

BUDGET 2017: MESL PRE- BUDGET SUBMISSION

A Vincentian Partnership
for Social Justice
Submission

RESEARCH TEAM

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JULY 2016



MINIMUM
ESSENTIAL
BUDGET
STANDARDS

RESEARCH CENTRE

MESL REPORTS & UPDATE PAPERS

2016	Minimum Essential Standard of Living 2016: Update Report
2015	Minimum Essential Standard of Living Update
2015	The Cost of a Healthy Food Basket: <i>Pilot study for six household types in the Republic of Ireland</i>
2015	The Cost of a Minimum Essential Food Basket in Northern Ireland: <i>Pilot study for two household types</i>
2014	Living Wage Technical Document
2014	Minimum Essential Standard of Living Update
2012	The Cost of A Child
2012	A Minimum Income Standard for Ireland
2010	Minimum Essential Budgets for Households in Rural Areas
2008	Minimum Essential Budgets for Six Households: <i>Changes in the Cost of a Minimum Essential Standard of Living from 2006-2008</i>
2006	Minimum Essential Budgets for Six Households (Urban)
2004	Low Cost but Acceptable Budgets for Three Household Types
2001	One Long Struggle – A Study of Low Income Households

MESL WORKING & TECHNICAL PAPERS

2016	Low Hour Work & Income Adequacy
2015	Living Wage 2015 Update
2015	From Welfare to Work: Examining the impact of retaining benefits when returning to work
2015	Minimum Income Standard & The Cost of Childcare
2014	Minimum Household Energy Need – Technical Paper
2014	Housing Tenure & Its Impact on the Cost of a MESL
2014	Comparing the Cost of a MESL Between Ireland & The UK, for one household type
2014	A 'Living Wage' In Ireland: Examining the process & potential result of calculating a 'Living Wage' for working age households in Ireland
2014	An analysis of the addition of a cohabiting couple without children to the MESL dataset
2013	Changes in the Cost of a MESL in Comparison to CPI Inflation
2013	Comparison of the Household Budget Survey to MIS / MESL Data
2013	Comparison of the 2012 Poverty Line and the MESL Data
2012	Review of the MESL Baskets and Addition of 3 rd & 4 th Child to Household – Briefing Note

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DISCLAIMER

The MESL research is supported by the Department of Social Protection as part of its agreement for funding the Vincentian Partnership for Social Justice.

The Vincentian Partnership for Social Justice is solely responsible for the views, opinions, findings, conclusions and recommendations expressed in this report and for the accuracy of the report. The contents of the report are not attributable to the Minister for Social Protection or the Department of Social Protection.

INTRODUCTION

The Vincentian Partnership for Social Justice (VPSJ) welcomes the opportunity to make this Pre-Budget submission and to participate in the Pre-Budget Forum. The annual budget presents the opportunity for increases to be made to social transfers which will reduce the impact of poverty on people who continually struggle to make ends meet. This year's budget decisions will either promote or delay a more socially and economically inclusive society. The VPSJ in the course of its twenty-one years of working with households in disadvantaged communities is acutely aware of the significance of each increase in social welfare rates and the role of social transfers in reducing levels of poverty. The Partnership is also conscious of the impact of each cut back and of the cumulative hardship of these on families which are already struggling to exist. It is our hope that as the economy continues to improve that this year's budget will give priority to the needs of citizens whose lives have been most keenly affected by the years of austerity.

The VPSJ supports the multi-dimensional approach to poverty eradication: adequate income, access to affordable services, and opportunities for reasonable employment. The current attention being paid to the need for adequate, robust, and accessible services is welcome. However, it is vital that income supports are adequate for current minimum needs, as households which cannot afford a Minimum Essential Standard of Living cannot wait until such time as the development of services bring about reductions in the cost of an acceptable minimum standard of living.

MINIMUM ESSENTIAL STANDARD OF LIVING RESEARCH

The recommendations made in this submission are based on the evidence and data established through the VPSJ's ongoing Minimum Essential Standard of Living (MESL) research.

The MESL expenditure research establishes a negotiated social consensus on what people believe is required for households to have a minimum socially acceptable standard of living. The data specifies the minimum expenditure required to live and partake in Irish society at a standard of living which members of the public agree nobody should be expected to live below.

