



One Family's Pre-Budget Submission to the Department of Social Protection September 2011

Background

One Family is working to ensure a positive and equal future for all members of all one-parent families in Ireland – changing attitudes, services, policies and lives. Together with one-parent families and those working with them, we are committed to achieving equality and respect for all families.

In addition to striving for fundamental structural change, we support individual one-parent families as they parent through times of family, work and life change, and those experiencing a crisis pregnancy. We know that every family is unique, and so we work in a family centred way to bring about better lives for parents and children.

One Family welcomes this opportunity to submit our pre-budget submission to the Department of Social Protection.

Introduction

One Family believes that many one-parent families will be the worst hit by the ongoing recession and by further government cutbacks. The majority of those parenting alone are worried about the future, they are struggling to make ends meet and are faced with increasing debt, particularly as winter and Christmas approach. One-parent families will continue to be adversely affected as fuel, food and clothing costs increase further. The main risks to our economy come from the troubled eurozone, with inflation on track to reach peak figure within months. Increases in fuel costs will make life increasingly tough for one-parent families. Many children will suffer as parents struggle to make ends meet. Recent reductions in child poverty will continue to be reversed as prices continue to rise and as job opportunities remain extremely limited, and this in turn will have a long-term impact on factors such as children's health and education outcomes.

Ireland faces a long slow recovery from its financial woes: the world economy is worsening due to the eurozone crisis and the US debt shock. The outlook for growth in the world economy has deteriorated and, largely as a consequence, near-term growth prospects for Ireland are somewhat weaker. Consumers and in particular lone parents, are growing more concerned about utility bills and fuel and food prices: almost one-third of householders claim that they have no spare cash due to rising prices and circa 65% of shoppers are switching to cheaper grocery brands in a bid to save money (Retail Ireland 2011)- the significance of this for those parenting alone is visibly, economically and socially, apparent.

Given this context we call on the government to use Budget 2012 to reframe its priorities and to support those most at risk, especially children. It also needs to set these changes within the context of wider long term international trends that show increasing diversity in family types.

The Need to Recognise and Respond to the Realities of Family Life

International trends indicate that there will be on-going and increasing diversity and family change throughout the developed world. A recent seminal report on families by the OECD¹ found that:

- ‘The increased labour market participation of mothers has had only a limited effect on the relative child poverty rate as households without children have made even larger income gains.’
- The consistency of the upward trend across these OECD countries in what they call sole parent households is: ‘remarkable, with the bulk of projections to 2025-30 suggesting that numbers are likely to increase by between 22% and 29%.’
- On average across the OECD, almost 10% of children live in reconstituted households, while nearly 15% live in sole-parent households (OECD, 2010a),

‘Employers are aware that mothers have to make work and family choices. In fact, many employers expect women, regardless of their level of educational attainment to withdraw (at least temporarily) from the labour force upon marriage and/or childbirth, and are therefore, more likely to consider women less committed to their career than men. As a result, employers are less likely to invest in female workers and their career prospects. The economic vulnerability of families is linked to parents’ incapacity to reconcile employment and parenthood’(OECD, 2010)Doing Better for Families, 2010)

- ‘It is a particular worry that in most OECD countries, poverty risks have shifted over the past 20 years towards families with children (Förster and Mira d’Ercole, 2005). With the current economic crisis, and the shift in poverty risks towards households with children, it is important for countries to provide support for families, especially for those with elevated poverty risks such as sole-parent and jobless households’.
(OECD, Doing Better for Families, 2010)

This report clearly shows the challenges that government’s face in supporting families, especially lone parent families to participate successfully in the

¹ OECD, Doing Better for Families, 2010

labour market while at the same time reducing child poverty and improving child outcomes, all three of which are essential if society is to prosper over the longer term. In the short term very difficult decisions about priorities need to be made.

Family Change in Ireland and the Situation facing One-Parent Families

The OECD findings outlined above are reflected in the situation in Ireland and highlight how one-parent families and family change is a permanent and growing feature of family life in Ireland. The latest Census of Population (Census of Population, CSO 2006) confirmed the growth of one-parent families in Ireland. The Census of Population revealed that:

- The number of one-parent families in Ireland increased from 153,900 in 2002 to 189,200 in 2006² - a 23 per cent increase
- The number of one-parent families with children under 20 years of age increased by 70.4 per cent between 1997 and 2006³.
- In 2006, one-parent families represented 22 per cent of all families with children in this age group, an increase of 36 per cent since 2002.
- 17 per cent of lone-parent families live in consistent poverty compared with 5.5 per cent of the general population (EU SILC 2009)

One Family argues that one-parent families cannot be subjected to further cuts and must be supported to move out of poverty and off social welfare if overall government objectives in relation to child poverty and positive child outcomes are to be achieved. (The Programme for Government (2011) states: 'A new approach is needed to break the cycle of child poverty where it is most deeply entrenched') This view is supported by the following figures:

