

MESL 2016 & SILC 2015 COMPARISON

The Survey on Income and Living Conditions (SILC) data provides the key national poverty indicators, identifying the types of households ‘at risk of poverty’, experiencing deprivation and in consistent poverty, according to the official benchmarks. The MESL dataⁱ on the cost of a socially acceptable minimum standard of living provides a counterpoint to the SILC dataⁱⁱ.

The two measures, the MESL and the SILC ‘At Risk of Poverty’ threshold, aim to specify the amount of money which must be available to a household to spend in order to enable participation in the norms of Irish life.

The SILC indicators are based on relative poverty. The poverty line specifies a net income below which households are regarded as ‘at risk of poverty’. Households which have a disposable income that is below 60% of median equivalised income are said to be ‘at risk of poverty’, or below the poverty line.

The MESL research establishes a negotiated social consensus on the cost of the minimum required to live and partake in the social and economic norms of life in contemporary Ireland at a standard of living which members of the public agree nobody should be expected to live below. 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.

This understanding of an acceptable minimum standard of living, echoes the concepts which underpin the human right to an adequate standard of living, and the Irish Government definition of poverty which emphasises the ability to have a “standard of living which is regarded as acceptable by Irish society generally” and to participate in normal activities.

The MESL translates these concepts and ideals into a practical measure, which specifies the average weekly cost of all the goods and services necessary to enable a socially acceptable minimum standard of living

Consequently while the ‘at risk of poverty’ threshold is an income measure, and the MESL an expenditure measure, they may be compared. One sets a lower income threshold, relative to incomes generally, below which households are deemed to be at risk of poverty. The other establishes the cost of a set of essential goods and services, establishing a threshold below which people should not be expected to live.

This research note examines how the two measures compare, for a set of household compositions when living in an urban area, in scenarios of social welfare dependency and minimum wage employment.

KEY POINTS

SINGLE ADULT, WORKING AGE

- › The 2015 'at risk of poverty' threshold for one adult is €12,000 per annum, equivalent to €230 per weekⁱⁱⁱ.
- › The 2016 MESL for an unemployed working age single adult in Dublin is €339 per week, over €108 above the poverty threshold. In this case the poverty threshold allows for only 68% of an MESL.
- › In a scenario with average private rental costs^{iv}, the MESL need is €423.53. In this case the 'at risk of poverty' threshold measures only 54% of a working-age single adult's MESL expenditure need.

HOUSEHOLDS WITH CHILDREN

- › MESL expenditure need changes by employment scenario and housing type, this is illustrated in the graphs below for Two Parent & One Parent households, based in social housing.
- › The primary change in the MESL expenditure need is due to childcare costs.
- › The 'at risk of poverty' threshold is static for each household composition illustrated, consequently it under-estimates need by a greater degree when childcare costs are required.
- › The poverty threshold allows for only 59% to 76% of the MESL need for households with young children in full-time childcare.
- › In unemployed/social welfare dependent scenarios based in social housing, the 'at risk of poverty' threshold is closer to the cost of an MESL.
- › The difference between the poverty threshold and MESL need would be greater in situations with higher housing costs, e.g. private rented housing (the illustrated examples are for social housing).