An MESL is a standard which no one should be expected to live below. It is the minimum needed to live and partake in Irish society today, meeting the physical, psychological and social needs of individuals and households. It is a minimum standard for everyone, not just those in poverty, and identifies the cost of a dignified standard of living which allows participation in the norms of Irish life. An income below the MESL threshold means individuals & households must go without in order to make ends meet, and must forego items deemed essential for being part of Irish society.

The MESL specifies the average weekly cost of all the goods and services necessary to enable a socially acceptable minimum standard of living, for 90% of households in Ireland. The data details the cost of an MESL for the following household types in Urban & Rural areas:

- Two parent households with 1 to 4 children, across multiple age-groups

- One parent households with 1 to 4 children, across multiple age-groups
- Working age adults, without dependent children, both single adult and couple households
- Pensioner households, both a pensioner living alone and a pensioner couple

The MESL data uniquely provides an evidence based benchmark against which to assess the adequacy of minimum rates of pay, and shines a light on the extent to which individuals and households can afford a standard of living which enables participation in the social and economic norms of Irish society.

The value of this evidence based measure which is grounded in the lived experience of households has seen considerable growth in the multiplicity of uses and applications of this data in Ireland, to assess the minimum expenditure needs and income adequacy for a wide range of household compositions.

This submission is based on the 2016 MESL data and analysis of income adequacy. The recently published Minimum Essential Standard of Living 2016ⁱ update report provides detailed analysis of the minimum expenditure and income needs of a range of representative household compositions. The submission makes key recommendations regarding issues which are demonstrated in the MESL research, regarding the minimum expenditure and income needs of various household types.

The VPSJ recognises the importance of increases in social welfare payments in reducing the gap between these payments and the cost of an MESL. However, we are also aware of the ongoing hardship experienced by households when their income does not allow for an acceptable standard of living. For this reason the VPSJ is seeking increases in social welfare payments, for the range of households to which specific reference is made in this submission, over the course of the next three years.

Further information on the research and additional household types can be found on www.budgeting.ie and on the online calculator, which is available at www.MISc.ie.

KEY POINTS

Begin to restore the Personal Rate of Jobseeker and One-Parent Family payments to pre-recession values, to restore the value of the Personal Rate in the face of a 4.6% increase in MESL costs since 2010. Increase by €5.70 in 2017, 2018 and 2019, with proportionate increases to Qualified Adult and Child payments.

Instigate a higher rate of Qualified Child Increase for the most expensive stage of childhood, adolescence. A second level age child's minimum costs are almost two-thirds that of an adult's. The current combination of QCI, Child Benefit and Back to School allowance meet only half of the MESL needs of this age-group.

The cost of an MESL for a pensioner living alone is 82% of the costs of a pensioner couple. Build on the 2015 increase to the Living Alone Allowance, and start toward providing an adequate income for older people living alone. Increase the Living Alone Allowance by €2.40, to €11.40 in 2017.

Adults aged under 26 have the same MESL needs as older adults, and therefore require the same level of income support. End the unfair & inadequate reduced rate of JA for younger adults, re-instate the full personal rate for adults aged 18 to 25.

Enable one parent households with children over the age of 7 to qualify for both FIS and JST; creating the potential for the combination of caring and part-time employment to provide an adequate income.

The cost of energy has decreased in the last year, but lower income households remain vulnerable to energy poverty, as energy prices have increased by over 16% since 2010. Build on the increase of the Fuel Allowance in 2016, and continue to restore the value of the payment in relation to the cost of energy. The VPSJ recommends an increase of €6.20 per week to restore the relative value of this crucial support.

The introduction of free GP care for under-sixes has contributed to a notable reduction in the MESL cost for eligible children. Extend this service to older children, and ultimately to children in all age groups.

The affordability of housing is vital for enabling households to have an adequate standard of living when dependent on social welfare and lower incomes. Move towards a 'Living Rent' system, ensuring access to adequate housing, with security of tenure, and a rent which is based on the household's income and ability to pay.

Childcare costs impose a significant financial burden. The level of salary required by households to afford childcare, private rented housing, and all the elements of an MESL, are notably above the minimum wage and thresholds of low pay. Household's bearing these costs on low incomes are going without essential items in order to make ends meet.

