POLICY SUBMISSION

Submission on the Back to School Clothing and Footwear Scheme

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1. Introduction

The Agency welcomes the review of the Back to School Clothing and Footwear Scheme being undertaken by the Department of Social, Community and Family Affairs. This review is part of the Department's ongoing evaluation of expenditure programmes, under the strategic management initiative. The framework for the review is most comprehensive and the Agency looks forward to the final report.

At one level, the scheme is a very modest form of welfare support: it provides an annual subsidy of between £43 and £58 (the equivalent of £1 per week) to 209,300 low-income children (less than half of all children in welfare dependent families, or a fifth of all those in receipt of child benefit) at a cost of £10.4m in 1998 (0.2 per cent of the entire welfare budget). The scheme is therefore of limited importance as compared to other mainline forms of child income support, such as child benefit or child dependent allowances. However, the scheme assumes added importance because of its targeted nature: providing a lump sum at the commencement of the school year when low-income families are under significant expenditure pressures.

Furthermore, the scheme is not a stand-alone welfare initiative, but relates to two broader policy responses. First, the scheme falls into the category of 'secondary benefits', ie benefits that are linked to a primary welfare entitlement.[1] Secondary benefits have assumed a greatly enhanced role in the welfare system in the '90s. They were valued at £491m in 1997 (10.4 per cent of total welfare expenditure), which is double the 1990 cost. Reflecting this trend, secondary benefits have been to the fore in recent policy initiatives to ease the transition from welfare to work. Second, the scheme is a central element of an expanding package of education-related welfare supports.[2] These supports are increasingly seen as having an important role to play in government policy to tackle educational disadvantage. These wider policy considerations should inform the review of the scheme.

The review should also be informed by the National Anti-Poverty Strategy, the government cross-departmental strategic initiative for reducing poverty.[3] The scheme is directly relevant to two of the strategy's five key themes: providing an adequate income (including for children) and increasing educational opportunity (in particular, participation rates). Indeed, the strategy specifically identifies 'increased support towards the cost of participation in education for welfare dependent and low income families, thereby eliminating barriers to education' as a key policy action (p10). The

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[1] See Goodbody Economic Consultants report for the Department of Social, Community and family Affairs (1998) entitled *The disincentive effects of secondary benefits* for a discussion of what constitutes a secondary benefit.

[2] Other elements of this package are:

- free school meals
- free school books
- free school transport
- exemption from exam fees
- SWA exceptional needs payments for First Communion and Confirmation
- higher education grant.

There have been a few research reports on these school benefits, including work by the PAUL Partnership (1992), *Educational costs and welfare provision for low income families*, a review of the school meals scheme by Goodbody Economic Consultants for the Department of Social, Community and Family Affairs, and also a HEA study on the higher education grant scheme.

[3] Ireland (1997), *Sharing in progress: national anti-poverty strategy*, Dublin: Stationery Office

strategy also sets out a formal poverty-proofing procedure for the development and analysis of policy, which should be incorporated into the methodology of this review.[4]

This review is of particular interest to the Agency, as child poverty is one of the key policy objectives in our 1999-2001 strategic plan. Actions under this objective include the development of an official target for the reduction of child poverty, completion of the demonstration programme on educational disadvantage, undertaking policy research on child poverty and creating a heightened public awareness of child poverty. The latter includes the *Open Your Eyes to Child Poverty* initiative, in conjunction with various voluntary child welfare organisations. One aspect of the initiative is to develop a policy platform on tackling child poverty. This includes improvements in child income support, especially those relating to school costs.

The submission follows the terms of reference for the review set out by the Department, with the following components:

- review of objectives for the scheme;
- assessment of the scheme's outputs and impact;
- consideration of the scheme's effectiveness and efficiency;
- recommendations for reform.

2. Objectives for the scheme

The scheme has two objectives:

- to reduce the financial burden of education for low-income families;
- to minimise the financial barriers to participation in education.

The first objective – income support - is the most explicit. Primary and secondary education, while nominally free, has always assumed a significant parental contribution towards participation costs. This is evident in the responsibility placed on parents to meet various costs associated with attending school: uniforms, books, meals, transport, extra-curricular activities; as well as to make a 'voluntary contribution' to the operating costs of schools.

