MINIMUM ESSENTIAL BUDGET STANDARDS

RESEARCH CENTRE

WHEN THE LIVING WAGE IS NOT ENOUGH

MESL WORKING PAPER

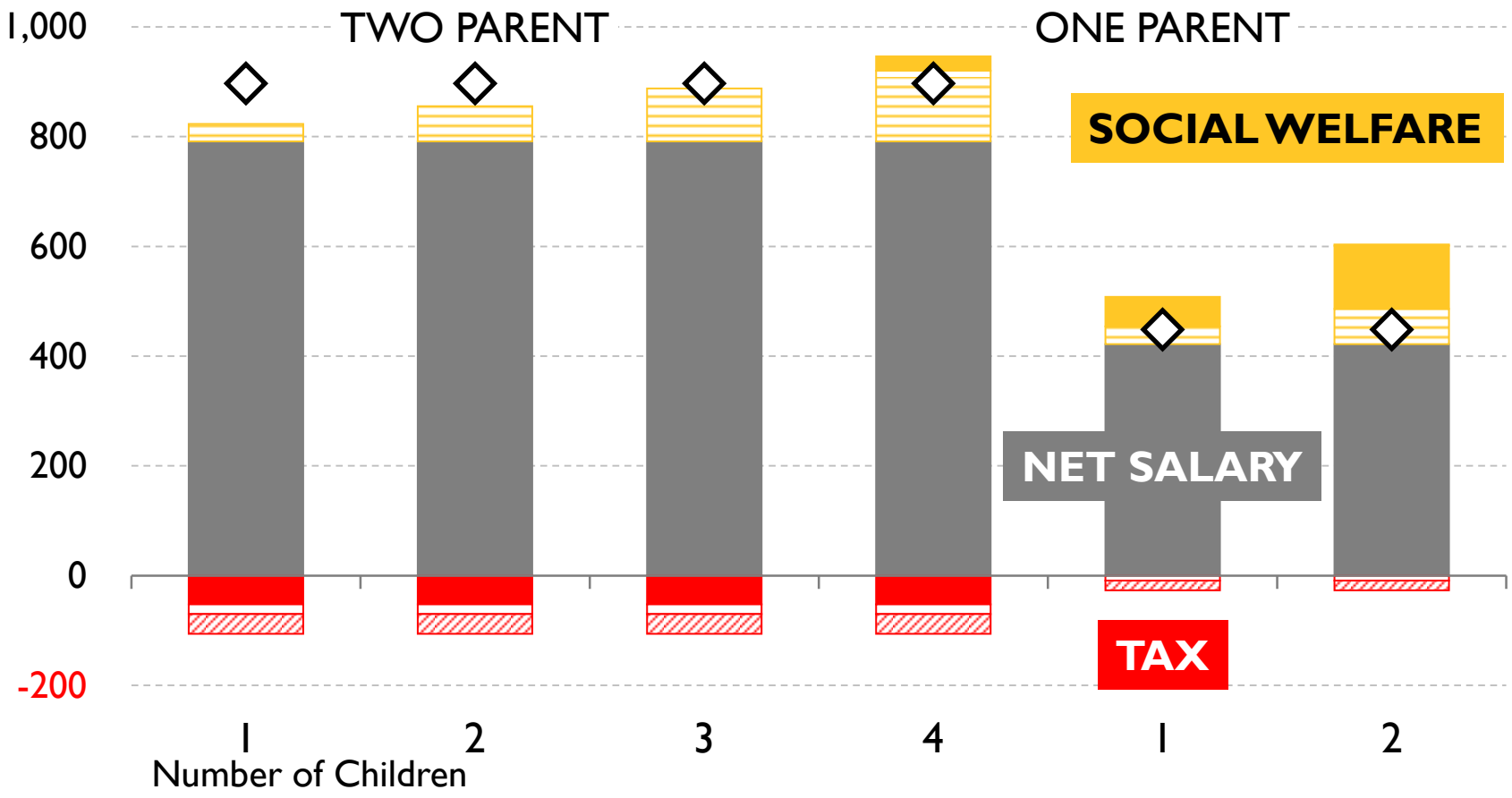
Living Wage & Family Households

- Living Wage is rate for Single Adult
- Households with children have additional & different needs
- 6 representative household compositions
- Focus on in-work social welfare supports