CONTEXT

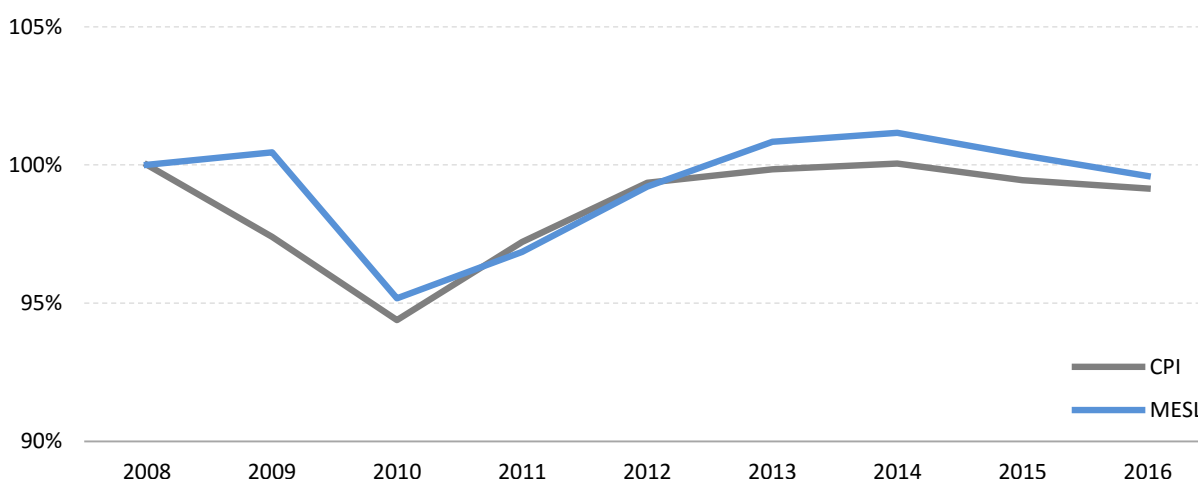
The core cost of an MESL cost is 4.6% higher in 2016 than the recession low point of 2010.

The total core cost of an MESL (excludes housing and categories of expenditure which may vary by employment pattern such as childcare, and also the effect of secondary benefits such as a medical card).

The core MESL cost has decreased in 2016. The average change in the core MESL cost from 2015 to 2016 is -0.7%, this follows a similar decrease in 2015 to give a cumulative change of -1.6% over the two years from 2014 to 2016.

Despite the recent reduction, the core MESL cost is still 4.6% higher in 2016 than the recession low point of 2010.

Graph I Cumulative change in Core MESL and CPI, 2008 to 2015



Looking beyond the core MESL costs the cost of private rented accommodation has risen by an average of 9.2%, and childcare has also increased by an average of 1.2%, in the last year. Private rents have increased each year since 2012 (as measured by the CPI), with increases of 8% to 10% in each of the last three years.

The cost of an MESL has increased significantly for household types requiring expenditure in these areas. There has been an average 3.0% increase in the overall cost of an MESL (including private rentⁱⁱ and childcareⁱⁱⁱ) in the last year, and by 7.7% since 2010.

SOCIAL WELFARE RATES

The VPSJ aspires for social welfare to provide for an adequate minimum standard of living for all. However, it is recognised that this is a long-term goal and will be achieved through a combination of measures which both increase income supports where necessary and work towards reducing costs through the provision of robust services.

The first step in achieving an adequate income is to ensure that the position of those reliant on social welfare does not worsen due to social welfare supports remaining static in the face of rising costs.

The cuts in social welfare rates during the recession period were applied in the context of a reduction in living costs. The increased cost of an MESL since 2010 demonstrates that continuing to maintain austerity rates of payment in a post-austerity period effectively imposes a further cut on the purchasing power of those least able to afford it.

The 2016 MESL update report demonstrated that while the proportion of household expenditure need met by social welfare improved this year, the level of payment continues to fall notably below the cost of an MESL for the majority of household types and cases examined.

In 2016 social welfare does not provide an adequate income for 183 of 214 urban cases examined. This is an improvement from 2015 when 191 household compositions were in a position of income inadequacy when solely dependent on social welfare.^{iv}

Working age households and pensioners living alone are the household types most frequently found to have an inadequate income when reliant on social welfare.

In this context the VPSJ recommends the following adjustments to social welfare rates, as a first step toward providing greater income adequacy.

