



MINIMUM  
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## MESL WORKING PAPER

WORKING FOR SOCIAL AND ECONOMIC CHANGE  
TACKLING POVERTY AND SOCIAL EXCLUSION

# MINIMUM INCOME NEEDS FOR PEOPLE WITH A VISION IMPAIRMENT

**DECEMBER 2017**

Revised Edition

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#### **DISCLAIMER**

This project was supported by the Department of Employment Affairs and Social Protection as part of its agreement for funding the Vincentian Partnership for Social Justice. The VPSJ is solely responsible for the views, opinions, findings, conclusions and recommendations expressed in the report and for the accuracy of the report.

The contents of the report are not attributable to the Minister for Employment Affairs and Social Protection or the Department Employment Affairs and of Social Protection.

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## Corrigendum

This is a revised edition of the Working Paper, 'Minimum Income Needs for People with a Vision Impairment'. There was an unfortunate oversight in the calculations contained in the first version of this paper.

There is a difference between the treatment of Blind Welfare Allowance in the income assessment for Disability Allowance and Blind Pension, which was not properly accounted for in the original version of the paper. It was assumed that the rules governing assessable income for Blind Pension and Disability Allowance were aligned, and both disregarded income from Blind Welfare Allowance. This was incorrect.

The Blind Pension means test disregards the Blind Welfare Allowance as assessable income. However, this is not the case with Disability Allowance. As a result, when in receipt of Blind Welfare Allowance, the rate of Blind Pension payable may be greater than the rate of Disability Allowance payable.

In the original version of the paper the calculations for Disability Allowance incorrectly disregarded Blind Welfare Allowance as part of the assessable income. This resulted in an over-estimation of the potential household income, particularly in scenarios combining income from employment and Disability Allowance.

The original version of the paper incorrectly asserted that the income from Disability Allowance or Blind Pension would be similar.

The revised edition of the paper, focuses the income analysis on Blind Pension scenarios, and assesses income from employment and calculates the partial rate of Blind Pension payable, correctly disregarding Blind Welfare Allowance as a source of assessable income.



# Introduction

The recently published report '**A MESL for a Single Adult with Vision Impairment**' built on the VPSJ's existing Minimum Essential Standard of Living (MESL) research to identify the additional and different needs of a person with vision impairment. The research established the minimum average cost of enabling a person with vision impairment to participate in the norms of everyday life in Ireland, at a level that no one should be expected to live below.

This paper examines the minimum income needs of single adults with vision impairment, applying the newly established MESL benchmark to assess the adequacy of the range of both income supports and expenditure need reduction measures available.

The paper sets out to analyse the system as it currently stands, and the changes regarding 'rehabilitative work' which were recommended in the **Making Work Pay for People with Disabilities** report. The paper examines scenarios of both being with and without employment, with regards to identifying points of income adequacy, potential 'welfare traps', and establishing the Minimum Income Standard gross salary requirement of a person with a vision impairment.

## MESL (Minimum Essential Standard of Living)

The MESL 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 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.

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, specifying the average weekly cost of all the goods and services necessary to enable a socially acceptable minimum standard of living.

The MESL data uniquely provides an evidence based benchmark against which to assess the adequacy of income supports and minimum rates of pay. It 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.

## Additional and different needs of people with a vision impairment

The VPSJ, with the support of the NCBI, conducted research to identify the additional and different minimum needs of a person with a vision impairment. Identifying what is required to enable an individual with a vision impairment to have the same socially acceptable minimum standard of living as a person with full sight.

The MESL data provides a baseline; it identifies the consensus minimum level that is socially acceptable, below which people agree no one should be expected to live. However, individual circumstances will vary, particular situations can give rise to additional needs. In this case vision impairment, brings additional requirements to enable people to have the same adequate minimum standard of living.

This project applied Consensual Budget Standards research to establish the additional and different needs associated with vision impairment, and builds on the existing MESL data.

This approach draws on the lived experience of members of the public from the type of situation in question – in this case having a Vision Impairment – and develops a socially negotiated consensus on the good and services required for an acceptable minimum standard of living.

The research identified the additional MESL needs for a person who:

- Has a vision impairment which meets the eligibility criteria for state benefits, but has some usable sight
- Is of working age and lives alone, without dependents

- Lives in an urban area, with access to adequate public transport

The research established that the cost of the additional goods and services needed to enable an MESL for a single person with a vision impairment was almost €45 more per week than the MESL needs of a person with full sight, in 2016.

The figure represents the average weekly cost of a set of additional items. Each item is included to meet an essential need: enabling people to be independent, to feel secure, to participate in day-to-day life and society generally; to allow the same acceptable minimum standard of living as a person with full sight.

A comprehensive discussion of the additional MESL needs identified, the rationale underpinning the inclusion of additional items, and a full explanation of the research methodology, is provided in the research report, **‘A MESL for a Single Adult with Vision Impairment’** (VPSJ & NCBI, 2017).

## Minimum Income Needs

This paper will apply the newly established MESL benchmark for a person with vision impairment to examine the adequacy of relevant social welfare supports, secondary benefits and tax reliefs.

Several income situations are examined, adjusting the overall MESL expenditure need to reflect applicable secondary benefits, and including an appropriate housing cost. Therefore, adequacy is assessed in terms of the overall MESL expenditure need, and not simply measuring supports specific to vision impairment against the additional MESL needs of a person with vision impairment.

Within the paper, the discussion:

- Examines the expenditure need reduction effect of secondary benefits, in the context of the additional MESL cost for vision impairment, updated to 2017
- Benchmarks the adequacy of social welfare supports for a single working-age person with vision impairment when solely reliant on social welfare
- Examines income adequacy in ‘rehabilitative work’ scenarios, and the potential effect of changes to the requirement for employment to be ‘rehabilitative’ and limited to 20 hours per week\*
- Establishes the Minimum Income Standard for a person with a vision impairment
- The analysis throughout highlights potential income troughs and ‘welfare traps’ at earning points from part-time minimum wage and above.

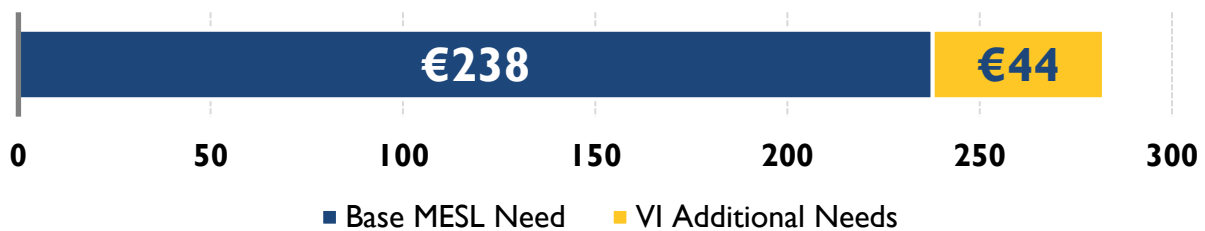
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\* The **Making Work Pay for People with Disabilities** report recommended changes regarding the treatment of income from employment in determining eligibility for social welfare supports for people with a disability. These focused on removing the requirements for work to be ‘rehabilitative’. A bill to implement these changes, the Social Welfare, Pensions and Civil Registration Bill 2017, had completed the second stage at the time of writing.



