

Analysis of Budget 2012 from a Children and Families Perspective

December 2011

Barnardos is particularly concerned about the cumulative affect the cuts to social welfare and public services coupled with the imposition of more taxes will have on vulnerable low income families. Larger families (with 3 or more children), lone parent families and rural families are particularly hit in Budget 2012 and we are worried that this will lead to further hardship and greater incidences of poverty and deprivation for children.

What will this mean for families?

The loss of €19 per month for the third child and €17 for the fourth and each subsequent child equates to a total loss of **€432 a year for a family with four children**. If all four children receive the Back to School Clothing and Footwear Allowance, **the family lose in total €742 per year**. As a result of cuts to Child Benefit, cuts to Back to School Clothing and Footwear Allowance and increases in fees under the School Transport Scheme a **family with four children living in a rural area will lose €1612** per year.

As a result of the cuts to Child Benefit, the Back to School Clothing and Footwear Allowance, the Fuel Allowance and the increased minimum contribution towards Rent Supplement, **a lone parent with two school going children will be worse off by approximately €537 per annum; while a lone parent with three children will be worse off by €820 per annum**.

The removal of 330,000 part time, seasonal employees who earn less than €10,036 per annum from the Universal Social Charge is welcomed but in reality it equates to a saving of just €200 per year or €4 per week per family and this benefit will be lost due to changes in social welfare supports.

Effects of Measures on families

<u>Tax</u>	<u>Cost to Family</u>	<u>What that buys</u>
Property Tax	€2 per week / €100 per year	2 litre of milk (€2.19)
Higher VAT	€10 per week / €500 per year	Bag of nappies (€8.99)
Carbon Tax – petrol, diesel, home heating and oil	€4 per week / €200 per year	1lb mince
Child Benefit – cut to 3 rd and subsequent children	€36 per month / €9 per week (four child family)	Children's shoes €30-40

Below is an outline of all Budget measures affecting children and families as announced this week.

Department of Children and Youth Affairs

- Welcome maintenance of Free Part Time Pre-School Year and the additional funding secured in light of greater numbers of eligible children in 2013 and 2014 but some changes made to it:
 - o Reduction of 3% (€2 per week) in capitation rates paid to pre-school providers. Barnardos is concerned that this reduction could lead to a charge being imposed on parents and thereby jeopardise the universal and free nature of this scheme.
 - o Increase in staff to child ratios from 1:10 to 1:11 – this could impact on the quality of services being provided to children.
- Welcome continuation of Community Childcare Subvention (CCS) programme for community based crèches but with the following changes:
 - o Reduction in higher capitation rate from €100 to €95 for 5 days of full daycare (and prorata reductions for halfday / sessional places). This will place more pressure on community crèches to make up the deficit and / or an additional charge will be placed on parents.
 - o A person in receipt of welfare will only get the full rate of subvention if they also qualify for a medical card. If they don't, they will qualify for the lower rate of €50.
- The Childcare Employment and Training Support (CETS) scheme provides childcare places for qualifying FAS and VEC students. From September 2012, the capitation payment will be reduced from €170 to €145 and services will be allowed to charge a fee of up to €25. The higher the costs associated with taking up training and education the more of a barrier it becomes and could result in fewer parents taking up these opportunities. This will particularly affect lone parents seeking to take up education and training.
- Children's Referendum - €3m allocated to hold the referendum.
- 5% cut in funding allocated to Children's Services Committees
- School Completion Programme within the National Education Welfare Board will be cut by €2m or 6.5% in 2012. This will particularly affect those who are at risk of disengaging with the school system and are at risk of early school leaving. This programme has been vital in keeping young people in school and improving their educational and employment options.
- Family Resource Centres will have funding cut by 5% in 2012, and cuts of €1.265m to the counselling grants scheme run by the Family Support Agency. The counselling grant scheme will affect those voluntary organisations offering marriage, child and bereavement counselling many of whom have seen a significant demand for their services since the beginning of the recession. The reduction in availability of services will have an adverse effect on children's well-being.
- Establishment of new Child and Family Support Agency allocated €568m in 2012, this is a 3% reduction on 2011. Barnardos is concerned that this is an insufficient allocation of funding to ensure the creation of an Agency that is child centred, comprehensive and of a high standard.
- Welcome increase in capital budget for youth projects up to €1.5m which will see more youth cafes.

- No reduction to voluntary local youth work grants but a 5% cut to other youth funding schemes.
- Budget 2012 reduces the budget for the policy and legislation programme in the Children and Youth Affairs vote by 20%, from €25,927 in 2011 to €20,697 in 2012.

