
Pre-Budget 2015

Submission

to the

Department of Social Protection

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www.treoir.ie

Founded in 1976, **Treoir** is the national federation of agencies which provide services to unmarried parents and their children. Membership of Treoir is open to professional agencies providing services to unmarried parents. They are a combination of statutory and non-statutory bodies, including specialist agencies, the HSE, maternity hospitals, adoption societies and self-help groups.

Treoir, in partnership with its member agencies, promotes the rights and best interests of unmarried parents and their children through providing specialist information and advocating for their rights.

Treoir works to achieve its aim by –

1. Operating the free, confidential **National Specialist Information and Referral Service** on all aspects of unmarried parenthood for

- unmarried expectant parents
- unmarried parents living apart
- unmarried parents living together
- teen parents
- opposite and same sex parents
- grandparents and other relatives
- those working with unmarried parents and their families.

2. **Advocates** on behalf of unmarried parents and their children.

3. Co-ordinates the 11 local **Teen Parent Support Programmes** at national level.

Treoir:

- *recognises the diversity of family life in Ireland*
- *recognises that all families, including unmarried families, have the same rights to respect, care, support, protection and recognition*
- *supports and promotes the rights of all children as outlined in the United Nations Convention on the Rights of the Child*
- *believes that all children have a right to know, be loved and cared for by both parents.*

Introduction

With funding from the HSE Crisis Pregnancy Programme, Treoir has undertaken an analysis of the data available from *Growing Up in Ireland Study* looking at outcomes for children by the marital status of their parents. We have now analysed the data from the Infant cohort when they were nine months old (Wave 1)¹ and when they were three years of age (Wave 2)².

The high quality longitudinal data very clearly reveal that solo parents are seriously disadvantaged across almost all indicators. Married parents and their children have the best outcomes on almost all indicators, followed by Unmarried-cohabitants.

The first report in 2013 on the circumstances of the families of the nine-month olds confirmed much of what we know about solo parents – they generally have low levels of education, are poor, are ten times more likely than married parents to be welfare dependent, are less likely to be working and fare worst of all on all deprivation measures as compared to other family types.

Solo parents were two and a half times more likely than Marrieds to live in a household where anyone was receiving any form of social welfare payment (not counting universal entitlements), controlling for education.

Nearly 36% of solo parents did not work at all before the birth of their children.

Solo parents earned the least amount of all marital status groups.

Childcare difficulties made it significantly more difficult for solo parents to look for work or engage in study in comparison to married parents and also made it more likely that solo parents had to leave study/training they were already engaged in.

More than half of solo mothers received no financial contribution from the non-resident father of their 3 year old child.

¹ *See How They Grow*, Corrigan, O., Treoir, Dublin 2013

² *Watch How They Grow*, Corrigan, O, (Unpublished)

Typology of Solo Parents

The Treoir research³ shows that there is much variation within the solo parent category and the analysis identifies a number of potential subgroups of solo parents distinguished by their earnings, education levels, labour market attachments, living arrangements and other characteristics. Identification of similarities within groups and distinctions between groups adds nuance to our understanding of the challenges facing solo parents in Ireland.

Cluster analysis performed on the basis of a basic set of variables capturing differences in income, education, employment status, cohabitation history, family size and age of parent allows identification of distinct subgroups of solo parents:

1. Welfare-reliant, low-income, relatively large families

The Strugglers (50%) and Poor Single Mothers (PSM) (8%) are not generally active in the labour market, have a high reliance on welfare benefits, tend to have larger families and a greater reliance on social housing or, in the case of the PSM group, to live at home with their parents; they are relatively young with poor education levels and low earnings; combined, these two groups account for 58% of the population of solo parents with infant children.

2. Working, young, with small families:

The Strivers (26%) and Thrivers (12%) are generally labour market active with low to middling earnings, and they differ in terms of their education, earnings, frequency of home ownership, and use of welfare benefits and other social supports; combined, these groups account for 38% of the population of Solo parents with infant children.

3. Relatively older, well-educated and high earning single-child families

The High Fliers are very well educated and have high levels of income, with generally single-child families and majority home-ownership, though they are small in absolute numbers in the Wave 2 GUI data (N<50) comprising less than 5% of the population of solo parents with infant children.

The typology advanced here may be helpful in the more precise targeting of interventions aimed at solo-parent families and in the formulation of policy relevant to solo parents.

³ op cit

Welfare-Education-Childcare-Work (WECW)

Welfare-Education-Childcare-Work are all interlinked and while each of them deserves separate analysis and reform, the progression from welfare to work (including education/training and childcare) is bound up with each element.

Welfare

It has been established by the Vincentian Partnership for Social Justice (VPSJ) that a recipient of One-Parent Family Payment (OFP) cannot meet the cost of a Minimum Essential Standard of Living in 2014⁴. Their study focuses on needs and not wants - it is a standard below which no one should be expected to live.