Various bodies have sought to quantify the costs of education, including the National Parents Council (1991), the PAUL Partnership (1992) and the Agency (1994).[5] These have revealed quite significant costs, both in absolute and percentage terms. For example, the Agency study suggests that educatio***n*** costs (excluding clothing and footwear) represent 8 and 16 per cent of the weekly costs of rearing a child. When clothing and footwear are included, this proportion can double. These are annualised figures and don't take account of the expenditure peaks associated with returning to school. Indications of the added burden imposed on low-income families by education costs in September are provided in the PAUL Partnership research and the Agency's (1988) study on moneylending.[6] These reveal the huge financial

[4] Ireland (1999), *Social inclusion strategy. 1998/99 Annual report of the Interdepartmental Policy Committee*, Dublin: Stationery Office. See chapter 2 and appendix C in particular.

[5] National Parents Council (Primary) (1990*), The cost of free education: a survey in the cost to parents of free primary education in Ireland*, Dublin: author.

O'Donoghue, M, *Educational costs and welfare provision for low income families,* Limerick: PAUL Partnership Limerick.

Carney, C, Fitzgerald, E , Kiely, G and Quinn, P (1994), *The cost of a child*, Dublin: Combat Poverty Agency

[6] Daly, M and Walsh, J (1988), *Moneylending and low income families*, Dublin: Combat Poverty Agency

pressures placed on families and their extensive use of moneylenders to meet these costs.

In recent years, the costs associated with education have grown for various reasons:

a) **Children are longer in the school system**. This occurs at both ends of education. Pre-school education is increasingly the norm. This approach is reflected in recent government policy reports, such as the Forum on Early School Education and the Commission on the Family. At the other end of the education spectrum, children are staying longer in school, again a pattern reflected in policy, including the raising of the mandatory school-leaving age to 15 years. Participation in the senior cycle of secondary school is now close to 90 per cent. Meanwhile, there has been a huge increase in participation in post-leaving certificate courses, with roughly half of all pupils going on to third-level colleges and universities. This extension of participation in education adds to the financial costs for those on low-incomes.

b) **Increased costs of attending school.** The actual costs of attending school have also increased. Higher costs derive from three sources: increases in the basic costs of school uniforms and shoes; expansion of the school curriculum, requiring more books and other school materials (such as computers) to be purchased by parents; and the growth of extra-curricular activities, such as sports, drama, arts, most of which are funded through parental contributions. At third level, while fees have been abolished, this has been of little benefit to those on low-income as they were not liable for fees in the first instance. At the same time, the value of various school-going subventions have not kept pace with these rise in costs (including the higher education grant), thereby worsening the position of low-income families.

c) **Growth in family/child poverty.** During the 1980s and early 90s, the financial position of households with children deteriorated significantly, due to a combination of factors such as unemployment, lone parenthood, etc. As a result, the proportion of children living in poverty (ie falling below 50 per cent of average household incomes) increased to 29 per cent by 1994, which represented the second highest rate of child poverty in the EU. By 1997, this situation had improved somewhat, though a quarter of children remain in poverty.

d) **Higher opportunity costs associated with education.** This trend derives from the huge increase in employment opportunities for young people arising from the Celtic Tiger. Many of these new jobs require minimal qualifications and pay reasonably well. There are especially attractive to school-going children from low-income backgrounds, where parents are unable to provide spending money. The result is that the income foregone in attending school has increased.

This combination of higher costs, widespread family poverty and growth in unskilled employment, has increased the relative financial burden on low-income households with school-going children. This scenario makes the provision of welfare support, such as the clothing and footwear allowance, of greater importance.

A secondary objective of the scheme is to boost participation in education. By providing financial support, it is assumed that parents will be less inclined to remove their children from school due to participation costs. In turn, longer attendance at school should improve the opportunity for educational success. This rationale is also more relevant now than previously:

a) **Persist pattern of early school-leaving.** Despite the overall improvement in educational participation rates, there remains a stubborn cohort of c5,000 children who continue to leave school early, including 1,000 who never attend secondary school. Education policy has prioritised this issue and has intensified efforts to encourage children from low-income backgrounds to remain in school, most notably through the *8-15 year olds* and the *Stay in school* initiatives. There have also been a host of local initiatives designed to extend school attendance.

b) **Length of time in school is a key determinant of educational performance**. Meanwhile, the significance of length of school participation in determining educational attainment has increased. Children who leave school before formal completion of junior and senior cycle are at a grave disadvantage in a credential-based society. Also of importance is the age at which schooling begins, with early education carrying through in later life.

c) **Strengthened linkage between education and life prospects.** Finally, the influence of educational attainment on job and career prospects is increasing. Conversely, the association between low education standards and the risk of unemployment and of poverty has also grown. Educational opportunity is more and more recognised as the key factor in breaking the cycle of poverty in society.

