

BRIEFING ON THE ONE-PARENT FAMILY PAYMENT – BUDGET CHANGES

(1) Reform measure:

The age limit of the youngest child for One-Parent Family Payment (OFP) entitlement purposes is gradually being reduced to seven years of age – from age 14 in 2011 to age 12 in 2012, to age 10 in 2013 and to age 7 in 2014.

(i) Phasing in arrangements

The reduction in the age limit is being applied to new and existing customers on a phased basis and will not affect existing customers until 2013.

- From 5 April, 2012, **new customers** will be subject to the new age qualification criteria (of the youngest child) – i.e. the OFP will not be payable where the youngest child is age 12 or over in 2012, age 10 or over in 2013 and age 7 or over in 2014.
- For **existing customers**, the changes are as follows:
 - a) pre-27 April, 2011, customers: **the current tapering arrangement will remain in place until 2015, when the age limit will drop to 7 years** (age 15 in the current phasing arrangement). [**Note:** a saver, up to the end of the 2012-2013 academic year, was provided for recipients with a child aged between 17 and 22 who is in full-time education. This will continue to apply.]
 - b) customers in receipt of the OFP from 27 April, 2011, to April, 2012: this customer group currently has an age cut-off limit of age 14. **This will remain the case in 2012 and there will therefore be no change.** The age limit will then reduce on a phased basis to age 7 in 2015.

Summary:

| | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Pre-27 April, 2011, customer | Under 18 | U-18 | U-17 | U-16 | U-15 U-7 | U-14 U-7 |
| 27 April, 2011, to April, 2012, customer | U-14 | U-14 | U-12 | U-10 | U-7 | U-7 |
| Post-April, 2012, customer | | U-12 | U-10 | U-7 | | |

- **Note:** *The majority of recipients are in the pre-27 April, 2011, category.*

Where there is an entitlement to the OFP based on the age of the youngest child in the family, the payment of an Increase for a Qualified Child (IQC) will continue for the older children in the family until they reach age 18, or 22 if in full-time education.

(ii) Extension of the youngest child age in certain circumstances

Special provisions were put in place for lone parents who are **(a)** in receipt of the Domiciliary Care Allowance (DCA) and **(b)** recently bereaved, when the age limit of the youngest child

for receipt of the OFP payment was reduced to age 14 from April, 2011. These special provisions will continue, as follows:

- With regards to the DCA, the OPF is to remain in payment while the DCA is payable for the child, currently up to the age of 16, at which point they can claim for a Disability Allowance (DA) payment in their own right. It is estimated that 3,884 OFP recipients are claiming the DCA.
- For those who are recently bereaved, from April, 2012, the OFP will be payable for two years from the date of death of the spouse/civil partner/co-habitant, or until the youngest child reaches the age of 18 years.

(iii) Numbers affected

Out of a current total of 90,888 OFP recipients, some 84% have a youngest child aged under 14, 76% have a youngest child aged under 12, 67% have a child aged under 10 and 50% have a child aged under 7.

(iv) Income support after OFP

When the OFP ceases, if a parent is still in need of income support, they can apply for; Jobseeker's Allowance (JA), which is paid at the same basic rate as OFP (€188 per week), and which has the same increases for each additional qualified child (€29.80 per child per week), and receive the activation supports attached to that payment; Family Income Supplement (FIS) if in employment of 19 hours or more per week; or another appropriate payment e.g. the Back-to-Education Allowance (BTEA).

(2) Reform measure:

The OFP earnings disregard will be reduced, over five years, from €146.50 per week in 2011 to €60 per week in 2016, for new and existing claimants.

(i) Description of the measure

The OFP scheme will see a reduction, over five years, of the earnings disregard from:

- €146.50 per week in 2011 to
- €130 per week in 2012, to
- €110 per week in 2013, to
- €90 per week in 2014, to
- €75 per week in 2015, and to
- €60 per week in 2016, for new and existing claimants.

