

THE COST OF A CHILD

A consensual budget standards study examining the direct cost of a child across childhood

Outline of presentation

- Background & Methodology
- The Cost of A Child
- Minimum Income Standard calculator

BACKGROUND & METHODOLOGY

Vincentian Partnership for Social Justice

- The VPSJ was established in 1996 to work for social and economic change tackling poverty and exclusion.
- Two main approaches to achieve our goal

Active citizenship / voter education programme with communities alienated from the electoral democratic process:

'Your vote is your voice'

Development of facts and figures on the actual cost of a Minimum Essential Standard of Living (MESL).

What is a Minimum Essential Standard of Living (MESL)?

- One that meets a household's/individual's physical, psychological and social needs
(UN definition)
- The focus is on needs not wants. It is not a survival standard. It allows people to live with dignity in society.
- A standard 'for we the people not for they the poor'
(Sergeant Shriver)

Minimum Income Standard (MIS)

- Allows for the expenditure necessary for a minimum essential standard of living.
- Growing recognition at EU level that MIS plays an essential role in answering the question ‘what is the income required for a minimum standard of living?’
- Complements other sources of information e.g. EU-SILC; Household Budget Survey; Work of Experts e.g. Nutrition, Household Energy, etc.

How is a MESL Cost of A Child calculated?

Using the consensual budget standards methodology people living in different household types from a variety of socio-economic backgrounds are brought together to establish by negotiated consensus the goods and services required for a minimum essential standard of living.

How is a MESL Cost of A Child calculated?

- Three different focus groups for each household type (10-12 people per group)
- Minimum 3 Meetings & Orientation Session (51 focus groups urban and rural areas)
- Establish by consensus the goods and services required across 16 areas of expenditure
- Identify items/services; shops and providers and lifespan of items

- See website www.budgeting.ie for detailed tables showing the average cost per week across the lifespan of approximately 2000 items.
- The lifespan of items varies from 1 week, e.g. for fruit, to 15-20 years, e.g. for furniture.
- *NB – The weekly expenditure shows the total cost per week across the lifespan for each item of expenditure.*

Studies to Date

2001	One Long Struggle:A Study of Low Income Households		Changes in the Cost of a MESL from 2006-2008
2004	Low Cost but Acceptable Budgets for Three Household Types	2010	Minimum Essential Budgets for Households in Rural Areas
2006	Minimum Essential Budgets for Six Households (Urban)	2012	A Minimum Income Standard for Ireland
2008	Minimum Essential Budgets for Six Households:	2012	Minimum Income Standard calculator: www.MISc.ie
		2012	The Cost of A Child

The Cost of A Child

- This study attempts to overcome the information deficit on the cost of raising a child
- It provides expenditure data regarding children at four stages of childhood
- With the purpose of providing policy makers, and organisations concerned with child well-being, with the necessary facts & figures

Child Poverty

- Is measured by the proportion of all children of 17 years and under, who live in households with an income below the 60% of median income poverty line
- The 2010 Survey on Income and Living Conditions (SILC) found that children constitute the age group most at risk of poverty

Child Poverty

- 19.5% (almost 1 in 5) children were at risk of poverty in 2010
- In 2010 just over 200,000 children lived in households experiencing poverty
- Between 2008 and 2010 an increase of 1.5% in child poverty suggests that a further 30,000 children have fallen below the poverty line.

This study

- In addition to the cost of a child this study considers the contribution of Child Income Supports to meeting the cost of a child
- Three primary income supports considered
 - i. Child Benefit
 - ii. Qualified Child Increase
 - iii. Family Income Supplement

THE COST OF A CHILD

The Cost of A Child

- The data comes from the work that produced the report *A Minimum Income Standard for Ireland* (Collins, Mac Mahon, Weld & Thornton, February 2012)
- Examines individual child costs for 4 age groups

