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Accompanying the document

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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 XI

Export of family benefits

Report on the questionnaire on the export of family benefits

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on social fraud



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Export of family benefits

*Report on the questionnaire on the export of
family benefits*

Network Statistics FMSSFE

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INTRODUCTION

At the end of 2014, a questionnaire on the export of family benefits was discussed and launched within the framework of the Administrative Commission in order to obtain for the first time a general picture of the size and the budgetary cost of the phenomenon. Both aspects could be compared to the total number of persons entitled and their family members involved and the national public spending on family benefits. Member States were asked to report all types of family benefits covered by the definition of a 'family benefit' given by Regulation (EC) No 883/2004 on the coordination of social security systems¹ and to be applied by the provisions defined in Chapter 8 of this Regulation. These provisions, especially the ones on the applicable priority rules in the event of overlapping entitlements,² cover a broader range of situations than what is asked by the administrative questionnaire on the export of family benefits. First, the questionnaire did not cover, and hence no information will be available on, the supplement paid by the Member State of residence as the secondarily competent Member State. Second, no information will be available on the number of households for which no supplement should be exported because the family benefit paid by the Member State of residence is higher than the family benefit of the exporting Member State.

In total 30 Member States responded to the questionnaire (see also *Annex I*). 27 Member States provided overall data, 19 Member States were able to provide more detailed data on the export of family benefits and only 10 Member States were able to provide a breakdown by primary and secondary competences. It follows that some caution is required when drawing general conclusions especially given that some Member States which can be considered highly relevant in this respect, in particular Member States with a high level of incoming cross-border workers,³ did not provide data on the export of family benefits.

This report first presents an overview of the total number of persons entitled to a family benefit (*section 1*). Afterwards, more detailed figures on the export of family benefits are presented (*section 2.1*), in total (*section 2.1.1*) and as a distribution between the primary and secondary competences of the reporting exporting Member State (*section 2.1.2*). Finally, a selection is made of the exported child benefits (*section 2.2*) in order to avoid double-counting and to ensure the comparability between the reporting Member States.

1. OVERALL PICTURE

Member States apply different types of family benefits in cash and in kind.⁴ Besides the general scheme of child benefits also other types of family benefits are applicable, among others child care allowances, parental benefits, single parent allowances or supplements, allowances or supplements for children with disabilities etc. At European but also even at national level, these benefits show considerable differences in terms

¹ A 'family benefit' includes "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.] (Article 1(z) of Regulation (EC) No 883/2004).

² Article 68 of Regulation (EC) No 883/2004.

³ Cross-border workers: working in a Member State other than the Member State of residence of the child(ren). Another important group with regard to the export of family benefits are migrants living in a Member State other than the Member State of the child(ren).

⁴ This includes also tax expenditures towards families. These, however, fall outside the scope of this report.

of eligibility criteria, design and generosity.⁵ *Table 2* summarises all family benefits listed by the reporting Member States. However, based on the 'exhaustive' list of family benefits reported in the MISSOC⁶ tables (2014) and in the data set of public spending on family benefits in cash available in ESSPROS,⁷ it appears that this list is to some extent incomplete. However, the MISSOC tables and the data of ESSPROS not necessarily correspond completely with data provided by the Member States and are therefore merely indicative (e.g. advances of maintenance and special childbirth and adoption benefits expressly fall outside the scope of Regulation (EC) No 883/2004, but are integrated in the MISSOC tables; the selection of 'cash benefits' via ESSPROS is broader (e.g. including parental leave benefits) than the 'cash benefits' defined by Regulation (EC) No 883/2004); also, Member States were asked to provide data on family benefits in cash and in kind). *Table 1* compares the data reported in the questionnaire with the data available in ESSPROS on public spending on cash family benefits. A total expenditure on cash family benefits of € 81.1 billion is reported. This implies that on average 64% of the EU-28 expenditure on cash family benefits is covered by the questionnaire. It turns out that some Member States only reported a fraction of their public spending on cash family benefits, in contrast to other Member States which have reported all types of cash family benefits.

Table 1 Public spending on family benefits reported in the questionnaire (2013 or 2014) compared to ESSPROS (2012), in million €

	Questionnaire (A)	ESSPROS – cash benefits (B)	Share reported in questionnaire (A/B)
BE	6,065	6,857	88.5%
BG			
CZ	1,000	1,488	67.2%
DK	2,219	3,917	56.7%
DE	38,806	55,726	69.6%
EE	101	294	34.2%
IE	3,249	4,563	71.2%
EL	519	2,431	21.3%
ES	1,358	5,148	26.4%
FR			
HR	220	672	32.8%
IT	4,297	12,074	35.6%
CY	121	248	48.9%
LV	164	172	95.4%
LT	20	334	6.0%
LU	1,005	1,257	80.0%
HU	2	2,005	0.1%
MT	43	71	60.7%
NL	6,069	4,247	142.9%
AT	4,069	6,288	68.2%
PL	1,714	2,572	66.6%
PT	794	1,333	59.6%
RO	1,001	1,216	82.3%
SI			
SK			
FI	1,493	3,129	47.7%
SE			
UK			
EU-28	74,557	116,040	64.3%
IS	63	119	53.1%
LI	41	n.a.	
NO	1,908	4,847	39.4%
CH	4,581	6,075	75.4%
Total	81,149	127,081	63.9%

* n.a.: No data available. No data available for: BG, DK, FR, SI, SK, SE and UK.

Source Questionnaire on the export of family benefits and ESSPROS [spr_exp_ffa]

⁵ The MISSOC tables (2014) provide more detailed information on the different types of family benefits applicable in Member States as well as their characteristics.

⁶ Mutual Information System on Social Protection.

<http://www.missoc.org/MISSOC/INFORMATIONBASE/COMPARATIVETABLES/MISSOCDATABASE/comparativeTableSearch.jsp>

⁷ The European system of integrated social protection statistics.

<http://ec.europa.eu/eurostat/web/social-protection/data/database>

1.1. An overview of the different types of family benefits by Member State

The reported figures on the total number of persons entitled (i.e. households), the number of family members (i.e. children) involved and the corresponding expenditure on family benefits could be used as a denominator in order to calculate the impact of the export of family benefits to the total.

The average spending per family member or per person entitled varies markedly between Member States from a high average amount in Luxembourg, Germany and Ireland to a much lower average amount in Hungary, Romania, Greece and Latvia (*Table 2* and *Figure 1*). Also at national level this average amount varies significantly between the different types of family benefits (e.g. IE and LV). Not only the average amount per type of family benefit will differ, but also the eligibility criteria (universal or selective) between and within Member States. Child benefit schemes also appear to be less selective compared to other family-oriented benefits. On the contrary, other family-oriented benefits show on average a higher average amount per child or per household.

Export of family benefits

Table 2 A global picture of family benefits

MS	Type	Year	Total number of persons entitled	Number of family members involved	Total annual amount (in €)	Annual average amount per child (in €)	Annual average amount per person entitled (in €)	Average number of family members per person entitled
BE	Cash family benefit (only salaried persons)	2013	1,144,049	2,037,993	4,504,340,165	2,210	3,937	1.8
	Cash family benefit (total estimate)	2013	1,589,175	2,748,242	6,065,173,658	2,207	3,817	1.7
BG								
CZ	Child care benefit, Parental allowance, Payment for children in foster care	2013	771,800	n.a.	1,000,000,000		1,296	
DK	Ordinary child benefit	2013	172,843	406,632	292,566,408	719	1,693	2.4
	Child and youth allowance	2013	716,380	1,226,536	1,926,884,070	1,575	2,690	1.7
DE	Child benefit (<i>Kindergeld</i>)	2013	8,791,626	13,942,574	33,313,739,921	2,389	3,789	1.6
	Parental benefit (<i>Elterngeld</i>)	2013	580,983	n.a.	5,105,063,073		8,787	
	Childcare supplement (<i>Betreuungsgeld</i>)	2013	64,874	n.a.	16,884,444		260	
	Child allowance (<i>Kinderzuschlag</i>)	2013	78,133	183,349	370,067,509	2,018	4,736	2.3
EE	Family benefit	2014	157,603	250,715	100,510,000	401	638	1.6
IE	Child benefit	2013	611,366	1,168,582	1,899,922,000	1,626	3,108	1.9
	One-parent family payment	2013	78,246	132,057	977,961,000	7,406	12,499	1.7
	Domiciliary Care Allowance	2013	25,510	27,363	104,272,000	3,811	4,087	1.1
	Family Income Supplement	2013	44,159	98,350	261,758,000	2,661	5,928	2.2
	Guardians (non-contributory) payment	2013	345		5,124,000		14,852	
EL	Family benefit granted to the employees of the private sector	2013	307,307	560,134	82,391,930	147	268	1.8
	Family benefit granted to civil servants	2013	390,766	n.a.	297,138,764		760	
	Spouse benefit public sector	2013	243,627	n.a.	102,323,340		420	
	Child and spouse benefit public sector	2013	33,017	n.a.	28,854,295		874	
	Child benefit public sector	2013	10,320	n.a.	8,201,296		795	
ES	Cash family benefit (<i>INSS</i>)	2013	941,297	1,437,567	1,330,505,640	926	1,413	1.5
	<i>Hijo a cargo (MUFACE)</i>	2013	7,694	n.a.	2,509,390		326	
	Disabled childcare benefit (<i>ISFAS</i>)	2013	5,499	5,664	24,944,534	4,404	4,536	1.0
FR								
HR	Children's allowance		204,941	383,199	220,211,881	575	1,075	1.9
IT	<i>Assegni al Nucleo Familiare</i>	2013	4,507,380		4,297,134,189		953	
CY	Family benefit	2013	74,345	135,689	94,243,040	695	1,268	0.5
	Single parent benefit	2013	9,370	14,219	27,008,080	1,899	2,882	0.7
LV	Family state benefit	2014	213,206	306,315	42,971,290	140	202	1.4
	Supplement to the family state benefit for a disabled child	2014	7,240	7,617	9,777,275	1,284	1,350	1.1
	Parent's benefit	2014	12,541	12,537	70,877,418	5,653	5,652	1.0
	Childcare benefit	2014	27,038	27,336	40,379,430	1,477	1,493	1.0
	Disabled child care benefit	2014	1,932	1,966	5,061,178	2,574	2,620	1.0
LT	Child benefits	2014	n.a.	88,000	20,157,553	229		
LU	Child benefit (incl. special supplementary allowance, annual school year allowance and child-raising allowance)		136,699	244,629	1,005,181,298	4,109	7,353	1.8

Export of family benefits

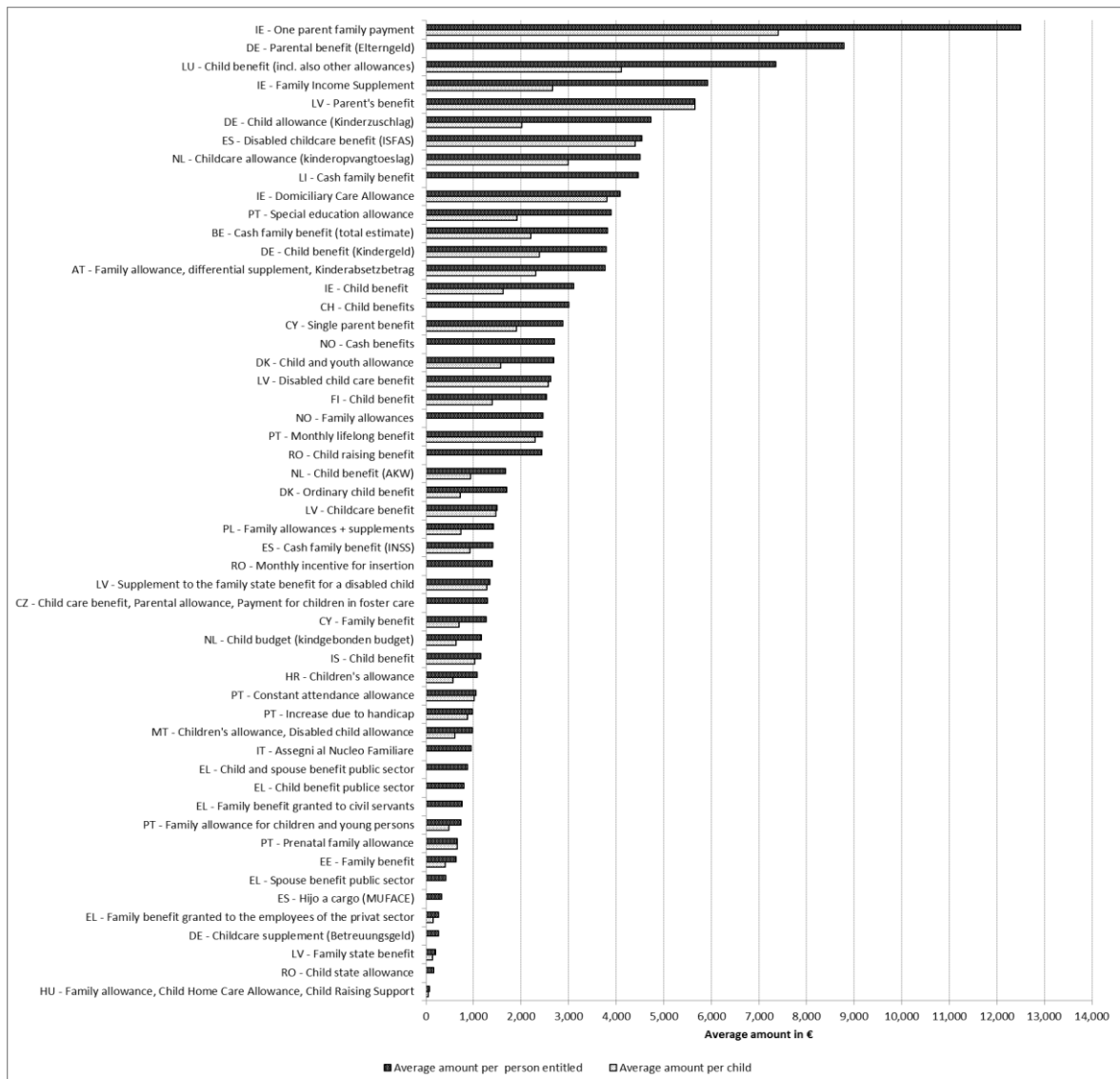
MS	Type	Year	Total number of persons entitled	Number of family members involved	Total annual amount (in €)	Annual average amount per child (in €)	Annual average amount per person entitled (in €)	Average number of family members per person entitled
HU	Family allowance, Child Home Care Allowance, Child-raising Support	2013	22,188	35,714	1,748,433	49	79	1.6
MT	Children's allowance, Disabled child allowance	2013	43,980	69,706	42,790,000	614	973	1.6
NL	Child benefit (AKW)	2013	1,929,003	3,435,945	3,228,648,188	940	1,674	1.8
	Childcare allowance (<i>kinderopvangtoeslag</i>)	2013	415,911	625,505	1,875,000,000	2,998	4,508	1.5
	Child budget (<i>kindgebonden budget</i>)	2013	825,241	1,510,584	965,000,000	639	1,169	1.8
AT	Family allowance, differential supplement, <i>Kinderabsetzbetrag</i>	2013	1,138,821	1,860,821	4,291,665,684	2,306	3,769	1.6
PL	Family allowances + supplements	2013	1,202,400	2,337,600	1,713,670,511	733	1,425	1.9
PT	Family allowance for children and young persons	2013	831,770	1,289,106	614,409,760	477	739	1.5
	Increase due to handicap	2013	73,371	81,998	71,508,989	872	975	1.1
	Prenatal family allowance	2013	56,893	56,902	37,832,206	665	665	1.0
	Monthly lifelong benefit	2013	12,439	13,211	30,367,596	2,299	2,441	1.1
	Constant attendance allowance	2013	12,713	13,078	13,326,634	1,019	1,048	1.0
	Special education allowance	2013	6,850	13,958	26,680,674	1,911	3,895	2.0
RO	Child state allowance	2013	3,779,894	n.a.	612,811,151		162	
	Child-raising benefit	2013	142,170	n.a.	345,912,387		2,433	
	Monthly incentive for insertion	2013	30,506	n.a.	42,694,942		1,400	
SI								
SK								
FI	Child benefit	2013	589,693	1,074,360	1,492,775,776	1,389	2,531	1.8
SE								
UK	Child benefit	aug/13	7,550,265	13,107,460	n.a.			1.7
	Child and Working Tax Credits	2012	5,758,000	n.a.	n.a.			
IS	Child benefit	2013	54,616	61,289	63,225,784	1,032	1,158	1.1
LI	Cash family benefit	2013	9,065	n.a.	40,512,251		4,469	
NO	Family allowances	2013	718,979	n.a.	1,766,784,480		2,457	
	Cash benefits	2013	52,059	n.a.	140,863,520		2,706	
CH	Child benefits	2013	1,061,200	n.a.	3,188,000,000		3,004	
	Vocational training allowances	2013	n.a.	n.a.	1,335,000,000			
	Household allowances	2013	n.a.	n.a.	58,000,000			
Tot			**	**	81,149,026,869			

* No data available for: BG, FR, SI, SK and SE.

** In order to avoid double-counting, only the total expenditure is reported.

Source Questionnaire on the export of family benefits

Figure 1 The average annual amount (in €) per person entitled and per family member



* IE: The amount of the guardians (non-contributory) payment is not included.
 ** No data available for: BG, DK, FR, SI, SK and SE. Also, no figures are available for LT (no figures on the number of persons entitled) and UK (no figures on the expenditure).
 Source Questionnaire on the export of family benefits

1.2. The amount of the child benefit compared to the net earnings in the Member State of residence (of a one-earner married couple, at 100% of the average wage, with two children)

Table 2 already showed clear differences in average spending between Member States. The annual average amount could also be compared to the net earnings of households (Table 3). In view of this report's topic, namely the export of family benefits, not only the net earnings of households residing in the same Member State as the competent Member State, but also those of the households residing in another Member State should be taken into account in order to assess the impact of family benefits on the net earnings of families. In so doing, also differences between Member States in the extent to which they support families in their daily living through the

payment of a family benefit will become clear and even the increase or decrease of this extent if those family benefits would be exported.

In this case the average annual amount per child (multiplied by two), by selecting only the national child benefit schemes,⁸ is compared to the annual net earnings of a one-earner married couple, at 100% of the average wage, with two children. The case of a one-earner family is selected as this corresponds best with the prevailing export situation of primarily competent Member States.⁹ However, these assumptions make the results reported in *Table 3* merely indicative.

Box 1 – interpretation of Table 3 – Two examples

An employee in Belgium whose children live in the Czech Republic is receiving a Belgian family benefit that amounts to 36% of the average earnings of a one-earner married couple with two children working in the Czech Republic.

An employee in the Czech Republic whose children live in Belgium is receiving a Czech family benefit that amounts to 4% of the average earnings of a one-earner married couple with two children working in Belgium.

The financial support of the child benefit to households living in the competent Member State, expressed as a percentage of the net earnings, varies markedly between Member States from only 2% in Greece to 18% in Poland and Slovenia (*Table 3*). In general, this amount is on average (EU-28/EFTA) equal to 10% of the net earnings.

The net earnings of households in the children's Member State of residence will be of utmost relevance, since it reflects the 'standard of living'¹⁰ in those Member States. In the context of the export of a family benefit, the relation with the level of the financial support differs again to a high extent between the Member States of residence. The differences are even accentuated since nominal benefits from potential high-income level Member States with high levels of benefits are confronted with earnings in low-income level Member States. This could lead to a situation where a household residing in Bulgaria or Romania receives 1.9 times its net earnings as a result of the export of a family benefit of Luxembourg (*Table 3*).¹¹ The financial support as a result of the export will also differ from the financial support the household would receive from their Member State of residence.

⁸ Some Member States provided information on several types of family benefits. Most of the time the 'child benefit scheme' was selected. However, it is not always sure that the term covers the same type of benefit. Also, some Member States reported only the sum of more than one family benefit (e.g. CZ, LU and MT).

⁹ Other possible cases are, for example: a single person with two children, at 67% of the average wage; a one-earner married couple, at 33% of the average wage, with two children; a two-earner married couple, one at 100%, the other at 67% of the average wage, with two children etc (see Eurostat [earn_nt_net]).

¹⁰ Sen (1984, p. 86) concludes that "living standard can be seen as freedom of particular types, related to material capabilities. [...] It is in this sense that living standard can be seen as 'economic freedom'." The 'standard of living' needs to be distinguished from the 'cost of living' but certainly also from 'purchasing power standards'. For a more detailed discussion we refer to the analysis of the economic impact of the export of family benefits (Pacolet and De Wispelaere, 2015).

¹¹ The amount of the child benefit paid by Luxembourg is divided by the net earnings of Bulgaria and Romania.

Export of family benefits

Table 3 The average annual amount of the child benefit compared to the net annual earnings in the Member State of residence of a one-earner married couple, at 100% of the average wage, with two children (*as %*)

	Net earnings (€)	Competent Member State																														
		B E	B G	C Z	D K	D E	E E	IE	E L	E S	F R	H R	IT	C Y	L V	L T	L U	H U	M T	N L	A T	P L	P T	R O	S I	S K	FI	S E	U K	I S	LI	N O
BE	35,566	1				1	2	9	1	5		3		4	1		2		3	1	1	4	3	0	8					3	1	7
		2		4	9	3							3				1	3	0		7	3										3
BG	4,328	1				1	1	7	7	4		2		3	6		1		2	1	1	3	2	4	6					2	1	5
		0		3	7	1	9	5		3		7	2	2		1	9		8	3	0	4	2		4				7	0	7	
CZ	12,251	2		0	3	0						2				1	0	2		9	7											3
		3		1	2	3	7	2	2	1		9		1	2		6		1	4	3	1	8	1	2					9	3	2
DK	38,436	6		1	6	9	7	7	5			8		1	4	7	1	0	9	8	2	8	1	2	3					6	0	
		1		3	8	2	1	2	8	1	5		3		4	1	2		3	1	1	4	2	0	7				3	1	6	
DE	35,424	1				1	2	9	1	5		3		4	1		2		3	1	1	4	3	0	8				3	1	7	
		2		4	9	3							3			1	3	0		7	3										3	
EE	10,632	4		1	3	4	8	3	3	1		1		1	3		7		1	5	4	1	9	2	2				1	4	2	
		2		2	0	5		1	7			1	9	3		4	7	1	2	6	3	4			6				1	2	3	
IE	33,629	1				1	2	1	1	6		3		4	1		2		4	1	1	4	3	0	8				3	1	7	
		3		4	9	4		0				3			1	4	0		8	4										3		
EL	17,614	2			1	2	5	1	2	1		7		8	2		4		7	3	2	8	5	1	1				7	2	1	
		5		7	8	7		8		1		5		5		3	7	1		4	6				6				5	4		
ES	22,041	2			1	2	4	1	1	8		5		6	1		3		6	2	2	7	4	1	1				5	2	1	
		0		6	4	2		5					4			2	7	0		7	1				3					0	1	
FR	30,373	1			1	1	3	1	1	6		4		5	1		2		4	2	1	5	3	1	9				4	1	8	
		5		4	0	6		1					3			2	7	0		0	5								5			
HR	9,742	4		1	3	4	8	3	3	1		1	1	1	3		8		1	6	4	1	1	2	2				1	4	2	
		5		3	2	9		3		9		2	0	4		5	4	1	3	2	7	5	0		9				2	6	5	
IT	24,416	1			1	2	3	1	1	8		5		6	1		3		5	2	1	6	4	1	1				5	1	1	
		8		5	3	0		3					4			2	4	0		5	9				1				8		0	
CY	n.a.																															
LV	7,746	5				6	1	4	4	2		1		1	4		1		1	7		1	1	2	3				1	5	3	
		7		1	4	2	0	2		4		5	1	8			0		6	7	6	9	2		6				5	8	2	
LT	6,473	6				7	1	5	5	2		1		2	4		1		1	9		2	1	3	4				1	6	3	
		8		2	4	4	2	0		9		8	1	1			2		9	3	7	3	5		3				8	9	8	
LU	51,301	0		9									5		7	7	2			1												
		9				9	2	6	1	4		2		3	1		1		2	1		3	2	0	5				2	9	5	
HU	8,314	2		3	6	5	1	3	4	2		1	1	1	3		9		1	7	5	1	1	2	3				1	5	3	
		3		6	8	7	0	9		2		4	1	7		6	9	1	5	2	5	8	1		3				4	4	0	
MT	17,772	2			1	2	5	1	2	1		6		8	2		4		7	3	2	8	5	1	1				7	2	1	
		5		7	8	7		8		0			5		3	6	1		4	6					6				5	4		
NL	36,485	1		4	9	1	2	9	1	5		3	3	4	1	1	2	0	3	1	1	4	3	0	8				3	1	7	

Export of family benefits

AT	33,276	2 1 3		3 1 4	2 1 5	1 2 1	1 1 0	6 6 3	3 3 4	4 1 2	1 3 6		3 1 5	6 0 2	3 4 8	3 1 7	4 1 5	1 4 4	3 3 5	0 8 1	8 2 3	3 1 5	7 3 0	
PL	8,092	5 5	4 1 6	9 3 9	4 0 0	1 4 0	4 0 3	2 3 3	2 1 2	1 4 2	1 7 6		3 0 2	1 0 1	1 5 8	2 4 7	1 8 5	1 2 1	2 8 4	3 4 3	2 2 7	3 4 1	3 0 5	
PT	15,229	2 9		2 9	3 1	5 1	2 1	2 2	1 2	8 6	9 2	2 3	1 4	1 1	8 9	3 0	1 0	6 0	1 0	1 8	1 8	1 8	1 6	1 8
RO	4,431	1 0 0	2 9	7 1	0 8	8 3	3 2	2 2	1 2	7 6	2 2	1 2	7 8	4 3	2 8	3 0	2 3	4 2	4 3	6 3	2 2	1 3	5 5	
SI	15,766	2 8		2 8	3 0	5 0	2 1	2 2	1 2	7 6	9 2	2 3	1 1	1 2	8 3	2 1	9 9	6 8	1 9	1 8	1 8	1 8	1 6	
SK	9,499	4 7	1 4	3 3	5 0	8 4	3 9	3 1	1 9	1 2	1 5	3 9	1 9	1 2	8 7	1 3	4 9	1 5	1 0	2 9	2 9	2 9	2 6	
FI	32,180	1 4		1 4	1 0	2 5	1 0	1 6	6 0	4 3	4 1	1 1	6 6	0 0	2 9	4 4	1 4	3 5	1 3	1 9	9 4	8 9	8 9	
SE	37,105	1 2	3 8		1 3	2 3	9 1	1 5	5 3	3 3	4 1	1 2	5 0	3 2	3 6	1 2	4 0	3 7	0 7	7 2	3 2	1 7	7 2	
UK	33,852	1 3		4 9	1 4	2 0	1 1	5 5	3 1	3 4	1 1	5 2	1 4	0 0	4 8	1 4	4 3	0 0	8 8	3 4	1 3	7 3	7 3	
IS	33,222	1 3		4 9	1 4	2 0	1 1	6 6	3 3	4 3	1 1	6 5	0 0	4 8	1 4	4 3	0 0	8 8	3 4	1 3	7 3	7 3	7 3	
LI	n.a.																							
NO	52,219	8			9	2	6	1	4	2	3	1	1	2	1	3	2	0	5	2	9	5	5	
CH	68,868	6		2	6	7	1	5	0	3	2	0	3	2	9	2	1	0	4	2	6	4	4	
EU28	25,737	1 7		2 5	1 2	3 9	1 3	1 7	7 3	4 4	5 1	1 2	3 0	5 2	2 1	6 4	4 1	1 1	1 1	1 1	1 1	1 1	1 1	1 1

* No data available for: BG, FR, LT, AT, SI, SK, SE, UK and CH.

** For some Member States (RO, IT, IS, LI and NO) the average amount per child is not known. In that case the average amount per household is selected. In that case this amount is not multiplied by 2.

Source Questionnaire on the export of family benefits and Eurostat [earn_nt_net]

2. THE EXPORT OF FAMILY BENEFITS

Chapter 8 of Regulation (EC) No 883/2004 on the coordination of social security systems covers the EU provisions on the coordination of family benefits (Article 67 to 69). If family members live in a Member State other than the one where the insured person works and/or resides, family benefits can in some cases be exported to these family members. Because the entitlement to family benefits might arise in more than one Member State (based on residence, employment or receipt of a pension) Article 68 lays down some priority rules in order to define the 'primarily competent Member State'. In this respect, rights available on the basis of (self-)employment have priority.¹² However, when there is employment in two different Member States, it is the Member State of residence of the children¹³ that will become primarily competent for the payment of the family benefits.

However, a Member State might have to pay a supplement (corresponding to the difference between the two family benefits) as the 'secondarily competent Member State' if the family benefit paid by the primarily competent Member State is lower than the family benefit the person entitled would have received from the secondarily competent Member State.¹⁴

Of the 19 Member States that provided quantitative data on the export of family benefits, only nine were able to provide more detailed figures on the primary and secondary competences of the exporting Member State (see *Annex I*).

2.1. All types of family benefits

Table 4 provides an overview of all exported family benefits in terms of numbers and expenditure reported by the different Member States. The export of child benefits will be discussed in more in detail in *section 2.2* in order to guarantee the comparability of the figures.

2.1.1. General overview

A total amount of some € 983 million related to the export of family benefits was brought into the picture by the reporting Member States (*Table 4*). As the export of child benefits will be discussed in a separate section of this report, in this section more attention will be given to the other exported family-oriented benefits.

- Germany exported parental leave (*Elterngeld*) to 1,426 households (or 0.2% of the total households entitled) and a childcare supplement (*Betreuungsgeld*) to 78 households (or 0.1% of the total households entitled).
- Ireland exported a family income supplement to 775 households (or 1.7% of the total households entitled) amounting to a public spending of € 4.7 million (or 1.8 % of total expenditure) and a domiciliary care allowance to only 6 households. The average amount exported by Ireland per entitled household for other family-oriented benefits (e.g. € 6,225 for a family income supplement) is much higher than the one related to the export of a child benefit (€ 1,412).

¹² Article 68 (1)(a) of Regulation (EC) No 883/2004.

¹³ Article 68 (1)(b)(i) of Regulation (EC) No 883/2004.

¹⁴ Article 68 (2) of Regulation (EC) No 883/2004.

Export of family benefits

- Denmark exported an 'ordinary' child benefit (allowance for single parents) to 421 households (or 0.2% of the total household entitled) amounting to a public spending of € 1 million (or 0.4% of total spending).
- Latvia reported the exportability of a childcare benefit to 435 households (or 1.6% of the total households entitled) amounting to a public spending of € 344,000, a parent's benefit to 100 households (or 0.8% of the total households entitled) amounting to a public spending of € 303,000, a supplement to the family state benefit for a disabled child to 22 households, and finally a disabled childcare benefit to 6 households. Again, the average exported amount per entitled household for other family-oriented benefits (e.g. € 3,034 for a parent's benefit) appears to be higher than the exportable child benefit (€ 113).
- Hungary exported a child home care allowance to 118 households and a child-raising allowance to 2 households.
- The Netherlands exported to 15,810 households (or 1.9% of the total households entitled) or 26,026 children a child budget (*kindgebonden budget*) amounting to a public spending of € 20.7 million (2.2 % of total spending). 16,982 benefits or 65% of the total number of benefits were exported to Poland. Also, a childcare allowance (*kinderopvangtoeslag*) was exported to 1,556 households (or 0.4% of the total households entitled) or 2,238 children amounting to a public spending of € 4.9 million (or 0.3% of total spending). 1,274 benefits or 57% of the total number of benefits were exported to Belgium.
- Romania reported the exportability of a child-raising benefit to 24 households.
- By Slovakia, a parental allowance was exported to 2,935 households amounting to a public spending of € 4.3 million. This expenditure is much higher than their expenditure related to the export of child benefits (€ 1.5 million).
- The United Kingdom also reported, besides the export of the child benefit, the export of a child tax credit. This benefit was exported to 7,005 households or 11,735 children. 6,952 benefits or almost 60% of the total number of benefits were exported to Poland. Another 1,928 benefits (16% of total) were exported to Ireland.
- Norway exported a cash benefit to 1,919 families (or 3.7% of the total households entitled) amounting to a public spending of € 5.4 million (or 3.8% of total spending).

Export of family benefits

Table 4 Export of family benefits, by type of family benefit, by number of persons entitled, family members involved and annual amount paid, 2013/2014

	Type	Total number of persons	Number of family members involved	Total annual amount (in €)	Annual average amount per child (in €)	Annual average amount per person entitled (in €)	Average number of family members per person entitled
BE	Cash family benefit (only salaried persons)	23,962	45,010	83,566,755	1,857	3,487	1.9
BG							
CZ	Child care benefit, Parental allowance, Payment for children in foster care	1,009	4,596	951,041	207	943	4.6
DK	Ordinary child benefit	421	1,101	1,033,380	939	2,455	2.6
	Child and youth allowance	4,720	15,797	24,383,654	1,544	5,166	3.3
DE	Child benefit (<i>Kindergeld</i>)	62,587	106,552	105,759,924	993	1,690	1.7
	Parental leave (<i>Elterngeld</i>)	1,426					
	Childcare supplement (<i>Betreuungsgeld</i>)	78					
EE	Family benefit	406	537	573,075	1,067	1,412	1.3
IE	Child benefit	4,636	7,421	11,576,760	1,560	2,497	1.6
	Domiciliary care allowance	6	6	22,344	3,724	3,724	1.0
	Family income supplement	755		4,700,000		6,225	
EL	Family benefit granted to the employees of the private sector	0	0	0			
ES		37	49	10,729	219	290	1.3
FR							
HR							
IT							
CY							
LV	Family state benefit	948	1,102	107,478	98	113	1.2
	Supplement to the family state benefit for a disabled child	22	36	12,639	351	575	1.6
	Parent's benefit	100	100	303,414	3,034	3,034	1.0
	Childcare benefit	435	437	344,275	788	791	1.0
	Disabled childcare benefit	6	6	11,878	1,980	1,980	1.0
LT							
LU	Child benefit (incl. special supplementary allowance, annual school year allowance and child raising allowance)	69,310	127,500	476,900,069	3,740	6,881	1.8
HU	Family allowance	1,154	1,616	336,232	208	291	1.4
	Child home care allowance	118	123	11,404	93	97	1.0
	Child-raising support	2	6	185	31	93	3.0
MT							
NL	Child benefit (<i>AKW</i>)	20,225	37,924	35,622,000	939	1,761	1.9
	Childcare allowance (<i>kinderopvang-toeslag</i>)	1,556	2,238	4,869,733	2,176	3,130	1.4

Export of family benefits

	Type	Total number of persons	Number of family members involved	Total annual amount (in €)	Annual average amount per child (in €)	Annual average amount per person entitled (in €)	Average number of family members per person entitled
	Child budget (<i>kindgebonden budget</i>)	15,810	26,016	20,669,349	794	1,307	1.6
AT	Family allowance, differential supplement, <i>Kinderabsetzbetrag</i>	63,828	104,295	147,322,836	1,413	2,308	1.6
PL	Family benefit	8,698		3,995,406		459	
PT							
RO	Child benefit allowance	11,427					
	Child-raising benefit	24					
SI							
SK	Child benefit	4,520	6,846	1,544,876	226	342	1.5
	Parental allowance	2,935	3,010	4,292,123	1,426	1,462	1.0
FI	Child benefit	11,449	13,206	19,359,180	1,466	1,691	1.2
SE							
UK	Child benefit	20,271	33,553				1.7
	Child tax credit	7,005	11,735				1.7
IS	Child benefit	73	119	116,339	978	1,594	1.6
LI							
NO	Family allowances	14,524		29,660,573		2,042	
	Cash benefits	1,919		5,415,554		2,822	
CH							
Total		**	**	983,473,205			

* No data available for BG, DK, ES, FR, HR, IT, CY, LT, PT, SI, SE, LI and CH.

** In order to avoid double-counting, only the total expenditure is reported.

Source Questionnaire on the export of family benefits

2.1.2. Primarily or secondarily competent Member States

Table 5 and *Figure 2* provide a breakdown between the primary and secondary competences of the reporting Member State. This distinction between both is very important as the numbers of exports and the amount these represent will differ between the primary and secondary competences of Member States and also will influence the total numbers and expenditure. The priority rules and the differences in the amounts of the family benefits will determine to a high extent the number of exports and the related expenditure as primarily or secondarily competent Member State. It follows that the context will vary between Member States. As a result, the share of the expenditure as primarily competent Member State varies from 97% of total expenditure on export in the Netherlands to 17% in Estonia. In total for the reporting Member States, in particular influenced by Luxembourg, 64% of the cross-border expenditure is paid as primarily competent Member State. The distribution between primarily and secondarily competent Member States will in particular be influenced by the partner being employed in the Member State of residence of the child(ren) (i.e. a low employment rate of the partner in the children's Member State will result in a high number of exports as primarily competent Member State) and by the level of the family benefits in the children's Member State of residence and in the Member State of employment of one of the parents (i.e. if the family benefit paid by the children's Member State of residence is lower than the family benefit which the person entitled would have received from the secondarily competent Member State, a supplement will be paid by the latter).

- Luxembourg paid a child benefit to 39,301 households (57% of the total households entitled living abroad) amounting to € 329 million as primarily competent Member State, and to 30,009 households (43% of the total households entitled living abroad) amounting to € 148.4 million as secondarily competent Member State. The fact that Luxembourg as a primarily competent Member State pays a higher average amount (€ 4,898) than as secondarily competent Member State (limited to the supplement) (€ 2,455) results in a higher share in the total expenditure as primarily competent Member State (69% of total expenditure related to export).
- Germany paid to 78,450 children (74% of the total households entitled living abroad) a child benefit as primarily competent Member State compared to 28,102 children (26% of the total households entitled living abroad) as secondarily competent Member State.
- Austria paid to 15,437 households a total amount of € 60 million as primarily competent Member State and to 48,391 households a total amount of € 87.3 million. This implies that 76% of the households entitled received only 59% of total expenditure related to the export of family benefits, because they were only entitled to receive a supplement (average of € 1,104).
- The Netherlands exported a child benefit to 13,346 households (66% of the total households entitled living abroad) and paid a supplement to 6,879 households (34% of the total households entitled living abroad). The fact that the Netherlands as a secondarily competent Member State had to pay a small average supplement (€ 105) compared to the average amount they had to pay as primarily competent Member State (€ 1,215) results in a very high share in the total expenditure as primarily competent Member State (97% of total expenditure related to export).

Export of family benefits

Table 5 The export of family benefits, breakdown between the primary or secondary competences of Member States, 2013/2014

Type	Number of persons entitled	Number of family members involved	Primary competence				Secondary competence				Share of total annual expenditure
			Total annual expenditure (in €)	Annual average amount per child	Share of total expenditure	Number of persons entitled	Number of family members involved	Total annual expenditure (in €)	Annual average amount per child		
BE											
BG											
CZ	Child care benefit, Parental allowance, Payment for children in foster care	878	3,981	842,207	212	89%	131	615	108,834	177	11%
DK											
DE	Child benefit (<i>Kindergeld</i>)		78,450					28,102			
EE	Family benefit	53	66	98,731	1,496	17%	353	471	474,344	1,007	83%
IE											
EL											
ES											
FR											
HR											
IT											
CY											
LV	Family state benefit	515	513	75,783	148	71%	433	589	31,695	54	29%
	Supplement to the family state benefit for a disabled child	6	12	7,063	589	56%	16	24	5,576	232	44%
	Parent's benefit	73	73	193,702	2,653	64%	27	27	109,712	4063	36%
	Child-care benefit	199	200	169,605	848	49%	236	237	174,670	737	51%
	Disabled child care benefit	2	2	4,880	2,440	41%	4	4	6,998	1,750	59%
LT											
LU	Child benefit (incl. special supplementary allowance, annual school year allowance and child-raising allowance)	39,301	67,067	328,522,947	4,898	69%	30,009	60,433	148,377,116	2,455	31%
HU	Family allowance	825	1,100	82,936	75	24%	449	645	264,885	411	76%
MT											
NL	Child benefit (<i>AKW</i>)	13,346	28,508	34,634,040	1,215	97%	6,879	9,416	987,960	105	3%
AT	Family allowance, differential supplement, <i>Kinderabsetzbetrag</i>	15,437	25,225	60,000,516	2,379	41%	48,391	79,070	87,322,320	1,104	59%
PL											
PT											
RO											
SI											
SK	Child benefit	2,410	3,554	697,600	196	45%	2,110	3,292	847,276	257	55%
	Parental allowance	2,342	2,402	3,153,891	1,313	73%	593	608	1,138,232	1,872	27%
FI											
SE											
UK											
IS	Child benefit	64	99	103,389	1,044	89%	9	20	12,950	647	11%
LI											
NO											
CH											
Tot.		**	**	428,587,289		64%			239,862,568		36%

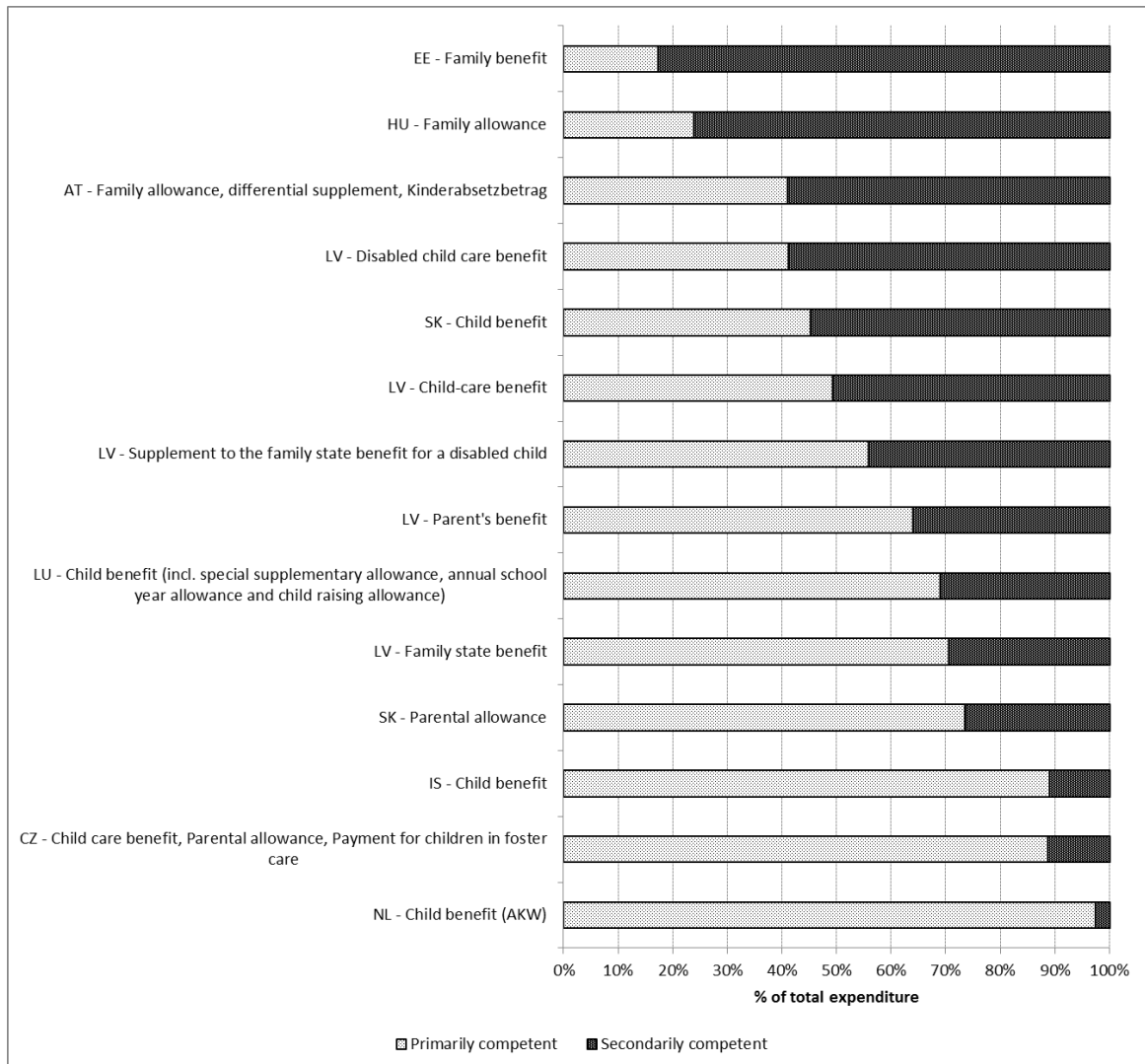
* No data available for BE, BG, DK, IE, EL, FR, HR, IT, CY, LT, MT, PL, PT, RO, SI, FI, SE, UK, LI, NO and CH.

** In order to avoid double-counting, only the total expenditure is reported.

Export of family benefits

Source Questionnaire on the export of family benefits

Figure 2 The export of family benefits, breakdown of total annual expenditure on export, by primary or secondary competences of Member States, 2013/2014



* No data available for BE, BG, DK, DE, IE, EL, FR, HR, IT, CY, LT, MT, PL, PT, RO, SI, FI, SE, UK, LI, NO and CH.

Source Questionnaire on the export of family benefits

2.2. Selection of the 'child benefits'

As could be observed, some Member States provided information on the exportability of several types of family benefits. In order to avoid double-counting, this section will discuss only one family benefit scheme of each of the reporting Member States. Most of the time the child benefit scheme was selected. But it is not always sure that the term covers the same type of benefit. As mentioned before, some Member States reported only the sum of more than one family benefit (e.g. CZ, LU, AT and MT). By selecting only one family benefit scheme per Member State, also a view on the Member State of residence of the children will be obtained.

2.2.1 General overview

Tables 6 to 8 provide detailed information on the bilateral cross-border flows of child benefits between the exporting competent Member States and the Member States of residence in terms of the number of persons entitled (*Table 6*), the number of family members involved (*Table 7*) and expenditure (*Table 8*). These total figures are the sum of the child benefits exported as primarily and as secondarily competent Member State. 19 Member States reported a total export of child benefits to some 324,000 households or 506,000 children amounting to a total expenditure of € 942 million. The cross-border tables provide a view on the 'main' exporting and receiving Member States. In particular, Luxembourg, Austria and Germany appear to be the 'main' exporting Member States in absolute terms. Luxembourg has even paid a total amount of € 477 million for family benefits exported abroad (*Table 8*). At the same time, a high number of child benefits were exported to France, Poland, Belgium and Germany. The detail of the cross-tables gives also a first impression of the strong concentration of the bilateral export of child benefits between Member States.

The share of each of the reporting Member States but also of the children's Member States of residence in the total export of child benefits will be discussed in more detail later on (*Tables 9 and 10*). Also, the number of exported child benefits could be compared to the total number of child benefits paid by the reporting Member State in terms of households entitled, family members involved and expenditure (*section 2.2.2*). Finally, the strong concentration of the export of child benefits will be discussed in more detail in *section 2.2.4*.

Export of family benefits

Table 6 The export of *child benefits*, the number of persons entitled, 2013/2014

Member State of residence	Competent MS																										Total						
	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI		SE	UK	IS	LI	NO	CH
BE					543	1	4									17,567	1	5,081					68		17	181		70			125		23,658
BG	59				1,561		17									5			20				9		2	142		201			155		2,171
CZ	32				3,328		33									337	1	134					12		1,534	53	129	2		40		5,635	
DK	5				109		0									9		10					17		13	130		18			421		732
DE	218		1			11	16		2							15,013	2	4,030					272		17	601		246		333		20,918	
EE	5				48	53	9									1		28					0		0	5,046	44	1	302		5,537		
IE	13				35	3	0									6		18					97		53	104	1,218			25		1,572	
EL	47				1,999		0									3		30					443		17	131		47			27		2,744
ES	389				647		58									43		291					5,320		59	668		547			464		8,486
FR	16,014				10,087	1	18		2							34,318	3	218					335		50	278		683			141		62,148
HR	54				171		0									3		6							0	13		3			10		260
IT	316				2,345		24		1							42	1	79					4,076		12	231		150			63		7,453
CY	0				2		1									0		4					142		2	31		36			5		223
LV	10				460	2	150									1		73					0		2	120		749	3		448		2,018
LT	8				523	13	344									1		120					1		1	97		1,144	3		2,149		4,404
LU	68				30		1											10					6		21	28		8			7		179
HU	32				2,335		28									26		86					137		97	137		148			58		3,084
MT	1				2		1									0		9					1		0	12		16			7		49
NL	3,505				3,194	4	9									291			9				23		70	186		136			151		7,569
AT	6		3		1,341		0									24		24					106		1,903	102		22			20		3,551
PL	2,259		24		26,901	1	2,932		2							575		9,131					39		42	368		13,381	5		6,338		62,047
PT	322				1,152		23		3							674		157					130		1	59		199			116		2,836
RO	336				3,585		93		26							61	24	90							8	147		234			12		4,616
SI	12				110		0									2	2	6					2		11	18		6			5		174
SK	60		98		1,229		107									155	1,117	266					1		0	27		676	7		207		4,833
FI	7		1		55	25	1									5		6					9		9			13			140		500
SE	25				55	9	4									40	2	39					8		10	1,224		51			1,875		3,342
UK	95				550	11	762		1							40	1	170					159		17	803				623		3,391	
IS	2				3		0									5		0					0		3	19		2	3		217		254
LI	0				2		0									0		0					0		1			0			0		3
N	10				17	42	0									2		22					8		62	290		33					486

Export of family benefits

	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT	CY	LV	LT	Competent MS				AT	PL	PT	RO	SI	SK	FI	SE	UK	IS	LI	NO	CH	Total
O					168		1									61			67			6	58	203		61			40		717		
To	23,		1,0	4,7	62,	40	4,63		3					9		69,	1,1		20,	63,	8,6	11,	4,5	11,		20,	7	14,		323,			
tal	962		09	20	587	6	6		7					4		310	54		225	828	98	427	20	449		271	3	524		784			

* No data available for BG, FR, HR, IT, CY, LT, MT, PT, SI, SE, LI and CH. The breakdown by Member State or residence provided by DK has not been reported given that for most of the cases the Member State of residence is unknown (for non-Danish citizens in particular).

Source Questionnaire on the export of family benefits

Export of family benefits

Table 7 The export of *child benefits*, the number of family members involved, 2013/2014

	Competent Member State																										Total						
	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI		SE	UK	IS	LI	NO	CH
					945	1	4									34,9	2		8,9					33	225		123						45,2
BE																71			29														33
BG	84				2,36		19									7			157					2	199		261						3,09
CZ	52				5,57		43									542	1		255					2,4	59		208	3					9,14
DK	12				226		0									18			20					25	147		35						483
DE	399		2			1	24		2							26,1	2		7,2					28	767		426						35,2
EE	9				77	2	10									34			20					4	5,4		59	3					72
IE	25				74	6	0									2			46					0	22								5,69
EL	73				3,38	3	0									13			48					68	105		2,4						2,79
ES	728				243		92									5			140					24	144		56						2
FR	31,036				16,5	1	31		2							76			651					89	790		919						3,58
HR	84				304		0									62,1	4		484					56	350		1,1						111,8
IT	547				3,88		32		1							43			203					17	296		264						858
CY	0				3		1									3			6					4	38		56						1
LV	24				717	3	19									0			143					4	169		1,0		6				108
LT	14				817	2	43									1			198					2	31		31		5				2,29
LU	103				57		2												26					33	49		17						3
HU	64				3,94		44									46			239					12	195		223						287
MT	2				2		1									0			17					2	10		23						5
NL	6,4				6,42	4	16									591			17					0	229		272						55
AT	11		12		2,16		0									40			59					2,8	122		35						59
PL	3,8		10		47,2	1	4,4		2							1,04			17,					81	368		22,		8				96,5
PT	492		0		1,85		28		3							4			181					55	120		120		1				05
RO	531				1,85		28		3							1,13			350					1	63		304						4,22
SI	16				5,72		16		8							6			200					89	38		200						8
SK	103		4,4		176		0									2	5		15					17	21		11						263
FI	12		82		2,16		16									283	1,5		611					0	39		1,1		1				10,5
SE	42				105	3	2									9			15					14			19						86
UK	192				3		25		1							79	4		84					17	1,4		88						1,85
IS	2				1,04		1,6									74	3		418					24	1,0								2
LI	0				3		0									9			0					2	14		4		5				3
NO	17				4		0									0			0					4	15		0						5
O					30	5	0									4			37					88	314		69						610

Export of family benefits

	Competent Member State																																
	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK	IS	LI	NO	CH	Total
CH	112				307		2									113			137						89	251		112					1,123
Total	45,010		4,596	15,797	106,552	537	7,421		49					1,102		127,500	1,616		37,924	104,295					6,846	13,206		33,553	119			506,123	

* No data available for BG, FR, HR, IT, CY, LT, MT, AT, PT, RO, SI, SE, LI, NO and CH. The breakdown by Member State or residence provided by DK has not been reported given that for most of the cases the Member State of residence is unknown (for non-Danish citizens in particular).

Source Questionnaire on the export of family benefits

Export of family benefits

Table 8 The export of *child benefits*, expenditure (in €), 2013/2014

Member State of residence	Competent Member State																																
	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK	IS	LI	NO	CH	Total
BE					7,986	5,370	6,240									122,085,013	87	8,282,000							7,011	323,844					210,542		130,928,092
BG	316,349				744,767		29,640									32,040		151,000							333	264,264					315,748		1,854,141
CZ			398		1,509,823		67,080									2,597,277	40	235,000							487,904	80,436		168			77,169		5,172,488
DK					48,142											70,427		19,000							5,488	216,288					701,782		1,076,313
DE	738,158					7,564	37,440		4,545							85,555,195	991	6,646,000							70,217	1,100,232					574,641		94,734,983
EE	8,367				33,635	98,731	15,600									9,797		40,000							0	7,880,340		1,610			596,828		8,684,908
IE	63,135				23,712	6,414	0									59,112		46,000							16,785	154,824					50,787		420,768
EL	198,705				861,265		0									23,192		135,000							5,189	216,300					54,867		1,494,518
ES	2,014,643				957,466		143,520									341,195		624,000							21,999	1,195,800					900,571		6,199,194
FR	53,474				12,879,629	150	48,360		29,1							250,730,201	171	465,000							13,255	506,004					208,335		318,267,742
HR	172,347				15,104		0									14,695		28,000							0	27,552					14,555		272,253
IT	1,439,309				1,749,862		49,920		14,6							294,043	87	195,000							41,140	439,392					139,684		4,348,582
CY					1,196		1,560									0		6,000							761	57,408					7,560		74,485
LV	43,364				228,917	5,528	307,320									3,756		134,000							369	237,552		2,401			998,300		1,961,506
LT	19,116				169,199	72,133	681,720									4,898		185,000							162	185,724		7,150			4,840,359		6,165,460
LX	160,109				23,185		3,120											24,000							8,823	69,948					17,827		307,012
HU	167,131				4,086,640		68,640									191,625		227,000							26,556	265,444					103,276		5,135,912
MT	1,638				133		1,560									0		16,000							0	14,112					10,606		44,050
NL	11,804,158				3,559,962	9,460	24,960									2,379,098									25,107	325,812					289,219		18,417,776
AT	13,500				2,344,024		0									160,408		56,000							692,799	175,284					29,670		3,473,916
PT	9,379,946				70,388	98	6,977,880		21,8							5,101,172		16,332,000							14,954	502,140		93,957			14,157,680		122,970,831
PL	1,158,16				687,876		43,680		36,4							4,484,241		344,000							277	89,172					215,749		7,023,518
RO	1,417,325				2,433,666		260,520		5,020							355,907	19,079	190,000							2,714	333,180					9,039		5,026,450
SI	27,886				81,117		0									7,426	243	14,000							2,974	28,644					9,272		171,561
SK	223,934				2,614,086		257,400									1,121,625	301,157	578,000							0	52,440		7,072			360,327		6,438,552
FI	12,545				43,079	285,960	3,120									28,635		14,000							3,064						204,555		594,958
IS	65,892				58,058	29,838	9,360									291,746	7,823	79,000							3,665	2,230,260					2,930,459		5,706,101
UK	311,000				158,366	6,62,535		14								368,265	6,539,70								52,1	1,532					1,118		6,486,000

Export of family benefits

	BE	B G	CZ	DK	DE	EE	IE	E L	ES	FR	H R	I T	C Y	LV	L T	Competent Member State				AT	PL	P T	R O	S I	SK	FI	S E	U K	IS	L I	NO	C H	Total
																LU	HU	M T	NL														
K	836				61	51	,000		6								99	55		00					14	,184				,076		221	
I	3,77				9,818		0										44,08			0					531	21,79		3,9	440,7		524,7		
S	1																6											80	66		44		
L	0				0		0										0								508				0		508		
I																																	
N	33,4				13,08	45,	0										12,95			32,00					19,1	475,2					631,0		
O	27				4	179											7			0					52	12					11		
C	223,				31,25		3,120										532,0			128,0					21,0	357,9			72,32		1,368,		
H	276				0												03			00					29	96			4		998		
T	83,5		951	24,38	105,7	573	11,57		10,72					107		476,9	336		35,62	147,3	3,99				1,54	19,35		116	29,66		941,7		
o	66,7		,04	3,654	59,92	,07	6,760		9					,47		00,06	,23		2,000	22,83	5,40			4,87	9,180		,33	0,573		86,92			
t	55		1		4	5								8		9	2		6	6				6	6		9			7			

* No data available for BG, FR, HR, IT, CY, LT, MT, AT, PT, RO, SI, SE, UK, LI and CH. The breakdown by Member State or residence provided by DK has not been reported given that for most of the cases the Member State of residence is unknown (for non-Danish citizens in particular).

Source Questionnaire on the export of family benefits

In absolute terms, most child benefits are exported by Luxembourg, Austria and Germany (*Table 9*). 21% of the total number of households entitled received a child benefit being exported by Luxembourg. This percentage increases even in terms of total expenditure. In that case Luxembourg paid 51% of total reported spending on the export of child benefits. The main reason for this is the high average amount paid per child (€ 3,740)¹⁵ compared to the other reporting Member States. Also, the figures reported by Luxembourg do not make a distinction between types of family benefits. This implies that for Luxembourg a (much) broader definition of child benefit is applied compared to other reporting Member States. Austria represents 20% of the child benefits exported to the households entitled and 21% of the children involved. Their share in total expenditure is, however, much lower (16% of total expenditure). 19% of the child benefits exported to the households entitled were paid by Germany or to 21% of the children involved. Also Belgium (7% of the total persons entitled), the United Kingdom (6% of the total persons entitled), the Netherlands (6% of the total persons entitled) and Norway (5% of the total persons entitled) exported in absolute terms a quite high number of child benefits. Denmark, Ireland, Finland, Romania, Poland, Slovakia and Norway have a share between 1 and 5% in the total export of child benefits, while the Czech Republic, Estonia, Spain, Latvia, Hungary and Iceland have a share of less than 1% in the total export of child benefits in absolute figures. The impact of the export of child benefits in relative terms (as a percentage of the total number of child benefits paid by a Member State and the related amount) will be discussed in a separate section of this report. The number of child benefits being exported by the EU-15 to households living abroad covers 87% of the total households entitled but accounts for 96% of total expenditure.

The annual average amount paid per child varies between Member States from € 3,740 in Luxembourg to € 98 in Latvia (*Table 9*). Belgium, Denmark, Ireland, Finland, Austria, Estonia, Germany, Iceland and the Netherlands paid an average amount between € 900 and € 2,000. Finally the Czech Republic, Spain, Hungary, Slovakia and Latvia paid on average less than € 300. These total averages will be influenced by the proportionate distribution of the primary and secondary competences of the reporting Member States.

¹⁵ However, there is a strong difference between the amount paid as primarily competent Member State (€ 4,898) and the supplement paid as secondarily competent Member State (€ 2,455) (see also *Table 5*).