From 1 January, 2012, the OFP earnings disregard is being reduced to €130 per week. Earnings of less than €130 per week are excluded from the assessment of means, with claimants entitled to the full rate of payment. Earnings above this limit are assessed at 50% up to a maximum of €425 per week, with a reduced rate of OFP payable.

(ii) Effect of the change

The change will have the following effect on an OFP recipient with one child and working 10, 20 or 40 hours per week at the national minimum wage level of €8.65 per hour (all three cases are based on the current OFP maximum payment rate of €188 per week – with a further €29.80 for each additional qualified child):

| Case 1 – OFP recipient with one child working 10 hours per week at €8.65 per hour: | | | | | | |
|---|----------|----------|----------|----------|----------|----------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Weekly Earnings | € 86.50 | € 86.50 | € 86.50 | € 86.50 | € 86.50 | € 86.50 |
| Earnings Disregard | € 146.50 | € 130.00 | € 110.00 | € 90.00 | € 75.00 | € 60.00 |
| OFP Payment | € 217.80 | € 217.80 | € 217.80 | € 217.80 | € 217.80 | € 210.30 |
| Loss on Previous Year | € - | € - | € - | € - | € - | € 7.50 |
| Total Loss | | | | | | € 7.50 |

| Case 2 – OFP recipient with one child working 20 hours per week at €8.65 per hour: | | | | | | |
|---|----------|----------|----------|----------|----------|----------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Weekly Earnings | € 173.00 | € 173.00 | € 173.00 | € 173.00 | € 173.00 | € 173.00 |
| Earnings Disregard | € 146.50 | € 130.00 | € 110.00 | € 90.00 | € 75.00 | € 60.00 |
| OFP Payment | € 210.30 | € 202.80 | € 192.80 | € 182.80 | € 175.30 | € 167.80 |
| Family Income Supplement (FIS) Payment | € 74.00 | € 79.00 | € 85.00 | € 91.00 | € 95.00 | € 100.00 |
| Total Payment | € 457.30 | € 454.80 | € 450.80 | € 446.80 | € 443.30 | € 440.80 |
| Loss on Previous Year | € - | € 2.50 | € 4.00 | € 4.00 | € 3.50 | € 2.50 |
| Total Loss | | | | | | € 16.50 |

| Case 3 – OFP recipient with one child working 40 hours per week at €8.65 per hour: | | | | | | |
|---|----------|----------|----------|----------|----------|----------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Weekly Earnings | € 346.00 | € 346.00 | € 346.00 | € 346.00 | € 346.00 | € 346.00 |
| Earnings Disregard | € 146.50 | € 130.00 | € 110.00 | € 90.00 | € 75.00 | € 60.00 |
| OFP Payment | € 125.30 | € 115.30 | € 105.30 | € 95.30 | € 87.80 | € 80.30 |
| Family Income Supplement (FIS) Payment | € 28.00 | € 34.00 | € 40.00 | € 46.00 | € 50.00 | € 55.00 |
| Total Payment | € 499.30 | € 495.30 | € 491.30 | € 487.30 | € 483.80 | € 481.30 |
| Loss on Previous Year | € - | € 4.00 | € 4.00 | € 4.00 | € 4.00 | € 2.00 |
| Total Loss | | | | | | € 18.00 |

(iii) Numbers affected

Some 49% of OFP recipients are in employment. Based on P35 data from 2009 (2010 figures remain incomplete), the following is the spread of OFP recipient earnings:

- 13% are earning less than €2,000 per year (up to €38 per week);
- 15% are earning between €2,000 and €5,000 per year (between €38 and €96 per week);
- 28% are earning between €5,000 and €10,000 per year (between €96 and €192 per week),
- 44% are earning more than €10,000 per year (over €192 per week).

(3) Reform measure:

The Transitional Payment of the OFP will be abolished.

(i) Description of the measure

Until 31 December, 2011, recipients of the OFP for 52 consecutive weeks, whose income exceeded the scheme's €425 weekly earnings disregard limit, were entitled to a Transitional Payment, which was paid at half of the rate of their OFP, for a period of 26 weeks, after which payment would cease completely.