Department of Social Protection

Over €20.5bn to be spent, saving €475m

- Welcome that the basic adult social welfare rates remain unchanged.
- Child Benefit –

	2011	2012	Loss	2013	Loss
1 st & 2 nd child	€140	€140		€140	
3 rd child	€167	€148	-€19	€140	-€8
4 th and subsequent children	€177	€160	-€17	€140	-€20

- o Reduction in Child Benefit payments for 3rd and subsequent children this year leading towards standardisation of all rates in 2013. This change will adversely affect large families, particularly those on low incomes who are already at risk of poverty. 23% of families in Ireland have three or more children and it is their childhoods that are being compromised – it is an unfair and unredistributive policy change.
 - o Discontinue one-off €635 grants for multiple birth at time of birth, 4 years and 12 years. This is another measure that will adversely affect large families.
- Back to School Clothing and Footwear Allowance
 - o Eligibility raised from 2 years to 4 years
 - o Rate reduced from €200 to €150 for 4-11 year olds and €305 to €250 for 12 years and over. This is a hugely significant cutback as already many families are experiencing much debt in trying to meet back to school costs. Annually, Barnardos' School Costs survey highlights the financial stress parents are under and this reduction in the BSCFA will exacerbate this. In families with three or more children this cut coupled with the loss of Child Benefit will leave more families in debt next September.
- One Parent Family Payment (OPFP)
 - o The upper age limit of the youngest child for new claimants of the OPFP will be reduced to 7 years on a phased basis. It will be reduced to 12 years with effect from 2012. This move is unacceptable given the absence of affordable, quality afterschool care and the lack of availability of jobs. The reliance of lone parents on part time work as a result of their caring responsibilities leaves them particularly vulnerable to poverty if they do not have access to adequate supports.
 - o Earning disregard will be reduced from €146.50 to €130 per week for new and existing recipients. This amount will reduce to €60 over the next 4 years.
 - o Discontinuation of two Qualified Child Increases when on Community Employment scheme and on OPFP applicable to both new and existing recipients.

- Discontinuation of the transitional payment where income exceeds €425 per week – existing recipients of this payment not affected.
 - Discontinuation of entitlement to Community Employment payment and OPFP over 3 years. The Community Employment Scheme is an opportunity for lone parents to supplement their income, retain and develop their skills and remain active while they are awaiting an opportunity to return to the labour market. The ‘one person, one payment’ policy will make it very difficult for lone parents to avail of the Community Employment Scheme, as the ‘top-up’ of €20 per week simply will not cover the cost of childcare, as well as travel and subsistence which many lone parents face on taking up a CE place.
 - The cumulative effect of Social Protection and Education cuts and the increased rates of VAT and carbon tax will have a particularly harsh impact on lone parent families. Barnardos is deeply concerned that these families, already a group acknowledged to have the highest at risk of poverty and consistent poverty rates, are increasingly vulnerable as a result of this Budget.
- Carers Benefit – include income from carers payments as means when assessing entitlement to Family Income Supplement for new applicants and on renewal for all others. This will result in a significant drop in income for those trying to survive on low paid employment and undertaking caring for a family member with a disability.
 - Fuel Allowance – reduce the number of weeks from 32 weeks to 26 weeks. The reduction in this means tested payment will leave very vulnerable families at risk during cold winter months in 2012.
 - Jobs Seekers Allowance – base entitlement on a 5 day week not 6, and take Sunday into account. This will negatively affect those who work part time and claim Jobseekers for the other half of the week and could result in a disincentive to take up part time employment.
 - Rent Supplement – rent levels will be reviewed in 2012 but weekly minimum contribution will increase by €6 for single tenants to €30 and by €12 to €35 for couples. There is still no guarantee to improve the quality of the property being availed of through this scheme.
 - Community Employment scheme – training and material grants will reduce from €1,500 to €500 per participant per annum. This is will significantly affect the ability of the participant to upskill and place additional financial pressure on organisations running the schemes.

Department of Education and Skills

- Welcome that the overall number of Special Needs Assistants (SNAs) and resource teachers will be maintained at current levels.
- No increase in the general average of 28:1 ratio for the allocation of classroom teachers at primary level. However, there will be phased increases in the pupil threshold for the allocation of classroom teachers in small primary schools. This could ultimately lead to the closure of smaller rural primary schools.
- €10 million is being allocated to implement actions in the Literacy and Numeracy Strategy, work on Junior Cycle reform and phased rollout of high speed (100mbps) broadband to second level schools.

