



PROJECT TEAM

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2015

MINIMUM ESSENTIAL STANDARD OF LIVING

VINCENTIAN
PARTNERSHIP
for SOCIAL
JUSTICE



WORKING FOR
SOCIAL &
ECONOMIC
CHANGE

TACKLING
POVERTY
& SOCIAL
EXCLUSION

Vincentian Partnership for Social Justice

- A Minimum Essential Standard of Living (MESL) is one which meets an individual's/household's physical, psychological and social needs
- Methodology used to establish MESL is Consensual Budget Standards Methodology

Vincentian Partnership for Social Justice

- Since 2001 the VPSJ has undertaken a number of studies to establish the expenditure required for a MESL and the income required to allow the necessary expenditure.
- This data is updated annually –
www.budgeting.ie
www.MISc.ie

2015 MESL UPDATE

- The 2015 MESL Update Paper presents a summary of the expenditure and income needs of household types in Ireland (The data covers 90% of households in Ireland)

2015 MESL UPDATE

- March 2014 – 2015 – on average prices declined slightly. Overall, CPI rate of - 0.6%
- Average core cost of a MESL in 2015 - 0.8%
- Average core cost of a MESL is higher in 2015 than in 2008 (by 0.35%) while the CPI rates suggest on average prices are lower than in 2008 (by -0.55%)

2015 MESL UPDATE

- Situations of households with children and older people living alone and dependent on social welfare improved slightly between 2014-2015 due to increase in Child Benefit & Living Alone Allowance. However, while the improvement is welcome, the 2015 data shows that 191 of the 214 urban sample household types dependent on Social Welfare cannot meet the cost of a MESL (2014 figures 199 out of 214)

2015 MESL UPDATE

- The €5 increase in Child Benefit means some social welfare dependent households with pre-school children have moved to an adequate income.
- However, child income supports do not meet the direct cost of a child in 3 of the 4 age groups examined.

2015 MESL UPDATE

- The adjustment to the USC increased the net income from the NMW by €124 per annum (single adult working full-time)
- However, in spite of this increase and the decrease in the cost of a MESL rising rents means that this household type faces greater income inadequacy in 2015 than in 2014

2015 MESL UPDATE

- Access to social housing and in work supports e.g. FIS enable a number of household types to afford a MESL when earning the national minimum wage

2015 MESL UPDATE

- High cost of private childcare and private rented accommodation substantially impact of the cost of a MESL and the subsequent MIS required
- These high costs drive the MIS gross salary needs of households to a level significantly above the NMW. Access to affordable and quality services (particularly housing and childcare) is vital to enable low income households afford a MESL.

COST OF A CHILD

**SOCIAL WELFARE DEPENDENT
HOUSEHOLDS**

WELFARE TO WORK

MESL 2015

Cost of a Child & Child Income Supports

URBAN

2015

	INFANT	PRE-SCHOOL	PRIMARY	SECONDARY
Cost of a Child P/W	78.82	44.72	77.21	125.45
Child Benefit	31.15	31.15	31.15	31.15
Qualified Child Increase	29.80	29.80	29.80	29.80
Back to School	---	---	1.92	3.85
Total Transfers	60.95	60.95	62.88	64.80
% of cost met by SW	77.3%	136.3%	81.4%	51.7%

Impact of Childcare

- Childcare substantially increases the cost of a MESL for households who require it.
- The full-time cost of private childcare for an infant in an urban areas is approximately €11,000 per annum. Child Benefit meets 14% of this cost.

Social Welfare 2015

- ❖ Majority of social welfare rates last increased in either 2008 or 2009

Budget 2015:

- €5 increase in Child Benefit
- €1.30 Living Alone Allowance
- Partial Restoration of Christmas Bonus
- ❖ Small improvement, but effect of previous reductions still evident

Social Welfare Dependent Scenarios

URBAN 2015	TWO PARENT			ONE PARENT		
	Pre-school & Primary (TP 2a)	Primary & Secondary (TP 2b)	Infant, Pre- school & Primary (TP 3)	Primary school (age 6) (OP 1)	Pre-school & Primary (OP 2a)	Primary & secondary (OP 2b)
MESL EXP	477.00	557.72	561.82	310.63	358.27	439.45
Total Income	436.63	440.48	497.58	260.88	321.83	325.68
Adequacy	-40.63	-117.25	-64.24	-49.76	-36.89	-113.78

