

Low Hour Work and Income Adequacy



One of the leading candidates in the U.S. Election campaign was asked the question ‘Why do you put up with the pressure, media intrusion and the unpleasantness that comes with being a candidate?’ The reply was brief. “What keeps me going is the stories of the people who are being overlooked in the U.S. today”. One of the main reasons why the VPSJ has kept going in the last twenty-one years is the knowledge and experience of the reality with which many Irish households struggle in their efforts to make ends meet. Familiarity with the stories of low income households is both a motivating force and a constant challenge to contribute to the work of bringing about social and economic change. Many of today’s stories of households in poverty illustrate the impact of low hour work on the family’s standard of living. Precarious work is also becoming a feature of employment in Ireland today

At the end of 2015 - 1.98 million people were in employment in Ireland. However almost a quarter of them were in part time employment. One in ten of the people working part time need and want additional hours.

Work has two dimensions – the objective (*what is produced*) and the subjective (*the workers themselves*) Catholic Social Teaching (CST) gives priority to the worker. Work exists for the sake of people and not the other way round. In stressing the dignity of the worker CST maintains that the workers are not only entitled to a just wage, they are entitled to work that enables them to meet basic needs – one which enables a balanced life. This edition of Just.Now focuses on the impact of low hour work and income adequacy and seeks to throw a light on the lived reality of two household types – a single adult working part time and a one parent household with one child.

The Vincentian Partnership for Social Justice consists of
The Society of St. Vincent de Paul, The Vincentian Congregation, The Daughters of Charity and The Sisters of the Holy Faith. *Working for social and economic change, tackling poverty and social exclusion*

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LOW HOUR WORK & INCOME ADEQUACY

Working patterns are changing for many workers, especially those in lower paid and minimum wage jobs, and while not all change is bad the increase in precarious work is worrying. Precarious work is a term that covers a range of new realities faced by growing numbers of workers, this includes people on short and fixed term contracts, employees with uncertain hours from week to week and so called 'zero-hour' contracts, an increasing shift to part-time work, and the growth in under-employment.

Over the course of the recession there has been a shift towards more part-time employment, and Ireland saw the greatest growth in part-time of any OECD country. The shift to part-time work has been accompanied by increasing numbers of people being 'under-employed'. These are people who have part-time employment but say they both want and need to work more hours.

Much attention has been given, of late, to what the rate of the national minimum wage should be (increased to €9.15 per hour in 2016). The growing recognition of the need for an adequate income from work, and the development of the Living Wage (calculated as €11.50 per hour in 2015) have contributed to this ongoing conversation. But an hourly minimum wage rate, or Living Wage, cannot provide an adequate income without adequate hours.

It is vital to look not just at the (in)adequacy of the minimum wage but also at the hours available for people in low paid employment. Government and policy makers must support those in low paid & under-employed situations, not only through increasing the minimum wage rate, but also through examining how the tax and social welfare system can support workers in facing this new reality of precarious work.

The latest VPSJ working paper examines the social welfare supports for people in low hour minimum wage work. The situations of Conor and Niamh, two fictional but representative low hour workers, illustrate the findings of the paper.



Conor is in his late 20s and lives in Dublin, he has had a number of short term jobs, but they have not lead to a full-time or permanent position. He has been unemployed for almost a year, and is eligible for a means tested Jobseeker's Allowance (JA) payment of €188 per week.

He can't find any affordable rented accommodation in Dublin. The best he can currently find is a rented

one-bedroom flat that is priced below the average for Dublin. But rent of €196 a week is more than Conor's full JA payment. Obviously this is unaffordable, as Conor needs money for food, clothes, heating, etc.

With only a JA payment to rely on Conor could not afford an acceptable standard of living. Conor is looking for full-time work, but at the moment can only find a part-time job in a pub in Crumlin. It is a minimum wage job, and offers at least 10 hours work per week. Conor can work part-time and continue to receive Jobseeker's Allowance, as long as he works no more than 3 days per week, and continues to look for full-time employment.

