

The Cost of Work

Insights from Minimum Income Standards Research for Ireland

NERI Research Seminar
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1. Introduction
2. Methodology & Data
3. Some Results
4. Implications & Conclusion

Joint research paper with Bernadette Mac Mahon, Grainne Weld and Robert Thornton of the Vincentian Partnership for Social Justice



IRCHSS

An Roinn Coimirce Sóisialaí
Department of Social Protection



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Introduction

- Research derived from a year long IRCHSS funded research project on minimum living standards
- Some interesting outputs:
 - o Basic living costs for various household types and individuals from children to pensioners
 - o The income required to experience minimum living standards
 - o The direct costs of children
 - o The impact of policy changes on minimum living standards
 - o The additional costs associated with taking up and increasing work
- Here: an attempt to quantify the additional costs that household's experience from work

Methodology & Data

- Focus on measuring a ***minimum essential standard of living (MESL)***
- Definition derived from UN documents:
 - ‘things which are necessary for a person’s physical, mental, spiritual, moral and social well-being’
- **Consensual Budget Standards Literature**
 - o Consults households to establish a MESL via an established methodology and representative focus groups
 - o Different for different groups...
 - o Derived from negotiated consensus on what households believe is a minimum
 - o Focus on needs and not wants
 - o Budgets compiled across 16 areas of expenditure...approximately 2,000 items

How is a MESL determined?

- Focus groups are established *for each household type*. In a series of meetings the groups arrive at a negotiated consensus about the goods and services required to have a MESL.
- Experts are consulted to ensure that the negotiated consensus meets certain criteria:
 - Food is nutritionally balanced
 - There is sufficient heat in the home

What does it include?

- 16 Areas of Expenditure
- Goods and services priced in shops and providers identified by Focus Groups (approx. 2,000)

Food	Clothing	Personal Care	Health Costs
Household Goods	Household Services	Housing (rent)	Communications
Social Inclusion & Participation	Transport	Household Fuel	Childcare
Insurance Costs	Education	Personal Costs	Savings & Contingencies

Focus Groups:

- Include People from different socio-economic backgrounds (8 – 12 people per focus group).
- Focus Group work preceded by orientation meeting.
- 3 different focus groups for each household type:

Focus Group 1: Produces an agreed list of items

Focus Group 2: Reviews work of 1st group – reach consensus

Focus Group 3: Rechecks items in each category
Study total costs for each category
Reaches final consensus

Household Types Examined:

- o 2 Adults and 2 Children
- o 1 Adult and 2 Children
- o Single Adult of working age
- o Female Pensioner living alone
- o Pensioner couple

In all cases for both urban and rural locations

Weekly Expenditure for the following situations:

- Excluding Housing, Childcare & Secondary Benefits
- Employed Full-Time / Part-Time
- Jobseeker/One Parent Family Payment
- In Receipt of the State Pension

Expenditure Fluctuates and is influenced by:

- Composition of Household and Child Age
- Employment Status and Need for Childcare
- Entitlement to Secondary Benefits e.g. Medical Card
- Location

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In this paper, focus on:

- o 2 adult and 2 child household (urban/rural)
- o 1 adults and 2 child household (urban)
- o Single adult household (urban/rural)

Monitor the change in costs associated with taking up / increasing work

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Some Results

Urban 2 Adults and 2 Child Household (table 2)

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							
Both Adults Employed, 1 Full- Time & 1 Part-Time							

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Additional costs associated with taking up employment							
Unemployed → 1FT work	+20.41	+20.41	+20.41	+20.41	+20.41	+20.41	+11.71
1FT work → 1FT+1PT work							
Unemployed → 2 at work (1FT+1PT)							

