

ECONOMIC
POLICY



POVERTY AND SINGLE PARENTS: THE STATE'S RESPONSE

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That low-income single parents should be supported by the state is something policy makers can agree on. How best to do this is a more challenging matter. In this essay, Annabel O'Rourke tackles the important issue of the interplay between parenting alone and poverty with clarity of expression and rigorous detail. An in-depth discussion of measures currently providing for single parents facilitates well thought-out policy recommendations for improving outcomes for single parents and thus society more generally.

Introduction

Poverty reports across Europe highlight that the most disadvantaged group in society is single mothers and their children. It is therefore of huge importance that the Irish government continues to take action to reduce poverty among single parent families. The recent reform of the One-Parent Family Payment (OFP) in 2015 continues to garner much attention in the media, notably in favour of single parent families who believe the reform has failed them. The government has failed to make viable their objective of encouraging single parents to become economic actors, primarily due to a lack of tied support services such as effective childcare.

Lone parents are specifically dependent on services that allow them to act both as a worker and a parent, as they do not have a partner to alleviate the need to look after children. This paper seeks to highlight the importance of policies that facilitate lone parents to re-enter education and the workforce.

The Scope of the Problem

According to the "Women and Men in Ireland 2013" report, there were 152,100 single parent¹ families living in Ireland in 2013. Of these, 91.6% of families were led by women, as seen in Figure 1. The report further showed that the majority of female led households had children of nine years of age or less, illustrated in Figure 2 (Central Statistics Office, 2013). This implies that the majority of lone parent households are highly dependent on childcare. In Ireland, there are three different measurements used to identify if a family is living in poverty;

i) At Risk of Poverty: This indicator identifies all households whose income falls below 60% of the national median income, €10,926 in 2014 (Central Statistics Office, 2014a).

ii) Deprivation Index: The deprivation index, as defined by the Department of Social Protection, is a list of material forms of deprivation. The following is an example of some of the items on Ireland's deprivation index; Unable to afford two pairs of strong shoes, and living without heating at some stage in the last year through lack of money (Department of Social Protection, 2017).

iii) Consistent Poverty: Finally, consistent poverty is a measure which combines both the income and deprivation indicators of poverty (Department of Social Protection, 2017).

Year	Men	Women	%Women
2003	9.6	107.1	91.8
2004	10.8	114.9	91.4
2005	9.8	113.5	92.1
2006	10.1	115.6	92.0
2007	10	125.2	92.6
2008	10.7	124.9	92.1
2009	12.1	132.5	91.6
2010	11.3	142.5	92.7
2011	12.6	141.3	91.8
2012	11.5	147.8	92.8
2013	12.8	139.3	91.6

Figure 1

Age of Youngest Child	Men	Women	%Women
0-9	4	86.5	95.6
10-14	3.6	30.9	89.6
15-19	5.2	21.8	80.7
Total	12.8	139.2	91.6

Figure 2

In reference to the “Survey on Income and Living Conditions 2014”, 60% of lone parent households were materially deprived, 32% were at risk of poverty, and 22% lived in consistent poverty, as shown in Figure 3. This specific group was by far the worst affected by poverty in comparison with all other types of households and individuals. In terms of principal economic status, the three groups in Ireland who were worst affected by poverty were the unemployed, students, and homemakers. (Central Statistics Office, 2014a)

Principal Economic Status	At Risk of Poverty		Deprivation Rate		Consistent Poverty Rate	
	2013 -%	2014 -%	2013 -%	2014 -%	2013 -%	2014 -%
At work	5	6.1	19.2	19.9	2	2.4
Unemployed	36.7	35.9	54.9	53.4	23.9	22.6
Student	28.2	33.7	36.7	33.3	15.2	12
Home Duties	21.2	24.6	33.4	32.5	0.4	11.9
Retired	10	10.9	15.8	12.5	1.7	2.4
Not at work due to illness or disability	18.1	22.8	53.1	51.3	10.8	13.2
Household Composition	2013 -%	2014 -s	2013 -%	2014 -s	2013 -%	2014 -%
1 adult aged 65+	12.8	13.7	23.5	20.3	2.9	2.7
1 adult aged <65	27.2	25.7	32.5	32.1	14.5	14.1
2 adults, at least 1 aged 65+	8.7	10.7	12.5	12.1	1.5	1.9
2 adults, both aged <65	11.2	10.6	24.5	22.3	3.9	4.5
3 or more adults	11.1	15.9	24.7	21.4	4.7	4.4
1 adult with children under 18	31.7	32	63.2	58.7	23	22.1
2 adults with 1-3 children aged under 18	11.1	12.8	31.2	30.2	6.5	7.9
Other households with children under 18	24.7	23.4	36.3	37.8	15	11.9