Social Welfare Dependent Scenarios

URBAN				
2015	Single Adult	Couple	Pensioner Living Alone	Pensioner Couple
			Contributory Pensioner	Contributory & Non Contributory
	<i>Private Rented</i>	<i>Private Rented</i>		
MESL EXP	340.68	510.88	255.77	322.34
Total Income	276.00	465.08	249.30	459.30
Adequacy	-64.68	-45.80	-6.47	+136.96

From Welfare to Work

New Working Paper: *‘From Welfare to Work: Examining the Impact of Retaining Benefits When Returning to Work’*

Paper examines 3 household types in different income situations:

- Unemployed
- Returning to work after long-term employment – retaining benefits
- In work – not entitled to secondary benefits associated with returning to work

From Welfare to Work

- Assume entitled to retain/qualify for benefits associated with returning to work e.g. Medical Card & BTWFD
- The case presented is a scenario and is not necessarily typical of all households experience when transitioning from unemployment into employment

Welfare to Work: Two Parents & Two Adolescent Children

URBAN 2015

Welfare

MESL EXP (including social housing)	605.96
Jobseekers Personal Rate	188.00
Qualified Adult	124.80
Qualified Child Increase	59.60
Child Benefit	62.31
BSCFA	7.69
Total S.W. Income	442.40
Full Medical Card	Yes
Adequacy	-163.56

Welfare to Work: Two Parents & Two Adolescent Children

One Working Full-Time & 1 Working Part Time

URBAN 2015

Returning to Work – Retaining Benefits

MESL EXP (including social housing)	649.00	
Household Net Salary	Minimum Wage	481.99
Secondary S.W Benefits		
Child Benefit		62.31
FIS		73.00
BSCFA		7.69
BTWFD		59.60
Full Medical Card		Yes
Total Social Welfare Income		202.60
Total Income (earned net salary & SW)		684.59
Discretionary Income		+35.60

Welfare to Work: Two Parents & Two Adolescent Children

One Working Full-Time & 1 Working Part Time

URBAN 2015

In Work Back to Work Entitlements Not Applicable

MESL EXP (including social housing)		681.38
Household Net Salary	MINIMUM WAGE	481.99
Secondary S.W Benefits		
Child Benefit		62.31
FIS		73.00
BSCFA		7.69
GP Visit Card		Yes
Total Social Welfare Income		143.00
Total Income (earned net salary & SW)		624.99
Discretionary Income		-56.39

Welfare to Work: Two Parents & Two Adolescent Children

One Working Full-Time & 1 Working Part Time

URBAN 2015

In Work Back to Work Entitlements Not Applicable

MESL EXP (including social housing)	683.12
Household Gross Salary (MIS)	658.23
Household Net Salary	623.63
Secondary S.W Benefits	
Child Benefit	62.31
FIS	00.00
BSCFA	00
GP Visit Card	Yes
Total Social Welfare Income	62.31
Total Income (earned net salary & SW)	685.94
MIS Rate, Per Hour	11.65