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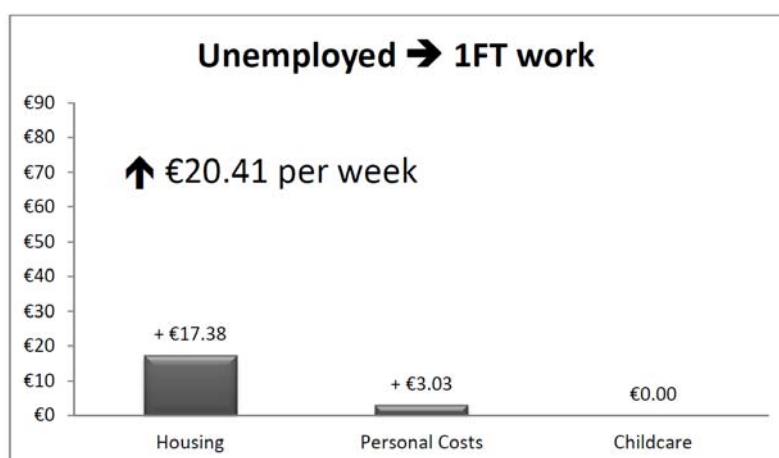
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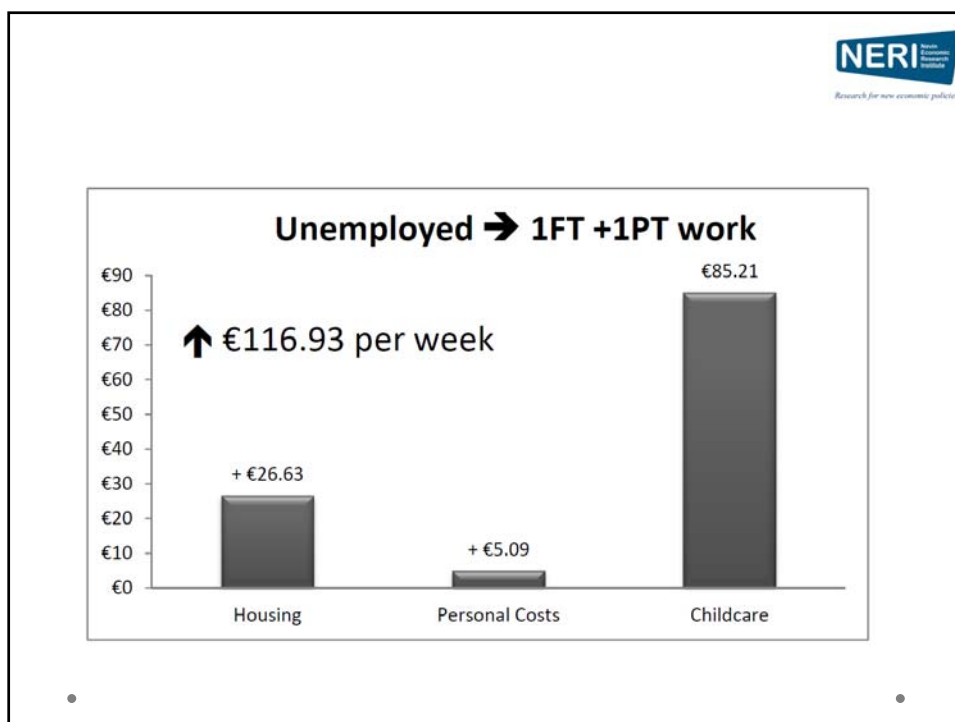