Figure 3. At Risk of Poverty, Deprivation and Consistent Poverty Rates (2013, 2014)

It is clear that single mothers and their children are, therefore, one of the worst-off groups in society. Their apparent limited access to the workplace appears to be an important factor. This fact is indeed something that should be of great cause for concern to the Irish Government.

What's being done? An overview of existing policy

The Irish Government has enacted several policies to support lone parents and provide them with a welfare safety-net. Historically, Ireland has treated single parents primarily as carers, not workers (Millar and Crosse, 2016). In recent years, the Irish Government has changed its stance towards lone parents and has begun promoting policies that encourage these parents to re-enter education and the workforce. This is in line with the EU's target of reducing the number of severely low-work intensity families (Davies, 2013). This paper seeks to focus on current policies which directly affect single parents re-entering the workforce and education.

Income Policy

In reference to the Citizens Information's definitions, the OFP is a payment given to lone parents who are raising at least one child below the age of seven and whose income is under €425 per week. OFP is able to work in conjunction with other forms of welfare benefits including the Family Income Supplement (FIS) (Citizens Information, 2017a). As seen in Figure 4, there were 85,934 OFP recipients in 2014 (Citizens Information, 2013).

Age Group	Men	Women	%Women
Under 25	19	10665	99.8
25-34	322	33697	99.1
35-49	1196	36696	96.8
50 & Over	447	4876	91.6
Total	1984	85934	97.7

Figure 4. Recipients of One-Parent Family Payment by Age (2012)

According to Citizens Information, the Job Seekers' Transitional Payment (JSTP) is the follow-on payment given to lone parents whose youngest child is between the ages of seven and thirteen. Unlike the Job Seekers Allowance, single parents do not have to be actively seeking work. The main difference between OFP and JSTP is that a single parent cannot also receive the FIS. This makes it harder for parents to return to work as they lose out on this important source of income. Once the youngest child reaches the age of 14, the parent must move on to the Job Seekers Allowance. (Citizens Information, 2017c)

The FIS is a general subsidy for employed low-income parents. The parents in a family must work for a combined total of 38 hours or more per fortnight to access this supplement (Citizens Information, 2017d). The supplement is calculated to provide the family with 60% of the difference between their actual income (including OFP) and the income limit for their family size, as seen in Figure 5 (Citizens Information, 2016). This policy does not support single parent families as they have to make up the 38 hours by themselves without any potential for childcare from a partner.

Family Size	Income Limit 2016	Income Limit 2017
1 child	€511	€511
2 children	€612	€612
3 children	€713	€713
4 children	€834	€834
5 children	€960	€960
6 children	€1,076	€1,076
7 children	€1,212	€1,212
8 children or more	€1,308	€1,308

Figure 5. Family Income Supplement, Budget 2016 - 2017 Comparison

The OFP was reformed in 2015; previously it had been available to lone parents with children under the age of fourteen in 2011, this was reduced to the age of seven in 2015 (Kenny, 2015). According to One Family, Ireland's leading advocacy organisation for one-parent families, the group worst affected by the reform were single parents in part-time work who could no longer afford to remain in work due to the loss of the FIS (Kieran, 2015). Karen Kiernan, One Family CEO, highlighted the cost of childcare as one of the principal reasons that remaining in work was so expensive;

“What is needed to lift these families out of poverty is not a mystery. Simply, we need targeted financial supports for poor children and investment in services; a childcare system that is accessible to poor children and families and available outside of school hours.” (Kieran, 2015).

Finally, the Back to Work Family Dividend (BTWFD), is a payment of €29.80 per qualified child per week when a parent returns to work after a certain period of employment and is payable for two years (Citizens Information, 2017e). In a report by the European Social Policy Network (ESPN), the BTWFD was seen as a positive step towards Ireland's move to enact labour force activation strategies. It stated that the policy was likely to have a positive impact on jobless households but that there were key factors that would need to be addressed, including a reformed childcare system which currently continues to be expensive and inaccessible (Daly, 2015).

