

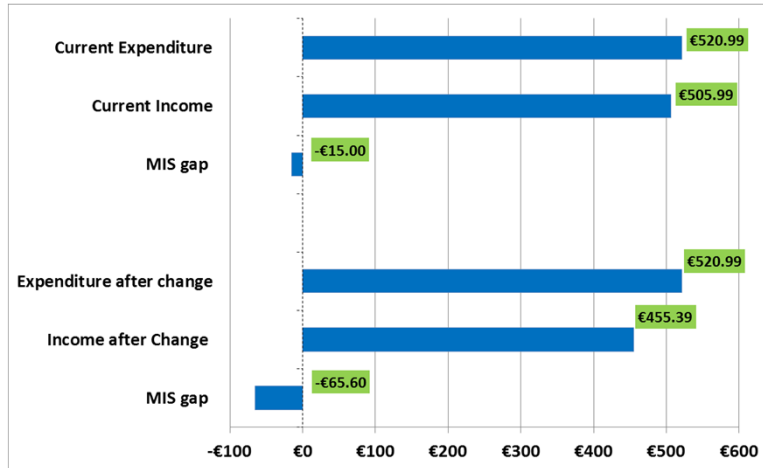
Some Policy Implications

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**

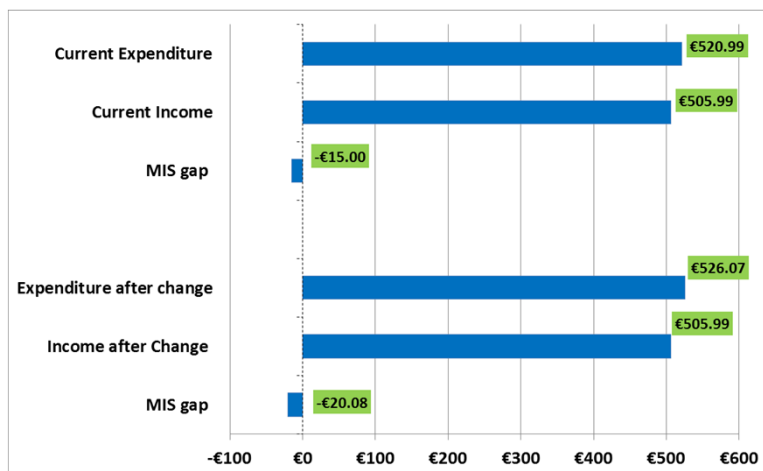
1. Changing benefits, taxes and prices

