



NATIONAL MINIMUM WAGE

MINIMUM INCOME STANDARD

MESL
—2017—

MINIMUM ESSENTIAL
STANDARD OF LIVING



MINIMUM
ESSENTIAL
BUDGET
STANDARDS

RESEARCH CENTRE

Changes 2017

Income

- National Minimum Wage
- USC
- One-Parent Family Payment Earnings Disregard
- FIS thresholds – no change

Services

- Housing Assistance Payment
- Affordable Childcare Scheme

National Minimum Wage Scenarios

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

Minimum Income Standard

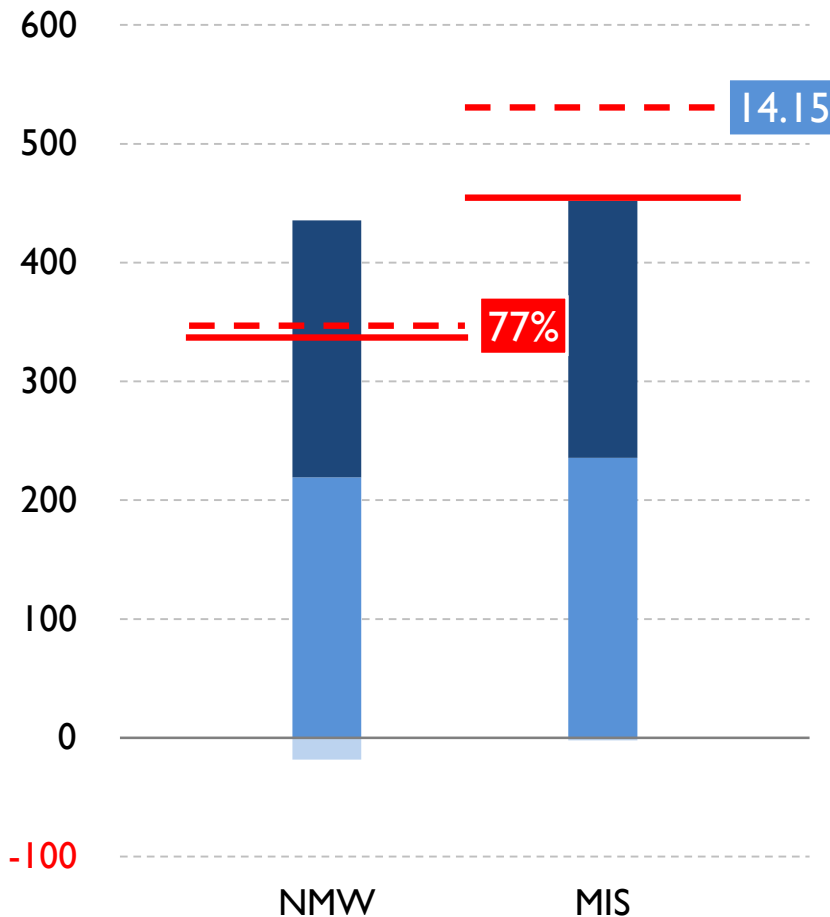
- The gross income a household needs in order to afford a minimum standard of living.
 - › It takes account of the potential tax liability and social welfare entitlements of the household in question
- Iterative process
- Assess the adequacy of net household income, on the basis of incremental increases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

Impact of Services on MESL Need

- Housing Assistance Payment
- Affordable Childcare Scheme
 - Potential effect of ACS as originally proposed
 - Combination of universal & means-tested, tapered support

