Submission to the Department of Social Protection on the Review of Means-tested Payments.

Carer's Allowance Means Test

Clare Duffy
Policy and Public Affairs Manager

December 2023

Family Carers Ireland, Market Square, Tullamore, Co. Offaly
E: cduffy@familycarers.ie / T: 086 7707231 / W: familycarers.ie

Introduction

The Irish Government will hold a referendum on care in March 2024, as recommended by the Citizens' Assembly and the Joint Oireachtas Committee on Gender Equality. If successful, the new Article 41.2 will enshrine the value of care work in the Constitution and oblige the State to take reasonable measures to support carers. Additionally, both the Citizens' Assembly and Oireachtas Committee on Gender Equality[1] made unequivocal recommendations regarding the reform of Carer's Allowance, including the need to increase the income disregards and earnings thresholds, the need to disregard the costs associated with care and increase the hours a carer is allowed to work or study as well as the possible introduction of a Participation Income for carers.

Family Carers Ireland acknowledges the efforts made by Minister Humphreys and her Department to increase the income and capital disregards for Carer's Allowance in Budget 2022 and Budget 2024, and the Minister's commitment to review the entire system of means-tested payments for carers.[2] However, we believe a much more fundamental change is needed. Family Carers Ireland is calling for a transition from the outdated means-tested Carer's Allowance scheme towards a more equitable and gender-balanced scheme for carers. One that reflects the reality of contemporary caring relationships and families today, and that values and fairly compensates the immense contribution made by carers as well as the State's reliance on them.

Our Pre-Budget Submission for Budget 2024 '*A Roadmap for the Reform of Carer's Allowance*' set out a 4-year journey, which would see a consistent increase in the income disregard in Budget 2024, Budget 2025 and Budget 2026 with the abolition of the Carer's Allowance means test and the introduction of a Family Carer Payment (i.e. Participation Income) for full-time family carers by 2027. Under the Family Carer Payment, all existing eligibility criteria attached to the Carer's Allowance scheme would remain except the means test. This ambitious change requires the Department to approach its categorisation and assessment of carers in a new and progressive way. We believe that the ambition, motivation and political will exists to achieve this.

This paper sets out the reasons why reform of the Carers Allowance means test is needed. It provides a summary of proposals on how the means test could be reformed to improve the Carer's Allowance scheme and provides a summary of the challenges experienced by carers applying for Carer's Allowance or having their claim reviewed. The paper concludes with a summary of the Parliamentary Budget Office's estimate of the cost of abolishing the Carer's Allowance means test, undertaken in 2022 (appendix 1). Please note, that our calls for changes to the existing means test refer to changes needed pending the introduction of a non-means tested Family Carer Payment (Participation Income).

Who Cares[3]?

- 13% of the Irish population aged over 15 years provide care.
- Extrapolation to the national population means Ireland has some 499,904 family carers.
- Family carers provide an average of 38.7 hours of care each week which means that, collectively, they provide 19m hours of unpaid care each week.
- The annual replacement cost of the care provided by family carers is approximately €20bn.

Carers in receipt of Social Welfare:

- 94,807 people receive Carer's Allowance in respect of 106,302 people.
- 3,864 people receive Carer's Benefit in respect of 4,534 people.
- 128,885 people receive the Carer's Support Grant in respect of 144,991 people.

[1] Joint Committee on Gender Equality Unfinished Democracy: Achieving Gender Equality Final Report December 2022.

[2] In Budget 2024, Minister Heather Humphreys announced that she proposes to establish a new Interdepartmental Working Group with the Department of Health to examine and review the entire system of means tests for carer payments.

[3] Statistics are taken from Census 2016, the Irish Health Survey 2019 and the Health Behaviours in School-aged Children Survey 2018. The replacement value is based on an hourly replacement rate of €20.

- 5,696 carers received the Carer's Support Grant as a standalone payment in 2023.

Why is reform of Carer's Allowance needed?

Despite improvements in recent years, the Carer's Allowance means test remains one of the most contentious issues amongst family carers. Thousands of full-time family carers caring for people medically in need of full-time care, don't qualify for Carer's Allowance or receive a reduced rate due to their relatively modest household income. While Carer's Allowance has served the needs of many carers for over three decades, we believe the scheme is now overly restrictive, gender-biased and no longer fit for purpose. Why?

- **It's outdated** - Introduced in 1990 for people living with and caring for a 'relevant pensioner'- it wasn't designed to meet the very different circumstances of carers who care for prolonged periods and need an income support that encourages rather than restricts their participation in work and education.

- **It undervalues care work -** Carer's Allowance is the only social welfare payment where recipients are expected to provide full-time work (min 35 hrs) and in return receive just €16 more than the basic social welfare rate.