Childcare Policies

In Budget 2017, an additional €19 million has been directed towards the new Single Affordable Childcare Scheme (SACS). This policy is means tested and will be paid in respect of children aged between six months and fifteen years. (Department of Children and Youth Affairs, 2017) In an Irish Times piece, Wayman noted that the highest amounts, about €8,000 a year, will be available to parents on the lowest incomes whose child is in up to 40 hours of childcare per week. This will result in some of the lowest income families only having to pay €2-4 per week for childcare. It will work in tandem with a universal subsidy whereby parents will receive a maximum of €80 per child in childcare per week between the ages of six to thirty-six months (Wayman, 2016). This policy will not come into effect until September 2017 but many reforms are needed, particularly regarding supports for lone parents.

Supporting Single Parents

Firstly, it is important to note that the proportion of single parent households continues to grow in the EU (Andersson, 2002; Bird and Ruggeri, 2014). This implies that this vulnerable group is going to require an increasing amount of government support and funding. It is, therefore, important to set-up a well-developed support system that not

only aids lone parent households who are living in poverty but which also acts as a preventative measure to keep future single parent families out of poverty.

In particular, the “Single Parents and Employment in Europe” report reveals that single mothers are the most likely to be unemployed out of any group. In addition to this, single mothers who are employed part-time, more than any other group of mothers, tend to be in low-paid jobs which may indicate a lack of flexibility for parents in highly-paid occupations or an inadequate availability of childcare (Bird and Ruggeri, 2014). Full-time professional work needs to be welcoming to single mothers if government’s wish to have them invest in their education and meaningfully enter the workforce.

On top of this, the European Commission’s Paper, “Investing in children: breaking the cycle of disadvantage”, highlighted the three pillars necessary to break the cycle of child poverty. These further revealed the aforementioned features were indeed significant. The first pillar described the need for “access to adequate resources”, and in particular highlighted the need for work to become more flexible to parents’ needs, including through parental leave. The second pillar addressed the need for access to “affordable quality services”, particularly with respect to access to early childhood education and care. The final pillar highlighted the importance of a “child’s right to participate” and engage in normal activities. The paper recommended that schools and community groups needed to continue to invest in better after-school activities and programs for children (European Commission, 2013).

It is particularly important to understand this key relationship between affordable childcare and entry to the workforce. The impact of child benefit schemes, as in Ireland and the UK, are more likely to be less effective in the absence of accessible and affordable childcare services, making it more difficult for mothers to engage in the workforce (Bradshaw and Kilkey, 1999).

Case Study: Sweden’s Affordable and Universal Childcare Policy

According to the European Platform for Investment in Children, Sweden has the third highest employment rate of mothers of children under six in the EU, at 79.2% in 2014. This is in part due to their generous and flexible parental leave schemes (European Commission, 2017).

Sweden has a very well-designed flexible parental leave scheme which would entitle a single parent to eight months of paid leave per child at 100% of their income (European Commission, 2017). By comparison, the Irish system only allows mothers 26 weeks of leave while fathers receive a meagre two weeks of leave (Citizens Information, 2017b). Similarly to Ireland, Sweden invests a large amount into its family welfare system but noticeably places greater emphasis on services rather than income payments (Organisation for Economic Co-Ordination and Development, 2013). Sweden generally

operates on a universally based system; in the case of public childcare, it is guaranteed to all parents on a full-day basis but it is progressive in the sense that a proportion of the family's monthly income (3%) is their sole contribution. This has led to 55% of children under 3 and 96% of children between three and six years being enrolled in public childcare (European Commission, 2017). In this sense, it seems reasonable to project that Ireland should invest more of its family welfare budget into services such as childcare.

Alternatives in the Irish Context

These policy proposals should be considered by the Department of Social Protection for Budget 2018. They are of pressing importance, given the high level of poverty faced by single parents and their children.

Short-Term Policy

i) Reinstatement of FIS for single parents who qualify for JSTP: The removal of FIS without sufficient childcare reform has led to lone parents being forced to leave the workplace as they cannot afford childcare. This has placed a greater burden on the government as it is difficult to encourage single parents to re-enter the workforce.

ii) Reform of FIS: FIS doesn't take into account the fact that single parents cannot combine their working hours with another partner. The required number of hours should be reduced to 19 hours per fortnight in the case of single parents.

