



Trinity College Dublin

Coláiste na Tríonóide, Baile Átha Cliath

The University of Dublin

Child poverty in Ireland (and ways to reduce it)

Irish Social Policy Association Child Poverty Seminar

Carmelite Community Centre

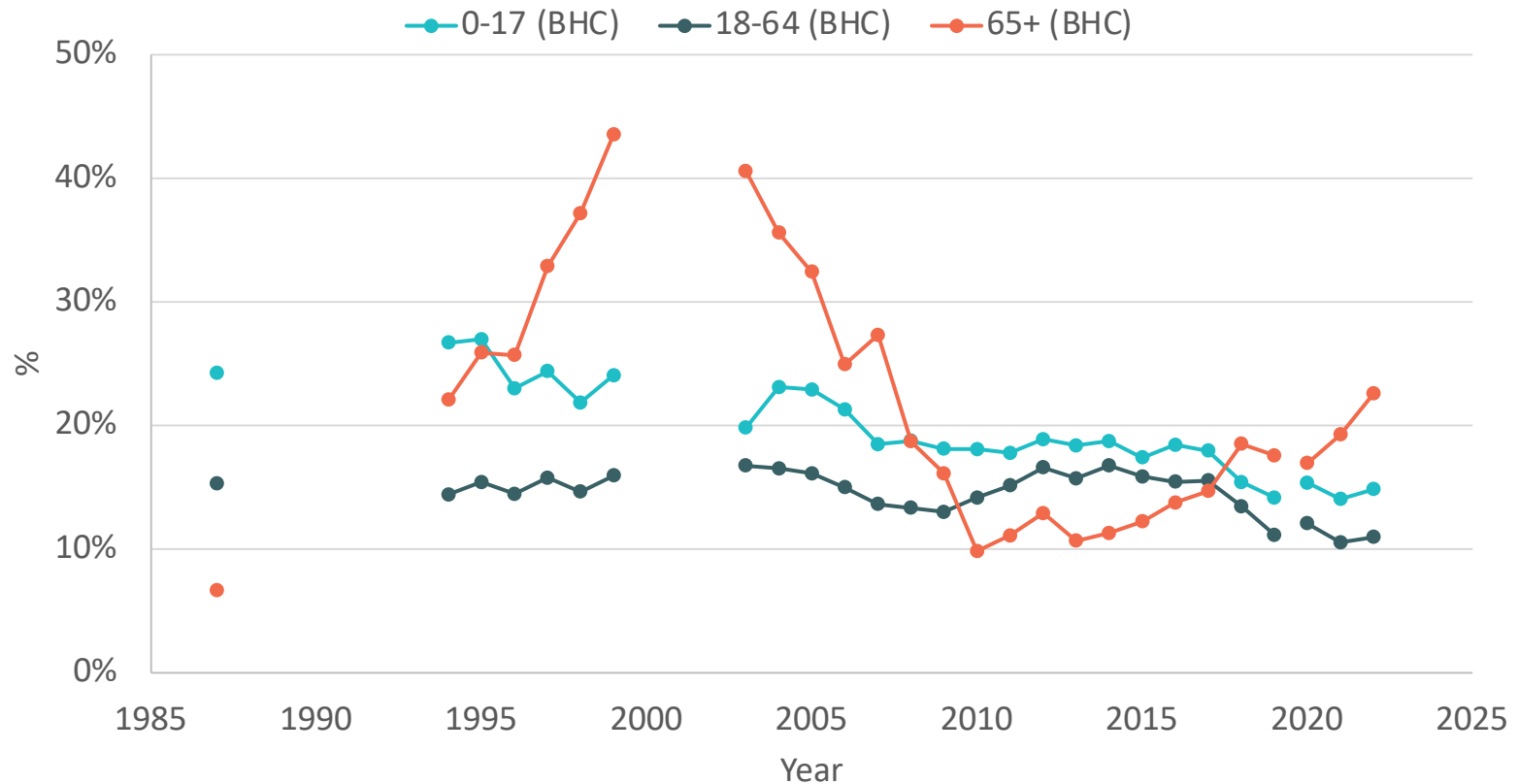
10/04/2024

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Child poverty in Ireland