- **It's inadequate** –even before the cost of living crisis, households caring for a child with a profound disability face additional weekly costs of up to **€244** – more than the max. of Carer's Allowance.[4] It Is essential that a progressive welfare system keeps pace with inflation and ensures welfare rates are appropriately benchmarked to safeguard income adequacy. In 2020, the maximum rate of Carer's Allowance for carers under 66 was €219. The equivalized rate today according to the CSO Consumer Price Index Inflation Calculator is €261. This means that even when the new maximum rate of Carer's Allowance of €248 is introduced in January 2024, it remains €13 behind the equivalised rate after inflation.

- **Forces carers to be financially dependent on their partner** - means testing based on the household income leaves family carers, the majority women, who don't receive Carer's Allowance financially reliant on their partner.

- **Discourages employment** - Imposing an 18.5-hour ceiling on work/study traps carers, forcing them to remain welfare dependent and unable to prepare for life after care.

- **The taxation of Carer's Allowance is unfair** – making Carer's Allowance a taxable source of income when other comparable social welfare schemes are not taxed (i.e. Jobseekers Allowance, Disability Allowance, Farm Assist, Part-Time Jobs Incentive Scheme) is unfair, imposes an undue penalty of family carers and reduces the monetary value of Carer's Allowance.

"It's the only job that you are means tested to do... If I were a nurse looking after someone, is the government going to say to me, you know, we're going to means test you?" (Maynooth University Focus Group).

[4] . MacMahon B. Bovlan, H. Thornton R. (2022) Care at Home: Costs of Care Arisina from Disability. The additional costs of a Minimum Essential Standard of Living for a household caring for an adolescent with a profound intellectual disability. Dublin: The Vincentian Partnership for Social Justice & Family Carers Ireland.

Proposals for the Reform of the Carer's Allowance Means Test

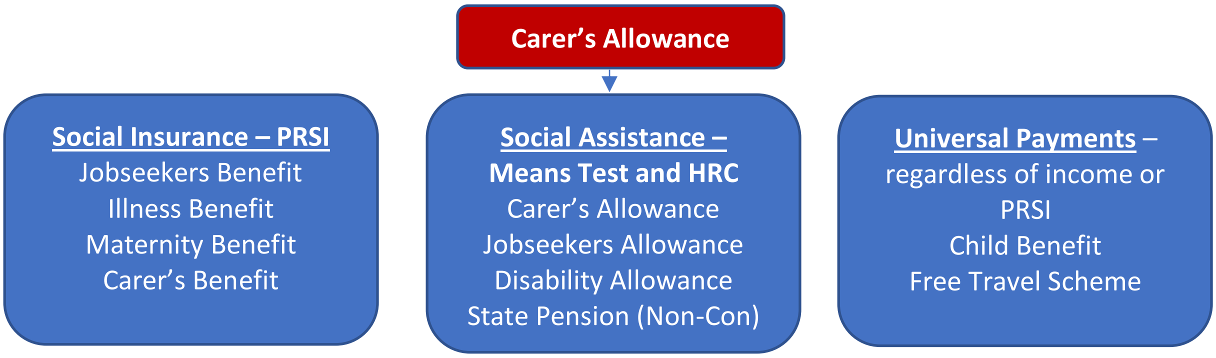
i. Classification of Carer's Allowance as a Social Assistance Payment

While Family Carers Ireland accepts the logic of the categorisation of Carer's Allowance as a Social Assistance payment on the basis it is neither PRSI based or universal, it is increasingly clear that this classification does not recognise the uniqueness of family carers within the social welfare system and is hampering efforts to modernise the scheme. It also means that even after the new income disregards are introduced in June 2024, only carers with a relatively modest household income will qualify.

While the *Review of Carer's Allowance 2019* refers to the Carer's Allowance means test being the most generous in the social welfare system (p3, p11, p15, p30, p35, p37), this presupposes that it should only be benchmarked against other Social Assistance payments for people of working age (e.g Jobseekers Allowance), which is arguably not the correct categorisation given carers unique position within the social welfare system. In comparison, the Foster Carer's Allowance is not a 'Social Assistance' payment but is paid by Tusla. It is rightly not means-tested and is set at a rate of €350 for children under 12 and €377 for older children, with the payment tax-free and exempt from social welfare means-testing[5].

The classification of Carer's Allowance as a Social Assistance payment also requires applicants to satisfy the Habitual Residence Condition (HRC), which makes it difficult for people returning to Ireland to care for ageing parents or relatives to qualify for Carer's Allowance. Given the unique situation of the north of Ireland being under the UK jurisdiction, the application of the HRC is felt even more acutely by carers who live in border counties and are unable to claim Carer's Allowance for a family member living south of the border, even when they live only a short distance away.