PERSONAL RATE

- › The working age social welfare personal rate is currently €188 per week. This is the rate payable under Jobseeker payments (aged 26+) and the One-Parent Family Payment.
- › The personal rate was increased to €204.30 in 2009, but was subsequently reduced to €196 in 2010 and the current €188 in 2011. The Qualified Adult (QA) payment was adjusted in line with the full Personal Rate, to maintain the QA rate at 66% of the full rate.
- › The current personal rate does not provide the basis of an adequate income for one adult households without dependents or the majority of household compositions with children examined in the MESL research.^v

- › The core cost of an MESL has increased by an average of 4.6% since 2010. Maintaining the rates at their current value, despite the increase in minimum costs is in effect a cut reducing the proportion of an MESL a household dependent on social welfare can afford.
- › For example, in 2010 the adult personal rate met 84.6% of a single adult's core MESL costs, in 2016 the adult personal rate meets 77.7% of a single adult's core MESL costs.
- › Increasing the personal rate by 4.6% would restore the relative value of both Jobseekers and One Parent Family Payments, in relation to the cost of an MESL.
- › To restore the proportional value of the adult personal rate the VPSJ recommends an increase of €17.10 to the adult personal rate in three stages, an increase of €5.70 in 2017, followed by increases of €5.70 in 2018 and 2019.
- › In conjunction with the increase to the full personal rate, the QA payment should be increased by €3.00 in 2017 and €3.80 in 2018 and 2019, to retain its proportional value in relation to the full personal rate.
- › The recommended rate of increase is subject to review in light of changing costs in the coming years.

QUALIFIED CHILD INCREASE

- › In conjunction with the increase to the working age adult personal rate, a commensurate increase to the QCI of €1.90, to €31.70 per week in 2017, and similar increases in 2018 and 2019.
- › The MESL data establishes the direct cost of a child's minimum standard of living at four age-groups. An adolescent / second level age child is the most expensive stage (when childcare is not required), at 1½ the cost of an infant or primary school age child's MESL needs.^{vi}
- › In the context of the MESL costs for a parent (excluding housing and adjusted for social welfare dependency), the MESL costs for children from infancy to primary school age are between 22% and 38% of an adult head of household. The direct cost of a second level age child's MESL is almost two thirds (61%) of an adult's.
- › The combination of the Qualified Child Increase (QCI) and Child Benefit equates to a third of the working age adult Personal Rate. This aligns with the CSO SILC equivalence scales. However, the equivalence scales treat a child aged 14+ as another adult, i.e. 66% of the first adult in the household.
- › The VPSJ recommends that the QCI be paid a higher rate for adolescent / second level age children, to begin to meet the additional minimum costs associated with this stage of childhood.
- › Current social welfare supports meet slightly over half (53%) of the minimum expenditure need for an adolescent in a social welfare dependent household. To meet the full cost of an MESL for this age-group the QCI would need to be increased by €59.00 to €88.80.^{vii}

- › The VPSJ acknowledges that such an increase is beyond the scope of a single budget, but nevertheless asks that the first steps be taken in recognising the additional needs of adolescents by setting a higher rate of QCI for this age-group.
- › Increasing the QCI rate for adolescents by an additional €7.25 per week, for each of the next three years, to set it at a value relative to the QCI for younger children which is proportional to the difference in MESL costs.

BACK TO SCHOOL ALLOWANCE

- › The Back to School Allowance recognises the additional needs of older children and is paid at a higher rate for this age-group.
- › The VPSJ recommends that this support be restored to its 2010 level of payment, €200 for primary school age children and €305 for second level age children.

FUEL ALLOWANCE

- › Despite the drop in energy prices in last year, an average of -7.5%, the Fuel Allowance still remains below the purchasing power of its 2010 value due to the cumulative inflation in energy prices over the period.
- › In 2010 the Fuel Allowance was paid at the rate of €20 per week for 32 weeks of the year.
- › In 2016 the Fuel Allowance is paid at the rate of €22.50 per week for 26 weeks of the year, an increase of €2.50 per week over the 2015 rate.
- › To restore the payment to its 2010 purchasing power and reflect the average increase in energy costs of 16.7%, the rate should be increased by €6.20 to €28.70 per week for 26 weeks of the year, to have an annual value of €746.

ADULTS, AGED UNDER 26

- › The reduced rate of Jobseekers Allowance (JA) for younger adults has been retained in 2016, maintaining the €100 rate for adults aged 18 to 24 years, and the €144 rate for 25 year olds.
- › The MESL needs of an unemployed young adult living in the family home is €154 per week, which is over 1½ times the JA payment a young adult, aged 18 to 24, is entitled to.
- › The reduced rate of the JA does not provide an adequate income for a young adult to afford an MESL when living in their family home; meaning an individual in this scenario would require significant financial support from their family in order to afford an MESL, in addition to living without rent costs.
- › In addition, the JA payment for those aged 24 or under is subject to a means test dependent on their parent's income. Individuals that receive lower payments after the means test will be even more reliant on parental support.