SINGLE ADULT

FULL-TIME
PRIVATE RENT



Expenditure

MESL €219 per week
Rent €216 per week

Minimum Wage Income

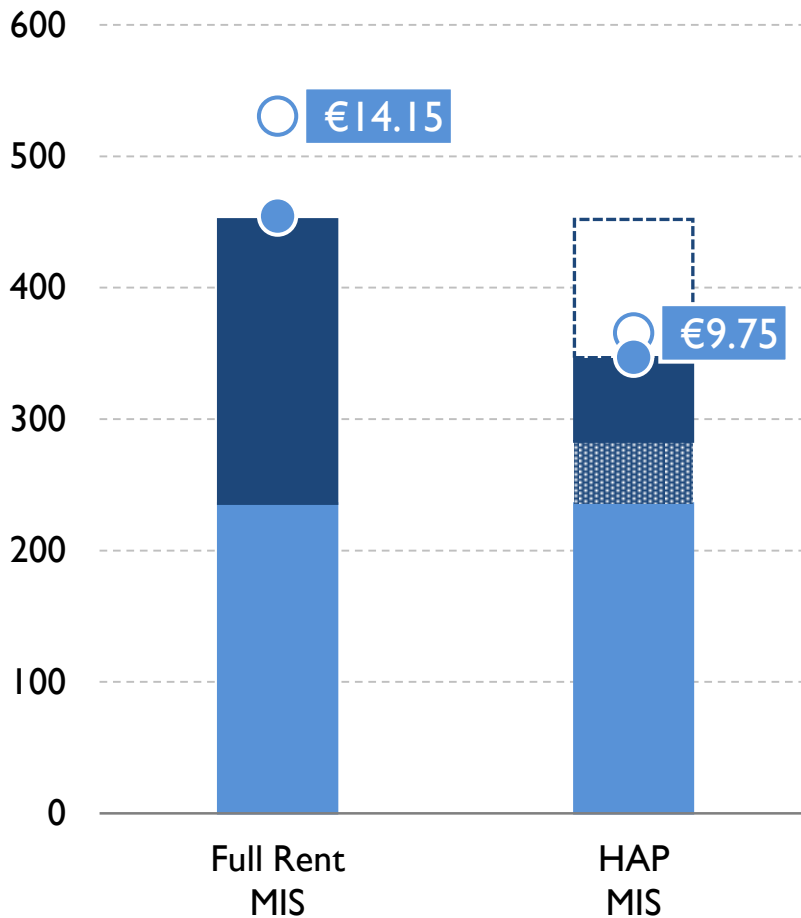
€337 Net Salary
€99 Shortfall

Minimum Income Standard