This finding was confirmed by the Treoir study⁵ which showed that while 1 in 4 families overall were classified as being at risk of poverty this rose to over 1 in 2 among Solo parent families.

While the basic rate of payment to social welfare recipients has not been cut in recent Budgets, unmarried parents, and others, have been grappling with the problem of accumulated cuts to various payments, for example the reduction in the earnings disregards for OFP recipients, changes in CE schemes, reductions in Child Benefit, Back to Work Clothing and Footwear Allowance, Rent Supplement, Cost of Education Allowance and student grants. In addition the duration for receipt of Fuel Allowance was reduced and Maternity Benefit became taxable. The cumulative effect of these changes (a drop of 5% - 8% from 2008 – 2014) have proved devastating for some unmarried parents. Between 2010 and 2013 inflation was 4.84 per cent – implying that a buying power of €188 in 2010 was equivalent to €197 by the end of 2013. CPI data for April 2014 suggest that since 2010 average price increases have been 5.43 per cent requiring a basic payment of €198 to protect the basic living standards of welfare recipients⁶. If further cuts are imposed in Budget 2015 the effect will be to further exacerbate the seriously disadvantaged position of unmarried families and their children in Ireland.

Since January 2014, the One Parent Family Tax Credit (OPFTC) was removed and replaced with the Single Person Child Carer Tax Credit with one crucial difference – it would only be paid to one parent – the “primary carer”. There were 25,573 fathers availing of the OPFTC in 2013 and a significant number of these were affected by the change, increasing their tax take by up to €47 per week. The National Information Service in Treoir was inundated with calls from distressed fathers reporting an increase in their taxation payment, often without

⁴ *Minimum Essential Standard of Living Update, 2014*, Vincentian Partnership for Social Justice, June 2014, Dublin.

⁵ *Watch How They Grow*, Corrigan, O, (to be published by Treoir in 2014)

⁶ *Budget Choices*, Social Justice Ireland, Dublin, June 2014

foreknowledge. This may result in fathers not being able to maintain their level of maintenance regarding their children. For those mothers on One Parent Family Payment this reduction in maintenance could lead to an increase in their OFP.

A report published in late 2013 by the ESRI⁷ shows that the bottom income decile took the greatest hit over the period from 2008 – 2011 where their disposable incomes fell by 18.4 per cent. The result highlights the inequitable impact of policy during recent years. As the analysis looks only at income, it does not include decreases in public services which will have a further regressive impact on those on the lowest incomes.

Social Justice Ireland in their recent *Policy Briefing*⁸ suggest an increase of €5 would go some way towards addressing the deficit and they also propose a similar increase in Budget 2016.

Given the particular vulnerability of solo parents to poverty, it is essential that social welfare provision is adequate to meet their needs.

Recommendation: At a minimum, Social Welfare Payments and the associated 'secondary' payments should not be cut or reduced in any way. An increase of €5 per week would go some way towards addressing the income deficit of solo parents.

An additional, but central, issue for all solo parents, is the lack of availability of affordable housing with security of tenure. Solo parents living with their own families are deemed not to be in need of housing from the local authority, if the family home is deemed not to be overcrowded. However, in very many cases of which we are aware, conditions within the home are not conducive to the well-being of the solo parent and her child. This is not taken into account in the allocation of local authority housing.

The continued lack of availability of rental accommodation in the private rented sector is affecting solo parents particularly badly. Very often they cannot find adequate housing within the Rent Supplement limits which either forces them into sub-standard accommodation or declaring the rent to be less than it actually is and paying the landlord the difference.

Recommendation: An integrated housing strategy needs to be developed and implemented.

⁷ Distributional Impact of Budgets 2009 to 2013: An Update, Callen, T., ESRI, Dublin, 2013

⁸ *Budget Choices*, Social Justice Ireland, Dublin, June 2014

Education

The low levels of education of the first, and most needy, group of solo parents mentioned above is a significant inhibitor to these parents entering the labour market at a level where they can provide adequately for their children.

Preparation for work is especially relevant given that planned reductions in the age threshold for OFP will move tens of thousands of claimants into the labour market when their youngest children reach seven years of age.

Interestingly, the analysis in the Treoir GUI study of the three year olds showed that 20% of solo parents had increased their level of education over the three years (more than the other marital status groups) but this may be explained in terms of pre-existing situations. Entering into receipt of OFP between Waves 1 and 2 of the study was associated with a higher likelihood of improving one's level of education over time. Improving one's level of education between Waves of the study was also associated with a higher likelihood of transitioning into work.

Activation measures should be less focused on work first and should have a wider focus on progression outcomes, including education, training, personal development, child and family wellbeing. This should include a specific education first approach for unmarried parents.