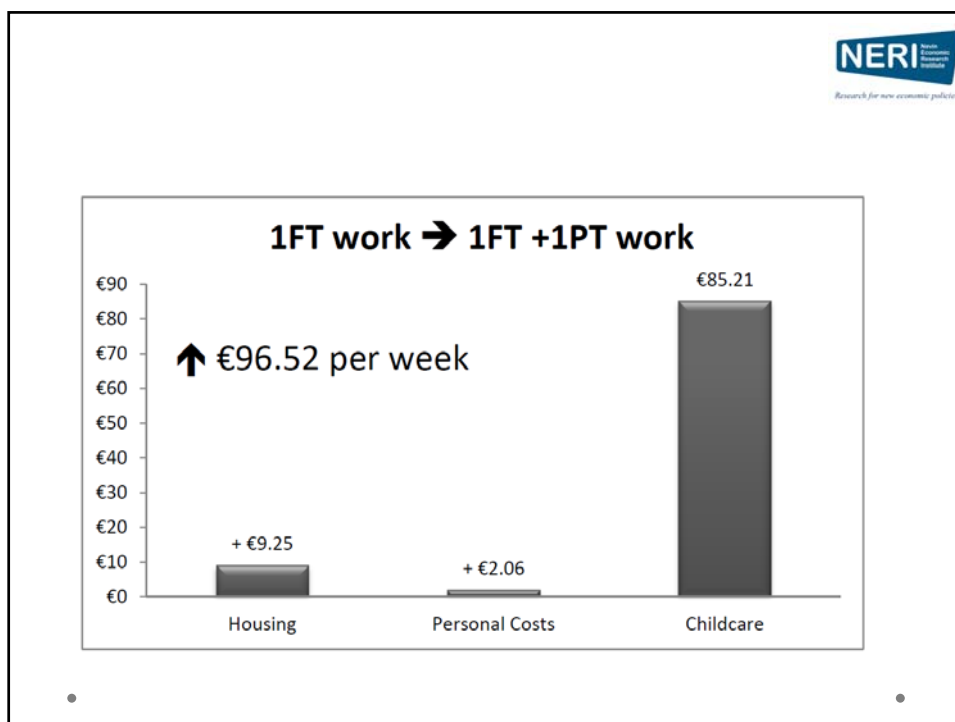
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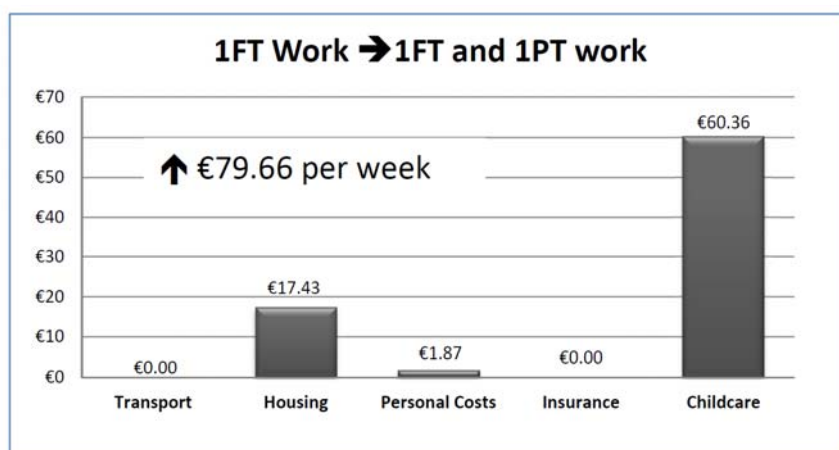