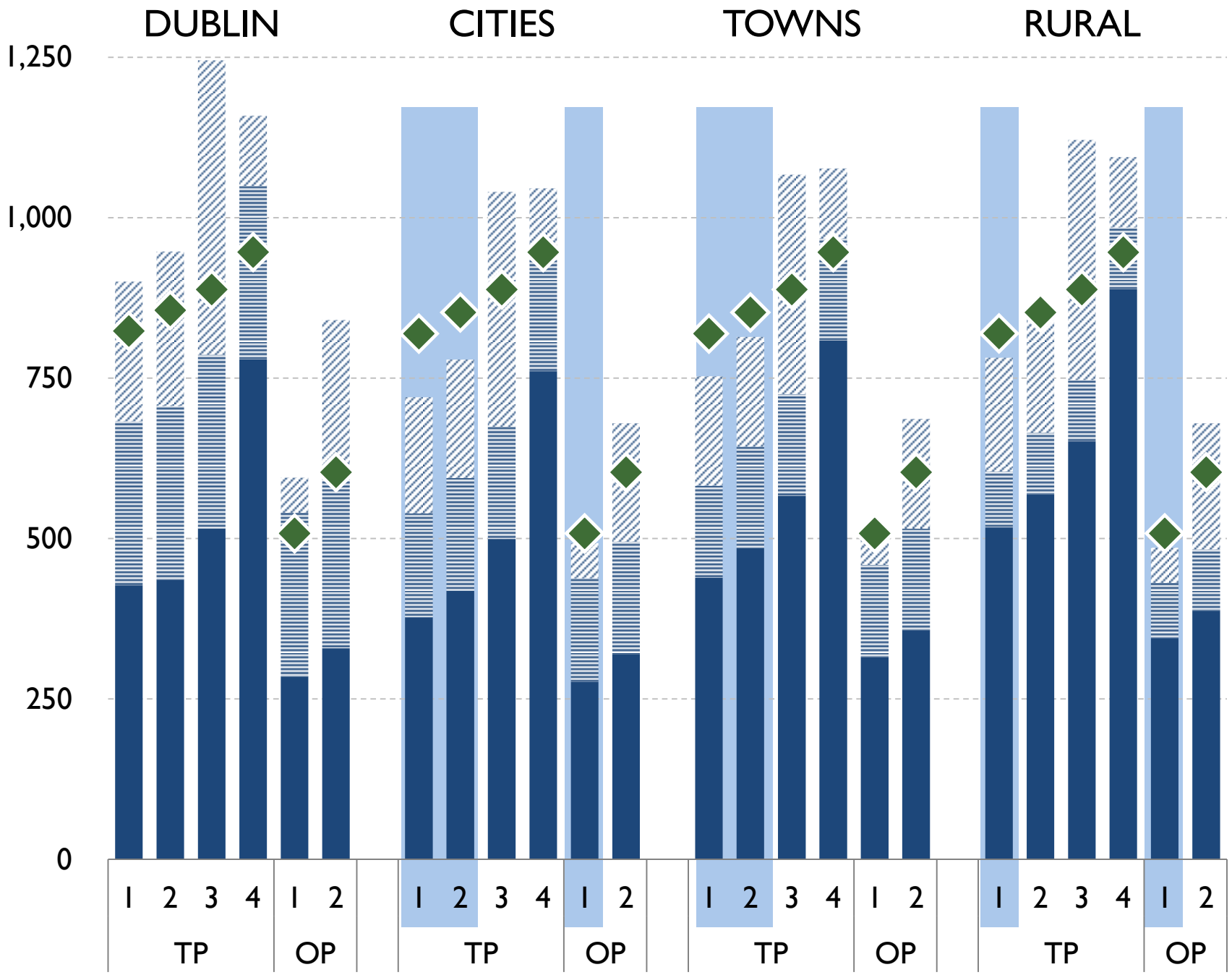
Family Household Compositions

Household	Child Age Groups
Two Parents, 1 Child	Infant
Two Parents, 2 Children	Pre-School, Primary
Two Parents, 3 Children	Infant, Pre-School, Primary
Two Parents, 4 Children	Two Primary, Two Secondary Level
One Parent, 1 Child	Primary (Under 7)
One Parent, 2 Children	Pre-School, Primary