Long-Term Policy

i) Free Childcare for OFP/JSTP recipients re-entering Education and the Workforce: The current SACS does not take into account the specific dependency of lone parents on childcare. Parents who qualify for OFP and JSTP are particularly in need of more affordable childcare. This policy requests that all OFP and JSTP recipients have access to free childcare when re-entering education and/or the workforce (working more than 18 hours per fortnight, in line with the reformed FIS). This will encourage single parents to become less dependent on these payments in the long-run. This will cost the government between €2-€154 per week per OFP/JSTP recipient re-entering the workforce/education. In the long-run, this investment will be less than the cost of the OFP/JSTP/JSA payments per week. It enables single parents to be lifted out of poverty and re-enter the workforce more qualified and less likely to enter the group of the long-term unemployed.

ii) Supply-Side Reform of Childcare: In Budget 2017, €3 million was allocated towards grants to enable schools to begin after-school care facilities (Citizens Information, 2016).

A huge increase is needed in this budget as the improvement of after-school facilities makes childcare more accessible and affordable. This paper suggests that a further €3 million is invested. This will reduce the government's associated costs with SACS as an increase in childcare facilities will lead to a decrease in the cost of childcare.

iii) Reform of Tusla (Child and Family Agency): Based on the current pattern of childcare use, two-thirds of families whose children need minding will not benefit under SACS. All childminders must be registered with Tusla but currently only 1% of minders are registered (Wayman, S. 2016). Lone parents need flexible childcare services, such as childminders, to allow for any circumstances that require unexpected child care needs e.g. illness of a child. Tusla needs to actively register childminders rather than allow them to voluntarily register, thus speeding up the process. This reform requires an increased amount of funding directed towards Tusla.

v) Parental Leave Schemes and Maternity/Paternity Benefit: Ireland's statutory maternity leave and recently introduced statutory paternity leave is very limited, at 26 weeks and 2 weeks respectively. It does not require the company to support the person while on leave, with government provided benefit set at a standard rate of €230 per week. (Citizens Information. 2017b) This policy recommends that the government enforces fully paid maternity/paternity leave for 50% of the period by employers, and 50% paid leave for the remaining period. The policy also highly recommends that equal paternity leave and benefits are awarded.

Evaluation and Recommendations

Studies show that the most effective way to get single parents out of poverty is to return them to the workforce. Currently, the majority of lone parents do not seek employment as only low-paying work is available. As such, they also risk the net income from their work not outweighing the loss of their benefits. Reducing the cost of childcare enables single parents to better overcome this. Another key goal is to have single parents re-enter the education system and be able to achieve higher earnings. Ultimately, this policy allows for lone parents to enter education and removes the greatest barriers to entry. Access to free university education is inequitable if the necessary requirement of supplementary childcare for lone parents is not included.

The introduction of SACS has overall been well received by the general public despite being a targeted subsidy. This implies that a further targeted subsidy aiding the most vulnerable in our society would also be feasible. As supplying a greater subsidy to OFP recipients would be marginal compared to the overall budget, it also appears to be financially feasible. The facilities already available at further education centres and schools allow for these policies to be possible.

The policy is likely to gain public support due to the long-term benefit of single parents re-entering the workforce. It also reduces the moral hazard associated with remaining on benefits as there is a greater incentive to return to work due to increased feasibility. Improved leave schemes are a trend across Europe; as such businesses have begun to accept them as part of their business models and contracts. Mandatory improved leave schemes are the next logical step.

Conclusion

These reforms mark the key path towards lifting lone parents out of poverty in the long-term. The policy targets the specific elements of SACS that will enable lone parents to actively enter education and the workforce. As a group who are unable to afford childcare but who also cannot advance without entry to education or the workforce, it is important to highlight the long-term benefits of effectively enabling this group to succeed so that they will no longer rely on the state.

The availability of childcare services that understand the needs of single parents is hugely important, as well as work that allows for this needed flexibility. Improved leave schemes are a long-term goal of this policy. The important element to note is that the necessary facilities are in place for greater childcare services and the needed groundwork to make businesses comply with improved leave schemes is already in place.

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Notes

1 - Single Parent Definition: According to the Citizens Information's OFP definition, a lone parent is a person who is raising children without the support of a partner. Children are generally defined as being under the age of 18. The lone parent must not be living with a spouse, civil partner, or co-habiting. They and their children must also be inadequately maintained by the parent of the child or their previous spouse/civil partner. (Citizens Information, 2017a)