Increasing participation in school has achieved greater prominence in recent years in education policy. Recent policy initiatives, at national and local levels, have in particular emphasied the influence of financial considerations on low-income pupils' participation in school. For example, a number of programmes have provided bursaries for older children to encourage attendance at school as part of a package of measures to boost educational attainment. Other interventions have focused on enhancing indirect supports, such as school meals. The clothing and footwear scheme has thus taken on additional importance from an education policy perspective.

3. Outputs and impact of scheme

The outputs of the school are as follows:

- annual one-off basic payment of £43
- supplement (£15) for children aged 12+
- 209,300 child beneficiaries aged between 2 and 22 years
- welfare transfer of £10.4m to low-income families

Expenditure (and presumably take-up) of the scheme has doubled since first introduced in 1990, though the last two years has seen a 18.5per cent fall in expenditure. The reasons for this reversal are not clear and should be investigated.

It is quite difficult to assess the impact of the scheme in terms of its two objectives. However, some general comments can be made. First, in regard to its impact in reducing the financial burden of education for low-income families:

- **Contribution towards school costs.** The first impact criterion is the extent to which the costs of clothing and footwear for families are minimised. Here, it is important to note that the payment is presented only as a contribution towards the costs of these items. Unfortunately, the Department does not use an objective benchmark to calculate the cost of these items, nor does it indicate what it considers to be its share. Rather, the level of the payment is determined by administrative and political factors, including the budgetary resources available to

the Department. This ad-hoc situation is aggravated by the failure to uprate the payment on an annual basis (the same amount has been paid for over three years). Similarly, the rationale for having a two-tiered age-related payment is not explicit, beyond a general notion that costs increase when a child gets older.

An alternative way to assessing the scheme's financial impact is its value vis-à-vis rates of child dependant allowance and child benefit. Thus, the £43 payment is equivalent to three-times the lowest weekly CDA or to 1.5 times monthly child benefit. The payment is, by these standards, a modest lump sum. Similarly, its value can be measured in relation to the benefits provided under similar education-oriented welfare schemes, such as free school books and meals. While precise figures are not available re the other schemes, it would appear that the scheme is roughly equivalent to the other education-related benefits. By contrast, the scheme makes only a marginal contribution to the overall value of secondary benefits.

- **Coverage of need.** Whether the scheme is availed of by all families in need of help provides another measure of impact. The scheme is targeted on the basis of age of the child, welfare/employment status and income. It also requires a separate application - unlike some other secondary benefits - and is administered apart from the mainline welfare system through the health boards as part of supplementary welfare allowance (SWA). Despite these restrictions and requirements, there is a high take-up of the scheme, with 209,300 child beneficiaries in 1998. The take-up of this scheme appears considerably higher than that for other welfare provision to assist with education costs, such as school meals and school books.

  At the same time, it is important to place this take-up in a wider context of overall levels of children in need (see table 1 below). This reveals that the scheme reaches less than half of children in welfare-dependent families, at most two-thirds of children with a medical card and between 58 per cent and 85 per cent of poor children. Furthermore, the scheme has only a fifth of the coverage of child benefit. This suggests two conclusions: the scheme is restricted to a small proportion of all children attending school; and not all eligible children are receiving the benefit.

Table 1: Various measures of children in need

Scheme beneficiaries (aged 2-22)	Children in welfare families[7] (aged 0-22)	Children with medical cards (aged 0-15)	Poor children[8] (aged 0-19)	Beneficiaries of child benefit (aged 0-19)
209,300	440,100 (116,662 insurance) (290,147 assistance) (33,334 FIS)	306,821	246,420 (50% line) 363,911 (60% line)	1,039,746

- **Level of indebtedness.** A third measurement of the financial impact of the scheme might be in terms of the reduction of indebtedness among low-income families due to school-related costs (highlighted above). The Agency has no way of estimating the impact of the scheme in this regard. However, such information should be available from the Department's money advice and budgeting scheme. In particular, it might be gleaned from the current evaluation of the service.