From 5 January 2012, the Transitional Payment will no longer be issued to new and existing OFP recipients – their entitlement to the OFP payment will automatically end if their earnings exceed the €425 weekly earnings disregard limit. The existing recipients of the Transitional Payment are not affected by this reform and will continue to receive the payment for the balance of six months.

(ii) Effect of the change

Those who are currently in receipt of the payment will not be affected and will continue to receive it until the end of the 26-week period.

A new or existing recipient of the OFP whose earnings increase above the €425 weekly income disregard limit will no longer be entitled to the Transitional Payment – their OFP payment will automatically cease.

(iii) Numbers affected

Some 227 claimants were in receipt of the Transitional Payment at the end of 2011.

**OTHER SOCIAL WELFARE BUDGETARY CHANGES
THAT WILL IMPACT ON OFP RECIPIENTS**

(4) Reform measure:

The payment of two qualified child increases (currently €29.80 per week each), for new and existing OFP recipients who are on Community Employment (CE), will be discontinued.

(i) Description of the measure

An IQC has been payable on both an OFP payment and a CE payment. An OFP recipient who has one child dependent and who is on CE will earn the following amount:

- OFP payment: €148 (after means reduction) + €29.80 = €177.80.
- Earnings from CE: €208 + €29.80 = €237.80.
- Total gross income: €177.80 + €237.80 = €415.60.

From 20 February, 2012, the payment of the IQC of €29.80 per week per child will be discontinued on the CE payment of an OFP recipient who is on CE. As the income from CE will be reduced, the amount currently assessed against such peoples' OFP also reduces and, therefore, the amount payable on the OFP will rise. For a lone parent with one child, the rise in the OFP payment will amount to €7.50 per week (this takes into account the reduction in the OFP earnings disregard from €146.50 to €130 per week from 1 January, 2012).

(ii) Effect of the change

An IQC will no longer be payable on the CE payment of an OFP recipient who is on CE. Although the OFP payment will increase to partially offset the reduction in the CE payment, on an overall basis the combined income from OFP and CE will be reduced.

There will be a loss in income of €14.80 per week (from €415.60 to €400.80 per week) for an OFP recipient on CE with one child and of €44.60 per week (from €475.20 to €430.60 per week) for an OFP recipient on CE with two children.

(iii) Numbers affected

4,543 OFP recipients (or 5% of the current total number of recipients) are on CE schemes – representing 19.2% of the 23,704 persons who are on CE. They have 7,832 child dependents.

(5) Reform measure:

The simultaneous entitlement to a CE payment and an income maintenance payment from the Department of Social Protection (including the OFP) will be discontinued for new participants in the CE scheme.

(i) Description of the measure

From 16 January, 2012, new participants on CE will not be able to claim a social welfare payment at the same time. The additional €20 per week that is paid to all CE participants will continue to be paid. **This will not affect those who are currently in receipt of the OFP and on CE.** If a person is on a multi-year arrangement, they will be treated as an existing customer during the timeframe of the existing arrangement.

(ii) Effect of the change

New entrants who participate in the CE scheme will no longer be entitled to receive both a CE payment and an OFP payment.

(iii) Numbers affected

Some 3,045 new CE participants will be affected by this measure when they commence a CE placement this year. Approximately one-fifth of these will be in receipt of the OFP.

(6) Reform measure:

The entitlement to half-rate Jobseeker's Benefit (JB) and Illness Benefit (IB) for persons in receipt of the OFP will be discontinued for new claimants (of the half rate payments).

(i) Description of the measure

Currently, a person who is in receipt of the maximum payment rate of OFP, who is or has been in employment, may be paid JB or IB at half of the personal rate for a period of up to 15 months – provided that the necessary PRSI contribution and other qualifying conditions

for the receipt of such a payment are satisfied. This measure was introduced with effect from 19 January, 2004, and applies to new claimants only.