€531 Gross per week
€14.15 per hour
57 hours NMW employment

EFFECT OF HAP

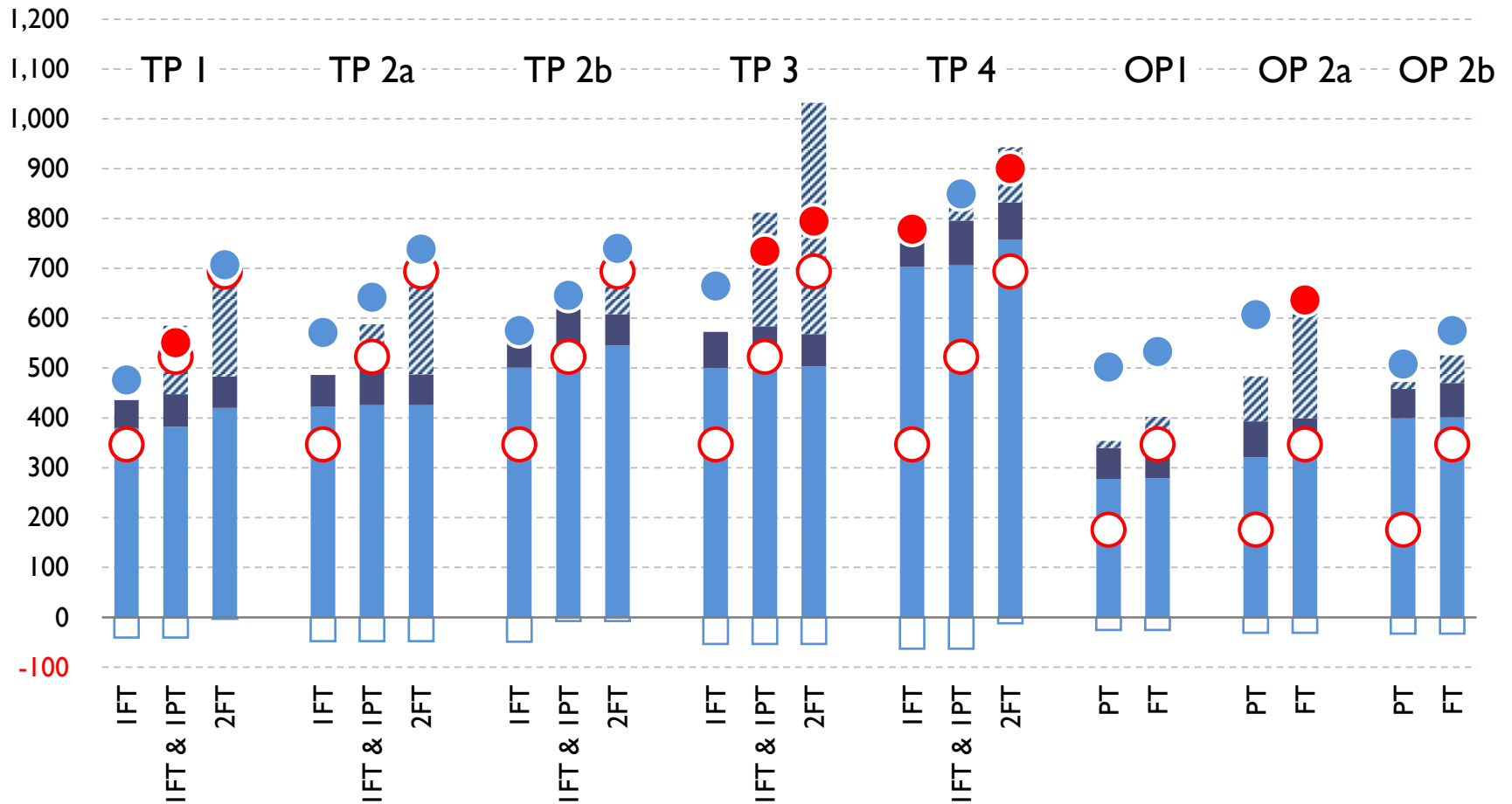
SINGLE ADULT FULL-TIME
PRIVATE RENT



HAP Rent Limit €660
90% Average Rent €937

