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## Reflections on the implementation of a guaranteed minimum income in Barcelona city

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**The number of people at risk of poverty is very high in Catalonia, and especially in Barcelona. Faced with this situation, one of Barcelona City Council's political priorities is to improve social protection in the city. This study offers a series of reflections on designing and implementing a guaranteed minimum income by a local authority, based on the conclusions of academic literature and other questions to be borne in mind, such as its compatibility with other benefits.**

### Introduction

Poverty and the number of people at risk of poverty have notably increased in Catalonia and the rest of Europe since the economic crisis began. Despite the economic recovery, poverty and growing social inequality are among the main concerns nowadays for the various levels of public administration, including European institutions. In order to tackle this problem, it must be emphasised that in Catalonia, the various public administrations are studying and beginning to work towards the implementation of a guaranteed minimum income.

For example, Barcelona City Council is initiating a guaranteed minimum income pilot project in the one of the city's neighbourhoods with the lowest per capita income, which will enable relevant conclusions to be drawn about the possible social and economic impact of this kind of measure, combined with active employment policies (B-MINCOME project). Similarly, the Generalitat regional government of Catalonia has recently approved the implementation of its so-called citizens' guaranteed minimum income, making it possible to notably expand the cover provided up to now by the minimum integration income and therefore reduce the amount of poverty in Catalonia. Other autonomous communities have also taken steps in the same direction.

However, in spite of these initiatives, it is still not possible to guarantee that every person in Catalonia without sufficient resources will be able to escape from their situation of poverty. Restrictions concerning the requirements for accessing the various subsidies, whether it be length of residence, employment conditions, income or others, mean that not all residents of Catalonia and Barcelona who require this aid will be covered, at least for the moment. As a consequence, a large number of Barcelona city residents are living on incomes which are so low that they are often unable to cover their basic needs for a decent life, such as access to housing and having three

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meals a day. In accordance with data from the Care for Homeless People Network (XAPSLL), in recent years there has been an increase in the number of people who are sleeping on the street, rising from 658 in 2008 to 1,026 in 2017. During the same period, the XAPSLL network's resources have progressively increased, rising from 1,129 people provided with accommodation in 2008 to 2,006 in 2017.

Given this situation, improving the city's social protection is clearly one of Barcelona City Council's political priorities for the coming years, as shown by the B-MINCOME project. Although this is only a pilot project, it seems clear that Barcelona City Council is considering the possibility of implementing a city guaranteed minimum income, as a way of tackling poverty in the city. In this context, the study being presented here aims to offer a series of reflections concerning the design and implementation of a guaranteed minimum income at a local government level, such as Barcelona City Council. More specifically, some of the elements analysed in this study are the definition of the population's basic needs, which the introduction of a guaranteed minimum income would aim to cover; the role of local government in the development of this type of policy; the main questions concerning its design that need to be addressed; and the criteria that should be followed in order to determine the compatibility of a guaranteed minimum income with other benefits.

### **1. What do we understand by basic needs?**

The policies guaranteeing the transfer of income are part of the Welfare State, understood as the system through which the public administration guarantees its citizens a range of basic social services, mainly concerning health, education, pensions, unemployment, disabilities and access to housing. In general terms, it can be stated that these social policies aim to satisfy the basic needs of citizens. However, defining these basic needs objectively is no easy matter.

They can be defined in terms of minimum subsistence, which would be directly related to the amount of resources available to the people concerned. In a developed society like ours, it seems clear that these basic subsistence needs should include food, clothing, cleaning, hygiene, health protection, housing and utilities (water, electricity and gas). In other words, in accordance with the classification of human needs established by Maslow (1943), physiological and safety needs would be included in this group, as they are common to the subsistence of all human beings. Not being able to satisfy these most basic needs is what defines poverty in absolute terms.