It is much more difficult to assess the scheme's impact on participation in education. There is some anecdotal evidence to suggest it can make an important contribution. However, it is unlikely that the scheme on its own is the determinant of whether a child remains on in school beyond an age at which it might otherwise have left. Clearly, indepth research is needed to a) assess the influence of participation costs in early school leaving and b) measure the countervailing impact of welfare schemes.

4. Issues of effectiveness and efficiency

This section will consider various issues which have a bearing on the effectiveness and efficiency of the scheme. These are:

a) **Adequacy of payment.** As noted above, there is no explicit measurement of the costs of school-related clothing and footwear, even if the scheme is only designed to assist with the costs, not pay the full amount. This situation is hardly tenable, when basic welfare payments are widely benchmarked by reference to 'minimally adequate levels'. A similar exercise should be performed with regard to clothing and footwear costs, in order to provide a basis for assessing the level of payment under the scheme. Furthermore, there is no logical basis for restricting the scheme to a contribution towards the costs, given the low incomes families are living on. It begs the question of how are the full costs to be met, except by cutting back somewhere else in the basic necessities of life?

b) **Frequency of payment.** The scheme only provides a one-off payment over the course of a nine/ten-month school year. It is unrealistic to expect clothing and, in particular, footwear items to last than long. In particular, parents may be obliged

[7] This includes full and half rate CDAs, which may give rise to some double counting in the total.
[8] Based on applying ESRI figures on the risk for children (aged under 16 years) in 1997 of living in households falling below 50 per cent and 60 per cent of average income (25 per cent and 35 per cent respectively) to the total number of child benefit beneficiaries. These cut-off points are the weekly equivalent of £25.89 and £31.08 per child.

to purchase a pair of summer sports shoes in May or June. Having a second (lower) payment would be beneficial around this time of the year. This argument is predicated on the value of payment(s) under the scheme also being increased.

c) **Structure of payment.** Currently, payments have a dual structure linked to the age of the child. There is no clear rationale for this. An alternative might be to link the higher payment with the transition from primary to secondary school. At this point, a completely new uniform will be required, along with the usual footwear upgrades. This would imply a higher payment which is not age-specific, though would generally benefit children aged 13 years. Indeed, given that up to 1,000 children leave school at this period, a bonus payment might also have an incentive effect. After that, payments could revert to offering a modest supplement over the basic rate. On a similar basis, it might be appropriate to introduce further increases post junior certificate (c 16 years) and upon entry to third level.

d) **Eligibility for payment.** Eligibility for the scheme is very restricted - circa 400,000 welfare-dependent school-going children, which represents less than two-fifths of the school-going population. This category excludes a number of welfare-dependent or low-income families due to administrative restrictions. For example:

- school-going children aged 18-22 in welfare-dependent families not in receipt of CDAs;
- children under two;
- adults returning to education, under various schemes such as VTOS and the third level allowance;
- children in families in low-paid self-employment;
- children in families dependent on a FAS craft course.

The means test for the scheme provides a further restriction, especially as it is more stringent that Departmental means tests for CDAs under the various mainline schemes. In addition, it is based on gross, not net income, which is out of step with recent reforms of FIS. The test is especially severe for those on the margins of eligibility, who instead might be considered for a reduced payment. There is also a £250 gross income ceiling for families on various employment schemes, which can be easily reached. A ceiling based on earned income would be more appropriate, as proposed in the Goodbody review mentioned earlier.

e) **Creation of poverty and unemployment trap.** The scheme, as a secondary benefit, could potentially contribute to the creation of a poverty or unemployment trap for low-income families. The fact that it is only claimed by a half of all welfare-dependent children, has restricted eligibility for families in low-paid employment (through FIS), provides a one-off modest payment and can be retained as a secondary benefit for those moving from welfare to work, greatly minimises its impact in this regard. However, there are still a number of reforms that could be implemented to improve this situation.

f) **Delivery of the scheme.** The scheme is a stand-alone administrative scheme within the framework of SWA. The rationale for this is its more restricted targeting than mainline welfare schemes. This arrangement poses two difficulties: first, the scheme requires an additional application from its already welfare-dependent target group and second, the scheme shares some of the service limitations of SWA, notably reduced public awareness, a personalised and discretionary ethos,

and archaic administrative procedures.[9] These can mitigate against the provision of a good quality service to claimants and can also reduce the take-up of the scheme.