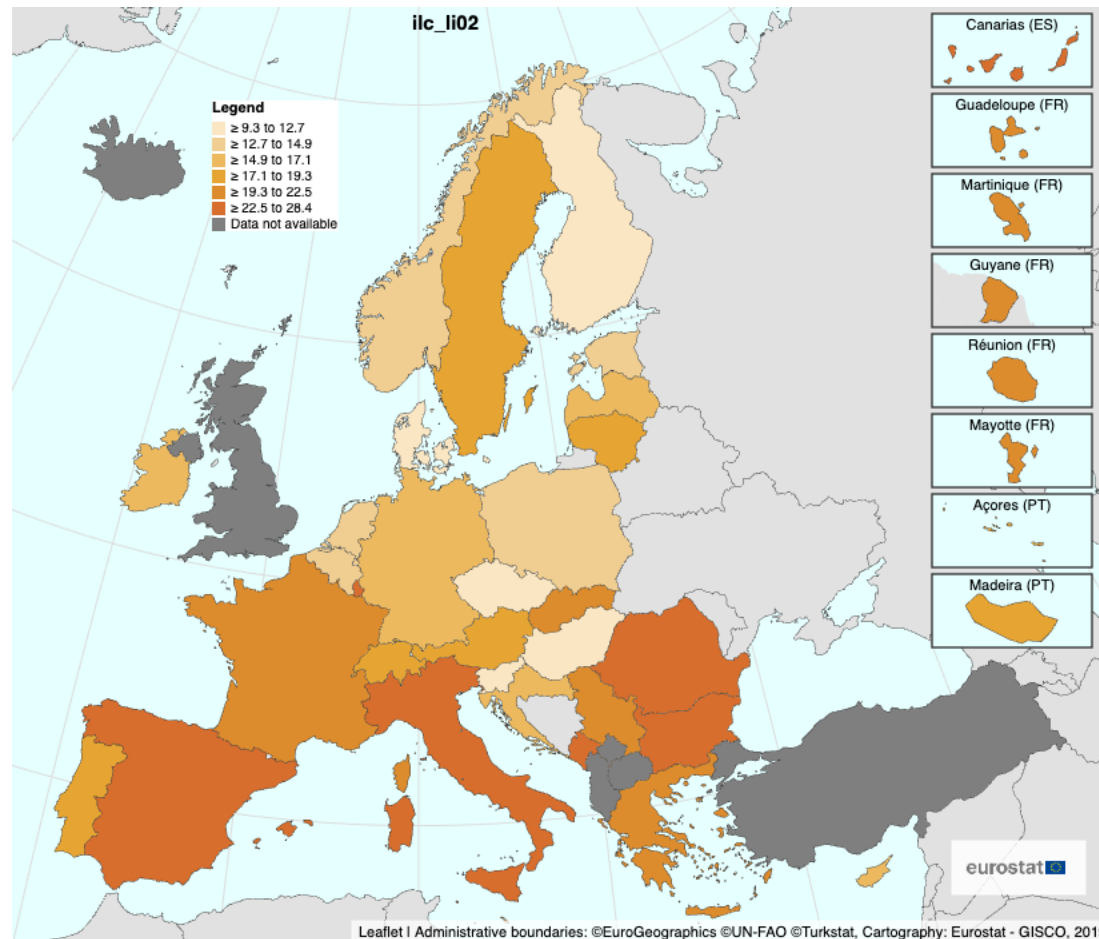
At-risk-of-poverty rates have declined quite steadily for children in Ireland over the past three decades



Source: Roantree, B. and K. Doorley (2023). Poverty, income inequality and living standards in Ireland: Third annual report, Jointly-published Reports 4, Dublin: ESRI and Community Foundation Ireland, <https://doi.org/10.26504/jr4>

