Some Policy Implications

1. Changing benefits, taxes and prices
2. The Cost of Work
3. The Cost of a Child
4. Debt Restructuring & Retention Money
5. A Living Wage
6. Maximum Incomes

1. Changing benefits, taxes and prices

- MIS / MESL useful for monitoring impact of these changes or policy options on living standards
- For example:
  - reducing working-age welfare payments
  - already a shortfall in most welfare dependent households
  - make this worse
  - e.g. 3% welfare cut = €600m
- Looking at:
  - 2 adult and 2 children in urban area, both unemployed, social housing and children aged 4 and 6 years
A 3% ↓ in social welfare

- Current Expenditure
- Current Income
- MIS gap
- Expenditure after change
- Income after Change
- MIS gap

A 5% ↑ in bus tickets, fuel prices and insurance

- Current Expenditure
- Current Income
- MIS gap
- Expenditure after change
- Income after Change
- MIS gap
2. The Cost of Work

- Data allows us to examine how minimum standards change as households status changes
- NERI paper (www.NERInstitute.net)
- Relevance re. key socio-economic transitions:
  - labour force changes
  - family formation
  - children
  - relocation
- Look at the cost of work for:
  - 2 adult 2 child urban household
  - Single parent urban household (1 child)

![Graph showing cost comparison between unemployed and 1 FT work]
1FT work → 1FT + 1PT work

- €96.52 per week

<table>
<thead>
<tr>
<th>Housing</th>
<th>Personal Costs</th>
<th>Childcare</th>
</tr>
</thead>
<tbody>
<tr>
<td>+ €9.25</td>
<td>+ €2.06</td>
<td>€85.21</td>
</tr>
</tbody>
</table>

Unemployed → 1FT + 1PT work

- €116.93 per week

<table>
<thead>
<tr>
<th>Housing</th>
<th>Personal Costs</th>
<th>Childcare</th>
</tr>
</thead>
<tbody>
<tr>
<td>+ €26.63</td>
<td>+ €5.09</td>
<td>€85.21</td>
</tr>
</tbody>
</table>
3. The Cost of a Child

- Data allows examination of cost of children
- Report published (www.budgeting.ie)
- Costs vary across childhood
- Relevance for child benefit…
4. Debt Restructuring & Retention Money

- Relevance to current household debt problems
- Restructuring of debt and insolvency legislation
- Key questions around ‘retention money’
- Given a household’s income:
  - How much should they hold onto to give them a reasonable standard of living
  - Not remove their incentive to continue to work etc
  - Not be overly generous given debt-write off and situation
- MIS / MESL providing an answer
- AIB, BOI,…
Urban 2 Adults and 2 Child Household

Table 2: MESL and the cost of taking-up work – Urban 2 Adults, 2 Child Household (£ per week)

<table>
<thead>
<tr>
<th>MESL for each household type</th>
<th>9 Months &amp; Preschool</th>
<th>Both Pre-School</th>
<th>Pre &amp; Primary School</th>
<th>Both Primary School</th>
<th>Both Primary &amp; Second Level</th>
<th>Both Second Level &amp; 19 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unemployed, Dependent on ISB</td>
<td>464.03</td>
<td>421.14</td>
<td>451.50</td>
<td>481.87</td>
<td>542.77</td>
<td>613.67</td>
</tr>
<tr>
<td>1 Adult Employed Full-Time</td>
<td>484.44</td>
<td>441.55</td>
<td>471.92</td>
<td>502.28</td>
<td>568.18</td>
<td>634.08</td>
</tr>
<tr>
<td>Both Adults Employed, 1 Full-Time &amp; 1 Part-Time</td>
<td>696.05</td>
<td>597.46</td>
<td>568.44</td>
<td>539.41</td>
<td>640.13</td>
<td>693.48</td>
</tr>
</tbody>
</table>

5. A Living Wage

- Relevance of research to all households
- Gaps between minimum expenditure and income most visible for welfare dependent and low income households
- Low income workers…the incentive to work…the cost of work
- UK MIS work lead to development of a living wage campaign
- Employers should pay their employees a wage that gives them a decent living standard
- Good for all…broad support
6. Maximum Incomes

- Limited understanding of incomes at two extremes of the income distribution
- Both need reform
- How much is enough: the minimum = MESL/MIS
- How much is enough: the maximum:
  - multiples of the minimum give an insight
• 2 Adult 2 children urban household:
  o adults both work
  o children aged 10 and 12 years
  o owner occupiers @ €3,000 per month mortgage
  o Gross income = €87,165 needed
  o Net income = €67,725

  o More basis:
    o in social housing
    o Gross income = €33,735
    o Net income = €36,125

www.MISC.ie
A MINIMUM INCOME STANDARD FOR IRELAND
A consensus budget standards study examining household
types across the lifecycle

MICHEÁL L. COLLINS, BERNADETTE MAC MAHON,
GRÁinne WELD AND ROBERT THORNTON

In association with