Conor's 10 hours of work give him a salary of €91. The amount of JA payment he gets depends on how much he earns from work and how many days he has worked. If his hours are worked across 3 days, he gets a JA payment of €169. When the hours are worked in one day, the JA payment is reduced to €145.

Conor has explained this to his employer, and the owner of the pub does his best to schedule Conor's hours over 2 or 3 days, but cannot guarantee that this will always be the case.

By combining part-time work and a Jobseeker's payment Conor has been able to improve his situation, increasing his income by at least €48 per week, compared to relying on JA alone. However, it still falls far short of what he would need for an acceptable standard of living.

The cost of a Minimum Essential Standard of Living for a single person, like Conor, is €225 a week, excluding the cost of rent. Even a full-time minimum wage job will not cover the cost of rent and leave enough for an acceptable standard of living.

Living with an inadequate income means people like Conor have to go without essentials in order to make ends meet.



Niamh lives with her son Cian, in an apartment near Pearse Street. The apartment is rented from Dublin City Council, and so her rent is affordable. She feels lucky to have a place she can afford, as she knows friends who are waiting for council housing and live in emergency accommodation in the meantime.

Niamh's son, Cian is in primary school and has recently turned six. Niamh

receives the One-Parent Family Payment (OFP) and also works part-time in a hotel in the city centre.

Niamh works 19 hours a week and earns the minimum wage. Her salary is €174 a week, in addition to this she gets a OFP of €183 and qualifies for a Family Income Supplement (FIS) payment of €93 a week. Niamh also receives Child Benefit for Cian, qualifies for Fuel Allowance during the winter and the Back to School Payment once a year. Overall, her income from work and social welfare averages €495 a week.

Niamh needs part-time childcare for Cian, as she doesn't finish work in time to collect him directly after school. She also needs childcare during the school holidays. She pays an average of €75 a week for Cian's childcare. Because Niamh and Cian live in social housing the rent she pays is based on her income, the rent is currently €62 per week.

The core cost of a Minimum Essential Standard of Living for a household like Niamh & Cian's is €286 per week, excluding the cost of rent and childcare. Including housing and childcare, Niamh and Cian's total MESL costs are €423 per week.

Currently Niamh's income from work and social welfare enables her to provide an adequate standard of living for Cian.

However, Niamh is worried about the future. Her employer has said that her hours may be reduced. If this happens she will not qualify for the Family Income Supplement, and won't be able to afford an acceptable standard of living.

Niamh also worries about what will happen when Cian turns 7, and she is no longer eligible for the One-Parent Family Payment. Her friend Kiara is in this situation, and has to choose either a Jobseeker's Transition payment or the Family Income Supplement, but can't receive both. This is different from Niamh, who can currently qualify for both the OFP and FIS.

Kiara, who has an 8 year old girl, also works 19 hours a week in the hotel. She pays lives in a council flat and pays a similar amount for childcare. Every week is a struggle for Kiara, because she no longer qualifies for the One-Parent Family Payment and now has to rely on Family Income Supplement alone.

Niamh knows Kiara gets a lot less help from social welfare than she does, and worries about how she'll provide for Cian when her income from social welfare is reduced by almost €85 a week.



1 in 4
PART TIME

A quarter of all workers in Ireland are employed part-time

During the recession Ireland had the highest growth in part-time work across the EU & OECD.