# Expenditure need and adjustments

Graph 1 Core MESL expenditure need, per week, 2017  
(Excludes housing and effect of secondary benefits)



The overall core MESL expenditure need for a person with vision impairment is €282.28, (before housing and excluding the effect of secondary benefits).

In 2017 the MESL core expenditure need for a single working-age person with full sight is €237.80 per week. Adjusting for 2017 price changes, the additional MESL needs of a person with vision impairment cost €44.48. This is a marginal change (-0.13%), and effectively the additional core costs remain almost €45 per week.

Secondary benefits reduce the cost of an MESL by providing a good or service at a lower cost (and in some cases no cost) to the individual. The primary cost reducing benefit comes from the Medical Card, additionally VAT refunds on assistive aids and the Household Benefits Package, can also reduce the MESL expenditure need.

## Medical Card

The MESL expenditure needs budgets assume good health. This does not preclude provision for covering treatments of basic illness and meeting common health needs. The core MESL budget includes an allocation for a minimum number of GP visits, prescriptions, and attending the optician and dentist.

When an income scenario demonstrates Medical Card eligibility, the relevant health care costs are removed from the MESL budget. This includes the cost of attending a GP, etc., and the full cost of prescription medications is substituted for the prescription charge for medical card holders\*.

The MESL research has consistently found that people regard a basic level of private health insurance as an essential need, for situations where an individual or household would not qualify for a full Medical Card.

The MESL core expenditure includes provision for Health Insurance. This cost is removed in scenarios with Medical Card entitlement.

## Vision Impairment

In the case of the MESL for an individual with a vision impairment, expenditure on health related items accounts for a quarter of the additional core MESL need. Over half (57%) of the additional health costs are related to specialist eyewear and optical care.

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\* €2.50 per item in 2017, will reduce to €2.00 per item in 2018.

When eligible for a full Medical Card the cost of additional optical care and the cost of specialist lenses, prescribed for a person with a vision impairment, are covered by the Medical Card.

- The cumulative effect of Medical Card eligibility for a single person with full sight, is a reduction to the core MESL expenditure of €18.49 per week.
- Medical Card eligibility reduces the vision impaired additional MESL need by €5.14.
- The Medical Card has a total MESL expenditure reduction effect of €24.28, reducing overall minimum health expenditure need by 79%, for a person with a vision impairment.

## VAT Refund

The VAT paid on the purchase of assistive aids and appliances which are required to help with the daily activities of a person with a disability, including vision impairment, may be refunded.

Individuals must pay the full cost of the item and then apply for the VAT refund retrospectively. Consequently, the full cost of essential, yet expensive, assistive technology (such as screen magnification software) must first be met in full from an individual's private resources.

The VAT refund is included in the adjusted expenditure need examined in each of the income scenarios in the paper.

- The VAT refund reduces the additional MESL expenditure need for vision impairment by an average of €1.57 per week.

## Household Benefits Package

The Household Benefits Package is not means tested, and those in receipt of the Disability Allowance or Blind Pension are eligible. The package provides an allowance towards home energy (€35 per month) and a free television licence.

When examining a scenario which includes eligibility for the Household Benefits Package the overall MESL expenditure need is adjusted to reflect the support. The energy costs are reduced by the average weekly value of the energy allowance, and the expenditure allocation for the television licence is removed.

- Household Benefits Package reduces MESL expenditure need by an average of €11.15 per week.

## Free Travel

The level of vision impairment examined for the additional MESL needs meets the eligibility criteria for state benefits, including the Free Travel Pass. People with this level of vision impairment would be entitled to free travel, without a means test, therefore the core MESL need for a person with vision impairment is based on having the Free Travel Pass.

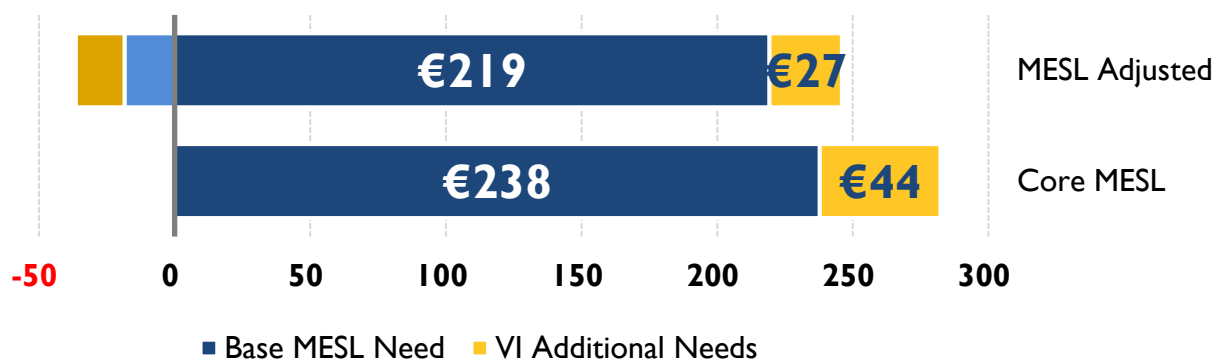
The travel costs included in the vision impairment MESL budget are based on using the Free Travel Pass and an additional allowance for the use of taxis. The final cost in the core MESL is based on taxis (€19.52 per week) and an adjustment to remove the public transport costs (-€32.70 per week) included in the budget for a person with full sight.

The net value of the Free Travel Pass is included in the vision impaired additional MESL budget. The effective net value of 'free travel' is reduced by the need for taxis.

- No additional travel related adjustments are required to the MESL budget.

## Expenditure reduction effect of secondary benefits

Graph 2 MESL expenditure need Adjusted and Core, per week, 2017  
(Excludes housing)



When the full range of expenditure reducing secondary supports are applicable, the overall MESL expenditure need is adjusted from €282 to €246 per week, **before housing costs**.

- The MESL expenditure need for a person with full sight is adjusted to €219 per week, by the Medical Card.
- The additional MESL needs for a person with vision impairment are adjusted to €27 per week.
- The Medical Card provides the largest overall expenditure reduction, a total adjustment of €24.

- After the Free Travel Pass, the most significant reduction to the additional vision impairment MESL needs is due to the Household Benefits Package.
- Without the Household Benefits Package the additional MESL needs would be adjusted by less than €7 (due to Medical Card and the VAT refund) to €38 per week.

## Income

This section examines the minimum income needs of individuals with a vision impairment when dependent on social welfare, in scenarios combining social welfare and employment, and the minimum gross salary required when income is from employment only.