However, in more developed societies, poverty is usually defined in relative terms, as the situation in which citizens do not have access to a minimally adequate way of life in the territory where they live. Therefore, in accordance with the definition formulated by Eurostat, people who live on an income below 40% of the median are considered to be living in a situation of severe poverty. Furthermore, people who are under the threshold of 60% of the median available income, adjusted according to family size, are considered to be living in a situation of relative poverty. In this context, the basic needs of individuals are understood in a wider sense as the resources and skills which, within a given social context, allow them to develop personally and socially, and in freedom (Urquijo, 2014). In addition to the needs mentioned above, in this case needs concerning the human psyche and the social dimension of an individual would also be included. For example, these needs include education and participation in society and cultural activities. In accordance with Maslow's classification, this group would include the needs of pertaining to a group and love, the needs of recognition and the needs of self-fulfilment.

According to this wider definition of needs, based on Amartya Sen's theory of capabilities, the conversion of income into basic capabilities can vary greatly among individuals and different societies, so that the possibility of achieving minimally acceptable levels of basic capabilities may be associated with different levels of minimally adequate incomes. For example, two individuals from different socio-economic environments may need different levels of resources to achieve the same capabilities. Similarly, people with some form of disability may also have special needs for achieving a certain level of basic capabilities, in order to be able to actively take part in society.

Therefore, in this context, the situations of privation and poverty are not only linked to economic factors (level of income), but also to a lack of access to education and the impossibility of influencing policies or actively taking part in society. Therefore, we must distinguish between **absolute poverty**, which is the situation where minimum levels of subsistence cannot be fulfilled, and **relative poverty**, where a way of life considered to be minimally adequate in the territory concerned cannot be achieved.

Table 1 shows the estimated cost, for a home with a single individual, for covering the various types of needs presented above for Barcelona city, according to estimates taken from the study carried out by D'Aleph (2017) for determining what the necessary minimum wage would be for living in Barcelona city or its Metropolitan Area. As you can see, in order to cover the most basic needs, such as food, clothing, cleaning and hygiene, housing and utilities, a person who lives alone would need to have an income of €1,055.34 a month in Barcelona city, and €926.33 in the Metropolitan Area. This difference is due to variations in the cost of housing, which would be €685.42 in Barcelona city and €556.40 in the Metropolitan Area. €370 a month is therefore required to cover the remaining basic needs. In addition to these most basic needs, the social, love, growth and self-fulfilment needs would require €291.81 in Barcelona city and €281.19 in the rest of the Metropolitan Area.

**Table 1. Monthly cost of covering the various types of needs in a home with a single person in Barcelona and the Barcelona Metropolitan Area. 2016**

Needs	Barcelona (€)	Rest of Metropolitan Area (€)
<b>Physiological needs</b>	<b>1,055.34</b>	<b>926.33</b>
Food and drink	168.90	168.90
Cleaning and personal hygiene	18.63	18.63
Household expenses	161.82	161.82
Clothing and accessories	20.57	20.57
Housing	685.42	556.40
<b>Safety needs</b>	-	-
Physical safety and health	-	-
Work safety	-	-
Resource security	-	-
<b>Social, love, growth and self-fulfilment needs</b>	<b>291.81</b>	<b>281.19</b>
Mobility	52.75	59.82
Personal and leisure expenses	68.48	68.48
Education	-	-
Extraordinary expenses <sup>1</sup>	170.57	152.89
<b>Total</b>	<b>1,347.16</b>	<b>1,207.52</b>

Source: Own production, based on the results of D'Aleph publication (2017).

1. The extraordinary expenses include various items, such as repairing home accessories, dentistry, press, hairdressing and personal aesthetics, sports equipment and outdoor entertainment, museums and botanical gardens, libraries and similar items.

Therefore, the implementation of a guaranteed minimum income would have an effect on reducing poverty as long as the guaranteed income threshold is above the level necessary for covering the population's basic needs, and the amount of the benefit is not below the total amount of the benefits it replaces (Reed and Lansley, 2016). In any event, the guaranteed minimum income would help to improve the economic security of homes, dissociating their income security from their employment situation and other individual or temporary conditions. This dissociation is considered to be increasingly necessary in modern society (Reed and Lansley, 2016; Painter and Thoung, 2015). It could also reduce inequality in income distribution, increasing the income of homes with the lowest incomes and not those of the rest of the population, although this would largely depend on the origin of the resources needed to finance it and the services or benefits that it replaces.