- 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

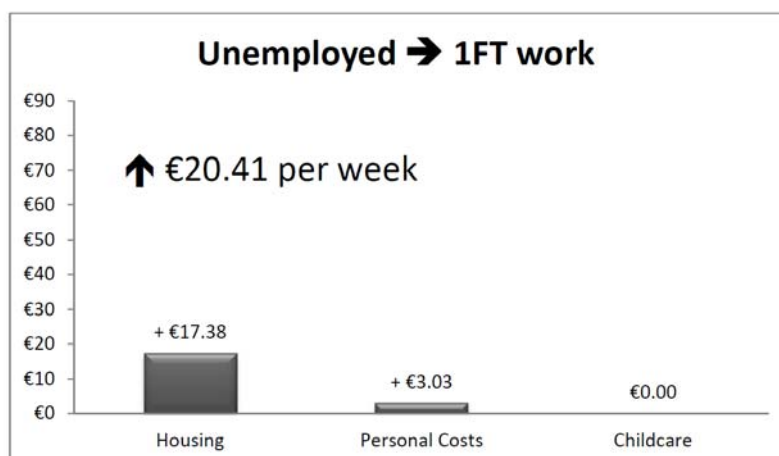


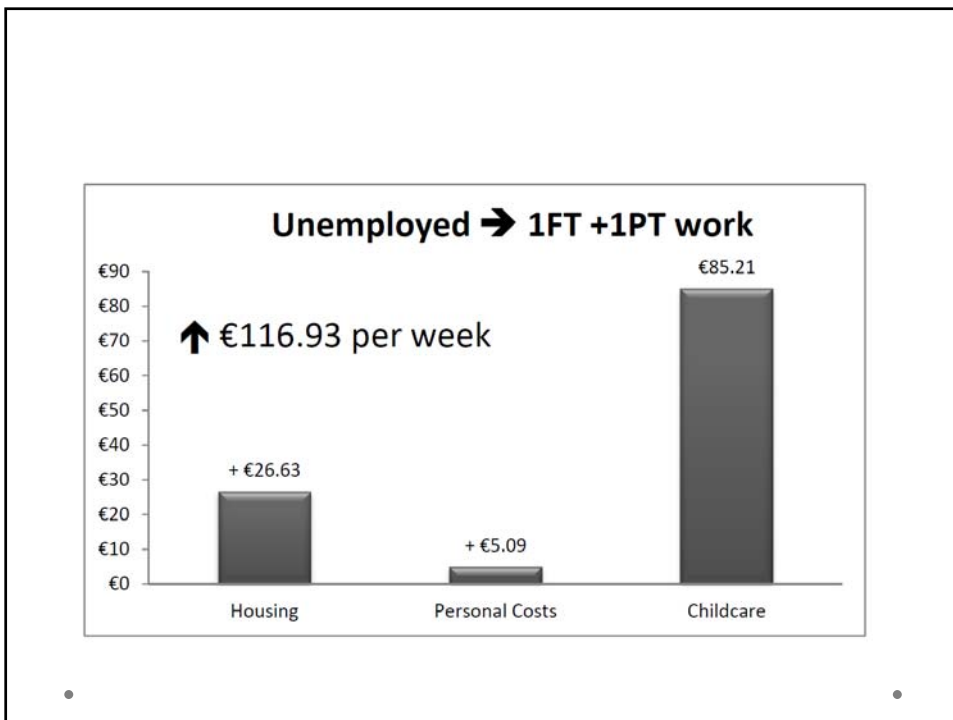
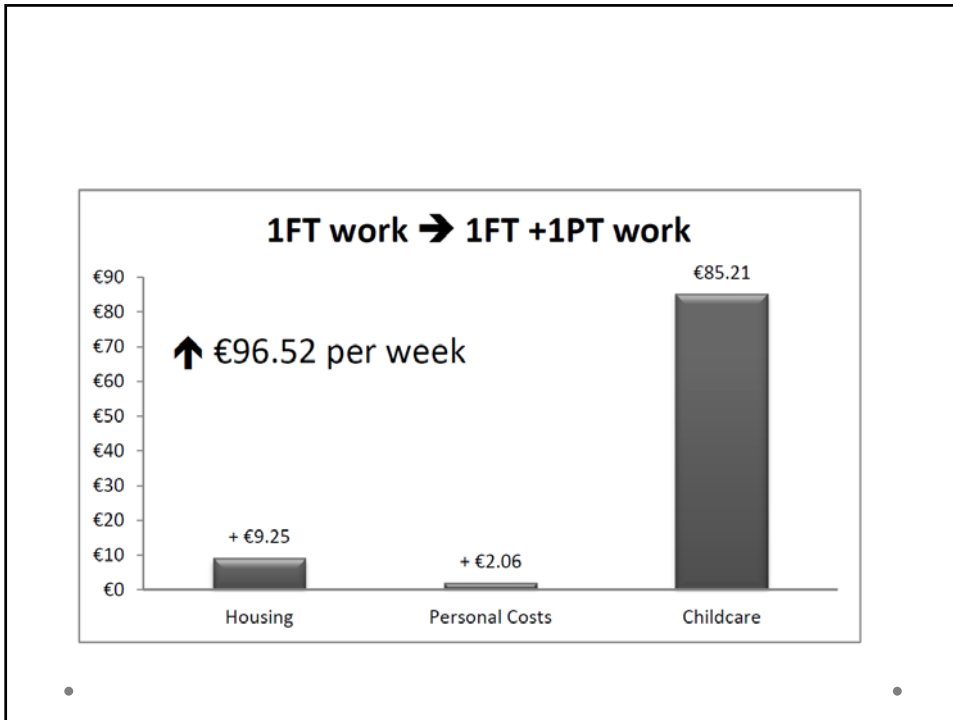
A 5% ↑ in bus tickets, fuel prices and insurance