The adequacy of income is assessed in the context of the overall MESL expenditure need, adjusted to reflect the effect of relevant secondary supports, and inclusive of appropriate housing costs.

## Housing

To assess overall income adequacy and establish minimum income needs appropriate housing costs are included in the household's minimum expenditure need. Scenarios of both social housing and market rent are examined.

The social welfare scenarios are assessed based on social housing and paying a differential rent<sup>\*</sup>, this may be either traditional social housing or under the Housing Assistance Payment (HAP).

The Housing Assistance Payment (HAP) scheme is a form of social housing support for people who have a long-term housing need. Under the scheme tenants rent from a private landlord but pay a differential rent to their local authority, dependent on their income.

Where a HAP tenant lives in a dwelling above the prescribed rent limits they must pay a top-up to the landlord in addition to the differential rent to the local authority. Due to the ongoing issues regarding the lack of availability of rental accommodation within the rent limits, scenarios in this situation are also examined.<sup>†</sup>

In the top-up scenarios, the rent included is based on differential rent plus the additional top-up required to bridge the gap between the rent limit and 90% of the average rent for a one-bedroom dwelling.

Finally, the minimum income required when not living in subsidised housing is also established. In this case the housing cost is based on living in a one-bedroom private rented dwelling, paying 90% of average rent in Dublin (currently €985 per month).

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<sup>\*</sup> The weekly rent is calculated in accordance with the Dublin City Council rent scheme.

<sup>†</sup> The Simon Community's rental accommodation availability survey found that just 9% of properties nationwide were available to rent within the HAP/Rent Supplement limits in August 2017, and only one property was within the rent limits for a single person (Simon, 2017).

## Context

Based on the 2016 Census (CSO, 2017), there are 50,782 people in Ireland who are 'blind or have a serious vision impairment' and are aged 15 years or over. Two fifths (42%) of this groups are retired, meaning there are almost 30,000 people with a vision impairment who are of working age.

Of the people with a vision impairment who are not retired, 30% are at work and over 13,500 are either unemployed or 'unable to work due to permanent sickness or disability'. This accounts for nearly half (46%) of the vision impaired population who are over 15 and not retired. The remaining quarter are engaged in either education or home duties.

**Table I** Population with vision impairment, by principle economic status

|                      | No of People | % All<br>Over 15 | % Over 15 &<br>Not Retired |
|----------------------|--------------|------------------|----------------------------|
| At Work              | 8,886        | 17.5%            | 30.2%                      |
| Unemployed           | 3,486        | 6.9%             | 11.8%                      |
| Not able to work     | 10,198       | 20.1%            | 34.6%                      |
| Student, Home Duties | 6,878        | 13.5%            | 23.4%                      |
| Retired              | 21,334       | 42.0%            | -                          |

**Data Source: Census 2016 (CSO, 2017)**

The minimum income requirements of a working age individual with a vision impairment, when not in paid employment and fully dependent on social welfare, are examined below.



# Social Welfare Supports

## Primary Social Welfare

The primary social welfare payment for a person with a vision impairment is either Blind Pension or Disability Allowance. The most recently available data shows that in 2016 there were 1,282 Blind Pension recipients, and 126,203 Disability Allowance recipients (DSP, 2017).

The exact number of people with a vision impairment who are in receipt of Disability Allowance is unavailable. However, there are over 13,500 vision impaired people who are either unemployed or unable to work due to disability. Therefore, it is reasonable to assume that the majority of people with a vision impairment who are dependent on social welfare are in receipt of Disability Allowance.

The adult personal rate primary for Blind Pension and Disability Allowance is paid at the same weekly rate as other primary working-age social welfare supports. Currently €193 per week; increasing to €198 at end of March 2018.

There are technical differences between the supports, for example in the assessment of means from savings, the treatment of additional incomes (e.g. from a spouse), and tax the treatment of the payments. These differences are not pertinent to the scenarios examined in this paper.

A crucial difference exists in the treatment of Blind Welfare Allowance in the assessment of income. The Blind Pension means test disregards the Blind Welfare Allowance as assessable income. However, this is not the case with Disability Allowance. As a result, when in receipt of Blind Welfare Allowance, the rate of Blind Pension payable may be greater than the rate of Disability Allowance payable.

The assessment of income adequacy focuses on Blind Pension, consequently Blind Welfare Allowance will not reduce the rate of payment.

The assessment examines the position of a single work-age person with a vision impairment living alone. It is assumed that there are no other sources of income, savings, etc. which will affect the rate of payment. Therefore, the full personal rate will apply.

## Secondary Benefits

In addition to the Blind Pension (or Disability Allowance), an individual in this scenario would also be entitled to a number of secondary social welfare payments, allowances and supports. Each of these secondary benefits provides either additional income support or reduces the required MESL expenditure need.

| Income Supports   | Other Benefits  |
|---|---|
| <ul style="list-style-type: none"><li>• Living Alone Allowance</li><li>• Fuel Allowance</li><li>• Blind Welfare Allowance</li></ul> | <ul style="list-style-type: none"><li>• Medical Card</li><li>• Household Benefits Package</li><li>• Free Travel</li></ul> |

The **Living Alone Allowance** is paid weekly, to people who live alone and are in receipt of qualifying social welfare payments. These include both Blind Pension and Disability Allowance.

The **Fuel Allowance** is paid to people on long-term social welfare payments, this includes both Blind Pension and Disability Allowance. It is paid for part of the year, currently 26 weeks. The average weekly value of the payment over the 52 weeks of the year is shown in the scenarios below.

The **Household Benefits Package** is available to people in receipt of Blind Pension or Disability Allowance, when living alone or with certain excepted others, e.g. dependent spouse or children. As explained above, the contribution of the package is reflected in the reduction in MESL expenditure need.

The **Blind Welfare Allowance** is a means tested payment to those who have a level of vision impairment that fulfils the official criteria. It is a supplementary payment, and is payable to those with an income below the combined rate of the Blind Pension and the Blind Welfare Allowance. In effect, the Blind Welfare Allowance is an attempt to address the additional cost of a disability.

## Value of Additional Support for Vision Impairment

The adult personal rate of Blind Pension (and Disability Allowance) is paid at the same level as other working-age primary social welfare supports, currently €193 per week. This rate of payment does not recognise an additional need associated with a disability generally or vision impairment specifically.

Except for the Blind Welfare Allowance the secondary benefits listed are not exclusive to people with vision impairment. However, these additional supports are not generally available to working-age social welfare recipients.

The total average weekly income from the Blind Welfare Allowance, Living Alone Allowance and Fuel Allowance, is €78.75. The combined value of both the direct income and expenditure reduction effect of the range of secondary benefits, is approximately €100 per week.

While this would appear to indicate that supports more than adequately meet the MESL needs of a person with vision impairment, the assessment of adequacy must benchmark against the total cost of an MESL and not simply the additional needs. This assessment is carried out below.