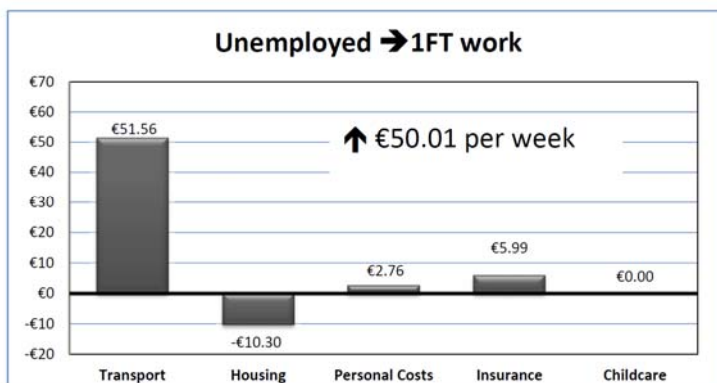
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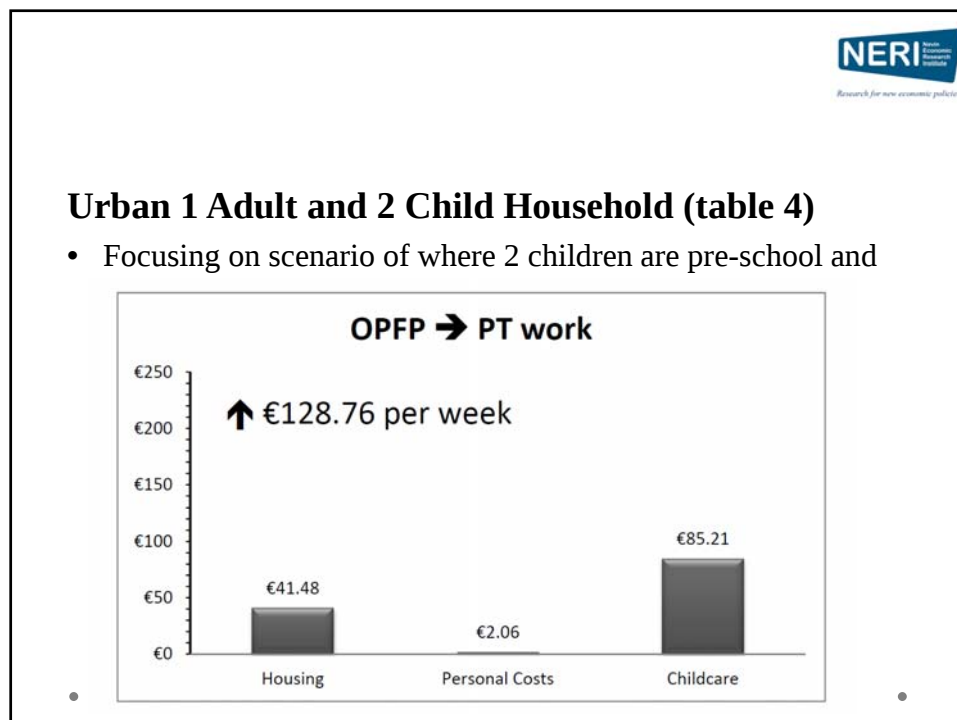
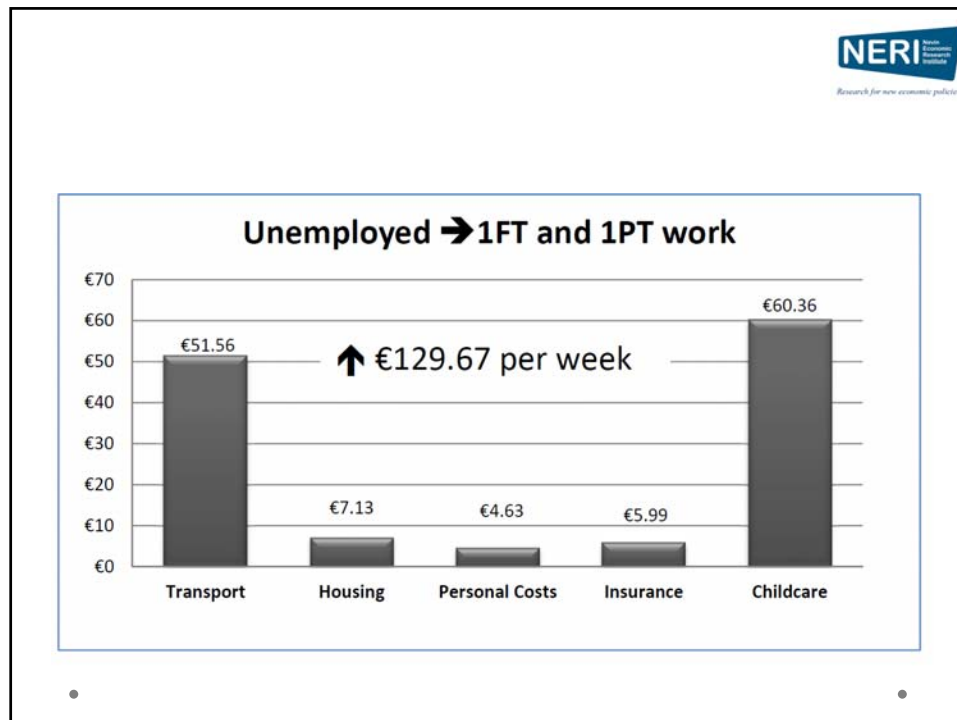