HAP Net Housing Cost
Differential Rent €47
Top Up €64

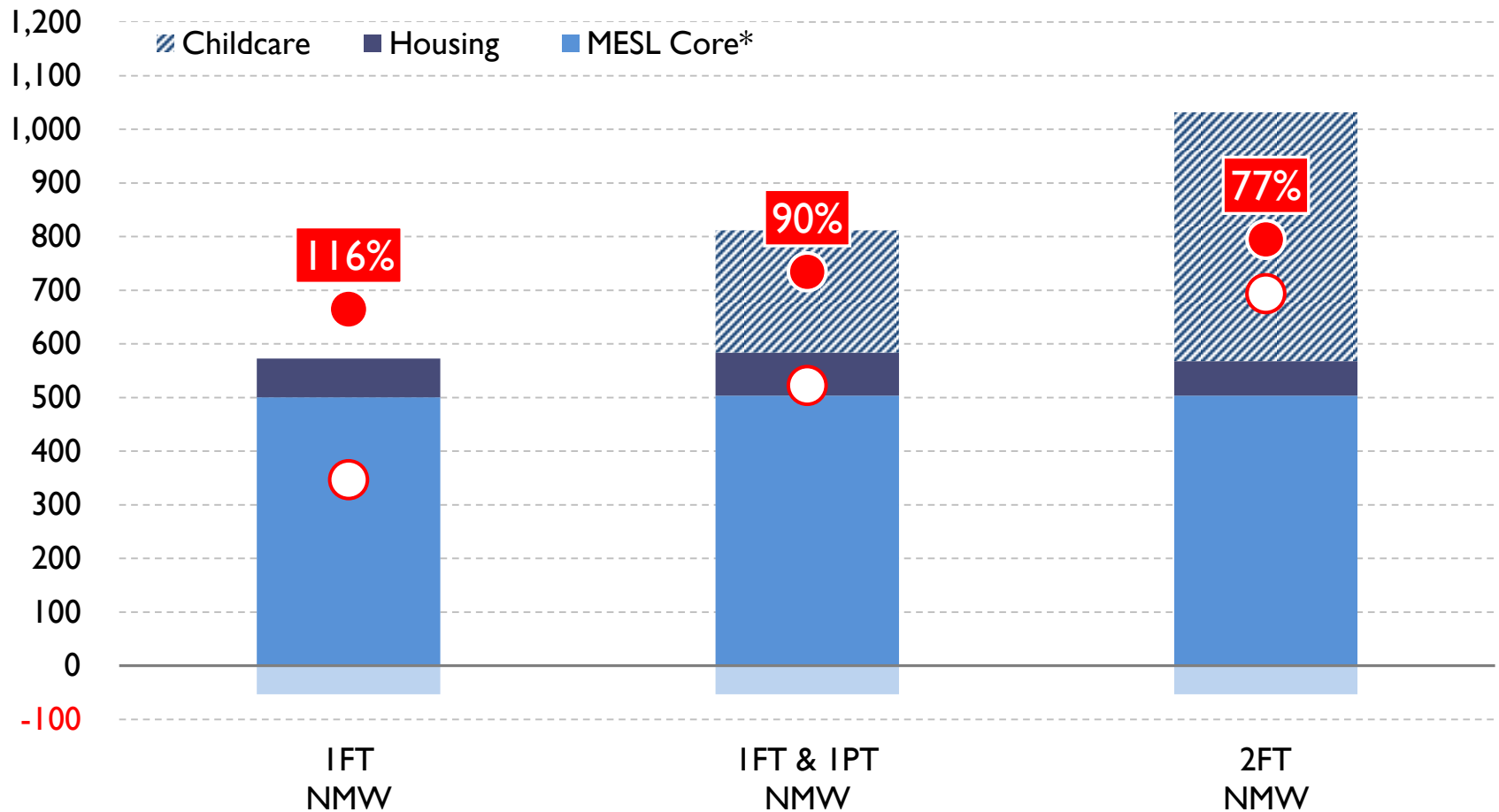
Family Households – NMW Adequacy



TWO PARENT

Baby, Pre-School & Primary School