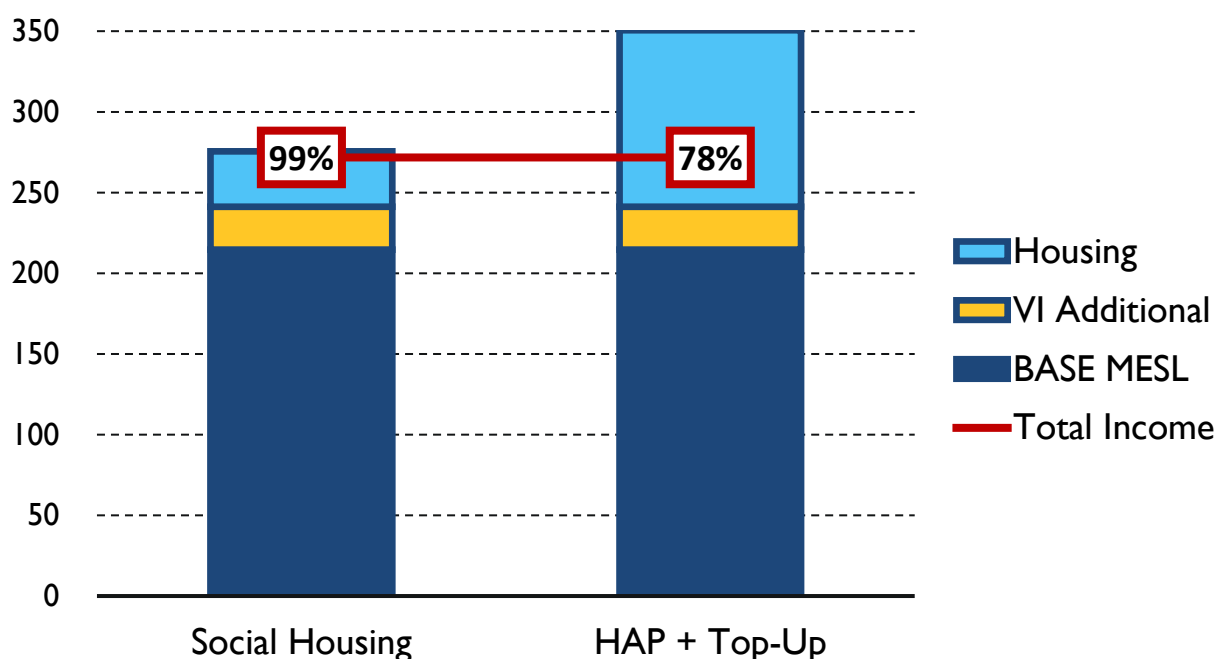
## Social Welfare Income Adequacy

When dependent on social welfare and paying a differential rent (social housing or Housing Assistance Payment), a single working-age adult with a vision impairment has an overall MESL expenditure need of almost €276 per week, when living in Dublin.

The combined income from primary social welfare (Blind Pension) and secondary income supports is an average of €271.75 per week.

In this scenario social welfare provides for 99% of the total MESL expenditure need, falling €4 short of the expenditure required for a socially acceptable standard of living.

Graph 3 Social welfare adequacy, by housing cost



\* Overall MESL need (base + vision impaired), adjusted for the effect of relevant secondary benefits. Also, when not in employment the base MESL expenditure need is reduced by an additional €4.62 per week.

## Topping Up Housing Cost

The housing cost in the above scenario is based on paying a differential rent, for example under the Housing Assistance Payment (HAP). Under the HAP scheme tenants may need to pay an additional top-up directly to their private landlord if accommodation cannot be found within the prescribed rent limits.

The current rent limit for a single adult in the Dublin area is €660 per month. The average rent for a one-bedroom dwelling in Dublin is €1,095. \*

In a scenario with housing costs at 90% of average rent, the tenant could be required to pay a top-up of €75, in addition to their differential rent payment.

This would increase total MESL expenditure need to €350 per week, and social welfare would provide for 78% of expenditure need.

## Adequacy Assessment

A simple exercise benchmarking the additional MESL expenditure need associated with vision impairment to the relevant additional supports, can give a misleading impression. At this cursory level it appears that the additional supports are more than adequate to meet the cost of the additional MESL needs (for the specified level) of vision impairment. But this is belied by a comprehensive assessment of the overall needs.

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\* Average rent for a one-bedroom dwelling in Dublin was €1,094.66 in the second quarter of 2017 (RTB, 2017). Example given is 90% of average, €985 per month.

When looked at in the whole, the overall cost of an MESL for a working-age person with a vision impairment is greater than the level of income support available.

The wider MESL analysis demonstrates the inadequacy of basic social welfare supports. This is consistently found to be the case for single adults with full sight when unemployed and reliant on social welfare. Older adults living alone and in receipt of the state pension have a marginally adequate income, as the basic rate of the non-contributory state pension is notably more than the basic working-age personal rate.

The basic level of social welfare is falling short before the consideration of additional needs. The scenarios for a person with a vision impairment demonstrate that the base level of social welfare is at such a level of inadequacy, that the additional supports must first work to close that gap before addressing the further needs of a person with vision impairment.

This basic inadequacy, combined with the reality of housing costs and the possible need to pay a top-up rent, show the potential deep income inadequacy which may be faced by those with a vision impairment and reliant on social welfare only.

# Social Welfare and Employment

Under the current rules for both Blind Pension (and Disability Allowance) it is permitted to combine work which is 'rehabilitative' and retain eligibility for the primary social welfare payment and ancillary secondary benefits\*.

A doctor must certify that the work is rehabilitative, but no formal definition of what constitutes 'rehabilitative' work exists. However, guidelines state that the work should be for no more than 20 hours per week. The requirement for work to be 'rehabilitative' is set to be removed (following the recommendations of the **Making Work Pay for People with Disabilities** report). When removed, the current assessment of means and tapering of supports will apply to all income from employment.

The means assessment of income from work disregards the first €120 per week of earnings, and half of earnings from €120 to €350, and does not count PRSI contributions<sup>†</sup>. A tapered rate of the Blind Pension is calculated on the basis of assessed earnings.

Blind Welfare Allowance assesses net income and Blind Pension, disregarding the first €120 per week of earnings from 'rehabilitative' work. When assessed means are above the combined value of Blind Welfare Allowance and Blind Pension, the rate is tapered by the amount of means above the threshold.