Child poverty in Ireland

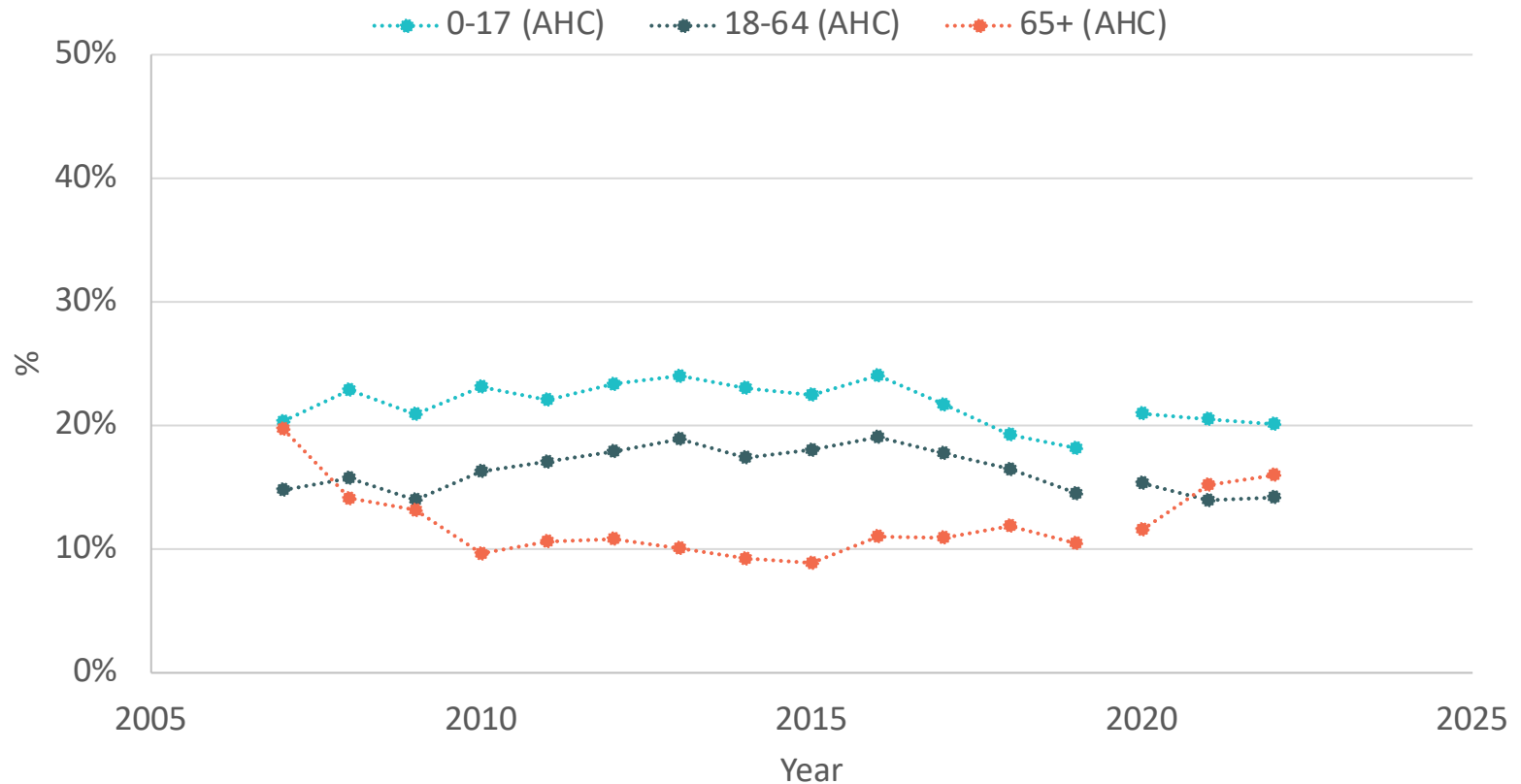
... leaving Ireland around mid-table among EU countries in 2022 at 15% (very close to EU-27 average)