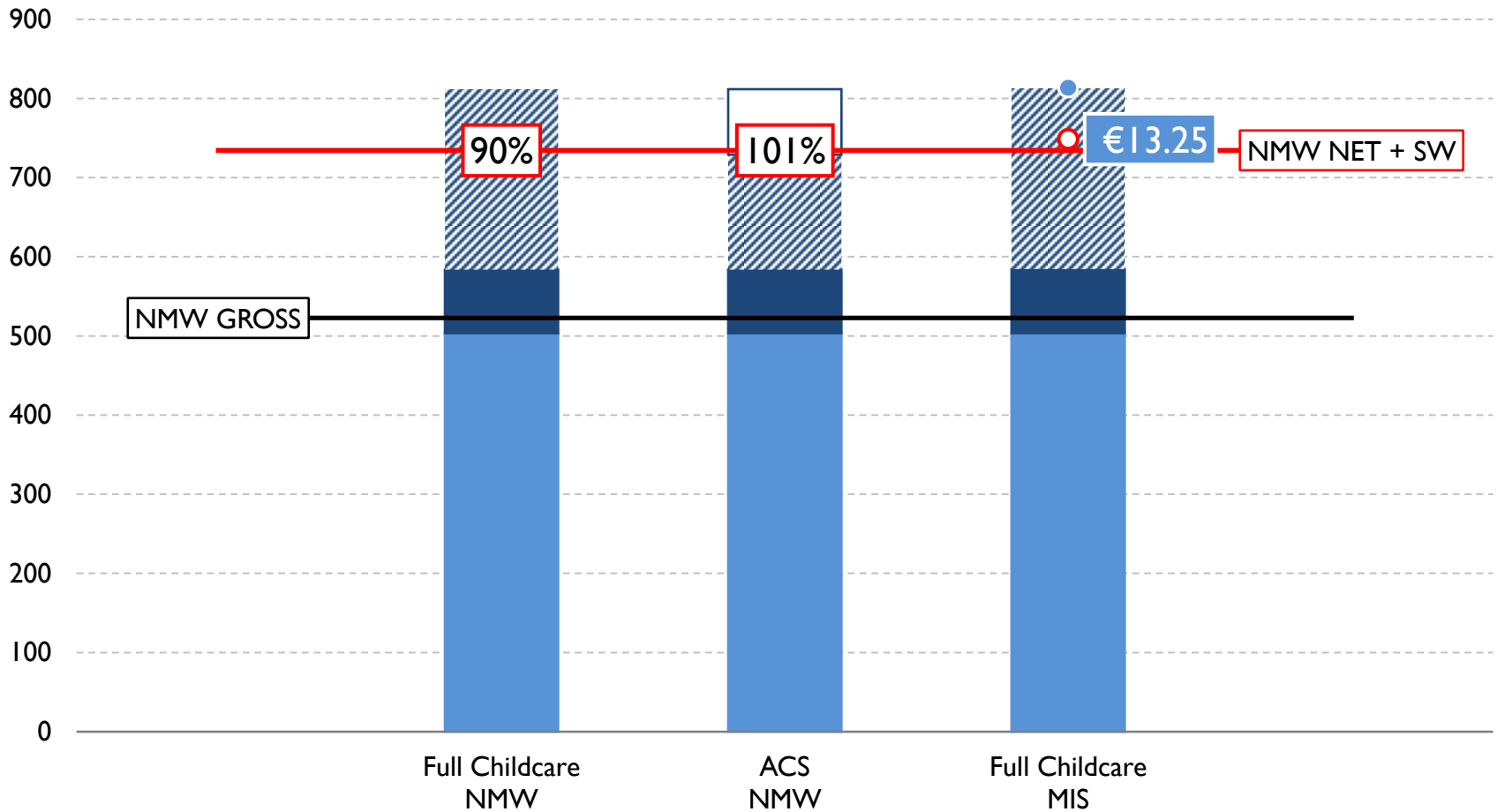
INCOME CHANGE BY EMPLOYMENT



EFFECT OF ACS

Two Parent, Baby, Pre-School & Primary School

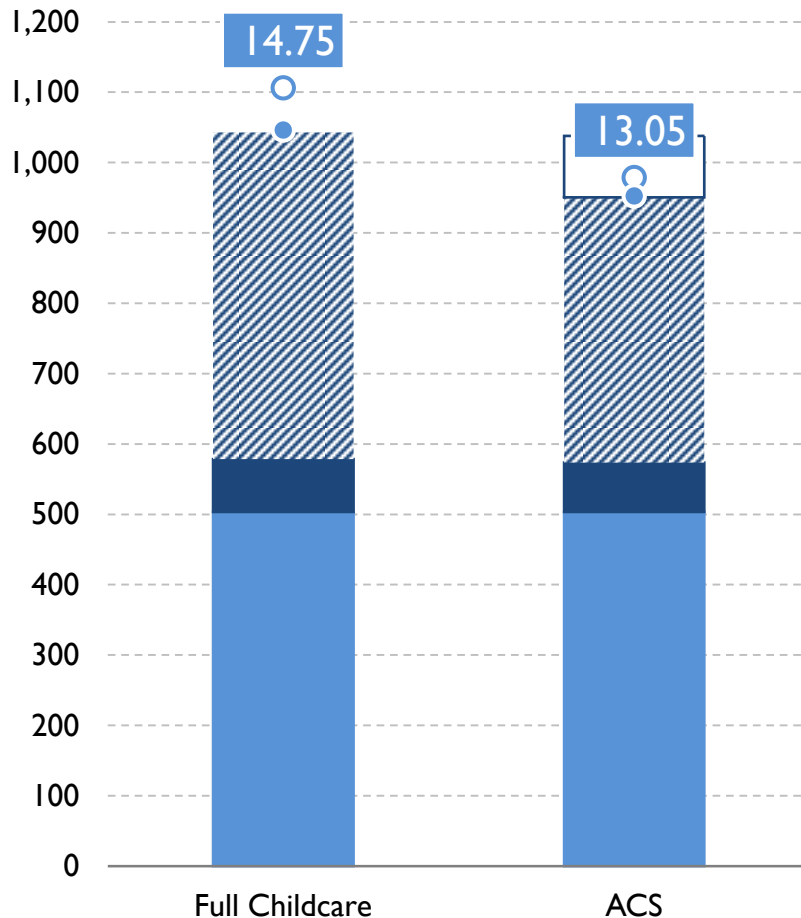
I FULL-TIME & I PART-TIME
SOCIAL HOUSING