- › The inability to live independently is prohibitive in terms of job mobility for young adults. Those seeking to travel to other areas in order to find work will be unable to afford do so independent of family financial support.
- › Whilst having no choice but to live in the family home, individuals in this scenario also face the impediments to developing life skills and fulfilling their social inclusion needs. Social welfare rates that restrict opportunities for young adult's growth in employment, education and personal growth are regressive long term.
- › To live independently, adults aged under 26 have the same MESL needs as older adults, and therefore require the same level of income support. The VPSJ recommends that the unequal & inadequate reduced rate of JA for younger adults be abolished, restoring entitlement to the full personal rate for those aged 18 – 25, as a step towards allowing all adults to have an MESL.

OLDER PEOPLE

- › The VPSJ welcomed the 2016 increase to the State Pension, Contributory and Non-Contributory. However, it is regrettable that the 2015 increase to the Living Alone Allowance was not built upon with a subsequent increase in 2016.
- › The MESL research demonstrates that a Pensioner Couple, living in social housing and reliant on a State Pension (Contributory or Non-Contributory), can afford a socially acceptable minimum standard of living when living in an urban or rural area.
- › The same is not true for a Pensioner Living Alone; this household type has persistently demonstrated income inadequacy.^{viii}
- › The Pensioner Living Alone household type is vulnerable to income inadequacy, as the household's MESL expenditure need is 82% that of Pensioner Couple, but the State Pension and secondary income supports amount to notably less.^{ix}

THE LIVING ALONE ALLOWANCE

- › The value of the Living Alone Allowance was allowed to dwindle, as the rate remained stagnant from 1996 until an increase of €1.30 in 2015, brought the rate of payment to €9.00 per week.
- › The VPSJ recommends an increase of €2.40, to €11.40 per week, in 2017. This would account for inflation from 1996 to 2016, restoring the relative value of the Living Alone Allowance.
- › Increasing the Living Alone allowance by €2.40 would not resolve the income inadequacy faced by pensioners living alone. However, such an increase would provide almost €125 of additional income per annum to a household type which persistently faces income inadequacy.
- › Further measures in subsequent years may then address the income inadequacy faced by the Pensioner Living Alone household type.

EMPLOYMENT & SOCIAL WELFARE

Employment should enable working age adults to ensure a decent and adequate minimum essential standard of living for themselves and their families. Having an income below this standard of living means doing without goods and services which are seen as vital for taking part in the norms of everyday life in Ireland. Therefore, it is crucial that decent work is available, providing both an adequate wage and adequate hours.

The MESL research has been instrumental in the development of the Living Wage, providing the evidence base for its calculation. The rate is calculated on the basis of meeting the average minimum income needs of a single adult in full-time employment, without dependents, across the country.

Minimum rates of pay cannot provide for income adequacy in isolation. There is a vital role for social supports (both income and services) to support those in lower paid / low hour employment unable to secure an adequate income from work. And also to provide for the multiplicity of varying needs of households with children.

It is vital that social welfare income supports adequately supplement incomes to address the additional needs of households with children, where necessary to ensure an MESL is a reality for all children. Access to adequate affordable services can reduce the cost of an MESL, particularly through the provision of affordable childcare and housing. However, it is recognised that this is a long-term goal and its realisation will involve many steps.

The VPSJ highlights the following findings from the ongoing MESL research, regarding in-work social welfare income supports and the need for access to services.

FAMILY INCOME SUPPLEMENT

- › The Family Income Supplement is a vital support for narrowing the gap between a household's income and MESL expenditure need, in many situations of low-paid / low-hour employment examined in the MESL research.
- › The difference between 18 and 19 hours of minimum wage employment can be much more than €9.15. It is the difference between qualifying for a vital social welfare support and potentially having an adequate income, and not qualifying and have severely inadequate income. It is a difference of €88 per week in social welfare supports for a One Parent household with one child (under 7).^x
- › The VPSJ recommends the hours requirement for FIS be examined, due to the growth in part-time and low hour employment in recent years. The withdrawal rate of supports such as the FIS should also be examined. Increases in household salary, whether moving from single to dual

income, or part-time to full-time employment can lead to a net loss in income or at least very little gain.