Living Wage Household Income



VPSJ


DUBLIN
CITIES
TOWNS
RURAL
1,250
1,000
750
500
250
0
1 2 3 4 1 2
1 2 3 4 1 2
1 2 3 4 1 2
1 2 3 4 1 2
TP
OP
TP
OP
TP
OP
TP
OP

Living Wage Inadequacy

- Dublin based households – housing costs
- Households with more than one child in private childcare – childcare costs
- Larger households
  The higher the ratio of people in the household to number of salaries
  OP 2 3 People : 1 Salary
  TP 4 6 People : 2 Salaries

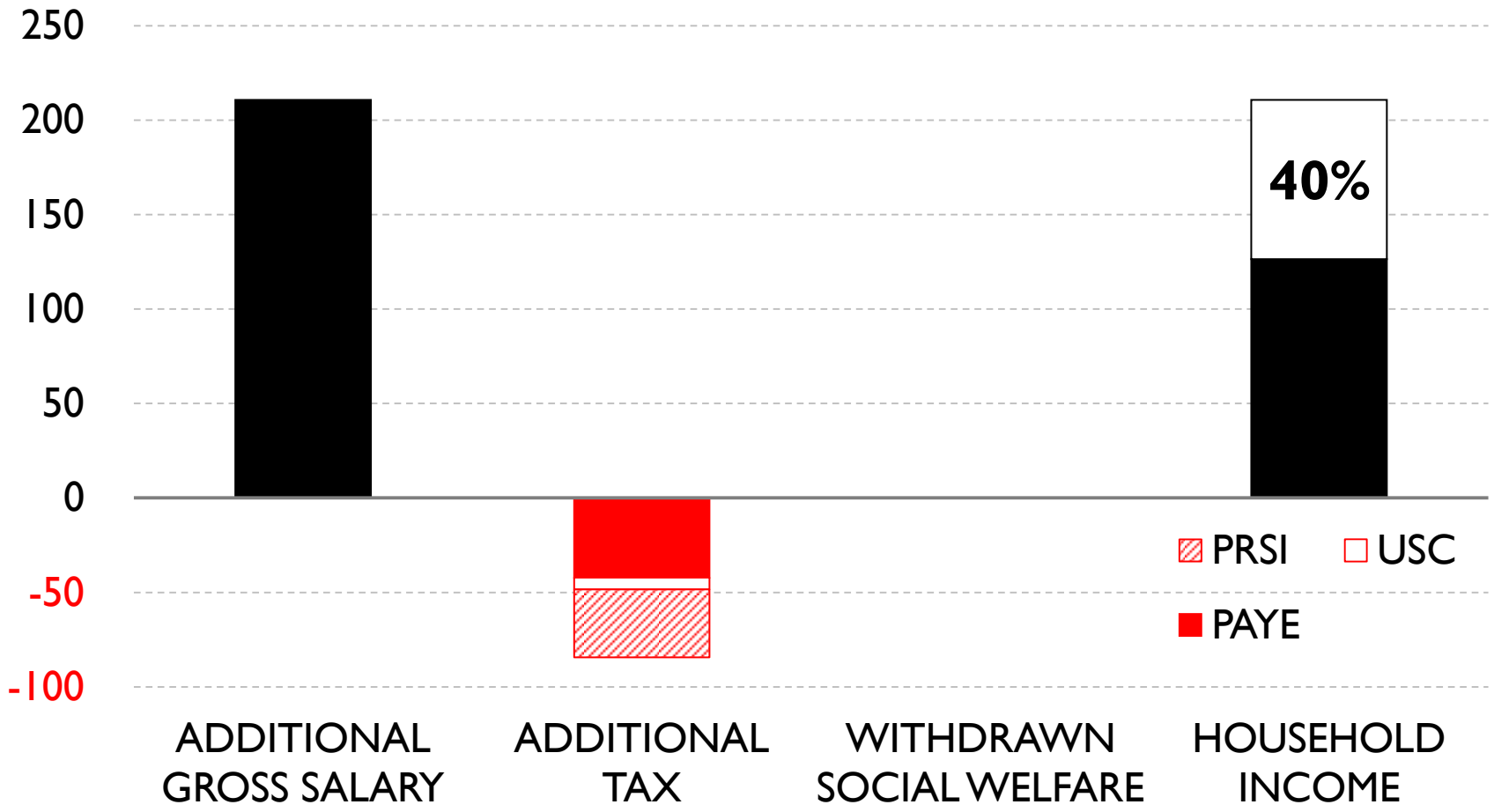
Analysis

- How household income changes as salary increases
- All adults in household employed full-time
- Examine change with incremental increases of €10 in gross salary, per adult, per week
- Focus on effect of change from NMW to LW

Marginal effective tax rates (METRs) measure how much of a given change in gross earnings, is taxed away through income tax, social security contributions and benefit withdrawals