## 2. Local government's role in guaranteeing income

### 2.1. Current situation of social benefits in Barcelona

At the end of the 1980s, autonomous communities reached an agreement to promote systems that guaranteed a minimum income, known as social salaries or the minimum integration income (RMI). These systems have been developed gradually and in different ways in the various autonomous communities, although only in the Basque Country, Madrid, Catalonia and Navarre it is really possible to speak about the existence of a minimum integration income similar to those in practically all other EU countries. These incomes represent the last resort available to people who no longer have access to other benefits, and they are generally accompanied by a series of actions or active integration policies, which was a new approach at the time of their creation.

Due to the economic crisis, the RMI programmes underwent a considerable increase in the various autonomic communities, so that by 2011, the number of families receiving this type of benefit had doubled with respect to 2008 (111,077 and 217,358 families in Spain, respectively). However, between 2011 and 2012, various autonomous communities (including Catalonia) introduced major restrictions on access, the amounts paid and the duration of payment for these benefits, which curtailed their growth. Consequently, a large number of families who currently need these benefits do not have any access to them or to any others. Furthermore, in general, the level of income guaranteed by this type of benefit does not allow people to pass the risk-of-poverty threshold (although it does so for the threshold for severe poverty) while not adequately taking into account the various needs of different types of families. Specifically, the amounts that complement the basic allowance, according to the number of family members, is not set in relation to the increase in needs that occurs as family size increases (Arriba, 2014).

In the specific case of Catalonia, in 2011, it decided to reform its minimum income, called PIRMI, with the aim of curtailing the increase in applications caused by the economic crisis and the subsequent budgetary cuts. Through Act 7/2011, along with accompanying fiscal and financial measures, the means of paying the subsidy were changed (from bank transfer to a nominative cheque sent to the home of the beneficiary). Decree 384/2011 was later approved, which toughened the requirements for getting access to the PIRMI: increasing the length of residence in Catalonia (from 1 to 2 years), introducing a minimum period of 12 months without any income before applying for the subsidy and limiting the maximum amount of the subsidy (to €641.40 a month, equivalent to the minimum wage) and the maximum duration of the subsidy (60 months). Meanwhile, groups that did not present an 'added problem' to their unemployment situation were excluded from the programme. Furthermore, the need to design an intervention plan for each recipient as a prior requisite for gaining access to the RMI is a major dissuasive factor when applying for the subsidy. As a consequence, the level of cover has been notably reduced, and it has left a large number of homes outside the protection system.

Apart from the RMI, it must be stressed that there are a series of complementary subsidies and benefits, often of a specific nature, which aim to alleviate the effects of poverty (KSNET, 2016). Furthermore, in 2017, as a consequence of a popular legislative initiative, the Parliament of Catalonia debated and approved the implementation of what is known as the citizens' guaranteed

income, making it possible to notably expand the cover provided up to now by the minimum inclusion income, and therefore reduce the impact of poverty in Catalonia. However, this cover is still quite limited, which is why Barcelona City Council is studying the introduction of a citizens' income for its residents. Although municipalities have relatively limited competences in the area of social promotion, in the specific case of Barcelona city, these competences are greater, due to Article 107 of Barcelona's Municipal Charter, which states 'the activity of providing social services must contribute to making equality real and effective, guaranteeing and facilitating access to services to all city residents, which tend to favour free and complete development of persons and groups within society, especially in the case of limitations and deficiencies. The prevention and elimination of the causes that lead to marginalisation must be promoted, in order to achieve the integration of all city residents and favouring solidarity and participation.' Furthermore, the first objective of the 2016-2019 Municipal Action Plan is also to guarantee fundamental and social rights in the city.

Therefore, the struggle against poverty in Barcelona is not only a political commitment from the current government, but also a response to its attributed powers, established in the city's Municipal Charter. In this sense, Barcelona City Council is currently offering city residents a series of public aid and benefits, which are shown on the map produced by KSNET (2016). According to this map, Barcelona City Council's portfolio contains 54 different benefits and subsidies, including monetary and non-monetary benefits, aimed at various groups in order to cover various kinds of needs, as well as providing subsidies for certain services. If a guaranteed minimum income were to be established in the city, some of these benefits would obviously no longer be necessary.