TWO PARENT

Baby, Pre-School & Primary School

EFFECT OF ACS
2 FULL-TIME



FULL CHILDCARE

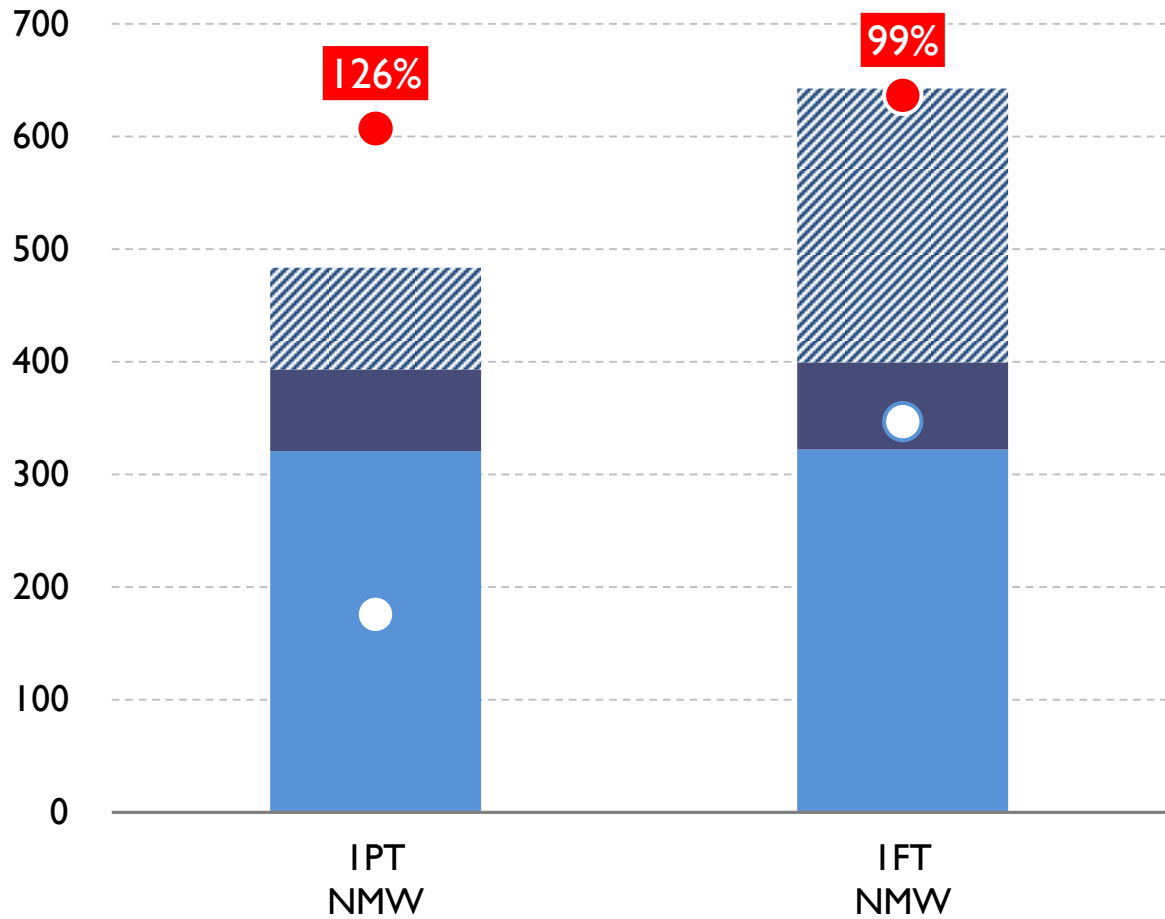
- MIS €14.75 per hour

AFFORDABLE CHILDCARE

- Net Childcare €377
- Support of €87
- MIS €13.05 per hour
- ACS reduces joint MIS need by €127.50 per week