**NATIONAL MINIMUM WAGE
MINIMUM INCOME STANDARD**

MESL 2015

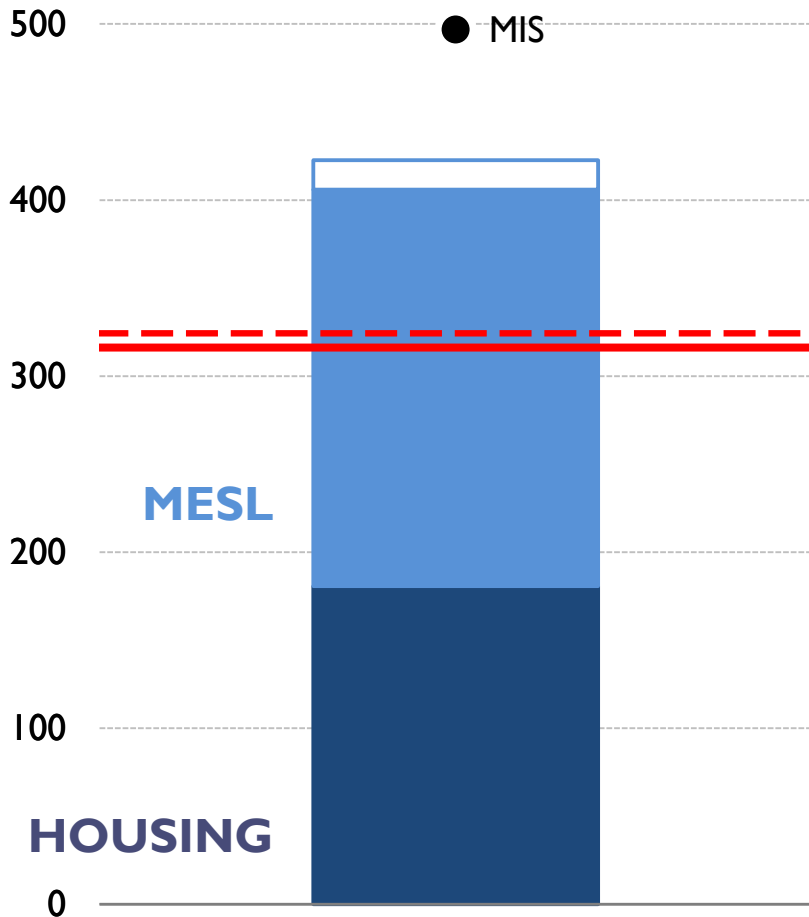
National Minimum Wage Scenarios

- Does the Minimum Wage provide the basis of an adequate household income?
- Examine multiple scenarios
- Single Adult – Private Rented Housing
- Households with children – Social Housing
- Two Parents – Single & Dual income
- One Parent – Part-time & Full-time

Minimum Income Standard

- The gross income a household needs in order to afford a minimum standard of living.
 - › It takes account of the potential tax liability and social welfare entitlements of the household in question
- Iterative process
- Assess the adequacy of net household income, on the basis of incremental increases in gross salary