Export of family benefits

Table 9 The export of *child benefits, by competent Member State, 2013*

	Persons entitled		Family members involved		Annual expenditure		Annual average amount per child	Average number of family members per person entitled
	<i>Number</i>	<i>% of column total</i>	<i>Number</i>	<i>% of column total</i>	<i>Amount (in €)</i>	<i>% of column total</i>		
BE	23,962	7.4%	45,010	8.9%	83,566,755	8.9%	1,857	1.9
BG								
CZ	1,009	0.3%	4,596	0.9%	951,041	0.1%	207	4.6
DK	4,720	1.5%	15,797	3.1%	24,383,654	2.6%	1,544	3.3
DE	62,587	19.3%	106,552	21.1%	105,759,924	11.2%	993	1.7
EE	406	0.1%	537	0.1%	573,075	0.1%	1,067	1.3
IE	4,636	1.4%	7,421	1.5%	11,576,760	1.2%	1,560	1.6
EL								
ES	37	0.0%	49	0.0%	10,729	0.0%	219	1.3
FR								
HR								
IT								
CY								
LV	948	0.3%	1,102	0.2%	107,478	0.0%	98	1.2
LT								
LU	69,310	21.4%	127,500	25.2%	476,900,069	50.6%	3,740	1.8
HU	1,154	0.4%	1,616	0.3%	336,232	0.0%	208	1.4
MT								
NL	20,225	6.2%	37,924	7.5%	35,622,000	3.8%	939	1.9
AT	63,828	19.7%	104,295	20.6%	147,322,836	15.6%	1,413	1.6
PL	8,698	2.7%			3,995,406	0.4%		
PT								
RO	11,427	3.5%						
SI								
SK	4,520	1.4%	6,846	1.4%	1,544,876	0.2%	226	1.5
FI	11,449	3.5%	13,206	2.6%	19,359,180	2.1%	1,466	1.2
SE								
UK	20,271	6.3%	33,553	6.6%				1.7
IS	73	0.0%	119	0.0%	116,339	0.0%	978	1.6
LI								
NO	14,524	4.5%			29,660,573	3.1%		
CH								
Total	323,784	100.0%	506,123	100.0%	941,786,927	100.0%		
EU-12	28,162	8.7%	14,697	2.9%	7,508,108	0.8%		
EU-15	281,025	86.8%	491,307	97.1%	904,501,907	96.0%		
EFTA	14,597	4.5%	119	0.0%	29,776,912	3.2%		

* No data available for BG, EL, FR, HR, IT, CY, LT, MT, PT, SI, SE, LI and CH.

Source Questionnaire on the export of family benefits

Data could also be analysed for the export of child benefits to the Member State of residence of the children. However, the missing data for a number of Member States, in particular Member States with a high level of incoming commuters, may lead to a distorted view of reality if the export of child benefits is reported by the Member State of residence. Most of the households that received a child benefit from abroad lived in France and Poland (*Table 10*). 25% of the child benefits were exported to France comprising 42% of total expenditure. This much higher share of France in the total expenditure is mainly explained by the fact that more than half of the households residing in France received a child benefit paid by Luxembourg. Also Belgium and

Germany have a much higher share in total expenditure compared to their share in the number of households or children receiving a child benefit, as again both Member States received a child benefit mainly from Luxembourg. These examples illustrate how much certain rights are 'derived' by an underlying reality of cross-border work. Furthermore, 25% of the child benefits were exported to households living in Poland. Finally, a high percentage of child benefits was exported to Belgium (10%) and Germany (8.5%). The number of child benefits being imported by a household living in the EU-15 covers 61% of the total households entitled, but accounts for 78% of total expenditure. Several Member States (e.g. BE, CZ, DE, LU, HU and NL) exported the child benefit mainly to their neighbouring Member States (*Tables 6 and 12*).

Table 10 The export of *child benefits*, by Member State of residence, 2013

	Persons entitled		Family members involved		Annual amount	
	<i>Number</i>	<i>% of column total</i>	<i>Number</i>	<i>% of column total</i>	<i>Amount (in €)</i>	<i>% of column total</i>
BE	23,658	9.6%	45,233	11.8%	130,928,092	17.1%
BG	2,171	0.9%	3,091	0.8%	1,854,141	0.2%
CZ	5,635	2.3%	9,142	2.4%	5,172,488	0.7%
DK	732	0.3%	483	0.1%	1,076,313	0.1%
DE	20,918	8.5%	35,272	9.2%	94,734,983	12.4%
EE	5,537	2.3%	5,694	1.5%	8,684,908	1.1%
IE	1,572	0.6%	2,792	0.7%	420,768	0.1%
EL	2,744	1.1%	3,842	1.0%	1,494,518	0.2%
ES	8,486	3.5%	3,588	0.9%	6,199,194	0.8%
FR	62,148	25.3%	111,858	29.1%	318,267,742	41.6%
HR	260	0.1%	452	0.1%	272,253	0.0%
IT	7,453	3.0%	5,471	1.4%	4,348,582	0.6%
CY	223	0.1%	108	0.0%	74,485	0.0%
LV	2,018	0.8%	2,293	0.6%	1,961,506	0.3%
LT	4,404	1.8%	3,219	0.8%	6,165,460	0.8%
LU	179	0.1%	287	0.1%	307,012	0.0%
HU	3,084	1.3%	4,875	1.3%	5,135,912	0.7%
MT	49	0.0%	55	0.0%	44,050	0.0%
NL	7,569	3.1%	14,059	3.7%	18,417,776	2.4%
AT	3,551	1.4%	5,320	1.4%	3,473,916	0.5%
PL	62,047	25.3%	96,505	25.1%	122,970,831	16.1%
PT	2,836	1.2%	4,228	1.1%	7,023,518	0.9%
RO	4,616	1.9%	7,434	1.9%	5,026,450	0.7%
SI	174	0.1%	263	0.1%	171,561	0.0%
SK	4,833	2.0%	10,586	2.8%	6,438,552	0.8%
FI	500	0.2%	523	0.1%	594,958	0.1%
SE	3,342	1.4%	1,852	0.5%	5,706,101	0.7%
UK	3,391	1.4%	4,623	1.2%	6,486,221	0.8%
IS	254	0.1%	43	0.0%	524,744	0.1%
LI	3	0.0%	5	0.0%	508	0.0%
NO	486	0.2%	610	0.2%	631,011	0.1%
CH	717	0.3%	1,123	0.3%	1,368,998	0.2%
Total*	245,590	100.0%	384,929	100.0%	765,977,553	100.0%
EU-13	95,051	38.7%	143,717	37.3%	163,972,596	21.4%
EU-15	149,079	60.7%	239,431	62.2%	599,479,694	78.3%
EFTA	1,460	0.6%	1,781	0.5%	2,525,262	0.3%

* This is an incomplete picture due to missing data for BG, DK, FR, HR, IT, CY, LT, PT, SI, SE, LI and CH as reporting Member State. However, IT reported that the export of family benefits is increasing, especially to RO and ES. Also, no breakdown by Member State of residence was provided by AT, PL and LV and an incomplete breakdown provided by DK.

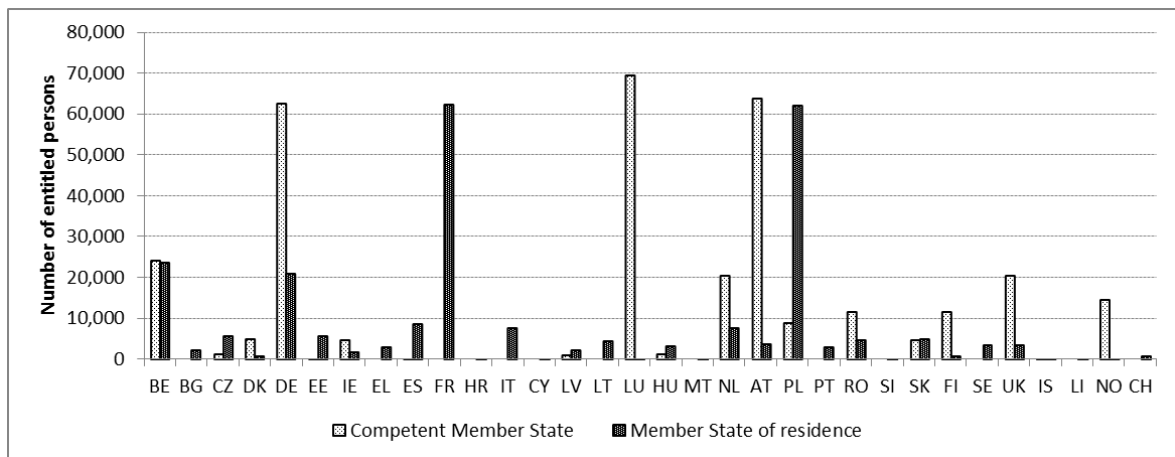
** Total numbers differ compared to Table 9 as some Member States (AT, PL and LV) did not provide a breakdown by Member State of residence.

Source Questionnaire on the export of family benefits

Comparing the number of exported and imported child benefits and the related amount allows to obtain a more detailed view on the 'net figures' (*Figures 3 to 6*). These net figures correspond to a high extent to the impact of the export of child

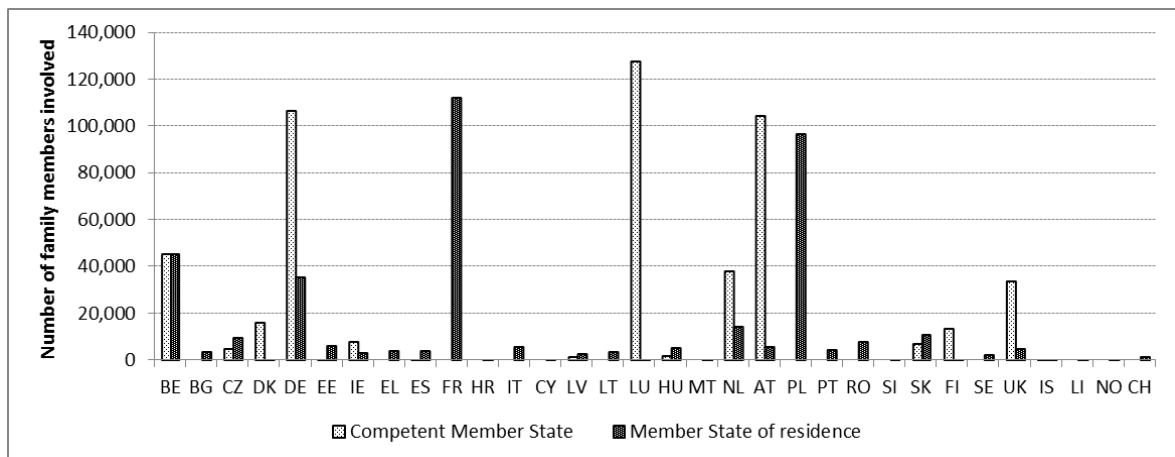
benefits for several Member States. Despite the number of imported and exported child benefits being almost equal, the net budgetary cost may still vary markedly. This is especially the case for Belgium. In terms of budgetary implications, some Member States are net recipients (in particular PL, BE and probably also FR), while other Member States are net contributors (in particular LU and AT) (Figure 5). The cross-tables illustrate how the export in one Member State is the import in another. In each Member State the export and the import relate to a different group of persons. So netting reveals some statistical compensation, but only the gross flows serve to illustrate the number of persons involved.

Figure 3 The export of *child benefits*, by competent Member State and Member State of residence, number of persons entitled, 2013



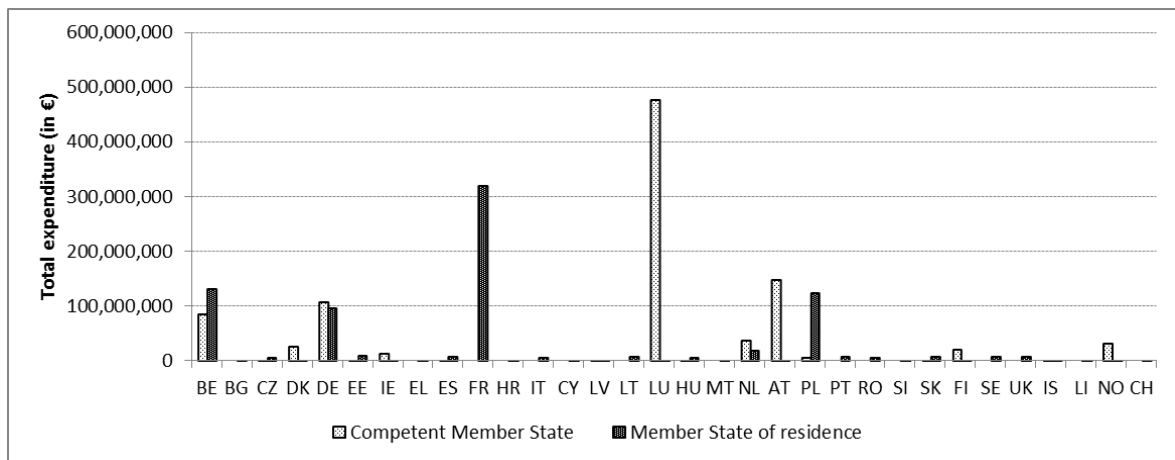
Source Questionnaire on the export of family benefits

Figure 4 The export of *child benefits*, by competent Member State and Member State of residence, number of family members involved, 2013



Source Questionnaire on the export of family benefits

Figure 5 The export of *child benefits*, by competent Member State and Member State of residence, total expenditure (in €), 2013



Source Questionnaire on the export of family benefits

2.2.2 The percentage of export in the total number of child benefits

In relative terms, the impact of the export of child benefits (as a percentage of the total number of child benefits paid by a Member State and the related amount) is quite limited for most of the Member States. On average 1% of child benefits are being exported abroad, which represents 1.6% of total public spending on child benefits of 17 reporting Member States. Luxembourg is an important 'outlier' with regard to the export of child benefits. More than 50% of the child benefits paid by Luxembourg were exported abroad. The lower share of export in the total public spending of Luxembourg on child benefits could be explained by the lower average amount paid per child as secondarily competent Member State (supplement of € 2,455) compared to the average amount of the child benefit paid per child (€ 4,107) and the impact of this supplement on the average amount being exported per child (€ 3,740). Austria exported almost 6% of their child benefits amounting to some 3% of their public spending on child benefits. Belgium, Finland and Norway exported some 2% of their child benefits. The Netherlands, Denmark, Germany, Ireland and Poland exported between 0.5 and 1.5% of their child benefits, while Latvia, the United Kingdom, Estonia, Romania, Iceland, the Czech Republic and Spain exported even less than 0.5% of their child benefits. However, the impact is expected to level-off for most of the EU Member States, as stated above, when also the import of child benefits is taken into account.

Table 11 The share of the export of *child benefits* in the total number of child benefits paid by the reporting Member State, 2013

	Total number of persons	As % of	
		Number of family members involved	Total amount (in €)
BE	2.1%	2.2%	1.9%
BG			
CZ	0.1%	n.a.	0.1%
DK	0.7%	1.3%	1.3%
DE	0.7%	0.8%	0.3%
EE	0.3%	0.2%	0.6%
IE	0.8%	0.6%	0.6%
EL			
ES	0.004%	0.003%	0.001%
FR			
HR			
IT			
CY			
LV	0.4%	0.4%	0.3%
LT			
LU	50.7%	52.1%	47.4%
HU			
MT			
NL	1.0%	1.1%	1.1%
AT	5.6%	5.6%	3.4%
PL	0.7%	n.a.	0.2%
PT			
RO	0.3%	n.a.	n.a.
SI			
SK			
FI	1.9%	1.2%	1.3%
SE			
UK	0.3%	0.3%	n.a.
IS	0.1%	0.2%	0.2%
LI			
NO	2.0%	n.a.	1.7%
CH			
Total of reporting MSs (weighted)	1.0%	1.2%	1.6%

* No data available for BG, EL, FR, HR, IT, CY, LT, MT, PT, SI, SK, SE, LI and CH. Figures of HU not included.

Source Questionnaire on the export of family benefits

2.2.3 The impact of intra-EU mobility on the export of family benefits: cross-border workers and migrants

The number of child benefits being exported abroad is influenced by two main groups, namely cross-border workers (working in a Member State other than the Member State of residence of the child(ren)) and migrants living in a Member State other than the Member State of the child(ren). The share of both groups in the total number of child benefits being exported abroad was not asked in the questionnaire on the export of family benefits. However, by comparing the available information provided via the questionnaire with data from the Labour Force Survey, for each of the Member States the correlation can be investigated between the breakdown of the export of child benefits by Member State of residence and the breakdown of the cross-border workers' Member State of residence or the nationality of the migrants at working age.¹⁶ Belgium, the Czech Republic, Germany, Luxembourg, Hungary and Finland show a strong correlation (greater than 0.8) between the breakdown of the number of child benefits being exported abroad and the breakdown of the number of incoming cross-border workers. We observe a strong correlation between the breakdown of the number of child benefits being exported abroad and the breakdown of the number of

¹⁶ However, the export is not limited only to migrants at working age. Also retired migrants might export a family benefit.

migrants at working age by their nationality for the Czech Republic, Germany, Ireland, Spain, Luxembourg, the Netherlands, Slovakia, Finland, the United Kingdom, Iceland and Norway. The number of child benefits exported by Ireland and the United Kingdom (and perhaps also IT) are mainly influenced by the number of immigrants. Several Member States (e.g. BE, CZ, NL, LU, ES, NL and FI) might be influenced by both groups.

Table 12 The impact of intra-EU mobility on the export of *child benefits*

	Incoming cross-border workers		EU/EFTA migrants at working age (last 10 years)		
	3 main MSs export of family benefit	Correlation cross- border workers**	3 main MSs	Correlation migrants* 3 main MSs	
BE	FR, NL, PL	0.99	FR, NL, DE	0.73	FR, NL, RO
BG					
CZ	SK, PL, AT	0.99	SK, PL, DE	1.00	SK, BG, IT,
DK					
DE	PL, FR, RO	0.87	PL, FR, HU	0.90	PL, RO, IT
EE	FI, EE, NO	0.08	LV, PL, FI	-0.60	LV, UK, ES
IE	PL, UK, LT	0.16	UK, SK, HU	0.98	PL, LT, UK
EL					
ES	RO, PT	0.75	RO, PT, FR	0.98	RO, IT, BG
FR					
HR					
IT	***				
CY					
LV					
LT					
LU	FR, DE, BE	0.99	FR, DE, BE	0.84	FR, PT, BE
HU	SK, RO, FR	1.00	SK, AT, DE	0.12	RO, SK, ES
MT					
NL	PL, BE, DE	0.67	DE, BE, PL	0.94	PL, DE, BE
AT					
PL					
PT					
RO	ES, IT, EL	-0.22	IT, HU, PT	n.a.	n.a.
SI					
SK	PL, DK, UK	0.77	CZ, AT, HU	0.95	CZ, HU, RO
FI	EE, SE, UK	0.97	EE, FR, DE	0.98	EE, UK, SE
SE					
UK	PL, IE, LT	0.09	ES, IE, SK	0.98	PL, RO, LT
IS	PL, SK			0.99	PL, LT, LV
LI					
NO	PL, LT, SE			0.98	PL, SE, LT
CH					

* In bold: Neighbouring Member State.

** Correlation calculated for each Member State between breakdown export and breakdown incoming cross-border workers or migrants at working age by nationality.

*** IT reports the export of family benefits is increasing, in particular to RO and PL.

**** No data available for BG, EL, FR, HR, IT, CY, LT, MT, PT, SI, SE, LI and CH. No breakdown by Member State of residence was provided by AT, PL and LV or an incomplete breakdown provided by DK.

Source Questionnaire on the export of family benefits and Eurostat Labour Force Survey

2.2.4 Concentration in bilateral Member States

As already stated above, both the export and import of child benefits are strongly concentrated in the EU-15 Member States. However, export is even concentrated in only a few number of bilateral flows between certain Member States. The export of child benefits from Luxembourg to France amounts to 14% of the total number of exports to households. In terms of spending, this single flow even amounts to € 250.7 million or 33% of total expenditure on the export of child benefits. Also the flows of export of child benefits from Germany to Poland (11% of total), from Luxembourg to

Export of family benefits

Belgium (7% of total), from Belgium to France (6.5% of total), from Luxembourg to Germany (6% of total) and from the United Kingdom to Poland (5%) are considerable. Most of the main flows are geographically concentrated between neighbouring countries. The main 10 bilateral flows amount to 63% of the child benefits being exported abroad and the main 20 bilateral flows even amount to 78%.

Export of family benefits

Table 13 The share of the export of child benefits between bilateral Member States compared to the total export (selection of top 20), number of persons entitled, 2013, as %

Member State of residence	Competent Member State																											Tot .							
	B E	B G	C Z	D K	D E	E E	I E	E L	E S	F R	H R	I T	C Y	L V	L T	L U	H U	M T	N L	A T	P L	P T	R O	S I	S K	F I	S E		U K	I S	L I	N O	C H		
BE																7.2			2.1															9.6	
BG																																		0.9	
CZ					1.4																													2.3	
DK																																		0.3	
DE																6.1			1.6															8.5	
EE																										2.1								2.3	
IE																																		0.6	
EL																																		1.1	
ES																							2.2												3.5
FR	6.5				4.1										1.4																			25.3	
HR																																			0.1
IT					1.0																			1.7											3.0
CY																																			0.1
LV																																			0.8
LT																																			1.8
LU																																			0.1
HU																																			1.3
MT																																			0.0
NL	1.4				1.3																														3.1
AT																																			1.4
PL					1.1			1.2										3.7												5.4		2.6			25.3
PT																																			1.2
RO					1.5																														1.9
SI																																			0.1
SK																																			2.0
FI																																			0.2
SE																																			1.4
UK																																			1.4

Export of family benefits

M	Competent Member State																											Tot						
	B E	B G	C Z	D K	D E	E E	I E	E L	E S	F R	H R	I T	C Y	L V	L T	L U	H U	M T	N L	A T	P L	P T	R O	S I	S K	F I	S E		U K	I S	L I	N O	C H	
IS																																	0.1	
LI																																		0.0
NO																																		0.2
CH																																		0.3
Tot.	7. 4		0. 3	1. 5	19 .3	0. 1	1. 4		0. 0					0. 3		21 .4	0. 4		6. 2	19 .7	2. 7		3. 5		1. 4	3. 5	0. 0	6. 3		0. 0	4. 5		100	

* No data available for BG, DK, FR, HR, IT, CY, LT, PT, SI, SE, LI and CH. No breakdown by Member State of residence was provided by AT, PL and LV.

Source Questionnaire on the export of family benefits

CONCLUSION

At the end of 2014, a questionnaire on the export of family benefits was launched in order to obtain for the first time a general picture of the size and the budgetary cost of the phenomenon. 19 Member States were able to provide more detailed data on the export of family benefits and only 10 Member States were able to provide more detailed figures on the primary and secondary competences of the reporting Member State. It follows that some caution is required when drawing general conclusions especially given the fact that some Member States which can be considered highly relevant in this respect did not provide data on the export of family benefits.

The relative impact of child benefits being exported abroad amounts to some 1% of the total number of child benefits paid by the reporting Member States. It is strongly related to the volume of cross-border workers. Only Luxembourg is confronted with a considerably high budgetary impact, as almost 50% of their public spending on child benefits is being exported abroad. In absolute terms, most child benefits were exported by Luxembourg, Austria and Germany. Luxembourg reported a total expenditure of € 477 million, which is more than half of total expenditure reported. Also in absolute terms, most child benefits were imported by France and Poland. The number of child benefits being exported by the EU-15 to households living abroad covers 87% of the total households entitled, but accounts for 96% of total expenditure.

The flow of child benefits is in particular concentrated in a limited number of bilateral (mostly neighbouring) Member States. The single flow between Luxembourg and France even amounts to a third of reported total expenditure on the export of child benefits. The number of child benefits being exported abroad is influenced by the number of incoming cross-border workers (working in a Member State other than the Member State of residence) and the number of migrants without family reunification. The numbers of child benefits exported by Ireland and the United Kingdom are mainly influenced by the number of immigrants. However, several Member States (e.g. BE, CZ, NL, LU, ES, NL and FI) might be influenced by both groups. The share of both groups in the number of exported child benefits is determined by the absolute number of incoming cross-border workers and migrants without family reunification, their household composition and the spouse's labour status.

The total number of family benefits being exported and the amount it represents will be a result of the primary or secondary competences of the Member State. The supplement paid by secondarily competent Member States sometimes represents a significant amount of total expenditure related to the export of family benefits. Among others, 31% of the amount paid by Luxembourg is linked to the supplement they have paid as secondarily competent Member State.

The export of a child benefit could have a considerable positive impact on the net earnings of the household living abroad and compared to the amount they would receive from the competent institution in their Member State of residence. This situation cannot be generalised to all households, as the average amount paid by the competent Member State should be compared to the amount paid by the Member State of residence. Nevertheless, due to the strong concentration of the number of exports in EU-15 Member States and in particular Luxembourg and Germany most of the households will benefit from the export compared to what they would receive if the Member State of residence paid the benefit and if no additional supplement was paid. A detailed analysis of the economic impact of those differences in amounts according to who is paying will be analysed in the impact study in preparation.

ANNEX I RESPONSE**Table 14 Response**

	Answer received?	Overall data?	Data on export?	Data primarily or secondarily competent?
BE	YES	YES	YES	NO
BG	YES	NO	NO	NO
CZ	YES	YES	YES	YES
DK	YES	YES	YES	NO
DE	YES	YES	YES	YES
EE	YES	YES	YES	YES
IE	YES	YES	YES	NO
EL	YES	YES	NO	NO
ES	YES	YES	YES	NO
FR	NO	NO	NO	NO
HR	YES	YES	NO	NO
IT	YES	YES	NO	NO
CY	YES	YES	NO	NO
LV	YES	YES	YES	YES
LT	YES	YES	NO	NO
LU	YES	YES	YES	YES
HU	YES	YES	YES	YES
MT	YES	YES	NO	NO
NL	YES	YES	YES	YES
AT	YES	YES	YES	YES
PL	YES	YES	YES	NO
PT	YES	YES	NO	NO
RO	YES	YES	YES	NO
SI	YES	NO	NO	NO
SK	YES	NO	YES	YES
FI	YES	YES	YES	NO
SE	NO	NO	NO	NO
UK	YES	YES	YES	NO
IS	YES	YES	YES	YES
LI	YES	YES	NO	NO
NO	YES	YES	YES	NO
CH	YES	YES	NO	NO
Total	30	27	19	10

Source Based on the Questionnaire on the export of family benefits

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**ANNEX XII: HIVA HIVA REPORT AGGREGATION OF UNEMPLOYMENT
BENEFITS – DATA**

ANNEX XII

Aggregation of periods or salaries for unemployment benefits

*Report on U1 portable documents
for migrant workers*

Prof. dr. Jozef Pacolet and Frederic De Wispelaere
HIVA-KU Leuven

June 2015



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Aggregation of periods or salaries for unemployment benefits

*Report on U1 portable documents
for migrant workers*

Network Statistics FMSSFE

This report has been prepared in the framework of Contract No VC/2013/0301 'Network of Experts on intra-EU mobility – social security coordination and free movement of workers / Lot 2: Statistics and compilation of national data'. This contract was awarded to Network Statistics FMSSFE, an independent research network composed of expert teams from HIVA (KU Leuven), Milieu Ltd, IRIS (UGent), Szeged University and Eftheia bvba. Network Statistics FMSSFE is coordinated by HIVA.

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INTRODUCTION

As a principle, unemployed migrant workers will claim benefits in the Member State of last activity. In some cases a recent migrant worker's period of insurance, employment or self-employment is insufficient to be entitled to an unemployment benefit. In that case additional periods completed by the person in a Member State other than the competent Member State are required.¹⁷ For the aggregation of periods, the competent institution where the person applied for unemployment benefits must contact the institutions of the Member States to whose legislation the person has also been subject in order to determine all periods completed under their legislation. The Portable Document (PD) U1 or the corresponding Structured Electronic Document (SED) U002 certify periods of insurance, employment or self-employment completed by a worker in another Member State that are to be taken into account for the award of unemployment benefits. The PD U1 is issued to the worker, on his or her request, by the institution of the Member State where the person completed the periods of insurance, employment or self-employment.¹⁸ The SED U002 is issued at the request of the competent institution. It should be noted that a migrant worker becomes subject to the legislation of a Member State as soon as he or she starts to work there (leaving aside the special case of posting). Hence, the aggregation rules become fully applicable as from that moment.

Furthermore, not only the period of insurance, employment or self-employment already completed by the unemployed recent migrant worker, but also the qualifying period, which varies markedly across Member States, will determine the number of PDs U1 or SEDs U002 requested by the competent Member States and issued by the Member States of origin.

The scope of the aggregation rules covered by PDs U1 not only includes unemployed recent migrant workers. The provisions are also applicable to unemployed frontier workers and cross-border workers other than frontier workers.¹⁹ This group, however, falls beyond the scope of this questionnaire. The group of unemployed frontier workers and other cross-border workers involved and the budgetary consequences on public unemployment spending may even be larger compared to the number of unemployed recent migrant workers and the corresponding expenditure.²⁰ The fact that this risks to be marginal is also illustrated by the fact that some Member States provide much larger figures beyond the scope of this questionnaire.²¹

¹⁷ Article 61 of Regulation (EC) No 883/2004.

¹⁸ Article 54 of Regulation (EC) No 987/2009.

¹⁹ Frontier workers (people who work in a Member State other than the Member State of residence, and return home daily or at least once a week – Article 1(f) of Regulation (EC) No 883/2004) who become wholly unemployed must apply for unemployment benefits in their Member State of residence. Cross-border workers other than frontier workers may apply for unemployment benefits and register with the employment service in either the Member State of last activity or the Member State of residence. See Article 65 of Regulation (EC) No 883/2004.

²⁰ The current system for coordinating unemployment benefits applicable to the different categories of cross-border workers was already subject to an impact assessment. In the process of this assessment a preparatory study was prepared (Doherty, R., Vandresse, B., Bulté, S., Bardaji Horno, M., Ulrich, M., Pacolet, J. and De Wispelaere, F. (2013), *Study for an impact assessment for revision of Regulations (EC) Nos 883/2004 and 987/2009*, Deloitte – HIVA KU Leuven, 295 p.). Based on the results of a questionnaire launched, it appears that more PDs U1 were issued to unemployed frontier workers and other cross-border workers compared to migrant workers.

²¹ E.g. the United Kingdom refers to some 90,000 income-based Jobseeker's Allowances (listed as a special non-contributory benefit in Regulation (EC) No 883/2004) claims made by EEA migrants. Portugal refers to 3,274 unemployment benefits granted to unemployed frontier workers and other cross-border workers, while Belgium reports 2,785 unemployed frontier workers and other cross-border workers who will receive an unemployment benefit. Slovenia refers to 2,142 unemployment benefits granted to unemployed migrant workers, frontier workers and other cross-border workers of which 90% of the benefits granted to unemployed frontier workers and other cross-border workers. Finally, Italy reports some 900 PD U1

At the end of 2014 a questionnaire on the aggregation of periods for unemployment was launched in order to obtain for the first time an idea of the size of the phenomenon. The questionnaire only covered migrants who became unemployed in their Member State of last activity and needed additional periods completed in a Member State other than the competent Member State to be entitled to an unemployment benefit. As a result, not all unemployed migrant workers are covered by this questionnaire. 23 Member States provided quantitative data, of which three Member States were not able to provide a breakdown by Member State of origin and two other Member States were not able to provide a breakdown by length of insurance, employment or self-employment in the Member State of last activity. The missing data for a number of large Member States, in particular EU-15 Member States, may lead to a distorted view. As a result, some caution is required when drawing conclusions.

1. GENERAL OVERVIEW

In total 24,821 cases of aggregation of periods for unemployment were reported for 2013 by 23 Member States (*Table 1*). The cross table illustrates that some Member States of last activity (= competent Member State) and some Member States of origin more frequently report a limited number of cases. However, the reasons for this are not fully clear (large number of (re)migration, high level of unemployment, long qualifying period). Most of the cases concern France (33.6% of total), Bulgaria (16.6% of total), Spain (10.0% of total), Belgium (8.8% of total) and Poland (6.1% of total) as Member State of last activity (*Table 2*). Also, in 56% of the cases an EU-15 Member State was the Member State of last activity. Given that information from some large EU-15 Member States (e.g. DE and IT) is missing, this result is even an underestimation of the share of the EU-15 Member States.

28% of the reported cases of aggregation of periods related to a period of insurance, employment or self-employment of less than 30 days in the Member State of last activity (*Table 2 and Figure 1*). 14% of the cases were applicable to a period between one and three months, and 58% to a period of three months or longer. So, in the majority of cases of aggregation already a period of insurance, employment or self-employment of more than three months was completed by the unemployed migrant worker in the Member State of last activity.

Nonetheless, this distribution varies markedly between the EU-13 and the EU-15. 62% of the cases reported by the EU-15 concerned a period of insurance, employment or self-employment of less than three months compared to only 16% of the cases reported by the EU-13. But, the period already completed by the unemployed migrant workers also differs across the Member States of last activity. The length of insurance, employment or self-employment in most of the cases completed in Denmark (63% of the cases)²² and the United Kingdom (57% of the cases) was less than one month. This in contrast to Hungary (97% of the cases) and Bulgaria (96% of the cases), which aggregated most of their periods on the basis of a period of insurance, employment or self-employment of more than three months.²³

documents issued by an electronic procedure (no breakdown reported between unemployed recent migrant workers, frontier workers or other cross-border workers).

²² There are 499 cases in a total of 569 cases (88%) where DK is both the competent Member State and the Member State of origin. Most of these cases concern Danish citizens from the Faroe Islands. However, the Faroe Islands are not covered by Regulation (EC) No 883/2004.

²³ Also in Croatia and Cyprus most of their limited number of cases are applicable to a period longer than three months.

Aggregation of periods or salaries for unemployment benefits

Table 1 The number of aggregations of periods in case of unemployment, 2013

	Competent Member State																										Total						
	BE	B G*	CZ	D K	D E	EE	IE	EL	ES	FR	H R	IT	CY	LV	LT **	LU	H U	M T	N L	AT	PL	PT	R O	SI	SK **	FI		SE **	U K	IS	LI	N O	C H
BE	2	13		0							0		0	0		6	1	0	53		27		0		2	2	2	0		0	0	7	115
BG	8			2							0		0	0		0	8	0	0		2		0		0	0	1	0		0	0	3	24
CZ	4	15	6	1							0		0	0	1	0	7	0	0		56		0		45	0	3	0		2	0	0	689
DK	1	2		0*							0		0	0	2	0	0	0	2		16		0		0	0	91	0		0	0	3	117
DE	79	33	7	6						6		0	2	9	8	68	0	51		26	2	1		34	8	22	3		34	0	20	1,139	
EE	0	10		0							0		0	1	0	1	0	0		3		0		0	63	2	0		0	0	2	82	
IE	15	10		0							0		0	2	45	0	1	1	1		13		0		83	0	7	6		0	0	1	305
EL	54	28		0							0		0	0	1	1	4	0	2		8		1		1	3	5	1		0	0	9	118
ES	38	16	6	1							0		0	0	4	1	3	0	8		23		0		4	8	13	5		0	0	56	678
FR	38	27		1							0		0	0		12	4	0	8		50		0		6	1	3	1		0	0	48	549
HR	1	-		0							0		0	0		0	0	0	0		0		0		0	1	0	0		0	0	2	4
IT	26	41		1							0		0	2	1	3	11	0	2		28		1		23	0	3	1		0	0	13	509
CY	2	77	1	1							0		3	0	1	1	0	0	1		4		4		7	1	3	2		0	0	0	801
LV	0	18		1							0		0	0	1	0	1	0	0		0		0		0	2	0	1		0	0	1	25
LT	3	0		5							0		0	1	0	2	1	0	0		0		0		0	4	1	0		0	0	0	17
LU	10	11		0							0		0	0	0	0	0	2			4		0		2	0	2	0		0	0	0	128
HU	15	0		0							0		0	0		1	0	0	2		2		3		66	0	1	1		0	0	13	104
MT	4	6		0							0		0	0		0	0	0	0		0		1		0	0	2	0		0	0	0	13
NL	55	3		0							0		0	2	18	2	4	0			28		0		21	2	9	4		0	0	6	914
AT	4	39		0							1		0	0		0	2	0	4		25		1		43	0	7	2		68	0	29	843
PL	72	15		3							0		0	0	2	1	22	0	6		0		0		4	4	5	0		0	0	13	147
PT	66	10		0							0		0	0		5	3	0	2		0		0		0	0	0	0		3	0	62	804
RO	26	11		5							0		0	0		0	83	0	0		0		0		0	5	1	0		0	0	6	887
SI	3	19		0							9		0	0		0	4	0	0		0		0		6	0	0	0		0	0	5	46
SK	4	19		3							0		0	0		0	16	0	0		10		0		0	0	0	0		1	0	7	208
FI	5	22		1							0		0	0	1	0	0	0	0		15		0		1	0	24	0		0	0	3	72
SE	11	8		18							0		0	0	6	0	0	0	3		7		0		1	14	0	1		0	0	2	71
UK	73	2,	14	2							0		0	10	12	4	6	6	5		51		0		37	12	38	0		0	0	17	3,329
IS	2	0		0							0		0	0	4	0	0	0	0		5		0		1	1	6	0		0	0	0	19
LI	0	0		0							0		0	0	0	0	0	0	0		0		0		0	0	0	0		0	0	0	0
NO	1	13		3							0		0	0	6	0	0	0	0		20		0		11	3	20	0		0	0	0	259
CH	43	12		0							0		0	0	1	3	0	0	8		13		0		14	1	4	2		0	0	11	322
Un k.	0	0		0							0		0	0	0	0	0	0	0		0		0		0	0	0	0		0	50	0	11,483

Aggregation of periods or salaries for unemployment benefits

	BE	BG*	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT	CY	LV	Competent Member State										Total								
															LT**	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK**	FI	SE**	UK	IS	LI	NO	CH	
Tot	2,196	4,118		54		174			2,471	833	16		3	19	225	48	1,149	8	160		1,517		12		1,160	135	457	30		726	500	1,305	24,821

* DK reported 569 cases where DK is also the Member State of origin. DK estimates that 80-90% of these are Danish citizens from the Faroe Islands.

** LT: figures reported for 2012. LT reports 370 cases for 2013. Some Member States provided data for 2012: FR: 8,208 cases (7,575 cases in 2014); BG: 3,482 cases; SK: 1,243 cases and SE: 590 cases.

** No data available for CZ, DE, IE, EL, FR, IT, AT, PT, SI and IS.

Source Questionnaire on aggregation of periods for unemployment

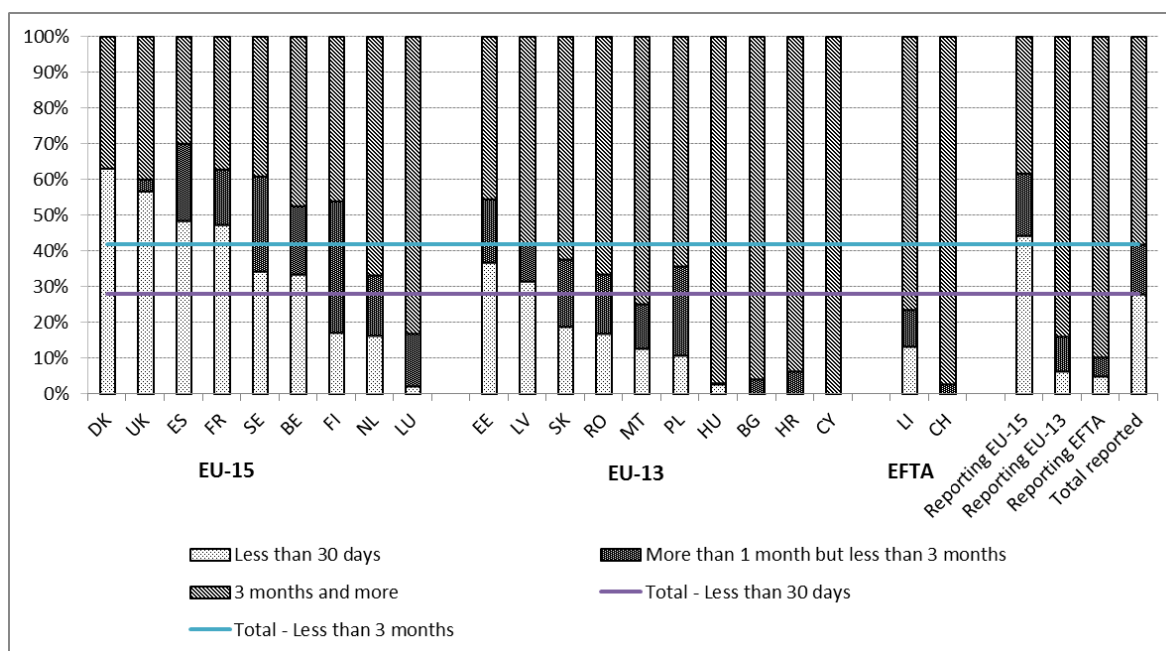
Table 2 The number of aggregations of periods in case of unemployment, by length of insurance, employment or self-employment in Member State of last activity, by competent Member State, 2013

	Less than 30 days		More than 1 month but less than 3 months		3 months and more		Total for subperiods	Total	
	<i>Number</i>	<i>Row %</i>	<i>Number</i>	<i>Row %</i>	<i>Number</i>	<i>Row %</i>	<i>Number</i>	<i>Number</i>	<i>Column %</i>
BE	736	33.5%	420	19.1%	1,040	47.4%	2,196	2,196	8.8%
BG	22	0.5%	150	3.6%	3,946	95.8%	4,118	4,118	16.6%
CZ									
DK	34	63.0%	0	0.0%	20	37.0%	54	54	0.2%
DE									
EE	64	36.8%	31	17.8%	79	45.4%	174	174	0.7%
IE									
EL									
ES	1,195	48.4%	534	21.6%	742	30.0%	2,471	2,471	10.0%
FR	3,948	47.3%	1,283	15.4%	3,107	37.3%	8,338	8,338	33.6%
HR	0	0.0%	1	6.3%	15	93.8%	16	16	0.1%
IT									
CY	0	0.0%	0	0.0%	3	100.0%	3	3	0.0%
LV	6	31.6%	2	10.5%	11	57.9%	19	19	0.1%
LT							0	225	0.9%
LU	1	2.1%	7	14.6%	40	83.3%	48	48	0.2%
HU	29	2.5%	6	0.5%	1,114	97.0%	1,149	1,149	4.6%
MT	1	12.5%	1	12.5%	6	75.0%	8	8	0.0%
NL	26	16.3%	27	16.9%	107	66.9%	160	160	0.6%
AT									
PL	164	10.8%	379	25.0%	974	64.2%	1,517	1,517	6.1%
PT									
RO	2	16.7%	2	16.7%	8	66.7%	12	12	0.0%
SI									
SK	217	18.7%	218	18.8%	725	62.5%	1,160	1,160	4.7%
FI	23	17.0%	50	37.0%	62	45.9%	135	135	0.5%
SE	156	34.1%	122	26.7%	179	39.2%	457	457	1.8%
UK	17	56.7%	1	3.3%	12	40.0%	30	30	0.1%
IS									
LI	96	13.2%	75	10.3%	555	76.4%	726	726	2.9%
NO								500	2.0%
CH	4	0.3%	32	2.5%	1,269	97.2%	1,305	1,305	5.3%
Total									100.0%
	6,741	28.0%	3,341	13.9%	14,014	58.2%	24,096	24,821	%
EU-13	505	6.2%	790	9.7%	6,881	84.2%	8,176	8,401	33.8%
EU-15	6,136	44.2%	2,444	17.6%	5,309	38.2%	13,889	13,889	56.0%
EFTA	100	4.9%	107	5.3%	1,824	89.8%	2,031	2,531	10.2%

* No data available for CZ, DE, IE, EL, IT, AT, PT, SI and IS.

Source Questionnaire on aggregation of periods for unemployment

Figure 1 Aggregation of periods in case of unemployment by length of insurance, employment or self-employment in Member State of last activity, *by competent Member State*, 2013



* No data available for CZ, DE, IE, EL, IT, AT, LT, PT, SI, NO and IS.

Source Questionnaire on aggregation of periods for unemployment

It is also useful to determine the Member State of origin whose legislation the unemployed migrant worker has been subject to. The missing data for a number of Member States may also lead to a distorted view of reality if the numbers of cases are reported by the Member State of origin. Again some caution is therefore required when drawing conclusions.

In most of the cases the period of insurance, employment or self-employment of the Member State of last activity was aggregated with an additional period completed in the United Kingdom (25% of total) (Table 3). Remarkable is that some of the Member States of origin are 'immigration' Member States, such as the United Kingdom and Germany. This becomes even more obvious if the periods are aggregated. We observe that 73% of the cases come from the EU-15 and only 23% from the EU-13. This could be an indication of return migration²⁴ for the EU-13 Member States, but probably also of a high flow of migrants across neighbouring Member States (*cf. infra*).

The length of insurance, employment or self-employment that was already achieved by the unemployed migrant worker in the Member State of last activity and that should be complemented with an additional period completed in the Member State of origin varies across the EU-13 and EU-15 Member States of origin (Table 3 and Figure 2). Unemployed migrant workers who proved an additional period from an EU-13 Member State of origin had completed in general already a longer period of insurance, employment or self-employment (approximately nine in ten of the cases a period of three months and longer) compared to the unemployed migrant workers coming from the EU-15 (approximately seven in ten of the cases a period of three months of longer). For most of the Member States of origin already a period of longer than three months was completed in the Member State of last activity (more than

²⁴ In that respect, not only the Member State of origin but also the nationality of the unemployed recent migrant worker should be asked.

90% for CY, PT, RO, SI and SK). This is also the case for new EU Member States such as Bulgaria and Romania.

Table 3 The number of aggregations of periods in case of unemployment, by length of insurance, employment or self-employment in Member State of last activity, by Member State of origin, 2013

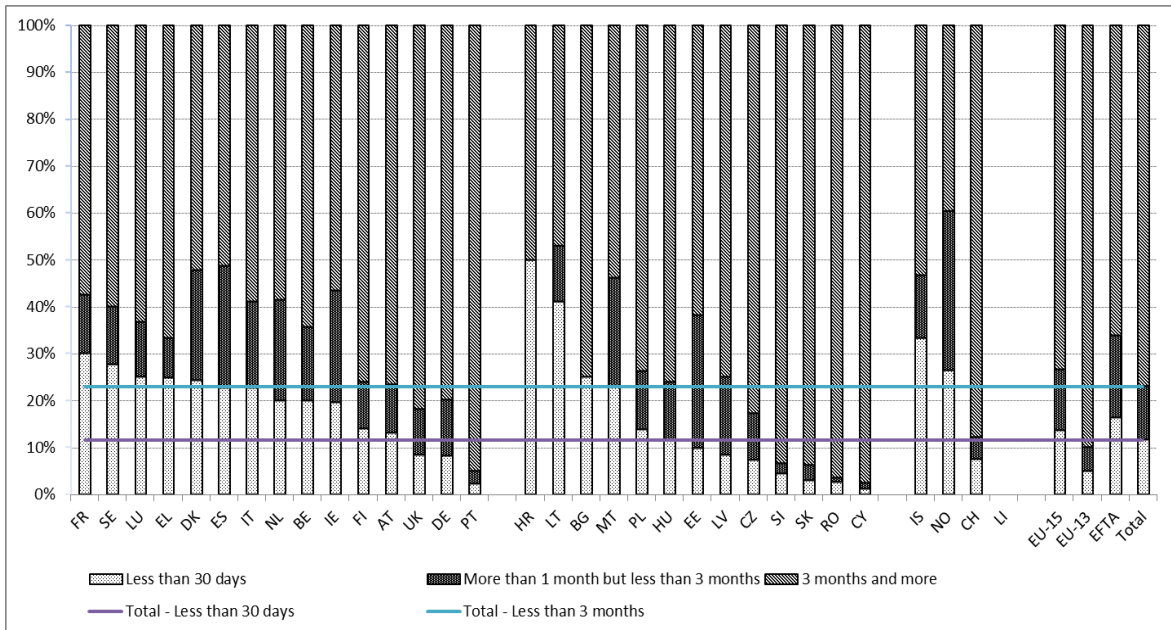
	Less than 30 days		More than 1 month but less than 3 months		3 months and more		Total for subperiods		Total
	<i>Numbe r</i>	<i>Row %</i>	<i>Numbe r</i>	<i>Row %</i>	<i>Numbe r</i>	<i>Row %</i>	<i>Numbe r</i>	<i>Numbe r</i>	<i>Column %</i>
BE	23	20.0%	18	15.7%	74	64.3%	115	115	0.9%
BG	6	25.0%	0	0.0%	18	75.0%	24	24	0.2%
CZ	50	7.3%	68	9.9%	570	82.8%	688	689	5.2%
DK	28	24.3%	27	23.5%	60	52.2%	115	117	0.9%
DE	94	8.3%	133	11.8%	903	79.9%	1,130	1,139	8.5%
EE	8	9.9%	23	28.4%	50	61.7%	81	82	0.6%
IE	51	19.6%	62	23.8%	147	56.5%	260	305	2.3%
EL	29	24.8%	10	8.5%	78	66.7%	117	118	0.9%
ES	153	22.7%	175	26.0%	346	51.3%	674	678	5.1%
FR	165	30.1%	68	12.4%	316	57.6%	549	549	4.1%
HR	2	50.0%	0	0.0%	2	50.0%	4	4	0.0%
IT	115	22.6%	94	18.5%	299	58.9%	508	509	3.8%
CY	9	1.1%	10	1.3%	781	97.6%	800	801	6.0%
LV	2	8.3%	4	16.7%	18	75.0%	24	25	0.2%
LT	7	41.2%	2	11.8%	8	47.1%	17	17	0.1%
LU	32	25.0%	15	11.7%	81	63.3%	128	128	1.0%
HU	12	11.5%	13	12.5%	79	76.0%	104	104	0.8%
MT	3	23.1%	3	23.1%	7	53.8%	13	13	0.1%
NL	179	20.0%	192	21.4%	525	58.6%	896	914	6.9%
AT	110	13.0%	88	10.4%	645	76.5%	843	843	6.3%
PL	20	13.8%	18	12.4%	107	73.8%	145	147	1.1%
PT	18	2.2%	22	2.7%	764	95.0%	804	804	6.0%
RO	23	2.6%	8	0.9%	856	96.5%	887	887	6.7%
SI	2	4.3%	1	2.2%	43	93.5%	46	46	0.3%
SK	6	2.9%	7	3.4%	195	93.8%	208	208	1.6%
FI	10	14.1%	7	9.9%	54	76.1%	71	72	0.5%
SE	18	27.7%	8	12.3%	39	60.0%	65	71	0.5%
UK	263	8.2%	314	9.8%	2,631	82.0%	3,208	3,329	25.0%
IS	5	33.3%	2	13.3%	8	53.3%	15	19	0.1%
LI	0	0.0%	0	0.0%	0	0.0%	0	0	0.0%
NO	67	26.5%	86	34.0%	100	39.5%	253	259	1.9%
CH	24	7.5%	15	4.7%	282	87.9%	321	322	2.4%
Total									100.0
	1,534	11.7%	1,493	11.4%	10,086	76.9%	13,113	13,338	%
EU13	150	4.9%	157	5.2%	2,734	89.9%	3,041	3,047	22.8%
EU15	1,288	13.6%	1,233	13.0%	6,962	73.4%	9,483	9,691	72.7%
EFTA	96	16.3%	103	17.5%	390	66.2%	589	600	4.5%

* This is an incomplete picture due to missing data for CZ, DE, IE, EL, IT, AT, PT, SI and IS as reporting Member State and given that some Member States did not provide a breakdown by Member State of origin (FR, ES and EE).

** Total numbers differ compared to *Table 2* as some Member States did not provide a breakdown by Member State of origin.

Source Questionnaire on aggregation of periods for unemployment

Figure 2 Aggregation of periods in case of unemployment by length of insurance, employment or self-employment in Member State of last activity, by Member State of origin, 2013

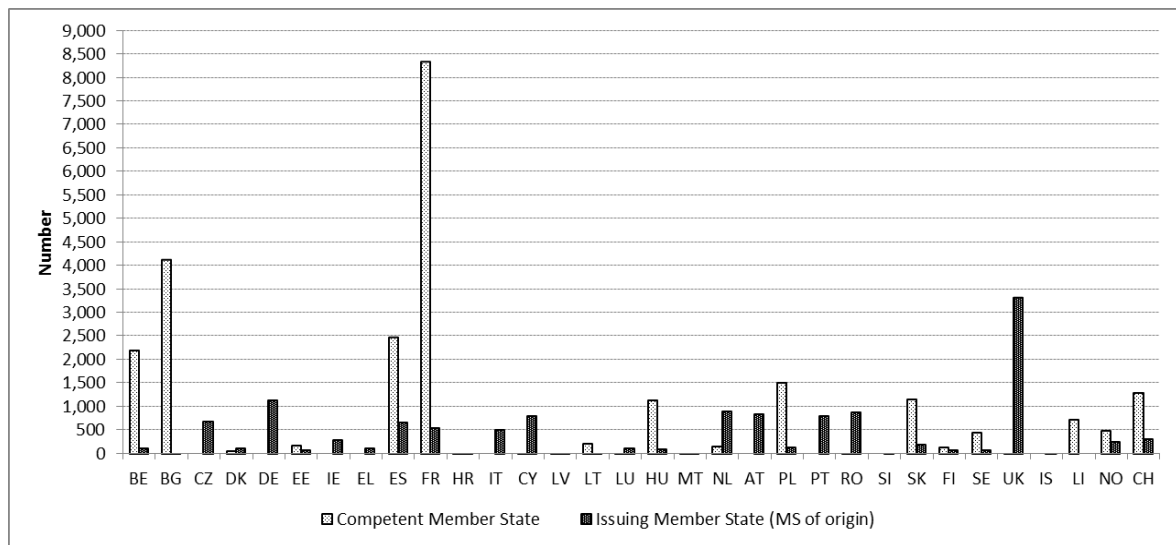


* This is an incomplete picture due to missing data for CZ, DE, IE, EL, IT, AT, PT and IS as reporting Member State and given that some Member States did not provide a breakdown by Member State of origin (FR, ES and EE).

Source Questionnaire on aggregation of periods for unemployment

Figure 3 gives an idea of the number of cases of periods aggregated by the Member State of last activity (= competent Member State) on the basis of an additional period certified with a PD U1 of the Member State of origin. However, these 'net' figures do not change the conclusions already made. France, Bulgaria, Spain and Belgium are the main 'net recipients', and the United Kingdom is the main 'net contributor'.

Figure 3 The number of aggregations of periods in case of unemployment, by competent Member State and Member State of origin, 2013



* This is an incomplete picture due to missing data for CZ, DE, IE, EL, IT, AT, PT, SI and IS as reporting Member State and given that some Member States did not provide a breakdown by Member State of origin (FR, ES and EE).

Source Questionnaire on aggregation of periods for unemployment

2. A LIMITED SHARE IN THE TOTAL UNEMPLOYMENT FIGURE AND IN INTRA-EU MOBILITY

It is probably even more interesting to compare the absolute number of cases of aggregation to a denominator.

First, the number of cases where the aggregation with previous periods of insurance, employment or self-employment was needed could be compared to the total number of unemployed persons.²⁵ In general, only 0.1% of the unemployed persons had to rely on the principle of aggregation of periods.

Second, these cases of aggregated periods could be compared to the annual inflow of intra-EU migrants at working age.²⁶ An estimated average of 2.1% of the migrants at working age became unemployed and completed an insufficient period of insurance, employment or self-employment in order to be entitled to an unemployment benefit. However, for more than 50% of the inflow of intra-EU migrants in Bulgaria and Liechtenstein periods needed to be aggregated. Also for approximately 2.5% of the immigrants towards the EU-13 an additional period of insurance, employment or self-employment was required in order to be entitled to an unemployment benefit. In comparison, 'only' 1.9 % of the immigrants towards the EU-15 needed to rely on the aggregation principle. This might be the result of a high level of (return) migration towards Member States with a high(er) unemployment level.

²⁵ Note that no data is available on the total number of unemployed persons who were or became unemployed during the year. This implies a (small) overestimation of the share of the cases of aggregated periods in the total unemployment figure. However, also unemployment persons who required a PD U1 in previous years could still be unemployed.

²⁶ Taking into consideration that most of the Member States apply a qualifying period of 12 months.

Table 4 The number of aggregations of periods in case of unemployment, as a percentage of the total number of unemployed persons and the total annual EU-27/EFTA migration inflow at working age

	Cases of aggregation	Number of annual average unemployed persons (2013)		Total annual inflow of EU-27/EFTA migrants at working age (2012)	
	<i>Number</i>	<i>Number (in ,000)</i>	<i>% cases of aggregation</i>	<i>Number</i>	<i>% cases of aggregation</i>
BE	2,196	417	0.5%	65,403	3.4%
BG	4,118	436	0.9%	7,468	55.1%
CZ					
DK	54	202	0.0%	34,265	0.2%
DE					
EE	174	59	0.3%	1,187	14.7%
IE					
EL					
ES	2,471	6,051	0.0%	102,405	2.4%
FR	8,338	3,010	0.3%	160,534	5.2%
HR	16	318	0.0%		
IT					
CY	3	69	0.0%	10,591	0.0%
LV	19	120	0.0%	8,738	0.2%
LT	225	172	0.1%	16,310	1.4%
LU	48	15	0.3%	13,568	0.4%
HU	1,149	441	0.3%	20,911	5.5%
MT	8	12	0.1%	3,424	0.2%
NL	160	647	0.0%	72,799	0.2%
AT					
PL	1,517	1,793	0.1%	132,837	1.1%
PT					
RO	12	653	0.0%	137,913	0.0%
SI					
SK	1,160	386	0.3%		
FI	135	219	0.1%	14,088	1.0%
SE	457	411	0.1%	38,246	1.2%
UK	30	2,441	0.0%	224,915	0.0%
IS					
LI	726			446	162.8%
NO	500	95	0.5%	37,060	1.3%
CH	1,305	2,449	0.1%	96,056	1.4%
Total of reporting MS	24,821	20,416	0.1%	1,199,164	2.1%
EU-13	8,401	4,459	0.2%	339,379	2.5%
EU-15	13,889	13,413	0.1%	726,223	1.9%
EFTA	2,531	2,544	0.1%	133,562	1.9%

* No data available for CZ, DE, IE, EL, FR, IT, AT, PT, SI and IS.

Source Questionnaire on aggregation of periods in case of unemployment; Eurostat [une_nb_a]; Eurostat data on migration [migr_imm1ctz]

3. IMPACT OF (RE)MIGRATION

For migrants who became unemployed in Belgium, Bulgaria, Denmark, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Slovakia, Sweden, the United Kingdom, Liechtenstein and Switzerland in particular an additional period completed in an EU-15 Member State of origin was added to the short period already achieved in the Member State of last activity. Only for unemployed migrants living in Croatia, Cyprus, Hungary, Romania and Finland in particular an additional period completed in an EU-13 Member State was added to their period already completed in their Member State of last activity. The United Kingdom is the main Member State of origin for unemployed migrants who had to aggregate periods in order to be entitled to an unemployment benefit in Bulgaria, Latvia, Lithuania, Malta or Poland. New EU-Member States such as Bulgaria and Romania never appear as one of the main Member States of origin of the unemployed migrants in the EU-15 who had to prove additional periods of insurance, employment or self-employment.

The fact that many cases of aggregation were applied by a Member State of the EU-13 as Member State of last activity and that in most of the cases also a Member State of the EU-15 was the Member State of origin could be an indication of return migration. At the same time, more than half of the cases in Liechtenstein (95% of total), Hungary (87% of total), Sweden (69% of total), the Netherlands (65% of total), Finland (59% of total), Croatia (56% of total), Luxembourg (54% of total) and Belgium (52% of total) refer to a neighbouring Member State of origin. In total, some 34% of all cases reported refer to a neighbouring Member State as the Member State of origin.