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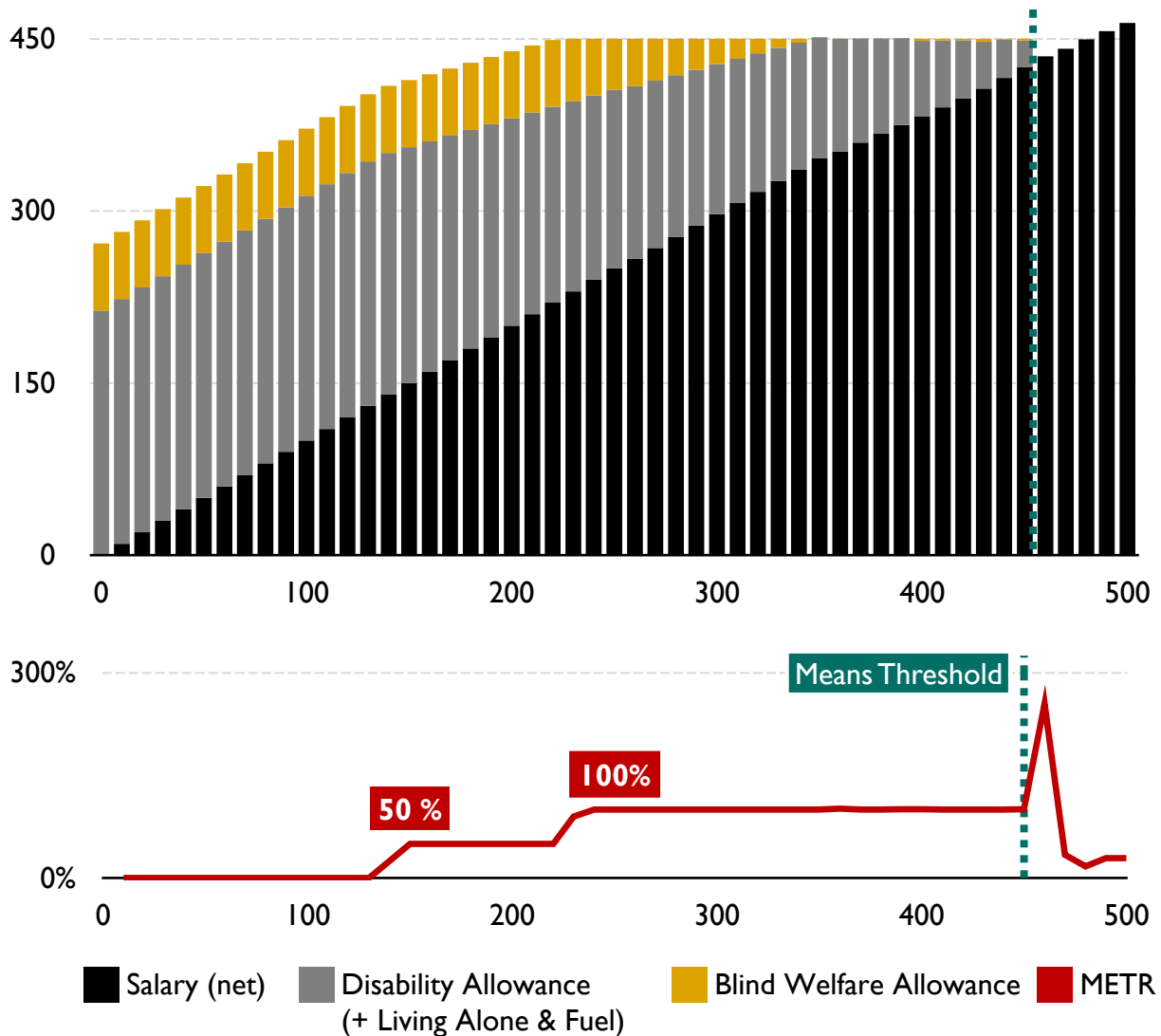
\* Living Alone Allowance, Fuel Allowance, Household Benefits Package

<sup>†</sup> Pension and trade union contributions are also disregarded



The tapering of social welfare supports, based on Blind Pension (secondary payments) and Blind Welfare Allowance, in line with level of gross weekly salary is illustrated in Graph 4.

**Graph 4** Household Income by Gross Salary per week and Marginal Effective Tax Rate



- The full rate of Blind Pension is payable on earnings up to €130 per week.
- The tapering of Blind Pension results in a Marginal Effective Tax Rate of 50% on increases in salary between €150 and €220 per week. This means that earning €10 per week results in a €5 increase to net household income, due to the tapering of the Blind Pension.

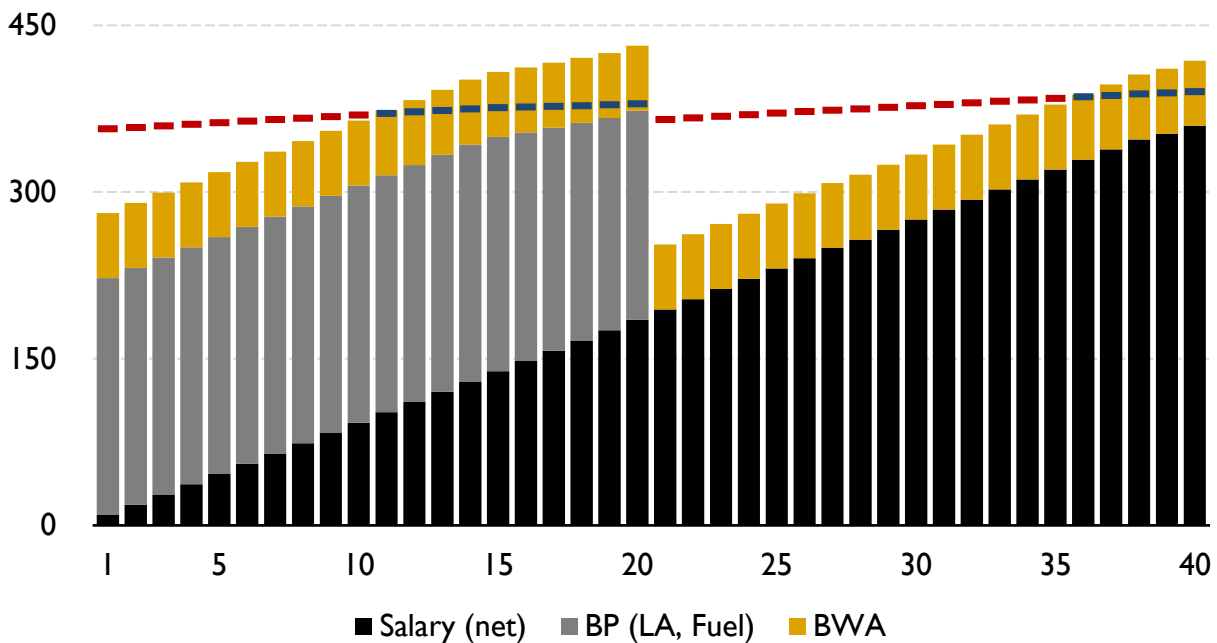
- At gross salaries of €240 and above the combined tapering of Blind Pension and Blind Welfare Allowance result in a 100% Marginal Effective Tax Rate, until the means threshold is exceeded.
- The combined tapering offsets all increases in salary. Therefore, the salary range €230 to €450 per week results in the same net household income (net salary + social transfers), of €450 per week.
- A gross salary above €450 per week is over the means threshold for Blind Pension. Earnings of this level are not eligible for a partial primary payment or for the additional income supports of Living Alone and Fuel Allowance, or the Household Benefits Package.
- There is a loss of approximately €30 per week in supports with a salary of over €450, due to ineligibility for secondary benefits of Living Alone & Fuel Allowance, and the Household Benefits Package.
- To attain the same household income as a salary of €230 to €450 per week, and the value of the Household Benefits Package, a single person with a vision impairment would need a gross salary €500 per week.
- Blind Pension is taxable source of income (as is Living Alone allowance when paid in conjunction). The Blind Tax Credit ensures that no additional tax would be payable at the income levels examined.

