



PROJECT TEAM

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Vincentian Partnership for Social Justice

MINIMUM ESSENTIAL BUDGET STANDARD

Vincentian Partnership for Social Justice

- The VPSJ was established in 1996 to work for social and economic change tackling poverty and exclusion.
- Two main approaches to achieve our goal

Active citizenship / voter education programme with communities alienated from the electoral democratic process:

'Your vote is your voice'

Development of facts and figures on the Minimum Essential Budget Standard for household types in Ireland

Minimum Essential Budget Standard (MEBS)

- VPSJ uses Consensual Budget Standard methodology to ascertain the level of income needed for an acceptable standard of living

Two parts to the Research:

1. **Expenditure** required for a Minimum Essential Standard of Living (*MESL*) which meets physical, psychological and social needs.
2. **Income** needed to afford the expenditure – Minimum Income Standard (*MIS*)

Establishing the Expenditure

- To establish the expenditure focus groups are held for each household type
- Negotiated consensus on goods & services to be included in the baskets (approx 2000 items)
- Experts are consulted in order to ensure that the negotiated consensus meets basic criteria e.g. nutritional standards
- Focus is on needs, not wants

Income

- The expenditure establishes the benchmark of what household types need. From this the income need of household types can be examined
- **Social Welfare**
Where household types are solely dependent on social welfare, e.g. unemployed and pensioners, the adequacy of the household's total social welfare income is measured against the household's expenditure need

Income

- **Employment – National Minimum Wage (NMW)**
Total household income when earning the NMW is calculated, including tax liability and any social welfare entitlement (e.g. Family Income Supplement). The adequacy of this income is measured against the household's expenditure need.

Income

- **Minimum Income Standard (MIS)**

When the National Minimum Wage is inadequate the household's MIS is calculated. This is 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.

Household Types - Urban & Rural Areas

- Families with children -
Two Parent & One Parent households
with 1 to 4 children, aged from infancy to 18
- Adults of working age, living alone
- Pensioner couple households
- Pensioners living alone
- *Cohabiting couple of working age, no children**

*Forthcoming, research on this household type is currently underway.
When complete data will cover 90% of all household types

Minimum Essential Budget Standard

- The MEBS data details the minimum expenditure needs of household types
- This provides a benchmark against which to measure the adequacy of income from social welfare supports and low-income employment
- We will now examine the situation as it was in 2012 and compare projected expenditure need for 2013 against the changes to income under the new Budget

