



MINIMUM
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MESL 2019

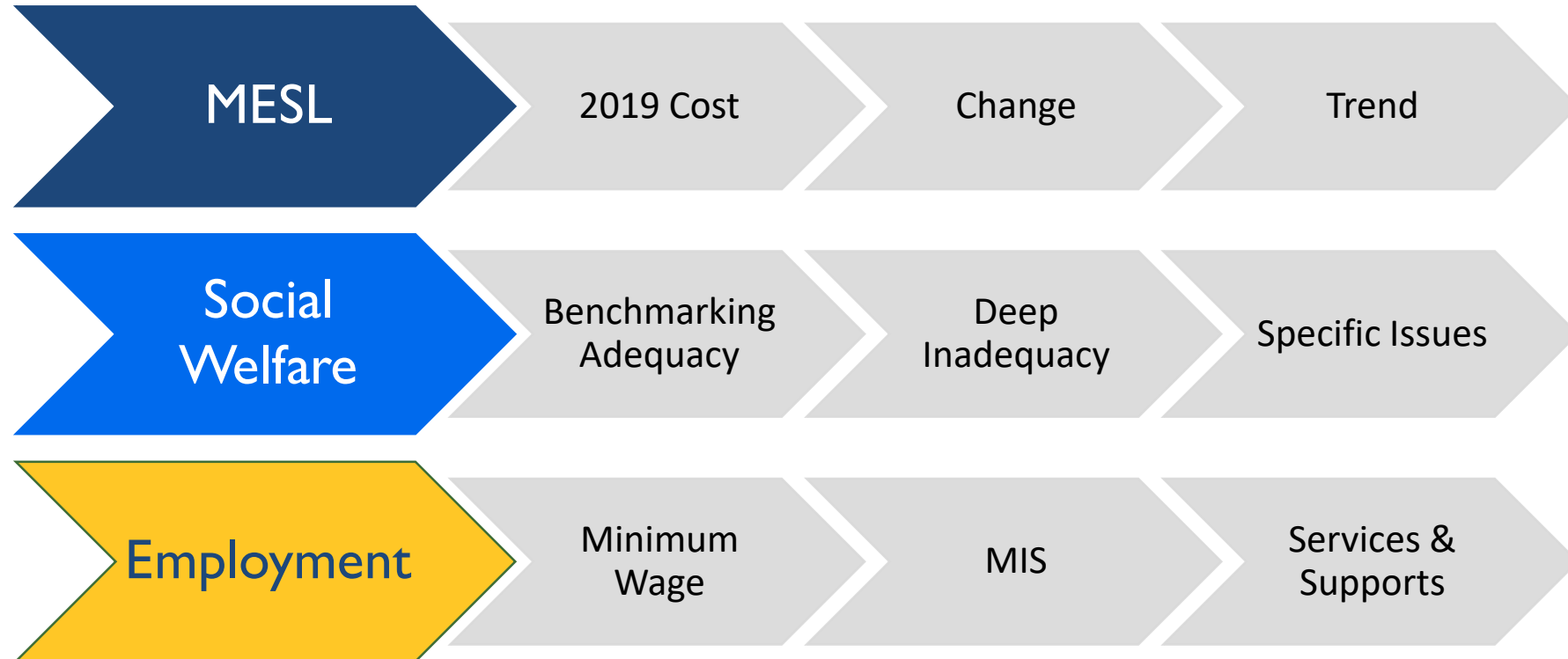
Minimum Essential Standard of Living 2019
Update Report

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Outline



COST OF AN MESL IN 2019

Cost of an MESL in 2019

CORE MESL

- Core MESL – excludes housing, childcare & effect of secondary benefits
- Very minor change from 2018
- Cost in some areas increased
 - ↑ Home energy +4.6%
 - ↑ Health +0.8%
- Generally offset by range of other decreases
 - ↓ Food -0.6%
 - ↓ Clothing -1.7%
 - ↓ Communications -2.9%

-0.06%



HOUSING & CHILDCARE

- Rents up 5.6% in last year nationally
 - ↑ Exceptional growth in excess of 5% each year for last 6 years
 - ↑ Dublin rents increased by 9.2% - 11.6%
- Childcare costs also increased
- MESL cost including private rent and childcare (net of ECCE / CCS U), increased 3.9% in last 12 months
- Increase of 13.3% over last 5 years
- CPI inflation for same period was 1.1%