Infant

Primary School

Pre-school

Second Level

- Urban and Rural

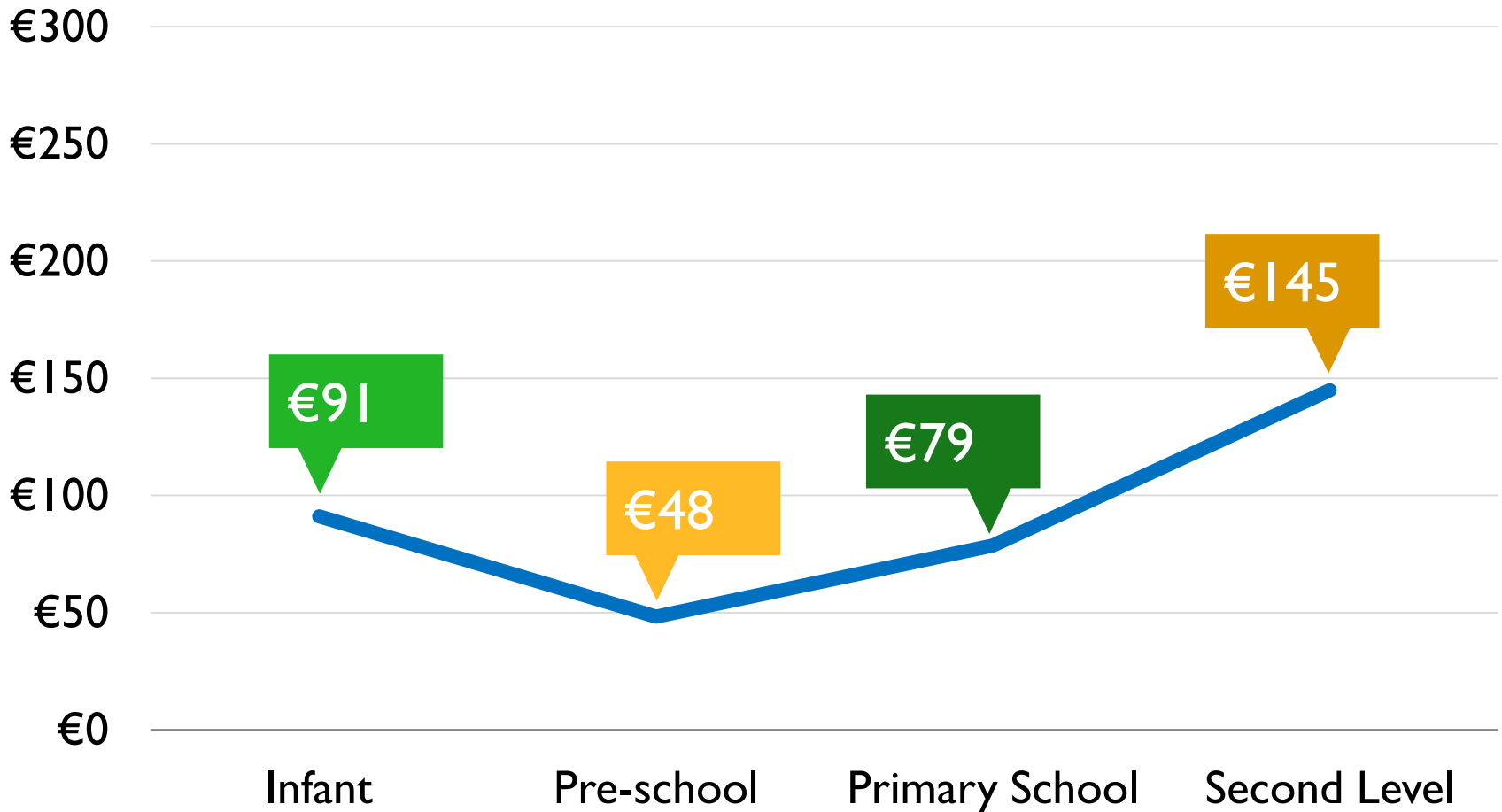
Basket of Goods & Services for Children

Food	Household Goods	Household Energy	Savings & Contingencies
Clothing	Communications	Transport	
Personal Care	Social Inclusion & Participation	Insurance (Health)	
Health	Education	Childcare Costs	

Understanding the Data

- Direct costs of children only - exclude costs shared in common with parents
- Not the cost of becoming a parent(s), costs for children are presented as part of a household with parents and children
- Does not allow for the passing down or sharing of items between children
- Assume Good Health
- Prices based on March 2011 & social welfare system in 2011

Weekly Cost of A Child (Urban)