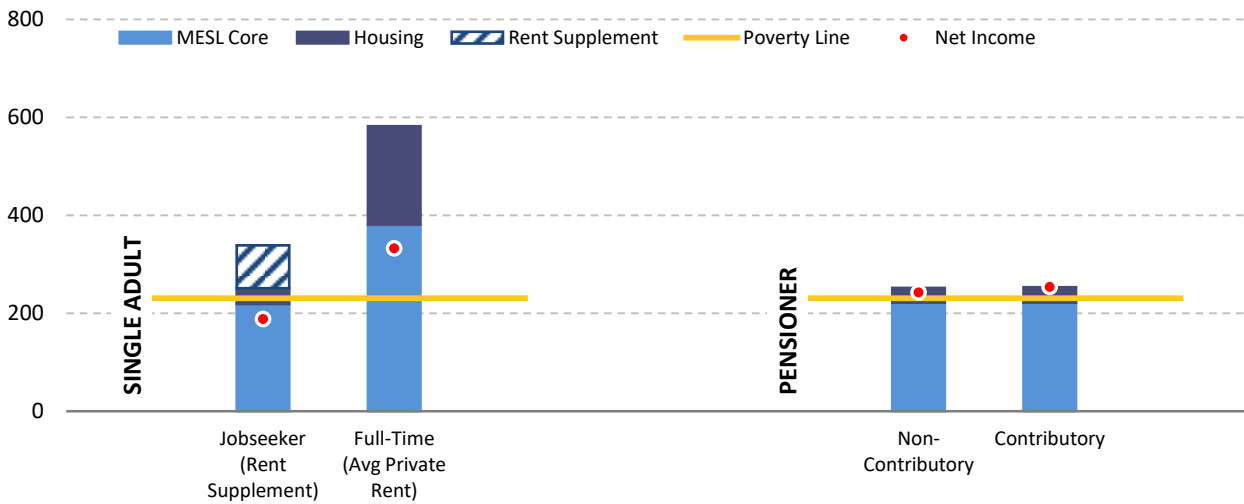
PENSIONER, LIVING ALONE

- › The poverty threshold for one adult does not vary by age, therefore for a pensioner living alone it is €230 per week, as with the working age Single Adult.
- › The MESL needs of a pensioner are different than that of a working age adult.
- › The core MESL for a pensioner living alone, before housing cost and adjustments for Medical Card, are approximately €13 higher than those of a working age adult, living alone.
- › The 2016 MESL for a pensioner, living alone, in social housing in Dublin is €251.28, over €20 above the 'at risk of poverty' threshold.

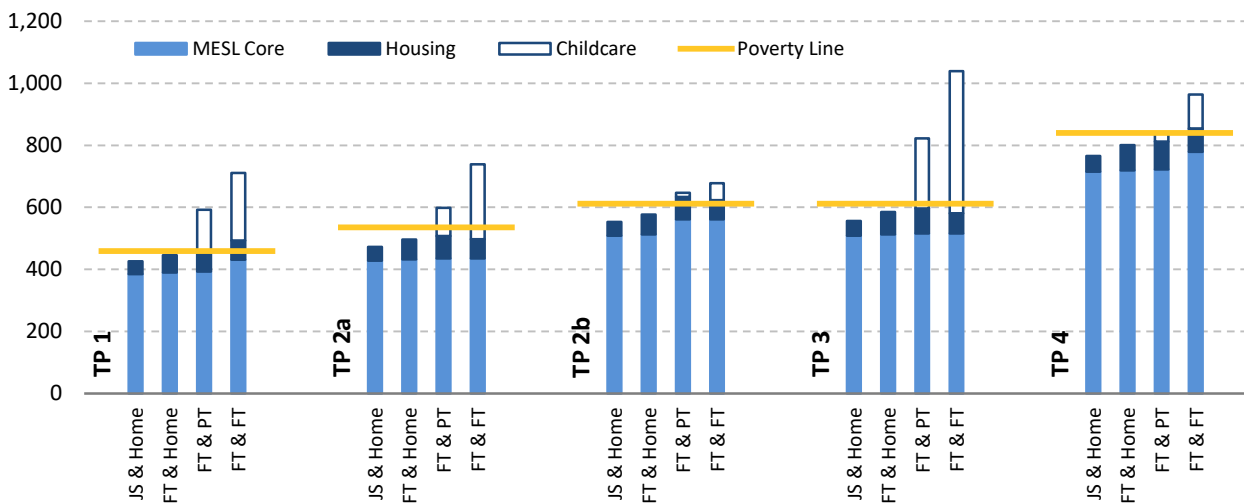
MESL v SILC

- › The 'at risk of poverty' measure and SILC equivalence scales do not operate at the same level of detail and nuance as the MESL data.
- › The 'at risk of poverty' threshold under-estimates what is needed for an MESL in certain situations, due to factors such as household composition, housing costs and childcare costs. This suggests that there is a cohort of household types which are not recognised as 'at risk of poverty' but are in fact living below a Minimum Essential Standard of Living.

Graph 1 One Adult household compositions MESL need^v, by income scenario



Graph 2 Two Parent household compositions MESL need^{vi}, by employment scenario



Graph 3 One Parent household compositions MESL need^{vii}, by employment scenario