ONE PARENT HOUSEHOLDS

- › One Parent households may have an adequate income from part-time minimum wage employment, when living in social housing, and ensured of a minimum of 19 hours employment per week. In such scenarios the household will be eligible for FIS, which is essential for enabling income adequacy for this household type.
- › The changing eligibility for social welfare supports on the basis of the age of the youngest child in one parent households results in complexities in the system and notable income losses at certain points.
- › The One-Parent Family Payment (OFP) and Jobseeker Transitional (JST) not only assess income from employment in different manners, and provide different levels of support for the same wage earned. However, a crucial difference is the change in eligibility for FIS, while a household can receive both OFP and FIS simultaneously; dual eligibility is not allowed with JST.
- › The inability to qualify for dual supports under the JST can mean a one parent household with one child aged 7+ receives €84 less per week in social welfare support, than a similar one parent household with one child aged under 7.^{xi}
- › The reduction in support, combined with the precariousness of much low hour employment, places many One Parent households at risk of income inadequacy. The VPSJ recommends examining the potential to enable One Parent households with children aged 7 and over, to receive support from both the Jobseeker Transition and FIS, similar to the position of households with children aged under 7 receiving both OFP and FIS.

SUPPORT FOR LOW HOUR EMPLOYMENT

- › There is not a FIS equivalent explicit social welfare support for people in low paid employment that do not have dependent children. It is possible for an unemployed person to claim a Jobseekers Allowance (JA) payment and work part-time (up to three days per week).
- › The JA assessment of earnings from employment treats the same income unequally. By focusing on days with work rather than income earned and/or hours worked the support advantages those able to arrange and predict the distribution of their hours of work over the week, potentially maximising JA support by ensuring work is spread over three days.
- › Those in a position of precarious work, with irregular working patterns, face income uncertainty both from the employer and from the social welfare support from the state.
- › A system which moves away from a daily disregard to a scheme based on hours of work and actual earnings may be more equitable in the face of new trends in the structure of the working week and low hour part-time employment.

SERVICES

CHILDCARE

- › The cost of childcare has a significant impact on the cost of an MESL, multiplying the core MESL cost by almost 5 times for a pre-school age child and 3 ½ times for an infant. The inclusion of full-time childcare makes infancy the most expensive stage, with costs declining for each subsequent age-group.
- › The cost of full time private childcare for an infant in an urban area is over €11,000 per annum. While the ECCE scheme reduces the cost of childcare for a pre-school age child, through the provision of a free pre-school place^{xii}, the cost of full-time care remains at over €9,500 per annum, accounting for almost four fifths (78.9%) of this age-groups total MESL costs.^{xiii}
- › In Two Parent households the high cost of childcare for households with young children can outweigh the benefit of dual income minimum wage employment. The reduction in support from Family Income Supplement (FIS), compared to a single income scenario, combined with the cost of childcare can offset the benefit of increased earnings, and result in income inadequacy for Two Parent households where both adults are in minimum wage employment.
- › The combination of high childcare costs for younger children and reduced support from social welfare can also lead to income inadequacy for One Parent household compositions in full-time NMW employment, compared to adequacy in part-time NMW employment scenarios.
- › To meet childcare costs, and afford an MESL, households can require salary rates notably in excess of the National Minimum Wage. This is detailed in the MESL 2016 update report, demonstrating that wages above the NMW (and thresholds for FIS and OFP) are required to afford childcare and an MESL, even when housing costs are based on a differential rent.^{xiv}
- › The provision of accessible, quality, affordable childcare must be examined as a matter of urgency in order to enable households with children to have an MESL when reliant on lower incomes.

MEDICAL CARD

- › The introduction of free GP care for under-sixes has contributed to a notable reduction in the MESL cost for children under six. By contrast, the core MESL costs for older children increased in the last year.
- › The VPSJ recommends that the extension of this service to older children is continued, and ultimately should extend to children in all age-groups.
- › The Medical Card income guidelines were not updated in line with the adjustments to the National Minimum Wage in 2016. As a result it is possible that households which were eligible for a medical card in 2015 are not eligible in 2016.^{xv}

- › This would seem to be an unintended outcome of a policy decision which aimed to improve the position of the lowest paid. But the effect of not reviewing the Medical Card income guidelines was for an apparent improvement to lead to a loss of support, in some cases.
- › To avoid such adverse unintended consequences in the future, the VPSJ recommends that all means tests, including the Medical Card income guidelines, should be reviewed as a matter of course following any measures which may change household income. This includes adjustments to the National Minimum Wage rate, but also any changes to PAYE Income Tax, PRSI, or the Universal Social Charge.