## 2.2. Advantages and disadvantages of introducing a guaranteed minimum income at municipal level

Introducing a system of guaranteed income, as a guaranteed minimum income would be, may be considered as a policy for redistributing income, by means of a monetary benefit for individuals with the lowest incomes. Whether it is convenient or not for local governments to introduce this type of measure, in general or at municipal level in particular, has traditionally been analysed within the framework of the theory of fiscal federalism.

According to this theory, the main advantage of a local government introducing a guaranteed minimum income, due to its closer relationship with its residents, is that it would be easier to get information about the needs of the recipients than if it were the Generalitat regional government of Catalonia or the central government who were introducing the measure. It would be easier for residents to get their requests to the administration, which could then be more agile and flexible in its response to those demands and in adapting its policies to the specific needs of its territory. Furthermore, given that there are not many precedents at a local level, if this policy were introduced in a smaller territory, it could be used as a 'laboratory' (Oates, 1999; Kollman *et al.*, 2000), in the sense that an analysis of its effects would be possible, which could then be generalised if the project were a success and achieved its planned objectives. By contrast, if the introduction of a guaranteed minimum income had negative effects on the well-being of the group, these would be less serious than if the project had been applied to a larger territory.

However, the introduction of a guaranteed income system in a local, or more specifically a municipal area, could also present certain disadvantages, in terms of inequalities between populations living in municipalities or jurisdictions that have not introduced a guaranteed minimum income and the population of those that have done so. This 'different treatment to equal individuals' could lead to migratory movements of low-income city residents to municipalities that have introduced a guaranteed minimum income system, in order to benefit from that programme. Similarly, if this income is financed with local administration taxes, obtained progressively, this could also generate a migratory movement of high-income residents to other municipalities, where they would be subject to more favourable taxation rates. This situation could even generate an opposite redistributive effect to the one desired, and make maintaining the redistributive policy

impossible, while segregating the population in terms of their levels of income (Tiebout, 1956; Bayer i McMillan, 2012).

It must be considered that were this to happen, it would also generate various kinds of external effects. The implementation of a guaranteed minimum income system by a municipality would generate benefits for the surrounding municipalities (positive horizontal external effect), caused by the emigration of high-income residents to those municipalities and the immigration of low-income individuals. This kind of externality means that the redistribution carried out independently by each municipality would be lower than the socially efficient level, and would therefore generate inefficiency. On the other hand, there would be another vertical kind of external effect, towards other levels of government, because it would modify the distribution of income among individuals, and this could affect the collection of taxes at other levels of government (Gordon and Cullen, 2012). Therefore, if the collection of income tax, VAT or state taxes were reduced, this externality would be negative and would counterbalance the previous inefficiency; by contrast, if the collection of these taxes increased, the externality would also be positive, which would make the inefficiency even greater.

In consequence, the theory of fiscal federalism has traditionally defended that redistributive policies should be carried out at higher levels of government, as this would minimise negative effects that could be caused by the mobility of citizens or inefficiencies caused by external effects (Musgrave, 1977; Boadway, 1979). It must be stated that these arguments against the decentralisation of the redistributive function have been debunked, even by the theory of fiscal federalism itself. On one hand, reality shows us that when lower levels of government exercise policies with redistributive results among the population, this is not necessarily followed by major migratory movements. It must be considered that, in practice, inter-municipal movement appears to be limited by the costs of moving and by specific job-market conditions, which may be greater than the possible benefits gained by citizens moving to jurisdictions that are more favourable to them in terms of taxation. For example, if an individual can change their place of residence, but not their job, the change of residence could mean longer commuting times, higher transport costs, etc. Furthermore, a change in residence would also mean high initial costs, caused by changing accommodation, especially for home owners, but also for tenants, changing schools, in the case of families with children, etc.

On the other hand, Pauly (1973) pointed out that redistribution, and in particular programmes that combat poverty, share some characteristics with local public assets, so that these policies could have more social support when they are launched at local levels of government. From this perspective, it is argued that aversion to inequality is reduced by the redistributive policy's area of action, and for this reason it seems that they enjoy more support from voters when their effects are more visible, i.e. when they affect residents in their immediate vicinity.