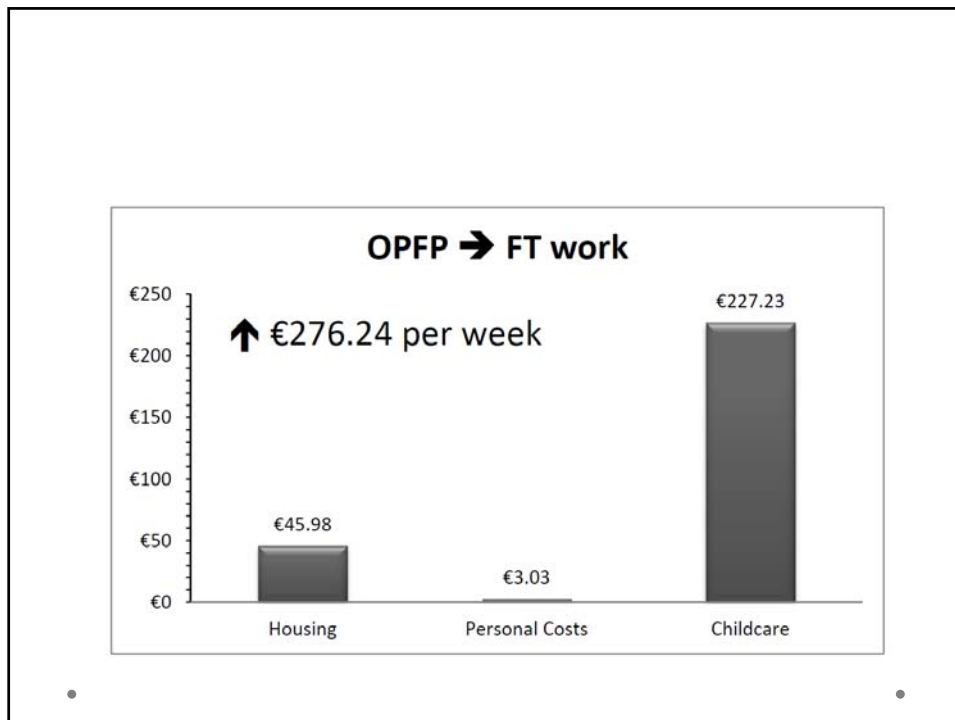


2. The Cost of Work

- 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)



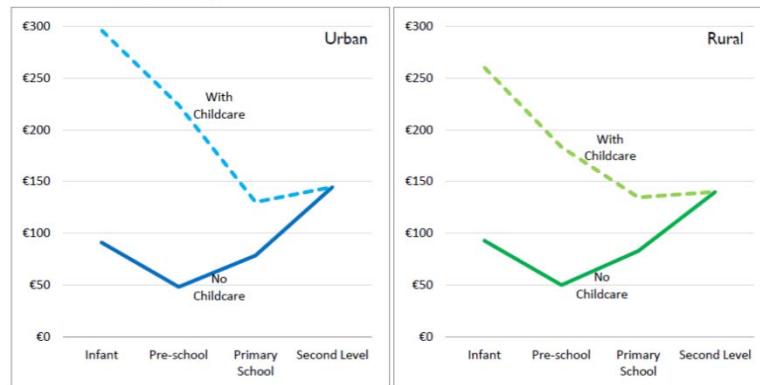




3. The Cost of a Child

- Data allows examination of cost of children
- Report published (www.budgeting.ie)
- Costs vary across childhood
- Relevance for child benefit...

Graph 1 Expenditure from Infancy to Secondary school age (excluding entitlement to a medical card)



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*)

	9 Months & Pre- School	Both Pre- School	Pre & Primary School	Both Primary School	Primary & Second Level	Both Second Level	Second Level & 19 Years
MESL for each household type							
Unemployed, Dependent on JSB	464.03	421.14	451.50	481.87	547.77	613.67	648.85
1 Adult Employed Full-Time	484.44	441.55	471.92	502.28	568.18	634.08	660.56
Both Adults Employed, 1 Full-Time & 1 Part-Time	696.05	597.46	568.44	539.41	640.13	693.48	729.55

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

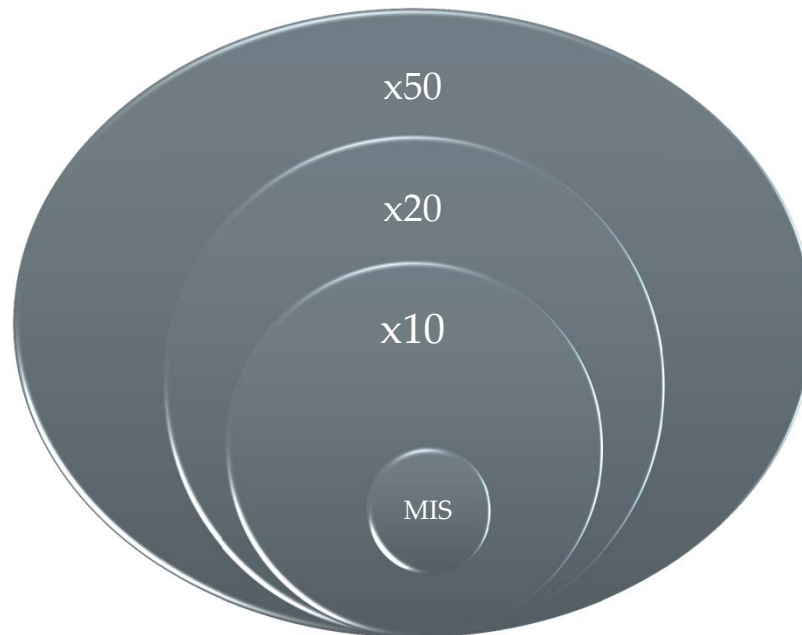
- Limited understanding of incomes at two extremes of the income distribution
- Both need reform
- How much is enough: the minimum = MESL/MIS
- How much is enough: the maximum:
 - multiples of the minimum give an insight

- **2 Adult 2 children urban household:**

- adults both work
- children aged 10 and 12 years
- owner occupiers @ €3,000 per month mortgage
- Gross income = €87,165 needed
- Net income = €67,725

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

www.MISC.ie



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27 **STUDIES IN PUBLIC POLICY**

A MINIMUM INCOME STANDARD FOR IRELAND
A consensual budget standards study examining household types across the lifecycle

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

In association with

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