Poverty and One-Parent Families

CSO SILC statistics also reveal the high and persistent level of poverty among one-parent families:

- Thirty five per cent of one-parent families are at risk of poverty compared to 14.1 per cent of the population as a whole (EU SILC, 2009)
- 65 per cent of all children living in consistent poverty are living in lone-parent households (ESRI:2010)
- Almost 20 per cent of all children in Ireland are at risk of poverty and of those 40 per cent are living in lone parent households (ESRI: 2010)
- 18 per cent of 9 year olds lived in one-parent families. (GUI: The Lives of Nine Year Olds; 2009) and 1 per cent live in lone father households. (GUI: The Lives of Nine Year Olds; 2009)
- 53 per cent of lone parents with three or more children are in the lowest income quintile.⁴ (GUI: The Lives of 9 Year Olds; 2009)

² Number of household with lone parents with children of any age.

³ According to the CSO "it must be kept in mind that the more precise family coding allowed by the revised relationship question used in the 2006 census has contributed to this increase". Census of Population 2006.

- In Ireland 16.3% of children live in poor households-above the OECD average of 12.7% - with Poland, Spain and Portugal the only EU countries with a higher rate and the UK at 10% and Denmark the lowest at 3.7%.(OECD, 2010)
- Ireland spends slightly above the OECD average on family supports (as a percentage of GDP) and is one of the countries where such supports are most highly skewed towards cash payments.

The Labour Market and One-Parent Families

The challenges lone parents face in accessing and progressing in the labour market are illustrated in these findings:

- 59% of OPFP recipients are working. However 43% of these earn less than €146.50 per week, working mostly in low paid, part-time employment.⁵
- According to the OECD, lone parents moving from inactivity to a part-time job face a marginal effective tax rate of 52%.⁶ This represents a significant poverty trap.
- Parents in Ireland face the highest level of net childcare costs among OECD countries.⁷
- The Child Income Support Review highlights that high withdrawal rates of One Parent Family Payment and of Family Income Supplement may weaken incentives to increase income through employment (CIS Review: 2010;147).
- 11.7 per cent of those in receipt of lone parent payments are early school leavers (ESRI: 2009)
- 54 per cent of lone mothers with two or more children have left school at Junior Cert level or below compared with only 17 per cent of mothers in two parent families. (Growing Up in Ireland, (GUI) Minister for Health and Children, 2009)
- 47 per cent of lone mothers under the age of 35 are educated only to the minimum schooling age of 16 (DSFA: Families in Ireland; 2008)
- The Vincentian Partnership for Social Justice estimates that in 2009 a one-parent family working full-time with no car have a discretionary income after all costs of only €15.33 compared to €21.08 if they are fully dependent on social welfare.

Social Welfare Supports and One-Parent Families

⁴ Equivalised income, i.e. income that takes into account the size of the households banded into 5 cut off points, each cut off point is known as a quintile. This therefore takes into account the distribution of income across the sample.

⁵ Houses of the Oireachtas, Library and Research Service, *Lone Parents in the social welfare system: issues and debates*, Spotlight No.1 April 2007, p.18

⁶ Boris Cournede, *Removing Obstacles to Employment for Women in Ireland*, Economics Department Working Papers (September 2006) No. 511, OECD, p. 13

⁷ Immervoll and Barber (2005) in Boris Cournede, *Removing Obstacles to Employment for Women in Ireland*, Economics Department Working Papers (September 2006) No. 511, OECD, p. 7

The high numbers of one-parent families dependent on social welfare is evident from these figures:

- 90,484 lone parents are in receipt of the One Parent Family Payment (OFP). (DSP Report on the Desirability and Feasibility of Introducing a Single Assistance Payment for People of Working Age, 2010).
- OFP is claimed for 150,024 qualified children, representing 60% of all children on the full QCA rate (DSP, 2010)
- The percentage of OFP recipients in the under twenty age group has dropped from 2.2 per cent in 2004 to 1.7 per cent in 2009 (DSFA, 2004, 2009).
- 29 per cent of Family Income Supplement recipients are also in receipt of One Parent Family Payment. (Child Income Support Review, DSP, 2010).

These statistics represent the hard factual reality in Ireland and illustrate clearly why those parenting alone must be prioritised if objectives around family and child poverty and active inclusion in the labour market for all are to be addressed.

While One Family recognises that the public finances are under extreme pressure, and will continue to be so in to 2012 and beyond, we are calling on the government to make good its commitment to protect the most vulnerable from the harshest cuts and to ensure that those who gained least from the years of economic boom do not now have to pay for its costs.