Source: Eurostat At-risk-of-poverty rate by poverty threshold, age and sex - EU-SILC and ECHP surveys
https://doi.org/10.2908/ILC_LI02

Child poverty in Ireland

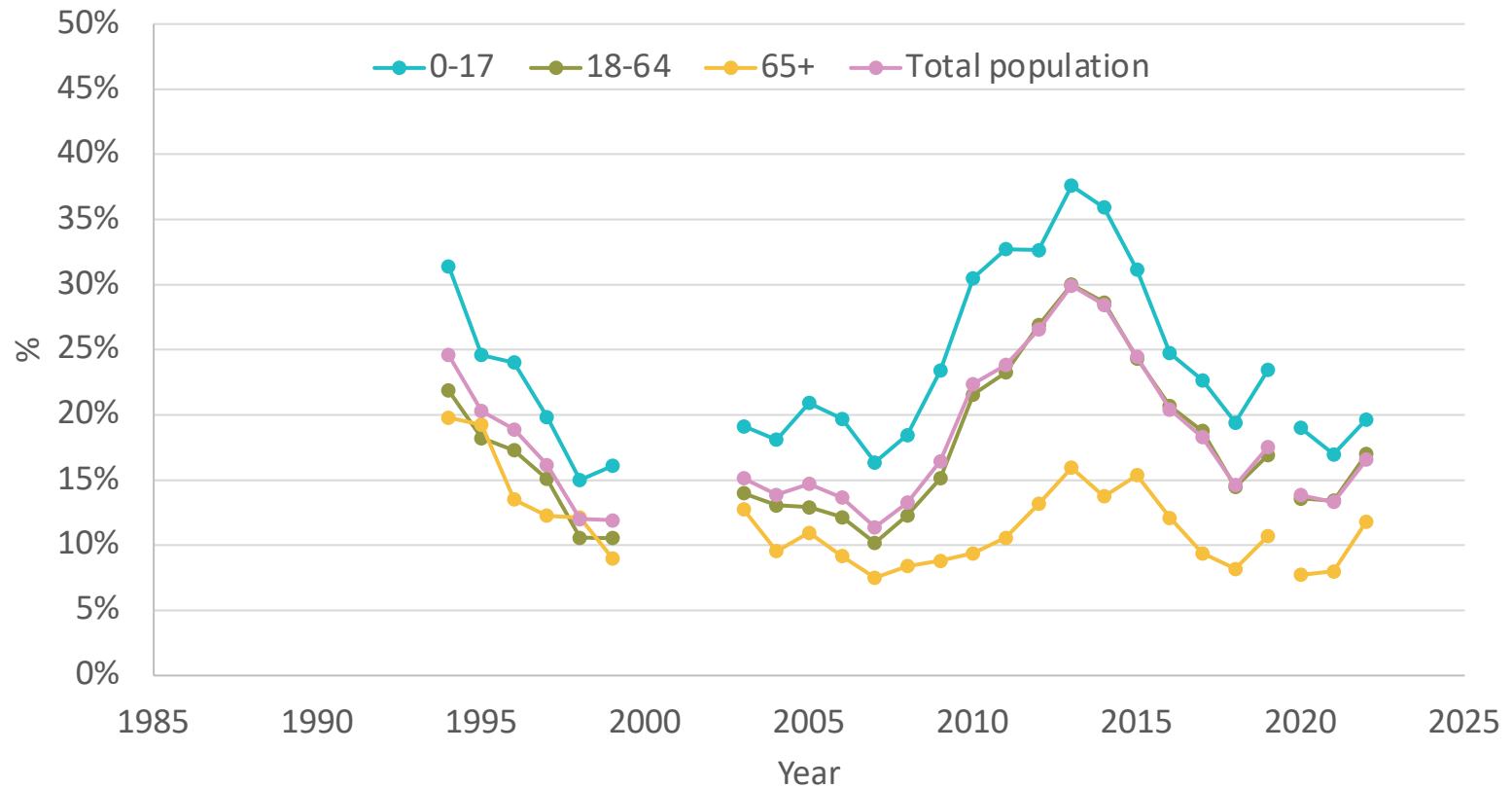
However, decline less evident on an After Housing Costs basis, with (AHC) at-risk-of-poverty rates consistently higher for children than older age-groups