Single Adult

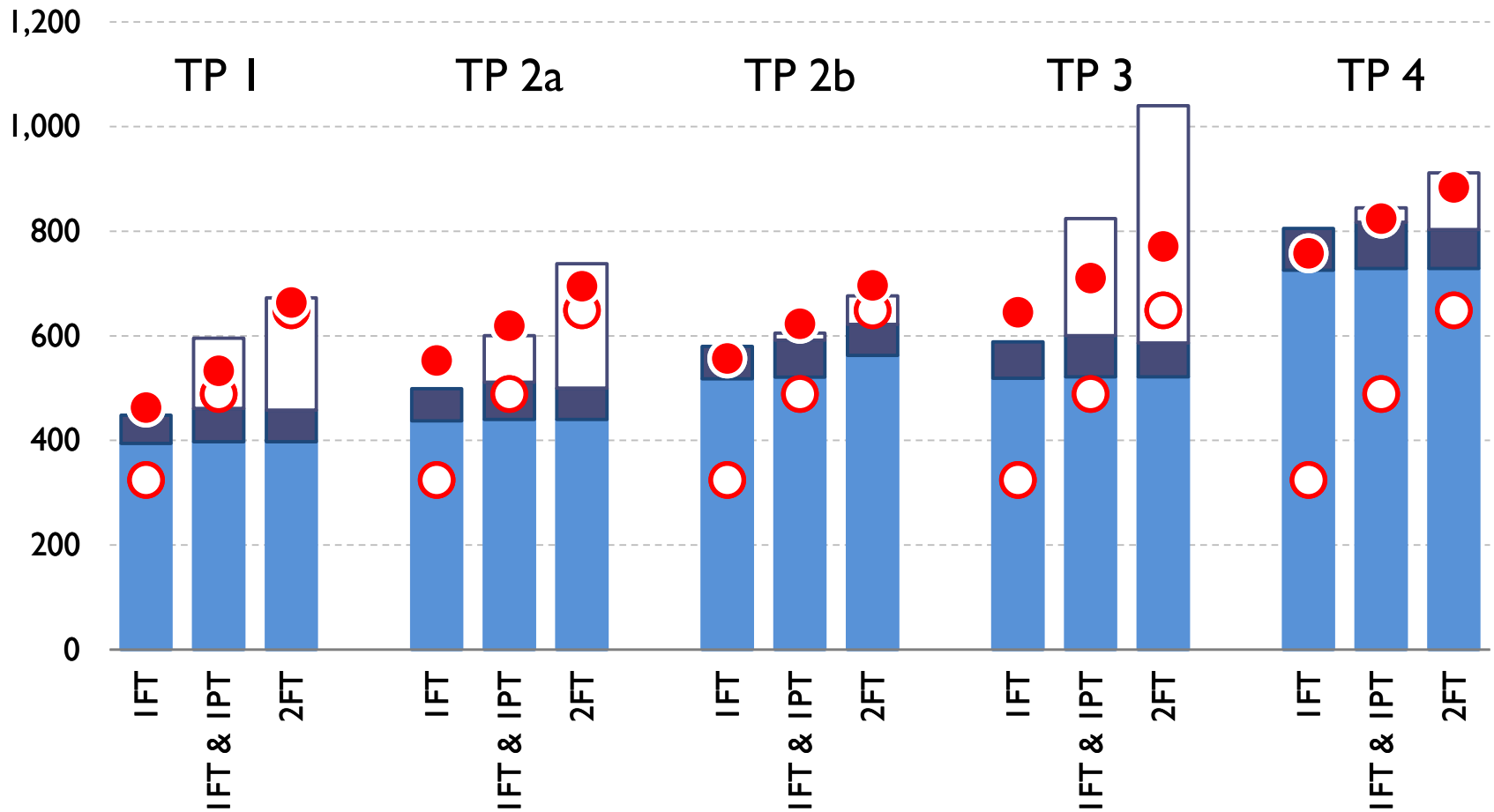


- Private Rented Expenditure need up 3.1%

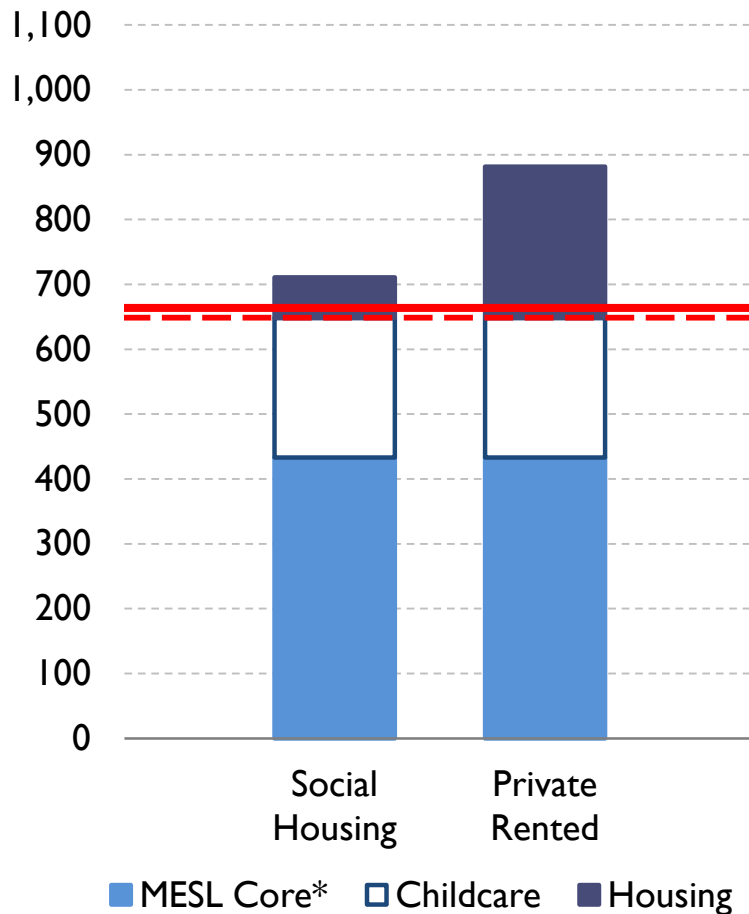
Employed full-time

- **NMW** net income €316 per week
- Income Shortfall €90 per week
- Needs to earn over 1½ times the NMW
- **MIS** €13.25 per hour