Therefore, the theory of fiscal federalism does not allow clear conclusions to be made on the suitability of municipal governments introducing a guaranteed minimum income, while there is very little existing evidence on which of the various potential effects would predominate. However, it seems clear that one way of reducing the possible impact of introducing a guaranteed minimum income on the mobility of families is to introduce it into a geographical area that is sufficiently large. According to the work of Bird and Slack (2007), if the guaranteed minimum income system is introduced into a metropolitan area, or in a coordinated way into all the municipalities of a specific metropolitan or geographical area, the efficiency of the policy would be substantially improved in comparison to it being introduced in an uncoordinated way at a municipal level in all or some municipalities.

Specifically, the introduction of a redistributive policy into a large jurisdiction, as in the case of a metropolitan area, would make it possible to internalise its external effects and reduce the problems caused by the mobility of persons between municipalities. This would be true provided that the metropolitan area covers all the necessary territory so that the various benefits mentioned above would be effective, i.e. when the metropolitan area coincides with the functional area or the

existing job market around a large city, such as Barcelona. This would mean that the horizontal externalities between municipalities would be smaller, which would allow the level of redistribution to approach the socially efficient level, and that social segregation or the segregation caused by income levels between municipalities would not increase.

### 3. Elements for designing a guaranteed minimum income

Designing a guaranteed minimum income requires the definition of a series of elements, which, to a great extent, are determined by their involvement in reducing poverty and inequality. We will now describe these elements and the main features used to define them.

#### Objective and scope of application

The first thing to define is the objective of implementing a guaranteed minimum income and the territory where it will be introduced. If it is introduced by Barcelona city, or some other municipality, the objective would be to have a guaranteed minimum income system, which would make it possible to alleviate the lack of resources of the municipality's most disadvantaged citizens. If this measure is introduced into an inter-municipal area, the objective would also include avoiding inefficiencies and inequalities that could arise if this policy was introduced in an uncoordinated way among the various municipalities. In this way, in addition to reducing inequality in each municipality, it would also help to avoid social segregation between municipalities in the same geographical area. It would also help to reduce inequality among municipalities.

#### Calculation formula

The second factor to be determined is the formula for calculating the benefit. Generally, when we speak about guaranteed minimum income systems, the benefit awarded to each home or individual is calculated as the difference between the minimum income level that should be guaranteed and the actual income of the individual, which includes earnings from work and the income obtained from subsidies and social benefits provided to cover the same needs as the guaranteed minimum income, as shown in the formula (1). In other words, when calculating the benefit that corresponds to each individual, it is only necessary to subtract the benefits provided to cover their basic needs which are considered to be covered by the guaranteed minimum income. For example, if the guaranteed minimum income does not cover expenses relating to education, then the benefits relating to education should not be subtracted.

$$(1) \textit{Guaranteed minimum income} = \textit{Guaranteed income} - \textit{Earnings from work} - \textit{Social Benefits}$$

In a case where earnings from work and income from social benefits in a home surpass the amount of guaranteed income, the guaranteed minimum income would be negative. In these cases, it is considered that the home does not require any extraordinary income to cover its financial needs, and the guaranteed minimum income would be zero. In other words, the subsidy would only be awarded to homes where earnings from work and income from social benefits were less than the amount of the guaranteed income.

One of the most common criticisms of guaranteed income systems is that they reduce people's incentive to look for a job and work. Although there is no empirical evidence showing that these effects occur (de la Rica and Gorjón, 2017), one way of avoiding them is to allow an individual's income to increase when earnings from work increase above the amount of the guaranteed income. This is easy to achieve by subtracting only a certain percentage of the earnings from work and not the total amount.