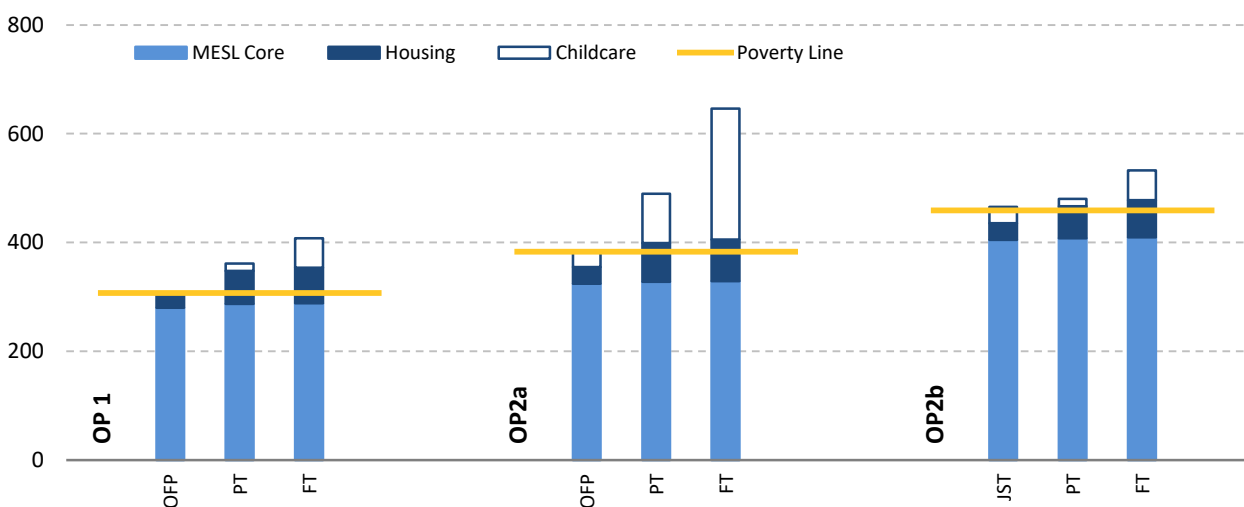


Table 1 One Adult MESL need & 'At Risk of Poverty' comparison

| | WORKING AGE | PENSIONER | |
|--------------------|-------------|-----------|------------------|
| At Risk of Poverty | 230.77 | 230.77 | |
| Unemployed | | | Non-Contributory |
| MESL Need | 338.64 | 251.28 | |
| Poverty - MESL | -107.87 | -20.51 | |
| Full-Time | | | Contributory |
| MESL Need | 423.53 | 252.98 | |
| Poverty - MESL | -192.76 | -22.21 | |

Table 2 Two Parent MESL need & 'At Risk of Poverty' comparison, by scenario

| | TP 1 | TP 2a | TP 2b | TP 3 | TP 4 |
|------------------------------|---------|---------|--------|----------|---------|
| At Risk of Poverty | 459.23 | 535.38 | 611.54 | 611.54 | 840.00 |
| Social Welfare | | | | | |
| MESL Need | 425.90 | 472.35 | 552.78 | 555.99 | 765.76 |
| Poverty - MESL | 33.33 | 63.04 | 58.75 | 55.54 | 74.24 |
| 1 Full-Time & 1 Stay at Home | | | | | |
| MESL Need | 445.43 | 496.40 | 576.84 | 584.73 | 800.82 |
| Poverty - MESL | 13.80 | 38.99 | 34.70 | 26.81 | 39.18 |
| 1 Full-Time & 1 Part-Time | | | | | |
| MESL Need | 592.40 | 598.11 | 646.95 | 822.29 | 839.51 |
| Poverty - MESL | -133.17 | -62.73 | -35.42 | -210.75 | 0.49 |
| 2 Full-Time | | | | | |
| MESL Need | 711.13 | 738.15 | 677.62 | 1,039.24 | 963.65 |
| Poverty - MESL | -251.90 | -202.77 | -66.08 | -427.70 | -123.65 |

Table 3 One Parent MESL need & 'At Risk of Poverty' comparison, by scenario

| | OP 1 | OP 2a | OP 2b |
|--------------------|--------|---------|--------|
| At Risk of Poverty | 306.92 | 383.08 | 459.23 |
| Social Welfare | | | |
| MESL Need | 307.11 | 354.71 | 435.15 |
| Poverty - MESL | -0.18 | 28.37 | 24.08 |
| Part-Time | | | |
| MESL Need | 358.67 | 489.45 | 480.32 |
| Poverty - MESL | -51.75 | -106.37 | -21.09 |
| Full-Time | | | |
| MESL Need | 405.98 | 646.37 | 532.73 |
| Poverty - MESL | -99.05 | -263.29 | -73.49 |

NOTES

Table 4 Family Household Types & Compositions

| | | | |
|-------|-------------------------|--|-----------------------|
| TP 1 | Two Parent, 1 Child | an infant | (aged under 1) |
| TP 2a | Two Parents, 2 Children | one in pre-school & one in primary school | (ages 3 & 10) |
| TP 2b | Two Parents, 2 Children | one in primary school & one in secondary school | (ages 10 & 15) |
| TP 3 | Two Parents, 3 Children | an infant, one in pre-school & one in primary school | (aged under 1, 3 & 6) |
| TP 4 | Two Parents, 4 Children | two in primary school & two in secondary school | (ages 8, 11, 14 & 17) |
| OP 1 | One Parent, 1 Child | in primary school | (aged 6) |
| OP 2a | One Parent, 2 Children | one in pre-school & one in primary school | (ages 3 & 10) |
| OP 2b | One Parent, 2 Children | one in primary school & one in secondary school | (ages 10 & 15) |

ⁱ VPSJ (2016) MESL 2016 Annual Update Report

ⁱⁱ CSO (2017) SILC 2015

ⁱⁱⁱ CSO (2017) SILC 2015 – Table 4c

^{iv} PRTB Average Monthly Rent Report - 2015Q4 90% of Dublin average rent for a one bedroom dwelling, €868.16

^v Single household costs are based on renting at Rent Supplement ceiling in Dublin and at 90% of average Dublin Rent

Pensioner Living Alone housing costs are based on living in social housing, paying a differential rent

^{vi} Housing costs are based on living in social housing, paying a differential rent.

^{vii} Housing costs are based on living in social housing, paying a differential rent.