Two Parent compositions

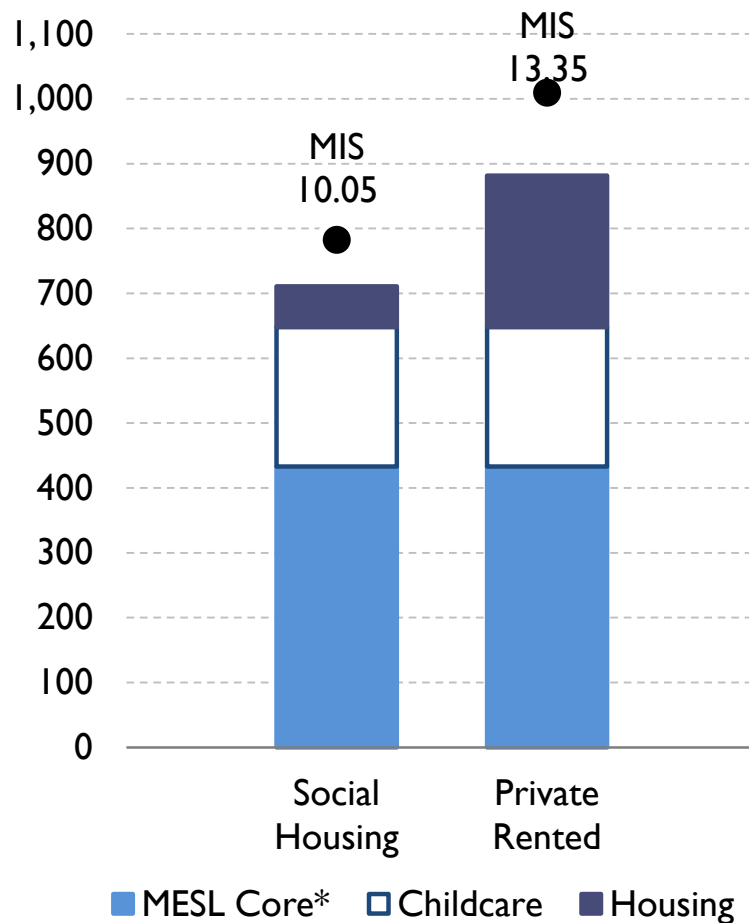


Two Parents, 1 Child (Baby)



- Both employed full-time
- Joint Gross Salary **€649 per week**
- Pay USC and PAYE
- Child Benefit
- Full Medical Card
- Net household income **€664 per week**
- **NMW is Inadequate**

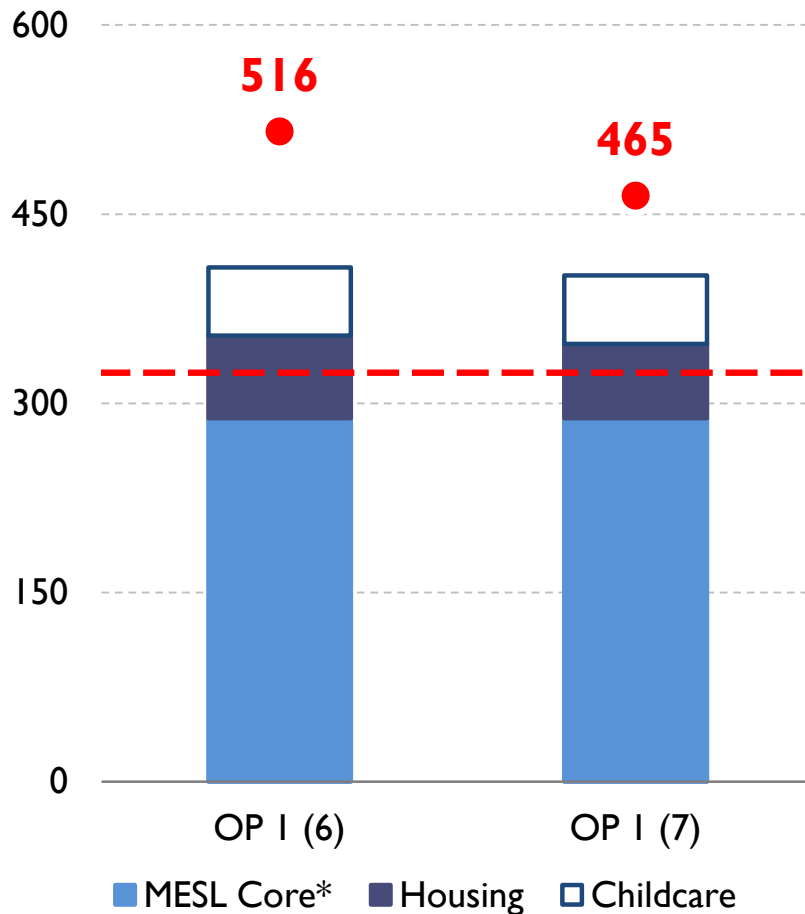
Two Parents, 1 Child (Baby)