Aggregation of periods or salaries for unemployment benefits

Table 5 The number of aggregations of periods in case of unemployment as % of column total, 2013

	Competent Member State																										Total					
	B E	B G	C Z	D K	D E	E E	I E	E L	E S	F R	H R	I T	C Y	L V	L T	L U	H U	M T	N L	A T	P L	P T	R O	S I	S K	FI E		S E	U K	I S	LI N	N O
BE	0	0		0							0	0	0	0	13	0	0	33		2	0	0	0	0	0	1	0	0	0	0	1	0.9
BG	0	0		4							0	0	0	0	0	1	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0.2
CZ	0	4		2							0	0	0	0	0	1	0	0		4	0	0	0	40	0	1	0	0	0	0	0	5.2
DK	0	0		0							0	0	1	0	0	0	1	0		1	0	0	0	0	0	20	0	0	0	0	0	0.9
DE	4	8		11							38	0	11	4	17	6	0	32		17	8	0	3	6	5	10	5	0	16	8.5		
EE	0	0		0							0	0	0	0	0	0	0	0		0	0	0	0	47	0	0	0	0	0	0	0.6	
IE	1	0		0							0	0	11	20	0	0	13	1		9	0	7	0	2	20	0	0	0	0	0	2.3	
EL	2	1		0							0	0	0	2	2	0	0	1		1	8	0	2	1	3	0	0	1	0.9			
ES	18	4		2							0	0	0	2	2	0	0	5		2	0	0	6	3	17	0	0	4	5.1			
FR	18	1		2							0	0	0	0	25	0	0	5		3	0	0	1	1	1	3	0	0	4	4.1		
HR	0	0		0							0	0	0	0	0	0	0	0		0	0	0	0	1	0	0	0	0	0	0.0		
IT	12	1		2							0	1	0	6	1	0	1	0		2	8	2	0	1	3	0	0	10	3.8			
CY	0	19									0	10	0	0	2	0	0	1		0	33	1	1	1	7	0	0	0	6.0			
LV	0	0		2							0	0	0	0	0	0	0	0		0	0	0	0	1	0	3	0	0	0	0.2		
LT	0	0		9							0	0	5	0	0	0	13	0		0	0	0	0	3	0	0	0	0	0	0.1		
LU	5	0		0							0	0	0	0	0	0	0	1		0	0	0	0	0	0	0	0	0	1.0			
HU	1	0		0							0	0	0	0	2	0	0	1		0	25	6	0	0	3	0	0	1	0.8			
MT	0	0		0							0	0	0	0	0	0	0	0		0	8	0	0	0	0	0	0	0	0.1			
NL	25	0		0							0	0	11	8	4	0	0	0		19	0	2	1	2	13	0	0	0	6.9			
AT	0	1		0							6	0	0	0	0	0	0	3		2	8	4	0	2	7	94	0	2	6.3			
PL	3	0		6							0	0	0	1	2	2	0	4		0	0	0	3	1	0	0	0	1	1.1			
PT	3	3		0							0	0	0	10	0	0	1	0		0	0	0	0	0	0	0	0	48	6.0			
RO	1	0		9							0	0	0	0	0	72	0	0		0	0	0	4	0	0	0	0	0	6.7			
SI	0	0		0							56	0	0	0	0	0	0	0		0	0	1	0	0	0	0	0	0	0.3			
SK	0	0		6							0	0	0	0	14	0	0	0		1	0	0	0	0	0	0	0	1	1.6			
FI	0	1		2							0	0	0	0	0	0	0	0		1	0	0	0	5	0	0	0	0	0.5			
SE	1	0		33							0	0	0	3	0	0	0	2		0	0	0	10	0	3	0	0	0	0.5			
UK	3	52									0	0	53	54	8	1	75	3		34	0	0	32	9	8	0	0	1	25.0			
IS	0	0		0							0	0	0	2	0	0	0	0		0	0	0	0	1	1	0	0	0	0	0.1		
LI	0	0		0							0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	0	0	0	0.0		
NO	0	0		6							0	0	0	3	0	0	0	0		1	0	1	2	44	0	0	0	0	1.9			
CH	2	3		0							0	0	0	6	0	0	5	1		1	0	1	1	1	7	0	0	9	2.4			
Total	10	10		10		10		10	10	10	10	10	10	10	10	10	10	10		10	10	10	10	10	10	10	10	10	10			
EU-13	0	0		0		0		0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	0	0	0			
	6			39							56	10	5	3	6	91	13	6		5	67	47	59	4	13	0	0	4	23			
EU-15	91	72		56							44	0	95	92	88	9	88	89		92	33	51	37	49	80	10	0	87	73			
EFTA	2	3		6							0	0	0	5	6	0	0	5		3	0	2	4	46	7	0	0	9	4			
Neighboring MS	52	1		44							56	0	5	1	54	87	0	65		22	25	49	59	69	20	95	32	34				

* Dark blue: main Member State of origin.

Aggregation of periods or salaries for unemployment benefits

*** No data available for CZ, DE, IE, EL, IT, AT, PT and IS.

Source Questionnaire on aggregation of periods in case of unemployment

CONCLUSION

The scope of the questionnaire on the aggregation of periods for unemployment was limited to recent migrant workers who completed an insufficient period of insurance, employment or self-employment in their Member State of last activity in order to be entitled to an unemployment benefit. In that case additional periods completed by the person in a Member State other than the competent State and proven by a PD U1 are required. 23 Member States provided quantitative data. Missing data for a number of large Member States, in particular EU-15 Member States, may lead to a distorted view. As a result, some caution is required when drawing conclusions.

In total 24,821 cases reported for 2013 by 23 Member States concern unemployed migrant workers whose period of insurance, employment or self-employment completed in the Member State of last activity was insufficient to be entitled to an unemployment benefit. This is equal to an estimated share of 0.1% of the total unemployment figure in those Member States and to 2.1% of the annual flow of intra-EU migrants at working age to these Member States. 54% of the cases related to a period of insurance, employment or self-employment already completed in the Member State of last activity of three months and longer. 28% of the reported cases of aggregation concerned a period of less than 30 days. This distribution varies markedly across Member States, but also between the EU-13 and the EU-15. 62% of the cases reported by the EU-15 concerned a period of insurance, employment or self-employment of less than three months compared to only 16% of the cases reported by the EU-13.

Most aggregations of periods for unemployment concern France (34% of total), Bulgaria (16.6% of total) and Spain (10.0% of total). Also, 56% of the aggregations of periods for unemployment were applied by the EU-15. This percentage is even an underestimation given that some EU-15 Member States did not provide any data. In most of the cases the insufficient period of insurance, employment or self-employment was aggregated with an additional period completed in the United Kingdom (25% of total). For 73% of the cases an additional period fulfilled in an EU-15 Member State was added to the period already achieved in the Member State of last activity. The period of insurance, employment or self-employment already completed in the Member State of last activity is also much longer for unemployed migrant workers coming from the EU-13 (90% longer than three months) compared to those coming from the EU-15 (73% longer than three months).

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**ANNEX XIII: HIVA HIVA REPORT FAMILY BENEFITS – ECONOMIC
IMPACT**

Export of family benefits

Analysis of the economic impact of the options

Prof. dr. Jozef Pacolet and Frederic De Wispelaere
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August 2015



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Export of family benefits

Analysis of the economic impact of the options

Network Statistics FMSSFE

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Export of family benefits

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PREFACE

In the framework of an impact assessment of a revision of Regulation (EC) Nos 883/2004 and 987/2009 by the end of 2015 the Commission requires a preparatory study on the economic impact of an amendment to the rules on the export of family benefits. The Commission proposed several alternative options, to be compared with the current situation, i.e. the 'status quo'.²⁷

- **Status quo**
- **Option 1** – Adjustment of the exported family benefit to the living standards.
 - **Option 1a** - Adjustment of the exported family benefit to the living standards (upwards and downwards).
 - **Option 1b** - Adjustment of the exported family benefit to the living standards (ceiling).
- **Option 2** – No export (discarded).
- **Option 3** – A reverse order of competence.
- **Horizontal Option** - Different coordination rules for salary-related child-raising allowances.

Informing the debate with reliable and recent information is essential. Information could be collected in several ways to gain insight in the current situation. This information should also be useful in order to calculate the different options. Over the past few years, the collection of national administrative data moved ahead as several questionnaires were launched within the framework of the Administrative Commission. In 2015, among others, a questionnaire was launched on the export of family benefits. These data provide already a first overview of the current situation (see Pacolet and De Wispelaere, 2015). Nonetheless, data collected outside the framework of the Administrative Commission is also highly relevant. These data available at EU level or at national level are especially useful when they are combined or confronted with data collected within the framework of the Administrative Commission. This will in particular be the case if current rules need to be assessed and alternative scenarios have to be calculated.

Some data sources, interesting for different reasons, which could be extracted at EU level:

- provide information on national social security systems (MISSOC, OECD);
- provide information on intra-mobility (LFS, Eurostat migration statistics, national reports);
- compare total national expenditure with the specific cross-border expenditure (Organisation for Economic Cooperation and Development ("OECD"), European system of integrated social protection statistics ("ESSPROS")).

Intra-EU labour mobility, and as a result the export of family benefits, has different faces (*Table 1*): 'permanent' stay in another EU Member State as a result of migration; cross-border commuting and 'temporary' stay through the posting of workers. A first group are EU migrants of working age who moved to an EU Member State other than their EU Member State of birth or of their citizenship. In 2013, the share of citizens of working age (15 to 64 years) from an EU-28 Member State/EFTA country who resided in another EU-28 Member State was around 3.1% of the total population residing in the EU-28 Member States (Cannetta et al., 2014). In 2013,

²⁷ Several proposals for changes to the current rules (e.g. Holzmann and Koettl, 2014; Barslund and Busse, 2014; BMI and BMAS, 2014; Tænketanken Europa, 2014) or for a 'harmonisation' of the child benefit schemes (e.g. Levy et al., 2013) emerged in recent years.

some 7 million EU citizens worked and lived in an EU Member State other than their own (equal to 3.3% of total employment in the EU) (European Commission, 2014). In 2012, some 1.1 million citizens of working age moved to an EU-28 Member State or EFTA country other than the State of their nationality (Cannetta et al., 2014). However, also some 700 thousand EU-28/EFTA citizens returned to their Member State of citizenship. In addition, in 2013 some 1.3 million EU citizens were employed in an EU Member State other than their EU Member State of residence (i.e. 'cross-border workers'), representing 0.6% of total employment in the EU. Some 65% (about 814,000) cross-border workers were employed in a neighbouring Member State (i.e. 'frontier workers'). Finally, in 2013 some 1.34 million 'Portable Documents A1'²⁸ were issued to posted workers residing in an EU-28 Member State/EFTA country (Pacolet and De Wispelaere, 2014). The reference group to be studied in case of export of family benefits are the intra-EU migrants and cross-border workers. Both reference groups will be studied in more detail in this report.

Box 1 – Glossary

- *Cross-border workers*: working in a Member State other than the Member State of residence which is also the Member State of residence of the child(ren).
- *Frontier workers*: cross-border workers employed in a neighbouring Member State. This definition differs from the definition defined in Article 1 (f) of Regulation (EC) No 883/2004: "any person pursuing an activity as an employed or self-employed person in a Member State and who resides in another Member State to which he/she returns as a rule daily or at least once a week."
- *Migrants*: living (and working) in a Member State other than the Member State of the child(ren).

Table 1 Types of intra-EU labour mobility, 2012-2013

Type	Flow/Stock	Number	%	Year
Total stock EU/EFTA migrants at working age*	Stock		3.1% of total EU-28 population at working age	2013
Flow of EU/EFTA migrants at working age*	Flow	1.8 million	0.5% of total EU-28/EFTA population at working age	2012
Of which 'return migration' **	Flow	714,000	0.2% of total EU-28/EFTA population at working age	2012
EU migrants working and living in another MS	Stock	7 million	3.3% of total EU employment	2013
Cross-border workers in EU-28	Stock	1.3 million	0.6% of total EU employment	2013
Of which 'frontier workers'	Stock	814,000		2013
Posted workers in EU28/EFTA***	Stock	1.34 million	± 0.6% of total EU/EFTA employment	2013

* By citizenship of the migrant.

** We cannot know if someone has ever previously lived in the country of citizenship.

*** Number of forms issued.

Source Based on LFS; Eurostat data on migration, Cannetta et al., 2014; Pacolet and De Wispelaere, 2014

²⁸ Portable Document A1 is a formal statement on the applicable social security legislation and proves that the posted worker pays social security contributions in another Member State.

INTRODUCTION

Chapter 8 of Regulation (EC) No 883/2004 on the coordination of social security systems covers the EU provisions on the coordination of family benefits²⁹ (Article 67 – 69). If family members live in a Member State other than the State where the insured person works and/or resides, family benefits could in some cases be exported to these family members. Since entitlement to family benefits might arise in more than one Member State (based on residence, employment or receipt of a pension) Article 68 has defined some priority rules in order to determine the 'primarily competent Member State'. In this respect, rights available on the basis of employment have first priority.³⁰ However, when there is employment in two different Member States, it is the Member State of residence of the children that will become primarily competent for the payment of the family benefits.³¹ Also, a Member State might have to pay a supplement (corresponding to the difference between the two benefits) as the 'secondarily competent Member State' if the family benefit paid by the competent Member State is lower than the family benefit the entitled person would have received from the other Member State.³²

These provisions, especially those containing the applicable priority rules in the event of overlapping entitlements, cover a broader scope than what is asked by the administrative questionnaire launched within the framework of the Administrative Commission³³ ("**administrative questionnaire**") on the export of family benefits to members of the family residing in another Member State. Firstly, no information will be available on the supplement paid by the Member State of residence as the secondarily competent Member State. Secondly, no information will be available on the number of households for which no supplement should be exported because the family benefit paid by the Member State of residence is higher than the family benefit the person entitled would have received from the exporting secondarily competent Member State.

This implies that parameters such as the number of intra-EU cross-border workers and migrants, the number of children involved, the Member State of residence of the children, the household composition of the insured persons living/working in a Member State other than the Member State of residence of the children, the labour status of the spouse and the level of the family benefits will influence the number of exports of family benefits (*Figure 1*). This means that more detailed figures on all the parameters are required in order to estimate the economic impact of the several options.

²⁹ 'Family benefit' means all benefits in kind or in cash intended to meet family expenses, excluding advances of maintenance payments and special childbirth and adoption allowances (Article 1 (z) of Regulation (EC) No 883/2004).

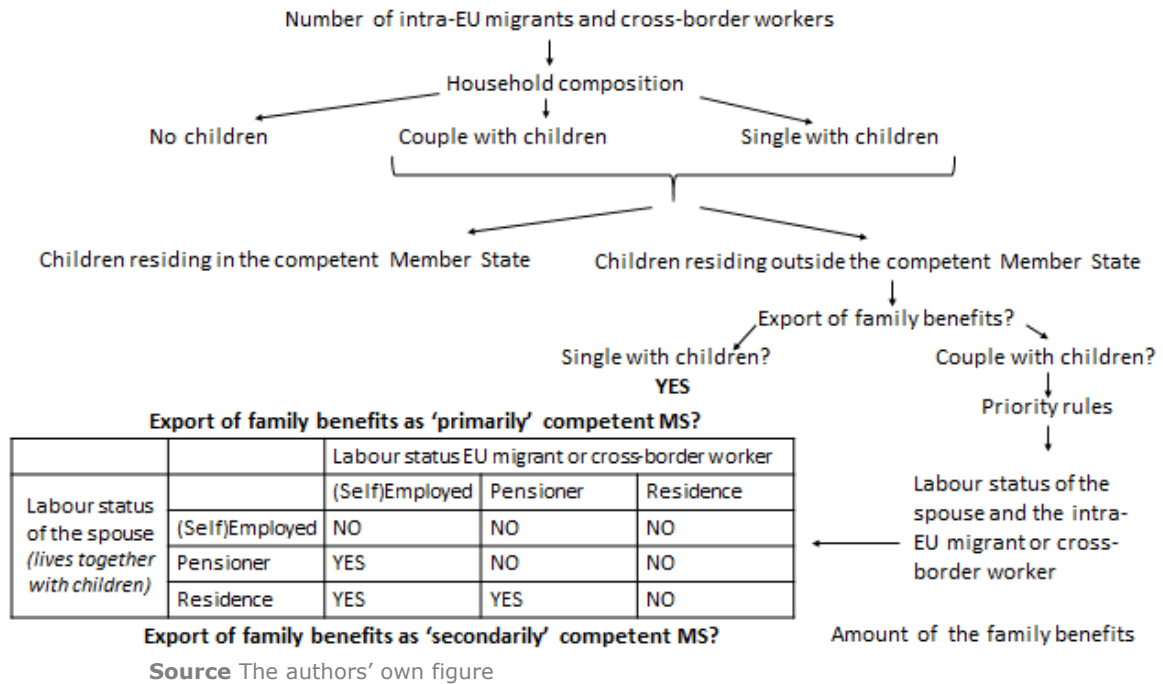
³⁰ Article 68 (1) (a) of Regulation (EC) No 883/2004.

³¹ Article 68 (1) (b) of Regulation (EC) No 883/2004.

³² Article 68 (2) of Regulation (EC) No 883/2004.

³³ Article 71 and 72 of Regulation (EC) No 883/2004 define the composition and tasks of the Administrative Commission for the coordination of social security schemes.

Figure 1 Determination of the reference group



In order to discuss the economic impact of intra-EU mobility on family benefits, different aspects have to be taken into account:

- *the structure of the family benefits*: distribution between family benefits in cash or in kind; eligibility criteria; variation by age, number of children or income; benefit level etc;
- *the determination of the reference group*: intra-EU migrants and cross-border workers might export their family benefit to the family members residing in another Member State;
- *the household composition*: spouse and number of children;
- *the labour market status of the spouse*: employed, unemployed or inactive;
- *the Member State of residence of the family members*: the same (family reunification) or another (export) Member State than the Member State of employment of the intra-EU migrant. Cross-border workers will live in the same Member State as their children (no family reunification possible).

All Member States have defined specific family benefit schemes (in particular child benefit schemes). There are, however, considerable differences in design, structure, and generosity. These family benefit schemes should be embedded within a broader term of 'family policy' aiming to compensate the cost of children and to increase households' wellbeing. This family policy resulted in specific family-oriented benefits (e.g. family benefits (in kind and in cash), maternity leave³⁴ and equivalent paternity leave,³⁵ parental leave,³⁶ etc)³⁷ and tax policies (e.g. tax relief for children, tax deduction etc). They are the result of different objectives and motives, among others to assist parents with the additional costs of raising children, to increase fertility, to fight (child) poverty risks, to supplement household income, to respond to new family

³⁴ Article 3 of Regulation (EC) No 883/2004.

³⁵ Article 3 of Regulation (EC) No 883/2004.

³⁶ See Recital (19) of Regulation (EC) No 883/2004.

³⁷ Maternity and equivalent paternity benefits (Chapter 1) and family benefits (Chapter 8) are coordinated differently under Regulation (EC) No 883/2004.

structures and labour market structures, to reconcile work and family life, and to create horizontal (between small and large families) and/or vertical (between high and low-income families) redistribution (Gauthier, 1999; Barr, 1998; Bradshaw and Finch, 2010). Van Lancker (2014, p. 40) concludes that “*the particular design of the system of child benefits in the various countries often reflects such historical objectives and ideological motives: They may be income or non-income related, variable with the age or parity of the children, taxable or non-taxable, have a contributory or non-contributory base and operate through the tax system, via cash benefits, or a combination of the two.*” In Annex I of this report a list of family benefits per Member State is presented based on the MISSOC tables (2014). Besides the national child benefit schemes, many Member States have implemented more specific child-raising allowances, child care allowances, birth and adoption grants, advances of maintenance payments and special allowances/supplements for single parents and/or for children with disabilities. However, these tables not necessary match data provided by the Member States and therefore need to be treated with caution (advances of maintenance and special childbirth and adoption benefits expressly fall outside the scope of Regulation (EC) No 883/2004).³⁸

1. CHARACTERISTICS

First, a more detailed analysis will be made of the characteristics of the national child benefit schemes (as part of the family benefit schemes). The differences in legislation will influence the number of entitled intra-EU migrants/cross-border workers and their children involved.

The child benefit could be either universal (all children are entitled) or selective (e.g. targeting only low-income households). However, universal systems could also be targeted (e.g. by taking into account the number of children, the child’s age, the vulnerability of families etc). *Table 2* shows the age limit for children. It varies most of the time between 15 and 18 years old, but is extended in many Member States up to a higher age if the child remains in further education. The child benefit varies in many Member States with the child’s age (applied in 13 Member States) and/or with the number of children (applied in 15 Member States). Some of the child benefit schemes also implement a means-test in the form of a ‘family’ income test. 11 Member States (CZ, DK, ES, HR, IT, CY, LT, MT, PT, SI and IS) apply more selective income-tested child benefit schemes. This means that only families which fulfil the income criteria will be entitled to the targeted child benefits. Because of this, the level of the benefit might differ according to the ‘family’ income (DK, IT, PT, SI and IS) and/or families exceeding the ‘family’ income threshold will not be entitled to a child benefit (CZ, ES, HR, IT, CY, LT, MT, PT, SI and IS). These differences in characteristics of the child benefit schemes, but also the distribution of means between benefits in cash or in kind and the tax system will have an impact on the national expenditure of child benefits and as a consequence on their export. The related expenditure will be discussed in more detail in *Tables 3 and 4* based on figures from ESSPROS.

³⁸ Article 1 (z) of Regulation (EC) No 883/2004.

Table 2 Characteristics of child benefits, 2014

Member State	Age limit (student)	Number of children	Benefit varies with Child's age	Income
BE	18 (25)	YES	YES	NO
BG	20	YES	NO	NO
CZ	15 (26)	NO	YES	YES
DK	18	NO	YES	YES
DE	18 (25)	YES	NO	NO
EE	16 (19)	YES	NO	NO
IE	16 (18)	NO	NO	NO
EL	18 (22)	YES	NO	NO
ES	18	NO	NO	YES
FR	20	YES	YES	NO
HR	15 (19)	NO	NO	YES
IT	18 (21)	YES	NO	YES
CY	18 (19)	NO	NO	YES
LV	15 (19)	NO	NO	NO
LT	7	NO	YES	YES
LU	18 (27)	YES	YES	NO
HU	18 (20)	YES	NO	NO
MT	16 (21)	YES	NO	YES
NL	18	NO	YES	NO
AT	18 (24)	YES	YES	NO
PL	18 (21)	NO	YES	NO
PT	16 (24)	NO	YES	YES
RO	18	NO	YES	NO
SI	18	NO	NO	YES
SK	16 (25)	NO	NO	NO
FI	17	YES	NO	NO
SE	16 (*)	YES	NO	NO
UK	16 (20)	YES	NO	NO
IS	18	YES	YES	YES
LI	18	NO	YES	NO
NO	18	NO	NO	NO
CH	16 (25)	NO	NO	NO
Total				
YES		15	13	11
NO		17	19	21

* Until the child completes compulsory education

Source MISSOC, 2014

2. EXPENDITURE

Family benefits can be either paid in cash (e.g. child benefit) or in kind (e.g. child care) (Table 3). Total family expenses vary from 4% of GDP (DK) and 3.7% of GDP (LU) to 0.9% (PL) and 1.0% (LV). The majority of public spending on family benefits (excluding the financial support provided through the tax system) are related to *cash* benefits (1.4% of GDP in the EU-28 compared to 0.8% of GDP related to benefits *in kind*). This is particularly so in Ireland and Luxembourg. On the contrary, policy in the Nordic countries (DK, SE, FI, IS and NO) and Spain is more focused on the development of family benefits in kind (Figure 2).³⁹ The unweighted EU average of the tax expenditure towards families amounts to 0.3% of GDP and varies from 0.7% of GDP in France to being practically non-existent in other Member States (e.g. LU, SE, DK, AT, FI, SI and EL). The distribution of means between family benefits in cash or in kind (and the tax system) will also have consequences for the eligibility criteria and the level of the cash benefits and consequently for their export (Figure 2).

³⁹ The OECD Family Database also reports figures on public spending on family benefits and contains not only figures on the spending in cash and in kind but also on the 'financial support for families provided through the tax system'.

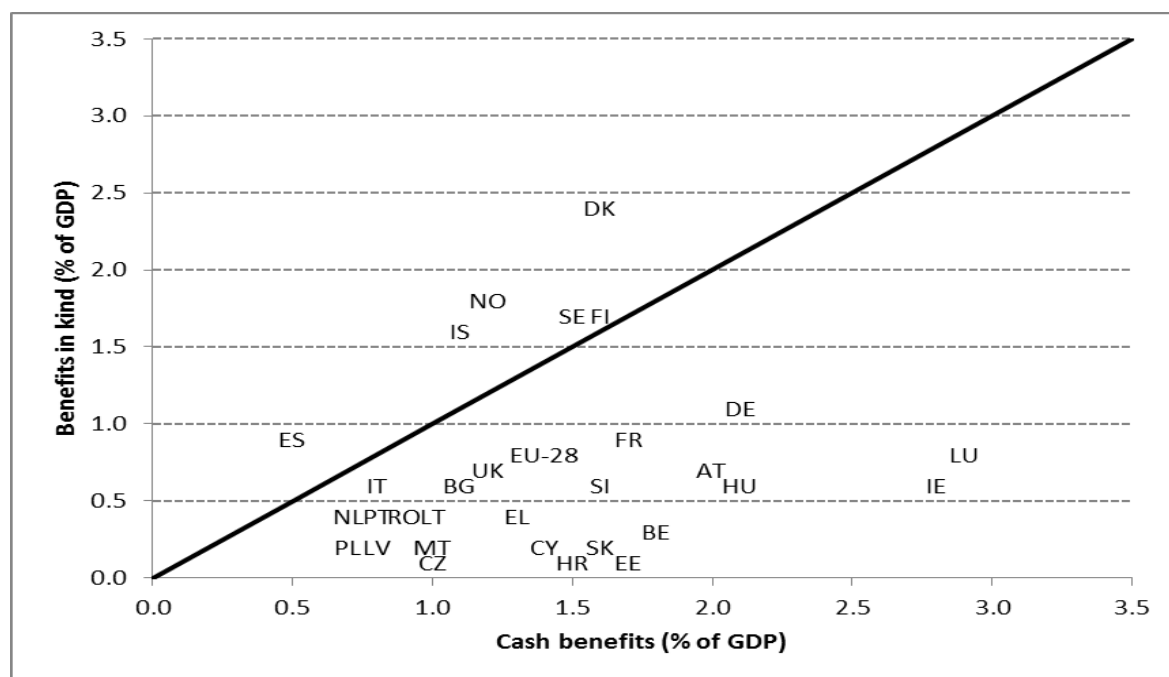
Export of family benefits

Table 3 Family benefits expenditure, in kind and in cash, 2012

Member State	Cash benefits		Benefits in kind	
	<i>In million €</i>	<i>In percentage of GDP</i>	<i>In million €</i>	<i>In percentage of GDP</i>
BE	6,856.89	1.8	1,216.52	0.3
BG	457.38	1.1	253.86	0.6
CZ	1,487.69	1.0	213.02	0.1
DK	3,917.17	1.6	5,946.66	2.4
DE	55,725.97	2.1	28,646.45	1.1
EE	294.21	1.7	10.57	0.1
IE	4,562.73	2.8	942.57	0.6
EL	2,431.34	1.3	744.87	0.4
ES	5,147.56	0.5	9,041.51	0.9
FR	33,615.86	1.7	18,215.85	0.9
HR	672.15	1.5	38.90	0.1
IT	12,074.00	0.8	9,548.00	0.6
CY	247.82	1.4	38.55	0.2
LV	171.93	0.8	49.73	0.2
LT	333.91	1.0	118.66	0.4
LU	1,256.83	2.9	337.31	0.8
HU	2,004.52	2.1	580.38	0.6
MT	70.53	1.0	11.83	0.2
NL	4,247.00	0.7	2,344.00	0.4
AT	6,288.46	2.0	2,227.57	0.7
PL	2,571.83	0.7	642.97	0.2
PT	1,332.61	0.8	719.46	0.4
RO	1,216.10	0.9	529.10	0.4
SI	549.17	1.6	197.22	0.6
SK	1,141.24	1.6	124.51	0.2
FI	3,129.07	1.6	3,326.66	1.7
SE	6,093.11	1.5	6,769.91	1.7
UK	23,284.45	1.2	13,000.40	0.7
EU-28	181,181.53	1.4	105,837.05	0.8
IS	119.18	1.1	168.37	1.6
NO	4,846.56	1.2	6,958.03	1.8
CH	6,075.05	1.2	1,198.36	0.2

Source ESSPROS [spr_exp_ffa]

Figure 2 Public spending on family benefits in cash and in kind, as percentage of GDP, 2012



Source ESSPROS [spr_exp_ffa]

Child benefit expenditure could, among others, be expressed in absolute amounts, in a percentage of GDP, as average expenditure per child (0 to 17 years) or per inhabitant. These figures could also be converted to purchasing power standards⁴⁰ (PPS) in order to eliminate the effect of price level differences across Member States. To calculate the impact of the different options, in particular figures on the average expenditure per child are useful given the fact that not all Member States have answered the administrative questionnaire.

In terms of GDP, Luxembourg (2.1% of GDP), Ireland (2.0% of GDP), Austria (1.8% of GDP), Germany (1.7% of GDP) and Belgium (1.6% of GDP) show the largest child benefit expenditure within the EU-28/EFTA area (*Table 4*).

The average amount per child and per inhabitant (also in purchasing power standards) varies markedly across the EU-15 Member States⁴¹ and the EU-13 Member States. Member States could also be clustered into specific welfare state regimes by taking into account the characteristics (e.g. Bismarck-oriented or Beveridge-oriented) and the development (e.g. in terms of social protection expenditure at a high or low level) of the national welfare states.⁴² These welfare state regimes also seem to be clustered geographically. Especially the EU-15 Bismarck-oriented countries (BE, FR, AT, DE, NL, LU and CH) show high public spending on child benefits. But also the eligibility criteria and the coverage of the family benefit schemes (as discussed above and described in more detail by the MISSOC tables) influence public spending.

⁴⁰ See section 4 for a detailed description of this term.

⁴¹ 'EU-15' refers to the 'old' EU Member States: Belgium, Greece, Luxembourg, Denmark, Spain, the Netherlands, Germany, France, Portugal, Ireland, Italy, the United Kingdom, Austria, Finland and Sweden. 'EU-13' refers to the 'new' Member States: Croatia, Romania, Bulgaria, Poland, the Czech Republic, Latvia, Lithuania, Slovenia, Estonia, Slovakia, Hungary, Cyprus and Malta.

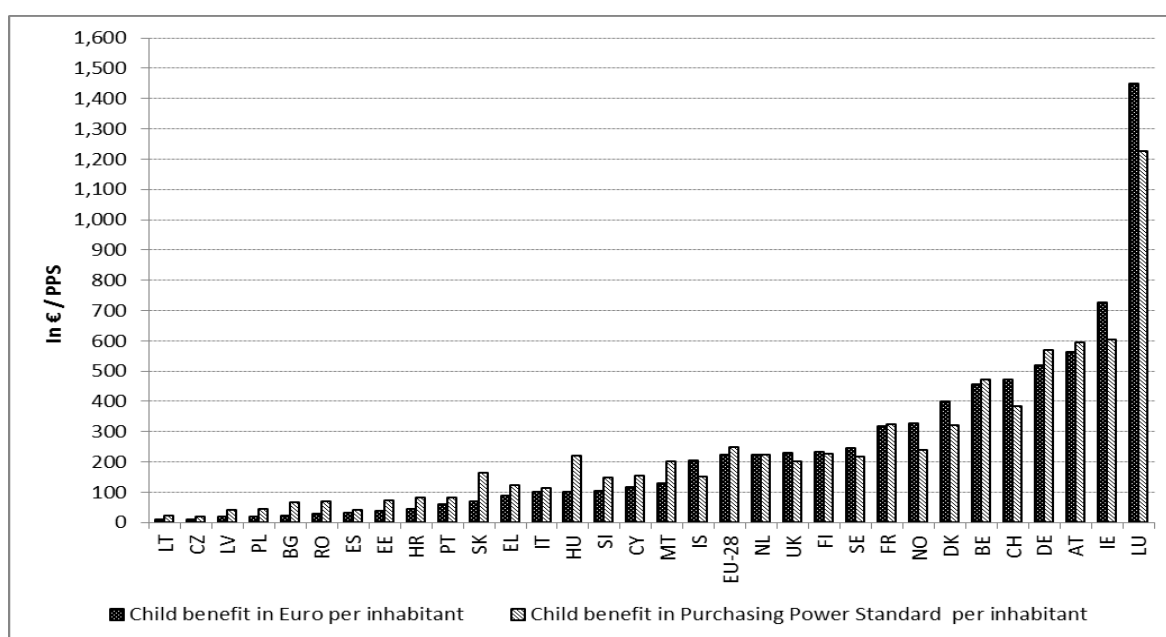
⁴² See Pacolet and Coudron, 2006; EC, 2015.

Table 4 Family or child allowance – expenditure, 2012

Member State	In million €	In percentage of GDP	In € per child (0-17)	In € per inhabitant*	In Purchasing Power Standard per inhabitant
BE	5,916	1.6	2,616	455	471
BG	213	0.5	180	21	67
CZ	133	0.1	72	9	19
DK	2,603	1.1	2,165	399	321
DE	46,017	1.7	3,481	519	569
EE	68	0.4	281	38	73
IE	3,329	2.0	2,870	727	605
EL	1,196	0.6	611	89	121
ES	1,797	0.2	215	33	41
FR	23,233	1.1	1,603	317	325
HR	227	0.5	287	43	80
IT	6,882	0.4	688	100	113
CY	119	0.7	671	115	155
LV	53	0.2	152	18	40
LT	38	0.1	68	9	22
LU	889	2.1	8,147	1,448	1,226
HU	1,211	1.2	679	102	222
MT	63	0.9	820	129	200
NL	4,147	0.7	1,189	223	222
AT	5,508	1.8	3,650	563	593
PL	910	0.2	127	20	44
PT	706	0.4	371	60	81
RO	668	0.5	181	28	68
SI	250	0.7	706	102	148
SK	577	0.8	566	68	164
FI	1,495	0.8	1,382	234	225
SE	2,790	0.7	1,454	244	216
UK	15,005	0.8	1,113	229	202
EU-28	126,043	1.0	1,322	222	250
IS	53	0.5	667	206	150
NO	2,015	0.5	1,802	329	240
CH	5,094	1.0	3,496	471	384

* At constant 2005 prices

Source ESSPROS [spr_exp_ffa]

Figure 3 Family or child allowance – expenditure, in € and Purchasing Power Standard per inhabitant, 2012


Source ESSPROS [spr_exp_ffa]

3. REFERENCE GROUP

Intra-EU cross-border workers are an important group of persons that will be affected by changes to the applicable legislation on the export of family benefits. A second group, and for some Member States even more important (see also Pacolet and De Wispelaere, 2015), are intra-EU migrants who live in a Member State other than their child(ren). However, no recent figures are available on the number of intra-EU migrants who find themselves in such a situation.

In 2013, some 1.26 million persons were employed in an EU Member State other than their EU Member State of residence. Despite a remarkable increase of almost 20% compared to 2010, still only 6 in 1,000 workers commute across borders of EU Member States (*Table 5*). The extent of outgoing cross-border workers varies significantly between Member States, from 5.6% of the employed population in Slovakia and 3% in Estonia to only a marginal percentage of the employed population in Finland, Italy and the United Kingdom (1 in 1,000). But also the scale of incoming cross-border workers varies. Especially Luxembourg (43% of the employed population) and Austria (3.5% of the employed population) are confronted with a high number of incoming cross-border workers. In absolute figures, most of the outgoing cross-border workers reside in France (198,000), Germany (170,000) and Slovakia (131,000). Again in absolute figures, most of the incoming cross-border workers are employed in Germany (267,000), Luxembourg (178,000) and Austria (151,000). However, it is important to mention that also many EU cross-border workers are employed in Switzerland. In 2013, some 325,000 workers crossed the border to be employed in Switzerland, more than half of them (some 180,000) residing in France.

Table 5 The number of outgoing and incoming cross-border workers (in ,000), EU-28

Member State	Number of outgoing cross-border workers (in ,000)				Number of incoming cross-border workers (in ,000)			
	2011	2012	2013	as % of national employment in 2013	2011	2012	2013	as % of national employment in 2013
BE	92.5	91.7	94.6	2.1%	65.9	71.9	72.6	1.6%
BG	22.8	18.4	20.1	0.7%	1.9	1.4	1.1	0.0%
CZ	25.0	23.8	36.0	0.7%	55.6	58.8	54.5	1.1%
DK	2.4	3.5	4.1	0.2%	28.1	27.7	29.6	1.1%
DE	172.9	174.1	169.6	0.4%	197.5	227.9	266.7	0.7%
EE	17.7	20.5	18.6	3.0%	0.4	0.7	2.1	0.4%
IE	11.0	10.3	11.5	0.6%	15.4	13.7	14.1	0.8%
EL	0.0	0.0	0.0	0.0%	13.7	10.1	7.3	0.2%
ES	20.6	35.7	45.7	0.3%	46.3	38.9	43.2	0.3%
FR	151.5	161.9	197.8	0.8%	45.9	55.9	59.8	0.2%
HR	19.4	22.9	26.7	1.8%	1.7	1.6	1.6	0.1%
IT	22.3	35.1	31.7	0.1%	80.8	81.9	93.6	0.4%
CY	0.0	0.0	0.0	0.0%	3.0	3.7	2.8	0.8%
LV	5.9	9.2	7.6	0.9%	0.4	0.5	0.3	0.0%
LT	1.5	1.7	2.1	0.2%	0.2	0.7	1.0	0.1%
LU	2.7	3.4	3.7	1.5%	134.6	151.8	178.1	43.0%
HU	59.2	76.7	92.5	2.4%	13.0	9.6	8.0	0.2%
MT	1.0	0.8	0.5	0.3%	0.2	3.2	0.9	0.5%
NL	25.9	27.5	31.1	0.4%	100.3	114.2	103.0	1.2%
AT	32.9	32.8	33.1	0.8%	105.9	119.6	151.2	3.5%
PL	93.9	107.9	107.0	0.7%	4.4	8.3	6.6	0.0%
PT	19.8	20.2	23.4	0.5%	4.6	8.1	5.2	0.1%
RO	89.4	95.7	109.8	1.2%	3.2	5.6	4.0	0.0%
SI	10.1	14.0	14.9	1.6%	6.0	7.7	9.3	1.0%
SK	111.1	117.3	130.6	5.6%	7.3	3.9	7.8	0.4%
FI	0.5	0.7	1.6	0.1%	19.7	18.9	17.9	1.3%
SE	25.8	18.0	20.4	0.4%	13.0	13.3	14.3	0.3%
UK	14.3	20.4	24.4	0.1%	83.0	84.7	102.6	0.3%
EU-28	1,052.0	1,144.1	1,259.2	0.6%	1,052.0	1,144.1	1,259.2	0.6%
CH					325.1	319.3	324.9	

Source Own calculations based on LFS

Some 65% of the cross-border workers are employed in a neighbouring Member State, which amounts to some 814,000 frontier workers (*Table 6*). This percentage varies markedly across Member States. Over 90% of the cross-border workers living in Belgium (97%) and France (96%) are employed in a neighbouring Member State. Also some 67% of the cross-border workers living in Slovakia, a Member State indicating a high number of outgoing cross-border workers in absolute and relative terms, are employed in one of the neighbouring countries. At the same time, also more than 90% of the cross-border workers working in Luxembourg (99%), the Czech Republic (99%), Slovenia (94%) and Austria (91%) reside in a neighbouring Member State. This more detailed analysis is useful, as it demonstrates that most of the cross-border workers are employed in a neighbouring Member State (and as a consequence most of the time also in a similar welfare state regime). When there is a great similarity in family benefits across neighbouring Member States and a net balance in outgoing and incoming cross-border workers, it does not matter who pays the family benefit.

Table 6 The number of outgoing and incoming frontier workers (in ,000), EU-28, 2013

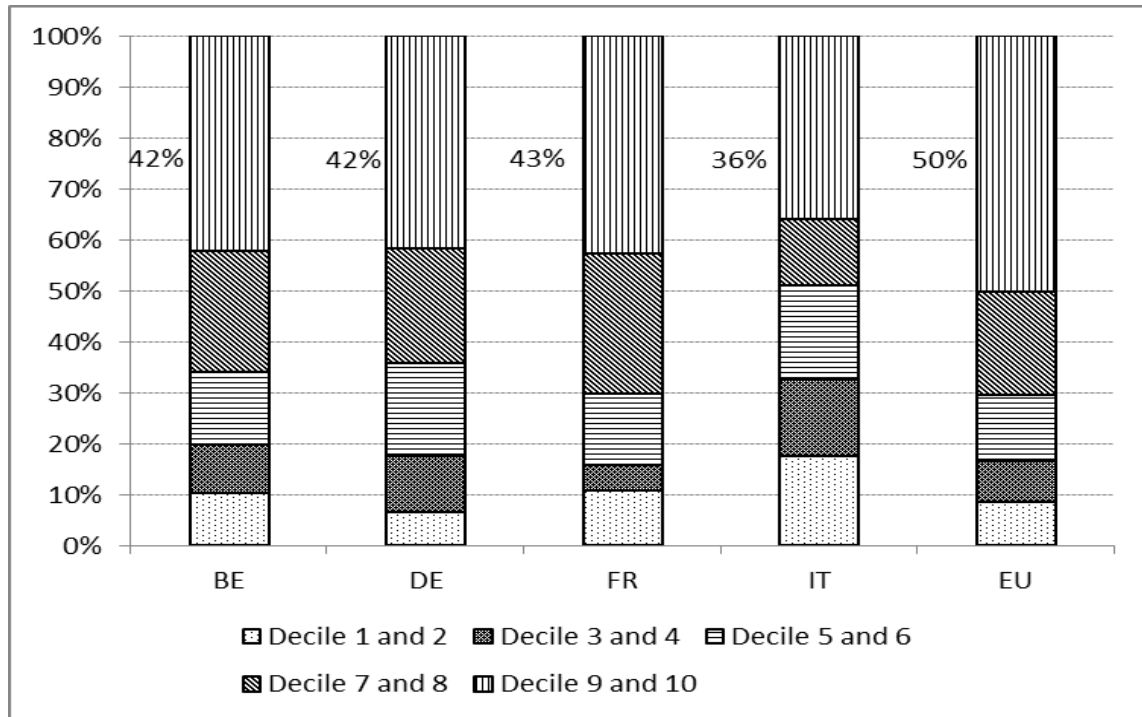
Member State	Outgoing frontier workers		Incoming frontier workers	
	Number (in ,000)	As share of cross-border workers	Number (in ,000)	As share of cross-border workers
BE	91.6	96.9%	55.3	76.2%
BG	4.8	23.6%	0.0	0.0%
CZ	30.6	85.0%	53.7	98.6%
DK	2.1	49.9%	22.1	74.7%
DE	149.2	88.0%	162.8	61.0%
EE	15.7	84.3%	1.4	66.9%
IE	10.8	94.0%	6.3	44.4%
EL	0.0	0.0%	4.5	61.5%
ES	6.7	14.6%	15.5	35.9%
FR	189.4	95.7%	33.3	55.7%
HR	6.5	24.4%	0.2	15.6%
IT	7.8	24.6%	5.7	6.1%
CY	0.0	0.0%	0.0	0.0%
LV	1.2	15.2%	0.1	49.8%
LT	0.0	1.6%	0.1	12.1%
LU	2.9	79.1%	176.3	99.0%
HU	45.0	48.7%	7.1	89.0%
MT	0.0	0.0%	0.0	0.0%
NL	26.7	85.9%	79.8	77.4%
AT	28.9	87.4%	137.3	90.8%
PL	66.0	61.7%	5.3	80.3%
PT	6.9	29.5%	1.8	34.9%
RO	0.0	0.0%	1.0	25.1%
SI	12.6	84.8%	8.7	93.8%
SK	88.0	67.3%	6.3	80.8%
FI	1.3	83.9%	15.9	88.8%
SE	13.2	64.7%	2.4	17.0%
UK	6.3	25.6%	10.8	10.5%
EU-28	813.9	64.6%	813.9	64.6%

Source Own calculations based on LFS

Figure 4 depicts the distribution of cross-border workers among the income deciles in their Member State of residence (decile 1: the lowest 10% of income earners and decile 10: the top 10% of income earners). On average 50% of EU cross-border workers fall within the two highest income deciles (or within the top 20% of income earners in their Member State of residence). This suggests that cross-border workers earn on average a (much) higher income compared to workers employed in their Member State of residence. There is, however, a possible selection bias (see e.g. EC, 2011; Nerb et al, 2009). "There is a marked difference between the occupations of cross-border commuters and others in employment in the country in which they live, which underlies the differences observed above in educational attainment levels" (EC, 2011, p. 101).

As a result, some of the cross-border workers might not be entitled to a family benefit when working in a Member State that has implemented a means-test. However, it is to be noted that the distribution of cross-border workers among the income deciles in the Member State of residence is not necessarily comparable to the distribution among the income deciles in the Member State of employment. This distribution of the cross-border workers among the income deciles of the Member State of residence is at the same time also an indication of the living standard of the cross-border worker, which is more likely to be higher compared to other citizens.

Figure 4 Distribution of income of the outgoing cross-border workers, by income deciles of their Member State of residence, 2013



Source Own calculations based on LFS

The household composition of the cross-border worker and the labour work status of the spouse will have a significant influence on the number and the level of exported family benefits. This will be further elaborated in *Tables 7* and *8*. In general, half of the cross-border workers have no children. There are on average 0.9 children per cross-border worker in the EU area. Cross-border workers with children have on average 1.7 children. These average figures vary slightly between Member States, both for outgoing and incoming cross-border workers. This average number of children in the cross-border workers' families will consequently influence the expected financial impact of the export of family benefits.

Table 7 The number of children of cross-border workers, 2013

Member State	Outgoing cross-border workers				Incoming cross-border workers			
	No children	Children	Total number of children (in ,000)	Average number of children per worker	No children	Children	Total number of children (in ,000)	Average number of children per worker
BE	45.0%	55.0%	92.1	1.0	49.4%	50.6%	65.9	0.9
BG	33.4%	66.6%	21.2	1.1	50.6%	49.4%	0.7	0.6
CZ	46.1%	53.9%	33.0	0.9	43.2%	56.8%	53.0	1.0
DK	71.4%	28.6%	2.4	0.6	58.3%	41.7%	23.9	0.8
DE	67.5%	32.5%	91.1	0.5	45.8%	54.2%	259.4	1.0
EE	44.6%	55.4%	17.6	0.9	46.9%	53.1%	1.6	0.8
IE	37.2%	62.8%	15.7	1.4	54.9%	45.1%	10.3	0.7
EL					29.4%	70.6%	8.7	1.2
ES	50.1%	49.9%	39.0	0.9	54.9%	45.1%	33.9	0.8
FR	44.9%	55.1%	191.5	1.0	46.1%	53.9%	52.3	0.9
HR	41.1%	58.9%	26.7	1.0	72.3%	27.7%	0.6	0.4
IT	57.5%	42.5%	20.6	0.6	52.2%	47.8%	70.9	0.8
CY					47.0%	53.0%	2.1	0.7
LV	52.0%	48.0%	5.1	0.7	63.0%	37.0%	0.1	0.5
LT	58.0%	42.0%	1.3	0.6	89.1%	10.9%	0.2	0.2
LU	52.4%	47.6%	3.4	0.9	42.2%	57.8%	173.0	1.0
HU	53.3%	46.7%	71.4	0.8	64.7%	35.3%	3.7	0.5
MT	67.3%	32.7%	0.2	0.5	84.4%	15.6%	0.2	0.2
NL	57.0%	43.0%	24.0	0.8	54.5%	45.5%	80.0	0.8
AT	58.2%	41.8%	21.0	0.6	51.4%	48.6%	119.4	0.8
PL	30.8%	69.2%	130.7	1.2	78.7%	21.3%	2.1	0.3
PT	38.8%	61.2%	22.1	0.9	43.0%	57.0%	4.6	0.9
RO	43.9%	56.1%	103.4	0.9	52.0%	48.0%	2.2	0.5
SI	44.0%	56.0%	13.2	0.9	44.4%	55.6%	8.0	0.9
SK	46.5%	53.5%	121.2	0.9	60.1%	39.9%	5.2	0.7
FI	81.9%	18.1%	0.4	0.3	43.6%	56.4%	18.0	1.0
SE	59.0%	41.0%	15.7	0.8	58.3%	41.7%	10.5	0.7
UK	61.3%	38.7%	14.8	0.6	51.8%	48.2%	88.3	0.9
EU-28	49.0%	51.0%	1,098.6	0.9	49.0%	51.0%	1,098.6	0.9

Source Own calculations based on LFS

By taking the different components into account (number of children – household composition – labour status of the spouse), the number of cross-border workers entitled to a child benefit for their children residing in another Member State could be estimated. At EU level, 22% of cross-border workers (276,000) live in a household with child(ren) whereby the spouse does not take up employment (*Table 8*). Also 2% of cross-border workers (22,000) is a single parent with child(ren). Both groups of cross-border workers is entitled to export their family benefit outside the Member State acting as 'primarily competent'. At the same time, 27% of cross-border workers (334,000) live in a household with child(ren) whereby the spouse is employed. In this case there will be no export of the child benefit from the Member State of employment of the cross-border worker as the 'primarily competent Member State'. However, this Member State might have to pay a supplement as the 'secondarily competent Member State'. Finally, as has been said, also 49% of cross-border workers have no children. The percentage of cross-border workers entitled to export a child benefit slightly differs across Member States. *Table 8* describes only those Member States with a high number of incoming cross-border workers (in absolute or/and in relative terms) (DE, LU and AT).⁴³ As a result, for these cross-border workers with children (some 50% of the reference group) almost 5 in 10 have a partner who is employed. For the other 50% of cross-border workers with children, the child benefit is exported outside the 'primarily competent Member State'.

⁴³ The impact assessment will take all Member States into consideration.

Export of family benefits

Table 8 The number of cross-border workers and involved children by household composition, 2013

	DE			LU			AT			EU Total			
	Cross-border workers (in ,000)	% of total	Children involved (in ,000)	Cross-border workers (in ,000)	% of total	Children involved (in ,000)	Cross-border workers (in ,000)	% of total	Children involved (in ,000)	Cross-border workers (in ,000)	% of total	Children involved (in ,000)	% of total (excl. no children)
No children	122	46%		75	42%		78	51%		617	49%		
Single with child(ren)	4	2%	7	8	5%	14	2	1%	3	22	2%	38	3%
Couple with child(ren)	141	53%	252	94	53%	159	72	47%	117	610	48%	1,043	97%
Partner working	73	27%	131	65	36%	109	38	25%	62	334	27%	571	53%
Partner not working	68	25%	121	29	17%	50	34	22%	55	276	22%	472	44%
Other	0	0%	0	0	0%	0	0	0%	0	10	1%	18	
Total	267	100%	259	178	100%	173	151	100%	119	1,259	100%	1,098	

* **Bold:** Export of family benefit as primarily competent Member State.

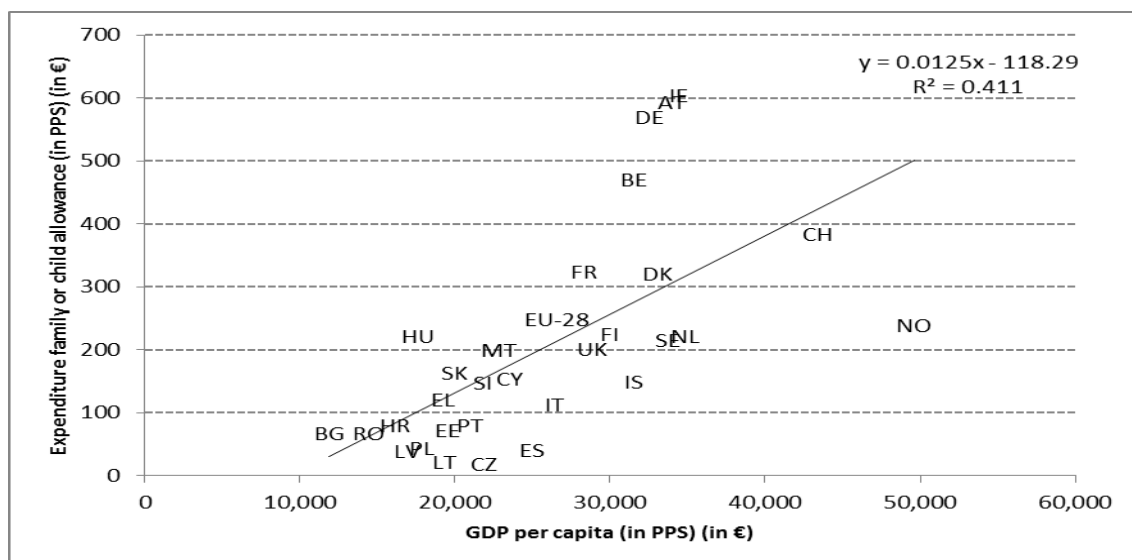
Source Own calculations based on LFS

4. THE LEVEL OF SOCIAL PROTECTION VERSUS THE STANDARD OF LIVING VERSUS THE COST OF LIVING

A possible amendment to the rules could correct the amount of the family benefit in proportion to the 'standard of living' in the Member State where the children reside (Option 1). Financial support by means of a family benefit aims to meet family expenses (see also Article 1 (z) of Regulation (EC) No 883/2004). However, the extent to which family benefits compensate family expenses might be different between the competent Member State and the Member State of residence of the children.⁴⁴ This section will focus on the definition of the concept 'living standard', the possible methodology to measure it, but also the similarities/differences with other concepts such as the level of social protection and the cost of living.

The concept 'living standard' has already been discussed frequently in literature (e.g. by Sen 1984; Dubnoff, 1985; Stávková, 2012). Sen (1984, p. 86) concludes that "living standard can be seen as freedom of particular types, related to *material capabilities*. ... It is in this sense that living standard can be seen as '*economic freedom*'." Several indicators could measure this. GDP per capita is, despite the imperfections of the indicator (see Stiglitz, Sen and Fittoussi, 2009), the most frequently used economic indicator to measure the standard of living. The correlation between this indicator and public spending on social protection (in this case related to family or child allowances) is shown by Figure 5. It will articulate the relative differences in generosity of social spending per capita. The Actual Individual Consumption (AIC) is an alternative economic indicator and is probably also better adapted to describe the material welfare of households. It includes all consumer goods and services purchased directly by households, as well as services provided by non-profit institutions and the government for individual consumption.

Figure 5 The influence of GDP per capita on expenditure family or child allowance, 2013



* Figures of LU are excluded in this figure. Correlation of 0.64.

Source Eurostat [prc_ppp_ind] [spr_exp_ffa]

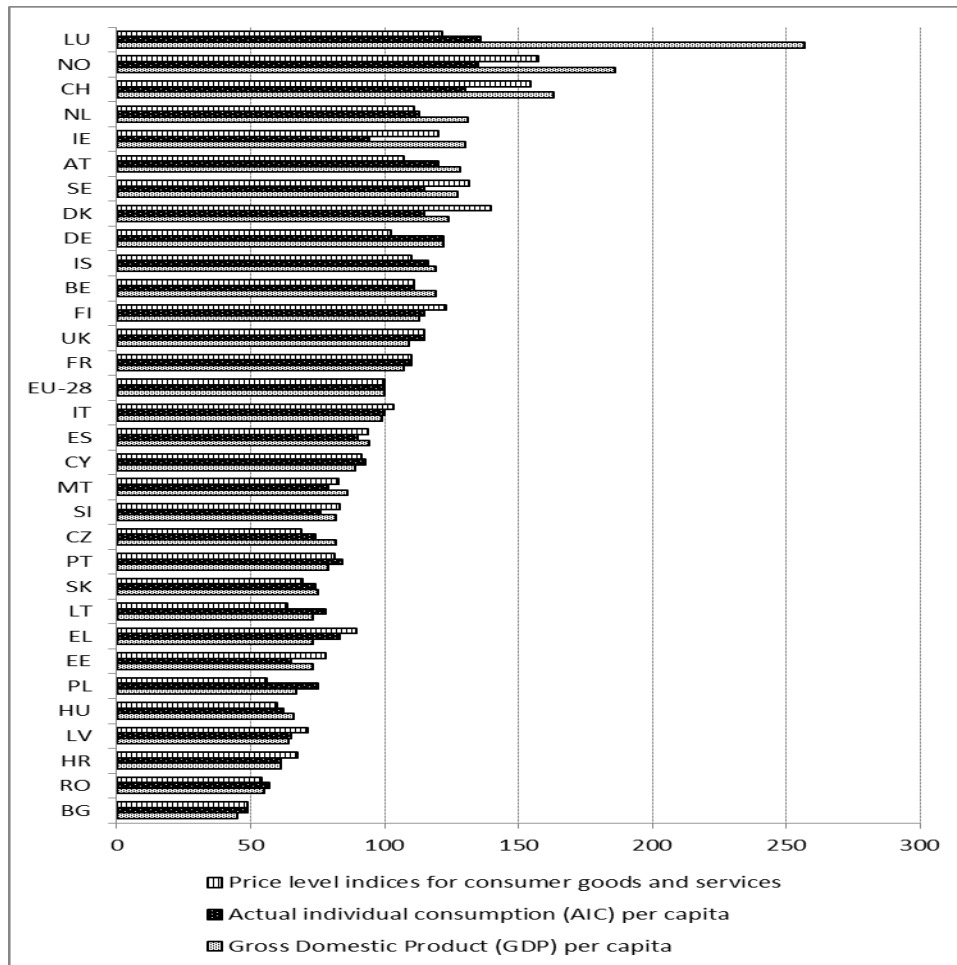
⁴⁴ Barslund and Busse (2014, p. 20) concluded yet that "any indexation should apply in a non-discriminatory way, i.e. also when benefits are exported to countries with higher costs of living."

Both indicators, but also expenditure on social protection, could be converted by the Purchasing Power Parities (PPPs)⁴⁵ rates into a Purchasing Power Standard (PPS), eliminating the effect of price level differences across Member States, as price levels for consumer goods and services vary widely between Member States from 140% of the EU-28 average in Denmark to 48% of the EU-28 average in Bulgaria (figures for 2013) (*Figure 6*). EFTA countries Norway (157% of the EU-28 average) and Switzerland (155% of the EU-28 average) have, however, the highest price levels. These price level indices could be used to calculate a 'correction coefficient' in order to correct the price level differences between the competent Member State and the Member State of residence of the child(ren). But, this is rather a correction for the cost of living, which is in the most extreme situation three times higher or lower between Member States.

In 2013, the highest level of AIC per capita (136% of the EU-28 average) and GDP per capita⁴⁶ (257% of the EU-28 average) expressed in Purchasing Power Standards (PPS) was recorded in Luxembourg (*Figure 6*). This in contrast to Bulgaria, where the lowest level of AIC per capita in PPS (49% of the EU-28 average) and GDP per capita in PPS (45% of the EU-28 average) was recorded.

⁴⁵ See also EU Staff Regulations, Annex XI (http://ec.europa.eu/civil_service/docs/toc100_en.pdf).

⁴⁶ With the exception that GDP per capita is not a good measure for a small country with a huge external workforce (cross-border commuters), as is the case for Luxembourg. In that case, GNP, which adds to the GDP net income received from abroad by the national population, is a better indicator.

Figure 6 Indices of GDP and AIC per capita in PPS and price levels, 2013 (EU-28 = 100)

Source Eurostat [prc_ppp_ind]

5. THE ESTIMATED ECONOMIC IMPACT OF THE CURRENT RULES AND THE ALTERNATIVE OPTIONS

5.1. Data collection

The scope of the administrative questionnaire was limited to the number of households and children who received a child benefit from a competent exporting Member State. For the calculation of the options, the complete reference group should be taken into account. However, some persons of the reference group do not appear on the basis of the administrative questionnaire. In particular persons who did not receive a supplement from the exporting Member State because the family benefit paid by the Member State of residence of the child(ren) is higher than the family benefit of the exporting Member State (see also *Figure 7*). This is a limitation of the data which should be taken into account. The definition of the complete reference group is in particular important for Option 3 (making the Member State of residence of the child primarily competent). Also, more information is required on the average amount of the family benefit on the basis of ESSPROS, as not all Member States have answered the administrative questionnaire. This kind of additional information will be needed for the calculation of Option 3.

Figure 7 Limited scope of the questionnaire on export of family benefits

Exporting Member State	Member State of residence of the child(ren)		
	Primarily competent MS	Supplement as secondarily competent MS	No supplement
Primarily competent MS			
Supplement as secondarily competent MS	YES	} Partial	
No supplement			

* Black: Unknown

Source The authors' own figure

19 Member States were able to provide more detailed data on the export of family benefits, of which 17 Member States provided data on the amount of exported family benefits. It follows that some caution is required when drawing conclusions especially given the fact that some Member States which can be considered highly relevant in this respect did not provide data on the export of family benefits. A total amount of some € 983 million related to the export of family benefits was brought into the picture by the reporting Member States (Table 9). As could be observed, some Member States provided information on the exportability of several types of family benefits. In order to avoid double-counting, the options will discuss only one family benefit scheme of each of the reporting Member States. Most of the time the child benefit scheme was selected. For a detailed reporting on the questionnaire on the export of family benefits we refer to Pacolet and De Wispelaere (2015).

The Member States have reported a total export of child benefits to some 324,000 households or 506,000 children, which amounts to a total expenditure of € 942 million. The cross-border tables provide a view on the 'main' exporting and receiving Member States. In particular, Luxembourg, Austria and Germany appear to be the 'main' exporting Member States in absolute terms. Luxembourg has even paid a total amount of € 477 million on family benefits exported abroad.