#### Receiving unit

It is necessary to define whether the benefit's receiving unit is the individual or the home, which will also define the level of income that should be guaranteed. In the specialised literature, there are discrepancies as to which is the best option. The two main arguments in favour of individuals as the receiving unit are that each person should have the right to the guaranteed minimum income and that otherwise undesirable family dependencies are created. On the other hand, the main

argument in favour of the guaranteed minimum income taking the home as the receiving unit is that the cost of living for an individual decreases in proportion to the size of the family. For example, according to the benchmark salary estimates used in the D'Aleph study (2017), the minimum necessary expense for a home with a single adult in Barcelona would be €1,347.15, while in a home with two adults, it would be a total of €1,890.50, i.e. €945.25 per person. Therefore, in a context of limited resources, and where the aim is to cover the most basic needs, it is more appropriate to define homes as the receiving unit, rather than the individuals. In this way, it would be easier to ensure that the basic needs of all the families are covered, and it would avoid inequalities between them, according to whether they live with other members of the family or whether they have children or not.

### Recipient population

Regarding the recipient population, its definition will largely determine the effects of introducing the guaranteed minimum income system for combating poverty, and especially severe poverty. It should be considered that one of the main problems of the current social protection system is that many residents no longer have access, or have never had access, to the various existing benefits, due to the requirements applied to them. This means that there are currently a large number of homes that do not receive any income. Therefore, the guaranteed minimum income system would be effective in as much as it would benefit those citizens who do not have access to the currently established social benefits.

However, it should be considered that according to how this population is defined, migratory movements might occur, spurred on by the existence of the guaranteed minimum income. For example, if the definition of the potential recipient population is based on only the criteria of income, without taking into account the length of residence in the municipality or geographical area, this could lead to it becoming more attractive to people without any income or with a low income. This effect would be less relevant if one of the requirements for accessing the benefit were having been a resident in the municipality for at least one or two years. Naturally, there could be exceptions to this general rule, e.g. in the case of refugees or families with children.

### Level of income to be guaranteed

The level of income to be guaranteed to citizens should be determined by the level of income that is considered necessary for covering the basic needs of the receiving units, whether they be individuals or homes. In the latter case, it must also be considered that the needs of homes may differ according to their structure and number of members.

Another relevant factor is that in order to guarantee equality in satisfying the basic needs of homes, their needs for housing expenses must be taken into account, as there could be cases of families that live in a dwelling that has already been paid off, and others who have to pay a monthly rent or a mortgage. Therefore, defining the basic needs that must be guaranteed should exclude housing expenses, which should be covered by other social policies designed for that purpose, or by means of a housing supplement that is awarded only to families that have this need.

Furthermore, when defining the guaranteed minimum income or the level of needs that should be covered, it will also be necessary to take into account the existence of other social policies or benefits that might cover certain needs, such as health or education, or those that would be covered by social services or personal care services. To the extent that these needs are already covered by other subsidies, or by publicly funded services (through taxation) so they do not involve any direct expenditure by the service users, it will not be necessary to include them in the calculation of the guaranteed minimum income.

In accordance with the previous discussion, the level of income needed that would more closely cover the basic needs as we have defined them, in a broader sense, would be what is known as the reference salary, which is established as being the sufficient remuneration so that a family can live decently in a specific location, while favouring their development (Ryan, 1906). If housing



expenses are excluded, the reference salary would be €661.74 in Barcelona city, and €651.12 in the rest of the Metropolitan Area. However, the cost of introducing a guaranteed minimum income that covers these needs could be very high (KSNET, 2018), so that it would also be necessary to consider other income thresholds that would at least guarantee that most basic needs, or physiological needs of the population, are covered. According to the estimates presented in table 1, these needs would be covered if an income level of €370 a month was guaranteed, in the case of a home with a single adult (without including housing costs).

The other possibility would be to include expenses such as mobility and communication in the guaranteed income; although they do not determine subsistence, they can be considered as totally necessary in a city like Barcelona. If these expenses are added to the guaranteed income, it rises to €422.67 for Barcelona city and €429.74 for the rest of the Metropolitan Area. This level of income would only be slightly higher than the threshold for severe poverty, corresponding to 40% of the median income. Therefore, if this amount is set as the guaranteed income, then housing, safety, social, love, growth and self-fulfilment needs would have to be covered by other service policies and social benefits.

The needs relating to leisure, free time and education could be covered through public service provision systems. Although many of these are paid services, the introduction of the guaranteed minimum income could be accompanied by a social tariff system for public services which guarantees access to everyone under equal conditions and without excluding anyone for reasons of income. In this way, all necessary expenses could be covered, so that a family would be able to live decently and take part in the social life of Barcelona city.