OECD Definition

Two Parent, 1 or 2 Children



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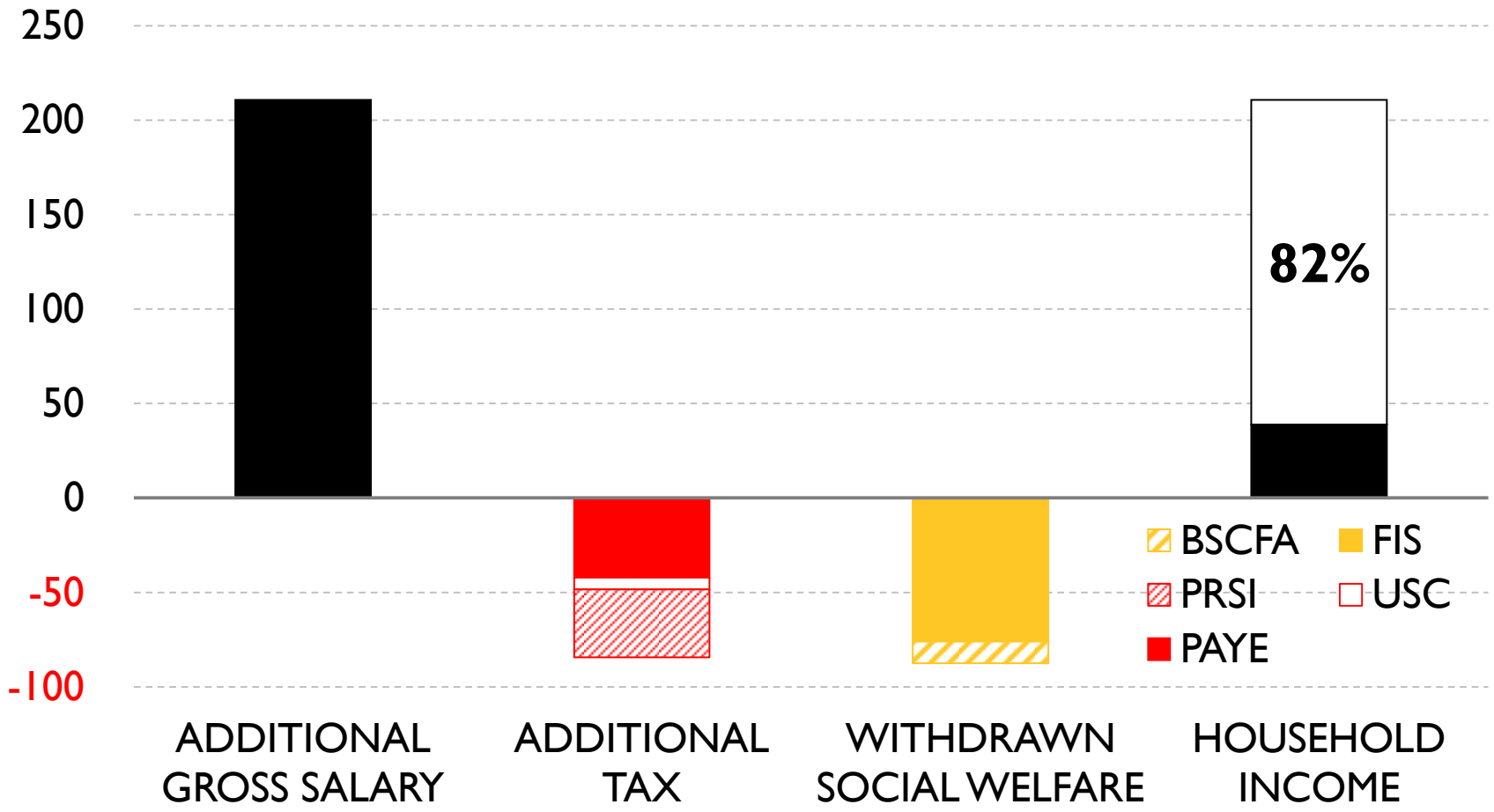
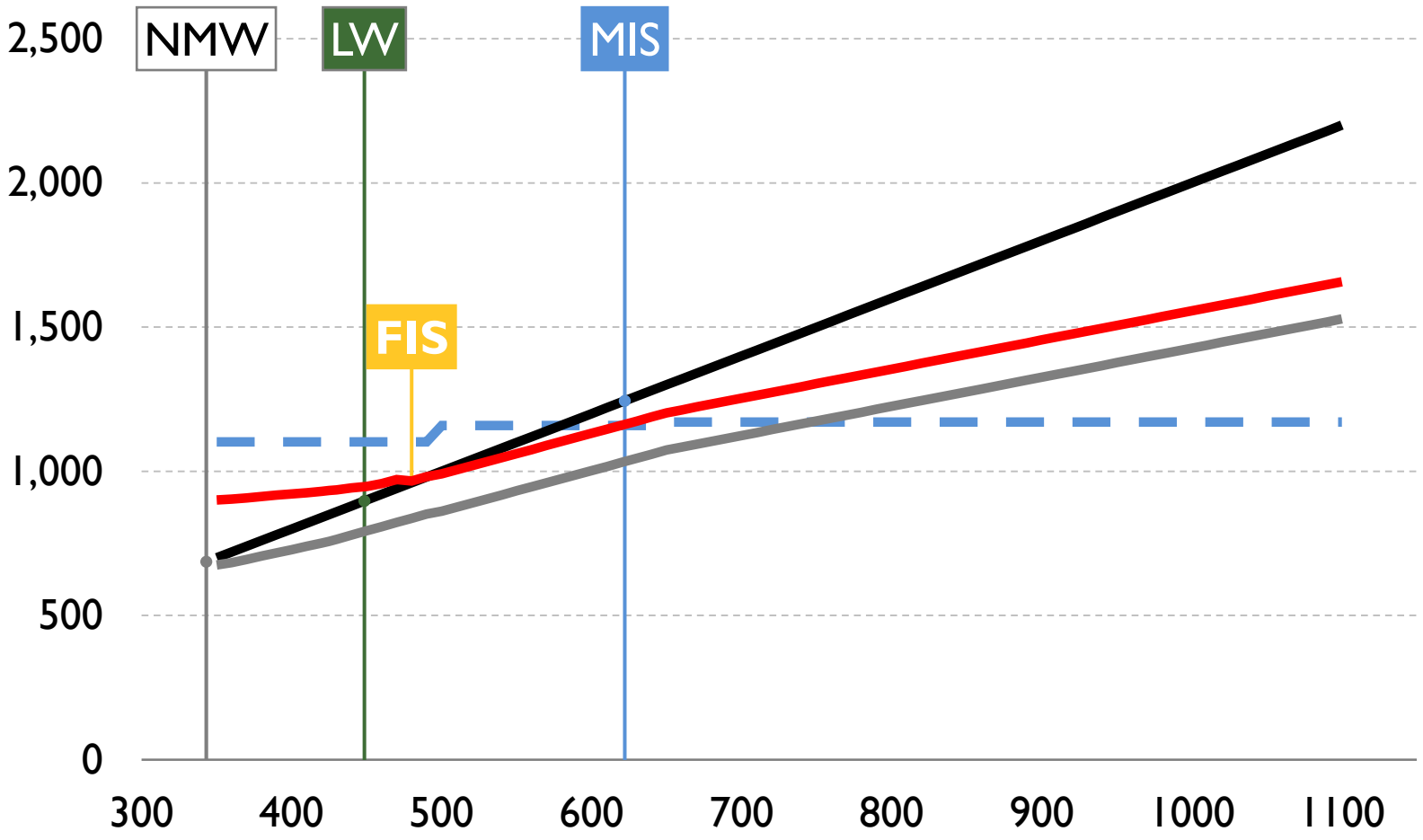
Two Parents, 4 Children