+3.9%



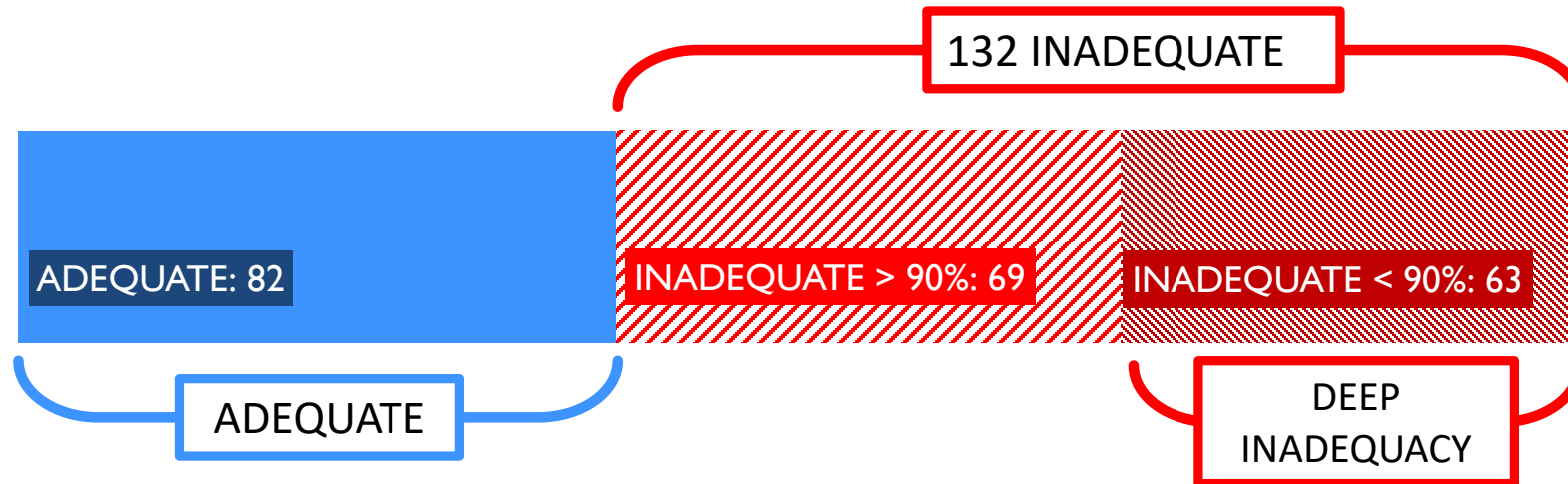
Change in MESL vs CPI

- The cost of a minimum standard of living changes at a different rate than average prices
- MESL basket concentrated on basics, more limited than average consumer basket
- E.G. - Food represents a quarter of the MESL basket but only a tenth of the CPI weighting
- Inflation and changes in cost of living are felt differently by various social groups and at different income levels
- CPI does not provide an appropriate basis for measuring the change in needs and costs for those dependent on social welfare supports /on low income

SOCIAL WELFARE

Benchmarking Adequacy

Social Welfare Income Adequacy



- 'Adequacy Gap' measured
- 214 household cases examined
- Number of adequacy cases up
- 82 adequate, improvement of 25
- Number of cases within 10% up
- 63 Deep Inadequacy, down 27

Deep Inadequacy



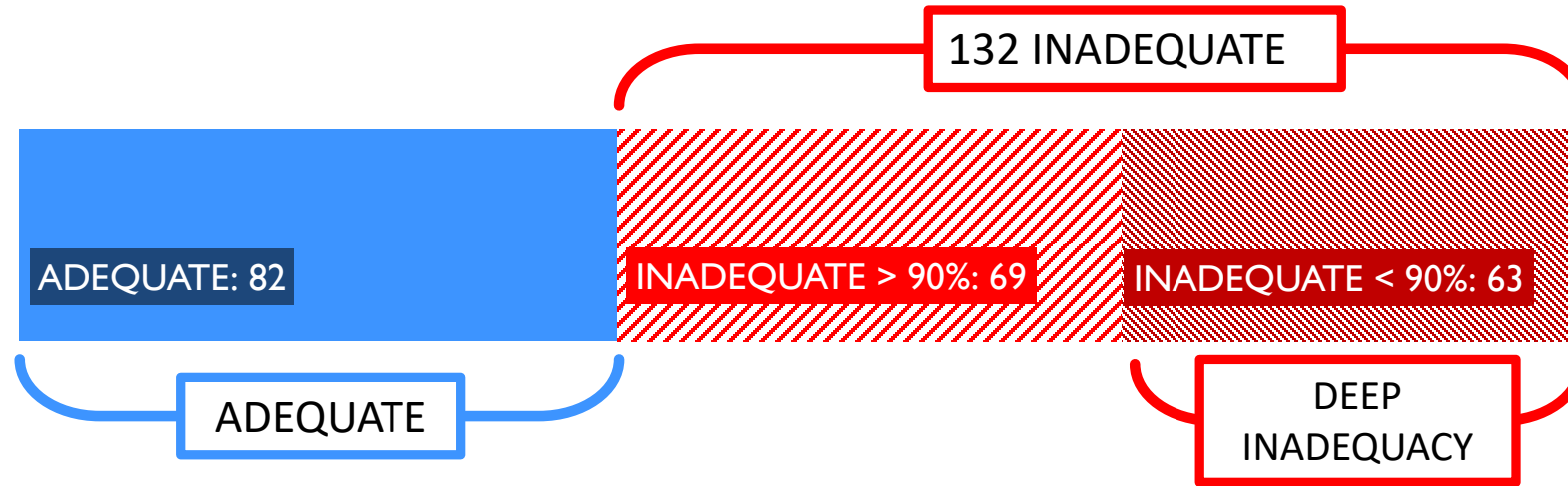
A consistently inadequate income means doing without what is required to meet basic needs, to take part in normal activities, and to participate in society.