## Hours Limit

Currently the above means test applies only in situations where work is 'of a rehabilitative nature', and the guidelines require that such work is limited to a maximum of 20 hours per week.

The graph illustrates the effect of this restriction on net household income, social welfare supports and salary, in terms of hours of minimum wage employment.

**Graph 5** Net Household Income, by Hours of Minimum Wage Employment (Current 'rehabilitative' work 20 hour limit)



Exceeding the 20 hour limit results in ineligibility for Blind Pension and associated secondary supports, namely the Living Alone and Fuel Allowances and the Household Benefits Package.

- 20 hours of minimum wage employment would result in a net household income of €431.75 per week. Income is comprised of €185.00 net salary and €246.75 in social welfare supports.
- 21 hours of minimum wage employment results in a net household income of €252.75. There is no eligibility for Blind Pension and associated secondary benefits, a value of approximately €200 per week. However, Blind Welfare Allowance would still be payable.

- To return to a net income of €431.75, 49.5 hours of NMW employment would be required.

While the means test is based on gross salary, the hours worked limited creates potential inequalities. The same level of salary may qualify for a partial Blind Pension payment if earned over 20 hours or less, but would not qualify if earned at a lower hourly rate requiring more than 20 hours of employment.

## Income Adequacy

Combining ‘rehabilitative’ employment with the available social welfare supports enables income adequacy at relatively low salary levels.

**Table 2** Gross Salary Requirement by Housing Cost

|                           | Social Housing<br>(2 Hours NMW) | HAP + Top-Up<br>(11 Hours NMW) |
|---------------------------|---------------------------------|--------------------------------|
| MESL (Base + VI adjusted) | 245.91                          | 245.91                         |
| Housing                   | 37.05                           | 124.54                         |
| Total MESL Expenditure    | 282.96                          | 370.45                         |
| Net Salary                | 18.50                           | 101.75                         |
| Social Welfare            | 271.75                          | 271.75                         |
| Household Income          | 290.25                          | 373.50                         |

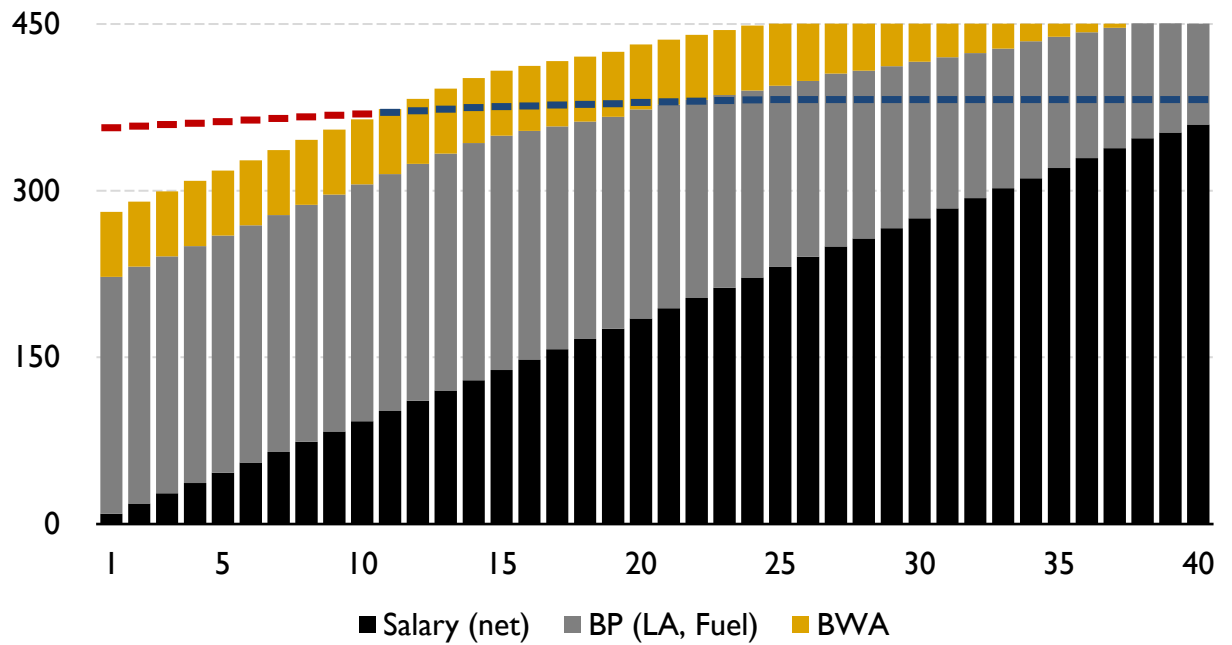
- When housing costs are based on differential rent only, 2 hours of national minimum wage employment will provide an adequate income when combined with the supports from Disability Allowance, secondary benefits and Blind Welfare Allowance.
- 11 hours of minimum wage employment are required in a HAP scenario, where a top-up rent is required in addition to the differential rent.

- In both cases, when work is ‘rehabilitative’, the full rate of Blind Pension would be payable.

In a scenario based on the Housing Assistance Payment, and paying a top-up rent:

- If engaged in 20 hours of minimum wage employment, household income would be adequate, providing €53 per week more than the overall MESL expenditure need.
- Under the ‘rehabilitative’ work requirements, engaging in over 20 hours of national minimum wage employment would result in income inadequacy.
- 21 hours of minimum wage employment would result in an income shortfall of €112 per week. This is illustrated in Graph 5.
- Under the proposed removal of requirements for work to be ‘rehabilitative’, the assessment of Blind Pension based on gross salary only (without an hours limit) would maintain income adequacy above 20 hours of employment.
- Graph 6 illustrates the retention of a partial Blind Pension payment, plus associated secondary benefits, with the removal of the 20 hour limit on employment.