Weekly Cost of A Child (Urban)

Food

	Pre-School	Primary School	Second Level
Infant	€18.69	€28.43	€35.44
€31.32			



Weekly Cost of A Child (Urban)

Clothing

	Pre-School	Primary School	Second Level
Infant	€5.05	€6.71	€11.61
	€16.92		



Weekly Cost of A Child (Urban)

Household Goods

	Pre-School	Primary School	Second Level
Infant	€3.59	€4.24	€5.50
€12.03			

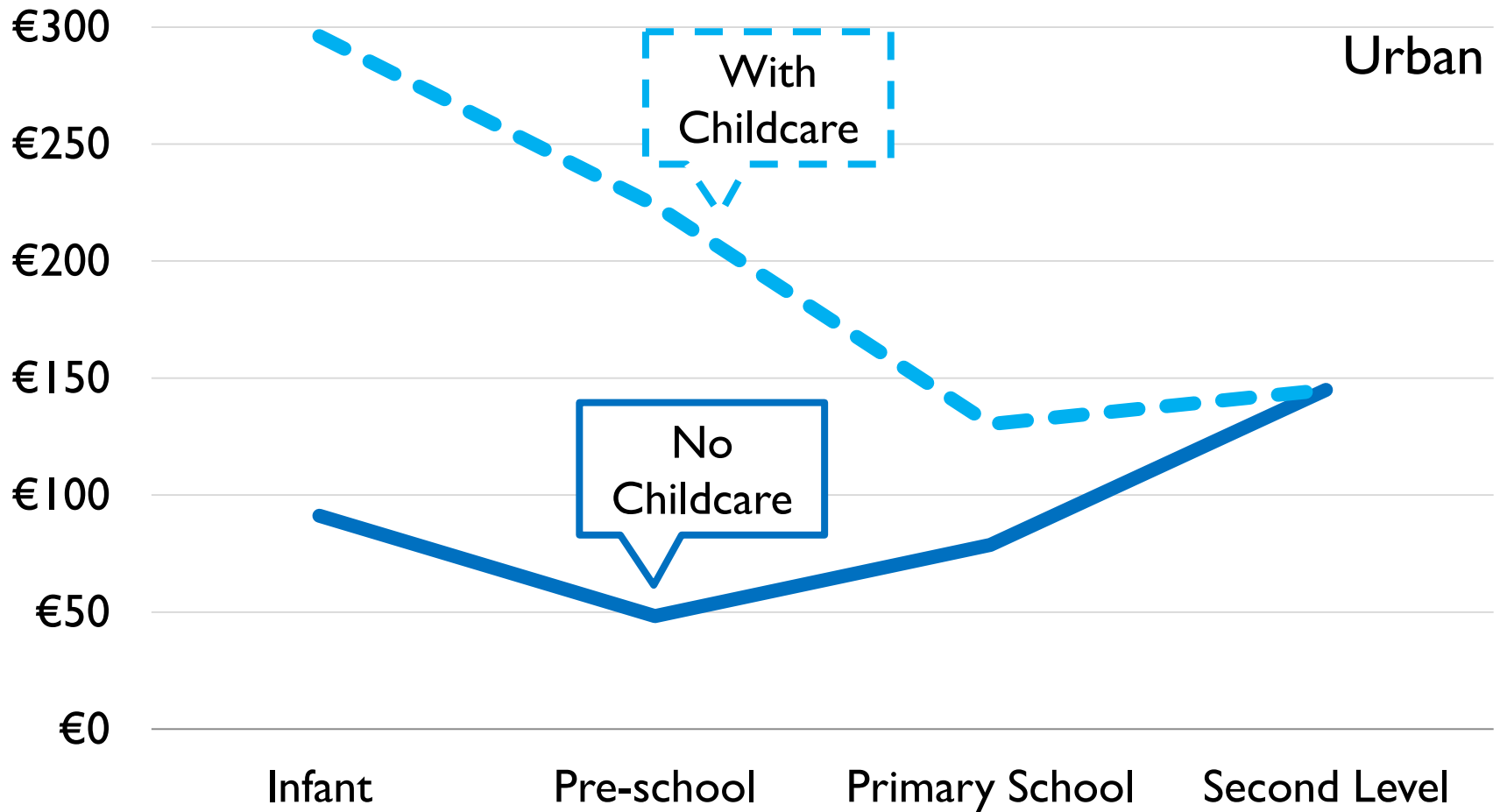


Weekly Cost of A Child (Urban)