Export of family benefits

Table 9 Export of family benefits, per type of family benefit, per number of persons entitled, family members involved and annual amount paid, 2013/2014

Type	Total number of persons	Number of family members involved	Total annual amount (in €)	Annual average amount per child (in €)	Annual average amount per person entitled (in €)	Average number of family members per person entitled	
BE	Cash family benefit (only salaried persons)	23,962	45,010	83,566,755	1,857	3,487	1.9
BG							
CZ	Child care benefit, parental allowance, payment for children in foster care	1,009	4,596	951,041	207	943	4.6
DK	'Ordinary' child benefit	421	1,101	1,033,380	939	2,455	2.6
	Child and youth allowance	4,720	15,797	24,383,654	1,544	5,166	3.3
DE	Child benefit (<i>Kindergeld</i>)	62,587	106,552	105,759,924	993	1,690	1.7
	Parental leave (<i>Elterngeld</i>)	1,426					
	Child care supplement (<i>Betreuungsgeld</i>)	78					
EE	Family benefit	406	537	573,075	1,067	1,412	1.3
IE	Child benefit	4,636	7,421	11,576,760	1,560	2,497	1.6
	Domiciliary care allowance	6	6	22,344	3,724	3,724	1.0
	Family income supplement	755		4,700,000		6,225	
EL	Family benefit granted to the employees of the private sector						
ES		37	49	10,729	219	290	1.3
FR							
HR							
IT							
CY							
LV	Family state benefit	948	1,102	107,478	98	113	1.2
	Supplement to the family state benefit for a disabled child	22	36	12,639	351	575	1.6
	Parent's benefit	100	100	303,414	3,034	3,034	1.0
	Child care benefit	435	437	344,275	788	791	1.0
	Disabled child care benefit	6	6	11,878	1,980	1,980	1.0
LT							
LU	Child benefit (incl. special supplementary allowance, annual school year allowance and child-raising allowance)	69,310	127,500	476,900,069	3,740	6,881	1.8
HU	Family allowance	1,154	1,616	336,232	208	291	1.4
	Child home care allowance	118	123	11,404	93	97	1.0
	Child-raising support	2	6	185	31	93	3.0
MT							
NL	Child benefit (<i>AKW</i>)	20,225	37,924	35,622,000	939	1,761	1.9
	Child care allowance (<i>kinderopvang-toeslag</i>)	1,556	2,238	4,869,733	2,176	3,130	1.4

Export of family benefits

	Type	Total number of persons	Number of family members involved	Total annual amount (in €)	Annual average amount per child (in €)	Annual average amount per person entitled (in €)	Average number of family members per person entitled
	Child budget (<i>kindgebonden budget</i>)	15,810	26,016	20,669,349	794	1,307	1.6
AT	Family allowance, differential supplement, <i>Kinderabsetzbetrag</i>	63,828	104,295	147,322,836	1,413	2,308	1.6
PL	Family benefit	8,698		3,995,406		459	
PT							
RO	Child benefit allowance	11,427					
	Child raising benefit	24					
SI							
SK	Child benefit	4,520	6,846	1,544,876	226	342	1.5
	Parental allowance	2,935	3,010	4,292,123	1,426	1,462	1.0
FI	Child benefit	11,449	13,206	19,359,180	1,466	1,691	1.2
SE							
UK	Child benefit	20,271	33,553				1.7
	Child tax credit	7,005	11,735				1.7
IS	Child benefit	73	119	116,339	978	1,594	1.6
LI							
NO	Family allowances	14,524		29,660,573		2,042	
	Cash benefits	1,919		5,415,554		2,822	
CH							
Total		**	**	983,473,205			

* No data available for BG, ES, FR, EL, IT, CY, LT, PT, SI, SE, LI and CH.

** In order to avoid double-counting, only total expenditure is reported.

Source Questionnaire on the export of family benefits

5.2. Overview of the different options

Status quo

Family benefits are paid at the level of the 'primarily' competent Member State. Also, a Member State might have to pay a supplement as the 'secondarily' competent Member State.

Option 1 – Adjustment of the exported family benefit to the living standards

Under this option there is an adjustment of the amount of exported family benefits to the living standard in the Member State of residence of the child(ren). Under Sub-option 1a the adjustment of the amount could be upwards as well as downwards. This in contrast to Sub-option 2b, where the adjustment of the amount is limited to the amount paid by the competent Member State.

An adjustment of the family benefit paid by the exporting Member State (not only as primarily competent Member State but also as secondary competent Member State) by a correction coefficient should guarantee a correction for the differences in the cost of living between the exporting Member State and the Member State of residence of the child(ren).

Table 10 describes different possible cases and their impact on the cost of living (i.e. the benefit level) in the Member State of residence of the children. We observe that in two specific cases the payment of the family benefit under the current rules will result into a higher benefit level in the Member State of residence (*cases 1 and 3*).

Table 10 The impact of the payment of a supplement on the living standard in the MS of residence

No of cases	Member State of employment/residence EU migrant/ cross-border worker (MS A)	Member State of residence of the children (MS B)	Result
	Primarily competent	Secondarily competent	
1 FB MS A > FB MS B	No supplement paid by MS of residence		Above the 'benefit level' MS of residence
2 FB MS A < FB MS B	Supplement paid by MS of residence		Equal to the 'benefit level' MS of residence
	Secondarily competent	Primarily competent	
3 FB MS A > FB MS B	Supplement paid by the Member State of employment		Above the 'benefit level' MS of residence
4 FB MS A < FB MS B	No supplement paid by the Member State of employment		Equal to the 'benefit level' MS of residence

Source The authors' own table based on the current EU provisions

Option 2 – No export

This option will be disregarded due to legal reasons.

Option 3 – Reverse order of competence

Under this option the order of priority in order to determine the 'primarily' competent Member State would be changed. The Member State of residence of the child should become the 'primarily' competent Member State. The Member State of employment of the migrant worker or cross-border worker would top up this amount as the 'secondarily' competent Member States if the level of family benefits is higher there. This implies a change in the allocation of the cost between the Member State of residence and the Member State of employment of the migrant/cross-border worker.

Horizontal Option - Different coordination rules for salary-related child-raising allowances

This is a horizontal option, which may be applied alone or in conjunction with any of the options above. Under this option 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.

5.3. The estimated economic impact of the different options

As could be observed, some Member States provided information on the exportability of several types of family benefits. In order to avoid double-counting, most of the time only the child benefit scheme was selected. But it is not always sure that the term covers the same type of benefit. As mentioned before, some Member States reported only the sum of more than one family benefit (e.g. CZ, LU, AT and MT). By selecting only one family benefit scheme per Member State, also a view on the Member State of residence of the children will be obtained.

Status quo

The status quo scenario results in a total reported expenditure on the export of child benefits of € 941.8 million (*Table 11*). In absolute terms, most child benefits are exported by LU, AT⁴⁷ and DE. In particular, Luxembourg spends a high amount on the export of child benefits. In total an amount of € 476.9 million, amounting to somewhat more than half of public spending reported by the different Member States, was paid by Luxembourg.

This cross-table also provides a more detailed breakdown of the expenditure per Member State of residence of the child(ren). This kind of detailed information will be needed in order to calculate the impact of Option 2 (adjustment of the amount to the 'living standard' (i.e. cost of living) in the Member State of residence of the child(ren)). Most child benefits were exported to France and Poland. The high share of

⁴⁷ Austria reported a total exported amount of € 147 million for 2013. However, an amount of € 206 million for 2013 was recently reported in a press article based on a parliamentary question. This amount includes two additional payments: retroactive payments for the last five years based on a national rule and double payments for differential supplements (2012 and 2013). Moreover, the breakdown per Member State of residence reported in this parliamentary question is very informative given that the Austrian delegation did not provide a breakdown per Member State of residence.

Export of family benefits

France in total expenditure is mainly explained by the fact that most of the child benefits imported by France are exported by Luxembourg. However, the missing data for a number of competent exporting Member States may lead to a distorted view of reality if the export of child benefits is reported per Member State of residence of the child(ren).

Option 1 – Adjustment of the exported family benefit to the living standards

Under this option there is an adjustment of the amount of the exported family benefits to the cost of living in the Member State of residence of the child(ren). An adjustment of the family benefit paid by the exporting Member State by a correction coefficient should guarantee a correction for the differences in the cost of living between the exporting Member State and the Member State of residence of the child(ren). By making use of the price level indices for consumer goods and services a correction coefficient between the exporting Member State and the Member State of residence of the child(ren) could be calculated. *“The price level indices provide a comparison of Member States' price levels relative to the European Union average: if the price level index is higher than 100, the Member State concerned is relatively expensive compared to the EU average, while if the price level index is lower than 100, then the Member State is relatively cheap compared to the EU average. They provide an indication of the order of magnitude of the price level in one Member State in relation to others.”*⁴⁸ This correction coefficient will afterwards be multiplied by the amounts reported in the status quo scenario.

Box II – Interpretation of Table 12 – Two examples

The price level of BG is 0.44 times the price level of BE. Therefore, the Belgian family benefit exported to BG will be multiplied by 0.44 in order to correct for the cost of living in BG.

The price level of BE is 2.3 times the price level of BG. Therefore, the Bulgarian family benefit exported to BE will be multiplied by 2.3 in order to correct for the cost of living in BE.

⁴⁸ http://ec.europa.eu/eurostat/statistics-explained/index.php/Comparative_price_levels_of_consumer_goods_and_services

Export of family benefits

12	K	65	48	00	51	70	89	60	80	75	65	04	69	83	00	09	58	18	89	65	66	25	83	25	86	00	58	55	62	71	63	a.	46	46
3	FI	1.	2.	1.	0.	1.	1.	1.	1.	1.	1.	1.	1.	1.	1.	1.	1.	2.	1.	1.	1.	2.	1.	2.	1.	1.	1.	0.	1.	1.	1.	n.	0.	0.
13	S	1.	2.	1.	0.	1.	1.	1.	1.	1.	1.	1.	1.	1.	1.	2.	1.	2.	1.	1.	1.	2.	1.	2.	1.	1.	1.	1.	1.	1.	1.	n.	0.	0.
0	E	19	71	83	93	27	63	10	46	37	19	91	26	51	83	00	06	17	63	18	21	28	51	28	57	83	06	00	14	30	16	a.	84	83
11	U	1.	2.	1.	0.	1.	1.	0.	1.	1.	1.	1.	1.	1.	1.	0.	1.	1.	1.	1.	1.	2.	1.	2.	1.	1.	0.	0.	1.	1.	1.	n.	0.	0.
4	K	05	38	61	81	12	43	97	28	20	05	68	11	33	61	75	93	90	43	04	07	00	33	00	37	61	93	88	00	14	02	a.	74	73
10	E	0.	2.	1.	0.	0.	1.	0.	1.	1.	0.	1.	0.	1.	1.	0.	1.	1.	0.	0.	0.	1.	1.	1.	1.	1.	0.	0.	0.	1.	0.	n.	0.	0.
0	U	92	08	41	71	98	25	85	12	05	92	47	97	16	41	54	81	67	25	91	93	75	16	75	20	41	81	77	88	00	89	a.	65	64
11	IS	1.	2.	1.	0.	1.	1.	0.	1.	1.	1.	1.	1.	1.	1.	0.	1.	1.	1.	1.	1.	1.	1.	1.	1.	1.	0.	0.	0.	1.	1.	n.	0.	0.
2	LI	03	33	58	80	10	40	95	26	18	03	65	09	30	58	72	91	87	40	02	05	96	30	96	35	58	91	86	98	12	00	a.	72	72
	LI	n.	n.	n.	n.	n.	n.	n.	n.	n.	n.	n.	n.	n.	n.	n.	n.	n.	n.	n.	n.	n.	n.	n.	n.	n.	n.	n.	n.	n.	n.	n.	n.	n.
15	N	1.	3.	2.	1.	1.	1.	1.	1.	1.	2.	1.	1.	1.	2.	2.	1.	2.	1.	1.	1.	2.	1.	2.	1.	2.	1.	1.	1.	1.	1.	n.	1.	0.
5	O	42	23	18	11	52	94	31	74	63	42	28	50	80	18	38	26	58	94	41	45	72	80	72	87	18	26	19	36	55	38	a.	00	99
15	C	1.	3.	2.	1.	1.	1.	1.	1.	1.	2.	1.	1.	1.	2.	2.	1.	2.	1.	1.	1.	2.	1.	2.	1.	2.	1.	1.	1.	1.	1.	n.	1.	1.
6	H	43	25	20	11	53	95	32	75	64	43	29	51	81	20	40	27	60	95	42	46	74	81	74	88	20	27	20	37	56	39	a.	01	00

* No figures available for LI

Source Calculations based on Eurostat figures

Sub-option 1a: adjustment of exported family benefit to the living standards (upwards and downwards)

Under Sub-option 1a the adjustment of the amount could be upwards as well as downwards. The application of this option results in a total expenditure of € 792.1 million or a decrease by 15.9% compared to the status quo scenario (*Table 13*). The budgetary impact of this option will mainly be determined by the distribution of the exported family benefits to the Member States of residence of the child(ren), the cost of living in these Member States and the differences with the exporting Member State. A higher cost of living in the Member State of residence of the child(ren) compared to the exporting Member State will result in a higher public spending under this option compared to the status quo scenario.

Luxembourg will experience a decrease of public spending related to the export of child benefits of 13% if this option is applied (*Table 13*). Germany will even spend 33% less under this option compared to the status quo scenario. The fact that Germany experiences a higher decrease of public spending compared to Luxembourg is mainly the result of the export towards a different kind of Member States of residence of the child(ren). Luxembourg exported most family benefits to France (which has a comparable level of cost of living) while Germany exported most family benefits to Poland (which has a much lower level of cost of living). Member States showing a low cost of living, among others Poland (+75%), Latvia (+41%), Estonia (+37%), Slovakia (+35%), Hungary (+21%), will experience a (much) higher public spending under this option compared to the status quo scenario.

Sub-option 1b: adjustment of exported family benefits to the living standards (with ceiling)

Under Sub-option 1b, the adjustment of the amount is limited to the amount paid by the competent exporting Member State. This implies that if the correction coefficient calculated in *Table 12* is above 1 the expenditure will be equal to the amount reported under the status quo scenario (*Table 11*). If the correction coefficient is below 1, the expenditure will be equal to the amount reported under Sub-option 1a (*Table 13*). The application of this option results in a total expenditure of € 785.8 million or a decrease by 16.6% compared to the status quo scenario (*Table 14*). This is only a minor difference in total expenditure compared to Sub-option 1a. However, this is not necessarily the case for each of the individual Member States.

Luxembourg (-13%) does almost not experience a higher decrease of their public spending compared to Sub-option 1a (*Table 14*). This is because Luxembourg almost all the time shows a higher cost of living compared to the Member State of residence of the child(ren) (except for NO and CH). This option corrects especially the public spending for exporting Member States showing a low cost of living. Exporting Member States which experienced a higher expenditure under Sub-option 1a show under Sub-option 1b a (limited) lower expenditure compared to the status quo scenario (for instance, PL, LV, EE, SK and HU).

Export of family benefits

Table 14 Export of *child benefits*, estimated expenditure (in million €), 2013/2014 – ***Sub-option 1a (adjustment limited to the amount of the competent MS)***

Member State of residence of the child(nen)	Competent exporting Member State																										Tot.					
	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI		SE	UK	IS	LI	NO
BE	0.0													0.0		108.2	0.0		8.2	0.0	0.0	0.0	0.0	0.0	0.0	0.3		0.0		0.1		116.9
BG	0.1			0.0	0.4	0.0	0.0		0.0					0.0		0.0	0.0		0.1	0.0	0.0				0.0	0.1		0.0		0.1		0.8
CZ	0.1			0.0	1.1	0.0	0.0		0.0					0.0		1.5	0.0		0.2	0.0	0.0				0.0	0.0		0.0		0.0		3.4
DK	0.0			0.0	0.0	0.0	0.0		0.0					0.0		0.1	0.0		0.0	0.0	0.0				0.0	0.2		0.0		0.6		1.0
DE	0.7			0.0	0.0	0.0	0.0		0.0					0.0		70.9	0.0		6.2	0.0	0.0				0.0	0.9		0.0		0.4		79.2
EE	0.0			0.0	0.0	0.0	0.0		0.0					0.0		0.0	0.0		0.0	0.0	0.0				0.0	5.1		0.0		0.3		5.6
IE	0.1			0.0	0.0	0.0	0.0		0.0					0.0		0.1	0.0		0.0	0.0	0.0				0.0	0.1		0.0		0.0		0.4
EL	0.2			0.0	0.8	0.0	0.0		0.0					0.0		0.0	0.0		0.1	0.0	0.0				0.0	0.2		0.0		0.0		1.2
ES	1.8			0.0	0.9	0.0	0.1		0.0					0.0		0.3	0.0		0.5	0.0	0.0				0.0	0.9		0.0		0.6		5.1
FR	53.4			0.0	12.9	0.0	0.0		0.0					0.0		222.2	0.0		0.5	0.0	0.0				0.0	0.4		0.0		0.1		289.6
HR	0.1			0.0	0.0	0.0	0.0		0.0					0.0		0.0	0.0		0.0	0.0	0.0				0.0	0.0		0.0		0.0		0.2
IT	1.4			0.0	1.7	0.0	0.0		0.0					0.0		0.2	0.0		0.2	0.0	0.0				0.0	0.4		0.0		0.1		4.1
CY	0.0			0.0	0.0	0.0	0.0		0.0					0.0		0.0	0.0		0.0	0.0	0.0				0.0	0.0		0.0		0.0		0.1
LV	0.0			0.0	0.2	0.0	0.2		0.0					0.0		0.0	0.0		0.1	0.0	0.0				0.0	0.1		0.0		0.5		1.1
LT	0.0			0.0	0.1	0.0	0.4		0.0					0.0		0.0	0.0		0.1	0.0	0.0				0.0	0.1		0.0		2.0		2.8
LU	0.2			0.0	0.0	0.0	0.0		0.0					0.0		0.0	0.0		0.0	0.0	0.0				0.0	0.1		0.0		0.0		0.3
HU	0.1			0.0	2.4	0.0	0.0		0.0					0.0		0.1	0.0		0.1	0.0	0.0				0.0	0.1		0.0		0.0		2.9
MT	0.0			0.0	0.0	0.0	0.0		0.0					0.0		0.0	0.0		0.0	0.0	0.0				0.0	0.0		0.0		0.0		0.0
NL	11.8			0.0	3.6	0.0	0.0		0.0					0.0		2.1	0.0		0.0	0.0	0.0				0.0	0.3		0.0		0.2		18.0
AT	0.0			0.0	2.3	0.0	0.0		0.0					0.0		0.1	0.0		0.1	0.0	0.0				0.0	0.2		0.0		0.0		3.4
PT	4.9			0.0	39.3	0.0	3.4		0.0					0.0		2.4	0.0		8.5	0.0	0.0				0.0	0.2		0.0		5.2		64.0
RO	0.9			0.0	0.6	0.0	0.0		0.0					0.0		3.1	0.0		0.3	0.0	0.0				0.0	0.1		0.0		0.1		5.1
SI	0.7			0.0	1.4	0.0	0.1		0.0					0.0		0.2	0.0		0.1	0.0	0.0				0.0	0.2		0.0		0.0		2.7
SK	0.0			0.0	0.1	0.0	0.0		0.0					0.0		0.0	0.0		0.0	0.0	0.0				0.0	0.0		0.0		0.0		0.1
FI	0.1			0.0	1.8	0.0	0.2		0.0					0.0		0.6	0.0		0.4	0.0	0.0				0.0	0.0		0.0		0.2		4.6
SE	0.0			0.0	0.0	0.0	0.0		0.0					0.0		0.0	0.0		0.0	0.0	0.0				0.0	0.0		0.0		0.2		0.6
SU	0.1			0.0	0.1	0.0	0.0		0.0					0.0		0.3	0.0		0.1	0.0	0.0				0.0	2.2		0.0		2.5		5.2
UK	0.3			0.0	0.2	0.0	2.4		0.0					0.0		0.3	0.0		0.4	0.0	0.0				0.0	1.4		0.0		0.8		6.0
IS	0.0			0.0	0.0	0.0	0.0		0.0					0.0		0.0	0.0		0.0	0.0	0.0				0.0	0.0		0.0		0.3		0.4
LI	0.0			0.0	0.0	0.0	0.0		0.0					0.0		0.0	0.0		0.0	0.0	0.0				0.0	0.0		0.0		0.0		0.0
NO	0.0			0.0	0.0	0.0	0.0		0.0					0.0		0.0	0.0		0.0	0.0	0.0				0.0	0.5		0.0		0.0		0.6
OC	0.2			0.0	0.0	0.0	0.0		0.0					0.0		0.5	0.0		0.1	0.0	0.0				0.0	0.4		0.0		0.1		1.4

Export of family benefits

	Competent exporting Member State																																		
	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK	IS	LI	NO	CH	Tot.		
H																																			
Total	77.3		0.9	17.4	69.9	0.6	7.1		0.0					0.1		413.4	0.3		26.3	137.7	4.0				0.5	1.7			0.1		14.6		785.8		
Status quo	83.6		1.0	24.4	105.8	0.6	11.6		0.0					0.1		476.9	0.3		35.6	147.3	4.0				0.5	1.4			0.1		29.7		941.8		
% change	-		-	-	-	-	-		-					0.0		-	-		-	-	0.0				-	-			-		-		-		
	7.5		0.5	28.6	33.9	2.5	38.9		19.9					0.0		13.3	0.3		26.3	6.5%	0.0				0.5	0.2			45.7		50.8		16.6		

* No data available for BG, DK, FR, HR, IT, CY, LT, MT, AT, PT, RO, SI, SE, UK, LI and CH.

** Calculations for DK, PL, LV and AT are based on the price level differences between the EU-28 and DK/PL/LV/AT as no breakdown per Member State of residence of the child(ren) is reported.

Source The authors' own calculations based on the questionnaire on the export of family benefits and Eurostat

Option 2 – No export

This option will be disregarded due to legal reasons.

Option 3 – Reverse order of competence

Under this Option 3 the exporting Member State would only top up the amount as the 'secondarily' competent Member State if the level of family benefits is higher than the level of family benefits in the Member State of residence of the child(ren). This implies that the Member State of residence of the child(ren) will become the 'primarily' competent Member State of the reference group of 506,123 children involved (*Table 15*). However, not all reporting Member States were able to provide a breakdown by Member State of residence (DK, PL, LV and AT). This implies that calculations will be based on a limited group of approximately 385,000 children. Also, as already mentioned the reference group is incomplete, as no view is available of the number of persons who received no supplement from the exporting Member State as the 'secondarily' competent Member State under the current rules (*Figure 7*).

Export of family benefits

Table 15 Export of child benefits, the number of family members involved, 2013/2014

		Competent exporting Member State																											Total					
		BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK	IS	LI	NO	CH	Total
Member State of residence of the child(ren)	BE					945	1	4	0								34,971	2	8,929							33	225	123						45,233
	BG	84				2,362		19	0								7		157								2	199	261					3,091
	CZ	52				5,575			43	0							542	1	255							2,404	59	208	3					9,142
	DK	12				226			0	0							18		20								25	147	35					483
	DE	399		2				12	24	0	2						26,134	2	7,220								284	767	426					35,272
	EE	9				77	66	10	0								2		46								0	5,422	59	3				5,694
	IE	25				74	3	0	0								13		48								68	105	2,456					2,792
	EL	73				3,387			0	0							5		140								24	144	69					3,842
	ES	728				243			92	0							76		651								89	790	919					3,588
	FR	31,036				16,553	1	31	0	2							62,143	4	484								56	350	1,198					111,858
	HR	84				304			0	0							3		35								0	21	5					452
	IT	547				3,887			32	0	1						65	2	203								174	296	264					5,471
	CY	0				3			1	0							0		6								4	38	56					108
	LV	24				717	3	197	0								1		143								2	169	1,031	6				2,293
	LT	14				817	23	437	0								1		198								1	135	1,588	5				3,219
	LU	103				57			2	0									26								33	49	17					287
	HU	64				3,942			44	0							46		239								122	195	223					4,875
	MT	2				2			1	0							0		17								0	10	23					55
	NL	6,417				6,428	4	16	0								591										102	229	272					14,059
	AT	11		12		2,160			0	0							40		59								2,881	122	35					5,320
	PL	3,807		100		47,273	1	4,473	0	2							1,044		17,181								55	368	22,120	81				96,505
	PT	492				1,851			28	0	3						1,136		350								1	63	304					4,228
	RO	531				5,727			167	0	38						89	38	200								13	238	393					7,434
	SI	16				176			0	0							2	5	15								17	21	11					263
	SK	103	4,482			2,167			165	0							283	1,555	611								0	39	1,165	16				10,586
	FI	12				105	347	2	0								9		15								14		19					523
	SE	42				107	14	6	0								79	4	84								17	1,411	88					1,852
UK	192				1,043	11	1,625	0	1							74	3	418								242	1,014						4,623	
IS	2				4			0	0							9		0								4	15	4	5				43	
LI	0				3			0	0							0		0								2		0					5	
NO	17				30	51	0	0								4		37								88	314	69					610	
CH	112				307			2	0							113		137								89	251	112					1,123	
Total	45,010	4,596	15,797	106,552	537	7,421	0	49						1,102	127,500	1,616	37,924	104,295							6,846	13,206	33,553	119				506,123		

* No data available for BG, DK, FR, HR, IT, CY, LT, MT, AT, PT, RO, SI, SE, LI, NO and CH. The breakdown per Member State of residence by DK was not reported given that an incomplete breakdown by per Member State of residence of the child(ren) was reported.

Source Questionnaire on the export of family benefits

Export of family benefits

In order to calculate the topping up of the exporting Member State more detailed figures on the level of the child benefit should be obtained. However, not all Member States answered the administrative questionnaire. The selection of the level of the child benefit is as a result based on the following criteria (*Table 16*): 1) the selection of the overall average annual amount per child (*column 1*), if not available: 2) the selection of the average annual exported amount as primarily competent Member State (*column 4*), if not available: 3) calculations based on ESSPROS (*column 5*).

Table 16 Average annual amount per child based on different sources, 2013/2014

	Questionnaire 'general'	Questionnaire export (total)	Questionnaire export primarily Average amount per child	ESSPROS*	Selected
	<i>Average amount per child</i>	<i>Average amount per entitled person</i>	<i>Average amount per child</i>	<i>Average amount per child (0-17)</i>	<i>Average amount per child</i>
BE	2,207	3,817	1,857	2,616	2,207
BG				180	180
CZ		1,296	207	72	212
DK	1,575	2,690	1,544	2,165	2,165
DE	2,389	3,789	993	3,481	2,389
EE	401	638	1,067	281	401
IE	1,626	3,108	1,560	2,870	1,626
EL	147	268		611	147
ES	926	1,413	219	215	926
FR				1,603	1,603
HR	575	1,075		287	575
IT		953		688	688
CY	695	1,268		671	695
LV	140	202	98	152	140
LT	229			68	229
LU	4,109	7,353	3,740	4,898	4,109
HU			208	75	75
MT	614	973		820	614
NL	940	1,674	939	1,215	940
AT	2,306	3,769	1,413	2,379	2,306
PL	733	1,425		127	733
PT	477	739		371	477
RO		162		181	181
SI				706	706
SK			226	566	196
FI	1,389	2,531	1,466	1,382	1,389
SE				1,454	1,454
UK				1,113	1,113
IS	1,032	1,158	978	667	1,032
LI		4,469			4,469
NO		2,457		1,802	1,802
CH		3,004		1,496	1,496

* See also *Table 4* of this report.

Source Questionnaire on the export of family benefits and ESSPROS

Afterwards, the level of the child benefit of the exporting Member State was deducted from the level of the child benefit of the Member State of residence of the child(ren) (*Table 17*). A positive figure points at a higher level in the exporting Member State and should be considered as the annual paid supplement per child. If there is a negative result no supplement should be paid by the exporting Member State. The result of this is reported in *Table 18*. Especially Member States with a high level family benefit (among others LU, DE, DK, FR, AT, IE, BE, NL, FI, SE UK, LI, NO and CH) have to pay a supplement.

Export of family benefits

Table 17 Difference between the average annual amount per child of the 'secondarily' competent exporting Member State and the Member State of residence of the child(ren), 2013/2014

Member State of residence of the child(ren)	'secondarily' competent exporting Member State																																	
	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK	IS	LI	NO	CH		
B E	0	2,0	1,9	-	2,2	1,8	5,8	2,0	1,2	6,0	1,6	1,5	1,5	2,0	1,9	2,1	2,1	1,5	1,2	2,1	1,4	1,7	2,0	1,5	2,0	8,1	7,5	1,0	1,1	2,2	4,0	1,6	1,3	
B G	2,0	0	3,2	-	2,2	1,4	-33	7,4	1,4	3,9	5,0	5,1	-40	4,9	3,9	-	4,3	7,6	2,1	5,5	2,9	1	5,2	1,6	1,2	1,2	9,3	8,5	4,2	1,6	1,3			
C Z	1,9	-3,2	0	-	2,1	1,8	1,4	-6,5	7,1	1,3	3,6	4,7	4,8	-7,2	1,7	3,8	-	4,0	7,2	2,0	5,2	2,6	-3,1	4,9	-1,6	1,1	1,2	9,0	8,2	4,2	1,5	1,2		
D K	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
D E	6,3	1,3	1,3	0	8,1	1,1	1,4	6,4	1,0	8,8	8,8	1,4	1,3	2,5	1,5	9,6	6,3	7,3	8,4	1,0	1,3	8,6	1,3	1,8	1,2	4,6	5,4	2,8	2,2	-	-	-		
D E	1,8	2,2	2,1	-	1,9	7,6	2,2	1,4	7,8	1,8	1,7	1,6	2,2	2,1	2,0	2,3	1,7	1,4	1,6	1,9	2,2	1,6	2,1	1,0	9,3	1,2	1,3	8,0	5,8	8,9	7	3		
E E	1,8	-	-	-	1,9	0	1,2	-	5,2	1,2	1,7	2,8	2,9	-	-	3,7	-	2,1	5,3	1,9	3,3	7,6	-	3,0	-	9,8	1,0	7,1	6,3	4,0	1,4	1,0		
E E	5,8	1,4	1,4	-	7,6	-	0	-	-	-2,3	-	-	-	-	-	2,4	-	-	6,8	-	-	-	-	-	-	-	-	-	2,8	1,7	-	-	-	
E E	1	1,4	1,4	-	4	1,2	1,4	7,0	1,0	9,3	9,3	1,4	1,3	8,3	1,5	1,0	6,8	1,5	1,0	6,8	8,9	1,1	1,4	9,2	1,4	2,3	1,7	5,1	5,9	4,3	6	1,3		
E L	2,0	3,3	6,5	-	2,2	2,5	1,4	0	7,7	1,4	4,2	5,4	5,4	-7	8,2	3,9	6,2	4,6	7,9	2,1	5,8	3,3	3,4	5,5	4,9	1,2	1,3	9,6	8,8	4,3	1,6	1,3		
E S	1,2	-	-	-	1,4	-	7,0	-	0	6,7	-	-	-	-	-	3,1	-	-	1,4	1,3	-	-	-	-	-	4,6	5,2	1,8	1,0	3,5	8,7	5,7	-	-
F R	6,0	1,4	1,3	-	7,8	-	2,3	-	0	-	-	-	-	-	-	2,5	-	-	7,0	-	-	-	-	-	-	-	-	-	2,8	1,9	-	-	-	
H R	1,6	-	-	-	1,8	-	1,0	-	3,5	1,0	0	1,1	1,2	-	-	3,5	-	3,9	3,6	1,7	1,5	-9,8	-	1,3	-	8,1	8,7	5,3	4,5	3,8	1,2	9,2	-	-
I T	1,5	-	-	-	1,7	-	9,3	-	2,3	9,1	-	0	7	-	-	3,4	-	-7,4	2,5	1,6	4,5	-	-	-	1,8	7,0	7,6	4,2	3,4	3,7	1,1	8,0	8	-
C Y	1,5	5,1	4,8	-	1,6	-	9,3	-	2,3	9,0	-	-7	0	-	-	3,4	-	-8,1	2,4	1,6	3,9	-	-	1,1	-	6,9	7,5	4,1	3,3	3,7	1,1	8,0	1	-
L V	2,0	4,0	7,2	-	2,2	2,6	1,4	7	7,8	1,4	4,3	5,4	5,5	0	8,9	3,9	-6,5	4,7	8,0	2,1	5,9	3,3	4,1	5,6	5,6	1,2	1,3	9,7	8,9	4,3	1,6	1,3		
L T	1,9	-4,9	-1,7	-	2,1	1,7	1,3	-8,2	6,9	1,3	3,4	4,5	4,6	-8,9	0	3,8	-	3,8	7,1	2,0	5,0	2,4	-4,8	4,7	-3,3	1,1	1,2	8,8	8,0	4,2	1,5	1,2		
L U	-	1,9	3,9	-	1,7	3,7	2,4	3,9	3,1	2,5	3,5	3,4	3,4	3,9	3,8	0	4,0	3,4	3,1	1,8	3,3	3,6	3,9	3,4	3,9	2,7	2,6	2,9	3,0	0	2,3	2,6		
H U	2,1	10	13	1,5	2,3	3,2	1,5	7,2	8,5	1,5	5,0	6,1	6,2	6,5	1,5	4,0	0	5,3	8,6	2,2	6,5	4,0	10	6,3	1,2	1,3	1,3	1,0	9,5	4,3	1,7	1,4		
M T	1,5	-	-	-	1,7	-	1,0	-	3,1	9,8	-3,9	7,4	8,1	-	-	3,4	-	0	3,2	1,6	1,1	-	-	9,2	-	7,7	8,4	4,9	4,1	3,8	1,1	8,8	2	-
N L	1,2	7,6	7,2	6,3	4,9	5,3	6	7,9	3	3,6	2,5	2,4	8,0	7,1	6,9	8,6	3,2	-	3,2	6,6	2,0	4,6	7,5	2,3	7,4	4	5,1	1,7	9,2	3,5	8,6	5,5	6	

Export of family benefits

I S L I N O C H	1,1	0	0	54	1,3	0	59	0	0	57	0	0	0	0	3,0	0	0	0	1,2	0	0	0	0	0	35	42	81	0	3,4	77	46
	75			3	57		4			1					77				74						7	2			37	0	4
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	40	0	0	0	58	0	0	0	0	0	0	0	0	2,3	0	0	0	50	0	0	0	0	0	0	0	0	0	2,6	0	0	
	5				7									07			4											67			
	71	0	0	79	89	0	13	0	0	10	0	0	0	2,6	0	0	0	81	0	0	0	0	0	0	0	0	0	2,9	30	0	
	1				3		0			7				13			0											73	6		

* Negative figures of *Table 17* are eliminated as this will imply that no supplement will be paid by the exporting Member State.

Source The authors' own calculations based on the questionnaire on the export of family benefits and ESSPROS

In order to estimate the budgetary impact of Option 3, the supplement paid by the exporting Member State (*Table 18*) is multiplied by the number of children involved (*Table 15*).

The application of this option results in a total exported amount of € 522.5 million or a decrease by 30.9% compared to the status quo scenario (excluding some Member States which did not provide a breakdown per Member State of residence of the children) (*Table 19*). This reflects to a high extent a shift of the expenditure from the exporting Member State towards the Member State of residence of the child(ren).

Some caution is, however, required if these calculations are compared to the status quo scenario. The level of the family benefit, selected in *Table 16*, is sometimes a proxy of the real figure. As a result, the expenditure for individual exporting Member States is sometimes higher under Option 3 compared to the status quo scenario (applicable to DE and ES). This is not possible in practice given that a family benefit will no longer be paid as the primarily competent Member State under this option (but only the supplement). Luxembourg, as a main exporting Member State under the current rules, experiences a decrease in expenditure of € 195 million or 41% compared to the status quo scenario.

However, there is also an underestimation of total spending if only the cost of the topping up is taken into account. The expenditure of the Member State of residence of the child(ren) as the primarily competent Member State should also be taken into account. It is at the same time an estimate of the total expenditure related to the coordination of family benefits and not only of the narrow scope of the export of family benefits. Under Option 3 this implies that mainly France (€ 179 million), Belgium (€ 100 million), Germany (€ 84 million) and Poland (€ 71 million) will experience a high cost of expenditure in absolute terms as the Member State of residence of the child(ren) (*Table 20* – see row totals). Counting together the expenditure under Option 3 as the exporting Member State and as the Member State of residence, a total estimated annual expenditure of € 1.2 billion is obtained (for a limited group of approximately 385,000 children) (*Table 21*). Despite the change of the current order of priority under Option 3, some of the exporting Member States will still have to pay a high share of the expenditure related to the coordination of family benefits. This is because the overall level of the family benefit is in some of the exporting Member States (in particular LU) (much) higher compared to the level of the main Member States of residence of the child(ren) (in particular FR and PL).

Table 19 Export of *child benefits*, estimated expenditure (in million €) = supplement paid by the 'secondarily' competent exporting Member State, 2013/2014 – **Option 3 (Member State of residence of the child primarily competent)**

	'secondary' competent exporting Member State																														C H	Tot			
	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK	IS	LI			NO		
BE	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	66.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	66.7
BG	0.2	0.0	0.0	0.0	5.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0	6.0
CZ	0.1	0.0	0.0	0.0	12.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.1	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0	14.9
DK	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0.1
DE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	44.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	44.9
EE	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	5.6
IE	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0.1
EL	0.2	0.0	0.0	0.0	7.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0	8.1
ES	0.9	0.0	0.0	0.0	0.4	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0	2.1
FR	18.7	0.0	0.0	0.0	13.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	15.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	187.5
HR	0.1	0.0	0.0	0.0	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0.7
IT	0.8	0.0	0.0	0.0	6.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0	8.1
CY	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0.1
LV	0.0	0.0	0.0	0.0	1.6	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	1.0	0.0	0.0	0.0	0.0	0.0	0	3.3	
LT	0.0	0.0	0.0	0.0	1.8	0.0	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	1.4	0.0	0.0	0.0	0.0	0.0	0	4.1	
LU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0.0
HU	0.1	0.0	0.0	0.0	9.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.3	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0	10.2
MT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0.0
NL	8.1	0.0	0.0	0.0	9.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	19.5
AT	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0.3
PL	5.6	0.0	0.0	0.0	78.3	0.0	4.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.5	0.0	0.0	3.6	0.0	0.0	0.0	0.0	0.0	0.2	0.0	8.4	0.0	0.0	0.0	0.0	0.0	0	103.7	

PT	0.9	0.0	0.0	0.0	3.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.1	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.2	0.0	0.0	0.0	0.0	0	9.0
RO	1.1	0.0	0.0	0.0	12.6	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.3	0.0	0.4	0.0	0.0	0.0	0.0	0	15.1	
SI	0.0	0.0	0.0	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0.3	
SK	0.2	0.0	0.1	0.0	4.8	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.1	0.0	0.0	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.1	0.0	0.0	0.0	0.0	0	8.0	
FI	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0.1	
SE	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0.3	
UK	0.2	0.0	0.0	0.0	1.3	0.0	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0	2.9	
IS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0.0	
LI	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0.0	
NO	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0.0	
CH	0.1	0.0	0.0	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0.6	
Total	37.6	0.0	0.1	0.0	16.0	0.0	6.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	28.9	0.0	0.0	5.3	0.0	0.0	0.0	0.0	0.0	0.0	8.1	0.0	13.6	0.1	0.0	0.0	0	522.7		
Status quo	83.6	0.0	1.0	0.0	10.5	0.6	11.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	47.9	0.3	0.0	35.6	14.7	4.0	0.0	0.0	0.0	1.5	19.4	0.0	0.0	0.1	0.0	29.7	0	941.8		
% change	-	-	-	60.2	-	-	18.0	-	-	-	-	-	-	-	40.9	10.0	85.1	-	-	-	-	-	-	98.9	58.0	-	55.9	-	-	30.9	-	-		

* Average percentage based on numeration equal to € 509 million (excluding UK since no figures were available on the status quo scenario) and denominator equal to € 736 million (excluding DK, PL, LV, AT and NO since these Member States did not provide a breakdown per Member State of residence).

** The amount related to the export of family benefits to be paid by DE under this option is higher compared to the amount (€ 106 million) under the status quo scenario. This is not possible in practice and is the result of an overestimation of the supplement to be paid by DE (average annual amount per child of € 2,389 applied for DE – see *Tables 16 and 17*) or an underestimation of the budgetary cost related to the export of family benefits under the status quo scenario reported by the German Delegation. This applies also to ES but involves only a small amount in absolute terms.

Source The authors' own calculations based on the questionnaire on the export of family benefits and ESSPROS

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* The row totals (expenditure by the Member State of residence) are in this case important.

Source The authors' own calculations based on the questionnaire on the export of family benefits and ESSPROS

Table 21 Sum of the estimated expenditure as 'primarily' competent Member State of residence of the child(ren) and as 'secondarily' competent exporting Member State, Option 3, 2013/2014

	Member State A =		Total
	<i>Exporting MS</i>	<i>Member State of residence</i>	
BE	37,566,519	99,829,231	137,395,750
BG	n.a.	556,380	556,380
CZ	71,712	1,938,104	2,009,816
DK	n.a.	760,725	760,725
DE	169,428,065*	84,277,282	253,705,347
EE	4,739	2,283,294	2,288,033
IE	6,517,702	4,539,332	11,057,035
EL	n.a.	565,132	565,132
ES	30,261*	3,320,787	3,351,048
FR	n.a.	179,308,374	179,308,374
HR	n.a.	259,750	259,750
IT	n.a.	3,764,048	3,764,048
CY	n.a.	75,012	75,012
LV	n.a.	321,020	321,020
LT	n.a.	737,151	737,151
LU	281,947,287	1,179,283	283,126,570
HU	0	365,625	365,625
MT	n.a.	33,763	33,763
NL	5,310,060	13,215,460	18,525,520
AT	n.a.	12,267,920	12,267,920
PL	n.a.	70,746,823	70,746,823
PT	n.a.	2,015,136	2,015,136
RO	n.a.	1,345,554	1,345,554
SI	n.a.	185,678	185,678
SK	16,275	2,074,856	2,091,131
FI	8,134,181	726,685	8,860,866
SE	n.a.	2,692,808	2,692,808
UK	13,583,613	5,145,399	18,729,012
IS	51,308	44,376	95,684
LI	n.a.	22,345	22,345
NO	n.a.	1,099,220	1,099,220
CH	n.a.	1,680,008	1,680,008
Tota	522,661,722	497,376,561	1,020,038,283

* The amount related to the export of family benefits to be paid by DE under this option is higher compared to the amount (€ 106 million) under the status quo scenario. This is not possible in practice and is the result of an overestimation of the supplement to be paid by DE (average annual amount per child of € 2,389 applied for DE – see *Tables 16 and 17*) or an underestimation of the budgetary cost related to the export of family benefits under the status quo scenario reported by the German Delegation (only an average annual amount exported per child of € 993 – see *Table 16*). This also applies to ES but involves only a small amount in absolute terms (from € 10,729 to € 30,261).

Source The authors' own calculations based on the questionnaire on the export of family benefits

Horizontal Option - Different coordination rules for salary-related child-raising allowances

Only a limited number of Member States have reported separate administrative data on their export of child-raising allowances. By Slovakia, a parental allowance was exported to 2,935 households amounting to a public spending of € 4.3 million (*Table 22*). Latvia reported the exportability of a parent's benefit to 100 households (or 0.8% of the total households entitled) amounting to a public spending of € 303,000 (or 0.4% of total export of family benefits). Romania reported the exportability of a child-raising benefit to 24 households. Finally, Hungary exported a child home care allowance to 118 households and a child-raising allowance to 2 households.

Table 22 Export of child raising allowances, 2013

	Name	Spending related to child-raising allowances (in Million €) (A)	Total spending on family benefits (in Million €) (B)	Share in total spending on family benefits (A/B)	Exported child-raising allowances (in €) (C)	Share in spending related to child-raising allowances (C/A)
DE	Parental benefit (<i>Elterngeld</i>)	5,105	38,805	13.2%		
LV	Parental benefit (<i>Vecaku pabalsts</i>)	71	169	41.9%	303,414	0.4%
HU	Child home care allowance (<i>Gyermekgondozási segély</i>)				11,403	
	Child Raising Support (<i>Gyermeknevelési támogatás</i>)				185	
RO	child raising benefit (indemnizatie pentru cresterea copilului)	346	1,001	34.5%	24 in 142,170 households (0.02%)	
SK	Parental allowance (<i>Rodičovský príspevok</i>)				4,292,122	

Source Based on the questionnaire on the export of family benefits

On the basis of the number of cross-border workers and their household composition (*by using LFS data*) the impact of this horizontal option has been estimated.⁴⁹ Under the status quo scenario cross-border workers with child(ren) and their partner will be entitled to a salary-related child-raising allowance. It implies a reference group of some 785 thousand persons at EU-level (*by selecting only those cross-border workers with a child aged less than 15 (column A) and by adding their partner*⁵⁰ (*column B*)).⁵¹ However, this reference group will be much smaller if only the Member States which have a child-raising allowance calculated by reference to salary or professional income are taken into consideration (17 Member States – see below). Moreover, it should be highlighted that only Bulgaria, Germany, Croatia and Finland permit that a right may be granted to a person despite not factually fulfilling the child-raising activity (i.e. derived rights).⁵²

It will result in a considerable decrease of the number of persons entitled if the salary-related child raising allowance would be treated as an individual and personal right (*only claimed by the cross-border who is subject to the applicable legislation in question and not by other members of their family*) as the reference group would decline by 40% at EU-level compared to the status quo scenario.

⁴⁹ A second group of persons concerned are of course intra-EU migrants who live in a Member State other than their child(ren).

⁵⁰ As not all cross-border workers with children live together as a couple (e.g. single).

⁵¹ However, in order to determine the competent Member State also the socio-economic position of the partner should be taken into consideration. Moreover, some households will be entitled to a child-raising allowance of the exporting Member State even if this Member State is not primarily competent. All these remarks are not taken into account and implies a possible overestimation of the reference group.

⁵² Based on De Coninck, J. (2015), *Reply to an ad hoc request for comparative analysis – Salary-related child-raising benefits*, FreSsco.

Table 23 Estimated number of cross-border workers with children and their family members entitled to a child-raising allowance, impact of horizon option on the number of persons entitled, 2013

Member State of employment	Cross-border workers with child aged less than 15 (A)	of which: couple with child aged less than 15 (B)	Total (= status quo) (A+B)	New option (individual right) (A)	% change
BE	26	17	43	26	-39.3%
BG	0	0	0	0	-50.0%
CZ	22	13	35	22	-36.2%
DK	11	10	21	11	-47.5%
DE	106	65	172	106	-38.1%
EE	1	1	1	1	-43.7%
IE	4	3	6	4	-43.4%
EL	4	1	5	4	-25.6%
ES	13	8	22	13	-38.5%
FR	24	17	41	24	-40.8%
HR	0	0	0	0	-45.3%
IT	28	13	41	28	-32.4%
CY	1	1	2	1	-40.1%
LV	0	0	0	0	-50.0%
LT	0	0	0	0	-20.0%
LU	83	66	149	83	-44.1%
HU	1	1	2	1	-39.5%
MT	0	0	0	0	-50.0%
NL	37	30	67	37	-44.5%
AT	50	33	84	50	-39.8%
PL	1	1	1	1	-35.4%
PT	1	1	2	1	-42.4%
RO	1	1	2	1	-50.0%
SI	4	1	5	4	-16.7%
SK	3	3	5	3	-47.8%
FI	7	6	13	7	-44.2%
SE	5	3	8	5	-41.3%
UK	33	22	55	33	-39.8%
EU-28	469	316	785	469	-40.3%
IS	0		0	0	0.0%
NO	17	13	30	17	-42.8%
CH	112	93	205	112	-45.3%

Source LFS

In addition, it is proposed by this option that no anti-overlapping rules would apply to salary-related child raising allowances 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. According to our information, the countries which have a child-raising allowance calculated by reference to salary or professional income are: Austria, Bulgaria, Denmark, Greece, Portugal, Croatia, Estonia, Spain, Finland, Germany, Hungary, Italy, Latvia, Lithuania, Romania, Slovenia and Sweden. No data collected within the framework of the Administrative Commission is available for the assessment of this 'no anti-overlapping rule'. However, based on the data available from ESSPROS and MISSOC some figures on the impact could be provided, but taking several assumptions into consideration. By dividing parental leave spending (figures for 2012 – no distinction could be made among income-related parental leave benefits and flat-rate parental leave benefits) by an assumed reference group of children aged 0 to 3 years an average expenditure per child has been obtained. The same exercise was already reported in Table 4 with regard to the child benefit spending were we assumed a reference group aged 0 to 17 years. Under current rules a supplement will be paid by the secondarily competent Member State if the amount of the income-related child-raising allowance in this country is higher than the amount already paid by the primarily competent Member

State. However, under this new option the person concerned will be entitled to the full amount paid by the Member State of employment (= secondarily competent Member State). By confronting the average supplement paid per child (status quo) with the full amount to be paid under the new option the percentage change in expenditure per benefit being exported could be calculated for the secondarily competent Member State.⁵³ We first only selected the exporting Member states which have an income-related child raising allowance or a mixed allowance (*Table 24a*). Results are reported for the export of the child-raising allowance to all Member States of residence and to a more selective group of Member States of residence which have also an income-related or a mixed child-raising allowance. This option will lead to an average increase in expenditure per average exported benefit of 62% in all Member States that provide a child-raising benefit in case the average child-raising allowance from all Member States of residence is taken into account and even to an average increase of 81% if only the Member States of residence which have an income-related or a mixed child-raising benefit are selected.⁵⁴ The same exercise has been repeated for a broader group of Member States which have an income-related child raising benefit, a flat-rate child raising benefit or a mixed benefit (*Table 24b*).

Table 24a Estimated impact of disapplying the anti-accumulation rules for income-related child-raising allowance, % change per benefit status quo compared to new option, selection: ***MSs with a salary-related child raising benefit or a mixed benefit***

	BG	DK	DE	EE	EL	ES	HR	IT	LV	LT	HU	AT	PT	RO	SI	FI	SE	Total
All MSs of residence	16 1%	n.a .	50 %	16 4%	14 1%	18 9%	86 %	n.a .	93 %	55 %	58 %	n.a .	n.a .	11 7%	37 %	57 %	21 0%	62 %
Only MSs of residence which have a salary-related or a mixed child raising benefit	25 8%	n.a .	66 %	26 5%	21 3%	33 1%	11 6%	n.a .	12 6%	72 %	77 %	n.a .	n.a .	16 3%	46 %	77 %	43 2%	81 %

Source ESSPROS and Eurostat

Table 24b Estimated impact of disapplying the anti-accumulation rules for income-related child-raising allowance, % change per benefit status quo compared to new option, selection: ***MSs with a salary-related child raising benefit, a flat rate child-raising benefit or a mixed benefit***

	B	B	C	D	D	E	E	E	F	H	IT	L	LT	L	H	A	P	P	R	SI	FI	S	N	To
	E	G	Z	K	E	E	L	S	R	R		V		U	U	T	L	T	O		E	O		tal
All MSs of residence	15 8%	16 1%	44 %	n.a .	50 %	16 4%	14 1%	18 9%	10 4%	86 %	n.a .	93 %	55 %	32 %	58 %	n.a .	11 0%	n.a .	11 7%	37 %	57 %	21 0%	10 1%	58 %
Only MSs of residence which have a salary-related child raising benefit, a flat-rate child-raising benefit or a mixed benefit	31 3%	32 1%	61 %	n.a .	71 %	32 7%	26 3%	38 8%	17 4%	13 3%	n.a .	15 0%	77 %	43 %	82 %	n.a .	18 6%	n.a .	20 4%	51 %	81 %	47 %	16 4%	84 %

Source ESSPROS and Eurostat

Also, a case study has been conducted with reference to the German parental allowance (*Elterngeld*) to analyse the economic impact of this change for Germany as a secondary competent Member State exporting a parental allowance. The parental allowance will differ according to the net income of the recipient. The average net income (taking into consideration the average personal net income for a person living in a family of two working parents with two children (one at 100% and the other at

⁵³ For instance in case a child-raising allowance is exported from Luxembourg (annual average amount per child: € 2,786) to Germany (annual average amount per child: 1,830) a supplement will be paid by Luxembourg of €955 under the current rules and an amount of € 2,786 under the new option.

⁵⁴ The average increase per exporting Member State is based on the percentage change between the sum of supplements paid to an entitled person under the baseline scenario living in another EU-28/EFTA country or in one of the selected countries and the sum of the average amounts paid per entitled person under the new option (will always be the same amount).

67% of the average wage in the Member State of residence)) of the Member State of residence has been taken into account as well as the minimum and maximum ceiling of the benefit.⁵⁵ According to this analysis the increase in Germany's expenditure per benefit would range from 24% to Poland (increase from €383 to €476) to more than 250% in the case of Austria (increase from €405 to €1,428 paid to the family). Please notice, that only 14 Member States have a child-raising allowance calculated by reference to salary or professional income (see above).

Table 25 Estimated impact of disapplying the anti-accumulation rules for income-related child-raising allowance, % change status quo compared to new option

Germany: Parental allowance (*Elterngeld*): The parental allowance replaces the available monthly net income that the child-raising parent lost after the birth by a percentage rate which is dependent on the amount of the relevant income prior to confinement. For a net income between €1,000 and €1,200 prior to confinement, the percentage rate corresponds to 67%. The replacement rate decreases by 0.1% down to minimum of 65% for every €2 by which the net income exceeds €1,200. Therefore, the replacement rate for a net income of €1,240 or more is 65%. The replacement rate increases by 0.1% up to a maximum of 100% for every €2 by which the income is below €1,000. The parental allowance amounts to at least €300 and at most €1,800. In case of multiple births, the parental allowance is raised by €300 for every sibling from the multiple birth. Families with several children can receive a sibling's bonus to the amount of 10% of the parental allowance they are entitled to, which is at least €75 per month (MISSOC).

MS of residence	Child-raising allowance MS of residence (not exhaustive list) (MISSOC)	Monthly net earnings	Percentage (min: 65% and max: 100%)	Amount (min: € 300 and max: € 1,800)	Status quo	New option	%change
BE	771	2,138	65%	1,389	618	1,389	125%
BG	174	289	100%	300	126	300	138%
CZ		707	80%	563			
DK		2,439	65%	1,586			
DE		2,153	65%	1,399			
EE	1,452	697	80%	558	0	558	
IE		2,054	65%	1,335			
EL		1,269	65%	825			
ES		1,468	65%	954			
FR	391	1,977	65%	1,285	895	1,285	44%
HR	347	652	82%	537	190	537	182%
IT		1,571	65%	1,021			
CY							
LV	171	493	90%	445	274	445	62%
LT		425	94%	399			
LU	485	3,149	65%	1,800	1,315	1,800	37%
HU		525	89%	466			
MT		1,270	65%	826			
NL		2,549	65%	1,657			
AT	1023	2,197	65%	1,428	405	1,428	253%
PL	93	541	88%	476	383	476	24%
PT		957	67%	643			
RO		303	100%	303			
SI		937	68%	639			
SK	203	592	85%	505	302	505	67%
FI		2,245	65%	1,460			
SE	317	2,525	65%	1,641	1,324	1,641	24%
UK		2,339	65%	1,521			
IS		1,981	65%	1,288			
NO		3,495	65%	1,800			
CH		4,456	65%	1,800			

Source ESSPROS and Eurostat

Summary

Partial view on the budgetary impact on the exporting Member States

A total amount of exported child benefits of € 941.8 million was reported by 17 exporting Member States under the current rules (*Table 26*). The budgetary impact

⁵⁵ The income earned in the exporting MS is a better indicator. However, no figures are available on the average income of cross-border workers (which is an important reference group). Also because this will be an individual right under the new option.

Export of family benefits

decreases under Sub-option 1a (-15.9%) and even further under Sub-option 1b (-16.6%) if there is an adjustment of the amount of exported family benefits to the cost of living in the Member State of residence of the child(ren). The budgetary impact of these sub-options will mainly be determined by the distribution of the exported family benefits to the Member States of residence of the child(ren), the cost of living in these Member States and the differences with the exporting Member State. Sub-option 2b even corrects the expenditure for exporting Member States which show a low cost of living compared to the Member States of residence of the child(ren). Belgium, the Czech Republic, Germany, Ireland, Spain, Luxembourg, the Netherlands, Austria, Finland, Iceland and Norway already experience a decrease of expenditure under Sub-option 1a. Under Sub-option 1b also for Estonia, Latvia, Hungary, Poland and Slovakia a budgetary decrease is observed compared to the status quo scenario. A change of the current priority rules so that a supplement should be paid only by the exporting Member State even results to a decrease by 30.9% of expenditure compared to the status quo scenario (excluding some Member States which did not provide a breakdown per Member State of residence of the children). It reflects to a high extent the shift of the expenditure from the exporting Member State towards the Member State of residence of the child(ren). However, this shift is only partially realised as the level of the family benefit in the main exporting Member States is most of the time (much) higher than this of the main Member States of residence of the child(ren).

Table 26 Estimated budgetary impact of the options on the exporting Member States

	<i>Status quo</i>	<i>Sub-option 1a</i>		<i>Sub-option 1b</i>		<i>Option 3**</i>	
	Amount in €	Amount in €	% change	Amount in €	% change	Amount in €	% change
BE	83,566,755	77,558,696	-7.2%	77,281,208	-7.5%	37,566,519	-55.0%
BG							
CZ	951,041	947,065	-0.4%	945,934	-0.5%	71,712	-92.5%
DK	24,383,654	17,416,896	-28.6%	17,416,896	-28.6%		
DE	105,759,924	71,251,668	-32.6%	69,861,782	-33.9%	169,428,065	60.2%
EE	573,075	787,109	37.3%	558,900	-2.5%	4,739	-99.2%
IE	11,576,760	7,078,949	-38.9%	7,076,728	-38.9%	6,517,702	-43.7%
EL							
ES	10,729	9,018	-15.9%	8,599	-19.9%	30,261	182.0%
FR							
HR							
IT							
CY							
LV	107,478	151,377	40.8%	107,478	0.0%		
LT							
LU	476,900,069	413,610,450	-13.3%	413,438,010	-13.3%	281,947,287	-40.9%
HU	336,232	406,584	20.9%	335,278	-0.3%	0	-100.0%
MT							
NL	35,622,000	26,376,682	-26.0%	26,268,245	-26.3%	5,310,060	-85.1%
AT	147,322,836	137,684,893	-6.5%	137,684,893	-6.5%		
PL	3,995,406	7,009,485	75.4%	3,995,406	0.0%		
PT							
RO							
SI							
SK	1,544,876	2,079,134	34.6%	1,536,648	-0.5%	16,275	-98.9%
FI	19,359,180	15,057,470	-22.2%	14,680,971	-24.2%	8,134,181	-58.0%
SE							
UK						13,583,613	
IS	116,339	63,209	-45.7%	63,209	-45.7%	51,308	-55.9%
LI							
NO	29,660,573	14,578,887	-50.8%	14,578,421	-50.8%		
CH							
Total	917,403,273	774,650,678	-15.6%	768,421,711	-16.2%	522,661,722	-30.9%***

* No data available for BG, FR, HR, IT, CY, LT, MT, AT, PT, RO, SI, SE, UK, LI and CH.

** DK, PL, LV, AT and NO did not provide a breakdown by Member State of residence of the children

*** Numeration: excl. UK; denominator: excl. DK, PL, LV, AT and NO.

Source The authors' calculations based on the questionnaire on the export of family benefits

'Complete' view on the budgetary impact related to the coordination of family benefits

The total expenditure related to the coordination of family benefits is broader than only the expenditure related to the export of family benefits. The expenditure of the Member State of residence of the child(ren) should also be taken into consideration.

The expenditure of the Member State of residence under Option 3 could be compared with the expenditure of the Member State of residence under the status quo scenario. Therefore, more detailed information on the number of family benefits exported as the primarily and as secondarily competent Member State is required. However, only eight Member States (LU, DE, HU, DK, CZ, EE, NL and IS) provided such detailed information.

Under the status quo scenario the Member State of residence might pay a supplement as the secondarily competent Member State (reference group of 182,825 children reported by eight Member States, including LU) and the family benefit as the primarily competent Member State (reference group of 102,994 children reported by eight Member States, including LU) (*Table 27*). Only when the amount of the child benefit of the Member of residence of the child(ren) is higher than this of the exporting Member State will a supplement be paid by the Member State of residence of the child(ren) (*Table 28*). The expenditure of the Member State of residence of the child(ren) under the status quo scenario is estimated at €175.6 million (including only eight reporting Member States).