Impact on vulnerable and low income households

BUDGET 2013

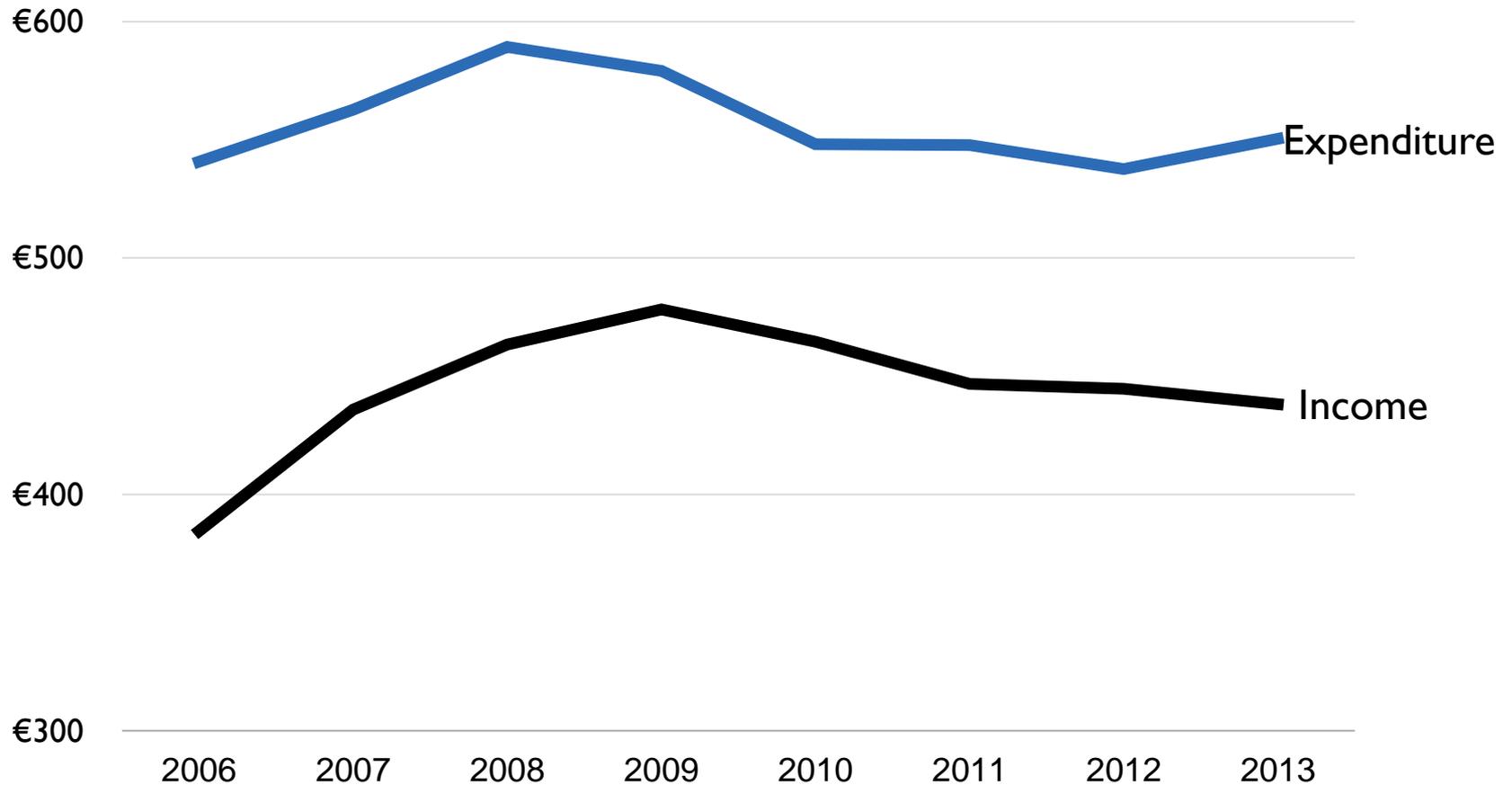
MEBS Expenditure and Income for Social Welfare Dependent Household Types

	Two Parent		One Parent		Single Adult Living Alone	Pensioner Living Alone
	Baby, 3 & 10	10 & 15	Baby & 3	10 & 15		
2012 Expenditure	549.05	537.70	360.40	439.28	313.55	247.89
Income	503.85	444.71	322.22	329.91	267.62	236.70
Shortfall	-45.20	-92.99	-38.18	-109.37	-45.93	-11.19

2013 Expenditure	561.88	550.42	370.33	450.24	327.23	259.85
Income	494.12	438.17	317.60	323.37	267.62	236.70
Shortfall	-67.76	-112.25	-52.73	-126.87	-59.61	-23.15