As well as resulting in an inferior delivery of the scheme, the rationale for a separate administration system has a number of internal weaknesses. First, there are already far too many means test in public administration and, as argued by the Comptroller and Auditor General, existing ones should be rationalised.[10] Second, it seems an unnecessary administrative arrangement to require a separate and substantial application to a different organisation when the Department already has (a) detailed knowledge of most claimants' means and (b) an existing payment structure to deliver the benefit. Third, the delivery of the scheme is in stark contrast with the procedures governing other welfare-based secondary benefits - butter vouchers, free fuel schemes, and Christmas Bonus - all of which are integrated into weekly welfare payments. This diversity of delivery methods is even harder to fathom given the relatively small cost of the scheme as compared to these other benefits (£10.4m as compared to £90m).

A further dimension of the scheme's delivery is the lack of integration between entitlement to the scheme and to other education-related welfare benefits. This issue was highlighted in the NESF report on quality delivery of social services (see appendix 1 for details of current arrangements). The delivery of these benefits is far from effective from a claimant or an administrative perspective.

g) **Administration costs.** The application costs imposed on claimants under the scheme are paralleled by its high administration costs. The recent report by the Auditor and Comptroller General on SWA reveals that in 1996, the cost of administering the scheme represented 16.5 per cent of total expenditure under the scheme.[11] This contrasts with an average of 7.6 per cent for all entitlement-based SWA payments and 5 per cent for Department-administered schemes. Thus, reducing the scheme's administration cost to the Departmental norm would generate savings of £1.465m. This amount would pay for another 34,000 basic payments or a £7 supplement (+ 16 per cent) for all existing beneficiaries. Besides the SWA administration costs of the scheme, there are also the costs imposed on school principals, who have to verify applications under the scheme. By administering the scheme directly, this requirement could be done away with, at least until the child is over 15, the statutory minimum age for leaving school.

5. Options for reform

The Agency views the scheme as having an important role to play in both assisting low-income families with school-going costs and in encouraging participation in the formal education system. We believe there are a number of options to enhance the effectiveness of the scheme in these regards. However, the scheme has also to be viewed in a wider context of:

[9] See Mills, F, Smyth, E, Walsh, J, Tovey, H and Walsh, J (1991) *Scheme of last resort?*, Dublin: Combat Poverty Agency; NESF (1995) *Quality delivery of social services*, Dublin: Stationery Office
[10] Comptroller and Auditor General (1995), *Report on value for money examination: means testing*, Dublin, Stationery Office
[11] Comptroller and Auditor General (1998), *Report on value for money examination: the administration of Supplementary Welfare Allowances*, Dublin: Stationery Office.

- the widespread incidence and the persistence of child poverty;
- the low level of child income support, especially as compared to the basic costs of a child (CDA and child benefit combined provides a minimum weekly equivalent is £21.47, while the basic costs of a child are £32.10, based on 1994 research);
- the need to facilitate the transition from welfare to work;
- the extensive and increasing costs associated with participation in education;
- the ad-hoc nature of the current package of education-related welfare benefits.

We therefore begin with some general recommendations:

- **Increase the overall value of child income support**
  The Agency has consistently argued that the value of child income support should be substantially increased. This would redress the fact that Ireland has among the lowest levels of child income support in Europe, while at the same time having among the highest rates of child poverty. Improving child income support remains the fundamental challenge facing welfare policy and which no amount of additional targeted schemes such as clothing and footwear can overlook. Our 1999 pre-budget submission advocates a rise of £20 per month in child benefit, plus a more modest increase in CDAs. While a universal provision, child benefit has a number of important advantages: it would recognise the costs of rearing children for all families; it would still predominantly benefit lower income families; it would avoid the worsening of poverty traps; and it would guarantee almost 100 per cent take-up.