Export of family benefits

Table 27 Export of child benefits, number of family members involved, breakdown per primarily and secondarily competences of the exporting Member State, 2013/2014

Member State of residence of the child (ren)	Exporting Member State																											
	1st com p.	2nd com p.	Total	1st com p.	2nd com p.	Total	1st com p.	2nd com p.	Total	1st com p.	2nd com p.	Total	1st com p.	2nd com p.	Total	1st com p.	2nd com p.	Total	1st com p.	2nd com p.	Total	1st com p.	2nd com p.	Total				
BE	14,2	20,6	34,97	566	379	945	2		2	13	20	33			0		1	1	7,63	1,29	8,92			0	22,51	22,36	44,88	
BG	1	6	7	1,79	569	2,362			0	2	0	2			0			0	157	0	157			0	1,953	575	2,528	
CZ	474	68	542	5,00	567	5,575	1		1	2,12	275	2,4			0			0	181	74	255	3		3	7,796	984	8,780	
DK	13	5	18	140	86	226			0	13	12	25			0			0	20	0	20			0	186	103	289	
DE	12,6	13,4	26,13	69	65	4	1	1	2	30	254	284	2		2			12	6,52	692	7,22			0	19,23	14,42	33,65	
EE	2	0	2	61	16	77			0	0	0	0			0			66	24	22	46	3		3	156	38	194	
IE	10	3	13	49	25	74			0	37	31	68			0			3	47	1	48			0	143	63	206	
EL	4	1	5	2,67	710	3,387			0	23	1	24			0			0	131	9	140			0	2,835	721	3,556	
ES	62	14	76	81	162	243			0	74	15	89			0			0	544	107	651			0	761	298	1,059	
FR	37,6	24,5	62,14	19	24	3	5		5	34	22	56			0			1	445	39	484			0	54,39	24,84	79,24	
HR	3	0	3	247	57	304			0	0	0	0			0			0	34	1	35			0	284	58	342	
IT	54	11	65	3,57	308	3,887	3		3	131	43	174			0			0	187	16	203			0	3,954	378	4,332	
CY	0	0	0	3	0	3			0	3	1	4			0			0	5	1	6			0	11	2	13	
LV	0	1	1	529	188	717			0	2	0	2			0			3	85	58	143	4	2	6	620	252	872	
LT	1	0	1	745	72	817			0	1	0	1			0			23	123	75	198	5		5	875	170	1,045	
LU	0	0	0	55	2	57			0	7	26	33			0			0	23	3	26			0	85	31	116	
HU	21	25	46	1,60	2,33	3,942			0	96	26	122			0			0	190	49	239			0	1,915	2,434	4,349	
MT	0	0	0	2	0	2			0	0	0	0			0			4	9	8	17			0	11	8	19	
NL	273	318	591	2,35	4,07	6,428			0	53	49	102			0			4	9	8	17			0	2,683	4,442	7,125	
AT	26	14	40	2,03	125	2,160			0	655	2,22	2,8			12			0	53	6	59			0	2,781	2,371	5,152	
PL	1,01	31	1,044	33,5	13,7	47,27			0	42	13	55			91	9	100	1	10,5	6,63	17,1	76	5	81	45,33	20,40	65,73	
PT	3	966	1,136	64	09	3			0	0	1	1			0			0	44	7	81			0	0	0	5	
RO	170	9	1,851	1,37	472	1,851			0	0	1	1			0			0	303	47	350			0	1,852	1,486	3,338	
SI	38	51	89	3,30	2,42	5,727	21	20	41	7	6	13			0			0	162	38	200			0	3,531	2,539	6,070	
SK	1	1	2	87	89	176	5		5	12	5	17			0			0	14	1	15			0	119	96	215	
SE	105	178	283	1,01	1,15	2,167	1,06	617	1,6	0	0	0	3,87	606	4,4			0	414	197	611	3	13	16	6,470	2,768	9,238	
FI	3	6	9	64	41	105			0	7	7	14			0			347	14	1	15			0	88	402	490	
SE	32	47	79	84	23	107			0	4	13	17			0			14	76	8	84			0	196	109	305	
UK	65	9	74	888	155	1,043			0	125	117	242			0			11	399	19	418			0	1,477	314	1,791	
IS	9	0	9	4	0	4			0	2	2	4			0			0	0	0	0	5		5	20	2	22	
LI	0	0	0	3	0	3			0	2	0	2			0			0	0	0	0			0	5	0	5	
N	0	4	4	23	7	30			0	42	46	88			0			51	32	5	37			0	97	113	210	
O									0						0			0							0			
CH	102	11	113	216	91	307			0	8	81	89			0			0	130	7	137			0	456	190	646	
To	67,0	60,4	127,5	78,4	28,1	106,5	1,10	645	1,7	3,55	3,29	6,8	3,98	615	4,5			66	28,5	9,41	37,9	99	20	119	182,8	102,9	285,8	
t.	67	33	00	50	02	52	0	45	45	4	2	46	1	96	96			537	08	6	24			25	94	19		

Source The authors' own calculations based on the questionnaire on the export of family benefits

Export of family benefits

Table 28 Estimated expenditure of the Member State of residence of the child(ren) under the status quo scenario, 2013/2014

	Exporting Member State																								Total	
	LU			DE			HU			SK			CZ			EE			NL			IS				
Member State of residence of the child(ren)	4,109 1st comp.	4,109 2nd comp.	Total	2,389 1st comp.	2,389 2nd comp.	Total	75 1st comp.	75 2nd comp.	Total	196 1st comp.	196 2nd comp.	Total	212 1st comp.	212 2nd comp.	Total	401 1st comp.	401 2nd comp.	Total	940 1st comp.	940 2nd comp.	Total	1,032 1st comp.	1,032 2nd comp.	Total		
2,207180	B	45,627,518	45,627,518	836,453	836,453	836,453	4,264	0	4,264	26,143	44,140	70,283			0		2,207	2,207	9,672,278	2,858,065	12,530,343	0	0	0	59,071,068	
180	B	1,080	1,080	102,420	102,420	102,420		0	0		0	0			0		0	0	0	0	0	0	0	0	103,500	
212	CZ	14,416	14,416	120,204	120,204	120,204	137	0	137	34,064	58,300	92,364			0		0	0		15,688	15,688			0	0	242,809
2,165	D	7,875	7,875	135,450	135,450	135,450		0	0	17,927	18,900	36,827			0		0	0	12,700	0	12,700			0	0	192,852
2,389	DE	32,172,647	32,172,647	0	0	0	2,314	2,389	4,704	65,801	606,896	672,696	4,355		4,355		28,672	28,672	9,461,381	1,653,433	11,114,813			0	0	43,997,887
401	EE	0	0	6,416	6,416	6,416		0	0	0	0	0	4,355		4,355		0	0	-12,936	8,822	-4,114				409	
1,626	IE	4,878	4,878	40,646	40,646	40,646		0	0	52,904	50,401	103,305			0		4,878	4,878	32,234	1,626	33,860				187,566	
147	IE	147	147	104,436	104,436	104,436		0	0		147	147			0		0	0		1,324	1,324			0	0	106,054
926	LE	12,957	12,957	149,935	149,935	149,935		0	0	53,985	13,883	67,868			0		0	0		99,031	99,031			0	0	329,792
1,603	SFR	39,311,972	39,311,972	421,589	421,589	421,589	7,640	0	7,640	47,838	35,266	83,104			0		1,603	1,603	295,035	62,517	357,552			0	0	40,183,460
575	HR	0	0	32,756	32,756	32,756		0	0	0	0	0			0		0	0		575	575			0	0	33,331
688	IT	7,568	7,568	211,904	211,904	211,904	1,839	0	1,839	64,452	29,584	94,036			0		0	0		11,008	11,008			0	0	326,355
695	IT	0	0	0	0	0		0	0	1,496	695	2,190			0		0	0		695	695			0	0	2,885
140	LV	140	140	26,320	26,320	26,320		0	0		0	0			0		420	420		8,120	8,120			280	280	35,280
229	LV	0	0	16,488	16,488	16,488		0	0		0	0			0		5,267	5,267		17,175	17,175			0	0	38,930
4,109	LU	0	0	94,581	8,218	102,799		0	0	27,391	106,834	134,225			0		0	0	72,887	12,327	85,214			0	0	322,238
75	HU	1,875	1,875	175,050	175,050	175,050		0	0		1,950	1,950			0		0	0		3,675	3,675			0	0	182,550
614	MT	0	0	0	0	0		0	0	0	0	0			0		0	0		4,911	4,911			0	0	4,911
940	NL	298,920	298,920	3,826,740	3,826,740	3,826,740		0	0	39,432	46,060	85,492			0		3,760	3,760	0	0	0			0	0	4,214,912
2,306	AT	32,284	32,284	288,250	288,250	288,250		0	0	1,382,050	5,133,156	6,515,206	25,128		25,128		0	0	72,398	13,836	86,234			0	0	6,947,102
733	PL	22,726	22,726	10,049,927	10,049,927	10,049,927		0	0	22,558	9,530	32,088	25,128		25,128		733	733		4,865,516	4,865,516			3,665	3,665	15,028,673
477	PT	460,412	460,412	224,963	224,963	224,963		0	0	0	477	477			0		0	0		22,401	22,401			0	0	708,253
181	RO	9,231	9,231	438,744	438,744	438,744	2,226	3,620	5,846		1,086	1,086			0		0	0		6,878	6,878			0	0	461,785
706	SI	706	706	62,834	62,834	62,834	3,155	0	3,155	6,120	3,530	9,650			0		0	0		706	706			0	0	77,051
196	SK	34,888	34,888	226,772	226,772	226,772	128,502	120,932	249,434	0	0	0	118,776		118,776		0	0		38,612	38,612			2,548	2,548	671,030
1,389	FI	8,337	8,337	56,968	56,968	56,968		0	0	8,354	9,726	18,080			0		482,141	482,141	6,292	1,389	7,682			0	0	573,208
1,454	IS	68,338	68,338	33,442	33,442	33,442		5,816	5,816	5,032	18,902	23,934			0		20,356	20,356	39,064	11,632	50,696			0	0	202,582
1,113	UK	10,017	10,017	172,515	172,515	172,515		3,339	3,339	114,625	130,221	244,846			0		12,243	12,243		21,147	21,147			0	0	464,107
1,0	LI	0	0	0	0	0		0	0	1,672	2,064	3,736			0		0	0	0	0	0			0	0	3,736

Export of family benefits

		Exporting Member State															Total									
		LU			DE			HU			SK			CZ				EE			NL			IS		
32 4,4 69 1,8 02 1,4 96	S L I N O C H T o t	1st comp.	2nd comp.	Total	1st comp.	2nd comp.	Total	1st comp.	2nd comp.	Total	1st comp.	2nd comp.	Total	1st comp.	2nd comp.	Total	1st comp.	2nd comp.	Total	1st comp.	2nd comp.	Total	1st comp.	2nd comp.	Total	
				4,109			2,389			75	75		196	196		212	212		401	401		940	940		1,032	1,032
		0	0	6,239	0	0	6,239	0	0	8,546	0	8,546	0	0	0	0	0	0	0	0	0	0	0	0	0	14,785
		7,208	7,208	12,614	12,614	0	0	67,452	82,892	150,344	0	0	0	91,902	91,902	27,584	9,010	36,594	0	0	0	0	0	0	298,662	
		16,456	16,456	100,820	136,136	236,956	0	0	10,400	121,176	131,576	0	0	0	0	72,280	10,472	82,752	0	0	0	0	0	0	467,740	
																									175,495,501	

Source The authors' own calculations based on the questionnaire on the export of family benefits

This expenditure under the status quo scenario could be compared to the expenditure of the Member State of residence of the child(ren) under Option 3. If under this option only the eight reporting Member States of the status quo scenario are taken into consideration a total expenditure of € 391.4 million is obtained (compared to a total expenditure for all Member State of residence under this option of € 497.4 million). This implies that the expenditure of the Member States of residence of the child(ren) will increase by 123% under Option 3 compared to the status quo scenario (selecting only eight reporting Member States) (*Table 29*). Especially France, Poland, Belgium and Germany will experience a much higher expenditure in absolute terms.

Table 29 Estimated expenditure of the Member State of residence of the child(ren) under the status quo scenario and Option 3

	Cost as MS of residence under status quo scenario (only 8 exporting MSs)	Cost as MS of residence under Option 3 (only 8 exporting MSs)	% change
BE	59,071,068	99,052,367	67.7%
BG	103,500	455,040	339.7%
CZ	242,809	1,861,360	666.6%
DK	192,852	455,175	136%
DE	43,997,887	80,411,307	82.8%
EE	409	77,794	18920.5%
IE	187,566	334,922	78.6%
EL	106,054	523,064	393.2%
ES	329,792	980,132	197.2%
FR	40,183,460	127,023,323	216.1%
HR	33,331	196,536	489.7%
IT	326,355	2,979,728	813.0%
CY	2,885	9,029	213.0%
LV	35,280	122,080	246.0%
LT	38,930	239,305	514.7%
LU	322,238	476,644	47.9%
HU	182,550	326,175	78.7%
MT	4,911	11,663	137.5%
NL	4,214,912	6,697,500	58.9%
AT	6,947,102	11,880,512	71.0%
PL	15,028,673	48,189,652	220.7%
PT	708,253	1,590,947	124.6%
RO	461,785	1,098,127	137.8%
SI	77,051	151,790	97.0%
SK	671,030	1,786,344	166.2%
FI	573,208	680,833	18.8%
SE	202,582	443,470	118.9%
UK	464,107	1,993,383	329.5%
IS	3,736	22,704	507.7%
LI	14,785	22,345	51.1%
NO	298,662	378,420	26.7%
CH	467,740	966,416	106.6%
Total	175,495,501	391,438,089	123.0%

Source The authors' own calculations based on the questionnaire on the export of family benefits

By taking together both the expenditure as exporting Member State (*see Table 26*) and Member State of residence (*see Table 29*) the total expenditure related to the coordination of family benefits could be estimated. It is to be noted that the expenditure of the Member of residence is only based on the export of eight Member States in order to guarantee the comparability between the status quo scenario and Option 3. Although the total expenditure related to Option 3 without making this selection is reported as well (*see also Table 21*). Belgium, Denmark,²³ Estonia, Ireland, Latvia,⁵⁶ Luxembourg, the Netherlands, Austria,²³ Slovakia, Finland, Iceland and Norway²³ experience a lower budgetary cost compared to the status quo scenario.

⁵⁶ DK, LV, AT, PL and NO: No figures are available as exporting Member State under Option 3. This implies that the total cost under Option 3 is underestimated.

Export of family benefits

This in contrast to the Czech Republic, Germany,⁵⁷ Spain⁵⁸ and Poland²³ (and probably also France taking into account the high number of exported family benefits to FR)⁵⁹ who will experience a higher budgetary cost.

Table 30 Total estimated expenditure related to the coordination of family benefits under the status quo scenario and Option 3

	Status quo			Option 3			Total all MSs	% change (B-A)/A
	Exporting MS	MS of residence (only 8 exporting MSs)	Total (A)	Exporting MS	MS of residence (only 8 exporting MSs)	Total (B)		
BE	83,566,755	59,071,068	142,637,823	37,559,439	99,052,367	136,611,806	137,395,750	-4.2%
BG							556,380	
CZ	951,041	242,809	1,193,850	71,712	1,861,360	1,933,072	2,009,816	61.9%
DK	24,383,654	192,852	24,576,506	n.a.	455,175	455,175	760,725	-98.1%
DE	105,759,924	43,997,887	149,757,811	169,294,725**	80,411,307	249,706,033	253,705,347	66.7%
EE	573,075	409	573,484	4,739	77,794	82,533	2,288,033	-85.6%
IE	11,576,760	187,566	11,764,326	6,517,702	334,922	6,852,624	11,057,035	-41.8%
EL							565,132	
ES	10,729	329,792***	340,521	30,261**	980,132***	1,010,393	3,351,048	196.7%
FR							179,308,374	
HR							259,750	
IT							3,764,048	
CY							75,012	
LV	107,478	35,280	142,758	n.a.	122,080	122,080	321,020	-
LT							737,151	14.5%*
LU	476,900,069	322,238	477,222,307	281,936,667	476,644	282,413,311	283,126,570	-40.8%
HU	336,232	182,550	518,782	0	326,175	326,175	365,625	-37.1%
MT							33,763	
NL	35,622,000	4,214,912	39,836,912	5,310,060	6,697,500	12,007,560	18,525,520	-69.9%
AT	147,322,836	6,947,102	154,269,938	n.a.	11,880,512	11,880,512	12,267,920	-
PL	3,995,406	15,028,673	19,024,079	n.a.	48,189,652	48,189,652	70,746,823	92.3%*
PT							2,015,136	153.3%*
RO							1,345,554	
SI							185,678	
SK	1,544,876	671,030	2,215,906	16,275	1,786,344	1,802,619	2,091,131	-18.7%
FI	19,359,180	573,208	19,932,388	8,134,181	680,833	8,815,014	8,860,866	-55.8%
SE							2,692,808	
UK							18,729,012	
IS	116,339	3,736	120,075	51307.73334	22704	74,012	95,684	-38.4%
LI							22,345	
NO	29,660,573	298,662	29,959,235	n.a.	378420	378,420	1,099,220	-
CH							1,680,008	98.7%*
Tota	941,786,927	132,299,772	1,074,086,699	522,661,722	253,733,922	776,395,644	1,020,038,283	-
I								27.7%*

* No figures are available for DK, LV, PL, AT and NO as exporting Member State under Option 3. This implies that the total cost under Option 3 is underestimated! If we exclude those countries a total percentage change of **-15.4%** is obtained.

** The amount related to the export of family benefits to be paid by DE under this option is higher compared to the amount (€ 106 million) under the status quo scenario. This is not possible in practice and is the result of an overestimation of the supplement to be paid by DE (average annual amount per child of € 2,389 applied for DE – see *Tables 16 and 17*) or an underestimation of the budgetary cost related to the export of family benefits under the status quo scenario reported by the German Delegation (only an average annual amount exported per child of € 993 – see *Table 16*). This also applies to ES but involves only a small amount in absolute terms (from € 10,729 to € 30,261).

⁵⁷ As already mentioned, the expenditure for DE as exporting Member State is higher under Option 3 compared to the status quo scenario. This is not possible in practice.

⁵⁸ ES: The cost to be paid as the Member State of residence is probably overestimated taking into account the selective income-tested child benefit scheme of ES.

⁵⁹ The total cost to be paid by FR under Option 3 was estimated at € 179 million (see *Table 30*). For instance, CLEISS has reported an amount related to the export of family benefits of € 9.5 million for 2013.

Export of family benefits

*** The cost to be paid as Member State of residence is probably overestimated taking into account the selective income-tested child benefit scheme of Spain.

Source The authors' own calculations based on the questionnaire on the export of family benefits

The impact of the export of child benefits on total expenditure is quite limited for most of the Member States under the current rules. On average 1.6% of total public spending on child benefits of 16 reporting Member States could be related to the export of it. Luxembourg is an important 'outlier' with regard to the export of child benefits. Almost 50% of the amount of child benefits paid by Luxembourg was exported abroad. When total expenditure related to the coordination of family benefits is taken into account (amount paid as the exporting Member State but also as the Member State of residence of the child(ren)) the budgetary impact on total expenditure will be higher. A change to another option has on average no significant impact on the public spending on family benefits. Only Luxembourg will experience an important decrease in public spending if the Member State of residence of the child(ren) would become primarily competent. This in contrast to Poland (and probably also FR taking into account the high number of exported family benefits to FR), which will experience a much higher public spending if the Member State of residence of the child(ren) would become primarily competent.

Export of family benefits

Table 31 Budgetary impact as the share of total expenditure on family benefits, 2013/2014

	Status quo	Sub-option 1a	Sub-option 1b	Option 3 (only export)	Status quo broad def. (selective)	Option 3 broad def. (selective)	Option 3 broad def. (all MSs)
B	1.9%	1.7%	1.7%	0.8%	3.2%	3.0%	3.1%
E							
B							
G							
C	0.1%	0.1%	0.1%	0.0%	0.1%	0.2%	0.2%
Z							
D	1.3%	0.9%	0.9%	n.a.	1.3%	0.02%*	0.04%*
K							
D	0.3%	0.2%	0.2%	0.5%**	0.4%	0.7%**	0.8%**
E							
E	0.6%	0.8%	0.6%	0.0%	0.6%	0.1%	2.3%
E							
I	0.6%	0.4%	0.4%	0.3%	0.6%	0.4%	0.6%
E							
E							0.7%
L							
E	0.001%	0.001%	0.001%	0.002%**	0.03%	0.1%**	0.3%**
S							
F							
R							
H							
R							
I							
T							
C							
Y							
L	0.3%	0.4%	0.3%	n.a.	0.3%	0.3%*	0.7%*
V							
L							
T	47.4%	41.1%	41.1%	28.0%	47.5%	28.1%	28.2%
L							
U	19.2%	23.3%	19.2%	0.0%	29.7%	18.7%	20.9%
H							
U							
M							
T							
N	1.1%	0.8%	0.8%	0.2%	1.2%	0.4%	0.6%
L							
A	3.4%	3.2%	3.2%	n.a.	3.6%	0.3%*	0.3%*
T							
P	0.2%	0.4%	0.2%	n.a.	1.1%	2.8%*	4.1%*
L							
P							
T							
R							
O							
S							
I							
S							
K	1.3%	1.0%	1.0%	0.5%	1.3%	0.6%	0.6%
F							
I							
S							
E							
U							
K	0.2%	0.1%	0.1%	0.1%	0.2%	0.1%	0.2%
I							
S							
L							
I							
N	1.7%	0.8%	0.8%	n.a.	1.7%	0.02%*	0.06%*
O							
C							
H							

* No figures are available for DK, LV, PL, AT and NO as exporting Member State under Option 3. This implies that the total cost under Option 3 is underestimated!

** DE and ES: this is probably an overestimation of the budgetary impact.

Source The authors' own calculations based on the questionnaire on the export of family benefits

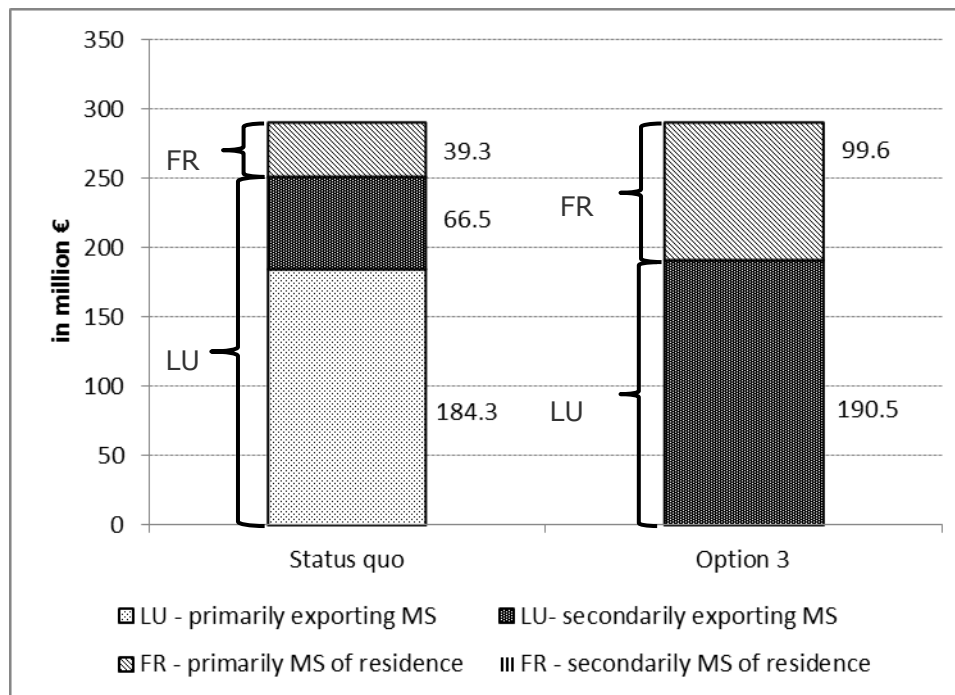
Impact of bilateral flows on the budgetary impact of the exporting Member State and the Member State of residence of the children: 2 specific cases

The budgetary impact of the application of a reversed order of competence (Option 3) on the exporting Member State and on the Member State of residence of the child(ren) is visualised below for two main flows of exported family benefits, representing together almost a third of total reported expenditure on the export of family benefits.

1) From Luxembourg to France

Luxembourg has exported 62,164 family benefits to children living in France representing an amount of € 250.7 million. 37,619 children living in France received a family benefit from Luxembourg as the primarily competent Member State representing a total amount of € 184.3 million and another group of 24,524 children living in France received a family benefit from Luxembourg as the secondarily competent Member State representing a total amount of € 66.5 million. The latter already received an estimated amount of € 39.3 million from France as the primarily competent Member State. No supplement should be paid by France as the Member State of residence given that the level of the family benefit in Luxembourg (average annual amount of € 4,109 per child) is higher compared to France (average annual amount of € 1,603 per child). Under Option 3 France as the Member State of residence of the children will be competent to pay a family benefit to the total group of 62,164 children. By taking into consideration an average annual amount of € 1,603 per child, France will pay an estimated total amount of € 99.6 million. Afterwards a supplement of € 190.5 million will be paid by Luxembourg in order to ensure that the child receives the same amount under this option as under the current rules. This implies that Luxembourg has to pay a lower but still significant amount under Option 3 despite the fact that it only has to pay a supplement. This is the result of a much higher family benefit paid by Luxembourg compared to France.

Figure 8 Estimated budgetary impact of the export of family benefits from Luxembourg to France



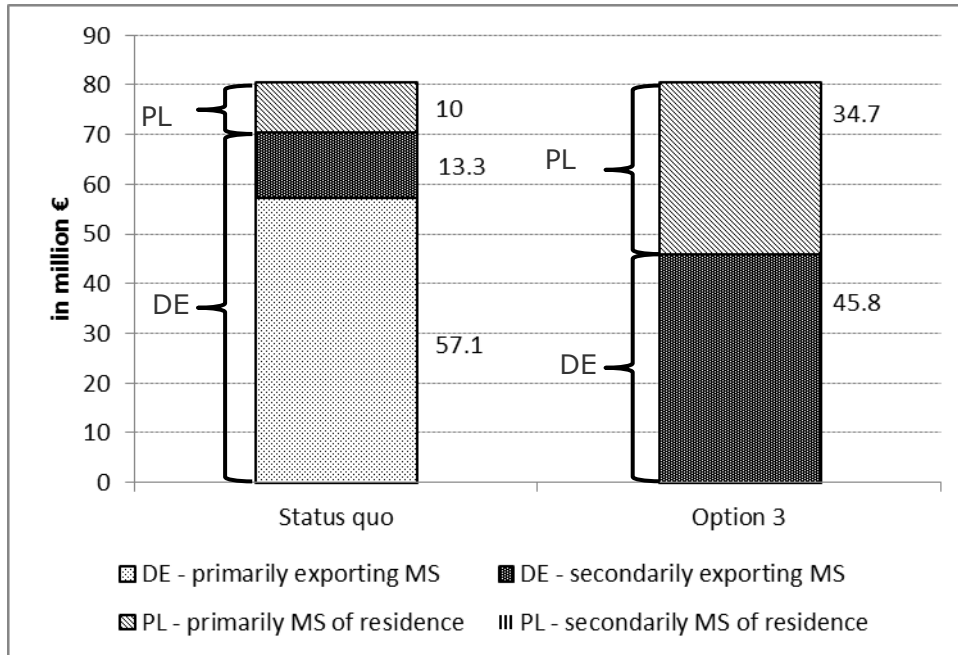
* The amount paid by LU under Option 3 is higher compared to the amount reported in Table 19 since total spending on the export of family benefits of both options should be equal to each other.

Source The authors' own calculations based on the questionnaire on the export of family benefits

2) From Germany to Poland

Germany has exported 47,273 family benefits to children living in Poland representing an amount of € 70.4 million. 33,564 children living in Poland received a family benefit from Germany as the primarily competent Member State, representing an estimated total amount of € 57.1 million, and another group of 13,709 children living in Poland received a family benefit from Germany as the secondarily competent Member State representing a total estimated amount of € 13.3 million. The latter already received an estimated amount of € 10 million from Poland as the primarily competent Member State. No supplement should be paid by Poland as the Member State of residence given that the level of the family benefit in Germany (average annual amount of € 2,389 per child) is higher compared to Poland (average annual amount of € 733 per child). Under Option 3 Poland as the Member State of residence of the children will be competent to pay a family benefit to the total group of 47,273 children. By taking into consideration an average annual amount of € 733 per child, Poland will pay an estimated total amount of € 34.7 million. Afterwards a supplement of € 45.8 million will be paid by Germany in order to ensure that the child receives the same amount under this option as under the current rules. This implies that Germany has to pay a lower but still significant amount under Option 3 despite the fact that it only has to pay a supplement. This is the result of a much higher family benefit paid by Germany compared to Poland.

Figure 9 Estimated budgetary impact of the export of family benefits from Germany to Poland



* The amount paid by DE under Option 3 is lower compared to the amount reported in Table 19 since total spending on the export of family benefits of both options should be equal to each other.

Source The authors' own calculations based on the questionnaire on the export of family benefits

CONCLUSIONS

Chapter 8 of Regulation (EC) No 883/2004 on the coordination of social security systems covers the EU provisions on the coordination of family benefits. If family members live in a Member State other than where the insured person works and/or resides, family benefits could in some cases be exported to these family members. Since entitlement to family benefits might arise in more than one Member State (based on residence, employment or receipt of a pension) some priority rules are defined in order to determine the 'primarily competent Member State'. In this respect, rights available on the basis of employment have first priority. However, when there is employment in two different Member States, it is the Member State of residence of the children that will become primarily competent for the payment of the family benefits. Also, a Member State might have to pay a supplement (corresponding to the difference between the two benefits) as the 'secondarily competent Member State' if the family benefit paid by the competent Member State is lower than the family benefit the entitled person would have received from the other Member State.

In the framework of an impact assessment of a revision of Regulation (EC) Nos 883/2004 and 987/2009 by the end of 2015, the Commission requires a preparatory study on the economic impact of an amendment to the rules of the export of family benefits. The Commission proposed several alternative options, to be compared with the current situation, i.e. the 'status quo'.

- **Status quo;**
- **Option 1** – Adjustment of the exported family benefit to the living standards.
 - **Option 1a** - Adjustment of the exported family benefit to the living standards (upwards and downwards).
 - **Option 1b** - Adjustment of the exported family benefit to the living standards (ceiling).
- **Option 2** – No export (discarded).
- **Option 3** – A reverse order of competence.
- **Horizontal Option** - Different coordination rules for salary-related child-raising allowances.

Three different types of public spending on family benefits could be defined, in particular benefits in cash, benefits in kind and tax expenditure towards families. However, the analysis of the economic impact of the options has in particular focused on the characteristics of the child benefit schemes. These benefits vary in many Member States with the child's age and/or with the number of children, and even eleven Member States have implemented a means-test. Public spending on child benefits varies markedly across the 'old' and 'new' Member States, but also across welfare state regimes. Especially the EU-15 Bismarck-oriented countries show a high level of public spending on child benefits. These differences in characteristics of the child benefits schemes, but also the distribution of means between benefits in cash or in kind and the tax system will have an impact on the national expenditure of child benefits and as a consequence on their export.

A questionnaire on the export of family benefits was launched within the Administrative Commission in order to obtain a view on the budgetary impact of the current rules, but also to use the reported figures for the calculation of the alternative options. 19 Member States were able to provide more detailed data on the export of family benefits of which 17 Member States provided data on the amount of exported family benefits. It follows that the same caution is required when drawing general conclusions on the economic impact of the different options.

A total amount of exported child benefits of € 941.8 million was reported by 17 exporting Member States under the current rules. The impact of the export of child benefits on total expenditure is quite limited for most of the Member States under the current rules. On average 1.6% of total public spending on child benefits of 16 reporting Member States could be related to their export. Luxembourg is an important 'outlier' with regard to the export of child benefits. Almost 50% of the amount of child benefits paid by Luxembourg was exported abroad.

The budgetary impact decreases under Sub-option 1a (-15.9%) and even further under Sub-option 1b (-16.6%) if there is an adjustment of the amount of exported family benefits to the cost of living in the Member State of residence of the child(ren). The budgetary impact of these sub-options will mainly be determined by the breakdown of the family benefits per Member State of residence of the child(ren), the cost of living in these Member States and the differences with the exporting Member State. Sub-option 1b even corrects the expenditure for exporting Member States which show a low cost of living compared to the Member States of residence of the child(ren).

A change of the current priority rules so that only a supplement should be paid by the exporting Member State even results in a decrease by 30.9% of expenditure by the exporting Member States compared to the status quo scenario (excluding the cost to be paid as the Member State of residence). It reflects to a high extent a shift of the expenditure from the exporting Member State towards the Member State of residence of the child(ren). In that case, France, Poland, Belgium and Germany will experience a much higher expenditure as the Member State of residence of the child(ren) compared to the status quo scenario. However, this shift is only partially realised as the level of the family benefit in the main exporting Member States is most of the time (much) higher than the level of the main Member States of residence of the child(ren).

By taking together both the expenditure as exporting Member State and Member State of residence, the total expenditure related to the coordination of family benefits could be estimated. Luxembourg will experience an important decrease in public spending if the Member State of residence of the child(ren) were to become primarily competent. This in contrast to Poland (and probably also FR taking into account the high number of exported family benefits to FR), which will experience a much higher public spending if the Member State of residence of the child(ren) were to become primarily competent.

ANNEX 1 LIST OF FAMILY BENEFITS PER MEMBER STATE

Export of family benefits

Table A1.1 List of family benefits per Member State

	Child benefit	Child-raising allowances	Child care allowances	Birth and adoption grants	Allowance for single parents	Special allowances for children with disabilities	Advance on maintenance payments	Other allowances
Austria	Universal scheme for all residents financed by employers' contributions and taxes providing Child benefit (Familienbeihilfe)	Child-raising allowance (Kinderbetreuungsgeld) The Income-related Child-raising allowance (einkommensabhängiges Kinderbetreuungsgeld)	No special allowance.	No special allowance.	Flat-rate Child-raising allowance (Kinderbetreuungsgeld): YES Tax credit for single parents (Alleinerzieherabsetzbetrag): YES	Child benefit (Familienbeihilfe) YES	YES	Accommodation and housing allowances according to the Minimum Resources Acts of the Länder. Child tax credit (Kinderabsetzbetrag) Supplement to the flat-rate Child-raising allowance (Beihilfe zum pauschalen Kinderbetreuungsgeld): Families with low income are granted a supplement When a child is put under the care of a private person through or at the expense of a public authority. Supplement called back-to-school grant. Annual amounts for children with a supplement for single parent families and a social supplement and who are disabled
Belgium	Compulsory social insurance scheme financed by a federal grant and covering any person considered as active with lump-sum benefits or working as self-employed.	Parental leave	No special allowance.	Birth grant (allocation de naissance/kraamgeld). Adoption grant (prime d'adoption/adoptiepremie)	No special allowance.	Supplementary allowance for children	No special allowance.	Targeted allowances for pupils (Целеви помощи за ученици) Targeted allowance for free travel by rail and bus in the country for mothers of many children (Целева помощ за безплатно пътуване с железопътния и автобусния транспорт в страната за многодетни майки)
Bulgaria	A universal system financed by the State budget providing flat-rate benefits to all beneficiaries.	Part of the contribution-funded scheme providing flat-rate benefit for raising a young child (Обезщетение за отглеждане на малко дете) or for adoption of a child between 2 and 5 years of age (Обезщетение при осиновяване на дете от 2 до 5 годишна възраст). Also two non-contributory child benefits.	No special allowances.	Pregnant women whose average monthly gross income per family member is equal to or lower than a certain level if they are not entitled to maternity benefit (обезщетение за бременност и раждане) under the Social Insurance Code (Кодекс за социално осигуряване) and are permanent residents.	No special allowance.	Mothers of children diagnosed before their 2nd birthday as having more than 50% permanent disability Monthly benefit for raising a child with permanent disabilities The monthly benefit for a child until completion of secondary education with a permanent disability	YES (Министерски съвет).	Children allowance (Doplatka za djecu) for disabled children
Croatia	Tax-financed scheme covering all residents who satisfy a means test and providing	Providing a flat-rate cash benefit payable during parental leave.	No special allowance.	New-born child assistance	No special allowance.	Children allowance (Doplatka za djecu) for disabled children	No special allowance.	Partial State subsidies for children staying in day-care centres (means tested). Benefit according to the Income Tax Act (Zakon o porezu na dohodak)

Export of family benefits

	Child benefit	Child-raising allowances	Child care allowances	Birth and adoption grants	Allowance for single parents	Special allowances for children with disabilities	Advance on maintenance payments	Other allowances
Cyprus	benefits which vary according to income. Tax financed scheme based on habitual residence, number of dependent children, family income and property assets.	No special allowance.	No special allowance.	Maternity Grant (Βοήθημα Τοκετού) Special maternity grant to unmarried mothers (Ειδικό βοήθημα τοκετού σε άγαμες μητέρες)	Single parent benefit is granted (Ενίδιομα Τέκνου).	No special allowance.	No special allowance.	No other allowances.
Czech Republic	Tax financed universal scheme covering all residents in the Czech Republic with income-tested benefits depending on the age of the children.	Parental Allowance (Rodičovský příspěvek): Tax financed universal system providing a flat-rate benefit to a parent who personally provides full-time proper care for a small child.	No special allowance.	Entitlement to Birth Grant (Porodné) is related to the first liveborn child and is only granted to families whose income does not exceed 2.4 times the Family Living Minimum (Životní minimum). Birth Grant is paid to:	No special allowance.	Disability of children is reflected in two Foster Care Benefits (Dávky pěstounské péče): Foster Child Allowance (Příspěvek na úhradu potřeb dítěte) and Foster Parent Allowance (Odměna pěstouna), see "Other allowances".	No special benefit.	Foster Care Benefits (Dávky pěstounské péče): * Foster Child Allowance (Příspěvek na úhradu potřeb dítěte), * Foster Parent Allowance (Odměna pěstouna), * Fostering Grant (Příspěvek při převzetí dítěte), * Motor Vehicle Grant (Příspěvek na nákup motorového vozidla), * Grant in Foster Care Termination (Příspěvek při ukončení pěstounské péče). Special allowance for parents still studying (børnetilskud til forældre under uddannelse)
Denmark	Tax financed universal scheme covering all residents providing benefits depending on the age of the child and the income of the family.	No special allowance.	Child care allowance: Tax financed. Municipalities can introduce such benefit for parents taking care of their own children instead of putting them in a day care facility.	Amount per child per quarter until the children's 7th birthday, in case of birth of more than one child and in case of adoption of more than one child (flerbørnstilskud). Allowance (single benefit) in case of adoption of a foreign child	The general Child allowance (ordinært børnetilskud) is supplemented (ekstra børnetilskud)	Income replacement benefit for domiciliary care of a disabled child	YES	Supplementary child allowance (supplerende børnetilskud i visse skole- og praktikperioder) for parents during internship and school term (statens uddannelsesstøtte)
Estonia	Tax financed universal scheme with flat rate benefits covering all residents.	Parental Benefit: (vanemahüvitis) Child Care Allowance (lapsehooldustasu) Supplementary Child Care Allowance (täiendav	No special allowance.	Childbirth Allowance (sünnitoetus)	Single Parent's Child Allowance (üksikvanema lapse toetus)	Disabled Child Allowance (puudega lapse toetus) The Social Benefit Rate (sotsiaaltoetuste määr) Study Allowance	YES	Conscript's and Alternative Civilian Servant's Child Allowance (ajateenija ja asendusteenistuja lapse toetus) Foster Care Allowance (eestkostel või perekonnas hooldamisel oleva lapse toetus)

Export of family benefits

	Child benefit	Child-raising allowances (lapsehooldustasu)	Child care allowances	Birth and adoption grants	Allowance for single parents	Special allowances for children with disabilities (öppetöetus)	Advance on maintenance payments	Other allowances
Finland	Tax financed flat rate benefit for children resident in Finland.	Parental allowance (vanhempainraha)	All children (aged 10 months – 6 years) have a subjective right to day care arranged by municipalities. Families who care for their children at home or arrange the care privately are entitled to cash benefits.	A maternity grant (äitiysavustus) An adoption grant (adoptiotuki)	The Child Allowance (lapsilisä) is supplemented	Disability allowance for persons under 16 years of age (alle 16-vuotiaan vammaistuki)	Maintenance allowance for children (elatustuki)	Adoption Grant (lapsendamistoetus) Means-tested housing allowances (asumistuki) available to families with low income.
France	Universal scheme financed by contributions from employers, from the self-employed and from a portion of the Generalised social contribution (contribution sociale généralisée, CSG).	Infant Welcome Benefit (Prestation d'accueil du jeune enfant, PAJE).	Complement for Child Care Choice of the Infant Welcome Benefit (Complément de libre choix de mode de garde de la Prestation d'accueil du jeune enfant, PAJE)	Birth or Adoption Grant of the Infant Welcome Benefit (Prime à la naissance ou à l'adoption de la Prestation d'accueil du jeune enfant, PAJE) Basic Allowance of the Infant Welcome Benefit (Allocation de base de la Prestation d'accueil du jeune enfant, PAJE)	Active solidarity income (revenu de solidarité active, RSA)	Special education allowance for a disabled child (allocation d'éducation de l'enfant handicapé, Aeeh) for persons with a 50% or more handicap, up to the age of 20 Possibility to opt for the disability compensation allowance (prestation de compensation du handicap, PCH)	YES	New School Year Allowance (allocation de rentrée scolaire) for children aged 6 – 18. Family supplement (complément familial) subject to means test Housing allowance (allocation de logement)
Germany	Tax-funded scheme with fixed amounts for tax exemption of the parental income to the amount of certain needs of a child for all parents and for the promotion of family, in so far as child benefit is not used for tax exemption.	Parental allowance (Elterngeld) child care allowance (Betreuungsgeld)	No special allowances.		No special allowances	No special allowances.	The Advance Payment of Maintenance Act (Unterhaltsvorschussgesetz)	The Parental allowance (Elterngeld) is treated separately from Child-raising leave (Elternzeit). Grandparents are also entitled to child-raising leave. Parents are entitled to supplementary child allowance (Kinderzuschlag) under specific conditions.

Export of family benefits

	Child benefit	Child-raising allowances	Child care allowances	Birth and adoption grants	Allowance for single parents	Special allowances for children with disabilities	Advance on maintenance payments	Other allowances
Greece	Compulsory social insurance system financed by contributions covering employees, and providing benefits depending on the number of children. Benefits are granted once every calendar year covering the whole year.	No special allowance.	No special allowance.	Childbirth benefit for obstetrics costs (ΒΟΗΘΗΜΑ ΤΟΚΕΤΟΥ)	The single parent receives the Child benefit (ΟΙΚΟΓΕΝΕΙΑΚΑ ΕΠΙΔΟΜΑΤΑ)	Allowance for parent of disabled child	No special allowance.	* Benefit granted to mothers for the support of unprotected children who do not have a father. * Single allowance child support (ΕΝΙΑΙΟ ΕΠΙΔΟΜΑ ΣΤΗΡΙΞΗΣ ΤΕΚΝΩΝ) * Special benefit for families with at least three children (ΕΙΔΙΚΟ ΕΠΙΔΟΜΑ ΤΡΙΤΕΚΝΩΝ ΚΑΙ ΠΟΛΥΤΕΚΝΩΝ)
Hungary	Tax financed universal scheme covering all residents.	Child Home Care Allowance (Gyermekgondozási segély) Child Raising Support (Gyermeknevelési támogatás) Child Care Fee (Gyermekgondozási díj)	In-kind benefit, local authority run crèches and kindergarden (co-financed by the parent).	Pregnancy-Confinement Benefit (Terhességi-gyermekágyi segély) Birth Grant (Anyasági támogatás)	Entitlement to higher amounts of Family Allowance (Családi pótlék)	Entitlement to higher amounts of Family Allowance (Családi pótlék)	Advance on maintenance payments (Tartásdíj megelőlegezése)	Regular Child Protection Allowance (Rendszeres gyermekvédelmi kedvezmény) Family tax allowance (Családi kedvezmény)
Iceland	Flat-rate benefits, based on residency, to families with children reduced when income exceeds a certain level.	No child-raising allowance.	No special allowance. Municipalities may subsidise the cost of day care for children in private homes, e.g. in the case of single parents.	Flat-rate adoption grant (ættleiðingarstyrkur)	Single parent allowance (mæðralaun)	Home care allowance (umönnunargreiðslur)	YES	A single flat-rate child pension with respect to education (barnalífeyrir vegna skólanáms) Means-tested housing allowances (húsaleigubætur)
Ireland	Tax financed flat rate universal scheme covering all resident children. The rate of payment is dependent on the ranking of the child within the family.	No special allowance.	Not applicable.	No special allowance.	One Parent Family Payment is available as a separate and specific means-tested scheme	Domiciliary Care Allowance	No special allowance.	Family Income Supplements (FIS) Guardian's Payment (Non-Contributory)
Italy	System	Optional	No special		Increased family	No specific	No special allowance.	Social Card

Export of family benefits

	Child benefit	Child-raising allowances	Child care allowances	Birth and adoption grants	Allowance for single parents	Special allowances for children with disabilities	Advance on maintenance payments	Other allowances
	financed mainly by the employers' contributions and partly by workers' contributions (as established in the employment contract) covering the employees with benefits depending on the family income and on the number of family members.	supplementary parental leave (Congedo parentale facoltativo)	allowance, but vouchers are granted to help meeting the additional expenses of raising children		allowance if lone parent with a child.	allowance for disabled children.		Children of severely disabled persons (Erogazione integrativa per grandi invalidi)
Latvia	Tax-financed universal scheme with flat-rate benefits and covering all permanent residents.	Child Raising Allowance (Bērna kopšanas pabalsts) Parental benefit (Vecāku pabalsts)	No special allowance.	Childbirth Allowance (Bērna piedzimšanas pabalsts)	No special allowance.	Supplement to the family State benefit for disabled child (Piemaksa pie ģimenes valsts pabalsta par bērniū invalīdu) Disabled child raising allowance (Bērna invalīda kopšanas pabalsts)	No special allowance.	Compensation for taking care of an adoptee Compensation for adoption Compensation for the execution of the guardian's duties Remuneration for the fulfilment of foster family duties Allowance to a foster family for a dependent child Allowance to a foster family for the purchase of clothing and soft furnishings Compensation of differences
Liechtenstein	Compulsory public system financed by contributions for persons resident or gainfully employed in Liechtenstein.	No child-raising allowance	No special benefit.	Amount at the birth of one child, Amount per child in the case of multiple births. Birth allowances (Geburtszulagen) are also paid in cases of adoption of a child under the age of 5.	Additional monthly Single Parent Allowance (Alleinerziehendenzulage)	No special benefit.	NO	
Lithuania	Tax financed universal scheme for all residents with benefits depending on family income, age and number of the children. Child benefit is paid to families	Compulsory insurance for employees financed by contributions and providing earnings-related Maternity/Paternity Benefit, Motinystės/tėvystės pašalpa).	No special allowance.	Child Grant (Vienkartinė išmoka vaikui)	Payments for child maintenance in pre-school institution may be reduced by 50%.	Social assistance pension (Šalpos pensija)	No special allowance.	Benefit for a Child of a Servisman in Mandatory Primary Military Service (Išmoka privalomosios pradinės karo tarnybos kario vaikui Guardianship (Curatorship) Benefit (Globos (rūpybos) išmoka) Settlement grant

Export of family benefits

	Child benefit	Child-raising allowances	Child care allowances	Birth and adoption grants	Allowance for single parents	Special allowances for children with disabilities	Advance on maintenance payments	Other allowances
	raising children and to children deprived of parental care.							(Vienkartiné išmoka įsikurti)
Luxembourg	Universal tax financed scheme. Child's own right linked to residence. The amount varies depending on the family group and increases according to the age of the child.	Child-raising Allowance (allocation d'éducation)	No special allowance.	Birth Grant (allocation de naissance)	No special benefit.	Supplementary allowance	Any maintenance due to the spouse, an ascendant or a descendant is paid on request and under certain conditions by the national solidarity fund and recovered by it.	Parental leave (congé parental) New School Year Allowance (allocation de rentrée scolaire) A child bonus (boni pour enfant)
Malta	A universal system financed by general taxation providing an earnings-related allowance to all Maltese citizens whose children reside in Malta.	No special allowance.	No special allowance.	Maternity Benefit (Beneficcju tal-Maternita')	Single Parents are treated as a family in their own right and are entitled to Social Assistance (Ghajnuna Socjali) as well as Child Allowance (Allowance tat-Tfal).	Disabled Child Allowance (Allowance ghal tfal b'Dizabilita').	The law courts determine whether and how much maintenance should be paid. If claimant does not receive maintenance, the social security department pays the full rate to claimant.	* A head of household who cares for a child or a person whose parents are unknown or have abandoned him/her will be entitled in respect of such a child or person to the allowances as a distinct and separate entitlement to that applicable in respect of his/her own children. * A benefit is payable to recognised institutions for the care of children and foster parents for the benefit of children without families or children in foster homes. Means-tested housing support (bostotte)
Norway	Tax financed universal scheme providing a flat-rate benefit for all children.	Compulsory social insurance scheme for the active population (employees and self-employed) with Parental Benefit (foreldrepenger)	Monthly Cash Benefit for Parents with Small Children (kontantstøtte)	Maternity/Adoption Grant (engangsstønad ved fødsel/adopsjon)	* Child benefit for one more child than the single parent actually has. In addition an infant supplement (småbarnstillegg) is paid * Transitional benefit (over-gangsstønad) . * Education benefit (utdanningsstønad) * Child Care Benefit (stønad til barnetilsyn) wsyn).	Transitional benefit (overgangsstønad)	Advance maintenance payment (bidragsforskott)	
Poland	Tax financed universal scheme covering all residents with	Tax financed universal scheme providing a flat-rate benefit as a supplement to Family Allowance.	No special allowance.	Childbirth lump-sum as supplement to Family Allowance (Dodatek z tytułu urodzenia dziecka)	Supplement for raising a child alone (dodatek z tytułu samotnego wychowywania dziecka)	Medical Care Allowance (Zasiłek pielęgnacyjny) Training and	Alimony Fund Benefit (Świadczenie z funduszu alimentacyjnego)	Child-minding Allowance (Zasiłek opiekuńczy) Commencement of a School Year supplement (Dodatek z

Export of family benefits

	Child benefit	Child-raising allowances	Child care allowances	Birth and adoption grants	Allowance for single parents	Special allowances for children with disabilities	Advance on maintenance payments	Other allowances
	benefits depending on the age of the children.			One-time childbirth grant (Jednorazowa zapomoga z tytułu urodzenia się dziecka)		Rehabilitation of Disabled Child supplement (dodatek z tytułu kształcenia I rehabilitacji dziecka niepełnosprawnego) Special attendance allowance (Specjalny zasiłek opiekuńczy)		tytułu rozpoczęcia roku szkolnego) Child Education out of the Place of Residence supplement (Dodatek z tytułu podjęcia przez dziecko nauki w szkole poza miejscem zamieszkania) Large family supplement (Dodatek z tytułu wychowywania dziecka w rodzinie wielodzietnej) Funeral grant (subsídio de funeral) Additional payment (montante adicional) Prenatal Child Benefit (abono de família pré-natal) Study grant (bolsa de estudos)
Portugal	Compulsory universal protection system for all inhabitants financed by taxes, with benefits depending on household income, number and age of the children. Individual right of the child, related to residence.	Extended parental benefit (subsídio parental alargado)	No special allowance.	No special allowance.	Child benefit and related allowances and supplements are increased	* Supplement to Child Benefit for disabled children (bonificação, por deficiência, do subsídio familiar a crianças e jovens): * Monthly life annuity (subsídio mensal vitalício) * Extraordinary solidarity supplement (complemento extraordinário de solidariedade) i * Solidarity supplement for the elderly (complemento solidário para idosos)	No special allowance.	
Romania	Social assistance scheme, universal, financed by the State Budget, providing both cash and in-kind benefits, including State Allowance for Children (alocatie de stat pentru copii) and Family Support Allowance (alocatie pentru sustinerea familiei).	Social assistance scheme, universal, financed by the State Budget, providing both cash and in-kind benefits, including Child-Raising Indemnity (indemnizatie pentru cresterea copilului).	Social assistance scheme, universal, financed by the State Budget, providing both cash and in-kind benefits, including Placement Allowance (alocatie de plasament).	No birth and adoption grants.	Family Support Allowance (alocatie pentru sustinerea familiei)	State Allowance for Children with Handicap (alocatie de stat pentru copii cu handicap) Child-Raising Leave (concediu pentru cresterea copilului) and Child-Raising Indemnity (indemnizatie pentru cresterea copilului)	No advance on maintenance payments.	Bonus for Insertion (stimulent de insertie)

Export of family benefits

	Child benefit	Child-raising allowances	Child care allowances	Birth and adoption grants	Allowance for single parents	Special allowances for children with disabilities	Advance on maintenance payments	Other allowances
Slovakia	Tax financed universal scheme covering all residents with dependant child/ren.	Tax financed universal scheme providing a flat-rate benefit to all residents with child/ren. The State supports entitled persons in the ordinary (regular) care of children.	State subsidy for kindergartens . Tax Bonus (Daňový bonus) Child Care Allowance (Príspevok na starostlivosť o dieťa)	Birth Grant (Príspevok pri narodení dieťaťa) Annual benefit for multiple birth (Príspevok na viac súčasne narodených detí)	No special allowance.		Alimony Benefit (Náhradné výživné) .	Partial refund (State subsidy) of bus/train fares to school or work and boarding costs for school or work for those undergoing vocational training. Substitute Child Care Support Benefits (Príspevky na podporu náhradnej starostlivosti o dieťa)
Slovenia	Tax financed universal scheme with income-tested benefits depending among others on income and ranking of the child in the family.	Compulsory parental protection insurance with earnings-related benefits for the insured person. Financed by contributions and taxes.	Reduction in payment of nursery school fees (znižanje plačila vrtca)	Layette (pomoč ob rojstvu otroka):	When a child lives in a single-parent family then Child Benefit (otročki dodatek) is increased by 30%.	Special Child care Allowance (dodatek za nego otroka, ki potrebuje posebno nego in varstvo) Partial Payments for Loss of Income (delno plačilo za izgubljeni dohodek)	Maintenance Replacement (nadomestilo preživnine)	Parental Allowance (starševski dodatek) Large Family Allowance (dodatek za veliko družino)
Spain	Tax financed non-contributory benefits for all residents with benefits depending on income, age and degree of disability.	Contributory benefit in kind: the first three years of parental leave (Excedencia por cuidado de hijo)	No special allowance.	Multiple birth grant for two or more children. T	No special allowance.	YES	No special allowance.	No other allowances, but as a contributory benefit in kind, the first year of leave to take care of other relatives (Excedencia para el cuidado de familiares) is considered as period of contribution.
Sweden	Tax financed, compulsory and universal scheme covering all resident parents and children providing a flat-rate child allowance (barnbidrag) and a large family supplement (flerbarnstillägg)	Municipal Child care Allowance Act (lagen (2008:307) om kommunalt vårdnadsbidrag) is giving the municipalities the right to introduce, finance and administer municipal child care allowances.	No special allowance.	No special allowance in case of birth. Allowance in case of adoption		Care Allowance for Disabled Child (vårdbidrag)	Maintenance support (underhållsstöd)	Gender equality bonus (jämställdhetsbonus): Housing allowance (bostadsbidrag) c
Switzerland	Federal scheme: Scheme for agricultural workers and	No special allowance.	No special allowance.	Federal scheme: No birth allowance. Cantonal schemes: 9 cantons provide a birth allowance	No special allowance.	Two cantons pay a special allowance.	All cantons have a system for advancing support payments.	Federal scheme: Household allowance (Haushaltungszulage/allocati on de ménage)

Export of family benefits

	Child benefit	Child-raising allowances	Child care allowances	Birth and adoption grants	Allowance for single parents	Special allowances for children with disabilities	Advance on maintenance payments	Other allowances
	self-employed farmers, financed by contributions and taxes. Cantonal schemes: Schemes for employees and self-employed not involved in agriculture (financed by contributions) and for persons not engaged in paid employment with low income (financed by taxes).			(Geburtszulage/allocation de naissance). 8 of these 9 cantons pay a welcome allowance (Adoptionszulage/allocation d'accueil) for the child placed to be adopted.				
The Netherlands	General Child Benefit Act (Algemene Kinderbijslagwet, AKW) and Act on Child-related Allowance (Wet op het kindgebonden budget, WKB): tax financed universal scheme covering all residents.	No child-raising allowances.	Under the Child care Act (Wet Kinderopvang) the State, parents and employers together pay the costs of child care in the case the child is cared for outside the home during working hours of the parents.	No special benefit.	No special benefit.	Invalid youths aged 18 or over are entitled to a benefit on account of incapacity for work Compensation under the Regulations governing Contributions towards the Upkeep of Disabled Children living at Home (Tegemoetkoming Onderhoudskosten Thuiswonende gehandicapte kinderen TOG).	No special benefit.	No other allowances.
United Kingdom	Child Benefit: Tax financed (non-contributory) system for all parents of children under 16 (under 20 in certain circumstances). Child Tax Credit: Tax financed, non-	No child-raising allowance.	Help can be given with child care as part of Working Tax Credit.	Sure Start Maternity Grant	NO	Disability Living Allowance (care/mobility benefit)		Working Tax Credit (WTC)

Export of family benefits

Child benefit	Child-raising allowances	Child care allowances	Birth and adoption grants	Allowance for single parents	Special allowances for children with disabilities	Advance on maintenance payments	Other allowances
contributory, income-related system for all parents of children under 16 (under 20 in certain circumstances).							

* Summary of the more detailed MISSOC tables
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ANNEX XIV: HIVA REPORT AGGREGATION – ECONOMIC IMPACT

ANNEX XIV

Aggregation of periods or salaries for unemployment benefits

Analysis of the economic impact of the options

Prof Dr Jozef Pacolet and Frederic De Wispelaere
HIVA-KU Leuven

August 2015



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Aggregation of periods or salaries for unemployment benefits

Analysis of the economic impact of the options

Network Statistics FMSSFE

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PREFACE

In the framework of an impact assessment of a revision of Regulation (EC) Nos 883/2004 and 987/2009 by the end of 2015 the Commission requires a preparatory study on the economic impact of an amendment of the aggregation rules for unemployment. The Commission proposed several alternative options, to be compared with a first option representing the current situation, i.e. the 'status quo'.⁶⁰

- **Option 1** – Status quo: “maintaining the wording of Article 61”.
- **Option 2** – The formalisation of the “one-day rule”.
- **Option 3** – The introduction of a minimum period for aggregating periods of insurance, employment or self-employment;
 - **Sub-option 3a: one month** of insurance, employment or self-employment needs to be completed before aggregation can be applied.
 - **Sub-option 3a1:** *Previous Member State is responsible for paying the unemployment benefits for those workers who, in the Member State of last activity, have not completed one month of insurance, employment or self-employment.*
 - **Sub-option 3b: three months** of insurance, employment or self-employment need to be completed before aggregation can be applied.
 - **Sub-option 3b1:** *Previous Member State is responsible for paying the unemployment benefits for those workers who, in the Member State of last activity, have not completed three months of insurance, employment or self-employment.*
- **Option 4** – A change of the calculation method of the unemployment benefit.
 - **Sub-option 4a:** 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, employment or self-employment is completed.
 - **Sub-option 4b:** 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, employment or self-employment is completed.

Informing the debate with reliable and recent information is essential. Information could be collected in several ways to gain insight in the current situation. This information should also be useful in order to calculate the different options. Over the past few years, the collection of national administrative data moved ahead as several questionnaires were launched within the framework of the Administrative Commission for the Coordination of Social Security Systems. In 2015, among others, a questionnaire was launched on the aggregation of unemployment benefits. These data provide already a first overview of the current situation (see Pacolet and De Wispelaere, 2015). Nonetheless, data collected outside the framework of the Administrative Commission is also highly relevant. These data available at EU level or at national level are especially useful when they are combined or confronted with administrative data of the questionnaire.

Some data sources, interesting for different reasons, which can be extracted at EU level:

- provide information on national social security systems (MISSOC, OECD);
- provide information on intra-mobility (LFS, Eurostat migration statistics, national reports);

⁶⁰ In recent years, several proposals of changes to the current rules (see, for instance, Barslund and Busse, 2014; BMI and BMAS, 2014; Tænketanken Europa, 2014) or for a 'harmonization' of the social security schemes (see, for instance, Dullien, 2014) emerged.

- compare total national expenditure with the specific cross-border expenditure (OECD, ESSPROS, Ageing Report 2012 or 2015).

Intra-EU labour mobility has different faces (*Table 1*): 'permanent' stay in another EU Member State as a result of migration; cross-border commuting and 'temporary' stay through the posting of workers. A first group are EU migrants of working age who moved to an EU Member State other than their EU Member State of birth or of their citizenship. In 2013, the 'stock' of citizens of working age (15 to 64 years) from an EU-28 Member State/EFTA country who resided in another EU-28 Member State was around 3.1% of the total population residing in the EU-28 Member States (Cannetta et al., 2014). In 2013, some 7 million EU citizens worked and lived in an EU Member State other than their own (equal to 3.3% of total employment in the EU) (European Commission, 2014a). However, in order to assess the current aggregation rules a more detailed view on the yearly flow of intra-EU migrants is needed. In 2012, some 1.8 million EU/EFTA citizens of working age migrated to another EU-28 Member State or EFTA country, of which some 700,000 EU-28/EFTA citizens returned to their Member State of citizenship. In addition, in 2013 some 1.3 million EU citizens were employed in an EU Member State other than their EU Member State of residence (i.e. 'cross-border workers'), representing 0.6% of total employment in the EU.⁶¹ Some 65% (about 814 thousand) cross-border workers were employed in a neighbouring Member State (i.e. 'frontier workers')⁶². Finally, in 2013 some 1.34 million 'Portable Documents A1'⁶³ were issued to posted workers residing in an EU-28 Member State/EFTA country (Pacolet and De Wispelaere, 2014). The reference group to be studied within the context of this report are the new intra-EU migrants of working age.