- Inclusion of Guidance Counsellors into standard teacher allocation, to be now managed by schools and will lead to reduced availability of counsellors to students. At a time when students are feeling under stress, bullied, or unable to settle into school the work of Guidance Counsellors has been invaluable in assisting pupils to cope. The withdrawal of some of this support will have a negative affect on vulnerable pupils and could lead to early school leaving and increased undetected mental health issues.
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- The pupil teacher ratio for staffing allocations will remain at 19:1 in secondary schools, (18:25 in DEIS secondary schools). While in DEIS Band 1 Primary schools, a new staff allocation has been introduced based on a general average of one teacher for every 22 pupils. This replaces the current scheme of giving DEIS Band 1 schools a 'top up' allocation on the existing standard staffing schedule to enable them to implement reduced class sizes of 20:1 in junior classes and 24:1 in senior classes. This measure is intended to give greater autonomy to DEIS Band 1 schools.
- Further reduction of language support teachers by 220 posts in 2013/2014 and 2014/2015 school years. This will mainly affect primary schools. Children whose mother tongue is not English are already struggling in class due to previous cutbacks to support services, the additional loss of language support teachers will exacerbate their struggle to keep up with their peers in the classroom.
- Doubling of school transport costs – primary charge will increase from €50 to €100 in September 2012, and the primary maximum family payment will rise from €110 to €220. The charge for a secondary school pupil remains unchanged at €350 (with a maximum family charge at second level also remaining unchanged at €650). This significant hike will particularly impact on rural families and comes on top of cutbacks to Child Benefit and Back to School Clothing and Footwear Allowance.
- 2% reduction in the funding for capitation and related grants to primary and second level school in 2012 and 2013. The new basic rate for primary schools will be €183, and €317 for secondary schools. The reduction in capitation will apply to all schools, but DEIS schools will continue to receive the enhanced DEIS capitation grant which is not being reduced.
- Phased withdrawal from 2012 of supports in some schools from earlier disadvantage schemes predating DEIS.
- Resource some of the national literacy and numeracy strategy by abolishing Modern Language scheme operating in some primary schools.
- Reduction to €40 in allowances paid to 16-17 year olds on Youthreach, Community Training Centres and FAS courses in 2012, from the current rates of €76.65 and €95.75. This could prevent young people from taking up training and education places and leave them totally disconnected from the educational system and labour market.

Department of Health

- Health Service Executive budget will be cut by €543m.
- Additional €35m in funding for mental health services particularly Community Mental Health Teams as envisaged in the Vision for Change strategy. This is welcomed as the

development of Community Adolescent Mental Health Teams is far behind what was envisaged in the Vision for Change Strategy.

- Increase in the monthly threshold for the drug payment scheme from €120 to €132. This will particularly affect low income families who do not have a medical card.
- 2% cut in funding for disability, mental health and children's services. It is unclear as yet how this will affect services but any reduction in frontline services will have an impact on the vulnerable groups relying on these crucial supports.

Department of Justice and Equality

- Although the Irish Youth Justice Service (IYJS) is to transfer to the Department of Children and Youth Affairs, the overall allocation to the IYJS has increased by 3%, from €35,541 million to €36,318 million in 2012. As part of this the capital budget for the IYJS has increased from €50,000 in 2011, to €350,000 in 2012.

Taxation Measures

The cumulative effect of these measures will adversely affect low income families as they will have less money in their pocket with more bills to pay.

- Universal Social Charge – increase in exception limit from €4,004 to €10,036 meaning 330,000 part time and seasonal employees will be exempt from paying. This is a welcome move as it will increase the take home pay of over 330,000 low income employees.
- Property tax – introduction of €100 household charge applicable on all homeowners (those in social housing are exempt).
- Carbon Tax – increased prices on petrol and diesel effective immediately, this will increase further when new rate of VAT is applied. Carbon tax increases on household fuels (except solid fuels) will begin in May 2012. The associated increased costs in home heating will adversely affect low income families in winter 2012.
- Increase in VAT from 21% to 23% - this will affect items such as alcohol, electrical goods, toys, confectionery and biscuits, soft drinks and water, adult shoes and clothing.

Conclusion

Budget 2012 will mean that children, particularly those in low income families, will continue to bear the burden of the recession as the Government continues to pursue inequitable and unfair policies. Childhood is time limited and now more children will endure a childhood plighted by poverty and inadequate public services as their parents struggle under the weight of additional taxes and expenses while their income has to stretch further and further.