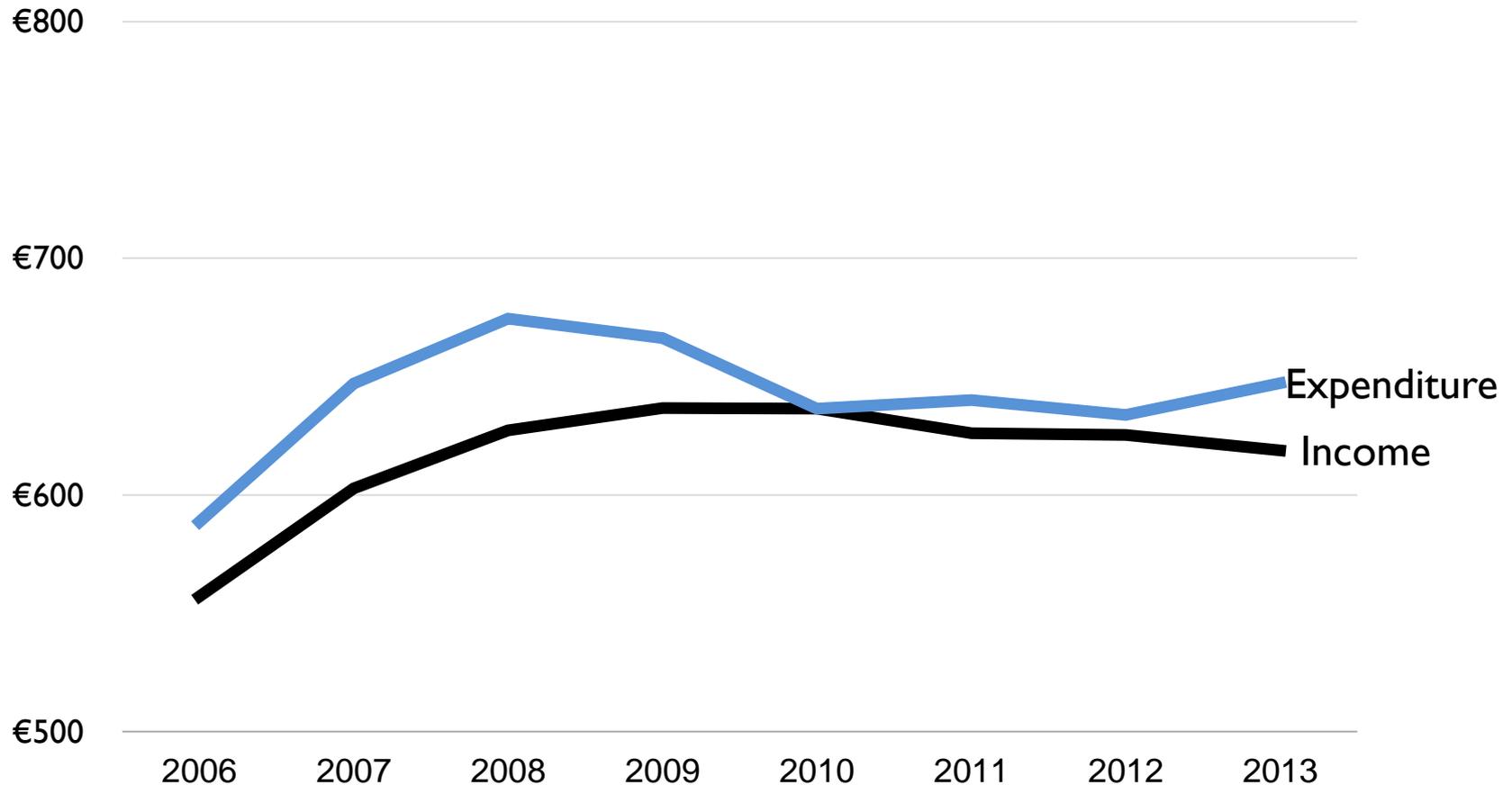
Two Parent, Two Children (Primary & Secondary Age)

Unemployed, living in social housing



Two Parent, Two Children (Primary & Secondary Age)

Employed | Full-Time & | Part-Time (NMW), living in social housing



Vulnerable Households

Households which have consistently demonstrated a shortfall:

- Welfare dependent households with children
- Unemployed single adults
- Pensioners living alone

Usefulness and applications of the methodology and research

MEBS APPROACH

Application of Methodology

- By producing evidence based policy research the VPSJ has the ability to demonstrate how the minimum income standard can change in the light of changes to services, income supports and taxation policy
- The MEBS data can be used to help identify poverty traps & unemployment traps and also gaps in social welfare provision