ONE PARENT

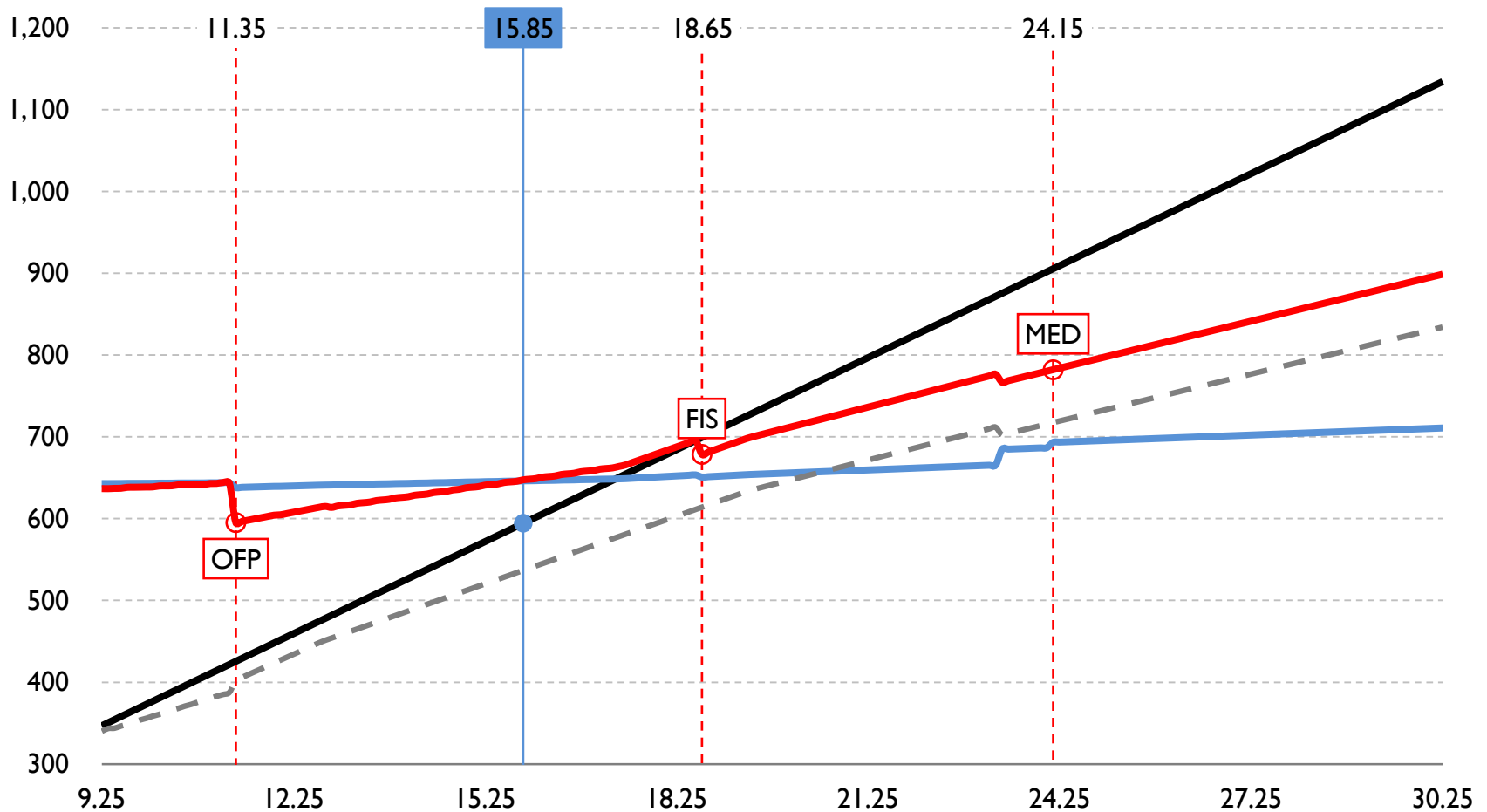
Pre-School & Primary School



ONE PARENT

Pre-School & Primary School

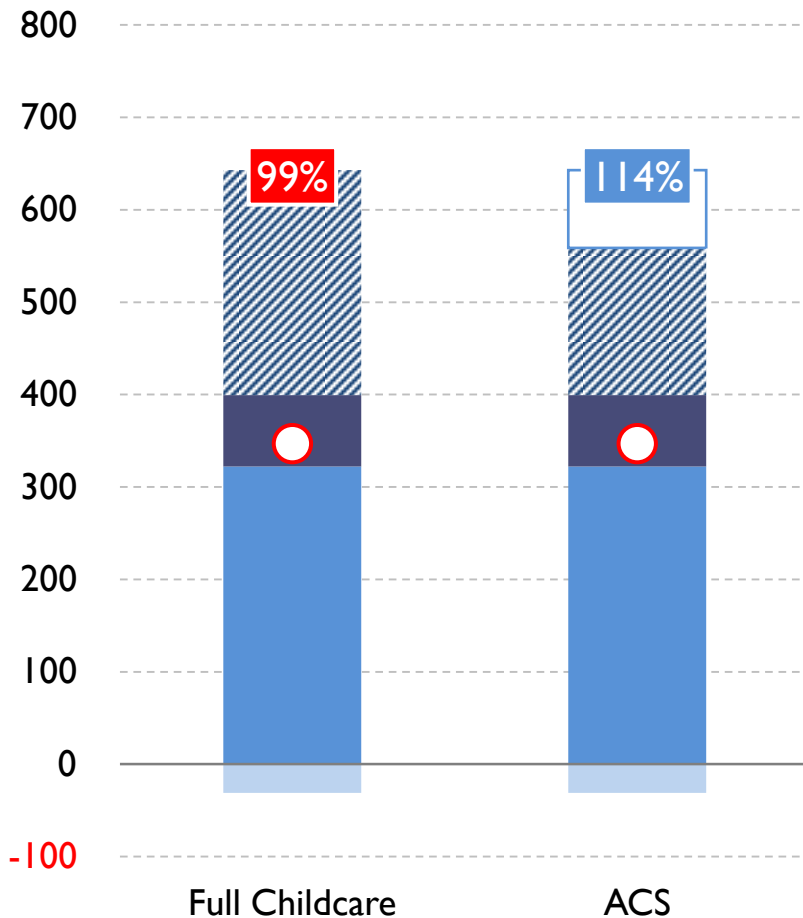
FULL-TIME MIS
SOCIAL HOUSING



ONE PARENT

Pre-School & Primary School

EFFECT OF ACS
FULL-TIME



FULL CHILDCARE

- NMW inadequate
- MIS €15.85 per hour
- Childcare cost €243

AFFORDABLE CHILDCARE

- Net Childcare €159
Support of €84
- NMW Adequate
- ACS could reduce MIS need by €250 per week

Conclusion

- Core MESL down for third year in a row
- CPI tends to under estimate degree of change in MESL
- MESL with Rent & Childcare is up 8.3% in last four years

- Social Welfare is meeting a greater proportion of MESL need
- Majority remain on inadequate income – 169 of 214 urban cases examined have inadequate income from social welfare

- Change in NMW lead to net income increase
- Increasing private rent lead to deeper inadequacy
- HAP has potential to address to this

- Withdrawal rate of in-work supports such as FIS and OFF
- Affordable Childcare Scheme could make significant difference