From February, 2012, these half-rate payments will cease for new entrants and, as such, OFP recipients will no longer be entitled to half-rate JB or IB. [**Note:** The concurrent payment of the OFP with Maternity Benefit, Adoptive Benefit, Health and Safety Benefit, and the Carer's Allowance will continue.]

(ii) Effect of the change

The change will end the payment of half-rate JB or IB for persons in receipt of the OFP.

(iii) Numbers affected

The number of weekly recipients who will be affected by this change will average 2,360 in 2012 and 3,520 in 2013.

(7) Reform measure:

The minimum contribution payable by all tenants under the Rent Supplement scheme will be increased from €24 per week to €30 per week.

(i) Description of the measure

From 1 January, 2012, the minimum contribution payable by all tenants under the Rent Supplement scheme will increase from €24 per week to €30 per week. [**Note:** This is one of three measures in relation to the Rent Supplement scheme that were outlined in Budget 2012 – the other two being (a) the introduction of a higher rate minimum contribution of €35 per week for couples and (b) the introduction of new maximum rent limits.]

(ii) Effect of the change

This change increases the minimum contribution payable by €6 per week for all one-parent family households.

(iii) Numbers affected

The measure will affect all of the approximately 16,000 OFP recipients who are claiming the Rent Supplement.

(8) Reform measure:

The Fuel Allowance season will be reduced by 6 weeks from 32 weeks to 26 weeks for all recipients.

(i) Description of the measure

The Fuel Allowance has been paid in recent years for 32 weeks from the months of September to May of each year. Budget 2012 has reduced the payment period (the “fuel season”) for all recipients by 6 weeks – from 32 to 26. The current fuel season will end on 6 April, 2012. The new fuel season for 2012-2013 will begin on 8 October and will continue until 5 April, 2013.

(ii) Effect of the change

Recipients of the Fuel Allowance will lose six weekly payments of €20, a total of €120 over the course of the year.

(iii) Numbers affected

The measure will affect all 68,066 OFP recipients who are claiming the Fuel Allowance.

(9) Reform measure:

The age at which a child is eligible for the Back-to-School Clothing and Footwear Allowance (BSCFA) will be raised from 2 to 4 years of age. Also, the BSCFA will be reduced from €305 to €250 for children aged 12 to 22 and from €200 to €150 for children aged 4 to 11.

(i) Description of the measure

The BSCFA operates from June to September of each year. It provides eligible families with a one-off payment to assist them with the extra cost of uniforms and footwear for children when they start school every autumn.

From June, 2012, the BSCFA will no longer be paid for children aged less than 4. Also, the BSCFA payment rate will be €250 for children aged 12 to 22 and €150 for children aged 4 to 11.

(ii) Effect of the change and numbers affected

Recipients of the BSCFA with children aged less than 4 will no longer be entitled to the payment. It is estimated that this will affect some 45,000 children who are not of school-going age.

Those with children aged 12 to 22 will lose €55 from their BSCFA payment and those with children aged 4 to 11 will lose €50. It is estimated that these payment reductions will affect some 142,000 children aged 12 to 22 and some 190,000 children aged 4 to 11.

(10) Reform measure:

For new and existing claimants, income from employment as a home help funded by the Health Service Executive (HSE) will be assessed in means tests for social assistance schemes. Affected persons will benefit from the existing earnings disregards in line with all other employees.

(i) Description of the measure

From January, 2012, the condition, for new and existing claimants, whereby income from specific sources is disregarded, will be removed. Currently, no account is taken of this income when assessing means for certain social welfare payments. This means that, for example, a home help employed by the HSE can earn up to approximately €29,000 *per annum* and still qualify for a full social welfare payment as none of this income is taken into account when calculating their means.

(ii) Effect of the change and numbers affected

This measure will reduce the payments of approximately 2,000 recipients whose means assessments had previously excluded all of their earned income from home help. It should be noted, however, that they will now be assessed on the same basis as recipients who have income from employment other than home help. This means that an OFP recipient will have the first €130 per week of earnings disregarded, with half of the balance assessed.