Applications of the MEBS Research

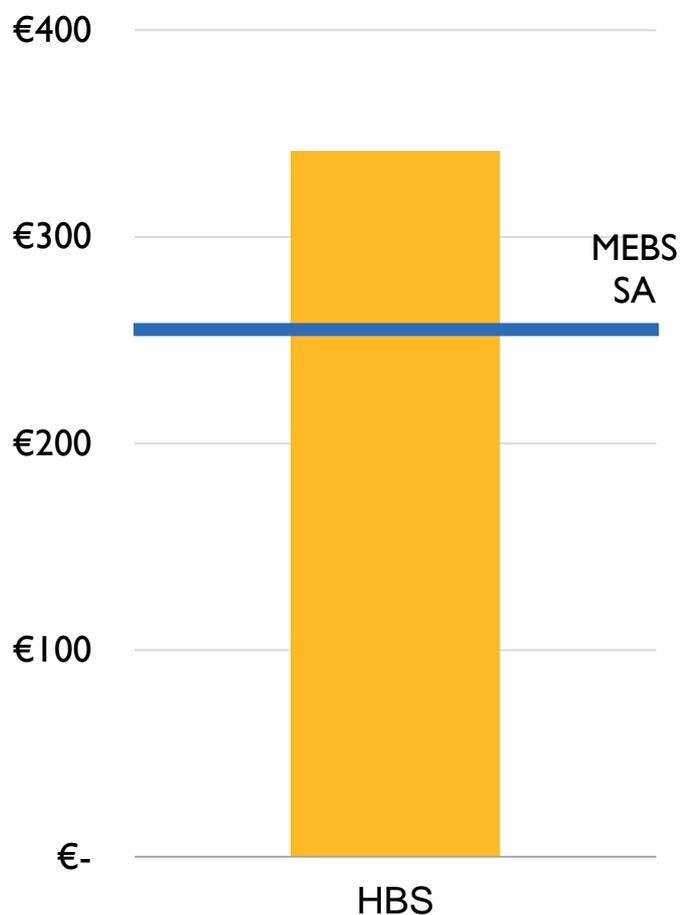
- Data used by organisations including MABS, Society of St Vincent de Paul, etc.
- The Budget Standards approach has been in use by a number of EU countries for over 25 years
- Increasing number of countries are developing consensual budget standards, e.g. UK, Netherlands, Germany, Sweden, Belgium
- The work began in Ireland in 2000
- The VPSJ has been engaged in a number of EU MIS projects
- The EU Social Investment Package recognises the need for, and usefulness of, reference budgets, to compliment other measures of poverty e.g. the at risk of poverty line

Applications of the MEBS Research

- Data can be used to complement poverty measures and assist in the formation of income support policies and enhance social inclusion at each stage of the lifecycle
- Data can be used to analyse & contextualise other statistical benchmarks such as the Household Budget Survey & the Poverty Line as shown in the next two slides:

HBS Average Expenditure & MEBS

Single Adult



- Comparison with the 2010/2011 CSO Household Budget Survey (HBS)
- Single Adult MEBS expenditure need was **€255** in 2010*
- The HBS national average for this household type was **€341**

**This is the weighted average of Urban & Rural working age and pensioner single adult household types. This MEBS expenditure excludes housing (rent) and effect of any secondary benefits.*

Income Poverty Line & MEBS

Urban Single Adult



- 2012 poverty line for a single adult is **€208** per week
- Minimum Income Standard for an Urban Single Adult, is **€328** gross per week*
- The at risk of income poverty line is 63% of this household type's minimum income need

**This salary enables a weekly MEBS expenditure of €316.62. This includes rent of €109.62 a week (€475 per month) and entitlement to a full medical card.*

MEBS shining a light on policy issues

POLICY ISSUES

Policy Issues

- Child Income Supports do not change adequately over the course of childhood
- Access to quality affordable services, e.g. Childcare, Health, Education, could significantly reduce the cost of a minimum essential standard of living
- Pensioners Living Alone do not receive adequate income from the State Pension and Living Alone Allowance

Future Directions

Ongoing & Future Work

- Living Wage
- Examination of 'Poverty Traps' and 'Low Wage Traps'
- Tracking changes over time
- Annual update
- Engagement in developing Minimum Income Standards at a European Level

VPSJ Research to date

- 2000 One Long Struggle – A Study of Low Income Households
- 2004 Low Cost but Acceptable Budget Standards for Three Households
- 2006 Minimum Essential Budgets for Six Households Types (Urban)
- 2008 Minimum Essential Budgets for Six Households Types – Changes during the Period 2006-2008
- 2010 Minimum Essential Budgets for Six Rural Households Types
- 2012 A Minimum Income Standard for Ireland
- 2012 Minimum Income Standard calculator (www.MISc.ie)
- 2012 The Cost of a Child
- 2012 Review of Contents of the Expenditure Baskets