HOUSING COSTS

- › Housing costs are a major contributor to the overall cost of a household's MESL needs.
- › For household's unable to access adequate affordable housing, where the cost is based on income and ability to pay, there are significant additional earning requirements to enable the same minimum standard of living compared to a household paying a differential rent.
- › When in social housing, the rent paid by the household is calculated on the basis of the household's income. The rents payable by households in social housing are substantially lower than those paid by an equivalent household in private rented accommodation. When located in private rented housing, with rent based on 90% of the Dublin Average, housing costs are approximately €200 more per week than when based in social housing, for each of the household compositions with children examined in the MESL 2016 update report.^{xvi}
- › Consequently, the MIS earnings needed to enable an MESL are notably lower for household scenarios based in social housing compared to scenarios based in private rented housing. The additional earnings required by household compositions in private rented housing range from €14,000 to €24,000 per annum, depending on the composition in question.
- › The ever increasing cost of private rented housing is inflating the income needs of all household types to greater levels. This is also true for households without dependent children, especially in the Dublin area. Housing costs are a major contributor to the current Living Wage rate, and will continue to inflate the minimum earnings required for an MESL if not addressed.
- › The VPSJ calls for a progressive moves towards a 'Living Rent' system, available to all household types in need. Such a system would ensure access to adequate housing, with security of tenure, and a rent which is based on the household's income and ability to pay, applying a consistent differential rent scheme across the country to all lower income households.

NOTES

- i The report may be accessed through the VPSJ's budget standards research website www.budgeting.ie or at www.svp.ie/vpsj
- ii Based on 90% of the average Dublin rent for a dwelling size appropriate to the household composition.
- iii Where required by the household composition.
- iv Further explanation of the household compositions tested can be found in the MESL update report 2016 p. 15.
- v A detailed examination of social welfare adequacy can be found in the MESL 2016 update report p. 10 – 15; the calculations are presented in the Appendix, p. 4A – 7A.
- vi Further explanation of the cost of a child can be found in the MESL 2016 update report p. 16-19 and Appendix p. 3A presents a breakdown of the MESL core costs for a child.
- vii The adequacy of child related social welfare supports are discussed in the MESL 2016 update report, p.17 -19, and detailed in Table 5 p. 19.
- viii The MESL 2016 update found that, the Pensioner Living Alone household type when living in an urban area and in receipt of a contributory pension shows marginal income adequacy, but in all other cases (living in a rural area and/or reliant on a non-contributory pension) household income is inadequate.
- ix See MESL 2016 update p. 14 for a detailed explanation of the impacts of social welfare changes for pensioners and Appendix p. 7A – 8A for an assessment of social welfare adequacy against the cost of an MESL.
- x The recent MESL working paper, Thornton, R. (2016) *Low Hour Work & Income Adequacy* (available on budgeting.ie) provides more detail on these scenarios.
- xi A one parent household with one child, aged 6, with 19 hours NMW employment per week, would be eligible for supports from both the OFP & FIS, receiving an average of €321 per week in social welfare supports. For a one parent household with one child, aged 7+, also in 19 hours NMW per week, combining the JST & FIS supports is not allowed. Consequently, a household in this scenario would receive an average of €237 per week in social welfare supports, from FIS, Child Benefit and the Back to School Allowance.
- xii The ECCE scheme provides a pre-school place, 3 hours per day for 38 weeks of the year. The scheme effectively reduces full-time childcare costs by €62.50 per week, for 38 weeks of the year, or an average of €45.67 per week
- xiii See MESL 2016 update report, p. 16 – 17.
- xiv Further breakdown of the MIS hourly wages required to afford childcare can be found in the MESL 2016 update report p. 29 – 31.
- xv The MESL 2016 update report demonstrates this in the case of the Two Parent household with four children in a dual income (two full-time) scenario, see p. 23 – 25 and Appendix p. 14A.
- xvi Further detail on housing costs and the MESL can be found in the MESL 2016 update report p. 32 – 33 and in the appendix p. 19A – 20A for private rented housing and p. 17A – 18A for social housing.