MIS

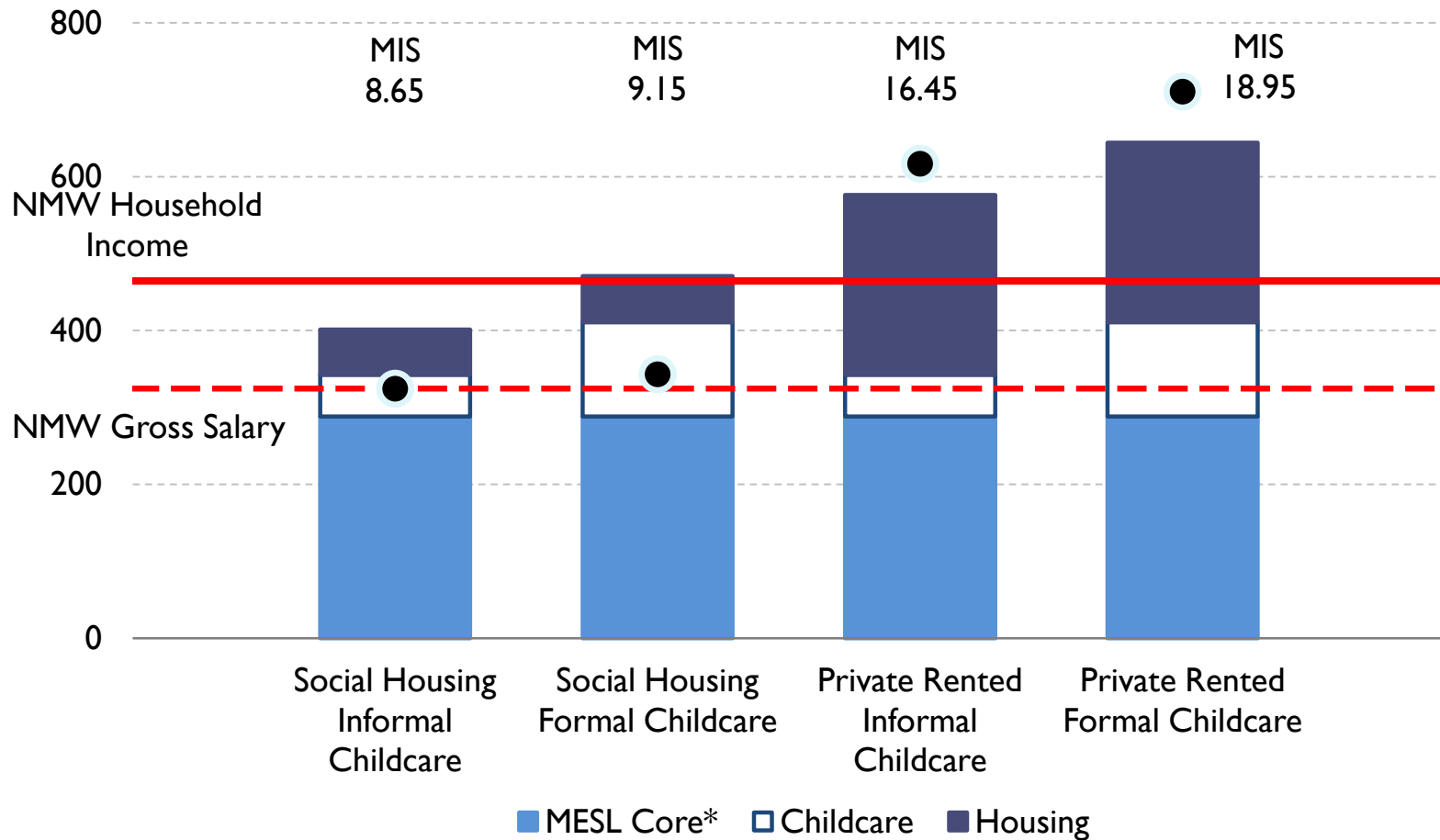
- Social Housing
€10.05 per hour
NMW + €1.40
- Private Rented
€13.35 per hour
NMW + €4.70
- Needs to earn over 1½ times the NMW

One Parents, 1 Child (Primary School)



- Employed full-time
- Gross Salary
€324 per week
- Under 7 – OFP, CB, FIS
€198 per week
- 7 or over – CB & FIS
€147 per week
- Income down
€51 per week

One Parent, 1 Child (Aged 7)





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