#### **4. Criteria for determining the compatibility of the guaranteed minimum income with other subsidies**

If a guaranteed income system is introduced into Barcelona city, or if it is introduced by any other administration, then a relevant aspect would be its compatibility with all the other existing benefits, as well as the convenience of eliminating some of those benefits. Specifically, if the aim of introducing a guaranteed minimum income is to guarantee equality among citizens, then the following aspects must be taken into consideration:

**4.1. The needs that are supposed to be covered by the guaranteed minimum income.** For example, if a level of guaranteed income is established which only covers the most basic needs of food, hygiene and clothing, then determining the available income for each home must take into account the income and subsidies that aim to cover these needs, such as earnings from work, unemployment benefit and the minimum integration income. In other words, if the guaranteed minimum income does not make it possible to cover the needs of expenses relating to education, the calculation of the available income should not take into account possible subsidies allocated for paying education expenses, such as study grants and subsidies.

**4.2. The various needs of each individual according to their personal circumstances.** It is necessary to consider that ensuring equality between various individuals involves taking into account that their needs may differ according to certain personal circumstances. As mentioned above, ensuring the possibility of achieving minimally acceptable levels of basic capabilities may be associated with different levels of minimally adequate income for different individuals. This is especially true in the case of individuals with disabilities or who live in a more disadvantaged social environment. Therefore, it may be recommendable to allow the subsidies linked to the special needs of certain groups of people to be compatible with the guaranteed minimum income, in order to ensure the same level of basic capabilities. Another alternative would be to establish various levels of guaranteed income depending on the specific needs of each group, but this option may make management more difficult, as it would be a more significant change to the current situation, in which there are already various subsidies that aim to cover more specific needs.

**4.3. The extent to which being a guaranteed minimum income recipient may affect someone's right to other subsidies or benefits.** For example, if the guaranteed minimum income is above the limit established for receiving subsidies allocated for paying supplies, housing or education, a person's right to receive those benefits might be lost. In the case of these interactions occurring between the various subsidies and benefits, it might not be profitable for families to gain access to the guaranteed minimum income benefit, or situations of inequality may arise, both horizontal (e.g. where people with the same level of income and needs receive different benefits due to information differences) and vertical (where people with different levels of income relating to their needs end up having different available incomes after the introduction of the guaranteed minimum income).

## 5. Final reflections

In recent years, an increasing participation of local government has been observed in redistributive policies, in order to respond to the needs of their citizens. In this way, various types of subsidies and social benefits have proliferated, aimed at covering the various basic needs of citizens, which means high management and provision costs, which in some cases may lead to the collapse of their social services. In this context, and in the light of numerous families who continue to live in a situation of poverty, various municipalities, including Barcelona, are considering the possibility of introducing a guaranteed minimum income system.

Therefore, in accordance with the previous discussion, although the theory of fiscal federalism states that the introduction of a guaranteed minimum income system into a local area could cause certain negative effects on the tax collecting of its administrations and on the social segregation of its population, while also leading to an insufficient level of redistribution, it is unclear as to whether these effects would be produced in practice, due to moving costs and job market conditions. Furthermore, these problems could be minimal if this guaranteed minimum income system were introduced at an inter-municipal governmental level, or coordinated between the municipalities of a particular functional geographical area.

In the case of progress towards the introduction of a guaranteed minimum income that is coordinated among various municipalities, it would be possible to establish certain solidarity mechanisms among them, so that the fiscal effort that needs to be made by each one in order to finance the policy would not differ substantially due to differences in their levels of needs or fiscal capacity (KSNET, 2018). Higher levels of government could also contribute to the funding of this policy, even though it is developed at a local level. It must be considered that the cost of introducing a redistributive policy of this kind could be very high, and could represent a very high fiscal strain for certain municipalities. Although it is possible that it would also give rise to major savings in other benefits that would no longer be necessary, or due to lower management costs as a consequence of a simpler benefits map, it would be convenient for other levels of government to also contribute to the funding of this policy.

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