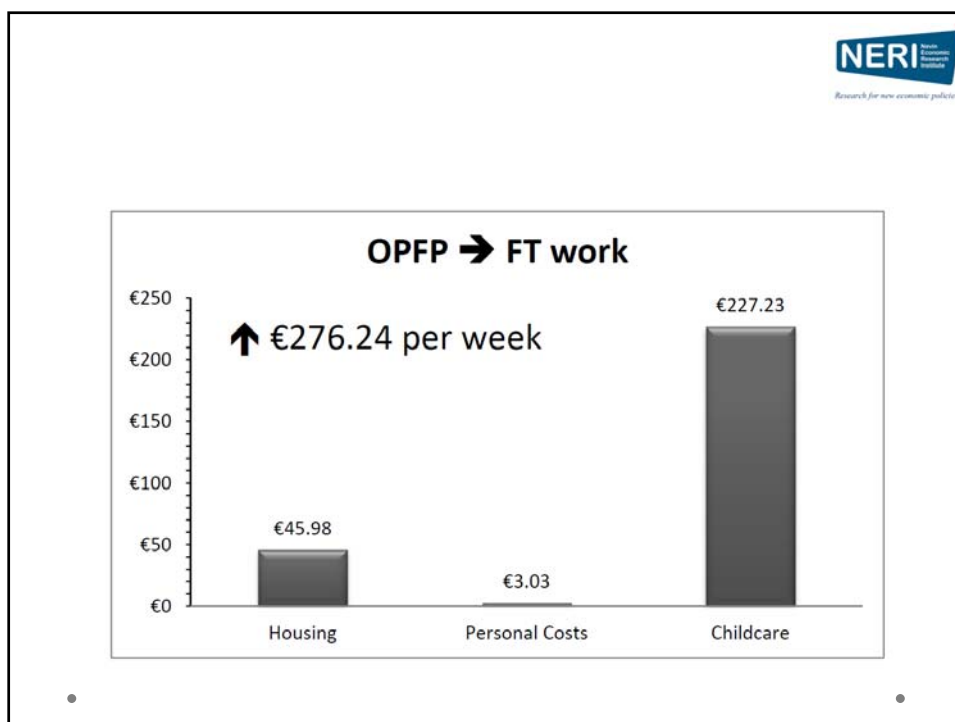
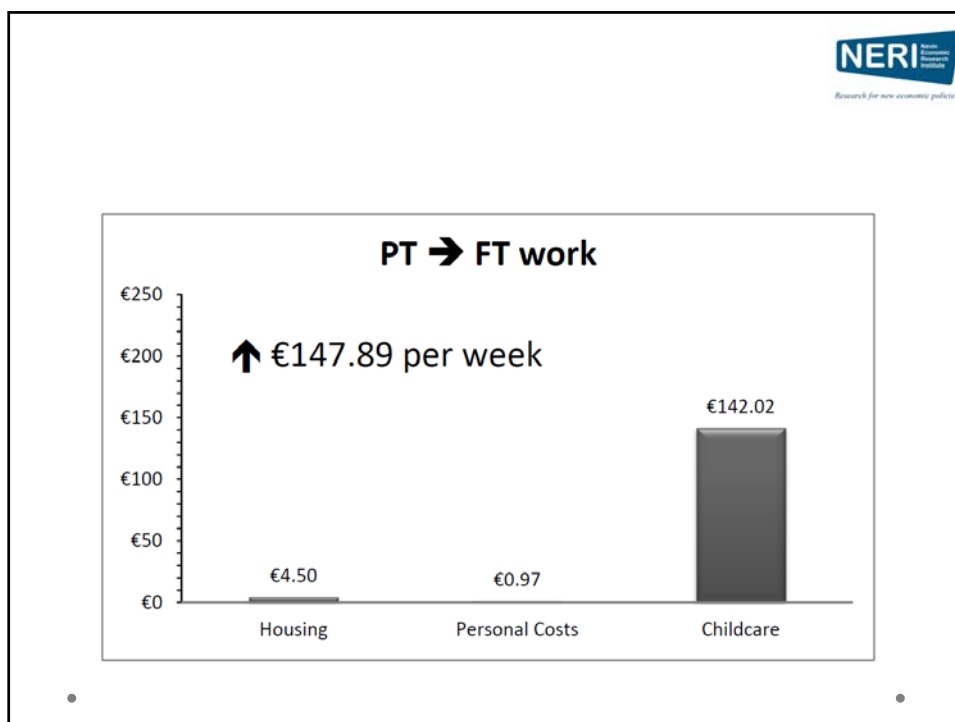