What we call for Now

Based on the above analysis One Family is calling on the Department of Social Protection, supported by other Departments, to assess the impact of all proposed cuts on:

- the net income of one parent families;
- the ability of lone parents to access paid work that increases net income;
- the impact on child poverty and one-parent family poverty;
- the maintenance of services for the most disadvantaged in society; and the cuts already imposed on the one-parent families (reductions in the One-Parent Family Payment (OFP), in rent supplement and increases in the rent contribution required by the tenant, removal of the Early Child Care Supplement, child benefits cuts for 18 year olds and overall reductions for those not on social welfare, removal of the Christmas bonus, removal and reduction in education grants and available funding⁸, removal and reduction in support for schools.)

⁸ If a lone parent is in private rented accommodation and receiving rent supplement and wishes to return to full time education then they have to apply for the Back to Education Allowance (BTEA) in order to retain their rent supplement. If they then receive the BTEA then they are no longer eligible for the Higher Education Maintenance Grant but will still receive the Student Services Charge (as well as tuition fees, where appropriate). Some lone parents already back in education prior to this change now

- the impact of recent employment initiatives which exclude those on the One-Parent Family payment.

Specific Proposals for Budget 2012

Such an analysis we believe will result in the following actions being prioritised in Budget 2012:

Income related

1. Maintain current basic payment rates to those on the One-Parent Family payment as is stated government policy and make good the government's commitment to move towards the payment of a parental allowance to one parent in a family when children are below a certain age.
2. Maintain child benefit at its current level as it is the only payment that supports all parents with the cost of raising children. If cuts are to be made introduce them by taxing payments to those on higher tax rates.
3. Use some of any savings made through wider cuts to fund increases in QCAs and other measures to support reductions in child and family poverty and social exclusion.
4. Maintain the income disregard for those on the OFP to assist such parents in paying the additional costs of work including childcare costs when moving from welfare to work and to support family income for those not eligible for FIS. Without this, incentives to work will be reduced and poverty rates increased among one-parent families. At the same time bring forward workable proposals to better incentivise lone parents to move from welfare to work in a way that increases net family income, including the possibility of introducing child tax credits and sliding scales of tax free allowances.
5. Increase and change the operation of the earning disregard on the Job Seekers Allowance (JSA) to support lone parents with older children no longer eligible for the OPFP to combine work and caring and modify JSA to support part time working that facilitates the type of part-time working most often availed of by parents with main caring responsibilities. Again while bringing forward workable proposals to better incentivise lone parents to move from welfare to work in a way that increase net family income.
6. Change and promote FIS to make it more easily accessible by lone parents- e.g. reduction in the hours worked to qualify for FIS- and carry out research on the pros and cons of changing it to a family tax credit. One Family further recommends that any proposed reforms of FIS, currently being considered in the context of reviewing child income supports, guarantee that those on the lowest income quartiles, including many lone parents, are not rendered worse off by any such reforms. In this context it

find their situation substantially changed. Just to clarify the change on BTEA and Maintenance grant only applies to new applicants not those who have already commenced a course

will be vital to ensure that the current job subsidy element of FIS is not lost in any such reforms or that it is replaced. (e.g. by an in work tax credit.)

7. Reduce the Universal Social Charge for those moving from welfare to work and especially into part-time employment for an agreed period..
8. Support lone parents to manage the costs of education including introducing the same means test for Back to School Clothing and Footwear Allowance (BTSCFA) for one-parent and two-parent families, as is currently the case in relation to other social welfare payments.

Service related

1. Work with other Departments and agencies to ensure the availability of affordable, quality childcare places, including after school and holiday provision, especially for those lone parents who are no longer eligible for the one-parent family payment-
2. Make no changes in the level of financial supports to CE participants until alternative and more effective routes into training and work experience are provided to those on the OFP and which ensure better progression outcomes - ie incorporated and accredited (FETAC) work-based learning. Consider redesigning CE as a wage subsidy for the sponsoring organisations so that the connection between the CE worker and the employer are clear while reducing administrative costs in the process.
3. Open up all the recently announced work experience and internship programmes to those on the OFP and make good the commitment made by the last Government to grant-aid part-time education courses leading to recognised qualifications⁹ Provide specifically skilled facilitators (engagement mentors) in the NEEP to work with lone parents on welfare and providing a first point of guidance and advice to lone parents on their welfare, employment, education, training, housing, childcare and parenting support options.
4. Develop, promote and evaluate a national career development programme for lone-parents, based on the One Family and FAS initiatives currently supported by DSP, where required, to support access by lone parents to relevant education, skill development and related supports.¹⁰
5. Remove the poverty trap that rent supplement is by speeding up the up scaling of the RAS and also reviewing the range of housing options open to those on low incomes (e.g. community based housing associations, co and shared ownership schemes; homesteading initiatives, etc) to take advantage of the current housing market. (This will have the added value of creating social capital and jobs.)