Source: Roantree, B. and K. Doorley (2023). Poverty, income inequality and living standards in Ireland: Third annual report, Jointly-published Reports 4, Dublin: ESRI and Community Foundation Ireland, <https://doi.org/10.26504/jr4>

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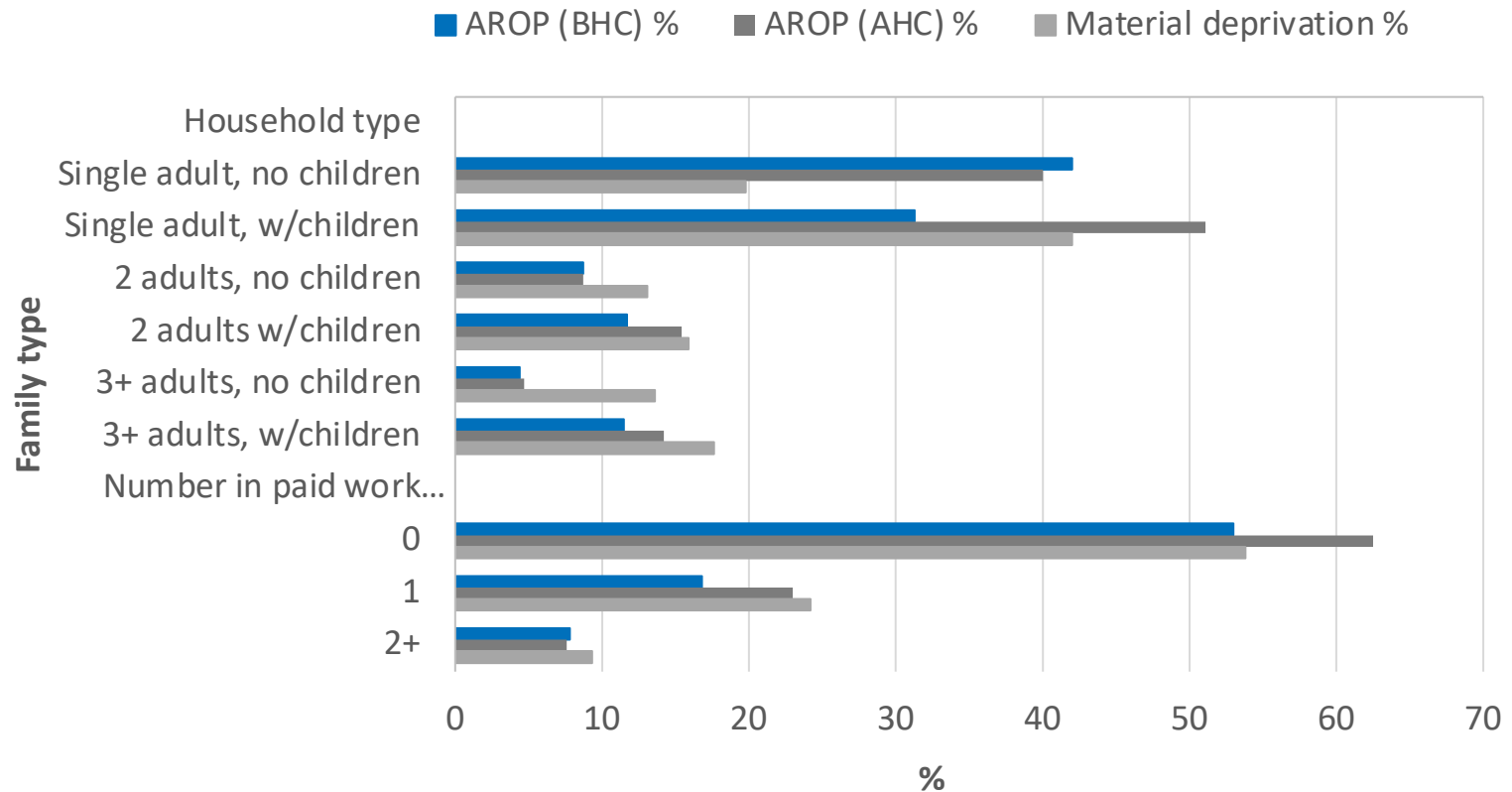
... something we also see with (more cyclically sensitive) measures of material deprivation