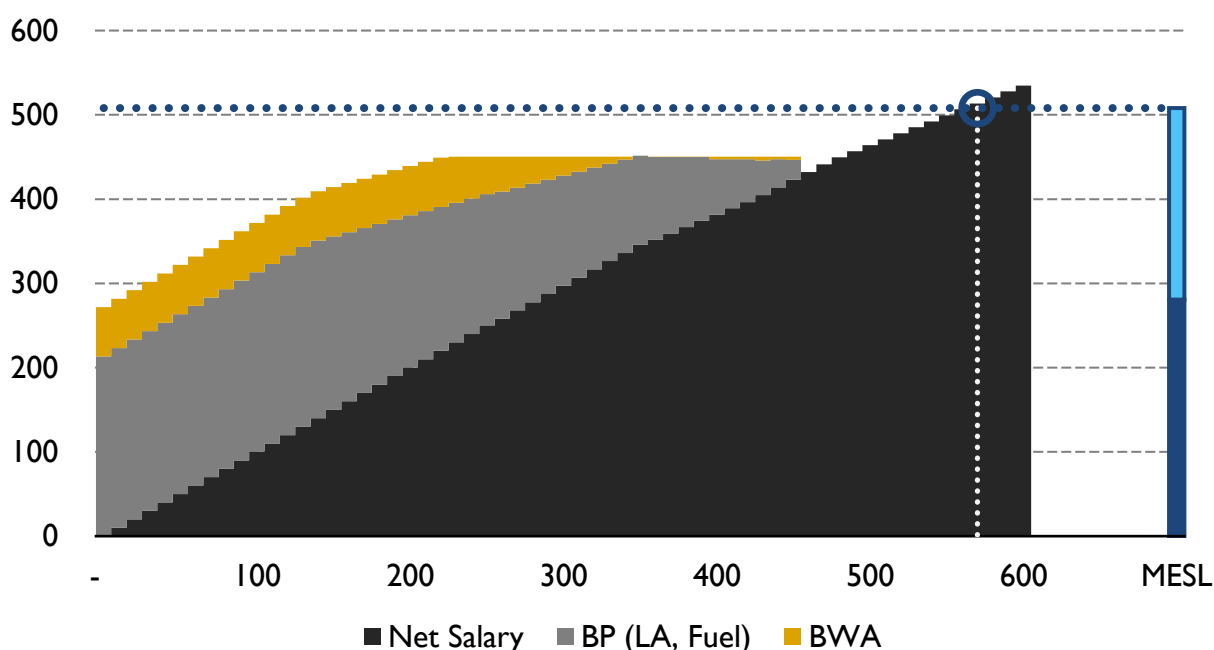
Graph 6 Net Household Income, by Hours of Minimum Wage  
Employment (removal of 'rehabilitative' work 20 hour limit)



# Minimum Income Standard

This section examines the gross salary requirements when not receiving a housing support, and paying a market rent. Housing costs are based on renting at 90% of the average market rent for a one-bedroom dwelling in Dublin.

Graph 7 Minimum Income Standard, Market Rent



When paying a market rent (€985 per month) an individual with a vision impairment would need a gross weekly salary of €565 per week (€15.05 per hour), to enable a socially acceptable minimum standard of living.

This salary level is above the eligibility threshold for income supports, Blind Pension (and ancillary benefits) and Blind Welfare Allowance. It also above the current threshold for the Medical Card.

Currently the Medical Card means test includes an additional income disregard (€120 per week) for income from work which is of a 'rehabilitative nature'. The **Make Work Pay** report recommended removing the 'rehabilitative' requirement.

The MIS gross salary need would be €525 per week (€14.00 per hour), if the 'rehabilitative' requirement was removed, and the additional income disregard was available. Such an adjustment to the Medical Card would be in line with the recommended adjustments to other supports for people with a disability.

Under the current system earnings of €525 per week, when not from 'rehabilitative work', would be above the income threshold for a full Medical Card. Instead the individual would be eligible for a GP Visit Card, as a result expenditure need would be over €21 higher\*. Additionally, the individual would no longer be entitled for the reduced rate of USC and so net income (salary after tax) would be lower.

Currently, the MIS requirement, as stated above, is €565 per week. At this salary level the individual would not be eligible for a Medical Card or GP Visit Card. Consequently, overall expenditure need would be €508 per week.

This demonstrates the value of the additional income disregard in retaining the Medical Card, and thereby reducing expenditure need, at higher salary levels than currently possible.

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\* With a full Medical Card total MESL expenditure need is €484.37 per week, with a GP Visit Card the MESL need increases to €505.84 per week, due to additional health expenditure requirements.



## Blind Tax Credit

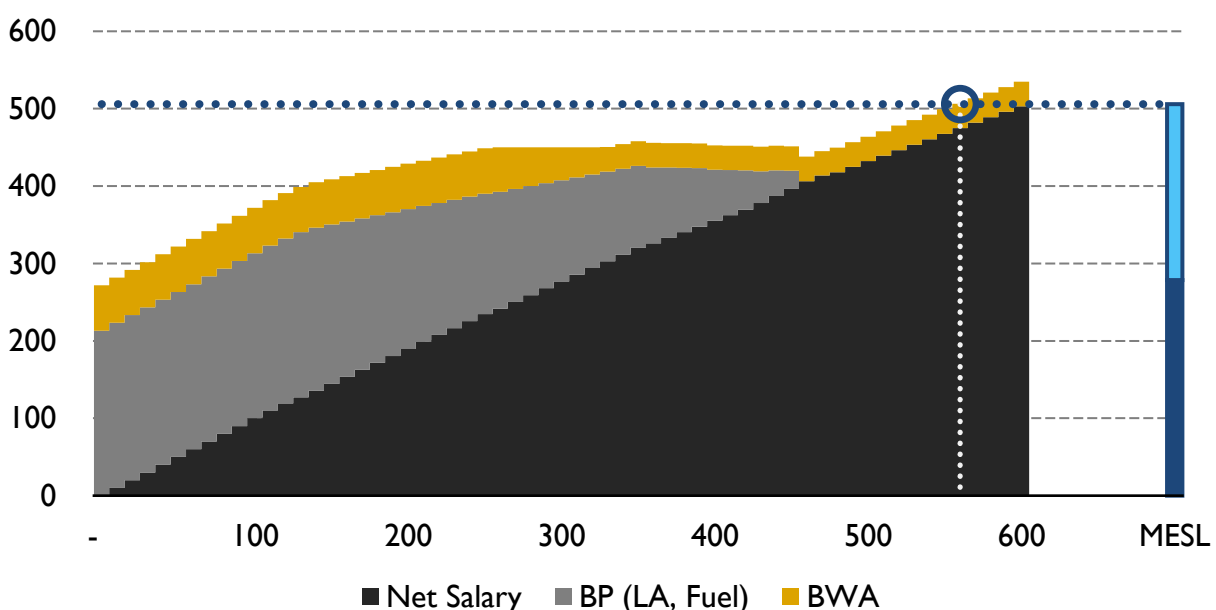
The additional tax credit for a person with a vision impairment is worth €31.73 per week for those earning €475 per week and above. Those earning below this level do not gain the full potential benefit of the tax credit. The 2009 Commission on Taxation highlighted the inequity of this situation.

We consider it inequitable that this tax expenditure only benefits blind persons who are liable to tax and with sufficient income to absorb the credit; blind persons on lower incomes or those dependent on social welfare obtain no benefit from this credit. We recommend that the appropriate level of State support be provided to blind persons through the direct expenditure route and that the tax credit be discontinued.