- **Provide a double child benefit payment in September**
  In recognition of the expenditure peak associated with returning to school in September, there could be an even greater increase in child benefit for this month, perhaps doubling the new figure (making the payment almost £100 per child).

- **Improve the general package of education-related welfare benefits**
  The scheme addresses but one element of the wider issue of school participation costs for low-income families. It is important, then, that all aspects of the current package of measures be enhanced in terms of their quality and take-up. In particular, we would suggest that entitlement of the scheme should provide a passport to all other benefits. By making the scheme the flagship of school-related benefits, it would reduce administration of other schemes, boost overall take-up and generally increase appreciation of the importance of children attending school among low-income families. Also, there should be consideration of mainstreaming the payment of a supplement/ scholarship for low-income children in the critical years between junior and leaving certificate, which is a feature of various local initiatives. Thirdly, there should be a significant increase in the higher education grant.

- **Minimise the costs of education for parents**
  There maybe scope to reduce, or at least control, the spiralling costs of education. Less expensive school uniforms, the introduction of book rental scheme, less expensive changes in the curriculum and increased capitation funding.

- **Research the barriers associated with school participation costs**

There is much anecdotal evidence about the influence of education costs in creating barriers to participation in education. This issue warrants further research, including an examination of the impact of financial supports.

A key theme in our submission is the need for a combined welfare and education strategy in regard to the provision of welfare support for school-related costs. This should be led by the two relevant government departments, as a cross-cutting issue under the framework of the National Anti-Poverty Strategy. The Agency therefore suggests that the Department of Social, Community and Family Affairs and Department of Education establish a working group to co-ordinate research and policy in this area. This working group might also include representatives from interest groups, such as parents, welfare agencies, schools and local educational initiatives.

Even with the changes proposed above, the Agency still envisages a role for the scheme. We see the merit in retaining a targeted financial intervention for school-related costs, over and above an increased and doubled child benefit in September, and part of a wider package of targeted school-related welfare supports. We make the following proposals in relation to the scheme itself:

- **Retain the payment as a top-up to cover the full clothing and footwear costs**
  The combined value of the additional child benefit and the payment under the scheme should be substantially greater that what is currently paid. Ideally, the payment should cover the full costs, which should be objectively researched. With an additional (increased) child benefit in September - valued at £50 - that might mean a residual basic payment in the order of £25. However, if a double child benefit payment is not made, then the scheme should provide the full amount, giving a payment of the order of £75. The higher age payment might then be increased to c£100. If there amounts were still not considered feasible on cost grounds, then at least there should a clear measure of what proportion of clothing and footwear costs the scheme is intended to cover. Also, the payment should be uprated every year in line with cost increases.

- **Introduce a bonus payment to cover key school transitions**
  The Agency believes that there should be bonus payments linked to key school transitions, ie primary to secondary, post junior certificate and post-leaving certificate. Again, this might be of the order of a double basic payment.

- **Increase eligibility and take-up under the scheme**
  The scheme is not reaching all those who might justifiably be considered in need of assistance. This is for two reasons: some children are specifically excluded from eligibility; and other children are just not claiming assistance for various reasons. Much of these problems would be rectified by transferring the administration of the scheme from SWA to the Department (see next proposal). There are also some reforms which would both increase eligibility and address some disincentive aspects of the scheme: a means-test based on net income (as with FIS), a tapered payment, and calculating the £250 retention threshold for secondary benefits on earned rather than gross income.

- **Transfer the administration of the scheme to the Department**
  The Agency recommends, in line with the Comptroller and Auditor General, that the Department takes over the administration of the scheme. This would include the application of mainstream CDA (and FIS) means tests and the integration of payment with weekly welfare benefits. Departmental administration of the scheme would improve the service to beneficiaries, and would also increase

take-up and extend coverage to other low-income groups. This would still require an application procedure and a means test for families on insurance-based schemes. However, in these cases, medical card eligibility might be considered sufficient evidence of need and therefore avoid having to apply another means test.

- **Provide an additional payment later during the school year**
  The possibility of having more than one payment a year should be examined. This should be administratively easy if the scheme is integrated into mainline welfare provision. A second payment could be made around April or May and obviously would be for a reduced amount compared to the September payment.