Social Inclusion & Participation

	Pre-School	Primary School	Second Level	
Infant	€1.79	€4.17	€14.94	€33.05

The Impact of the Cost of Childcare



The Contribution of Child Income Supports

Contribution of Child Benefit

URBAN	Infant	Pre-school	Primary School	Second Level
Weekly cost of a child	€91.13	€48.29	€78.66	€144.92
Weekly Value of CB	€32.31	€32.31	€32.31	€32.31
Contribution of CB	35%	67%	41%	22%

Contribution of Child Benefit & Qualified Child Increase

URBAN	Infant	Pre-school	Primary School	Second Level
Cost*	€83.49	€40.59	€70.96	€136.86
Value	€62.11	€62.11	€62.11	€62.11
	- €21.38	+21.52	-€8.85	-€74.75

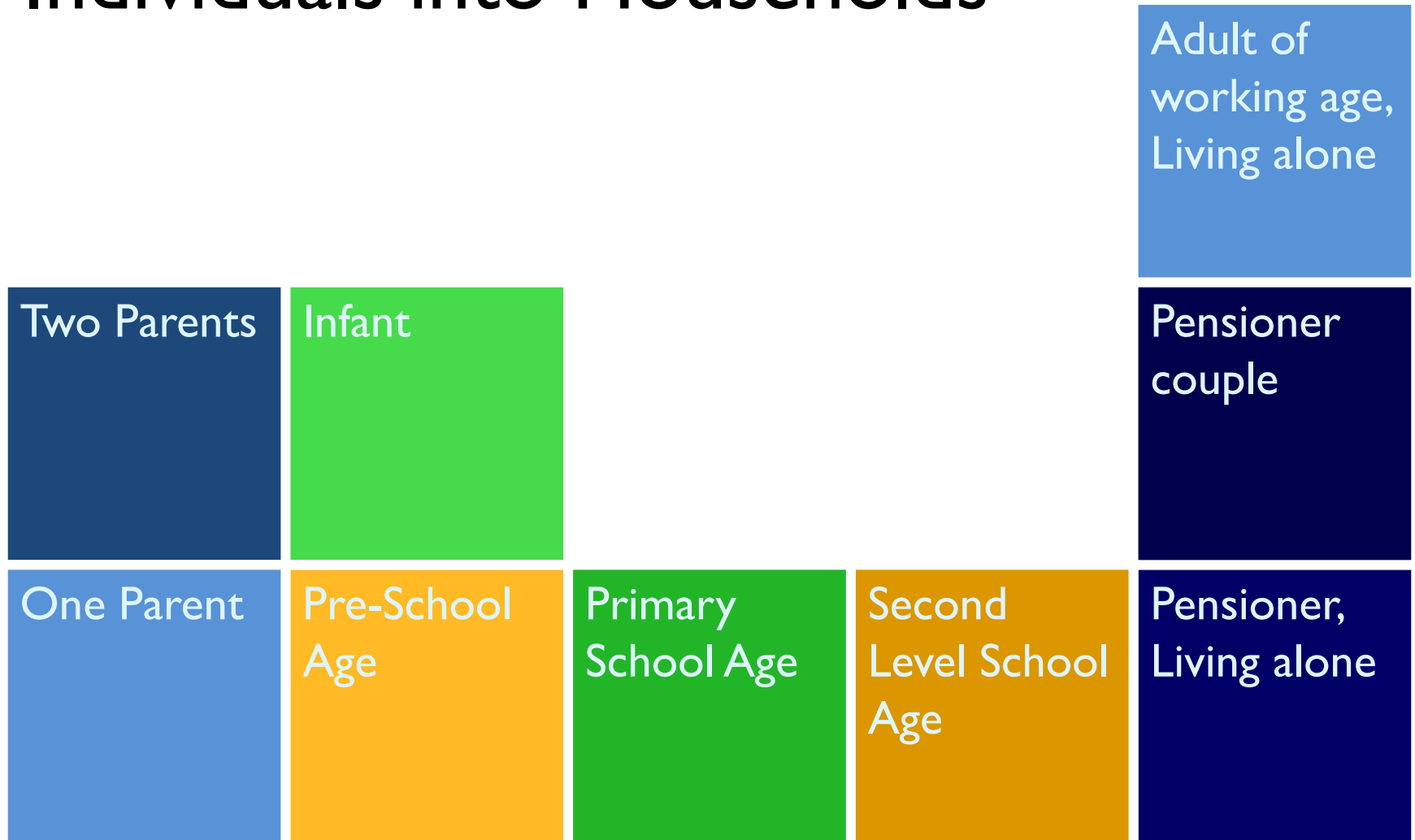
Minimum Income Standard calculator

APPLYING THE DATA TO HOUSEHOLD BUDGETS

Individualised Expenditure Data

- Detailed expenditure budgets for individual types established in the *Minimum Income Standard for Ireland* study
- Child costs were a part of this
- Parents, and other individual types also
- These are compiled into Minimum Standard budgets for households in the MISc.ie app

Individuals into Households



Household Income calculations

Assess income against the expenditure

Income need assessed in one of two ways

1. Households dependent on social welfare
(Jobseeker / One Parent Family Payment / Pensions)
2. Households with employment

Households dependent on SW

- Assume entitlement to basic payments appropriate to the household situation
- e.g. Unemployed Two Parent household
Jobseekers payment, Qualified Adult & Qualified Child Increase. Also Child Benefit, BTSCFA, and entitlement to Full Medical Card
- e.g. OFP dependent One Parent household
One-Parent Family Payment, Qualified Child Increase, Fuel Allowance. Also Child Benefit, BTSCFA, and entitlement to Full Medical Card

Households with employment

- Assess total household income
- Salary & Social Transfers
- Start with National Minimum Wage, when inadequate increase incrementally until expenditure need is matched

Salary

Social
Transfers

Household
Income

- | | | |
|---------------------------------|---|------------------|