1 in 10
UNDER EMPLOYED

A tenth of all workers in Ireland are under-employed

This is the fourth highest rate in the EU

€9.15
MINIMUM WAGE

People in minimum wage jobs are twice as likely to be in low hour employment (less than 20 hours) as workers generally

1 1/2
FULL TIME JOBS

A Single Adult, living in Dublin, in minimum wage employment would need to work the equivalent of 1 1/2 full-time jobs (56 hours) to earn enough for a Minimum Essential Standard of Living

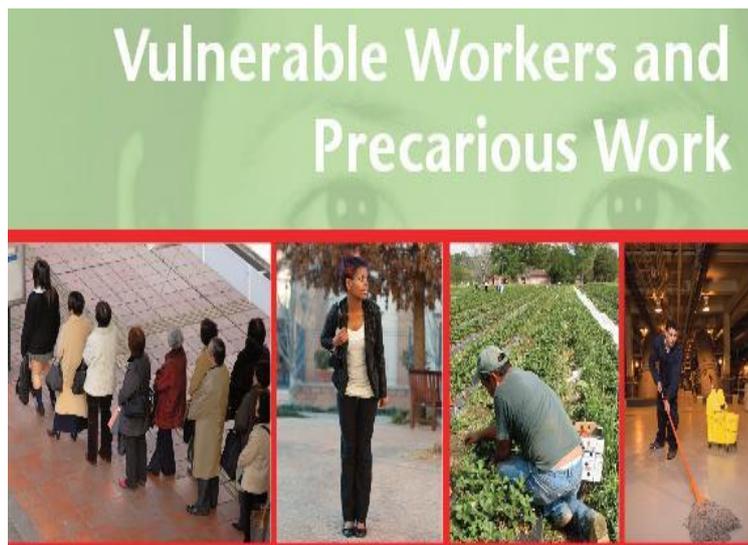
The full working paper focuses on two household types in low hour minimum wage employment, a single adult of working age and a one parent household with one child. The analysis examines the social welfare supports available to these household types, and demonstrates the complexity, limitations and inadequacy of the supports. The full paper is available to download on budgeting.ie

Robert Thornton, VPSJ

Prayer and Reflection

The Dignity of Work

Work remains a good thing,
not only because
it is useful and enjoyable,
but also because
it expresses and increases
the worker's dignity.
Through work we not
only transform the world,
we are transformed
ourselves, becoming
"more a human being."
~ Pope John Paul II,
Laborem Exercens, #9



CLOSING PRAYER

Lord, we thank You for the work of human hands, for the toil that feeds us, for the labor that contributes to the ongoing creation of our world.

Lord, we thank You for builders and artists who make our world more beautiful for us and who contribute to a better quality of life for all.

Lord, we thank You for all those whose work in the healing professions—nurses, doctors, paramedics, healers and all hospital staff who serve in a healing ministry all over the world.

Lord, we thank You for those who teach and work with children, building the future.

Lord, we pray for all workers in all countries that they may be treated with the dignity and justice they are entitled as Your children.

Lord, we pray for all the unemployed people in all countries, for all people with uncertain and minimum employment hours, for young people who may never find work and for those workers whose jobs have been eliminated or moved to gain more profit.

Lord, we pray for all women workers, especially those who are discriminated against or exploited at work and who also carry the burden of work in their homes.

Lord, we pray for children and young people who must work for long hours in inhumane conditions to help buy bread for their families.

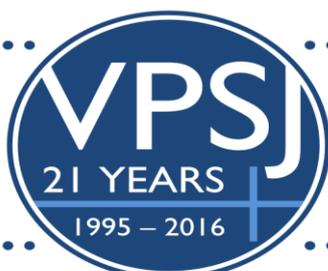
Lord, have mercy on all workers in our global community.

Education for Justice

A just wage is the legitimate fruit of work. To refuse or withhold it can be a grave injustice. In determining fair pay both the needs and the contributions of each person must be taken into account. "Remuneration for work should guarantee the person the opportunity to provide a dignified livelihood for herself or himself and her or his family on the material, social, cultural, and spiritual level, taking into account the role and the productivity of each, the state of the business, and the common good."

Catechism of the Catholic Church, #2434

VINCENTIAN
PARTNERSHIP
for SOCIAL
JUSTICE



WORKING FOR
SOCIAL &
ECONOMIC
CHANGE

TACKLING
POVERTY
& SOCIAL
EXCLUSION