⁹ The last Programme for Government promised to: 'Introduce a new system of means-tested free fees for approved part-time courses. Together with incentives for colleges to offer more flexible and diverse course structures, this will enable more people with work or family commitments to avail of opportunities at third level' (2007).

¹⁰ Recent evaluations have shown that integrated, tailored programmes such as New Futures are effective in supporting lone parents to plan for change; gain enhanced competencies; increase their labour-market opportunities; and begin to achieve sustained and rewarding career options

6. Devote greater resources to supporting parents and families through speedy recognition of changing family circumstances and through prioritizing funding to support positive parenting and family communications programmes that meet the needs of one parent families and families in transition.¹¹
7. Maintain the integrity of the pre-school year as a universal service and avail of this year to identify and address issues affecting children that may limit their ability to thrive in school. Ensure that the impact of the universal pre -school year is fully evaluated and lessons learnt for other policies and for the any proposed changes in the balance of income and services supports for low income families.¹²
8. Support, develop and grow the cornerstone work being done by the Community & Voluntary Sector to support one-parent and other vulnerable families.

Policy related

1. Make a commitment that eligibility for the One- Parent Family Payment will not be changed again, i.e. the age of the child further reduced, until the job market improves and until the supports required to assist those affected to move from welfare to work that pays are in place as promised in the original lone parent reform Green Paper- Proposal for Supporting lone Parents, Department of Social and Family Affairs, 2007. In the interim focus attention on developing the skills and qualifications of lone parents already highly motivated to work; support and promote national programmes like One Family's New Futures and Steps to New Futures, Career Clinic and engagement mentoring(FKA key working)which assist lone parents distant from the labour market and from mainstream education to begin to implement realistic career, personal and professional development plans.
2. Develop a Longer Term Strategy to Reduce Poverty, Social and Economic Exclusion among one-parent families with the target of bringing poverty rates among such families down to the level of the overall poverty reduction target by 2020 and involving the development of an integrated package of long term welfare reform measures which reduce poverty and improve pathways to education, training and work, whilst moving towards tailored progressive universalism as proposed by the NESCF.

Many One-Parent Families Face the Future with Fear

¹¹ Minister Burton: 'Accordingly I take the view that resources ought to be ploughed into early childhood services including support for parenting skills. In my view, foundation years ought to rank equal to primary and secondary education. That is a tall order at any time and is particularly difficult just at this moment of national crisis but I take encouragement from the historical fact that the greatest social advances in the 20th century came from policies developed by Beveridge and his team during the second world war years.'

¹² As Minister Burton also said recently: 'There is compelling international evidence that by the age of 3, before primary education starts, that the life chances of many children are already firmly established. Disadvantage then tends to remain firmly rooted and there is little sign that schools close the attainment gaps with children who arrive in the bottom range of ability tending to stay there through all the years of public education' McGill Summer School, July 2011

One-parent families are extremely anxious about changes to the One-Parent Family Payment and about likely further cuts in both services and income. Added to the cutbacks already experienced, such changes have the potential to undo the good work that the Department of Social Protection, Department of Community, Equality and Gaeltacht Affairs and other Departments, as well as state agencies such as FAS, has been doing in co-operation with One Family and other NGOs over the last number of years to give greater opportunity to those one-parent families caught in the trap of poverty and low incomes.

Social welfare cuts should not be imposed by stealth through the removal or reduction of secondary supports such as reductions in the income disregard of those on the OFP, further changes in supports for those wishing to access education, changes in financial entitlements to CE, or through cuts in child benefit.

One-parent families in Ireland are also concerned about possible further decreases in the already poorly resourced and limited services for families going through relationship and marriage breakdown. Research clearly demonstrates that the negative impacts on families, especially children, going through such events can be reduced by access to tailored support services. One Family, in this regard, are piloting two contact centres in Dublin with Barnardos under the auspices of the Department of Children & Youth Affairs building on our recent research in this area.¹³

Further cuts run the risk of laying the basis for greater and wider inequality in Irish society. The effects of these cuts could take a generation to address and in the meantime are likely to reduce expectations of a better life for many one-parent families already struggling financially, socially and economically.

One Family recognises the pressures currently on the economy and on the public finances and calls for the 2011 Budget to concentrate revenue raising on:

- Broadening and deepening the tax base.
- A sound and detailed analysis of the cost-benefits of proposed cuts and of their economic and social impact on already vulnerable groups, both in the short and long term
- Impact proofing all proposed cuts to ensure the vulnerable are protected
- Develop and promote outcome based budget objectives across government Department to ensure joined-up policy and practice
- Reforming the delivery of services to ensure best
- value for money and the achievement of expected outcomes.

Ends

¹³ 'Supporting Child Contact: The Need for Child Contact Centres in Ireland', One Family, 2009