| • Gross Salary | • Child Benefit | Net Salary |
| – Income Tax | • OFP | + |
| – PRSI | • FIS | Social Transfers |
| – Universal
Social
Charge | • Fuel Allowance | |
| | • BTSCFA | |
| | • Medical Card
(impacts expenditure) | |

Two Parents

Primary
School Age

Second
Level Age

Location

Urban

Adults

1 Unemployed Job Seeker
1 Full-Time Home Duties

Children

Second Level Age
Primary School Age

Housing

Social Housing

Housing Cost

€45 per week

THE COST OF A CHILD

Dr Bernadette Mac Mahon D.C.,
Gráinne Weld,
Robert Thornton,
& Dr Micheál Collins

RESPONDENTS

ACKNOWLEDGEMENTS

The VPSJ on behalf of its members, acknowledges with gratitude

- The funding for this study received from the Kell-Barr Trust
- The financial support received from the Social Inclusion Division of the Department of Social Protection via a research grant from the Irish Research Council for Humanities and Social Sciences (IRCHSS) towards the funding of *A Minimum Income Standard for Ireland* from which data was incorporated into this report on *The Cost of a Child*
- The ongoing and indispensable input of the Research Advisory Group
 - Micheál Collins Nevin Economic Research Institute (NERI)
 - Caroline Corr Social Inclusion Division, Department of Social Protection
 - Michael Culloty MABSndI
 - Audry Deane Society of St.Vincent de Paul
 - Bríd O'Brien Irish National Organisation of the Unemployed
 - Eamon Timmins Age Action Ireland

The VPSJ on behalf of its members, acknowledges with gratitude

- Professor Jonathan Bradshaw and Eithne Fitzgerald for their helpful and insightful comments on the report
- The VPSJ office team
- The Board of the VPSJ
- The Trustees of the VPSJ – Society of St Vincent de Paul; Vincentian Congregation; Daughters of Charity and the Sisters of the Holy Faith.
- The project team of the VPSJ, including Robert Thornton, and in particular to Gráinne Weld for her professionalism, dedication and meticulous attention to detail

THE COST OF A CHILD

Dr Bernadette Mac Mahon D.C.,
Gráinne Weld,
Robert Thornton,
& Dr Micheál Collins