However, the recent discontinuation of the training allowance that was previously permitted to OFP claimants on SOLAS training course will impact on the ability of solo parents to make adequate childcare arrangements, with implications for labour market engagement. As the policy of the Department of Social Protection is towards activation of those in receipt of OFP, this move seems contrary to that objective.

The Treoir GUI study indicates that support should be focussed on the 58% of solo parents who are most at risk of poverty.

Recommendation: Solo parents in receipt of One Parent Family Payment should be fully supported with training allowances to partake of suitable education and training which will enable them to enter the labour market for a reasonable financial return.

Childcare

The data in the Treoir GUI study show that labour market entry for solo parents, as well as their potential to undertake study or training, has been restricted by difficulties arranging childcare – more so than other marital status groups. These difficulties occur despite the existence of some subsidised childcare schemes aimed at disadvantaged families, raising questions about the adequacy and coverage of childcare arrangements. Affordable and

available childcare is an essential precondition for solo parents to improve their levels of education and enter the labour market.

The Treoir report⁹ shows that *financial constraint is directly implicated in choice of childcare arrangements, especially for Solo parents, and this impacts directly on their ability to engage in paid employment or to improve their skill levels through education.* The beginning of the provision of after-school care by the Departments of Social Protection and Children and Youth Affairs is welcome but given the numbers of parents who will be exiting OFP in the coming two years, 63,202,¹⁰ a very significant investment is required.

The latest available OECD figures for 2012¹¹ show that for a typical lone parent family on average earnings seeking full-day care for two pre-school children, the net cost amounts to 40% of the family's income in Ireland, compared to an OECD average of 13% and an EU average of 12% (OECD, 2014). The OECD itself suggests that Ireland needs to consider a short-term subsidy scheme for childcare when parents are getting back into work after having been on welfare benefits.

Recommendation: An increase in the amount of affordable, quality childcare, with preference given to solo parents returning to work.

Work

Solo parents are employed by Wave 2 of the GUI study at significantly lower rates than either Married or Unmarried-cohabitant parents.

The VPSJ study showed that the income a solo parent and child receives from the National Minimum Wage, despite receiving a partial OFP as well as FIS and Child Benefit, is not adequate for the household, mainly due to the high cost of childcare. Failing to support solo mothers in work either with support for childcare in some form or in the provision of adequately paid work will condemn them to welfare-dependency in the long term.

The Minister's decision to reduce the earnings disregard of OFP over a number of years is a serious disincentive to recipients to begin an engagement with the labour market. While understanding the reason behind this decision – to bring OFP recipients into line with those on Jobseekers Allowance, the reality is that solo parents are not the same as jobseekers. Solo parents have additional needs – they will almost inevitably need childcare in order to take up employment which generally Jobseekers do not.

⁹ Op cit

¹⁰ *Briefing for the Lone Parent Representative Groups on the Transition of One-Parent Family Payment recipients as a result of the reforms to the Scheme*, Department of Social Protection, May 2013,

¹¹ OECD (2014) OECD measures of childcare costs and related work incentives. *Directorate for Employment, Labour and Social Affairs - Benefits and Wages: Statistics*, Available from: http://www.oecd.org/els/soc/Childcare_2012_EN_20140320.xlsx (accessed 28 March 2014).

Efforts should be made to create good quality and sustainable part-time work and must be encouraged as a necessary feature of the labour market. This requires well coordinated and integrated statutory policy and practice capable of working with all stakeholders from national to local level. A major investment programme is needed which would focus on creating employment and resourcing up-skilling of those who are unemployed through integrating training and labour market programmes¹².

Recommendation: Re-instate the earnings disregard for solo parents to encourage them to take up part-time employment while in receipt of One Parent Family Payment which would incentivise employment well before the youngest child reaches seven years of age.

In summary

Solo parents and their children are particularly vulnerable to poverty. Employment is the best route out of poverty. Treoir recommends that a wide variety of education opportunities, with either built in childcare, or financial support for childcare, and access to meaningful, well-paid employment be put in place. These supports should be directed at the most vulnerable solo parents – those who are welfare dependant. These recommendations are not new. What is required now is the political will to source the funding and to put these recommendations in place.

¹² *What Would Real Recovery Look Like?*, Healy, S., et al, Social Justice Ireland, Dublin, 2013

Summary of recommendations

At a minimum, Social Welfare Payments and the associated 'secondary' payments should not be cut or reduced in any way. An increase of €5 per week would go some way towards addressing the income deficit of solo parents.

An integrated housing strategy needs to be developed and implemented.

Solo parents in receipt of One Parent Family Payment should be fully supported with training allowances to partake of suitable education and training which will enable them to enter the labour market for a reasonable financial return.

An increase in the amount of affordable, quality childcare, with preference given to solo parents returning to work.

Re-instate the earnings disregard for solo parents to encourage them to take up part-time employment while in receipt of One Parent Family Payment which would incentivise employment well before the youngest child reaches seven years of age.