Table 1 Types of intra-EU labour mobility, 2012-2013

Type	Flow/Stock	Number	%	Year
Total stock EU/EFTA migrants of working age*	Stock		3.1% of total EU-28 population of working age	2013
Flow of EU/EFTA migrants of working age*	Flow	1.8 million	0.5% of total EU-28/EFTA population of working age	2012
Of which 'return migration' **	Flow	714,000	0.2% of total EU-28/EFTA population of working age	2012
EU migrants working and living in another MS	Stock	7 million	3.3% of total EU employment	2013
Cross-border workers in EU-28	Stock	1.3 million	0.6% of total EU employment	2013
Of which 'frontier workers'	Stock	814,000		2013
Posted workers in EU28/EFTA***	Flow	1.34 million	± 0.6% of total EU/EFTA employment	2013

* By citizenship of the migrant.

** We cannot know if someone has ever previously lived in the country of citizenship.

*** Number of forms issued.

Source Eurostat data on migration, Cannetta et al., 2014; Pacolet and De Wispelaere, 2014.

⁶¹ Based on Labour Force Survey (LFS) data, an estimation of the number of cross-border workers can be made (based on the question 'What is the name and address of the local unit of the enterprise where you work?' and variables 'COUNTRYW' (country of place of work) and 'COUNTRY' (country of residence) in the database). However, some interpretation problems appear. While legally a distinction should be made between posted workers and cross-border workers, this distinction is not made by this question in the LFS. For that reason we think that the LFS question covers both cross-border workers (within the rules of free movement of workers) and posted workers (within the rules of free movement of services). Ideally, the LFS should make this distinction to avoid possible interpretation problems. In the further analysis we considered all workers who work in a country other than the country of residence as cross-border workers.

⁶² This definition of a frontier worker differs from the definition used in Regulation (EC) No 883/2004.

⁶³ Portable Document A1 is a formal statement on the applicable social security legislation and proves that the posted worker pays social security contributions in another Member State.

INTRODUCTION

The unemployment chapter of Regulation (EC) No 883/2004⁶⁴ provides for specific coordination rules for the aggregation of periods of insurance, employment or self-employment in case of unemployment. Aggregation will be applied to those unemployed recent migrant workers who have completed their most recent periods of insurance, employment or self-employment in the Member State where the benefit is claimed. In some cases the period of insurance, employment or self-employment is insufficient to be entitled to an unemployment benefit. In that case additional periods of insurance, employment or self-employment completed by the person in a Member State other than the competent State are required (by the use of a Portable Document U1 or a Structured Electronic Document U002).⁶⁵ Portable Document (PD) U1 or the corresponding Structured Electronic Document (SED) U002 certify periods of insurance, employment or self-employment completed by a worker in another Member State, which are to be taken into account for the award of unemployment benefits. PD U1 is issued to the worker, on his or her request, by the institution of the Member State where the person completed the periods of insurance, employment or self-employment. SED U002 is issued at the request of the competent institution. It should be noted that a migrant worker becomes subject to the legislation of a Member State as soon as he or she starts to work there. Hence, the aggregation rules become fully applicable as from that moment.

Box 1 – Scope of the aggregation rules

The scope of the aggregation rules covered by PD U1 or SED U002 includes unemployed recent migrant workers, unemployed frontier workers and cross-border workers, other than frontier workers. However, the latter two groups fall outside the scope of this study.

- *Frontier workers* (i.e. people who work in a Member State other than the Member State of residence, and return home daily or at least once a week) who become wholly unemployed must apply for unemployment benefits in their Member State of residence.

- *Cross-border workers, other than frontier workers* (i.e. people who work in a Member State other than the Member State of residence, and do NOT return home daily or at least once a week), may apply for unemployment benefits and register with the employment service in either the Member State of last activity or the Member State of residence.

There is also a reimbursement mechanism between the Member State of last activity and the Member State of residence where unemployment benefits are claimed. The Member State of last activity only reimburses the State of residence the first three months of the unemployment benefits paid by the latter. This is extended to five months if the person has been insured in the Member State of last activity for at least 12 months in the preceding 24 months.

The group of unemployed frontier workers and other cross-border workers involved and the budgetary consequences on public unemployment spending may even be larger compared to the number of unemployed recent migrant workers and the corresponding expenditure.

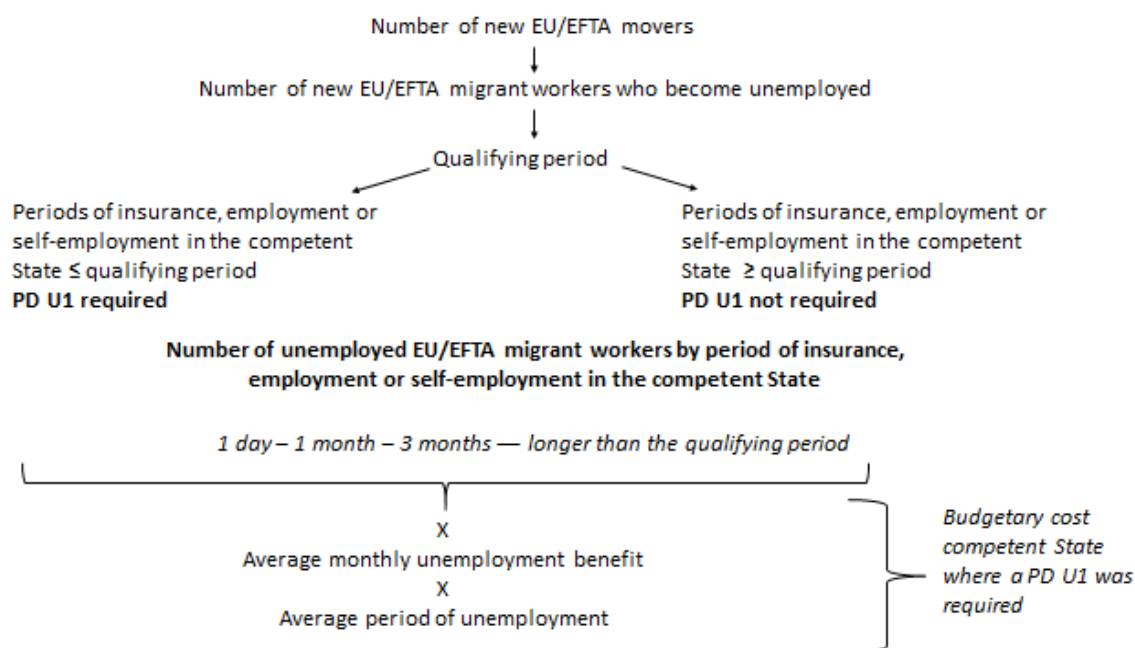
By quantifying the number of new intra-EU movers who became unemployed after only a short period of employment and the budgetary consequences, an impact

⁶⁴ Chapter 6 of Regulation (EC) No 883/2004, Article 61-65.

⁶⁵ Article 61 of Regulation (EC) No 883/2004.

assessment of the current rules but also of the several options can be made (Figure 1). Thus, more information on the number of new EU/EFTA movers; the number of new EU/EFTA movers who became unemployed; the period of insurance, employment or self-employment fulfilled in the Member State of last activity; the qualifying period; the average level of the unemployment benefit and the average duration of unemployment will be required.

Figure 1 Determination of the reference group and the budgetary impact



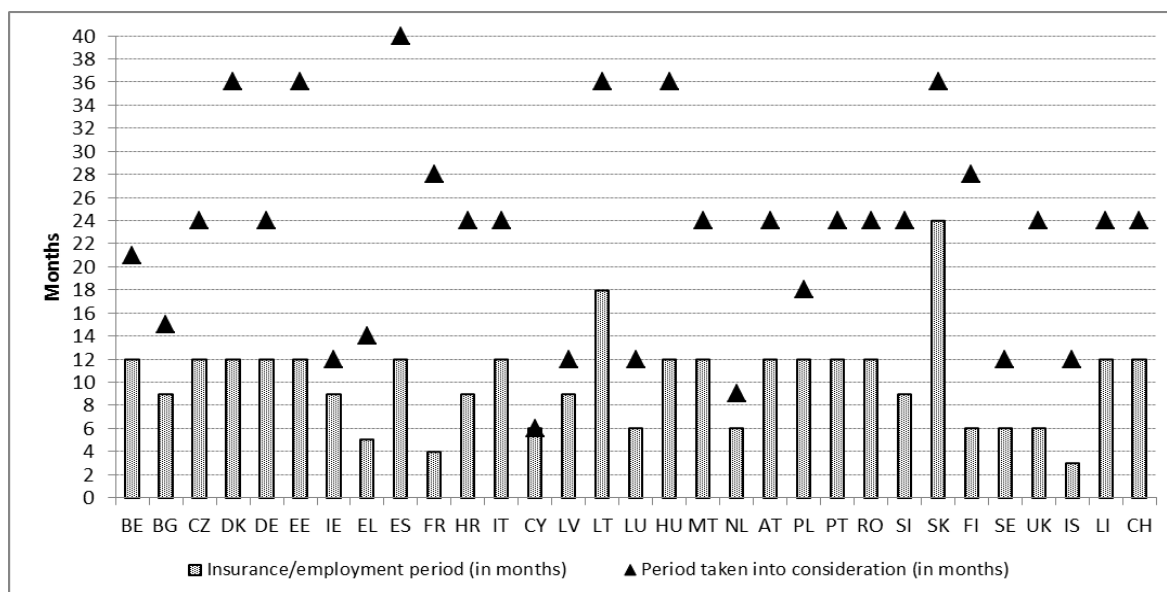
Source The authors' own figure

1. CHARACTERISTICS

The analysis of MISSOC (2014) creates the opportunity to obtain an overview of the different dimensions of the national unemployment schemes and in particular of the qualified period, the waiting period, the level of the unemployment benefit, the duration of the unemployment benefit etc. A comparable exercise was recently provided by Esser et al (2013), commissioned by DG EMPL, based on data from the Social Policy Indicator Database (SPIN).⁶⁶

The entitlement to unemployment benefits is based upon the completion of periods of insurance, employment or self-employment. The qualifying period varies across Member States, from at least four months in France to 24 months in Slovakia (Figure 2). Nevertheless, many Member States apply a qualifying period of some 12 months (BE, CZ, DK, DE, EE, ES, IT, HU, MT, AT, PL, PT, RO, LI and CH). However, it should be noted that there are large differences in the time in which this period must be completed. It will make the accomplishment of the acquired period more severe or less severe. Those national provisions will influence the number of PDs U1 required and the period of insurance, employment or self-employment to be completed by a worker in a Member State other than the competent State in order to be entitled to an unemployment benefit. This report will provide more information on the links between those elements.

⁶⁶ See also EC, 2014b. The report of the European Migration Network maps national rules on social security by using the MISSOC tables.

Figure 2 Unemployment benefits – Qualifying period, 2014


Source MISSOC, 2014

In almost all Member States (excluding IE, MT, PL and UK) earnings received before unemployment will be taken into account as reference basis for the calculation of the unemployment benefit (Table 2). However, the applied calculation method varies, from taking into account the last salary earned (BE, NL and LI) to the average earnings of several months (from three months in HR, CZ, DK and LU to 36 months in LT).

These national rules do not apply to earnings acquired in another Member State. Article 62 of Regulation (EC) No 883/2004 has defined the calculation method of the unemployment benefit in case of aggregation of periods. The calculation method should only take into account the salary or professional income received by the person concerned in respect of the last activity as an employed or self-employed person. This implies that the unemployment benefit calculated on the basis of the current EU provisions might differ from the unemployment benefit if national rules would be applied (most of the Member States calculate the unemployment benefit on the basis of an average amount of earnings received during several months).⁶⁷

This calculation method of the unemployment benefit has also been changed compared to 'old' Regulation (EEC) 1408/71. The second part of Article 68 of Regulation (EEC) No 1408/71 stated that "if the person concerned had been in his last employment in that territory for less than four weeks, the benefits shall be calculated on the basis of the normal wage or salary corresponding, in the place where the unemployment person is residing or staying, to an equivalent or similar employment to his/her last employment in the territory of another Member State".

⁶⁷ Barslund and Busse (2014, p. 21) concluded that any revision (in this case the inclusion of actual earnings during the relevant period) should also apply to workers moving from higher to lower salary countries.

Table 2 Unemployment benefits – Earnings taken as reference, 2014

Not based on earnings	Variation by level of earnings	Last salary earned	Average earnings of ... months						
			3	6	8	9	12	24	36
IE; MT; PL; UK	EL	BE; NL; LI	HR; CZ; DK; LU	IS; ES; CH	SI	EE	AT; CY; FR; DE; HU; LV; NO; PT; RO; SE	BG; IT; SK	LT

Source MISSOC, 2014

Another dimension which will influence the budgetary cost is the duration of the unemployment benefits (*Table 3*).⁶⁸ The applied method in order to determine the maximum entitlement period varies across Member States. In many Member States the period of insurance/employment/contribution also determines the duration of the payment while in other Member States a fixed duration of entitlement has been determined. Only Belgium has an unlimited benefit duration.

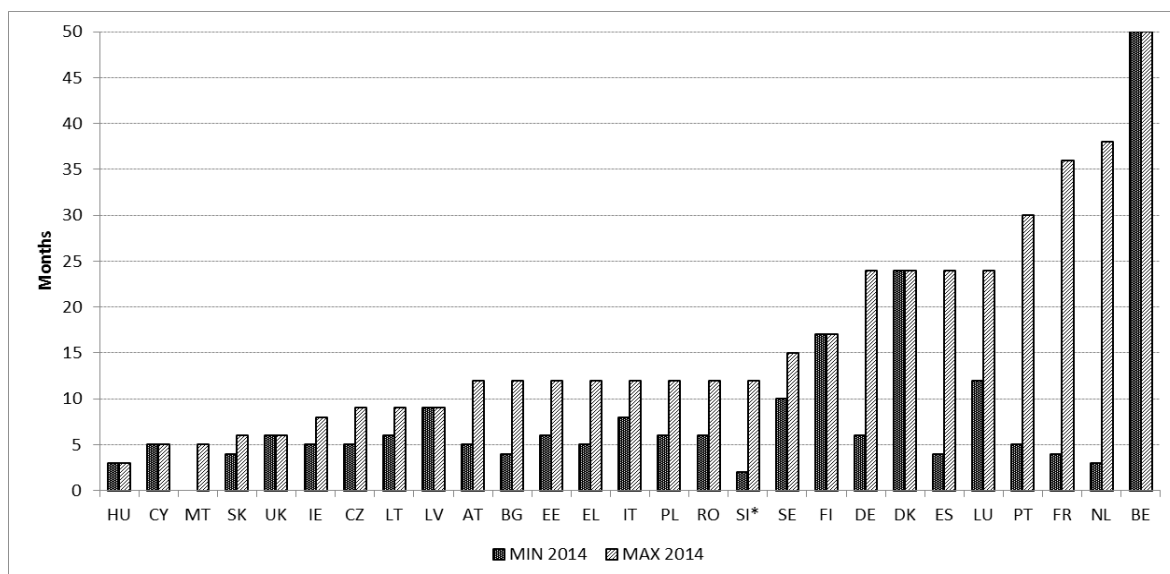
Table 3 Unemployment benefits – Determination of the duration of the benefits, 2014

No limit	Fixed number	Unemployment rate	Insurance period	Employment (contribution) period	Insurance duration and age	Contribution duration and age	Age
BE	CY; DK; FI; IS; LV; MT; LU; NO; SK; SE; UK	PL	BG; EE; FR; HU; IE; LT	HR; EL; RO; ES; CH; NL	AT; DE; LI; SI	PT	CZ; IT

Source MISSOC, 2014

Table 4 provides information on the minimum and maximum duration of the unemployment benefit. The entitlement to an unemployment insurance benefit will be limited to a number of weeks or months (except for BE) and varies markedly across but also within Member States.

⁶⁸ Based on LFS data we calculated in previous research the average duration of unemployment (average duration of 15 months). However, this average duration is measured at a certain moment which implies a possible underestimation of the duration of the unemployment (e.g. the person may still remain unemployed).

Figure 3 Minimum and maximum duration of the unemployment benefit, 2014


* Belgium: unlimited

* Note that for Slovenia the minimum duration has changed due to a new category being introduced so that coverage of least entitled actually increased.

Source EC, 2015 (chart 76) based on MISSOC 2014

2. EXPENDITURE

In 2012, the average EU public spending on unemployment benefits amounted to 1.0% of GDP and varied from 0.1% of GDP in Romania to 2.3% of GDP in Ireland (Table 4). Total expenditure could be divided by the total number of unemployed persons who became unemployed during the reference year.⁶⁹ The average annual spending per unemployment varies markedly across the EU Member States from a high amount per unemployed person in the Netherlands, Luxembourg and Norway to a very low one in Romania, Lithuania and Poland (see also Figure 4). Differences in terms of expenditure across the EU-15 Member States and the EU-13 Member States could be observed as well. These amounts will be important for the calculation of the financial impact of the several options.

The eligibility criteria and the coverage of the national unemployment schemes (discussed above and described more in detail by the MISSOC tables) will influence to a high extent the public unemployment spending.⁷⁰ Moreover, the access to guaranteed minimum resources (i.e. social assistance)⁷¹ and the transition to it when there is no longer an entitlement to an unemployment benefit could result in a shift from contribution-financed public unemployment spending towards tax-financed public spending on social assistance.

⁶⁹ Note that only data is available on the number of unemployed persons at a certain time or on the average number of unemployed persons over a certain time and not on the total number of unemployed persons who were or became unemployed during the year. This implies also an overestimation of the public spending per unemployed person reported in Table 5 (based on the annual average of 2012).

⁷⁰ See also Darvas and Wolff (2014).

⁷¹ These benefits are not part of the branches covered by Regulation (EC) No 883/2004.

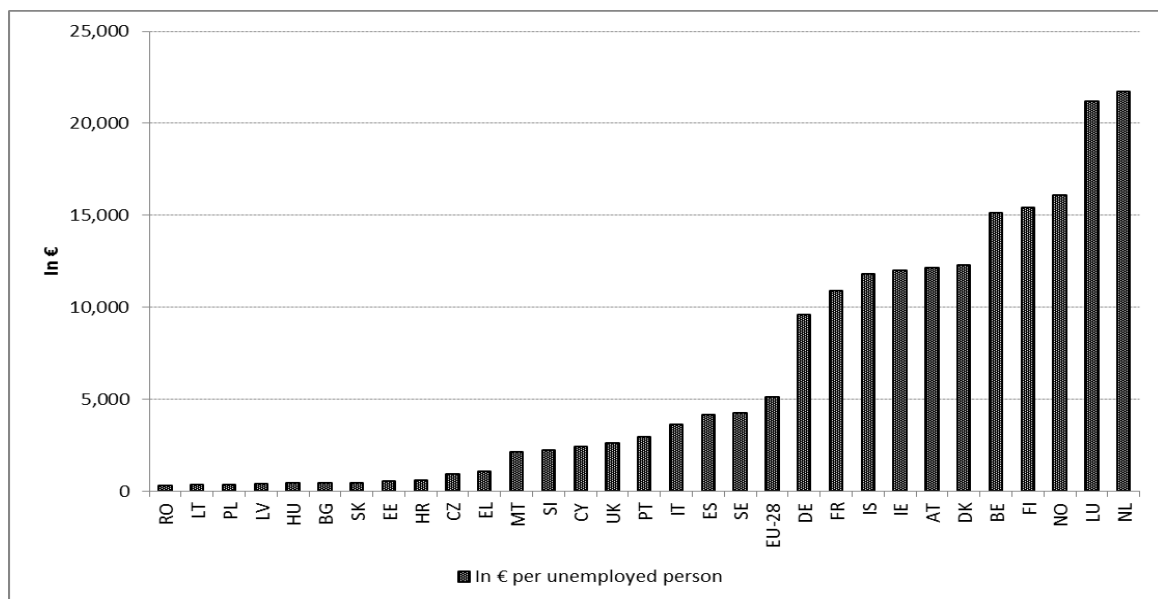
Table 4 Expenditure unemployment benefits (Full unemployment benefits), 2012

Member State	In million €	In percentage of GDP	In € per unemployed person	In € per inhabitant**	In purchasing power standard per inhabitant
BE	5,577	1.5	15,113	429	444
BG	181	0.5	442	18	57
CZ	341	0.2	929	24	48
DK	2,696	1.1	12,310	413	332
DE	21,363	0.8	9,606	241	264
EE	37	0.2	540	20	39
IE	3,792	2.3	11,999	828	689
EL	1,279	0.7	1,071	95	130
ES	24,146	2.3	4,155	440	547
FR	31,121	1.5	10,889	425	435
HR	180	0.4	607	34	64
IT	9,929	0.6	3,618	144	163
CY	124	0.7	2,394	121	162
LV	59	0.3	378	19	44
LT	68	0.2	345	16	39
LU	275	0.6	21,189	449	380
HU	208	0.2	439	18	38
MT	23	0.3	2,115	48	74
NL	10,183	1.7	21,712	547	546
AT	2,297	0.7	12,151	235	247
PL	640	0.2	366	14	31
PT	2,482	1.5	2,969	211	283
RO	183	0.1	291	8	19
SI	199	0.6	2,214	82	118
SK	176	0.2	465	21	50
FI	3,189	1.7	15,408	499	480
SE	1,704	0.4	4,227	149	132
UK	6,646	0.3	2,623	102	89
EU-28	129,097	1.0	5,111	227	256
IS	130	1.2	11,810	501	366
NO	1,367	0.4	16,087	223	163
CH	3,266	0.7	15,157	302	246

* Annual average number of unemployed persons

** At constant 2005 prices

Source ESSPROS [spr_exp_fun], [une_nb_a] and [lfsa_ugan] (only for CH)

Figure 4 Full unemployment benefits – expenditure, in € per unemployed person, 2012


Source ESSPROS [spr_exp_fun] and [une_nb_a]

3. REFERENCE GROUP

The Annual report on labour mobility (Cannetta, Fries-Tersch and Mabilia, 2014), commissioned by DG EMPL, provides information on the stock and flows of EU citizens residing and/or working in another EU Member State/EFTA country. In 2013, the share of citizens of working age (15 to 64 years) from an EU-28 Member State/EFTA country who resided in another EU-28 Member State was around 3.1% of the total population of working age residing in the EU-28 Member States. However, in order to assess the impact of the aggregation rules a more detailed view on the inflow of EU migrants is required. The labour status during the first year of residence of this group of recent movers and their previous labour status in the Member State of origin will determine if periods of insurance, employment or self-employment completed in a Member State other than the competent Member State are taken into account by the unemployment scheme of the competent Member State.

Based on the 'Migration and migrant population statistics' published by Eurostat more detailed information could be obtained on the annual flow of immigrants (*Table 5*). In 2012, some 1.8 million EU-28/EFTA citizens of working age (between 15 and 64) migrated to another EU Member State/EFTA country. Some 700 thousand or 40% of the EU-28/EFTA movers have, however, the same nationality as their new Member State of residence (so-called 'return migration')⁷². This is especially observed for Romania, Estonia, Lithuania and Latvia (higher than 90% of the 'new' immigrants). These figures on return migration are also discussed in European Commission, 2014a.⁷³ The flow of intra-EU movers of working age represents some 0.5% of the total EU population (this percentage is equal to 0.3% of the EU population when movers with the same citizenship as their new Member State are excluded) (*Table 5*). This percentage varies across Member States, from 3.8% of the population in Luxembourg and 1.8% in Switzerland, to only 0.1% in Portugal and Estonia. This annual flow of intra-EU movers is the reference group which should be studied. Some of them will become unemployed after a 'short' period of employment and might need to prove insured periods of another Member State in order to be entitled to an unemployment benefit.

⁷² However, based on these data we cannot know if someone has ever previously lived in the country of citizenship, although he or she has the same nationality.

⁷³ However, in this report of the EC (2014a) also third-country nationals are taken into account to calculate the share of 'return migration' in total immigration.

Table 5 Migration flows of EU-27 and EFTA movers of working age (15-64), by citizenship, 2012

Member State (MS of immigration)	EU-27 citizenship	EFTA citizenship	Total	Citizenship of reporting MS	% citizenship of reporting MS	Population	% of total population	% of total population (excl. citizenship of reporting MS)
BE	65,073	330	65,403	12,779	19.5%	7,283,976	0.9%	0.7%
BG	7,435	33	7,468	3,767	50.4%	4,966,189	0.2%	0.1%
CZ	16,807	47	16,854	6,082	36.1%	7,262,768	0.2%	0.1%
DK	32,414	1,851	34,265	14,412	42.1%	3,625,974	0.9%	0.5%
DE	325,216	2,102	327,318	63,291	19.3%	54,131,105	0.6%	0.5%
EE	1,185	2	1,187	1,131	95.3%	884,990	0.1%	0.0%
IE	32,352	247	32,599	13,955	42.8%	3,048,552	1.1%	0.6%
EL	50,511	196	50,707	31,258	61.6%	7,302,140	0.7%	0.3%
ES	100,800	1,605	102,405	20,970	20.5%	31,613,238	0.3%	0.3%
FR	157,355	3,179	160,534	85,800	53.4%	41,976,279	0.4%	0.2%
HR								
IT	108,927	349	109,276	19,236	17.6%	38,698,168	0.3%	0.2%
CY	10,591	0	10,591	1,203	11.4%	609,334	1.7%	1.5%
LV	8,720	18	8,738	8,235	94.2%	1,373,105	0.6%	0.0%
LT	16,293	17	16,310	15,607	95.7%	2,016,247	0.8%	0.0%
LU	13,484	84	13,568	733	5.4%	361,617	3.8%	3.5%
HU	20,694	217	20,911	12,081	57.8%	6,815,721	0.3%	0.1%
MT	3,424	0	3,424	1,369	40.0%	287,233	1.2%	0.7%
NL	72,298	501	72,799	26,469	36.4%	11,117,321	0.7%	0.4%
AT	50,970	486	51,456	6,305	12.3%	5,687,630	0.9%	0.8%
PL	132,639	198	132,837	112,419	84.6%	27,394,455	0.5%	0.1%
PT	9,105	4	9,109	8,030	88.2%	6,961,852	0.1%	0.0%
RO	137,886	27	137,913	134,992	97.9%	13,768,151	1.0%	0.0%
SI	3,696	12	3,708	1,834	49.5%	1,416,347	0.3%	0.1%
SK						3,881,088		
FI	13,987	101	14,088	5,565	39.5%	3,532,645	0.4%	0.2%
SE	35,979	2,267	38,246	14,683	38.4%	6,113,917	0.6%	0.4%
UK	219,947	4,968	224,915	68,247	30.3%	41,680,662	0.5%	0.4%
EU	1,647,788	18,841	1,666,629	690,453	41.4%	333,810,704	0.5%	0.3%
IS	1,644	1,565	3,209	1,537	47.9%	212,970	1.5%	0.8%
LI	216	230	446	121	27.1%	25,474	1.8%	1.3%
NO	32,176	4,884	37,060	4,006	10.8%	3,294,281	1.1%	1.0%
CH	77,839	18,217	96,056	17,889	18.6%	5,394,861	1.8%	1.4%
EU/EFTA	1,759,663	43,737	1,803,400	714,006	39.6%	342,738,290	0.5%	0.3%

* By citizenship of the EU/EFTA migrant.

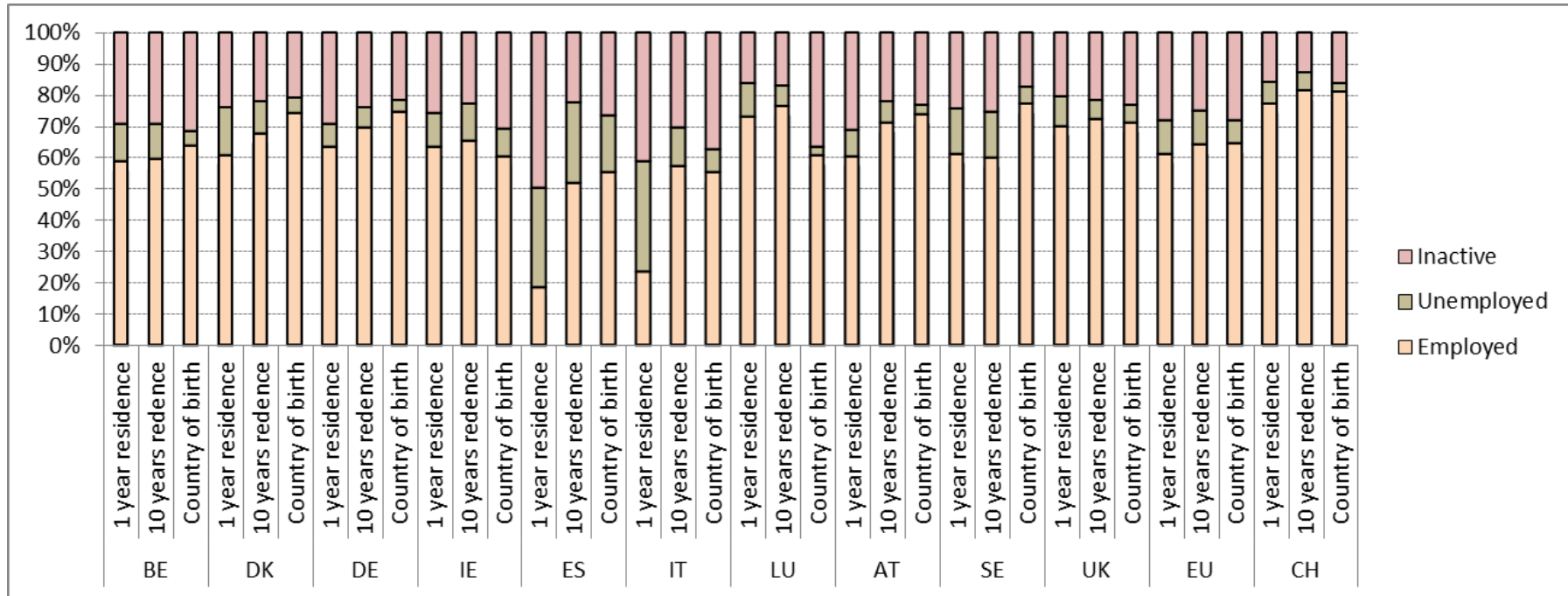
** We cannot know if someone has ever previously lived in the country of citizenship.

Source Own calculation based on Eurostat data on migration by age group and citizenship [migr_imm1ctz]

More information on the labour status (employed, unemployed or inactive) of this group of recent movers is therefore needed. This information was extracted from the Labour Force Survey (LFS). Three different categories are defined: new EU-28/EFTA movers (= < 1 year of residence),⁷⁴ recent EU-28/EFTA movers (= < 10 years of residence) and people who are born in the country. Note that also EU-28/EFTA movers who have the same nationality of their new Member State of residence (but not born in this country) have been taken into consideration. In general, some 11% of the new EU-28/EFTA movers are unemployed (*Figure 5*). This percentage is comparable to the unemployment rate of recent EU-28/EFTA movers but is higher compared to the unemployment rate of the nationals (7%). The unemployment rate of those three categories varies also markedly across Member States.

⁷⁴ However, for this first year the number of new migrants will be underestimated for most of the Member States. Based on the LFS, somewhat more than 500 thousand EU-28/EFTA citizens at working age reside less than one year in a new EU-28 Member State/EFTA country. Compared to 1.8 million EU-28/EFTA citizens based on the Eurostat Migration Statistics.

Figure 5 EU-28/EFTA movers and nationals, by labour market status, 2013



* Selection of Member States above the reliability levels

Source Own calculations based on LFS

By taking into account the yearly flow of EU-28/EFTA movers (based on the 'Migration and migrant population statistics' published by Eurostat presented in *Table 5*) and the unemployment rate (based on LFS data – presented in *Figure 5*) of this group, a first estimate of the number of unemployed new EU-28/EFTA movers could be provided. This group might need to prove periods of insurance, employment or self-employment completed in a Member State other than the competent State (dependent on the qualifying period of the competent Member State and the 'short' period of employment). Confronting the 1.8 million EU-28/EFTA citizens of working age (between 15 and 64) who migrated in 2012 to another EU Member State/EFTA country with a total EU unemployment rate of 11%, some 200,000 unemployed recent movers might need a PD U1 or an SED U002 in order to acquire a right to unemployment benefits.⁷⁵

4. THE ESTIMATED ECONOMIC IMPACT OF THE CURRENT RULES AND THE ALTERNATIVE OPTIONS

4.1. Data collection

Based on the data from the questionnaire on the aggregation of periods for unemployment the budgetary impact of the current rules and the different alternative options can be calculated. However, those data do not cover all EU-28/EFTA countries. A total of 23 Member States provided quantitative data, of which three Member States were not able to provide a breakdown by Member State of origin and two other Member States were not able to provide a breakdown by length of insurance, employment or self-employment in the Member State of last activity. The missing data for a number of large Member States, in particular EU-15 Member States, may lead to a distorted view. As a result, some caution is required when drawing conclusions. For a detailed reporting on the questionnaire on the aggregation of periods for unemployment we refer to Pacolet and De Wispelaere (2015).

These administrative data provided by the questionnaire do not cover all components of the economic impact (e.g. expenditure on social assistance) or are insufficient to calculate the options (e.g. more data is required on average earnings, the calculation method of the unemployment benefit, the qualifying period, the average level of the unemployment benefit, the duration of the unemployment benefit etc). Therefore, these administrative data will be complemented with other data available at EU-level and in particular data of MISSOC and Eurostat.

In total 24,821 cases reported by 23 Member States for 2013 concern unemployed migrant workers whose period of insurance, employment or self-employment completed in the Member State of last activity was insufficient to be entitled to an unemployment benefit (*Table 6*). This is equal to an estimated share of 0.1% of total unemployment in those Member States and to 2.1% of the annual flow of intra-EU migrants of working age to these Member States. Most aggregations of periods for unemployment were reported by France (8,338 cases or 33.6% of total), Bulgaria (4,118 cases or 16.6% of total) and Spain (2,471 cases or 10.0% of total).

⁷⁵ However, based on the LFS only 53,000 new EU-28/EFTA movers have become unemployed (selection of the respondents who migrated one year ago and became unemployed – COUNTRY1Y (not the same country (EU-28) and MAINSTAT (unemployed)). But as mentioned before, these data of the LFS underestimate the number of new migrants for most of the Member States (see previous footnote).

Table 6 Number of aggregations of periods in case of unemployment, 2013

MS	Cases of aggregation (A)	Total annual inflow of migrants of working age (B)	% cases of aggregation (A/B)	Number of annual average unemployed persons (in ,000) (C)	% of aggregation (A/C)
BE	2,196	65,403	3.4%	417	0.5%
BG	4,118	7,468	55.1%	436	0.9%
CZ					
DK	54	34,265	0.2%	202	0.0%
DE					
EE	174	1,187	14.7%	59	0.3%
IE					
EL					
ES	2,471	102,405	2.4%	6,051	0.0%
FR	8,338	160,534	5.2%	3,010	0.3%
HR	16			318	0.0%
IT					
CY	3	10,591	0.0%	69	0.0%
LV	19	8,738	0.2%	120	0.0%
LT	225	16,310	1.4%	172	0.1%
LU	48	13,568	0.4%	15	0.3%
HU	1,149	20,911	5.5%	441	0.3%
MT	8	3,424	0.2%	12	0.1%
NL	160	72,799	0.2%	647	0.0%
AT					
PL	1,517	132,837	1.1%	1,793	0.1%
PT		9,109	0.0%	855	0.0%
RO	12	137,913	0.0%	653	0.0%
SI					
SK	1,160				
FI	135	14,088	1.0%	219	0.1%
SE	457	38,246	1.2%	411	0.1%
UK	30	224,915	0.0%	2,441	0.0%
IS					
LI	726	446	162.8%		
NO	500	37,060	1.3%	95	0.5%
CH	1,305	96,056	1.4%	2,449	0.1%
Total reporting MS	24,821	1,199,164	2.1%	20,416	0.1%

Source Questionnaire on aggregation of periods of unemployment; LFS; Eurostat data on migration and ESSPROS

4.2. Overview of the different options

Option 1 – Status quo

This option will be disregarded since the wording of Article 61 of Regulation (EC) No 883/2004 does not provide sufficient clarity on the time period required before aggregation.

Option 2 – The formalisation of the “one-day rule”

Aggregation is possible if any period of insurance, employment or self-employment has been fulfilled in the Member State of last activity. The unemployment benefit is calculated on the basis of the salary earned in the Member State of last activity.

Option 3 – A threshold for a minimum period for aggregation

A threshold is applied for the aggregation of periods of insurance, employment or self-employment fulfilled in the Member State of last activity. A threshold of one month (sub-option 3a) or three months (sub-option 3b) could be implemented.

The application of a threshold will have some important consequences on the situation of the recent migrant worker who became unemployed and has fulfilled a period of insurance, employment or self-employment below the threshold (of one or three months). In that case, there are three possibilities: a) the person tries to find a new job as quickly as possible; b) the person returns to the Member State of origin; or c) the person asks for social assistance (or a special non-contributory benefit) (if he or she is entitled to it). As a result, this option also has to take into account public spending on social assistance. However, to what extent unemployed recent migrant workers who are not entitled to an unemployment benefit will ask for social assistance is of course unclear.

If the unemployed recent migrant worker did not fulfil a minimum period of insurance, employment or self-employment required for an unemployment benefit, this person might ask for social assistance (if he or she is entitled to it).⁷⁶ Therefore, the economic impact calculated for one year could also take into account the public spending on social assistance. The person involved might be entitled to an unemployment assistance scheme (*Table 7*) or to a more general assistance scheme (*Table 8*). Denmark, Estonia, Ireland, Spain, France, Austria, Portugal, Finland and the United Kingdom have defined a specific unemployment scheme. Besides, almost all Member States have defined a guaranteed minimum scheme. The monthly financial support varies from € 1,348 in Luxembourg to € 32 in Romania.

⁷⁶ The host Member State is not obliged to provide social assistance during the first three months of residence. Also, to acquire the right to reside (after three months) movers have to show that they have sufficient resources.

Table 7 Unemployment assistance, EU-28/EFTA, 2014

MS	Unemployment assistance scheme?	Name	Conditions or remarks
BE			
BG			
CZ			
DK	YES	<i>Midlertidig arbejdsmarkedssydelse</i>	Paid after entitlement to unemployment benefit has expired
DE			
EE	YES	<i>Töötutoetus</i>	Same as for unemployment insurance benefit, but unemployment can either be voluntary or involuntary
IE	YES		
EL			
ES	YES		To have exhausted the entitlement to contributory unemployment benefit; not to have the right to the contributory benefit because of lack of contributions, other groups (e.g. emigrant workers returning from abroad)
FR	YES	<i>Régime de solidarité</i>	To have exhausted entitlement to unemployment insurance benefits
HR			
IT			
CY			
LV			
LT			
LU			
HU			
MT			
NL			
AT	YES	<i>Notstandshilfe</i>	The unemployed person must have exhausted the right to unemployment benefits and be in a state of need
PL			
PT	YES		To have exhausted entitlement to unemployment benefits or not to have completed the qualifying period required for unemployment benefits; to fulfil the condition of resources
RO			
SI			
SK			
FI	YES	<i>Työmarkkinatuki</i>	Same as for unemployment insurance benefits and in several cases need for assistance
SE			
UK	YES	<i>Income-based Jobseekers' Allowance</i>	From 1 January 2014, claimants must also have been living in the UK for 3 months prior to the claim
IS			
LI			
NO			
CH			

Source MISSOC, 2014

Table 8 **Guaranteed minimum resources, cash benefits, 2014**

Member State	Monthly amount (in €)	Remark
BE	817.36	Single person
BG	24.09	Single person (73% of € 33)
CZ	124	Single
DK	1,433	Basic amount for persons of 30 years and more
DE	391	Single person
EE	90	Single person
IE	806	Single person
EL		
ES	426	€ 532.5 *0.8 (max. amount)
FR	499.31	Single person
HR	73.20	Single person (120% of € 66.02)
IT	484.90	€ 5,818.93 / 12 months
CY	452	Head of the household
LV	128.06	Max. amount (applied by the municipalities)
LT	101	Single person
LU	1,348.18	
HU	133.20	Max. amount
MT	426.46	Single person
NL	679	Single person
AT	813.99	Single person or parent
PL	Between 4.82 and € 101	
PT	178.15	Single person
RO	32	€ 113 * 0.283
SI	265.2	Single person
SK	61.6	Single person
FI	480.2	Single person
SE	321	Single person
UK	360	Single person (weekly amount of € 90)
IS		Should not be lower than the monthly UB
LI		
NO	669	Single person
CH	1,977.4	€ 23,693 /12

Source MISSOC, 2014

Under this options unemployed persons who have not completed a period of one or three months of insurance, employment or self-employment risk falling between two stools given that they probably will not be entitled to social assistance. An alternative within option 3 is that the previous Member State is responsible for paying the unemployment benefits for those workers who, in the Member State of last activity, have not completed one month (*option 3a*) or three months (*option 3b*) of insurance, employment or self-employment.

Option 4 – A change of the calculation method

Article 62 of Regulation (EC) No 883/2004 defines the calculation method of the unemployment benefit in case of aggregation of periods. The current calculation method only takes into account the salary or professional income received by the person concerned in respect of the last activity as an employed or self-employed person.

This calculation method is changed under option 4. If a period of insurance, employment or self-employment of less than one month (sub-option 4a) or three months (sub-option 4b) has been fulfilled in the Member State of last activity, the calculation of the unemployment benefit will also be based on the salaries earned in the Member State of origin.

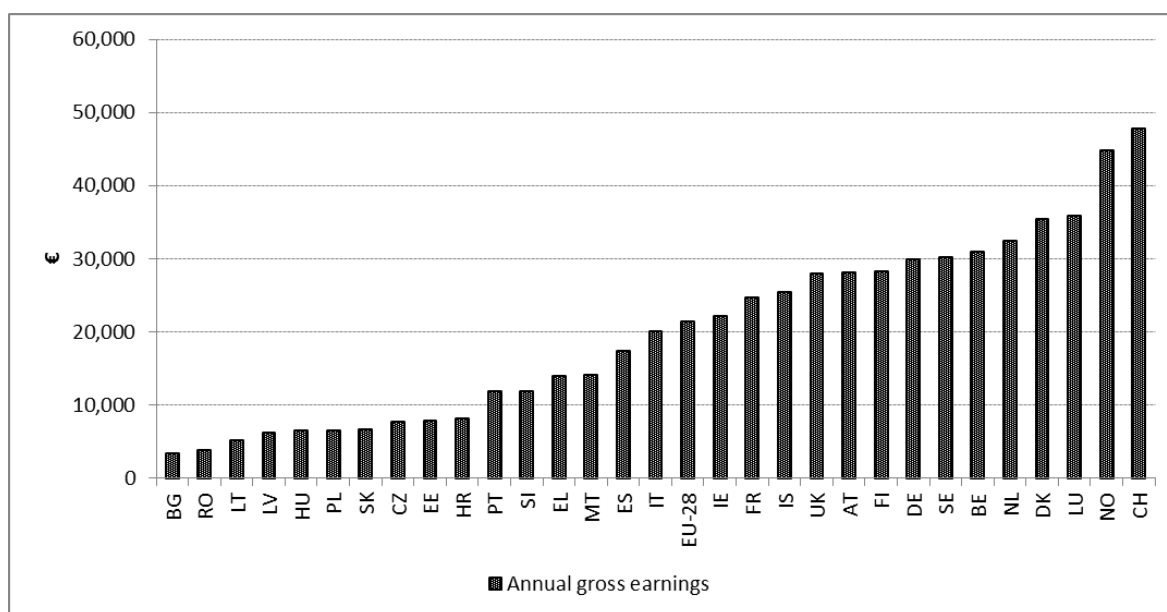
This option implies that more detailed information is required on the unemployed recent migrant worker's Member State of origin, on the salary earned, but also on the

calculation method of the competent Member States (e.g. the ceiling of the earnings taken into account, minimum and maximum unemployment benefit).

For most of the cases reported by the Member States, the period of insurance, employment or self-employment of the Member State of last activity was aggregated by an additional period completed in the United Kingdom (22% of total) and Austria (18% of total) (Pacolet and De Wispelaere, 2015). The United Kingdom is the main Member State of origin for unemployed migrants who had to aggregate periods in order to be entitled to an unemployment benefit in Bulgaria, Latvia, Lithuania, Malta or Poland. New EU Member States such as Bulgaria and Romania never appear as one of the main Member States of origin of the unemployed migrants in the EU-15 who had to prove additional periods of insurance, employment or self-employment. For 76% of the cases an additional period fulfilled in an EU-15 Member State was added to the period already achieved in the Member State of last activity. This might be an indication of return migration for the EU-13 Member States. However, the missing data for a number of Member States may lead to a distorted view of reality if the numbers of cases are presented by the Member State of origin. Therefore, again some caution is required when drawing conclusions.

No information on the salary earned in the competent Member State as well as in the Member State of origin was collected via the administrative questionnaire.⁷⁷ Therefore, wage data published by Eurostat should be used. In 2013, the annual gross earnings (of a single person without children and earning 67% of the average wage) for the EU-28 amounted to € 21,361 (Figure 6). These annual gross earnings vary from a high amount in Switzerland (€ 47,741) and Norway (44,763) to a low amount in Bulgaria (€ 3,332) and Romania (€ 3,915).

Figure 6 Annual gross earnings, single person without children, 67% of average wage, 2013



Source Eurostat [earn_nt_net]

Despite the fact that the calculation of the unemployment benefit will be based on the salaries earned in the Member State of origin, this does not necessarily imply that changing this will result to the same extent in a change of the level of the unemployment benefit. Some Member States apply a maximum ceiling of earnings to

⁷⁷ The PD U1 form contains a section where more 'income details' (gross income) could be reported.

be taken into account (BE, BG, DE, ES, HR, FR, IT, CY, NL, AT, SE, LI, NO and CH) (*Table 9*). Also, a number of Member States apply a minimum and/or a maximum benefit level which flattens a strong increase or decrease in average earnings (BE, BG, CZ (max.), DK (max.), ES, HR, IT (max.), LT, LU (max.), HU (max.), AT, SI, SE and LI (max.)).

Finally, Ireland, Malta, Poland and the United Kingdom do not take previous earnings as a reference for the calculation of the unemployment benefit (*see also Table 2*), which implies that this option does not influence the unemployment benefit in these Member States.

Aggregation of periods or salaries for unemployment benefits

Table 9 Unemployment benefit, impact of the earnings on the level of the UB, 2014

MS	Ceiling earnings taken as reference	Rate of the benefits	Lowest	Highest
BE	€ 2,266.59/month	65% of last salary	€ 36.66/day	€ 61.66/day
BG	€ 1,227/month	60% of the average daily contributory income for the last 24 months	€ 3.68/day	60% of the daily max. amount of the max. contributory of € 1,227 for 2014
CZ		65% of reference earnings		0.58 the national average wage
DK		90% of previous earnings		€ 109/day
DE	€ 5,000 /month	67% of net earnings (with children), 60% of net earnings (without children)		
EE		50% of reference earnings		
IE		€ 188/week		
EL		€ 360/month although variation with previous earnings		
ES	€ 3,597/month	70% of the calculation basis	107% of the Public Income Rate of Multiple Effects (IPREM)	175%, 200% or 225% of the IPREM
FR	4 times the social security ceiling (€12,516 per month)	40.4% reference daily wage (RDW) + € 11.72 per day or 57.4% of the RDW within the limit of 75% of the RDW.		
HR	Ceiling fixed as a percentage of the budget base.	70% of the base salary	€ 148.63/month	€ 506.35/month
IT	€ 1,192.98/month	75% of the monthly reference + supplement		€ 1,165.58 month
CY	Up to 3 times basic insurable earnings			
LV		50% of average contribution wage		
LT		€ 101 + variable component/month	No less than the State Supported Income	€ 188/month
LU		80% of previous earnings		€ 4,802.57 month
HU		60% of the average wage		€ 329/month
MT		€ 7.72 per day for a single person		
NL	Last daily wage with a max. of € 198.28	75% of the daily wage		
AT	€ 4,200/month	55% of daily net income	€ 7.43/day	€ 48.02/day
PL		80% of the basic unemployment allowance of € 200		
PT				
RO				
SI		80% of the reference basis	€ 350/month	€ 892.5/month
SK		50% of the reference earnings		
FI		Basic: € 32,66 + possible supplement of € 34.44		
SE	€ 2,033/month	80% of reference earnings		€ 74/day
UK		€ 90/week		
IS				€ 1,155/month
LI	€ 103,601/year	80% of insured earnings		
NO	6 times the basic amount (€ 63,363)	0.24% of the income basis, which normally gives a compensation level of 62.4%		
CH	€ 8,633/month	80% of the insured salary		

Source MISSOC, 2014

4.3. Estimated economic impact of the different options

Options 1 and 2 – The current rules

As mentioned before, in total 24,821 cases were reported by 23 Member States for 2013. 6,741 cases or 28% of total cases relate to a period of insurance, employment or self-employment of less than 30 days in the Member State of last activity (*Table 10*). 3,341 cases or 14% of total cases apply to a period between one and three months, and finally 14,014 cases or 58% to a period of three months or longer. So, for most of the cases of aggregation, already a period of insurance, employment or self-employment of more than three months was completed by the unemployed migrant worker in the Member State of last activity. This distribution varies markedly across Member States, but also between the EU-13 and the EU-15. 8,580 cases or 62% of the cases reported by the EU-15 concerned a period of insurance, employment or self-employment of less than three months compared to only 1,295 cases or 16% of the cases reported by the EU-13. This breakdown by period of insurance, employment or self-employment will have an influence on the budgetary impact of the different options. For example, the different options will have (almost) no impact on Cyprus (100% of the cases), Hungary (97% of the cases) and Bulgaria (96% of the cases) as they have aggregated all or most of their cases on the basis of a period of insurance, employment or self-employment of more than three months.

Under the current rules all cases should be taken into consideration. These could be multiplied by the annual average expenditure per unemployed person in order to estimate the public unemployment spending (*amounts reported in Table 5 – column 3*). This yearly expenditure assumes to some extent that the unemployed person did not find a job during the first year of unemployment. While the entitlement to an unemployment insurance benefit in most of the Member States (except for BE) will be limited to a number of weeks or months. Therefore, a more 'realistic' calculation of the yearly expenditure is calculated by taking into account the annual average duration of the payment of the unemployment benefit.⁷⁸ The average duration of the payment of the unemployment benefit amounts to 7.5 months, but differs strongly across Member States (*Table 10 – column 6*). The average duration is multiplied by the average amount reported in *Table 5 – column 3* and results in a corrected figure reported in *Table 10 – column 7*.

The budgetary impact for Lithuania and Norway could be estimated for the baseline scenario, but not for the other options given that these Member States could not provide a breakdown by period of insurance, employment or self-employment. Also for Liechtenstein the budgetary impact is missing, since no information on the annual average expenditure per unemployed person is available.

A total estimate of annual public unemployment spending of € 100 million is obtained for the 22 reporting Member States. In absolute terms, in particular France (€ 53 million) and Belgium (€ 20.5 million) are the main spending Member States. Their expenditure is influenced by the higher number of cases and average expenditure per unemployed person compared to the other Member States (*Table 10*).

The budgetary impact of the aggregation of periods for unemployment on total unemployment spending is, however, very limited (*Table 10*). In general, 0.11% of

⁷⁸ Calculations are based on the duration of the unemployment (which can be calculated using LFS data). If the duration of the unemployment < 1 month, we assume a payment of the unemployment benefit (UB) of 0.5 months; between 1-2 months of unemployment = 1.5 months UB paid; between 3-5 months of unemployment = 4 months UB paid; between 6 and 11 months of unemployment = 8.5 months UB paid; 12 months or longer of unemployment = 12 months UB paid. Based on LFS data we obtained an average duration of unemployment of 15 months. However, this average duration is measured at a certain moment, which implies a possible underestimation of the duration of the unemployment (e.g. the person may still remain unemployed). However, the expenditure is calculated for only one year. This explains the cut-off at 12 months. This will result in an annual average duration of payment of the unemployment of 7.5 months.

total unemployment spending by the reporting Member States could be related to the aggregation of periods for unemployment. This percentage is similar for EU-13 Member States (0.12%) and EU-15 Member States (0.10%). Denmark, Spain, Croatia, Cyprus, Latvia, Lithuania, Poland, the Netherlands, Romania, Finland, Sweden and the United Kingdom spent less than 0.1% of their unemployment expenditure on unemployed recent migrant workers who completed an insufficient period of insurance, employment or self-employment to be entitled to an unemployment benefit.

Aggregation of periods or salaries for unemployment benefits

Table 10 Estimate of the annual budgetary impact under the current rules (options 1 and 2)

	Number of unemployed persons who needed an aggregation of periods (A)					Average duration of the payment of the UB	Annual average expenditure per unemployed persons (in €) (B)	Expenditure related to the aggregation of periods (in €) C=A*B				Total expenditure in million € (D)	% share C/D
	<i>Less than 30 days</i>	<i>1 to 3 months</i>	<i>3 months or more</i>	<i>Total for subperiods</i>	<i>Total</i>			<i>Less than 30 days</i>	<i>1 to 3 months</i>	<i>3 months or more</i>	<i>Total</i>		
BE	736	420	1,040	2,196	2,196	7.4	9,319	6,859,118	3,914,171	9,692,233	20,465,522	5,577	0.37%
BG	22	150	3,946	4,118	4,118	8.7	320	7,048	48,052	1,264,077	1,319,176	181	0.73%
CZ													
DK	34	0	20	54	54	5.7	5,847	198,801	0	116,942	315,743	2,696	0.01%
DE													
EE	64	31	79	174	174	8.2	369	23,603	11,433	29,135	64,171	37	0.17%
IE													
EL													
ES	1,195	534	742	2,471	2,471	7.6	2,632	3,144,819	1,405,300	1,952,683	6,502,801	24,146	0.03%
FR	3,948	1,283	3,107	8,338	8,338	7.0	6,352	25,077,188	8,149,451	19,735,264	52,961,903	31,121	0.17%
HR	0	1	15	16	16	9.4	475	0	475	7,130	7,606	180	0.00%
IT													
CY	0	0	3	3	3	6.5	1,297	0	0	3,890	3,890	124	0.00%
LV	6	2	11	19	19	8.2	258	1,550	517	2,841	4,908	59	0.01%
LT				0	225	8.2	236	n.a.	n.a.	n.a.	53,055	68	0.08%
LU	1	7	40	48	48	6.2	10,948	10,948	76,634	437,911	525,493	275	0.19%
HU	29	6	1,114	1,149	1,149	8.0	293	8,493	1,757	326,255	336,506	208	0.16%
MT	1	1	6	8	8	7.8	1,375	1,375	1,375	8,250	11,000	23	0.05%
NL	26	27	107	160	160	6.3	11,399	296,371	307,770	1,219,680	1,823,821	10,183	0.02%
AT													
PL	164	379	974	1,517	1,517	7.4	226	36,983	85,466	219,642	342,091	640	0.05%
PT													
RO	2	2	8	12	12	7.4	180	359	359	1,438	2,157	183	0.00%
SI													
SK	217	218	725	1,160	1,160	9.8	380	82,434	82,814	275,413	440,660	176	0.25%

Aggregation of periods or salaries for unemployment benefits

	Number of unemployed persons who needed an aggregation of periods (A)					Average duration of the payment of the UB	Annual average expenditure per unemployed persons (in €) (B)	Expenditure related to the aggregation of periods (in €) C=A*B				Total expenditure in million € (D)	% share C/D
	<i>Less than 30 days</i>	<i>1 to 3 months</i>	<i>3 months or more</i>	<i>Total for subperiods</i>	<i>Total</i>			<i>Less than 30 days</i>	<i>1 to 3 months</i>	<i>3 months or more</i>	<i>Total</i>		
FI	23	50	62	135	135		5,906	135,847	295,319	366,196	797,363	3,189	0.03%
SE	156	122	179	457	457	4.6	1,691	263,777	206,287	302,667	772,731	1,704	0.05%
UK	17	1	12	30	30	4.8	1,443	24,523	1,443	17,310	43,275	6,646	0.00%
IS						6.6							
LI	96	75	555	726	726			n.a.	n.a.	n.a.	n.a.		
NO					500		6,167	n.a.	n.a.	n.a.	3,083,353	1,367	0.23%
CH	4	32	1,269	1,305	1,305	4.6	7,705	30,819	246,554	9,777,402	10,054,775	3,266	0.31%
Total	6,741	3,341	14,014	24,096	24,821	6.1							
EU-13								36,204,056	14,835,177	45,756,359	99,932,000	92,248	0.11%
EU-15	505	790	6,881	8,176	8,401			161,845	232,248	2,138,071	2,585,220	2,078	0.12%
EFTA	6,136	2,444	5,309	13,889	13,889			36,011,392	14,356,375	33,840,886	84,208,653	85,537	0.10%
	100	107	1,824	2,031	2,531			30,819	246,554	9,777,402	13,138,128	4,634	0.28%

* No data available for CZ, DE, IE, EL, IT, AT, LT, PT, SI, NO and IS.

Source Own calculations based on the administrative questionnaire and ESSPROS

Option 3 – A threshold for a minimum period for aggregation

A threshold is applied for the aggregation of periods of insurance, employment or self-employment fulfilled in the Member State of last activity. A threshold of one month (sub-option 3a) or three months (sub-option 3b) could be implemented.

Sub-option 3a – A threshold of one month

If a threshold of one month is applied, 6,741 cases or 28% of the total reported cases will no longer have an impact on public unemployment spending (*Table 11*). The remaining 17,355 cases are again multiplied by the annual average expenditure per unemployed person in order to estimate the public unemployment spending.

The application of this sub-option results in a total estimate of annual public unemployment spending of € 60.6 million for 20 reporting Member States. This implies a decrease of expenditure by 37% compared to the baseline scenario (excl. LT and NO).

This option will in particular have an influence on competent Member States confronted with a high percentage of aggregated cases during the first month. For example, the length of insurance, employment or self-employment of most of the cases completed in Denmark and the United Kingdom is less than one month. In contrast, Croatia and Cyprus did not report any cases below a period of one month (see also *Table 10*). The expenditure for Denmark will decrease by 63% compared to the baseline scenario. This option has no or almost no budgetary impact on Croatia (0%), Cyprus (0%), Bulgaria (-0.5%) and Switzerland (-0.3%). The expenditure of France and Belgium, two Member States which show a high expenditure in absolute terms under the baseline scenario, will decrease by 47% and 34% respectively compared to the baseline scenario (*Table 11*).

Under this option, 0.07% of total unemployment spending by the reporting Member States will be related to the aggregation of periods for unemployment (*Table 11*). However, as mentioned above, also spending on social assistance could be added to the budgetary cost.