Source: Roantree, B. and K. Doorley (2023). Poverty, income inequality and living standards in Ireland: Third annual report, Jointly-published Reports 4, Dublin: ESRI and Community Foundation Ireland, <https://doi.org/10.26504/jr4>

Child poverty in Ireland

... especially for kids of lone parents & those in households where no one (of working-age) in paid work



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Ways to reduce child poverty

Strong body of evidence that poverty has negative effects on child and later life outcomes, but also that giving cash to low-income families with children improves these outcomes

Nicely summarised in report by U.S. National Academies of Sciences:

- ‘wealth of evidence suggests that a lack of adequate family economic resources compromises children’s ability to grow and achieve success in adulthood’ (National Academies, 2019)

While not only thing that matters, also strong (causal) evidence that giving cash to low-income families improves outcomes of children

- Roantree & Doorley (2023) examined various ways of doing this
- Trade-offs with increasing child benefit (untargeted), IQCs (work incentive impacts) and WFP (no support to poorest kids)
- A means-tested 2nd tier of child benefit – as proposed by NESC (2021) & the COTW (2022) – has fewer of these adverse effects

Ways to reduce child poverty

A means-tested second-tier of child benefit – as proposed by NESC (2021) & the COTW (2022) – could reduce child poverty by a quarter ($\cong 40,000$ children) with fewer of the adverse effects of other reforms

Would enable policymakers to effectively target resources towards reductions in child poverty while preserving financial work incentives and ensuring children in the very lowest-income households benefit

	2 nd -tier CB	Child Benefit	IQCs	WFP
Number of beneficiaries (households)	104,860	665,456	189,877	164,915
Change in:				
At-risk-of-poverty rate for children (ppt)	-3.8	-1.2	-1.9	-3.2
Poverty gap for children (ppt)	-2.0	-0.4	-0.9	-0.2
Net spending (€ million per year)	+691	+689	+693	+690

Sources: Authors' calculations using SWITCH v5.3 run on the 2019 Survey of Income and Living Conditions Research Microdata Files, uprated to 2023 terms and reweighted.

Note: Poverty line defined as 60 per cent of median equivalised disposable income, that is after direct taxes paid and benefits received, adjusted for household size and composition using the national equivalence scales. Reforms as described in text.

Ways to reduce child poverty

However, such a reform requires confronting some of the implicit choices made in structure of the current system of income supports for low-income households (with and without children)

Should the welfare system encourage low-income parents to engage in part-time work, as through current design of WFP?

- Approach questioned by Blundell (2022) – among others – who finds little wage progression (& so self-sufficiency) from PT work
- Could still be seen as desirable if objective to enable/encourage lower-income parents to combine paid work with caring

Should eligibility for in-work welfare supports be restricted to parents?

- Not the case in most European countries, and could help deliver a more integrated system of working-age welfare payments
- Need to be careful in design to reduce risk that employers with market power were able to capture large share of the gains



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Ways to reduce child poverty

Roantree & Doorley (2023) showed means-tested second-tier of child benefit could reduce child poverty by a quarter ($\cong 40,000$ children) at a cost of €700m, while halving the poverty gap