(Commission on Taxation, 2009: 263)

The tax credit and Blind Welfare Allowance are two primary supports specifically targeting additional support to people with a vision impairment.

**Graph 8** Illustration of Household Income if Blind Tax Credit and Blind Welfare Allowance Merged



The proposal to replace the tax credit with a direct support could be achieved through merging the Blind Tax Credit and the Blind Welfare Allowance. Paying a universal minimum value of Blind Welfare Allowance equivalent to the full value of the tax credit would result in no change for those earning €475 per week and above.

As the Blind Pension is a taxable source of income, the removal of the Tax Credit could result in a reduction in net income for those combining income from employment and income from Blind Pension, with earnings in the range of €120 to €250 per week.

However, an improvement in household income would be seen for the earnings range of €340 to €475 per week.

Replacing the Blind Tax Credit with a universal direct income support for people with a vision impairment, has the potential to remove an inequity in the current support system. However, steps would need to be taken at the lower end of the income scale to ensure such a measure did not inadvertently worsen the situation of those with lower levels of work.

# Conclusion

This paper has set out to examine the minimum income needs of single working-age adults with a vision impairment, benchmarking the adequacy of income supports against the cost of a socially acceptable Minimum Essential Standard of Living.

The core MESL expenditure need for a single working-age person with a vision impairment is €282 per week, this is almost €45 more than the MESL expenditure need of a person with full sight. This is before housing costs and excludes the effect of secondary benefits.

There are several secondary supports which can reduce the MESL expenditure need, when applicable. These include the Medical Card and Household Benefits Package. Additionally, a VAT refund on assistive aids provides a modest reduction in average expenditure need. The effect of the Free Travel Pass is reflected in the core budget, however the need for taxis offsets much of the saving from free use of public transport.

The Medical Card has the most significant expenditure need reduction effect, removing the expenditure need for health insurance, specialist optical care and lenses, and reducing health care costs overall. The Medical Card reduces the minimum health expenditure need for a person with a vision impairment by 79%.

## Key Findings

**€282**

**Per Week**

The overall core MESL cost for a single person with a vision impairment. This is before housing costs and excluding the effect of secondary benefits.

**€37**

**Reduction**

The combined potential expenditure reduction from a full Medical Card, VAT Refund and Household Benefits Package. The adjusted core expenditure need, is €246 per week (before housing costs).

**78%**

**Need Met**

Total social welfare supports of €272 per week meet 78% of the minimum expenditure need, when living in HAP housing and paying a rent top-up.

**11**

**Hours**

For an adequate income when combining social welfare supports and employment, 11 hours of minimum wage employment are needed. Currently this work must be 'rehabilitative'. Living in HAP housing and paying a rent top-up.

**€200**

**Less**

The 20 hour limit of 'rehabilitative' work, creates a 'welfare trap'. Compared to 20 hours NMW employment, an individual working over 20 hours would receive over €190 less support from Disability Allowance (and associated benefits).

**€565**

**Gross**

The weekly gross salary required to afford the MESL needs when working full-time and paying market rent. If Medical Card eligibility was retained when in non-rehabilitative work, the salary need would be reduced to €525 per week.

The paper benchmarks the adequacy of social welfare supports (Blind Pension), ancillary secondary benefits (Living Alone and Fuel Allowance), and the Blind Welfare Allowance, against the overall minimum expenditure required by a person with a vision impairment.

The situation of living in social housing and paying a differential rent, and the situation under the Housing Assistance Payment (HAP) scheme when required to pay an additional top-up rent to bridge the gap between average rents and inadequate rent limits, are both examined.

The full suite of social welfare supports provide an average weekly income of €272. This income will provide for 99% of minimum expenditure needs when housing costs are based social housing. However, income will cover only 78% of minimum expenditure need when living in HAP housing and paying a rent top-up.

The potential of combining income from work and social welfare supports is also examined. It is found that income adequacy is possible at relatively low levels of pay, with 11 hours of minimum wage employment potentially providing marginal income adequacy when in HAP housing and paying a top-up, and as little as 2 hours when paying a differential rent only.

These situations of adequacy are currently contingent on the work being 'rehabilitative'. Under the current structure a significant 'welfare trap' exists, as undertaking more than 20 hours of work will remove eligibility for over €200 of social welfare supports (which are available at 20 hours NMW employment).

The **Making Work Pay for People with Disabilities** report has recommended the removal of the requirement for work to be 'rehabilitative', and legislation to implement this is in progress at the time of writing. It is crucial that this change also remove the guideline of restricting work to 20 hours per week.

The analysis highlights a further issue due to the interaction of the Blind Pension and Blind Welfare Allowance.

At gross salaries above €230 the combined tapering of Blind Pension and Blind Welfare Allowance offsets all increases in salary. Therefore, the salary range €230 to €450 per week results in the same net household income (net salary + social transfers), of €450 per week.

Thirdly, an income trough exists where gross salaries exceed the means threshold for Blind Pension and Blind Welfare Allowance. Eligibility for Blind Pension (and associated secondary supports) is lost at a gross salary over €450.

A salary of €500 per week is required to give an overall improvement, when compared to the net income (and expenditure reducing supports) when earning €230 to €450 per week. The net household income from salaries of between €450 and €500 is less than the combination of net salary and social welfare supports in the €230 to €450 range.

The Blind Tax Credit also contributes to this issue. While it has a potential value of €31.75 per week, this value is only realised on gross earnings of €475 and above.

The analysis identified the potential to replace the Blind Tax Credit with a universal floor of Blind Welfare Allowance of equivalent value. This would improve the position of those earning €340 to €475 per week, and result in no change for those on modest incomes and above. Ensuring that the same minimum level of income support specific to vision impairment is available to all at these income levels. However, further measures to offset the negative effects for those with lower levels of work would be required.

Additional adjustments would also be required to address the income trough from the loss the of Blind Pension and ancillary supports at the €450 per week point.

Finally, the MIS (Minimum Income Standard) gross salary required is identified as €565 per week. This gross salary is required when in full-time, non-rehabilitative, work and not in receipt of a housing support. At this salary level there would not be eligibility for a full Medical Card, and consequently expenditure need would be higher.

The Medical Card means assessment includes an additional income disregard for those in 'rehabilitative work', the **Making Work Pay** report recommended extending this to all people with a disability.

Medical Card eligibility reduces the MESL health related needs by 79%. If the additional disregard was available, the MIS gross salary need would be reduced to €525 per week, as retaining Medical Card eligibility would reduce expenditure need.

To conclude the MESL expenditure budgets represent the cost of a socially acceptable minimum standard of living. This is a minimum standard that members of the public have agreed no person should be expected to live below. It is a standard which allows for people to live with a feeling of dignity, independence and security, to feel a part of society and take part in day to day life, but it is also a frugal standard.

To have an income below the MESL means doing without goods and services which are regarded as necessary to enabling an acceptable standard of living. It means foregoing essentials in order to make ends meet.



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