Aggregation of periods or salaries for unemployment benefits

Table 11 Estimate of the annual budgetary impact under sub-option 3a

	Number of unemployed persons who needed an aggregation of periods (A)			Annual average expenditure per unemployed person (in €) (B)	Expenditure related to the aggregation of periods (in €) C= A*B			% change compared to the baseline scenario	Total unemployment spending in million € (D)	% share C/D	Excluded aggregated cases Less than 30 days
	1 to 3 months	3 months or more	Total for subperiods		1 to 3 months	3 months or more	Total				
BE	420	1,040	1,460	9,319	3,914,171	9,692,233	13,606,403	-33.5%	5,577	0.24%	736
BG	150	3,946	4,096	320	48,052	1,264,077	1,312,129	-0.5%	181	0.72%	22
CZ											
DK	0	20	20	5,847	0	116,942	116,942	-63.0%	2,696	0.00%	34
DE											
EE	31	79	110	369	11,433	29,135	40,568	-36.8%	37	0.11%	64
IE											
EL											
ES	534	742	1,276	2,632	1,405,300	1,952,683	3,357,982	-48.4%	24,146	0.01%	1,195
FR	1,283	3,107	4,390	6,352	8,149,451	19,735,264	27,884,715	-47.3%	31,121	0.09%	3,948
HR	1	15	16	475	475	7,130	7,606		180	0.00%	0
IT											
CY	0	3	3	1,297	0	3,890	3,890	0.0%	124	0.00%	0
LV	2	11	13	258	517	2,841	3,358	-31.6%	59	0.01%	6
LT			n.a.				n.a.				
LU	7	40	47	10,948	76,634	437,911	514,545	-2.1%	275	0.19%	1
HU	6	1,114	1,120	293	1,757	326,255	328,012	-2.5%	208	0.16%	29
MT	1	6	7	1,375	1,375	8,250	9,625	-12.5%	23	0.04%	1
NL	27	107	134	11,399	307,770	1,219,680	1,527,450	-16.3%	10,183	0.02%	26
AT											
PL	379	974	1,353	226	85,466	219,642	305,108	-10.8%	640	0.05%	164
PT											
RO	2	8	10	180	359	1,438	1,797	-16.7%	183	0.00%	2
SI											
SK	218	725	943	380	82,814	275,413	358,226	-18.7%	176	0.20%	217
FI	50	62	112	5,906	295,319	366,196	661,516	-17.0%	3,189	0.02%	23
SE	122	179	301	1,691	206,287	302,667	508,954	-34.1%	1,704	0.03%	156
UK	1	12	13	1,443	1,443	17,310	18,753	-56.7%	6,646	0.00%	17
IS											
LI	75	555	630		n.a.	n.a.	n.a.	n.a.			96
NO			n.a.				n.a.				
CH	32	1,269	1,301	7,705	246,554	9,777,402	10,023,956	-0.3%	3,266	0.31%	4
Total					14,835,177	45,756,359	60,591,536	37.4%*			6,741
	3,341	14,014	17,355						90,614	0.07%	
EU-13	790	6,881	7,671		232,248	2,138,071	2,370,319		1,810	0.13%	505
EU-15	2,444	5,309	7,753		14,356,375	33,840,886	48,197,261		85,537	0.06%	6,136
EFTA	107	1,824	1,931		246,554	9,777,402	10,023,956		3,266	0.31%	100

Aggregation of periods or salaries for unemployment benefits

Number of unemployed persons who needed an aggregation of periods (A)			Annual average expenditure per unemployed person (in €) (B)	Expenditure related to the aggregation of periods (in €) C= A*B			% change compared to the baseline scenario	Total unemployment spending in million € (D)	% share C/D	Excluded aggregated cases Less than 30 days
1 to 3 months	3 months or more	Total for subperiods		1 to 3 months	3 months or more	Total				

6

* No data available for CZ, DE, IE, EL, IT, AT, LT, PT, SI, NO and IS.

** Compared to the reporting Member States under the baseline scenario (excl. LT and NO).

Source Own calculations based on the administrative questionnaire and ESSPROS

Sub-option 3a1 – A threshold of one month AND the previous Member State is responsible for paying the unemployment benefits for those workers who, in the Member State of last activity, have not completed one month of insurance, employment or self-employment

Under this sub-option the previous Member State (i.e. Member State of origin) will be responsible for paying the unemployment benefits for those workers who, in the Member State of last activity, have not completed one month of insurance, employment or self-employment. The Member State of last activity will still be responsible for paying the unemployment benefits for those workers who have completed more than one month of insurance, employment or self-employment.

The missing data for a number of reporting Member States may lead to a distorted view of reality if the number of cases are reported by the previous Member State. As has been pointed out, most of the aggregated cases apply to a period of insurance, employment or self-employment of more than three months. It implies that the previous Member State only for a limited number of cases will be responsible for paying the unemployment benefit if a threshold of one month is applied. Moreover, only 1,534 of the 13,113 aggregated cases which could be allocated to a previous Member state of residence have to be taken into account (see also Pacolet and De Wispelaere, 2015). Most of the cases with a period of insurance, employment or self-employment of less than one month were aggregated with an additional period completed in an EU-15 Member State and mainly completed in the United Kingdom (263 cases), the Netherlands (179 cases) and France (165 cases) (*Table 12*).

The calculation of the budgetary cost for the previous Member State could be based on the average duration of unemployment (*see also Table 10*), the entitlement to an unemployment benefit up to 3 or 6 months or for the maximum duration of the entitlement (*see also Figure 3*). Please notice that the average duration of unemployment not necessarily corresponds to the duration of the entitlement to an unemployment benefit (e.g. the period of unemployment could be longer than the entitlement to an unemployment benefit). The total annual budgetary cost for the Member States of origin varies from € 3.4 Million (entitlement up to 3 months) to € 13.7 Million (maximum duration of the entitlement) for the 1,534 reported cases depending on the calculation method used (*Table 12*). The Netherlands and France will probably be confronted with the highest budgetary cost in absolute figures. However, this cost is marginal if we confront the budgetary cost of paying an unemployment benefit for those unemployed persons who, in their Member State of last activity, have not completed one months of insurance, employment or self-employment with total unemployment spending (for instance equal to 0.005% of total public spending if the average duration of unemployment is taken into account).

The additional cost to be paid as previous Member State should be added to the budgetary cost Member States will experience as Member State of last activity (*Table 13*). However, the additional cost as previous Member state will hardly influence the total cost. Only the Netherlands shows a higher cost as Member State of origin than as Member State of last activity. The real budgetary impact is, however, underestimated given that under the baseline scenario 6,741 aggregated cases of a period of insurance, employment or self-employment of less than 1 month have been taken into consideration compared to only 1,534 cases under sub-option 3a1 (*Table 12*) and even only 986 cases when selecting only the 20 reporting Member States (*Table 13*). Nevertheless, these figures show already that this option will lead to a higher budgetary impact for some Member States compared to the current rules (for instance the United Kingdom). If we extrapolate the 986 cases to the total group of 6,741 cases an estimated amount of € 32.2 Million (assuming an average expenditure

per unemployed person) or € 14,912,546 (assuming the entitlement for 3 months) will be paid by the Member States of origin (*Table 13*). It implies that the loss of an unemployment benefit in the Member State of last activity is compensated considerably by the Member State of origin (compared to an expenditure of € 36.2 Million under current rules for those 6,741 cases – see *also Table 10*).

Aggregation of periods or salaries for unemployment benefits

Table 12 Annual cost for the previous Member State responsible for paying the unemployment benefits for those workers who, in the Member State of last activity, have not completed one month of insurance, employment or self-employment, average duration of unemployment, three months entitled to an unemployment benefit and maximum duration entitled to an unemployment benefit

Previous MS	Cases less than 30 days (A)	Average duration of unemployment				Three months entitled			Six months entitled			Maximum duration of entitlement		
		Annual average expenditure (in €) (B)	Expenditure (in €) (C=A*B)	Total unemployment spending (in Million euro) (D)	% share (C/D)	Annual average expenditure (in €) (B)	Expenditure (in €) (C=A*B)	% share (C/D)	Annual average expenditure (in €) (B)	Expenditure (in €) (C=A*B)	% share (C/D)	Annual average expenditure (in €) (B)	Expenditure (in €) (C=A*B)	% share (C/D)
BE	23	9,319	214,347	5,577	0.004%	3,778	86,898	0.002%	7,556	173,795	0.003%	15,113	347,590	0.006%
BG	6	320	1,922	181	0.001%	110	663	0.000%	221	1,326	0.001%	442	2,651	0.001%
CZ	50	588	29,407	341	0.009%	232	11,608	0.003%	464	23,216	0.007%	696	34,824	0.010%
DK	28	5,847	163,719	2,696	0.006%	3,077	86,168	0.003%	6,155	172,336	0.006%	12,310	344,671	0.013%
DE	94	5,844	549,294	21,363	0.003%	2,401	225,737	0.001%	4,803	451,475	0.002%	9,606	902,949	0.004%
EE	8	369	2,950	37	0.008%	135	1,079	0.003%	270	2,159	0.006%	540	4,318	0.012%
IE	51	9,099	464,053	3,792	0.012%	3,000	152,985	0.004%	5,999	305,969	0.008%	7,999	407,959	0.011%
EL	29	803	23,285	1,279	0.002%	268	7,762	0.001%	535	15,524	0.001%	1,071	31,047	0.002%
ES	153	2,632	402,642	24,146	0.002%	1,039	158,938	0.001%	2,078	317,875	0.001%	4,155	635,751	0.003%
FR	165	6,352	1,048,059	31,121	0.003%	2,722	449,168	0.001%	5,444	898,336	0.003%	10,889	1,796,672	0.006%
HR	2	475	951	180	0.001%	152	303	0.000%	303	607	0.000%	607	1,214	0.001%
IT	115	2,533	291,284	9,929	0.003%	905	104,030	0.001%	1,809	208,060	0.002%	3,618	416,121	0.004%
CY	9	1,297	11,669	124	0.009%	598	5,386	0.004%	1,197	10,771	0.009%	997	8,976	0.007%
LV	2	258	517	59	0.001%	95	189	0.000%	189	378	0.001%	284	567	0.001%
LT	7	236	1,651	68	0.002%	86	604	0.001%	173	1,208	0.002%	259	1,812	0.003%
LU	32	10,948	350,329	275	0.127%	5,297	169,514	0.062%	10,595	339,028	0.123%	42,378	1,356,111	0.492%
HU	12	293	3,514	208	0.002%	110	1,318	0.001%	220	2,636	0.001%	110	1,318	0.001%
MT	3	1,375	4,125	23	0.018%	529	1,587	0.007%	1,058	3,173	0.014%	881	2,644	0.011%
NL	179	11,399	2,040,400	10,183	0.020%	5,428	971,619	0.010%	10,856	1,943,238	0.019%	21,712	3,886,475	0.038%
AT	110	5,468	601,493	2,297	0.026%	3,038	334,163	0.015%	6,076	668,326	0.029%	12,151	1,336,651	0.058%
PL	20	226	4,510	640	0.001%	91	1,828	0.000%	183	3,657	0.001%	366	7,314	0.001%
PT	18	2,004	36,077	2,482	0.001%	742	13,362	0.001%	1,485	26,724	0.001%	7,423	133,620	0.005%
RO	23	180	4,134	183	0.002%	73	1,676	0.001%	146	3,352	0.002%	291	6,704	0.004%
SI	2	1,458	2,915	199	0.001%	554	1,107	0.001%	1,107	2,214	0.001%	2,214	4,428	0.002%
SK	6	380	2,279	176	0.001%	116	698	0.000%	233	1,395	0.001%	233	1,395	0.001%
FI	10	5,906	59,064	3,189	0.002%	3,852	38,520	0.001%	7,704	77,040	0.002%	15,408	154,080	0.005%
SE	18	1,691	30,436	1,704	0.002%	1,057	19,022	0.001%	2,114	38,045	0.002%	4,227	76,090	0.004%
UK	263	1,443	379,380	6,646	0.006%	656	172,445	0.003%	1,311	344,891	0.005%	1,311	344,891	0.005%
IS	5	0	0	130	0.000%	2,953	14,763	0.011%	5,905	29,525	0.023%	0	0	0.000%
LI	0													
NO	67	6,167	413,169	1,367	0.030%	4,022	269,458	0.020%	8,044	538,916	0.039%	16,087	1,077,833	0.079%
CH	24	7,705	184,915	3,266	0.006%	3,789	90,942	0.003%	7,579	181,884	0.006%	15,157	363,768	0.011%
Total	1,534		7,322,492	133,861	0.005%		3,393,539	0.003%		6,787,078	0.005%		13,690,444	0.010%

* This is an incomplete picture due to missing data for CZ, DE, IE, EL, IT, AT, PT, SI and IS as reporting Member State and given that some Member states did not provide a breakdown by the Member State of origin (FR, ES and EE).

Source Own calculations based on the administrative questionnaire and ESSPROS

Table 13 Total cost under sub-option 3a1

	As Member State of last activity (in €) (n: 17,355)	Average duration			Three months		
		As Member State of origin (in €) (n: 986)	Total cost (in €)	% difference baseline scenario	As Member State of origin (in €) (n: 986)	Total cost (in €)	% difference baseline scenario
BE	13,606,403	214,347	13,820,751	-32.5%	86,898	13,693,301	-33.1%
BG	1,312,129	1,922	1,314,051	-0.4%	663	1,312,791	0.5%
CZ							
DK	116,942	163,719	280,661	-11.1%	86,168	203,110	-35.7%
DE							
EE	40,568	2,950	43,518	-32.2%	1,079	41,647	-35.1%
IE							
EL							
ES	3,357,982	402,642	3,760,625	-42.2%	158,938	3,516,920	-45.9%
FR	27,884,715	1,048,059	28,932,774	-45.4%	449,168	28,333,883	-46.5%
HR	7,606	951	8,556	-12.5%	303	7,909	-4.0%
IT							
CY	3,890	11,669	15,559	300.0%	5,386	9,275	138.5%
LV	3,358	517	3,875	-21.1%	189	3,547	-27.7%
LT							
LU	514,545	350,329	864,874	64.6%	169,514	684,059	30.2%
HU	328,012	3,514	331,527	-1.5%	1,318	329,330	-2.1%
MT	9,625	4,125	13,750	25.0%	1,587	11,212	1.9%
NL	1,527,450	2,040,400	3,567,850	95.6%	971,619	2,499,069	37.0%
AT							
PL	305,108	4,510	309,618	-9.5%	1,828	306,936	-10.3%
PT							
RO	1,797	4,134	5,932	175.0%	1,676	0	100%
SI							
SK	358,226	2,279	360,506	-18.2%	698	358,924	-18.5%
FI	661,516	59,064	720,579	-9.6%	38,520	700,035	-12.2%
SE	508,954	30,436	539,390	-30.2%	19,022	527,977	-31.7%
UK	18,753	379,380	398,132	820.0%	172,445	191,198	341.8%
IS							
LI							
NO							
CH	10,023,956	184,915	10,208,871	1.5%	90,942	10,114,898	0.6%
Total	60,591,536	4,909,862	65,501,398	-32.3%	2,257,960	62,849,496	-35.1%
Extrapolation (n: 6,741)		32,177,913			14,912,546		

* This is an incomplete picture due to missing data for CZ, DE, IE, EL, IT, AT, PT, SI and IS as reporting Member State and given that some Member states did not provide a breakdown by the Member State of origin (FR, ES and EE).

Source Own calculations based on the administrative questionnaire

Sub-option 3b – A threshold of three months

In case a threshold of three months is applied, the remaining 14,049 cases are multiplied by the annual average expenditure per unemployed person in order to estimate the public unemployment spending.

Under this sub-option, the total estimated annual public unemployment spending for 20 reporting Member States amounts to € 45.8 million or to a decrease of expenditure by 53% compared to the baseline scenario (*Table 14*).

This sub-option 3b almost does not result in any further decrease of expenditure compared to sub-option 3a in Denmark (0 p.p.),⁷⁹ Cyprus (0.0 p.p.), Hungary (-0.5 p.p.), Switzerland (-2.5 p.p.), the United Kingdom (-3.3 p.p.), Bulgaria (-3.6 p.p.) and Croatia (-6.3 p.p.) (*Table 14*). Especially Finland (-37.0 p.p.), Sweden (-26.7 p.p.) and Poland (-25.0 p.p.) will experience a higher decrease of expenditure compared to sub-option 3a. This option will consequently lead to a further decrease of public unemployment spending to 0.05% of total unemployment spending by the reporting Member States (*Table 14*).

⁷⁹ p.p. = percentage points.

Aggregation of periods or salaries for unemployment benefits

Table 14 Estimate of the budgetary annual impact under sub-option 3b

	Number of unemployed persons who needed aggregated cases (A) 3 months or more	Annual average expenditure per unemployed persons (in €) (B)	Expenditure related to the aggregation of periods C=A*B 3 months or more	% change compared to the baseline scenario	Change in p.p. compared to sub-option 3a	Total UB spending in million euro (D)	% share C/D	Excluded aggregated cases		
								Less than 30 days	1 to 3 months	Total number
BE	1,040	9,319	9,692,233	-52.6%	-19.1 p.p.	5,577	0.17 %	736	420	1,156
BG	3,946	320	1,264,077	-4.2%	-3.6 p.p.	181	0.70 %	22	150	172
CZ										0
DK	20	5,847	116,942	-63.0%	0.0 p.p.	2,696	0.00 %	34	0	34
DE										0
EE	79	369	29,135	-54.6%	-17.8 p.p.	37	0.08 %	64	31	95
IE										0
EL										0
ES	742	2,632	1,952,683	-70.0%	-21.6 p.p.	24,146	0.01 %	1,195	534	1,729
FR	3,107	6,352	19,735,264	-62.7%	-15.4 p.p.	31,121	0.06 %	3,948	1,283	5,231
HR	15	475	7,130	-6.3%	-6.3 p.p.	180	0.00 %	0	1	1
IT										0
CY	3	1,297	3,890	0.0%	0.0 p.p.	124	0.00 %	0	0	0
LV	11	258	2,841	-42.1%	-10.5 p.p.	59	0.00 %	6	2	8
LT	n.a.		n.a.							0
LU	40	10,948	437,911	-16.7%	-14.6 p.p.	275	0.16 %	1	7	8
HU	1,114	293	326,255	-3.0%	-0.5 p.p.	208	0.16 %	29	6	35
MT	6	1,375	8,250	-25.0%	-12.5 p.p.	23	0.04 %	1	1	2
NL	107	11,399	1,219,680	-33.1%	-16.9 p.p.	10,183	0.01 %	26	27	53
AT										0
PL	974	226	219,642	-35.8%	-25.0 p.p.	640	0.03 %	164	379	543
PT										0
RO	8	180	1,438	-33.3%	-16.7 p.p.	183	0.00 %	2	2	4
SI										0
SK	725	380	275,413	-37.5%	-18.8 p.p.	176	0.16 %	217	218	435

Aggregation of periods or salaries for unemployment benefits

	Number of unemployed persons who needed aggregated cases (A) 3 months or more	Annual average expenditure per unemployed persons (in €) (B)	Expenditure related to the aggregation of periods C=A*B 3 months or more	% change compared to the baseline scenario	Change in p.p. compared to sub-option 3a	Total UB spending in million euro (D)	% share C/D	Excluded aggregated cases		
								Less than 30 days	1 to 3 months	Total number
FI	62	5,906	366,196		-37.0 p.p.	3,189	0.01 %	23	50	73
SE	179	1,691	302,667	-54.1%	-26.7 p.p.	1,704	0.02 %	156	122	278
UK	12	1,443	17,310	-60.8%	-3.3 p.p.	6,646	0.00 %	17	1	18
IS										0
LI	555		n.a.	n.a.	n.a.			96	75	171
NO	n.a.	6,167	n.a.							0
CH	1,269	7,705	9,777,402	-2.8%	-2.5 p.p.	3,266	0.30 %	4	32	36
Total	14,014		45,756,359	-52.7%**	-15.3 p.p.	90,614	0.05 %	6,741	3,341	10,082
EU-13	6,881		2,138,071			1,810	0.12 %	505	790	1,295
EU-15	5,309		33,840,886			54,416	0.06 %	6,136	2,444	8,580
EFTA	1,824		9,777,402			3,266	0.30 %	100	107	207

* No data available for CZ, DE, IE, EL, IT, AT, LT, PT NO and IS.

** Compared to the reporting Member States under the baseline scenario (excl. LT and NO).

Source Own calculations based on the administrative questionnaire and ESSPROS

Sub-option 3b1 – A threshold of three months AND the previous Member State is responsible for paying the unemployment benefits for those workers who, in the Member State of last activity, have not completed three months of insurance, employment or self-employment

Under this sub-option the previous Member State (i.e. Member State of origin) will be responsible for paying the unemployment benefits for those workers who, in the Member State of last activity, have not completed three months of insurance, employment or self-employment. The Member State of last activity will still be responsible for paying the unemployment benefits for those workers who have completed more than three month of insurance, employment or self-employment.

As mentioned before, the missing data for a number of reporting Member States may lead to a distorted view of reality if the number of cases are reported by the previous Member State. Also, most of the aggregated cases apply to a period of insurance, employment or self-employment of more than three months. It implies that the previous Member State only for a limited number of cases will be responsible for paying the unemployment benefit if a threshold of three months is applied. Moreover, only 3,027 of the 13,113 aggregated cases which could be allocated to a previous Member state of residence have to be taken into account (see also Pacolet and De Wispelaere, 2015). Most of the cases with a period of insurance, employment of self-employment of less than three months were aggregated with an additional period completed in an EU-15 Member State and mainly completed in the United Kingdom (577 cases), the Netherlands (371 cases) and Spain (328 cases) (*Table 15*).

The calculation of the budgetary cost for the previous Member State could be based on the average duration of unemployment (*see also Table 10*), the entitlement to an unemployment benefit up to 3 or 6 months or for the maximum duration of the entitlement (*see also Figure 3*). Please notice that the average duration of unemployment not necessarily corresponds to the duration of the entitlement to an unemployment benefit (e.g. the period of unemployment could be longer than the entitlement to an unemployment benefit). The total annual budgetary cost for the Member States of origin varies from € 14.2 Million (entitlement up to 3 months) to € 26.2 Million (maximum duration of the entitlement) for the 3,027 reported cases depending on the calculation method used (*Table 15*). Again, The Netherlands and France will probably be confronted with the highest budgetary cost in absolute figures. This cost is still marginal if we confront the budgetary cost of paying an unemployment benefit for those unemployed persons who, in their Member State of last activity, have not completed three months of insurance, employment or self-employment with total unemployment spending (for instance equal to 0.01% of total public spending if the average duration of unemployment is taken into account).

Aggregation of periods or salaries for unemployment benefits

Table 15 Annual cost for the previous Member State responsible for paying the unemployment benefits for those workers who, in the Member State of last activity, have not completed three months of insurance, employment or self-employment, average duration of unemployment, three months entitled to an unemployment benefit and maximum duration entitled to an unemployment benefit

Previous MS	Cases less than three months (A)	Average duration of unemployment				Three months entitlement			Six months entitlement			Maximum duration of entitlement		
		Annual average expenditure (in €) (B)	Expenditure (in €) (C=A*B)	Total unemployment spending (in Million euro) (D)	% share (C/D)	Annual average expenditure (in €) (B)	Expenditure (in €) (C=A*B)	% share (C/D)	Annual average expenditure (in €) (B)	Expenditure (in €) (C=A*B)	% share (C/D)	Annual average expenditure (in €) (B)	Expenditure (in €) (C=A*B)	% share (C/D)
BE	41	9,319	382,098	5,577	0.0069 %	3,7 78	154,904	0.0028 %	7,556	309,809	0.0056 %	15,11 3	619,618	0.0111 %
BG	6	320	1,922	181	0.0011 %	11 0	663	0.0004 %	221	1,326	0.0007 %	442	2,651	0.0015 %
CZ	11 8	588	69,400	341	0.0204 %	23 2	27,395	0.0080 %	464	54,790	0.0161 %	696	82,184	0.0241 %
DK	55	5,847	321,590	2,696	0.0119 %	3,0 77	169,258	0.0063 %	6,155	338,516	0.0126 %	12,31 0	677,032	0.0251 %
DE	22 7	5,844	1,326,48 7	21,363	0.0062 %	2,4 01	545,131	0.0026 %	4,803	1,090,263	0.0051 %	9,606	2,180,526	0.0102 %
EE	31	369	11,433	37	0.0312 %	13 5	4,183	0.0114 %	270	8,365	0.0228 %	540	16,731	0.0456 %
IE	11 3	9,099	1,028,19 7	3,792	0.0271 %	3,0 00	338,966	0.0089 %	5,999	677,932	0.0179 %	7,999	903,909	0.0238 %
EL	39	803	31,315	1,279	0.0024 %	26 8	10,438	0.0008 %	535	20,877	0.0016 %	1,071	41,753	0.0033 %
ES	32 8	2,632	863,180	24,146	0.0036 %	1,0 39	340,729	0.0014 %	2,078	681,458	0.0028 %	4,155	1,362,916	0.0056 %
FR	23 3	6,352	1,479,98 6	31,121	0.0048 %	2,7 22	634,280	0.0020 %	5,444	1,268,559	0.0041 %	10,88 9	2,537,119	0.0082 %
HR	2	475	951	180	0.0005 %	15 2	303	0.0002 %	303	607	0.0003 %	607	1,214	0.0007 %
IT	20 9	2,533	529,378	9,929	0.0053 %	90 5	189,064	0.0019 %	1,809	378,127	0.0038 %	3,618	756,254	0.0076 %
CY	19	1,297	24,635	124	0.0198 %	59 8	11,370	0.0091 %	1,197	22,740	0.0183 %	997	18,950	0.0152 %
LV	6	258	1,550	59	0.0026 %	95	567	0.0010 %	189	1,134	0.0019 %	284	1,701	0.0029 %
LT	9	236	2,122	68	0.0031 %	86	776	0.0011 %	173	1,553	0.0023 %	259	2,329	0.0034 %
LU	47	10,948	514,545	275	0.1868 %	5,2 97	248,973	0.0904 %	10,595	497,947	0.1808 %	42,37 8	1,991,788	0.7231 %
HU	25	293	7,322	208	0.0035 %	11 0	2,746	0.0013 %	220	5,491	0.0026 %	110	2,746	0.0013 %
MT	6	1,375	8,250	23	0.0355 %	52 9	3,173	0.0136 %	1,058	6,346	0.0273 %	881	5,289	0.0227 %
NL	37	11,399	4,228,98	10,183	0.0415	5,4	2,013,80	0.0198	10,856	4,027,604	0.0396	21,71	8,055,209	0.0791

Aggregation of periods or salaries for unemployment benefits

AT	19	5,468	1,082,688	2,297	0.0471	3,038	601,493	0.0262	6,076	1,202,986	0.0524	12,151	2,405,972	0.1048
PL	38	226	8,569	640	0.0013	91	3,474	0.0005	183	6,948	0.0011	366	13,896	0.0022
PT	40	2,004	80,172	2,482	0.0032	74	29,693	0.0012	1,485	59,387	0.0024	7,423	296,933	0.0120
RO	31	180	5,572	183	0.0030	73	2,259	0.0012	146	4,518	0.0025	291	9,036	0.0049
SI	3	1,458	4,373	199	0.0022	55	1,661	0.0008	1,107	3,321	0.0017	2,214	6,642	0.0033
SK	13	380	4,938	176	0.0028	11	1,512	0.0009	233	3,024	0.0017	233	3,024	0.0017
FI	17	5,906	100,409	3,189	0.0031	3,852	65,484	0.0021	7,704	130,968	0.0041	15,408	261,936	0.0082
SE	26	1,691	43,963	1,704	0.0026	1,057	27,477	0.0016	2,114	54,954	0.0032	4,227	109,907	0.0065
UK	57	1,443	832,327	6,646	0.0125	65	378,331	0.0057	1,311	756,661	0.0114	1,311	756,661	0.0114
IS	7	0	0	130	0.0000	2,953	20,668	0.0159	5,905	41,335	0.0318	0	0	0.0000
LI														
NO	15	6,167	943,506	1,367	0.0690	4,022	615,330	0.0450	8,044	1,230,660	0.0900	16,087	2,461,320	0.1800
CH	39	7,705	300,488	3,266	0.0092	3,789	147,781	0.0045	7,579	295,562	0.0090	15,157	591,123	0.0181
Total	3,027		14,240,349	133,861	0.0106	0	6,591,883	0.0049		13,183,767	0.0098		26,176,369	0.0196

* This is an incomplete picture due to missing data for CZ, DE, IE, EL, IT, AT, PT, SI and IS as reporting Member State and given that some Member states did not provide a breakdown by the Member State of origin (FR, ES and EE).

Source Own calculations based on the administrative questionnaire and ESSPROS

The additional cost to be paid as previous Member State should be added to the budgetary cost Member States will experience as Member State of last activity (*Table 16*). Especially the United Kingdom and the Netherlands show in absolute figures a higher cost as Member State of origin than as Member State of last activity. The real budgetary impact is, however, underestimated given that under the baseline scenario 10,082 aggregated cases of a period of insurance, employment or self-employment of less than three month have been taken into consideration compared to only 3,027 under sub-option 3b1 (*Table 15*) and even only 1,911 cases when selecting only the 20 reporting Member States (*Table 16*). Nevertheless, these figures show already that this option will lead to a higher budgetary impact for some Member States compared to the current rules (for instance the United Kingdom). If we extrapolate the 1,911 cases to the total group of 10,082 cases an estimated amount of € 47.4 Million (assuming an average expenditure per unemployed person) or € 21,955,523 (assuming the entitlement for 3 months) will be paid by the Member States of origin (*Table 16*). It implies that the loss of an unemployment benefit in the Member State of last activity is compensated considerably by the Member State of origin (compared to an expenditure of € 51.0 Million under current rules for those 10,082 cases – see also *Table 10*).

Table 16 Total cost under sub-option 3b1

	As Member State of last activity (in €) (n: 14,014)	Average duration			Three months		
		As Member State of origin (in €) (n: 1,911)	Total cost (in €)	% difference baseline scenario	As Member State of origin (in €) (n: 1,911)	Total cost (in €)	% difference baseline scenario
BE	9,692,233	382,098	10,074,330	-50.8%	154,904	9,847,137	-51.9%
BG	1,264,077	1,922	1,265,999	-4.0%	663	1,264,740	-4.1%
CZ							
DK	116,942	321,590	438,532	38.9%	169,258	286,200	-9.4%
DE							
EE	29,135	11,433	40,568	-36.8%	4,183	33,318	-48.1%
IE							
EL							
ES	1,952,683	863,180	2,815,863	-56.7%	340,729	2,293,412	-64.7%
FR	19,735,264	1,479,986	21,215,250	-59.9%	634,280	20,369,544	-61.5%
HR	7,130	951	8,081	6.3%	303	7,434	-2.3%
IT							
CY	3,890	24,635	28,524	633.3%	11,370	15,260	292.3%
LV	2,841	1,550	4,391	-10.5%	567	3,408	-30.6%
LT							
LU	437,911	514,545	952,456	81.3%	248,973	686,884	30.7%
HU	326,255	7,322	333,577	-0.9%	2,746	329,001	-2.2%
MT	8,250	8,250	16,501	50.0%	3,173	11,423	3.8%
NL	1,219,680	4,228,985	5,448,665	198.8%	2,013,802	3,233,482	77.3%
AT							
PL	219,642	8,569	228,211	-33.3%	3,474	223,116	-34.8%
PT							
RO	1,438	5,572	7,010	225.0%	2,259	3,697	71.4%
SI							
SK	275,413	4,938	280,351	-36.4%	1,512	276,924	-37.2%
FI	366,196	100,409	466,605	-41.5%	65,484	431,680	-45.9%
SE	302,667	43,963	346,630	-55.1%	27,477	330,144	-57.3%
UK	17,310	832,327	849,637	1,863.3%	378,331	395,641	814.2%
IS							
LI							
NO							
CH	9,777,402	300,488	10,077,889	0.2%	147,781	9,925,183	-1.3%
Total	45,756,359	9,142,713	54,899,071	-43.3%	4,211,268	49,967,627	-48.4%
Extrapolation (n: 10,082)		47,430,196			21,955,523		

* This is an incomplete picture due to missing data for CZ, DE, IE, EL, IT, AT, PT, SI and IS as reporting Member State and given that some Member states did not provide a breakdown by the Member State of origin (FR, ES and EE).

Source Own calculations based on the administrative questionnaire

Option 4 – A change of the calculation method: salary earned in the Member State of origin is also taken into account

For this option the calculation of the unemployment benefit will also be based on the salaries earned in the Member State of origin. The average wage earned during the qualifying period laid down in national legislation will be calculated. As mentioned

above (see also *Figure 2*), many Member States apply a qualifying period of some 12 months.

Box 2 – An example

An unemployed migrant worker worked for one month (option 4a) in the Member State of last activity and received a salary of € 2,000. The qualifying period in the Member State of last activity is 12 months. Therefore, a period of insurance, employment or self-employment of 11 months completed by the unemployed migrant worker in the Member State of origin has to be taken into account for the award of an unemployment benefit by the Member State of last activity. During this period of 11 months the unemployed migrant worker received a monthly salary of € 1,000. The unemployment benefit of the Member State of last activity is calculated as a certain percentage of the average salary of the previous 12 months (i.e. the qualifying period). The average salary will amount to € 1,083 ($= (\text{€ } 2,000 \times 1 + \text{€ } 1,000 \times 11) / 12$). In accordance with the current rules, the calculation of the unemployment benefit would be based on the salary received in the Member State of last activity only, i.e. € 2,000.

If the unemployed migrant worker worked for three months (option 4b) in the Member State of last activity, the average salary would amount to € 1,250 ($= (\text{€ } 2,000 \times 3 + \text{€ } 1,000 \times 9) / 12$).

Tables 17 (threshold of one month) and *18* (threshold of three months) provide bilateral information on the impact of the average wage when also salaries earned in the Member State of origin are taken into account compared to the current situation. Figures are expressed as x times the average salary under the current rules. For example, consider the changes between Belgium and Bulgaria. The average wage in option 4a (*Table 17*) for an unemployed migrant worker who is employed only one month in Belgium as Member State of last activity (qualifying period = 12 months) and requiring an aggregation of a period of 11 months from Bulgaria as Member State of origin is equal to 0.2 times the average wage under the current rules. This in contrast to an unemployed worker employed in Bulgaria as Member State of last activity (qualifying period = 9 months) and requiring an aggregation of a period of eight months from Belgium as Member State of origin, where the average wage in option 4a will be equal to 8.4 times the average wage under the current rules. These cross-tables could be used to estimate the decrease or increase of the amount of the unemployment benefit. However, this should be corrected by the ceiling of earnings taken into account and the minimum and maximum unemployment benefits. For example, Bulgaria applies a maximum amount of the monthly contributory income of € 1,227. This implies that the salary earned in the Member of origin by unemployed migrant workers coming from high-wage Member States will be flattened to this ceiling. Also, unemployed migrant workers entitled to an unemployment benefit from Belgium will receive at least a daily amount of € 36.6 despite the fact that their average wage is decreased many times by taking into account also the salary earned in low-wage Member States of origin.

Aggregation of periods or salaries for unemployment benefits

Table 17 Average earnings also taking into account the salaries earned in the Member State of origin compared to the current situation, threshold of one month

Reference period	Member State of last activity																																	
	1	9	1	1	1	1	9	5	1	4	9	1	6	9	1	6	1	1	6	1	1	1	1	9	2	6	6	6	3	1	1	1		
Gross monthly earnings	2,579	278	639	2,948	2,496	655	1,851	517	1,159	1,453	2,055	684	n.a.	520	438	2,986	541	1,175	2,704	2,342	549	985	326	987	558	2,359	2,517	2,325	2,118	n.a.	3,730	3,978		
	B	B	C	D	D	E	IE	E	E	F	H	IT	C	L	L	L	H	M	N	A	P	P	R	S	S	FI	S	U	I	LI	N	C		
BE	2,579	1.0	8.8	3.9	0.0	1.3	1.1	2.0	1.1	1.3	1.3	1.1	n.a.	4.5	5.7	0.9	4.4	2.1	1.1	4.2	7.2	7.2	2.4	4.1	1.1	1.1	1.1	1.1	0.7	0.7	0.0			
BG	278	0.2	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
CZ	639	0.3	2.0	1.0	0.3	0.3	0.4	6.5	5.9	4.9	4.4	0.0	2.2	1.5	3.2	6.4	3.2	6.4	0.3	2.7	9.7	1.7	1.4	1.4	1.4	0.4	4.4	5.2	2.2	2.2	0.0	0.0		
DK	2,948	1.5	9.3	4.0	1.2	4.2	1.2	2.5	2.9	3.9	3.7	1.1	5.1	6.5	1.0	5.4	2.1	1.1	5.2	8.2	8.2	2.5	2.8	5.1	1.2	1.1	1.1	1.1	0.8	8.8	0.0	0.0		
DE	2,496	0.1	8.7	3.9	0.6	1.3	0.9	3.9	7.2	4.4	4.4	4.4	4.4	5.9	0.3	0.9	1.3	0.9	1.3	4.1	3.4	1.4	1.4	3.0	0.0	0.0	1.1	1.1	1.1	0.7	7.7	0.0	0.0	
EE	655	0.3	2.0	1.0	0.3	0.3	0.4	7.5	5.0	4.4	0.0	0.0	2.2	1.5	3.2	6.4	3.2	6.4	0.3	2.7	9.7	1.7	1.4	1.4	1.4	0.4	4.4	5.2	2.2	2.2	0.0	0.0	0.0	
IE	1,851	0.7	6.7	2.7	0.8	0.7	0.5	1.3	1.9	5.1	1.1	3.1	3.1	4.0	0.3	1.0	0.3	1.0	0.3	1.5	1.5	1.5	1.5	1.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
EL	1,159	0.5	8.7	3.4	0.5	0.7	0.8	7.0	5.3	9.5	1.0	0.0	2.2	1.6	5.0	2.0	1.0	5.0	2.0	3.1	3.1	3.1	3.1	2.0	0.6	6.6	6.7	4.4	4.4	0.0	0.0	0.0	0.0	
ES	1,453	0.6	8.2	5.6	1.8	2.0	8.2	0.8	0.9	6.2	0.9	6.2	6.2	6.2	6.2	5.2	6.2	6.2	6.2	7.5	4.2	4.2	4.2	4.2	5.7	6.7	7.8	4.4	4.4	0.0	0.0	0.0	0.0	
FR	2,055	0.8	6.7	3.0	0.8	0.3	1.6	4.0	8.2	1.2	2.1	1.2	6.6	6.6	7.5	7.8	9.5	7.8	9.5	2.0	2.0	2.0	2.0	2.0	6.9	8.9	9.0	6.6	6.6	0.0	0.0	0.0	0.0	
HR	684	0.3	3.1	1.3	0.3	0.4	7.5	5.0	4.4	0.0	0.0	0.0	3.6	3.6	4.2	6.4	4.2	6.4	0.1	0.0	2.7	0.7	0.7	0.7	2.4	4.4	4.4	4.4	3.2	3.2	0.0	0.0	0.0	
IT	1,677	0.7	5.5	2.6	0.7	0.4	9.4	1.9	4.1	9.3	0.0	0.0	0.7	0.7	6.9	9.4	7.7	9.6	8.6	8.6	8.6	8.6	6.8	6.6	9.8	7.8	7.8	9.5	5.5	5.5	0.0	0.0	0.0	
CY	0	0.1	1.1	1.1	1.1	1.1	2.1	1.2	1.3	1.1	0.0	0.0	1.1	1.1	2.1	1.1	2.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	0.0	2.2	2.2	2.2	1.1	1.1	0.0	0.0	0.0	
LV	520	0.3	8.8	2.3	0.8	4.6	4.4	6.4	4.8	4.4	0.0	0.0	0.2	0.2	3.0	5.3	3.0	3.0	6.5	6.5	6.5	6.5	6.5	6.5	6.9	4.3	4.3	4.3	2.2	2.2	0.0	0.0	0.0	
LT	430	0.2	5.7	2.2	0.7	3.5	4.4	7.3	4.7	3.3	0.0	0.0	8.0	8.0	3.8	4.3	8.5	3.8	8.5	3.3	5.3	5.3	5.3	5.3	8.3	3.3	3.3	3.3	2.2	2.2	0.0	0.0	0.0	
LU	2,986	1.1	9.4	4.0	1.2	4.2	1.2	2.5	2.9	3.0	3.7	1.1	5.1	6.5	1.0	5.4	2.1	1.1	5.2	8.2	8.2	2.5	2.8	5.1	1.2	1.1	1.1	1.1	0.8	8.8	0.0	0.0	0.0	
HU	545	0.3	9.9	3.3	0.8	4.6	4.4	6.4	4.8	4.4	0.0	0.0	0.3	0.3	3.0	5.3	3.0	3.0	6.6	6.6	6.6	6.6	6.6	6.6	6.6	0.4	3.4	4.5	2.2	2.2	0.0	0.0	0.0	
MT	1,175	0.5	9.8	4.5	0.7	7.0	8.7	0.8	7.6	6.7	0.0	0.0	1.6	1.6	5.1	0.5	5.0	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	1.6	6.6	6.6	7.4	4.4	4.4	0.0	0.0	0.0
NL	2,704	0.8	8.4	0.9	1.9	4.1	8.2	1.8	2.6	6.6	6.6	6.6	7.0	7.0	9.6	2.0	1.6	6.6	6.6	7.5	7.5	7.5	7.5	7.5	7.5	1.1	1.1	1.1	2.7	7.7	0.0	0.0	0.0	
AT	2,342	0.4	7.3	3.0	0.0	3.1	1.1	1.1	1.1	3.1	1.1	1.1	4.1	5.0	0.4	1.0	1.1	4.1	1.1	4.2	6.6	2.6	2.6	2.6	2.6	1.0	1.0	1.0	1.0	0.0	0.0	0.0	0.0	

Aggregation of periods or salaries for unemployment benefits

Reference period	Member State of last activity																															
	1	9	1	1	1	1	9	5	1	4	9	1	6	9	1	6	1	1	1	1	9	2	6	6	6	3	1	1	1			
Gross monthly earnings	2,579	278	639	2,948	2,496	655	1,851	1,159	1,453	2,055	684	1,677	n.a.	520	430	2,986	545	1,175	2,704	2,342	549	985	326	987	558	2,359	2,517	2,325	1,181	3,730	3,978	
	B	B	C	D	D	E	IE	E	E	F	H	IT	C	L	L	L	H	M	N	A	P	P	R	S	S	FI	S	U	I	LI	N	C
PL	42	9	6	4	8	9	4	2	8	6	1	2	4	1	2	8	0	9	9	0	0	3	7	2	1	0	9	0	1	7	6	
PT	549	0.	1.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	1.	1.	0.	1.	0.	0.	0.	1.	0.	1.	0.	1.	0.	0.	0.	0.	0.	0.	
RO	985	0.	3.	1.	0.	0.	1.	0.	0.	0.	1.	0.	0.	1.	2.	0.	1.	0.	0.	0.	1.	1.	2.	1.	1.	0.	0.	0.	0.	0.	0.	
SI	326	0.	3.	1.	0.	0.	1.	0.	0.	0.	0.	1.	0.	1.	2.	0.	1.	0.	0.	0.	1.	1.	2.	1.	1.	0.	0.	0.	0.	0.	0.	
SK	987	0.	3.	1.	0.	0.	1.	0.	0.	0.	0.	1.	0.	1.	2.	0.	1.	0.	0.	1.	1.	2.	1.	1.	0.	0.	0.	0.	0.	0.	0.	
SE	558	0.	1.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	1.	1.	0.	1.	0.	0.	0.	1.	0.	1.	0.	1.	0.	0.	0.	0.	0.	0.	
FI	2,3	0.	7.	3.	0.	0.	3.	1.	1.	1.	1.	3.	1.	4.	5.	0.	4.	1.	0.	1.	4.	2.	6.	2.	4.	1.	0.	1.	1.	0.	0.	
UK	59	9	7	5	8	9	4	2	8	6	1	2	4	1	2	8	0	9	9	0	0	3	7	2	1	0	9	0	1	7	6	
IS	2,5	1.	8.	3.	0.	1.	3.	1.	1.	1.	1.	3.	1.	4.	5.	0.	4.	2.	0.	1.	4.	2.	7.	2.	4.	1.	1.	1.	1.	0.	0.	
LI	17	0	2	7	9	0	6	3	9	7	2	4	5	4	6	9	3	0	9	1	3	4	2	4	4	1	0	1	1	7	7	
NO	2,3	0.	7.	3.	0.	0.	3.	1.	1.	1.	1.	3.	1.	4.	5.	0.	4.	1.	0.	1.	4.	2.	6.	2.	4.	1.	0.	1.	1.	0.	0.	
CH	25	9	6	4	8	9	3	2	8	6	1	1	4	1	2	8	0	9	9	0	0	2	6	2	0	0	9	0	1	7	6	
IS	2,1	0.	6.	3.	0.	0.	3.	1.	1.	1.	1.	2.	1.	3.	4.	0.	3.	1.	0.	0.	3.	2.	6.	2.	3.	0.	0.	0.	1.	0.	0.	
LI	18	8	9	1	7	9	0	1	7	4	0	9	2	7	7	8	6	7	8	9	6	1	0	0	7	9	9	0	6	6		
NO	0	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	
CH	3,7	1.	1	1	1	1	1	2	1	3	1	1	1	1	1	2	1	1	2	1	1	1	1	1	0	2	2	3	1	1		
CH	30	4	2.	4	2	5	3	9	8	4	6	0	1	5	2	2	4	0	3	5	3	6	0.	5	4	5	5	5	0	9		
CH	3,9	1.	1	5.	1.	1.	5.	2.	2.	2.	1.	5.	2.	6.	8.	1.	6.	3.	1.	1.	6.	3.	1	3.	6.	1.	1.	1.	1.	1.	1.	
CH	78	5	2.	8	3	5	7	0	9	6	7	3	3	9	8	3	8	2	4	6	7	8	7	9	6	5	6	6	1	0		

Source Own calculations based on Eurostat

Aggregation of periods or salaries for unemployment benefits

Table 18 Average earnings taking into account also the salaries earned in the Member State of origin compared to the current situation, threshold of three months

Reference period	Member State of last activity																															
	1	9	1	1	1	1	9	5	1	4	9	1	6	9	1	6	1	1	6	1	1	1	9	2	6	6	6	3	1	1	1	
Gross monthly earnings	2,579	278	639	2,948	2,496	655	1,851	1,159	1,453	2,055	684	1,677	0	520	430	2,986	545	1,175	2,704	2,342	2	2	2	2	2	2	2	2	2	2	2	
	B	B	C	D	D	E	IE	E	E	F	H	IT	C	L	L	L	H	M	N	A	P	P	R	S	S	FI	S	U	I	LI	N	C
BE	1.0	6.5	3.0	0.9	0.1	3.2	1.3	1.5	1.4	1.2	1.8	1.4	0.0	3.6	5.9	0.3	1.1	1.1	1.3	2.2	6.2	2.4	2.1	4.1	1.1	1.1	1.1	1.1	0.0	0.0	0.0	
BG	0.3	0.1	0.6	0.3	0.3	0.6	0.7	0.4	0.8	0.6	0.4	0.4	0.0	7.7	7.5	6.4	6.3	6.5	9.3	6.5	9.5	6.5	6.6	6.6	6.6	6.6	6.6	6.6	0.0	0.0	0.0	
CZ	0.4	0.9	0.0	0.4	0.4	0.6	0.8	0.6	0.8	0.8	0.5	2.2	2.4	6.6	2.7	6.5	1.7	7.6	5.1	7.8	7.8	1.8	1.8	1.6	6.6	6.6	6.6	6.6	0.0	0.0	0.0	
D	1.1	7.4	3.7	1.1	1.1	3.1	1.1	1.1	1.1	1.3	1.1	4.6	5.1	1.4	4.2	1.1	4.4	2.7	2.4	7.2	2.4	4.1	1.1	1.1	1.1	1.1	1.1	1.1	0.0	0.0	0.0	
K	1.4	6.3	3.0	0.1	0.1	3.1	1.2	5.5	1.8	1.8	4.5	3.5	0.9	7.8	5.0	9.7	8.0	0.7	2.0	7.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
DE	0.4	0.9	0.0	0.4	0.4	0.6	0.8	0.6	0.8	0.8	0.5	2.2	2.4	6.6	2.7	6.5	1.7	7.6	5.1	7.8	7.8	1.8	1.8	1.6	6.6	6.6	6.6	6.6	0.0	0.0	0.0	
EE	0.4	0.9	0.0	0.4	0.4	0.6	0.8	0.6	0.8	0.8	0.5	2.2	2.4	6.6	2.7	6.5	1.7	7.6	5.1	7.8	7.8	1.8	1.8	1.6	6.6	6.6	6.6	6.6	0.0	0.0	0.0	
IE	1.8	8.8	4.7	8.4	8.4	0.2	1.0	2.2	0.1	1.1	7.8	8.8	8.8	4.8	8.8	8.8	7.5	6.0	9.9	9.9	9.9	0.0	9.9	9.9	9.9	9.9	9.9	0.0	0.0	0.0	0.0	
EL	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	
ES	0.6	1.6	5.6	6.6	6.6	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	
FR	0.8	3.7	8.0	0.9	0.2	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	
HR	0.4	0.1	0.4	0.5	0.6	0.8	0.6	0.8	0.6	0.8	0.6	2.5	6.2	7.6	5.2	8.8	8.8	2.8	8.8	8.8	2.8	8.8	8.8	2.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	
IT	0.7	4.2	2.7	8.2	9.2	2.9	2.1	0.0	2.1	0.0	5.4	8.6	3.8	8.8	5.5	1.5	8.9	8.9	5.1	5.8	9.8	9.8	1.5	8.9	8.9	8.9	8.9	8.9	8.9	8.9	8.9	
CY	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	
LV	0.4	6.9	4.4	4.8	5.8	8.5	8.5	8.5	8.5	8.5	8.5	0.2	6.0	6.6	4.0	6.4	0.6	4.7	9.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	
LT	0.4	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
LU	1.1	7.3	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	
H	0.1	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.1	1.1	0.0	1.0	0.0	0.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	
U	4.6	9.4	4.4	4.9	5.8	8.5	8.5	8.5	8.5	8.5	8.5	0.2	6.0	6.6	4.0	6.4	0.6	4.7	9.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	
MT	0.6	2.6	5.6	6.6	6.6	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	
NL	1.0	6.3	0.1	3.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	
AT	0.9	6.0	3.0	0.8	0.0	2.9	1.2	4.4	5.0	1.2	1.6	3.3	4.0	0.9	3.7	9.5	7.9	0.0	3.5	7.9	0.0	1.3	2.5	1.3	1.0	1.0	1.0	1.0	1.0	1.0	1.0	

Aggregation of periods or salaries for unemployment benefits

Reference period	Member State of last activity																															
	1	9	1	1	1	1	9	5	1	4	9	1	6	9	1	6	1	1	6	1	1	1	9	2	6	6	6	3	1	1	1	
Gross monthly earnings	2,579	278	639	2,948	2,496	655	1,851	1,159	1,453	2,055	684	1,677	0	520	430	2,986	545	1,175	2,704	2,342	549	985	326	987	558	2,359	2,517	2,325	2,118	0	3,730	3,978
	B	B	C	D	D	E	IE	E	E	F	H	IT	C	L	L	L	H	M	N	A	P	P	R	S	S	FI	S	U	I	LI	N	C
PL 549	0.4	1.7	0.9	0.4	0.4	0.9	0.5	0.8	0.5	0.8	0.9	0.5	0.0	1.0	2.6	0.6	1.6	0.6	0.4	0.7	0.5	0.7	0.0	1.0	0.6	0.6	0.6	0.0	1.4	0.4	0.4	
PT 985	0.5	2.7	1.4	0.5	0.5	1.4	0.7	0.9	0.8	0.9	1.3	0.7	1.6	2.1	0.7	6.9	0.7	0.0	0.0	1.6	1.7	2.5	1.0	1.7	0.7	0.7	0.7	0.0	1.4	0.4	0.4	
R O 326	0.3	1.1	0.6	0.3	0.3	0.6	0.5	0.7	0.4	0.8	0.7	0.4	0.8	0.8	0.6	0.7	0.5	0.6	0.4	0.7	0.5	0.0	0.6	0.6	0.6	0.6	0.6	0.0	0.3	0.3		
SI 987	0.5	2.7	1.4	0.5	0.5	1.4	0.7	0.9	0.8	0.9	1.3	0.7	1.6	2.1	0.7	6.9	0.7	0.0	0.0	1.6	1.7	2.5	1.0	1.7	0.7	0.7	0.7	0.0	1.4	0.4	0.4	
SK 558	0.4	1.7	0.9	0.4	0.4	0.9	0.5	0.8	0.5	0.8	0.9	0.5	0.0	1.0	2.6	0.6	1.6	0.6	0.4	0.7	0.5	0.7	0.0	1.0	0.6	0.6	0.6	0.0	1.4	0.4	0.4	
FI 2,359	0.9	0.0	0.9	0.0	0.0	2.4	1.1	1.1	1.1	1.2	1.1	1.1	3.4	7.9	5.8	9.9	0.5	8.9	0.5	0.5	2.5	1.3	1.3	1.1	1.1	1.1	1.1	0.0	7.7	0.0	0.0	
SE 2,517	1.0	6.4	3.9	0.1	0.1	3.1	1.1	1.1	1.1	1.2	1.1	1.1	3.6	5.0	3.1	1.1	1.1	1.1	1.1	3.2	2.6	2.6	2.4	1.1	1.1	1.1	1.1	0.0	8.7	0.0	0.0	
UK 2,325	0.9	5.9	3.0	0.8	0.8	2.9	1.1	1.1	1.1	1.2	1.1	1.1	3.3	7.9	4.7	9.0	1.7	9.0	1.3	2.4	5.6	1.9	3.8	1.1	1.1	1.1	1.1	0.0	7.7	0.0	0.0	
IS 2,118	0.9	5.4	2.7	0.8	0.8	2.1	1.1	1.1	1.1	1.2	1.1	1.1	3.0	4.3	0.9	2.6	1.9	0.9	1.9	1.9	5.1	1.8	3.4	0.9	0.9	0.9	0.9	0.0	7.6	0.0	0.0	
LI 0	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.2	0.5	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	1.5	0.5	0.5	0.0	3.3	0.0	0.0	
N O 3,730	1.3	9.3	4.6	1.4	1.4	4.1	1.1	1.1	2.1	1.4	1.1	1.1	5.1	7.4	1.1	5.2	2.1	1.1	5.4	3.8	2.8	9.2	6.1	1.1	1.1	1.1	1.1	0.0	1.1	1.1	1.1	
CH 3,978	1.4	9.9	4.9	1.3	1.3	4.8	1.2	1.2	2.1	1.4	1.2	1.2	5.4	7.9	1.1	5.2	2.1	1.1	5.5	3.9	2.9	9.3	6.4	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	

Source Own calculations based on Eurostat

Option 4a – A threshold of one month

In order to calculate option 4a the following definition is applied:

= (Cases of less than 30 days * average spending per unemployed person * correction coefficient) + (cases more than 30 days * average spending per unemployed person).

The correction coefficient is defined in *Table 17* (assuming a period of employment of one month in the Member State of last activity and 11 months in the Member State of origin). The unemployment expenditure related to the cases of a period of more than one month is already reported in *Table 11* under sub-option 3a.

For six of the reporting Member States the budgetary impact could not be estimated: Lithuania and Norway could not provide a breakdown by period of insurance, employment or self-employment; France, Spain and Estonia could not provide a breakdown by Member State of origin and for Liechtenstein the average spending per unemployed person is not known.

The estimated budgetary impact does not take into account the ceiling of earnings taken as a reference defined by some Member States, or the lowest and highest levels of the unemployment benefits. Therefore, these estimates should be considered as a maximum impact, given that the real impact will be flattened for some Member States. As already mentioned, also some Member States do not take previous earnings as a reference for the calculation of the unemployment benefit and as a result this option will not affect these Member States (Ireland, Malta, Poland and the United Kingdom).

Under this sub-option 0.10% of total yearly unemployment spending by the reporting Member States will be related to the aggregation of periods for unemployment (*Table 19*).

If the calculation of the unemployment benefit will also be based on the salaries earned in the Member State of last activity for those unemployed recent migrant workers who fulfilled a period of insurance, employment or self-employment of less than one month in their Member State of last activity, in particular 'low-wage' competent Member States (compared to the Member States of origin) will be confronted with an additional budgetary cost (e.g. BG (+2.7%), LV (+94.7%), HU (+1.5%), SK (+43.7%) and SE (+3.2%)) (*Tables 15 and 16*). This of course in contrast to 'high-wage' competent Member States (e.g. BE (-6.8%), DK (-24.7%); NL (-1.4%), FI (-4.3%) and CH (-0.2%)).

Table 19 Estimate of the budgetary annual impact under sub-option 4a

MS	Less than 30 days	More than one month	Expenditure related to the aggregation of periods (in €)	% change compared to the baseline scenario	Total unemployment spending (in million €)	% share
BE	5,457,818	13,606,403	19,064,221	-6.8%	5,577	0.34%
BG	43,216	1,312,129	1,355,345	2.7%	181	0.75%
CZ		0				
DK	120,852	116,942	237,794	-24.7%	2,696	0.01%
DE						
EE						
IE						
EL						
ES						
FR						
HR	0	7,606	7,606	0.0%	180	0.00%
IT						
CY	0	3,890	3,890	0.0%	124	0.00%
LV	6,196	3,358	9,554	94.7%	59	0.02%
LT				n.a.		
LU	8,103	514,545	522,648	-0.5%	275	0.19%
HU	13,621	328,012	341,634	1.5%	208	0.16%
MT	(2,100)	(9,625)	(11,725)	6.6%	23	0.05%
NL	270,987	1,527,450	1,798,437	-1.4%	10,183	0.02%
AT						
PL	(152,136)	(305,108)	(457,244)	33.7%	640	0.07%
PT						
RO	30	1,797	1,827	-15.3%	183	0.00%
SI						
SK	275,080	358,226	633,306	43.7%	176	0.36%
FI	101,483	661,516	762,999	-4.3%	3,189	0.02%
SE	288,706	508,954	797,660	3.2%	1,704	0.05%
UK	(19,467)	(18,753)	(38,219)	-11.7%	6,646	0.00%
IS						
LI				n.a.		
NO				n.a.		
CH	12,454	10,023,956	10,036,409	-0.2%	3,266	0.31%
Tot al	6,772,249	29,308,270	36,080,519	-3.2*	35,310	0.10%

* Only selecting Member States for which figures are available under sub-option 4a.

** () = Member States which do not take previous earnings as a reference for the calculation of the Unemployment Benefit.

Source Own calculations based on the administrative questionnaire and ESSPROS

Table 20 Estimate of public spending for cases less than 30 days under the baseline scenario and under sub-option 4a

MS	Number of cases	Baseline scenario (in €)	Sub-option 4a (in €)	% change
BE	736	6,859,118	5,457,818	-20.4%
BG	22	7,048	43,216	513.9%
DK	34	198,801	120,852	-39.2%
HR	0	0	0	
CY	0	0	0	
LV	6	1,550	6,196	299.8%
LU	1	10,948	8,103	-26.0%
HU	29	8,493	13,621	60.4%
MT	1	1,375	2,100	(52.7%)
NL	26	296,371	270,987	-8.6%
PL	164	36,983	152,136	(311.4%)
RO	2	359	30	-91.7%
SK	217	82,434	275,080	233.7%
FI	23	135,847	101,483	-25.3%
SE	156	263,777	288,706	9.5%
UK	17	24,523	19,467	(-20.6%)
CH	4	30,819	12,454	-59.6%

* () = Member States which do not take previous earnings as a reference for the calculation of the Unemployment Benefit.

Source Own calculations based on the administrative questionnaire and ESSPROS

Option 4b – A threshold of three months

In order to calculate option 4b the following definition is applied:

= (Cases of less than 30 days * average spending per unemployed person * correction coefficient) + (cases more than one month but less than three months * average spending per unemployed person * correction coefficient) + (cases more than three months * average spending per unemployed person).

The correction coefficient for the cases of less than 30 days is defined in *Table 17* (assuming a period of employment of one month in the Member State of last activity and 11 months in the Member State of origin) and for the cases of more than one month but less than three months in *Table 84* (assuming a period of employment of three months in the Member State of last activity and nine months in the Member State of origin). The unemployment expenditure related to the cases of a period of more than three months is already reported in *Table 15* under sub-option 3b.

For six reporting Member States the budgetary impact could not be estimated: Lithuania and Norway could not provide a breakdown by period of insurance, employment or self-employment; France, Spain and Estonia could not provide a breakdown by Member State of origin and for Liechtenstein the average spending per unemployed person is not known.

The estimated budgetary impact does not take into account the ceiling of earnings taken as a reference defined by some Member States, or the lowest and highest levels of the unemployment benefits. Therefore, these estimates should be considered as a maximum impact, given that the real impact will be flattened for some Member States. As already mentioned, also some Member States do not take previous earnings as a reference for the calculation of the unemployment benefit and as a result this option will not affect these Member States (IE, MT, PL and UK).

Under this sub-option, 0.10% of total unemployment spending by the reporting Member States will be related to the aggregation of periods for unemployment

(Table 21). Also, a similar view on the budgetary impact of 'low-wage' and 'high-wage' Member States as described under sub-option 4a is obtained.

