9%	216.5%	4.5%		

Source: for income differentials, net earnings of single individuals without children at 100% of the average wage (2013), Eurostat (earn_nt_net); unemployment rates (2013), Eurostat (une_rt_a); replacement rates for UB (2009), van Vliet, O.; Caminada, K. (2012). For % mobile citizens, we are considering countries of last residence as 'senders', Eurostat (2013 or latest available, migr_imm5prv). For lack of data, for Romania countries of nationality are assumed as 'senders', Eurostat (2013, migr_imm1ctz). Same is done for France,

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though data is not obtained from Eurostat, since it is not available, but from the United Nations Population Division (2003, International Migration Flows to and from Selected Countries: The 2010 Revision (web-based database)[262].

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[262] See note 42.

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Annex XX: TECHNICAL PROVISIONS TO BE INCLUDED WITHIN THE REVISION WHICH ARE NOT SUBJECT TO IMPACT ASSESSMENT

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TECHNICAL PROVISIONS TO BE INCLUDED WITHIN THE REVISION WHICH ARE NOT SUBJECT TO IMPACT ASSESSMENT

Introduction

The revision package will also include a number of proposals for technical amendments to the coordination rules. The amendments will clarify the rules, but will not substantially revise them and are not subject to a formal Impact Assessment. For reasons of transparency, this section provides an overview of the proposed changes.

Technical amendments to the text and annexes

These amendments concern a number of periodic updates of the Regulations to reflect developments in national legislation that have an effect on the application of the coordination rules. The aim is to ensure legal certainty for institutions and citizens by making technical amendments to the wording of provisions or by amending certain country specific annexes. This is necessary, for instance, where a benefit ceases to exist in a Member State and has to be deleted from a specific annex to one of the Regulations, or where the wording of an Article needs to be corrected or clarified to avoid misinterpretation.

Technical amendments to the text in field of posting

As a result of recommendations arising from the targeted review on Posting, in the area of social security, it has been recommended[263] to clarify the relationship between posting within the meaning of the EU social security rules and the Posting of Workers Directive[264] and to introduce further a number of technical amendments concerning posting with a view to clarify and expedite the administrative procedure, but without conferring new entitlements or requirements. These may be summarised as follows:

- Clarification of the relationship between the Regulations and Directive 96/71/EC of the European Parliament and of the Council of 16 December 1996 concerning the posting of workers **in the framework of the provision of services**.[265]
- an obligation for Member States to certify the accuracy and completeness of Portable Document A1 (attestation that a detached worker remains subject to the social security system of the home state)

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263 Taking into account challenges which have arisen in some Member States and which had been outlined in the European Report 2013 of the trESS network, the FreSsco network was mandated to prepare a report on "Procedures related to the granting of portable documents A1". This report was based on a survey among the delegates of the Administrative Commission and presented in May 2014. Further to this survey, an Ad-Hoc Group on posting issues was established by decision of the Administrative Commission dealing with a number of questions to improve procedures in the field of posting.

264 Directive 96/71/EC of the European Parliament and of the Council of 16 December 1996 concerning the posting of workers in the framework of the provision of services

265 OJ L 018 , 21.01.1997 p. 1

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- an obligation for social security institutions to cooperate with labour inspectorates both within their respective Member States and in cross-border situations

- express deadlines for responding to requests for information concerning suspected fraud and error and an accelerated procedure for withdrawal of the PD A1 in the case of serious fraud or error.

- Possibility for the Commission after consultation with the Administrative Commission, to further specify a uniform approach to the issuance, verification and withdrawal of the Portable Document A1. regarding the posting provisions by legally binding 'implementing acts' in accordance with Article 291 TFEU.

Governance change

Some Member States have called for changes to speed up the procedure for adapting the Annexes to the social security Regulations, as the time lapse between the changes in the national legislation and the updating of the Regulations is seen as taking too long.[266] It is already the case that some Annexes to these Regulations can be amended by a Commission Regulation. In order to make it simpler and faster in the future to adapt *all* the annexes, it could be proposed that all annexes to the Regulations are amended by a Commission Regulation.

Legal basis for data exchange to detect fraud and error

Finally, the package will contain an improved legal basis for data exchange to detect fraud and error to give the Member States a powerful tool to periodically transmit personal data of persons to whom the social security coordination Regulations apply. The amendment expands the current legal basis to provide that such data transmission can take place even in a case where there is no doubt about the accuracy of the information for the purposes of routine verification of information in order to detect instances of fraud or error and to ensure that the Regulation continues to be correctly applied.

[266] Some of the changes are pending since 2011, as since that time, no proposal for a Regulation has been adopted. At the June 2015 Meeting of the Administrative Commission, an important number of MS asked if it were possible to decouple the technical amendments from the more fundamental changes, in order to have the technical amendments adopted quicker. It is considered to split the proposal into a proposal with technical amendments (no impact assessment) and a proposal with changes that have been subject to an impact assessment.

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