Rural 2 Adult and 2 Child Household (table 3)

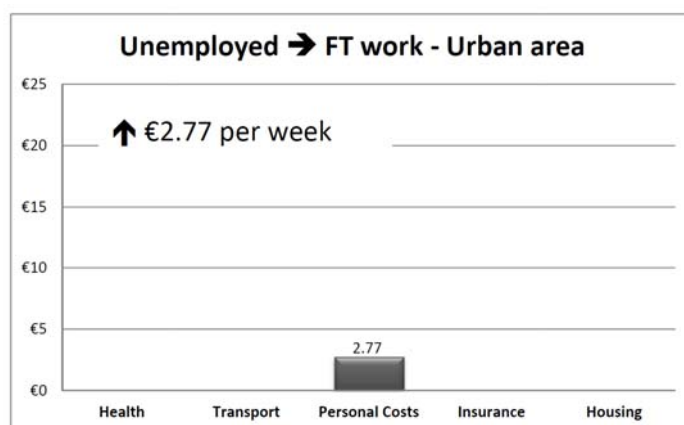
- Focusing on scenario of where 2 children are pre-school and primary school





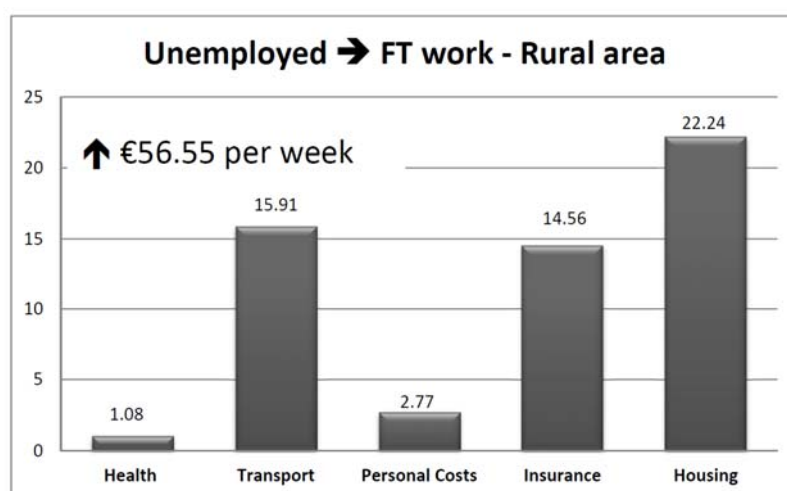


Single Adult Urban and Rural areas (table 5)



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Implications and Conclusion

- Capturing increases in the MESL
 - o Additional costs which need to be covered just to stand still from additional work
 - o Clearly, even more problematic if households already unable to meet these costs (see tables A5 and A6)
- Some implications:
 - o Childcare and labour market participation
 - o Transport costs and rural transport infrastructure
 - o Impact of government policies on the MESL and affording it
 - Indirect taxation, income tax changes, welfare & secondary benefits
 - o Wage levels for low income households and the 'living wage'