Income meets less than **90%** of the cost of an MESL

Deep inadequacy exclusively found in:

- Households headed by one adult
- Households with older children

Social Welfare Income Adequacy



Two Parents	1 to 4 children, 4 age-groups	Social Housing	Jobseeker & Qualified Adult	69 cases
Two Parents	1 to 4 children, 4 age-groups	Social Housing	Jobseeker x 2	69 cases
One Parent	1 to 4 children, 4 age-groups	Social Housing	OFP / Jobseeker	69 cases
Working Age (no children)	Single & Couple	Rent Supplement	Jobseeker	2 cases
Pensioner	Living alone & Couple	Social Housing	State Pension	5 cases

Single Adult

Rent Supplement



MESL	€	245
INCOME	€	203
GAP	€	- 42

- Deep income inadequacy persists
- Social Welfare at 83% of MESL
- Based on renting within RS limits

HAP + top-up



MESL	€	346
INCOME	€	203
GAP	€	- 143

- If in HAP & paying top-up rent to landlord, 59% to 64% of need met
- Additional supports if long-term social welfare recipient, bring income to 63% to 69% of need

Households with Children

TP2b



MESL € 542

INCOME € 481

GAP € - 61

OP2b



MESL € 429

INCOME € 359

GAP € - 70

Older Children, 12 and over

- 94% of Deep Inadequacy cases have older children
- Older child additional MESL need €120 per week, over 60% higher than younger children
- Social Welfare meets 62% of MESL for older children
- The higher QCI rate for older children introduced in 2019 started to acknowledge these additional needs

EMPLOYMENT

Benchmarking Minimum Wage Adequacy
Minimum Income Standard

Single Adult

NMW	Market Rent	HAP + top-up
MESL Core	218	218
Housing	260	155
Total MESL	478	373
Net Income	348	348
Adequacy Gap	-130	-25

MIS, per week	581	446
MIS, per hour	15.50	11.90

- Full-time NMW net earnings are €348
 ↑ 1.6% from 2018
- MESL expenditure is €478
 ↑ 4.8% from 2018

90% of Average Market Rent

- Minimum wage inadequacy deepened in 2019, now meets only 73% of MESL need
- MIS Gross Salary of €581 per week required, equivalent to 59 hours of NMW employment

Housing Assistance Payment + top-up

- Housing Assistance Payment, could reduce housing cost by over €100
- Minimum wage inadequate, but meets 93% of MESL need
- MIS Gross Salary of €446 required

Household with Children

- 8 Household Compositions, Two Parent & One Parent, 1 to 4 Children
- 21 minimum wage scenarios – single & dual income, full & part-time
- ‘Best case’ scenario – differential rent & community childcare subvention
- Majority of minimum wage scenarios examined adequate, in this context
- Adequacy at, or near the minimum wage, is enabled through a combination of measures
 - In work income supports– **Working Family Payment / One-Parent Family Payment**
 - Affordable housing – access to **Differential Rent**
 - Childcare costs are limited – currently **Community Childcare Subvention**

Conclusion

- Core MESL down marginally
- Social Welfare is meeting a greater proportion of MESL need
- Majority remain on inadequate income – 132 of 214 cases examined
- Deep income inadequacy persists
- Now exclusively found in households headed by one adult and in households with older children
- Change in NMW lead to net income increase
- Increasing private rent lead to deeper inadequacy
- Services which reduce MESL costs and in-work income supports are crucial to enable income adequacy
- There are anomalies and negative interactions which create ‘welfare traps’

MESL: Evidence Based Policy Recommendations

MESL AS ADEQUACY BENCHMARK

- Benchmark working-age Personal Rate against MESL need of a working-age single adult
- Set timeline for reaching 100% of MESL need, with an interim goal for reaching 90% of need
- Address under-estimation of one adult headed household costs
- Adjust Qualified Child Increase for under 12s in proportion to Personal Rate

OLDER CHILDREN

- The Qualified Child Increase should be paid at a proportionately higher rate for children aged 12 and over
- First recognised in Budget 2019. Goal is for progressive realisation of adequate support over multiple budgets
- Income adequacy for children requires the household to have adequate income

ADDITIONAL MEASURES

- Services which reduce MESL cost
 - Housing / Differential Rent
 - Childcare
 - Transport – particularly for rural households
- Maintain income thresholds, earnings disregard, etc. in relation to changes in:
 - Minimum living costs
 - Social welfare rates
 - Minimum Wage and earnings

Minimum Essential Standard of Living 2019 Update Report

#MESL2019

The full report and further
data is available at:
budgeting.ie

Use the calculator for
custom MESL scenarios
MISc.ie



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