

PPC 9 DEASP – Universal Basic Income Proposal for Costing

Universal Basic Income (UBI) operates as a standard payment to every individual that is resident in the state without reference to their means or their ability/availability for employment. It is non-means tested and does not increase or decrease as someone's income changes. The actual UBI payment should be benchmarked to the most recent data on poverty rates and minimum disposable incomes with an ongoing review process that resets rates on a three year basis. We seek costings based on the following parameters:

1. Payment is conditional on residency within Ireland. In line with current welfare requirements, residents must have lived here for a number of years before becoming entitled to a UBI.
2. The level of the payment is age-dependent. Minors under the age of eighteen will receive a universal child allowance payment and those reaching retirement age will automatically move to the Universal Basic Income Pension.

Rates

Child <18: €31

Adult 18:65: €188

Older 66-79: €230 (+20% when living alone)

Older >80: €240 (+20% when living alone)

3. Payment is not available to those serving a custodial sentence
4. Payment is constant and does not change upon the taking up of employment or the acquiring of other income.
5. Top up payments will be paid in the following areas to maintain current payment levels: Carer's Allowance, Disability Allowance, Domiciliary Care Allowance, One Parent Family Payment, Rent Supplement, Carer's Support Grant (formally Respite Grant).
6. Free travel and other non-monetary benefits will be unaffected.
7. Employer PRSI goes from 10.75% to 13.5%.
8. All income, aside from the UBI payment, is subject to tax at one single rate. All other income tax rates and reliefs, as well as Employee PRSI and Universal Social Charge, are abolished.
 - a) What would that tax rate have to be to cover the other changes?
 - b) If that tax rate is 40%, what would the shortfall if any be which would be required to be made up?

Shifting to a simpler system with less means testing and other complexities will provide significant savings in administration costs. Estimates of these should be included; it would be helpful to have them specifically broken down.

We understand that second-order impacts such as changes in how people participate in the labour market are not estimated under this costings process.

1. It is not possible to estimate how many people in Ireland would satisfy this residency condition to qualify for the proposed universal basic income. Accordingly, this costing assumes that the total population in Ireland is eligible for payment (excluding those serving a custodial sentence, as specified in number 3).

2. Cost for under 18s

According to the CSO's population projection for 2018, there are 1,199,926 people under the age of 18 currently resident in the State. The full year cost of a weekly payment of €31 for this cohort would be €1,934 million.

Cost for 18-65

According to the CSO's population projection for 2018, there are 3,030,175 aged 18 to 65 inclusive currently resident in the State. The full year cost of a weekly payment of €188 for this group would be €29,623 million.

Cost for 66-79

According to the CSO's population projection for 2018, there are 468,806 people aged 66 to 79 inclusive currently resident in the State. The full year cost of a weekly payment of €230 for this group would be €5,607 million.

According to the 2016 Census, 24.1% of this age group live alone. The full year cost of a 20% (€46) increase in this cohort's weekly payment would be €270.3 million.

Cost for 80+

According to the CSO's population projection for 2018, there are 158,108 people aged 80 and over currently resident in State. The full year cost of a weekly €240 payment for this cohort would be €1,973 million.

According to the 2016 Census, 33.4% of people aged 80 and over live alone. The full year cost of a 20% (€48) increase in this group's weekly payment would be €131.8 million.

3. According to Irish Prison Service data, there were 4,269 prisoners serving a custodial sentence on December 4th 2018. Assuming that this is a representative number for the year and that all of these people are working age, not paying the proposed Universal Basic Income to this group would produce a saving of €41.7 million.

4. Noted.

5. The Budget 2019 Expenditure Report provides €182.2 million for the Domiciliary Care Allowance scheme and €217.9 million for the Carer's Support Grant. .

The full year cost of increasing the €188 weekly payment to €198 per week at the start of 2019 and then to €203 per week from the week beginning 25th of March (in line with Budget 2019 changes) for Disability Allowance recipients would be €111 million.

The full year cost of increasing the €188 weekly payment to €214 per week at the start of 2019 and then to €219 per week from the week beginning 25th of March (in line with Budget 2019 changes) for Carer's Allowance recipients would be €97.4 million in 2019.

The full year cost of increasing the €188 weekly payment to €198 per week at the start of 2019 and then to €203 per week from the week beginning 25th of March (in line with Budget 2019 changes) for One-Parent Family Payment recipients would be €28.3 million in 2019.

These costs are based on 2019 estimated recipient numbers and do not take into account the potential impact of removing the means test for these schemes.

6. The Budget 2019 allocation for Free Travel and the Free Television License was €95 million and €60 million respectively. This costing does not take into account other secondary benefits.

Taking each of these elements into account, the total cost of this proposal is €40,289 million.

For reference, DEASP's 2018 financial allocation in the Revised Estimates is €20,011.3 million in total, of which €18,189 million is allocated to weekly payments (including employment programmes), and Child Benefit, Carer's Support Grant and the Domiciliary Care Allowance. A further €698 million is allocated to other monetary payments, such as Back to School Clothing and Footwear Allowance, Fuel Allowance, Gas/Electricity Allowance, Telephone Support Allowance, Exceptional Needs Payments and Rent Supplement. In 2018, €145 million was allocated to Free Travel and the Free TV licence.

7. The revenue that would be raised for the Exchequer by increasing the employers' rate of Pay Related Social Insurance from 10.75% to 13.5% would be €1,958 million.
8. Any costings in relation to taxation measures are proper to the Department for Finance.

It is not possible to provide an estimate for any potential administrative savings associated with this proposal. In this regard, the Department's total Administrative Budget in 2018 is €629.2 million, of which Pay constitutes €300.9 million.