Table 21 Estimate of the budgetary annual impact under sub-option 4b

MS	Less than 30 days	More than 1 month but less than 3 months	More than 3 months	Expenditure related to the aggregation of periods (in €)	% change compared to the baseline scenario	Total unemployment spending (in million €)	% share
BE	5,457,818	3,182,447	9,692,233	18,332,498	10.4%	5,577	0.33%
BG	43,216	237,859	1,264,077	1,545,152	17.1%	181	0.85%
CZ							
DK	120,852	0	116,942	237,794	24.7%	2,696	0.01%
DE							
EE							
IE							
EL							
ES							
FR							
HR	0	1,315	7,130	8,446	11.0%	180	0.00%
IT							
CY	0	0	3,890	3,890	0.0%	124	0.00%
LV	6,196	1,680	2,841	10,717	118.4%	59	0.02%
LT					n.a.		
LU	8,103	62,786	437,911	508,800	-3.2%	275	0.18%
HU	13,621	2,424	326,255	342,300	1.7%	208	0.16%
MT	(2,100)	(721)	(8,250)	(11,072)	0.6%	23	0.05%
NL	270,987	292,771	1,219,680	1,783,439	-2.2%	10,183	0.02%
AT							
PL	(152,136)	(293,485)	(219,642)	(665,263)	94.5%	640	0.10%
PT							
RO	30	575	1,438	2,043	-5.3%	183	0.00%
SI							
SK	275,080	248,899	275,413	799,392	81.4%	176	0.45%
FI							
	101,483	222,066	366,196	689,745	13.5%	3,189	0.02%
SE	288,706	238,894	302,667	830,267	7.4%	1,704	0.05%
UK	(19,467)	(1,955)	(17,310)	(38,732)	10.5%	6,646	0.00%
IS							
LI					n.a.		
N					n.a.		
O							
CH			9,777,402	9,924,675	-1.3%	3,266	0.30%
Total	6,772,249	4,922,698	24,039,277	35,734,224	-4.1*	35,310	0.10%

* Only selecting Member States for which figures are available under sub-option 4b.

** () = Member States which do not take previous earnings as a reference for the calculation of the Unemployment Benefit.

Source Own calculations based on the administrative questionnaire and ESSPROS

Table 22 Estimate of public spending for cases less than three months under the baseline scenario and under sub-option 4b

MS	Number of cases	Baseline scenario (in €)	Sub-option 4b (in €)	% change
BE	1,156	10,773,289	8,640,265	-19.8%
BG	172	55,099	281,123	410.2%
DK	34	198,801	120,852	-39.2%
HR	1	475	1,315	176.7%
CY	0	0	0	
LV	8	2,066	7,876	281.1%
LU	8	87,582	70,889	-19.1%
HU	35	10,250	16,045	56.5%
MT	2	2,750	2,821	(2.6%)
NL	53	604,141	563,759	-6.7%
PL	543	122,449	445,621	(263.9%)
RO	4	719	605	-15.8%
SK	435	165,248	523,979	217.1%
FI	73	431,166	323,549	-25.0%
SE	278	470,064	527,599	12.2%
UK	18	25,965	21,422	(-17.5%)
CH	36	277,373	147,274	-46.9%

* () = Member States which do not take previous earnings as a reference for the calculation of the Unemployment Benefit.

Source Own calculations based on the administrative questionnaire and ESSPROS

Summary

All Member States will experience the lowest budgetary impact on their public unemployment spending if option 3b – application of a threshold of three months – is applied (*Tables 23 and 24*). The budgetary impact differs for each of the Member States and depends on the percentage of aggregated cases applicable to a period of insurance, employment or self-employment below three months compared to the total number of aggregated cases. For instance, Cyprus and Hungary will experience almost no decrease of public unemployment spending under option 3b. These estimates only include the budgetary impact on public unemployment spending. However, also public spending on social assistance applicable to recent unemployed migrant workers who fall below the threshold could be taken into account. This will also limit the financial 'gain' when applying a threshold of one or three months. The impact of option 4 – the calculation of the unemployment benefit will also be based on the salaries in the Member State of origin if a period of insurance, employment or self-employment of less than one month (sub-option 4a) or three months (sub-option 4b) has been fulfilled in the Member State of last activity – depends strongly on the breakdown by Member State of origin. If average earnings in the Member State of origin are higher than the average earnings in the Member State of last activity, competent Member States will experience a higher budgetary cost compared to the baseline scenario. However, the real impact will be flattened for some competent Member States given that they have defined a ceiling of earnings taken as a reference and/or a minimum and/or a maximum level of the unemployment benefit.

Table 23 A comparison of options between Member States, % change compared to the baseline scenario

MS	Baseline Amount (in €)	Option 3a Amount (in €)	% change	Option 3b Amount (in €)	% change	Option 4a Amount (in €)	% change	Option 4b Amount (in €)	% change
BE	20,465,52	13,606,403	-33.5%	9,692,233	-52.6%	19,064,221	-6.8%	18,332,498	-10.4%
BG	1,319,176	1,312,129	-0.5%	1,264,077	-4.2%	1,355,345	2.7%	1,545,152	17.1%
CZ									
DK	315,743	116,942	-63.0%	116,942	-63.0%	237,794	-24.7%	237,794	-24.7%
DE									
EE	64,171	40,568	-36.8%	29,135	-54.6%	n.a.	n.a.	n.a.	n.a.
IE									
EL									
ES	6,502,801	3,357,982	-48.4%	1,952,683	-70.0%	n.a.	n.a.	n.a.	n.a.
FR	52,961,903	27,884,715	-47.3%	19,735,264	-62.7%	n.a.	n.a.	n.a.	n.a.
HR	7,606	7,606	0.0%	7,130	-6.3%	7,606	0.0%	8,446	11.0%
IT									
CY	3,890	3,890	0.0%	3,890	0.0%	3,890	0.0%	3,890	0.0%
LV	4,908	3,358	-31.6%	2,841	-42.1%	9,554	94.7%	10,717	118.4%
LT	53,055	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
LU	525,493	514,545	-2.1%	437,911	-16.7%	522,648	-0.5%	508,800	-3.2%
HU	336,506	328,012	-2.5%	326,255	-3.0%	341,634	1.5%	342,300	1.7%
MT	11,000	9,625	-12.5%	8,250	-25.0%	11,725	6.6%	11,072	0.6%
NL	1,823,821	1,527,450	-16.3%	1,219,680	-33.1%	1,798,437	-1.4%	1,783,439	-2.2%
AT									
PL	342,091	305,108	-10.8%	219,642	-35.8%	457,244	33.7%	665,263	94.5%
PT									
RO	2,157	1,797	-16.7%	1,438	-33.3%	1,827	-15.3%	2,043	-5.3%
SI									
SK	440,660	358,226	-18.7%	275,413	-37.5%	633,306	43.7%	799,392	81.4%
FI	797,363	661,516	-17.0%	366,196	-54.1%	762,999	-4.3%	689,745	-13.5%
SE	772,731	508,954	-34.1%	302,667	-60.8%	797,660	3.2%	830,267	7.4%
UK	43,275	18,753	-56.7%	17,310	-60.0%	38,219	-11.7%	38,732	-10.5%
IS									
LI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
NO	3,083,353	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
CH	10,054,775	10,023,956	-0.3%	9,777,402	-2.8%	10,048,455	-0.2%	9,924,675	-1.3%
Total			-37.4%		-52.7%		-3.2%		-4.1%

* No data available for CZ, DE, IE, EL, IT, AT, LT, PT, SI, NO and IS.

Source Own calculations based on the administrative questionnaire and ESSPROS

Table 24 A comparison of options between Member States, estimated lowest and highest budgetary impact

MS	Lowest budgetary impact					Highest budgetary impact				
	<i>Baseline</i>	<i>Option 3a</i>	<i>Option 3b</i>	<i>Option 4a</i>	<i>Option 4b</i>	<i>Baseline</i>	<i>Option 3a</i>	<i>Option 3b</i>	<i>Option 4a</i>	<i>Option 4b</i>
BE			X			X				
BG			X							X
CZ										
DK		X	X						X	X
DE										
EE			X	n.a.	n.a.	X			n.a.	n.a.
IE										
EL										
ES			X	n.a.	n.a.	X			n.a.	n.a.
FR			X	n.a.	n.a.	X			n.a.	n.a.
HR			X							X
IT										
CY	X	X	X	X	X	X	X	X	X	X
LV			X							X
LT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
LU			X			X				
HU			X							X
MT			X						X	
NL			X			X				
AT										
PL			X							X
PT										
RO			X			X				
SI										
SK			X							X
FI			X			X				
SE			X							X
UK			X			X				
IS										
LI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
NO										
CH			X			X				

* No data available for CZ, DE, IE, EL, IT, AT, PT, SI and IS.

Source Own calculations based on the administrative questionnaire and ESSPROS

CONCLUSIONS

The unemployment chapter of Regulation (EC) No 883/2004 provides for specific coordination rules for the aggregation of periods of insurance, employment or self-employment in the case of unemployment. Aggregation will be applied to those unemployed recent migrant workers who have completed their most recent periods of insurance, employment or self-employment in the Member State where the benefit is claimed. In some cases the period of insurance, employment or self-employment is insufficient to be entitled to an unemployment benefit. In that case additional periods of insurance, employment or self-employment completed by the person in a Member State other than the competent State are required.

In the framework of an impact assessment of a revision of Regulation (EC) Nos 883/2004 and 987/2009 by the end of 2015 the Commission requires a preparatory study on the economic impact of an amendment of the aggregation rules for unemployment. The Commission proposed several alternative options, to be compared with a first option representing the current situation, i.e. the 'status quo'.

- **Option 1** – Status quo: “maintaining the wording of Article 61”;
- **Option 2** – The formalisation of the “one-day rule”;
- **Option 3** – The introduction of a minimum period for aggregating periods of insurance, employment or self-employment;
 - **Sub-option 3a: one month** of insurance, employment or self-employment needs to be completed before aggregation can be applied.
 - **Sub-option 3a1:** *Previous Member State is responsible for paying the unemployment benefits for those workers who, in the Member State of last activity, have not completed one month of insurance, employment or self-employment.*
 - **Sub-option 3b: three months** of insurance, employment or self-employment needs to be completed before aggregation can be applied.
 - **Sub-option 3b1:** *Previous Member State is responsible for paying the unemployment benefits for those workers who, in the Member State of last activity, have not completed three months of insurance, employment or self-employment.*
- **Option 4** – A change of the calculation method of the unemployment benefit.
 - **Sub-option 4a:** 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, employment or self-employment is completed.
 - **Sub-option 4b:** 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, employment or self-employment is completed.

Different components (the number of new EU-28/EFTA movers; the number of unemployed new EU-28/EFTA movers; the period of insurance, employment or self-employment completed in the last Member State of activity; the qualifying period; the amount of the unemployment benefit and the duration of unemployment) will determine the budgetary cost of new EU-28/EFTA movers who became unemployed after a short period of insurance, employment or self-employment.

In 2012, some 1.8 million EU-28/EFTA citizens of working age moved to another EU Member State/EFTA country and some one in ten of these new EU-28/EFTA movers were unemployed. This group might need to prove periods of insurance, employment or self-employment completed in a Member State other than the competent Member

State in order to be entitled to an unemployment benefit. To which extent aggregation is required (expressed by the number of PDs U1 or SEDs U002) will also depend on the qualifying period required under the legislation of the competent Member State. Most Member States apply a qualifying period of some 12 months. However, it should be noted that there are also large differences in the time in which this period must be completed. It will make the accomplishment of the acquired period more severe or less severe.

In almost all Member States the earnings preceding unemployment are taken into account as a reference basis for the calculation of the unemployment benefit. Nonetheless, the applied calculation methods vary from taking into account the last salary earned to the average earnings of several months. In case of aggregation the calculation method (as defined in Article 62 of Regulation (EC) No 883/2004) provides that only the salary or professional income received by the person concerned in respect of the last activity in the competent Member State is taken into account. However, option 4 is revising this by also taking into account the salary earned in the previous Member State of origin if a period of insurance, employment or self-employment of less than one month (sub-option 4a) or three months (sub-option 4b) has been fulfilled in the Member State of last activity .

The budgetary impact of the aggregation of periods for unemployment on total unemployment spending is very limited. Approximately 0.11% of total unemployment spending by the reporting Member States could be related to the aggregation of periods for unemployment.

All Member States will experience the lowest budgetary impact on their public unemployment spending if option 3b – application of a threshold of three months – is applied. The budgetary impact differs for each of the Member States and depends on the percentage of aggregated cases applicable to a period of insurance, employment or self-employment below three months compared to the total number of aggregated cases. These estimates only include the budgetary impact on public unemployment spending. However, also public spending on social assistance applicable to unemployed recent migrant workers who fall below the threshold could be taken into account. This will also limit the financial 'gain' when applying a threshold of one or three months.

In case the previous Member State is responsible for paying the unemployment benefits for those workers who, in the Member State of last activity, have not completed one or three months of insurance, employment or self-employment this additional cost should be added to the budgetary cost Member States will experience as Member State of last activity. However, most of the aggregated cases apply to a period of insurance, employment or self-employment of more than three months and implies that the previous Member State only for a limited number of cases will be responsible for paying the unemployment benefit. Nevertheless, figures show already that this will lead to a higher budgetary impact for some Member States compared to the current rules.

The impact of option 4 – the calculation of the unemployment benefit will also be based on the salaries in the Member State of origin if a period of insurance, employment or self-employment of less than one month (sub-option 4a) or three months (sub-option 4b) has been fulfilled in the Member State of last activity – depends strongly on the breakdown by Member State of origin. If average earnings in the Member State of origin are higher than the average earnings in the Member State of last activity, competent Member States will experience a higher budgetary cost compared to the baseline scenario. However, the real impact will be flattened for some

competent Member States given that they have defined a ceiling of earnings taken as a reference and/or a minimum and/or a maximum level of the unemployment benefit.

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ANNEX XV: ADMINISTRATIVE COSTS 2014 PACKAGE

For the assessment of the administrative and implementation costs, a **limited number of Member States** has been selected as a sample.

For **long-term care benefits**, these countries are:

- Austria, Belgium, Germany, Luxembourg, Poland and the United Kingdom.

For **unemployment benefits**, these countries are:

- Austria, Belgium, Luxembourg, Poland, Romania and the United Kingdom.

The selection criteria applied are:

- 1) The high number of cross-border workers in these countries and experience with managing cross-border cases;
- 2) The efficiency level and the degree of automation in place;
- 3) The geographic balance;
- 4) The willingness of the national administrations to collaborate.

LONG-TERM CARE BENEFITS

For long-term care, it appears that the situation is very complex, as it encompasses different cares that are not understood in the same way in the whole EU and that imply a fragmented landscape of responsible and implementing actors in some Member States (e.g. over 70 different bodies are involved in Germany, while each of the 17 regions of Spain also has a different system; in many Member States, local entities are a dominant actor, etc.). The different national specificities result in a large variety of situations which may have a significant impact on the administrative burden when dealing with cross-border cases for long-term care.

There are a number of examples demonstrating the complexity of the processing of cross-border cases for long-term care which can result in administrative cost and burden for Member States' authorities:

- According to the interviewees, there is legal uncertainty about which benefits should be coordinated under the Sickness Chapter. Some countries still do not consider the care (social assistance) they provide as being included in the Sickness Chapter;
- In our survey to the national administrations, around 50% of national administrations that are opposed to changes to the current coordination rules state that the current rules need only to be better applied in practice and to be better explained. National administrations who are in favour of a change of the current rules say that the identified problems (legal uncertainty, complex regulation and uneven applications of the rules by Member States) will persist if no change occurs;
- Not in all Member States (particularly not in Member States that generally are in favour of keeping the status quo such as Germany, Austria and the Netherlands) administrative burden was perceived as a major concern by national administrations. One Danish interviewee gave the following argument to put the administrative burden into perspective:

⁸⁰ Source: Deloitte, Consulting Study for the impact assessment for revision of Regulations (EC) Nos 883/2004 and 987/2009, 6 December 2013.

“Before 2009, Germany did not ask reimbursement to Denmark for costs that it incurred by provision of LTC services to citizens that fell under the Danish system, based on a special agreement between both Member States. However, recently, Germany asked to reintroduce a reimbursement system again between both countries. The fact that Germany asked to reinstall a reimbursement system again shows that other aspects seem more important for Germany than administrative burden from reimbursement claims, for example the financial impact of LTC services provided by Germany.”

- A German health insurance considered the reimbursement of LTC benefits to be slow and problematic from an administrative point of view:

“There are EUR 500 000 – 600.000 interest costs per year that my organisation has to bear because of non- or late payment. The reimbursement mechanism is not functioning well and needs a substantial revision of the rules. There is an outstanding amount of EUR 12-13 million in 2013. Late payments can be the result of checks/scrutiny of services rendered by the country of residence; however, the checks do not justify a waiting period of up to 18 months in some cases. The time needed for checks should be reduced substantially. The reimbursement mechanism could be made more efficient by using lump sum compensation mechanism. However, the views about its effectiveness are divided amongst the insuring companies.”

- An Austrian representative of a health insurance fund confirms the long processing time of reimbursement:

“Particularly the reimbursement of LTC benefits in kind by the competent MS poses difficulties. Often, the information about the amount/costs of benefits in kind rendered by the Member State of residence reaches the competent Member State (which reimburses these costs) very late. Regularly, it takes 1-1.5 years to reimburse such claims. The rules stipulating information procedures should be more detailed (e.g. duty for monthly information provision of the value of the benefits in kind rendered by the MS of residence). The time-bound provision of information by all Member States is of key importance as to ensure an effective application of the reimbursement mechanism”.

In general, regardless if they believed that administrative burden from the current rules is a major problem or not, only a small minority of national administrations have a good view on the actual administrative burden or are able to support their arguments with quantitative data or a detailed description of the burden. The lack of concrete (quantitative) evidence adds to the difficulty for making a sound judgment about this issue.

In terms of substantiation of the administrative costs related to the current rules and considering the limitations of the application of the SCM methodology in this exercise, we present in the table below the estimated costs related to processing of the PD S1 document.

Despite the data limitations resulting from the problems discussed in this chapter, the assessment of the administrative cost (baseline scenario) for the PD S1 document provides a robust basis for assessing the theoretical impact (positive or negative) of the different policy options on the administrative cost.

The methodology for assessing the administrative cost is based on the following formula:

$$\text{Time (T) x Wage (W) x Number (N)}$$

The hourly rate is EUR 18 per hour. We provide an estimate for the total number of cases for processing PD S1 documents for the EU-27.

Estimated current administrative cost (Baseline Scenario)

The PD S1 form allows a person to register for healthcare in the country of residence. This form is delivered per person (not per family). The number of PD S1 forms issued provides insight into the number of people who (may) receive LTC benefits in another Member State. In the framework of this study, we have collected data on the number of PD S1 documents ‘issued’ by category of citizen and have estimated expenditure on LTC benefits. In addition, we have collected data on the number of PD S1 documents issued for Poland and Belgium by means of a workshop with experts in the respective countries. In this section, we use the data available to calculate the

estimated administrative cost for processing a number of documents related to long-term care in a cross-border case.

In order to assess the administrative costs for the EU-27 stemming from the processing of the PD S1 documents, we have carried out the following steps according to the Standard Cost Model (SCM):

1. Calculation of the unit cost per case:

The unit cost per case (processing/handling of a PD S1 form by the administrative staff – clerk) provides insight into the total cost for processing one PD S1 document. It is based on the following formula:

$$\textit{Time (T) x Wage (W)}$$

During the workshops in the Member States, we have collected data on the average standard time spent for processing/handling a PD S1 document. Robust data are available only for Poland. The estimated time for processing one PD S1 document in Poland is estimated at 60 minutes.

The hourly rate for processing the administrative tasks is EUR 18; this results in a rate per minute of EUR 0.3 (EUR 18/60 minutes). The average unit cost for the EU-27 per case of handling a PD S1 document is EUR 18⁸¹. It is calculated on the following basis: Time (60 minutes) x Wage (EUR 0.3).

Caution should be paid when interpreting this estimated unit cost as the result is based on an example of one country only (Poland) which seems to have a rather efficient way of processing PD documents (see also the discussion on the processing of PD U1 documents above). It can be expected that the time for processing a PD S1 document in the other Member States may differ (substantially). Due to data limitation, however, we have calculated the administrative cost on the basis of the Polish example.

2. Number of cases:

In our research, we have estimated data for the number of PD S1 documents ‘issued’ for the EU-27 countries on the basis of our own calculations based on data from LFS (for a detailed discussion on the estimated number of PD S1 issued by category of citizen, see section 4.2.5 in this report). The total estimated number of PD S1 documents ‘issued’ in the EU-27 is estimated at around 1 980 000.

3. Calculation of the administrative cost (per Member State and for the EU-27)

We have calculated the administrative cost for processing PD S1 documents on the basis of this formula:

$$\textit{Time (T) x Wage (W) x Number (N)}$$

The table below presents the total estimated administrative cost for processing PD S1 documents. The **estimated total cost for the EU-27 is EUR 35 632 000**. Within the EU-27, the estimated total cost for processing PD S1 documents was highest (> EUR 3 000) in a number of the old Member States (in descending order): Germany, the UK, Luxembourg, the Netherlands, Austria and Italy. It was lowest (< EUR 100) in a number of the new Members States (in descending order): Cyprus, Bulgaria, Slovenia, Estonia, Malta, Lithuania and Latvia.

⁸¹ Standard time (60 minutes) x EUR 0.30 (average wage – clerk level) = EUR 18

Table 1: Estimated administrative cost - PD S1 'issued', EU-27, EUR, 2013, in 000

Country	Competent country	
	Total number of PD S1 issued	Total cost (EUR)
BE	113	2043
BG	4	79
CZ	101	1821
DK	57	1025
DE	368	6622
EE	2	27
IE	29	515
GR	23	407
ES	71	1277
FR	102	1839
IT	167	3013
CY	5	98
LV	1	14
LT	1	16
LU	207	3726
HU	28	496
MT	1	23
NL	203	3650
AT	177	3180
PL	17	299
PT	10	171
RO	6	111
SI	3	49
SK	11	203
FI	33	597
SE	23	414
UK	218	3917
EU-27	1980	35632

Source: Own calculations HIVA based on data from LFS and workshop in Poland

We have also calculated the administrative cost for processing a number of other documents related to long-term care benefits for Poland by applying the following formula: Time (T) x Wage (W) x Number (N). Data were collected for the following documents:

Member State of residence:

- Service of E125 forms.

Competent Member State:

- Request for the issue of S1 document/ E100 series form (service of E107/E001 forms);
- Registration of the S1 document;
- Registration of the E100 -series form (part B);
- Service of SED S001 documents;
- Issuing E125 forms.

There are no data available for the EU-27 for these documents; a calculation of administrative cost for these documents is therefore not possible at this stage. We present the data only for Poland, where robust data are available. The table below presents the total estimated administrative cost for processing the documents for Poland presented according to 'Member State of residence' and 'Former working Member State':

Table 2: Estimated administrative Cost – Competent Member State, E125, Poland, EUR, 2013

Service of E125 forms	
Unit cost per case (EUR)	28.5
Number of cases	99504
Total cost (EUR)	2835864

Source: Deloitte, workshop in Poland

Table 3: Estimated administrative Cost – Member State of residence, E125, S1/E100/E107/E001, S001, Poland, EUR, 2013

Service of E125 forms	
Unit cost per case (EUR)	28.5
Number of cases	99504
Total cost (EUR)	2835864
Request for the issue of S1 document/ E100 series form (service of E107/E001 forms)	
Unit cost per case (EUR)	10.5
Number of cases	1704
Total cost (EUR)	17892
Registration of the S1 document (EUR)	
Unit cost per case	16.5
Number of cases	45048
Total cost (EUR)	743292
Service of SED S001 documents	
Unit cost per case (EUR)	13.5
Number of cases	1.5
Total cost (EUR)	20.25
Issuing E125 forms	
Unit cost per case (EUR)	12
Number of cases	324924
Total cost (EUR)	3899088

Source: Deloitte, workshop in Poland

Summary – Estimated current administrative cost - Baseline scenario

The table below summarises the administrative cost for the EU-27 for the following documents for the baseline scenario: PD U1 ‘received’, PD U2 ‘issued’ and PD S1 ‘issued’.

Table 4: Baseline scenario – estimated administrative cost: PD U1 (in €), PD U2 (in €), PD S1 (in € 000)

Country	PD U1 'received'	PD U2 'issued'	PD S1 'issued'
BE	102,720	4,865	2,043
BG	237,141	1,732	79
CZ	247,911	1,811	1,821
DK	124,194	4,986	1,025
DE	1,911,564	13,965	6,622
EE	89,110	288	27
IE	182,221	1,331	515
EL	432,895	3,163	407
ES	2,979,503	21,767	1,277
FR	2,140,128	12,854	1,839
IT	1,342,577	9,809	3,013
CY	17,635	129	98
LV	140,092	1,023	14
LT	194,083	1,418	16
LU	6,699	666	3,726
HU	319,826	2,337	496
MT	6,805	50	23
NL	219,708	2,867	3,650
AT	114,016	5,337	3,180
PL	831,690	531	299
PT	391,099	2,857	171
RO	462,453	50	111
SI	49,032	358	49
SK	467,034	356	203
FI	131,834	963	597
SE	94,246	1,188	414
UK	1,368,111	9,995	3,917
EU27	14,604,326	106,695	35,632

Source: Own calculations based on collected administrative data and 2012 Ageing Report and data provided during the workshops on administrative burden (Poland, Belgium and Romania).

The number of cases is multiplied by **standard stylized estimated** cost per case. Standard because we use for each country the same cost, stylized because round figures are used and estimated because we have only partial and anecdotic information for two countries, Belgium and Poland. Those parameters can however easily be changed in this kind of calculations when more solid information becomes available. Stylized is also the fact that we do not reproduce all administrative steps for this kind of benefits: the intake of the patient, the decision process to allocate a benefit, the administrative burden to pay a patient, to claim in needed the reimbursement, to verify the entitlements, to reimburse, or claim reimbursement of some of the administrative burden etc. Here we make the hypothesis that in the country of residence the administrative burden for the intake for a benefit in kind is € 60, as it is also € 60 for the benefit in cash. This intake is here to take place in the country of residence, although situations are thinkable that people were already entitled to this benefit before they moved (as a pensioner for instance) from the previous country of residence to a new one. In the case of a benefit in kind also in the competent state an additional cost needs to be made for the handling of this process. On top of that for the payment in kind, based on the level of the country of residence and organised in the country of residence, a reimbursement process is needed, here supposed at € 20 euro per case, triggering at the same time a similar cost in the competent country. Multiplying those standard costs with the number of cases results to an average administrative cost for the in kind cases of € 4.8 million, and € 3.6 million for the in cash cases. The % of this administrative cost to the total budgetary cost is some 0.8% for the in kind benefits, and 1.0% for the in cash benefits. The grand total is some 0.9 % of which the major part of the administrative burden is at the expense of the country of residence while the budgetary cost is completely to be paid or reimbursed by the competent country.

Table 5: *Estimated administrative cost and burden baseline scenario and options where country of residence or competent country are providing LTC benefits*

Country	Unit administrative cost				In kind		In cash		In total	
	In kind		In cash		Resident state	Competent state	Resident state	Competent state	Resident state	Competent state
	Resident state	Competent state	Resident state	Competent state						
Baseline scenario										
Number of users (in thousand)					48	48	45	45	93	93
Administrative cost assessment (in thousand € - except unit cost)	60		60	20	2.892		2.700	900	5.580	
Administrative cost reimbursement (in thousand € - except unit cost)	20	20			964	964			1.860	1.860
Total (in thousand €)					3.856	964	2.700	900	7.440	1.860
Grand total (in thousand €)						4.820		3.600		9.300
Budget (in million €)					618	618	376	376	995	995
As share of budget for benefits					0,6%	0,2%	0,7%	0,2%	0,7%	0,2%
					0,8%		1,0%		0,9%	
Scenario number of users and benefit on level of country of residence										
Number of users (in thousand)					48	48	41	41	89	89
Administrative cost assessment (in thousand € - except unit cost)	60		60	20	2.892		2.460	820	5.340	
Administrative cost reimbursement (in thousand € - except unit cost)	20	20			964	964			1.780	1.780
Total (in thousand €)					3.856	964	2.460	820	7.120	1.780
Grand total (in thousand €)						4.820		3.280		8.900
As % of Baseline scenario						100%		91%		96%
Budget (in million €)					618	618	192	192	810	810
As share of budget for benefits					0,6%	0,2%	1,3%	0,4%	0,9%	0,2%
					0,8%		1,7%		1,1%	
Scenario number of users and benefit on level of competent country										
Number of users (in thousand)					58	58	45	45	103	103
Administrative cost assessment (in thousand € - except unit cost)	60		60	20	3.470		2.700	900	6.180	
Administrative cost reimbursement (in thousand € - except unit cost)	20	20			1.157	1.157			2.060	2.060
Total (in thousand €)					4.626	1.157	2.700	900	8.240	2.060
Grand total (in thousand €)						5.783		3.600		10.300
As % of Baseline scenario						120%		100%		111%
Budget (in million €)					900	900	376	376	1.277	1.277
As share of budget for benefits					0,5%	0,1%	0,7%	0,2%	0,6%	0,2%
					0,6%		1,0%		0,8%	

Source: Estimate based on data from LFS, 2012 Ageing Report, additional data delivered by DG ECFIN input from the work shops

Estimated current administrative costs and burden

Data limitations

In order to allow the stakeholders to identify the time spent on the information obligations related to the Regulations, we have defined prior to our visits in the Member States a standard legal process stemming from the Regulations, in cooperation with the Commission.

During our first visits, we noticed several issues concerning this process:

- National administrations have developed their own administrative processes for processing/handling documents related to cross-border cases for unemployment benefits and long-term care. These differ substantially between the Member States. As a result, the experts in the respective countries faced difficulties in plugging the suggested administrative processes into their national way of working (processing documents);
- The legal process encompassed several sub-administrative processes and documents and therefore Information Obligations (IOs). The complexity of the different processes proved to be an obstacle in making precise estimations of the (estimated) time spent for each of the processes. The experts were often not able to provide robust data on the time spent per each of the steps defined by the legal process.

Moreover, as the Regulations impose “principles” of coordination more than specific information obligations in the sense of the SCM, and as the principles were already applied partly or integrally by the administrations or applied still differently, it proved to be impossible for the stakeholders to differentiate the specific administrative burden⁸² created by the Regulations from the *business-as-usual* (the administrative tasks they would perform anyway in the absence of the Regulations).

Another consequence of the nature of the Regulations is that each national process is different, meaning that it results in different requirements, documents, times and complexity. It makes impossible to standardize one process that fits all national specificities.

There are examples demonstrating the complexity of the processing of cross-border cases for unemployment benefits which can result in administrative cost and burden for Member States’ authorities:

- The occasionally ‘blurry’ distinction between frontier workers and other cross-border workers, the distinction between wholly and partially unemployed frontier workers, the highly interpretable character of the criteria to determine the residence of a worker, the provisions on the aggregation of periods of insurance, employment and self-employment, and the reimbursement mechanism were mentioned as factors rendering the current coordination rules as complex;
- While these regulatory distinctions intend to reflect the complexities of real situations and account for the actual differences between different types of cross-border workers and different types of national systems, the result is a striking variety of possible cases in which the interpretation of the rules carried out by each institution plays a significant role;
- There are notable differences in the interpretation and application of the rules on the aggregation of periods and the extension of the period of export of unemployment benefits;
- The classic distinction between frontier workers and other cross-border workers has become more problematic. Inter alia, the improvement and reduction in the cost of different means of transportation has allowed workers to cover ever larger differences to commute daily or weekly for work. The elements fixed in Article 11 of Regulation (EC) No 987/2009 are broad

⁸² The administrative burden is burden created by a legal requirement while the administrative cost is the full cost of an administrative process, including the business as usual.

enough to prevent mobile workers to know with certainty their country of residence and hence the legal regime applicable to them in case of unemployment;

- The reimbursement mechanism was often criticized, including claims considering that it should be made more transparent (Belgium) and that clear guidelines should be provided to each country (Luxembourg).

While the interviewees in certain countries defended that the current rules are sufficiently clear (e.g. the German Employment Services), the prevalent view was that the current coordination rules do not facilitate transparency and could be simplified. The burdensome character of the current rules was also criticized in countries which did not call for a revision of the coordination rules.

The diversity of opinions and practices in the application of certain aspects of the coordination rules is a testimony to the complexity of the rules and the lack of transparency they generate (since, given a similar situation in different regions, the similar outcome is not guaranteed). This complexity and incoherent understanding and application of the rules create a substantial (administrative) burden for the (national) administrations. This ‘burden’ is inherent to the management of cases where different understanding and national administrative processes apply; it goes beyond the definition of the administrative burden of the SCM where it is related to legal information obligations.

Around 40% of the participating public administrations reported that the EU rules create significant administrative costs and burden for national administrations. They consider the different types of forms/documents used per country, the varying requirements/understanding in terms of the information needed to fill out the documents, their mandatory or optional character and advance the procedures, and the different delays in the completion and transmission of documents as some of the most salient and recurrent problems. The reimbursement mechanism was repeatedly mentioned as a source of burden mainly due to the slow and ineffective communication between Member States.

“There are high administrative costs in what concerns to the reimbursement of the unemployment benefits that were paid. Moreover, we would highlight the delay on the treatment of the processes and the requests for payment that are denied. Because the EU rules create significant administrative costs and burdens for national administrations, EU law is not uniformly “understood” and applied by Member States and vice versa. ... Paper SEDs are not always suitable for the exchange of information and not all MS use the same documents/forms. Reimbursement procedures create high administrative burden and important costs for both the MS of last activity and the MS of residence and the cost/benefit ratio is not effective, mainly for the MS of residence. The communications between institutions is slow and needs to be more effective.”

Several public officials expect the administrative burden to decrease in the next couple of years as a result of learning effects after the successful implementation and alignment of the rules. While the adoption of the Regulations took place ten years ago, it has taken time to fine-tune the implementation of the new rules and procedures. The lack of sound implementation of the new rules and procedures is particularly visible in a number of Member States. According to the online survey, 64% of the administrations stated that the communication (with other Member States) works well in general. However, there are problems with specific Member States. These reported problems are expected to be the main source of administrative costs.

Technological evolution could resolve some of the problems related to cooperation and communication. However, divergent interpretations of the rules and the information requirements for the completion of portable documents will continue to pose difficulties in the proper application of the Regulations.

In light of the limitations associated with the quantification of information obligations stemming from the application of the Regulations, we have adapted our approach for quantifying the IOs resulting from the Regulations and for assessing the (potential) impact of the policy options on the overall administrative process. In our analysis, we focused on a selected number of documents for which the stakeholders were able to provide robust information on a) the time spent to process/handle a document and b) the (approximate) number of cases.

We have collected useful information on the processing of documents related to cross-border cases for unemployment benefits on a) the estimated time and b) the number of cases in the following countries: Belgium, Poland, Luxembourg and Romania by means of a workshop. Other countries have provided a wealth of qualitative information which is useful for understanding the underlying problems related to the processing of the different documents and for assessing the (potential) impacts of the different options.

Despite the data limitations resulting from the problems discussed in this chapter, the assessment of the administrative cost (baseline scenario) for a number of key documents provides a robust basis for assessing the theoretical impact (positive or negative) of the different policy options on the administrative cost.

*Aggregation of periods of employment/insurance/self-employment*⁸³

The number of PD U1/E301 documents received/issued provides insight into the extent to which periods of insurance and (self-) employment in another Member State were taken into account when granting unemployment benefits. For the purpose of the assessment of the administrative costs, we do not make any distinction between PD U1 documents and E301 documents (Member States are using either of the documents, depending on their national administrative processes). Both documents are treated interchangeably for the purpose of this exercise.

In the framework of this study, we have collected data on the number of PD U1 documents ‘issued’ and ‘received’. The following countries provided data on the total number of PD U1 documents ‘issued’: Belgium, Estonia, Luxembourg and Romania. With regards to the number of PD U1 forms ‘received’, we have collected data for Belgium, Estonia, France, Poland, Romania, Slovak Republic, Sweden and the UK. In addition, we have collected data on the aggregation of periods of employment/insurance/self-employment by means of a workshop in the following countries: Belgium, Poland and Romania (data provided for E301 only).

In order to assess the administrative costs for the EU-27 stemming from the processing of the PD U1 documents, we have carried out the following steps according to the Standard Cost Model (SCM)⁸⁴:

Calculation of the unit cost per case:

The unit cost per case (processing/handling of a PD U1 form by the administrative staff – clerk level) provides insight into the total cost for processing one single PD U1 document (in a given Member State). It is based on the following formula:

$$\textit{Time (T) x Wage (W)}$$

During the workshops and interviews in the Member States, we have collected data on the average standard time spent for processing/handling a PD U1 document for the following countries: Poland (5 minutes), Belgium (60 minutes) and Romania (363 minutes)⁸⁵. As the data show, there are stark differences between the lowest time for processing data/information (Poland - 5 minutes) and countries where the processing time is relatively higher (Romania - 363 minutes). Belgium (60 minutes) ranges in the middle.

In Poland, for example, the process for handling PD U1 documents is automatized - Poland uses the portable documents efficiently (the administrative staff faces less administrative burden). According to the interviewees (national administration), the handling of the documents is reported to be less burdensome.

In Romania, on the other hand, the administration of E301 documents (note: not PD U1 in this case) is reported to be more burdensome. According to the interviewees, the administration of simple cases, with limited or no clarifications requested from the beneficiary or employer, may take minimum 1 hour of work in total for the person in charge⁸⁶. The administration of complex cases, with a lot of missing, inadequate or incorrect information in the dossier, may request up to 8 hours of effort from the person in charge. In such cases, the

⁸³ See also **Error! Reference source not found.**

⁸⁴ Based on the following formula: Number of cases (N) x Wage (hourly tariff) (W) x Time (minutes) (T).

⁸⁵ We have also received a rough, undetailed estimation of the issuance of E 301/PD U1 document for the Netherlands (source: public employment service UWV). The average administrative burden to issue this document is estimated at 30 minutes (comparable to Belgium’s estimates). 90% of the cases is processed within 8 weeks.

⁸⁶ There are no legislation/manual/ instructions/guidelines explaining step by step what the Romanian authorities need to do specifically for each procedure for unemployment under the Regulation; in fact, no other Romanian authority has prepared any specific national legislation/manual/instructions/guidelines related to the implementation of the Regulation, with the exception of the Pensions Authority. The Regulation 883/2004 is implemented in Romania via the Intermediary Body (National Labour Office) and Competent Institutions (County Labour Offices – 42 in total). The Intermediary Body mainly acts as a facilitator of contacts between Romanian institutions and foreign ones, as well as trainer and day-to-day support to county offices meeting difficulties in implementation of the Regulation. In the Intermediary Body there are two persons working on the Regulation (one person is 100% dedicated to the activities related to the Regulation, the other one dedicates approximately 70% of his/her time to the Regulation).

respective civil servant assumes an active role in the completion of a correct dossier and starts giving phone calls, researching different taxes and employment data bases etc.

Based on the interviewees' responses for Poland, Belgium and Romania, it can be assumed that these three countries give good indications for calculating the average unit cost for processing/handling a PD U1 document: Poland (low administrative burden – 5 minutes), Belgium (average administrative burden – 60 minutes) and Romania (high administrative burden – 363 minutes).

For consistency and comparability with other SCM assessments of EU regulation, the tariff variable used in this study is based on hourly labour costs (plus overheads) per category of employment that has previously been used in recent SCM studies for DG EMPL⁸⁷ and our recent Impact Assessment studies we have conducted for the Commission. We have applied an average tariff/hour of EUR18. It results in a rate per minute of EUR 0.3 (EUR 18/60 minutes).

The **average unit cost for the EU-27 is EUR 42.8**. It is calculated on the following basis: Time ((5 minutes (Poland) + 60 minutes (Belgium) + 363 minutes (Romania)) / 3) x Wage 0.3 = **EUR 42.8**

1. Number of cases:

We have collected data for the number of PD U1 documents 'received' for the following countries: Belgium, Estonia, France, Poland, Slovak Republic and the UK. We have estimated the number of PD U1 documents for the other EU-27 countries on the basis of our own calculations based on collected administrative data and the 2012 Ageing Report (see section 4.1.2.1 for more detailed information on the number of PD U1/E301 forms 'received' and 'issued'). We were able to calculate the estimated administrative cost for the EU-27 on the basis of this data. The total estimated number of PD U1 documents 'received' in the EU-27 in 2010 is around **340 000**.

2. Calculation of the administrative cost (per Member State and for the EU-27)

We have calculated the administrative cost for processing PD U1 documents on the basis of this formula:

$$\text{Time (T) x Wage (W) x Number (N)}$$

The table below presents the total estimated administrative cost for processing PD U1 documents. The **estimated total cost for the EU-27 in 2010 was EUR 14 604 326**. Within the EU-27, the estimated total cost for processing PD U1 documents was highest (> EUR 1 million) in a number of the old Member States (in descending order): Spain, France, Germany and Italy. It was lowest (< EUR 100 000) in descending order in Sweden, Estonia, Slovenia, Cyprus, Luxembourg and Malta.

⁸⁷ For instance: *Review of the Working Time Directive 2003/88/EC: measuring administrative costs and burdens of various possible options*. Economisti Associati srl, 21/12/2011. This study presents a tariff per MS and per level (managerial and clerical staff) that we have averaged. The result is in line with the tariff we use in other SCM that we have conducted for other European Commission DGs.

Table 6: Estimated administrative Cost - PD U1 ('received'), EU-27, EUR, 2010

Country	Unemployed persons (20-64) - 2010 (in .000)	PD U1 (received)		Total	Total cost (in EUR)
		2010/2011/2012 Survey	2010 Estimate		
BE	385	2,400		2,400	102,720
BG	351		5,541	5,541	237,141
CZ	367		5,792	5,792	247,911
DK	184		2,902	2,902	124,194
DE	2,826		44,663	44,663	1,911,564
EE	111	2,082		2,082	89,110
IE	269		4,258	4,258	182,221
EL	640		10,114	10,114	432,895
ES	4,405		69,615	69,615	2,979,503
FR	2,601	50,003		50,003	2,140,128
IT	1,985		31,369	31,369	1,342,577
CY	26		412	412	17,635
LV	207		3,273	3,273	140,092
LT	287		4,535	4,535	194,083
LU	10		157	157	6,699
HU	473		7,473	7,473	319,826
MT	10		159	159	6,805
NL	325		5,133	5,133	219,708
AT	169		2,664	2,664	114,016
PL	1,696	19,432		19,432	831,690
PT	578		9,138	9,138	391,099
RO	684		10,805	10,805	462,453
SI	72		1,146	1,146	49,032
SK	374	10,912		10,912	467,034
FI	195		3,080	3,080	131,834
SE	340	2,202		2,202	94,246
UK	2,023		31,965	31,965	1,368,111
EU27	21,593			341,223	14,604,326

Source: Estimate based on collected administrative data and 2012 Ageing Report and data provided during the workshops on administrative burden (Belgium, Poland and Romania).

We have also calculated the average administrative cost for processing/handling a number of other documents, based on the data available. We were only able to produce the administrative cost for processing PD U1 documents ('received') for the EU-27 as we had data available for the EU-27 on the basis of our own calculations (there are no calculations for the other documents presented below).

We have calculated the administrative cost for 'issuing' a PD U1 document ('issued') for Poland and Belgium (based on the data we have collected during the workshops in the different countries). The total estimated cost for 'issuing' a PD U1 document in Poland is estimated at EUR 19 800. The amount is EUR 103 698 in Belgium. The table below presents the estimated cost for 'issuing' a PD U1 document for Poland and Belgium.

Table 7: Estimated administrative Cost – PD U1 ('issued'), Poland and Belgium, EUR, 2013

	Poland	Belgium
Unit cost per case (EUR)	6.6	9
Number of cases	3000	11522
Total cost (EUR)	19800	103698

Source: Deloitte, Workshop, Poland and Belgium

We have also estimated the cost for the following documents for Poland⁸⁸:

- SED U004 'Salary Info' (answer on SED U003);
- SED U006 'Family Info' (answer on SED U005).

⁸⁸ Poland has provided the most comprehensive data set on the administrative burden resulting from the information obligations stemming from the Regulation during the workshop.

The table below presents the estimated cost for processing the above-mentioned documents in Poland. The total estimated cost for processing a SED U004 document ‘Salary Info’ in Poland is EUR 402. The cost for processing SED U006 documents ‘Family Info’ is estimated at EUR 825.

Table 8: Estimated administrative Cost –SED U004 ‘Salary Info’, SED U006 ‘Family Info’, Poland EUR, 2013

SED U004 'Salary Info' (answer on SED U003)	
Unit cost per case (EUR)	4.2
Number of cases	100
Total cost (EUR)	420
SED U006 'Family Info' (answer on SED U005)	
Unit cost per case (EUR)	7.5
Number of cases	110
Total cost (EUR)	825

Source: Deloitte, workshop in Poland

Export of unemployment benefits⁸⁹

The PD U2 form is the authorisation which an unemployed person needs to export his/her unemployment benefit if (s)he wishes to move to another EU country to look for work. The competent national institution is responsible for granting this authorisation. There is a wide variety of practices in the EU-27 with regard to granting (and prolonging) authorisation to export unemployment benefit.

We have collected data on the number of PD U2 documents ‘issued’ for ten EU Member States: Austria, Belgium, Denmark, Estonia, Luxembourg, the Netherlands, Poland, Slovak Republic, Sweden and the UK. Taking together both components (survey data and own estimates) we estimate that 23.7 thousand unemployed persons have exported their unemployment benefits in 2010 (see section 4.1.3.3 for a detailed discussion on the calculation of the number of PD U2 ‘received’ and on the methodology for calculating missing data).

We have calculated the administrative cost for processing/handling a PD U2 document for the EU-27 using the following methodology:

1. Calculation of the unit cost per case:

The average unit cost per case is based on the data we have received from Poland (the only country for which we have received robust data on the time spent for processing a PD U2 document⁹⁰). The average unit cost per case that we found concerns the export of an unemployment benefit to 3 months⁹¹. Following the formula Time (T) x Wage (W), we have estimated an average unit cost per case (PD U2 ‘issued’) at **EUR 4.5⁹²**.

The estimated unit cost should be treated with caution, however, as it is based on one case only (Poland). As discussed in the section on the ‘aggregation of periods’, Poland seems to have an efficient (automatized) system for processing/handling PD documents (the processing of the documents is reported to be less burdensome). Therefore, it is to be expected, that the Polish example presents a rather positive picture on the overall time spent to process these documents. Other countries, such as Romania (which reported a much higher time spent for processing the PD U1 document) may report longer periods for processing/handling these types of documents. Due to data limitations, we have calculated the average unit cost on the basis of the Polish example.

⁸⁹ See also **Error! Reference source not found.**

⁹⁰ A rough, undetailed estimation was collected for the Netherlands (source: public employment service UWV).UWV estimated the average time needed to issue a PD U2 document at 1.5 hour. 90% of the cases are estimated to be processed within 5 weeks.

⁹¹ We were not able to collect data on the average unit cost of a case where an unemployed persons export his unemployment for 6 months. Therefore, we needed to rely on a qualitative assessment to know how the administrative burden shifts if the export period is prolonged from 3 to 6 months.

⁹² Average time to process a PD U2 document in Poland is approximately 15 minutes. The average wage (clerk) is estimated at EUR 0.3 per minute (EUR 18 per hour): 15 x EUR 0.3 = EUR 4.5.

2. Number of cases:

We have collected data on the number of PD U2 documents ‘issued’ by means of a questionnaire for the following countries: Austria, Belgium, Denmark, Estonia, Luxembourg, the Netherlands, Poland, Slovak Republic, Sweden and United Kingdom. In 2010, the total EU-27 number of PD U2 documents ‘issued’ is estimated at around 23 700.

3. Calculation of the administrative cost (per Member State and for the EU-27)

We have calculated the administrative cost for processing PD U2 documents (‘issued’) on the basis of this formula:

$$\text{Time (T)} \times \text{Wage (W)} \times \text{Number (N)}$$

The calculation includes the time spent on national administrative procedures supporting the processing of the SEDS and the time needed for processing the SED.

The table below presents the total estimated administrative cost for processing PD U2 documents. The **estimated total cost for the EU-27 in 2010 was EUR 106 695**. Within the EU-27, the estimated total cost for processing a PD U2 documents was highest (> EUR 10 000) in a number of the old Member States (in descending order): Spain, Germany and France. It was lowest (< EUR 500) in descending order in Slovenia, Slovak Republic, Estonia, Cyprus Malta and Romania.

Table 9: Estimated administrative Cost –PD U2 (‘issued’), EU-27, EUR, 2010

Country	Unemployed persons (20-64) - 2010 (in .000)	PD U2 certificates issued			
		2010/2011/2012 Survey	2010 Estimate	Total	Total cost (in EUR)
BE	385	1,081		1,081	4,865
BG	351		385	385	1,732
CZ	367		402	402	1,811
DK	184	1,108		1,108	4,986
DE	2,826		3,103	3,103	13,965
EE	111	64		64	288
IE	269		296	296	1,331
EL	640		703	703	3,163
ES	4,405		4,837	4,837	21,767
FR	2,601		2,856	2,856	12,854
IT	1,985		2,180	2,180	9,809
CY	26		29	29	129
LV	207		227	227	1,023
LT	287		315	315	1,418
LU	10	148		148	666
HU	473		519	519	2,337
MT	10		11	11	50
NL	325	637		637	2,867
AT	169	1,186		1,186	5,337
PL	1,696	118		118	531
PT	578		635	635	2,857
RO	684	11		11	50
SI	72		80	80	358
SK	374	79		79	356
FI	195		214	214	963
SE	340	264		264	1,188
UK	2,023		2,221	2,221	9,995
EU27	21,593			23,710	106,695

Source: Estimate based on collected administrative data and 2012 Ageing Report and data provided during the workshops on administrative burden (Poland).

We have also estimated the cost for the following documents for Poland⁹³:

Competent employment service:

- SED U011 'Effect to Entitlement - Export' (answer to SED U010);
- SED U012 'Request for monthly follow-up'.

Employment service of the MS where jobseeker has gone:

- Process PD U2;
- SED U007 'Request Document on Export';
- SED U009 'Notification Registration - Export';
- SED U010 'Circumstances Affecting Entitlement - Export' (linked with U3 form);
- Issue of PD U3 (linked with SED U010);
- SED U013 'Monthly Follow-up' (answer on SED U013);
- SED U028 'Request Entitlement to Export'.

The tables below present the total estimated administrative cost for processing the respective documents presented according to a) competent Member State and b) employment service of the Member State where the jobseeker has gone. The estimated unit cost per case is based on the data provided by Poland (T: time and W: wage (EUR 0.3)). Note that the unit cost per case differs from the one calculated for processing the PD U2 document in the documents presented below. We have not calculated the EU-27 average cost for all documents due to data limitations. Be aware that these costs occur separately, others are combined. There is no overview of the total number of flows. In the future this should be made possible by EESSI.

Table 10: Estimated Administrative Cost – Competent employment service, SED U001, SED U012, Poland, EUR, 2013

SED U011 'Effect to Entitlement - Export' (answer to SED U010)	
Unit cost per case (EUR)	1.5
Number of cases	11
Total cost (EUR)	16.5
SED U012 'Request for monthly follow -up'	
Unit cost per case (EUR)	2.4
Number of cases	120
Total cost (EUR)	288

Source: Deloitte, workshop in Poland

⁹³ Poland has provided the most comprehensive data set on the administrative burden resulting from the information obligations stemming from the Regulation during the workshop.

Table 11: Estimated Administrative Cost – Employment service of the Member State where the jobseeker has gone, PD U2 ('process'), SED U007, SED U009, SED U010, PD U3 'issue', SED U013, SED U028, Poland, EUR, 2013

Process PD U2	
Unit cost per case (EUR)	1.5
Number of cases	200
Total cost (EUR)	300
SED U007 'Request Document on Export'	
Unit cost per case	3
Number of cases	410
Total cost	1230
SED U009 'Notification Registration - Export'	
Unit cost per case (EUR)	3
Number of cases	2330
Total cost (EUR)	6990
SED U010 'Circumstances Affecting Entitlement - Export' (linked with U3 form)	
Unit cost per case (EUR)	3.6
Number of cases	1110
Total cost (EUR)	3996
Issue of PD U3 (linked with SED U010)	
Unit cost per case (EUR)	3.6
Number of cases	1110
Total cost (EUR)	3996
SED U013 'Monthly Follow-up' (answer on SED U013)	
Unit cost per case (EUR)	2.7
Number of cases	4900
Total cost (EUR)	13230
SED U028 'Request Entitlement to Export'	
Unit cost per case (EUR)	3
Number of cases	15
Total cost (EUR)	45

Source: Deloitte, workshop in Poland

*Reimbursement claims*⁹⁴

Claims for reimbursement can be made by the country of residence to the country of last activity for fully unemployed frontier workers but also for other cross-border workers who have decided to register with the competent institution in their country of residence. The country of last activity reimburses the unemployed benefits provided in the country of residence during the first three months or five months (when the unemployed person during the preceding 24 months, completed at least 12 months of (self)employment in the country of last activity). Reimbursement procedures are defined under art. 65(6) and (7) of Regulation (EC) No. 883/2004 and art. 70 of Regulation (EC) No. 987/2009.

1. Calculation of the unit cost per case:

The average unit cost per case is based on the data we have received from Poland (the only country for which we have robust data on the reimbursement claims. Following the formula $\text{Time (T)} \times \text{Wage (W)}$, we have estimated an average unit cost per case for each of the individual documents.

2. Number of cases:

We have collected data on the number of cases for Poland for a number of documents. There are no estimated data available for calculating the estimated total number of cases of reimbursement claims in the EU. For a detailed discussion on the number of claims received (as debtor) and the number of claims issued (as creditor) (see section 4.1.5)..

3. Calculation of the administrative cost (Poland)

We have calculated the administrative cost for processing a number of documents related to reimbursement claims for Poland by applying the following formula: $\text{Time (T)} \times \text{Wage (W)} \times \text{Number (N)}$.

Data were collected for the following documents:

Member State of residence:

- SED U020 'Reimbursement Request';
- SED U025 'Reimbursement Receipt/Closing notification'.

Competent Member State:

- SED U021 'Reimbursement Full Acceptance' (possible answer to SED U020);
- SED U022 'Reimbursement Non Acceptance' (possible answer to SED U020);
- SED U023 'Reimbursement Partial Acceptance' (possible answer to SED U020);
- SED U024 'Reimbursement Payment Notification'.

The table below presents the total estimated administrative cost for processing the following documents for Poland presented according to 'Member State of residence' and 'Former working Member State':

⁹⁴ See also **Error! Reference source not found.**

Table 12: Estimated Administrative Cost, Member State of Residence, SED U020, SED U025, Poland, 2013

SED U020 'Reimbursement Request'	
Unit cost per case (EUR)	1.5
Number of cases	48
Total cost (EUR)	72
SED U025 'Reimbursement Receipt/Closing notification'	
Unit cost per case (EUR)	4.5
Number of cases	10
Total cost (EUR)	45

Source: Deloitte, workshop in Poland

Table 13: Estimated Administrative cost – Competent Member State, SED U021, SED U022, SED 023, SED U024, Poland, EUR, 2013

SED U021 'Reimbursement Full Acceptance' (possible answer to SED U020)	
Unit cost per case (EUR)	1.5
Number of cases	5
Total cost (EUR)	7.5
SED U022 'Reimbursement Non Acceptance' (possible answer to SED U020)	
Unit cost per case (EUR)	1.5
Number of cases	3
Total cost (EUR)	4.5
SED U023 'Reimbursement Partial Acceptance' (possible answer to SED U020)	
Unit cost per case (EUR)	1.5
Number of cases	62
Total cost (EUR)	93
SED U024 'Reimbursement Payment Notification'	
Unit cost per case (EUR)	4.5
Number of cases	15
Total cost (EUR)	67.5

Source: Deloitte, workshop in Poland

Only **stylized estimates** can be made on the administrative burden. Only anecdotic information on the average cost of this administrative burden was available. Based on this information we suppose first of all that in the country where the unemployment benefit is paid, an average handling time of the cases of two hours, or € 40, is required. On top of that, when there is payment in the country of residence there is an administrative burden of some € 42.8 for the handling of a PD U1 in the country of residence and some € 20 (our hypothesis) in the country of last activity. On top of that there is in those cases in the country of residence and in the country of last activity a handling time for introducing a reimbursement claim and the settling of it. We suppose the same stylised estimate of € 20 in both countries. Multiplying this standard cost (in reality this cost can differ between the countries because of differences in organisation, productivity and wages) with the total number of cases provides us the total administrative cost in the country of residence and the country of last activity, for the payment of a benefit, including the control of the unemployed person, and the cost of reimbursement.

In Table 49 those amounts are calculated, and compared with the total budgetary cost of the unemployment benefits. Remember that the total amount of benefits is estimated on a yearly basis, while reimbursement on 3 months. In the baseline scenario the total administrative burden is € 8.3 million of which € 5.2 million in the countries of residence. This is 64% of the total administrative cost and this is a very similar % of the 71% of the budgetary cost. The share of the total administrative burden in the total budgetary burden is some 1.3%. It could be compared with the average administrative cost in the unemployment insurance.

Table 14: *Estimated number of unemployed cross-border workers and country responsible for payment and reimbursement*

		Numbers (in thousand)	Administrative cost PD U1 (numbers in thousand)				Administrative reimbursement cost (numbers in thousand)				
			Country of residence		Country of last activity		Country of residence		Country of last activity		
			Issuing	Receiving	Issuing	Receiving	Direct paying	Reimbursement	Direct paying	Reimbursement	
Baseline scenario	Total cross-border workers	73,7									
	* Frontier workers	45,2									
	* Other cross-border workers	28,5									
Number of unemployed cross-border workers where benefit in country of residence is higher than in country of last activity	Total cross-border workers	18,5									
	* Frontier workers	12,3									
	* Other cross-border workers	6,2									
Number of unemployed cross-border workers where benefit in country of last activity is higher than in country of residence	Total cross-border workers	55,2									
	* Frontier workers	32,9									
	* Other cross-border workers	22,2									
Baseline scenario2: Frontier workers return; other cross-border workers rational decision (=highest amount UB)	UB Residence	51,4		51,4		51,4	51,4			51,4	
	UB Last activity	22,2	Not automatically applicable						22,2		
	Total	73,7									
	Reimbursement	51,4									
Option B2: right of choice: rational decision (=highest amount UB)	UB Last activity	18,5		18,5		18,5	18,5			18,5	
	UB Competent	55,2	Not automatically applicable						55,2		
	Total	73,7									
	Reimbursement	18,5									
Option C: UB provided by the country of last activity	UB Residence	0,0		0,0		0,0	0,0			0,0	
	UB Last activity	73,7	Not automatically applicable						73,7		
	Total	73,7									
	Reimbursement	0,0									

Source: Estimate based on data from LFS and the 2012 Ageing Report

Table 15: *Estimated administrative cost aggregation of periods of insurance of (self-)employment*

	Country of residence		Country of last activity	
	Direct paying	Reimbursement	Direct paying	Reimbursement
	Administrative unit cost			
Control unemployed	€ 40,0		€ 40,0	
U1	€ 42,8			€ 20,0
Reimbursement administration		€ 20,0		€ 20,0
Total administrative unit cost - UB Residence	€ 82,8	€ 20,0		€ 40,0
Total administrative unit cost - UB Last activity			€ 40,0	
	Administrative cost			
	Baseline scenario2: Frontier workers return; other cross-border workers rational decision (=highest amount UB)			
UB Residence	€ 4.258.153	€ 1.028.539	€ 0	€ 2.057.079
UB Last activity	€ 0	€ 0	€ 889.488	€ 0
Administrative cost	€ 5.286.692		€ 2.946.567	
Grand total		€ 8.233.259		
% cost country of residence in total administrative cost		64%		
Grand total annual expenditure UB (in millions)		€ 378		
Administrative cost as % of budgetary cost		2,2%		
Estimated reimbursement (in millions)				€ 82
	Option B2: right of choice: rational decision (=highest amount UB)			
UB Residence	€ 1.530.093	€ 369.588	€ 0	€ 739.175
UB Last activity	€ 0	€ 0	€ 2.207.391	€ 0
Administrative cost	€ 1.899.681		€ 2.946.567	
Grand total		€ 4.846.248		

As % of baseline scenario					59%
% cost country of residence in total administrative cost		39%			
Grand total annual expenditure UB (in millions)					€ 502
Administrative cost as % of budgetary cost					1,0%
Estimated reimbursement (in millions)					€ 52
		Option C: UB provided by the country of last activity			
UB Residence	€ 0	€ 0	€ 0		€ 0
UB Last activity	€ 0	€ 0	€ 2.946.567		€ 0
Administrative cost	€ 0			€ 2.946.567	
Grand total			€ 2.946.567		
As % of baseline scenario					36%
% cost country of residence in total administrative cost		0%			
Grand total annual expenditure UB (in millions)					€ 437
Administrative cost as % of budgetary cost					0,7%
Estimated reimbursement (in millions)					€ 0
		Option D: cutt-off of 12 months			
UB Residence	€ 1.647.720				
UB Last activity			€ 2.152.000	€ 398.000	
Administrative cost	€ 1.647.720			€ 2.550.000	
Grand total			€ 4.197.720		
As % of baseline scenario					51%
% cost country of residence in total administrative cost		39%			

Grand total annual expenditure UB (in millions)	€ 384	
Administrative cost as % of budgetary cost	1,1%	
Estimated reimbursement (in millions)		€ 0

Source: Estimate based on data from LFS, 2012 Ageing Report, input from the work shops