



## PROJECT TEAM

Director

Dr Bernadette Mac Mahon D.C.

Research Associate

Robert Thornton

Researcher

Noreen Moloney

# MINIMUM ESSENTIAL STANDARD OF LIVING

VINCENTIAN  
PARTNERSHIP  
*for* SOCIAL  
JUSTICE



WORKING FOR  
SOCIAL &  
ECONOMIC  
CHANGE

TACKLING  
POVERTY  
& SOCIAL  
EXCLUSION

# Minimum Income

- Based on the cost of a **Minimum Essential Standard of Living (MESL)**.

- *“Will no one show the policy and decision makers what it is like to live on social welfare or the minimum wage?”*
- *“Will no one show them what people need in order to have a basic, decent and dignified standard of living?”*

# Context of the VPSJ MESL Work

Origins 1999 study *One Long Struggle*

Two reoccurring themes:

1. Poverty – experiences as material and social deprivation. General lack of awareness of the importance of social inclusion.
2. Ad hoc approach to social welfare payments and NMW rates decision made – statistical and political basis.
  - No apparent awareness of the need to evaluate buying power or for evidence based policy.

The VPSJ saw the need to explore *new approaches* to understanding and communicating the *impact of an inadequate income* on the daily life of people, many of whom live in poverty.

# Minimum Essential Standard of Living

- Meets an individual's/household's **physical**, **psychological** and **social** needs at a minimum but socially acceptable level.
- A standard based on **needs** and not on wants.
- A standard below which no one should be expected to live.

# Minimum Expenditure

- Expenditure required to meet the cost of the goods, services and activities which allow for an MESL.
- Detailed baskets of goods and services (comprises over 2,000 items) define minimum needs for households to live at a socially acceptable level.

# Minimum Essential Standard of Living

## 16 Budget Areas



FOOD



CLOTHING



HEALTH



HOUSING



CHILDCARE



PERSONAL CARE



INSURANCE



SAVINGS



TRANSPORT



ENERGY



COMMS



EDUCATION



SOCIAL INCLUSION



HOUSEHOLD GOODS



HOUSEHOLD SERVICES



PERSONAL COSTS



# Consensual Budget Standards Methodology

- Used to establish the goods, services and activities necessary for a Minimum Essential Standard of Living.
- Involves extensive and detailed work with focus groups and the input of experts (e.g. nutrition, household energy).
- A negotiated consensus is reached on what people believe is essential for an acceptable minimum standard of living.

# Minimum Income

- Income required to meet expenditure.
- An income below the expenditure threshold means that individuals and households must forego goods, services and activities accepted as a minimum norm for participation in Irish society.

# Minimum Income Standard

- The gross income a household needs in order to afford a minimum standard of living.
    - It takes account of the potential tax liability and social welfare entitlements of the household in question.
  - Iterative process.
  - Assess the adequacy of net household income on the basis of incremental increases in gross salary.
-

- Growing divergence between measuring poverty using the 60% average disposable income and the cost of MESL.
- The number of people whose income reaches the 60% level but who still cannot afford a MESL.

# Two-Parent, Two-Child (aged 3 and 6 years) Household Type

<b>MESL Costs 2016*</b>	<b>Weekly Rate (€)</b>
Food	121.20
Clothing	23.26
Personal Care	17.90
Health	1.32
Household Goods	19.70
Household Services	9.53
Communications	13.99
Social Inclusion	71.11
Education	8.08
Transport	60.00
Housing	44.26
Household Energy	43.55
Personal Costs	3.48
Insurance	2.58
Savings and Contingencies	32.40
<b>Total</b>	<b>472.35</b>

\* *MESL core costs adjusted for effect of secondary benefits (e.g. Medical Card) and employment scenario.*

# Two-Parent, Two-Child (aged 3 and 6 years) Household Type

<u>Social Welfare Income Scenario</u>	<u>Weekly Rate 2016 (€)</u>
Adjusted Household MESL*	472.35
<b>Primary Social Welfare</b>	
Adult 1 (Jobseekers)	188.00
Adult 2 (Qualified Adult)	124.80
Qualified Child Increase	59.60
<b>Total Primary Social Welfare</b>	<b>372.40</b>
<b>Secondary Social Welfare</b>	
Child Benefit	64.62
BSCFA	1.92
Medical Card	Full
<b>Household Income</b>	<b>438.94</b>
<b>Income Adequacy</b>	<b>Inadequate</b>
(Household Income – MESL Expenditure)	<b>-33.41</b>

\*MESL core costs adjusted for effect of secondary benefits (e.g. Medical Card) and employment scenario.



# **MINIMUM ESSENTIAL BUDGET STANDARDS RESEARCH CENTRE**

*Established in 2016*

# Role of the Centre

- To ensure the consolidation of the research and MESL data within a clearly visible identity.
- To enhance the VPSJ's ability to address the core research and policy development issues arising from the expanded recognition and utilisation of the MESL data by groups across Ireland and at EU level.
- To increase the potential to contribute to both national and international debates and efforts to promote acceptable living standards for all citizens