Two Parents, 4 Children



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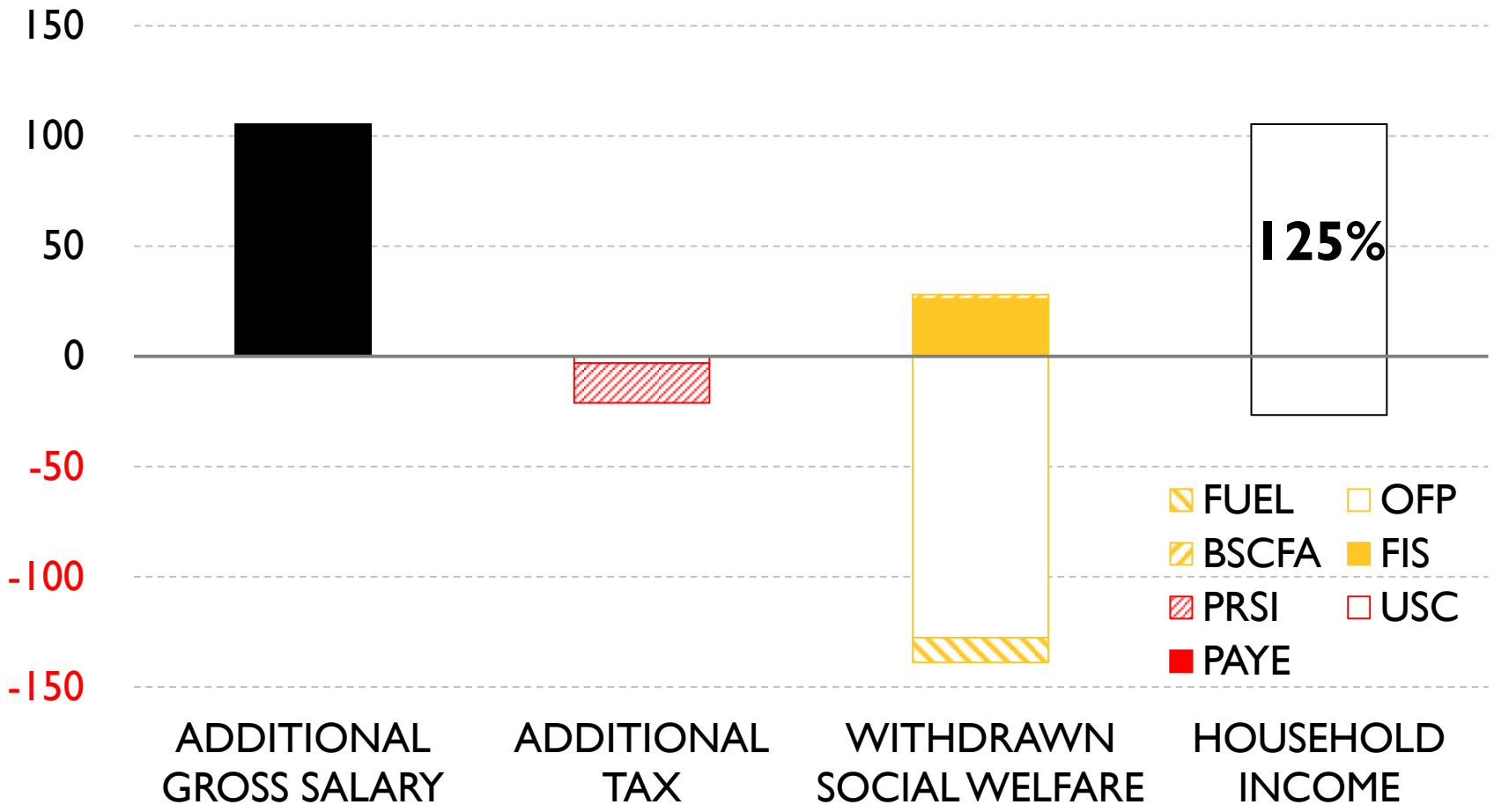
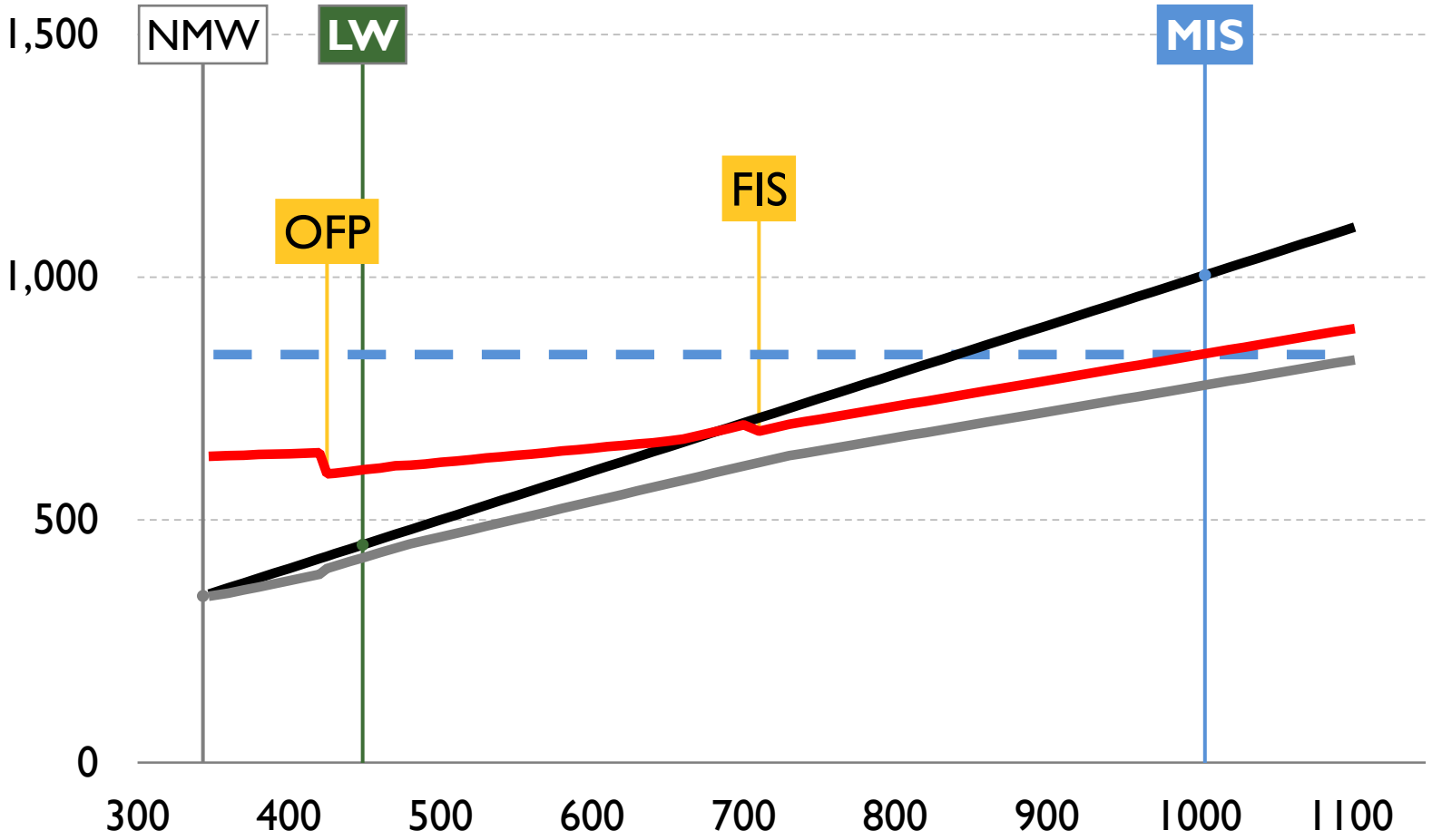
One Parent, 2 Children



One Parent, 2 Children



VPSJ

Conclusion

- Rates of pay below the Living Wage are low pay salaries

- Work harder for each €1 improvement in household income at low incomes, than at middle and higher incomes

- An METR of over 100% should not exist

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