Classification of Social Welfare Payments



Proposal 1: Increase the Carer's Allowance income disregard by €125 (single)/€250 (couples) in Budgets 2025 and 2026, with the full abolition of the means test and the introduction of a Family Carer Payment by 2027.

While Family Carers Ireland acknowledges the welcome increase to the income disregard in budgets 2022 and 2024, genuine full-time family carers of people with complex needs continue to be denied Carer's Allowance due to the means test. These are by no means wealthy families. Even after the new disregards are introduced in June 2024, only carers with a gross household income of less than €48,000 are eligible for the maximum rate of Carers Allowance, while those with a household income between €48,000 and €73,000 may be eligible for a reduced rate[6]. Any household with a gross income above €73,000 is not eligible, regardless of how considerable their caring responsibilities are. As discussed later, these households have little or no disposable income after the significant costs associated with

[5] Rates reflect €35 increase due in January 2024.
[6] These figures are for a couple and do not include capital.

caregiving, mortgage, rent, utilities and other household costs are deducted, and are typically one-income households due to the level of caring responsibilities they have.

Family Carers Ireland has repeatedly called for an overhaul of the Carer's Allowance scheme, which was first introduced 33 years ago, and this remains our priority. In our pre-budget submission, we called on Government to use Budget 2024 to begin a 4-year journey, which would see a consistent increase in the income disregard in Budget 2024, Budget 2025 and Budget 2026 with the abolition of the Carer's Allowance means test and the introduction of a Family Carer Payment (i.e. Participation Income) for full-time family carers by 2027. Under the Family Carer Payment, all existing eligibility criteria attached to the Carer's Allowance scheme would remain except the means test.

A Participation Income (PI) is a form of State income support that enables and values certain forms of unpaid work. A Participation Income is similar to a Universal Basic Income however the main difference is that individuals have to do something socially valuable in exchange for the money they receive. Care work is often referenced as one of the most deserving forms of unpaid work suited to a Participation Income. Both NESC[7] and the Oireachtas Committee on Gender Equality recommend that consideration be given to a Participation Income for carers.

How much will this cost?

- Parliamentary Budget Office estimates the cost of abolishing the Carer's Allowance means test would be an additional €397m p.a.[8] (See appendix 1)
- This is in line with the cost estimated by FCI of €389m p.a[9].
- PBO estimate it would cost an additional €387m to raise the income thresholds to a level where all carers in households with a gross income of less than €100,000 would qualify.
- These estimates are considerably less than the cost of €1.2bn suggested by the Department[10].

For more information about a Participation Income please see a report by Maynooth University and Family Carers Ireland published in 2023 'Towards a Participation Income for Family Carers'.[11]

Proposal 2: Extend the allowable deductions and assess income on its net rather than gross value
The Carer's Allowance means test is not based on the actual financial situation of caring households. Because the assessment of means is applied to an applicant or their partner's gross rather than net income and does not consider mortgage repayments, dependent children, college fees, Fair Deal contributions, medical costs, etc., the assessment does not reflect the reality faced by many caring families. These families may appear relatively financially comfortable based on their gross income but are struggling to make ends meet when living expenses and the cost of care are deducted.

The deductions currently allowed are limited to the €350/€750weekly income disregard, [12] employee PRSI, union dues and superannuation. A weekly travel allowance of €15 may also be applied[13]. Family Carers Ireland believes the deductions allowed under the means test should be amended to include the following:

- The Carer's Allowance means test should be applied to the net rather than gross income in line with the assessment currently applied to the Carer's Benefit. The maximum amount that a carer can earn and get Carer's Benefit is €350 a week after tax. This is the applicant's income after

[7] NESC (2020) The Future of the Irish Social Welfare System: Participation and Protection.
[8] Parliamentary Budget Office Reference 2023-008-1, as requested by Deputy Pauline Tully March 31st 2023.
[9] FCI (2023) 'Estimating the Cost of Abolishing the Carer's Allowance Means Test'.
[10] PQ (50414/22)
[11] Murphy, M. Cullen, P. & Gough, S. (2023) 'Towards a Participation Income for Family Carers', Dublin: Family Carers Ireland/Maynooth University.
[12] Income disregard will increase to €450/€900 in June 2024.
[13] Travel is applied at a standard rate of €15 per week.

Income tax, Universal Social Charge (USC), PRSI, superannuation, pension levy, union dues, subscriptions to friendly societies and any health insurance premium are deducted.[14]

- The deductions allowed should be similar to those included in the financial assessment for a Medical Card including mortgage repayments, childcare costs, nursing home costs, education expenses, and an allowance ranging from €38 to €78 for each dependent child.

Comparison of Disregards for Carer's Allowance and the U70 Medical Card

Carer's Allowance Means Test		Medical Card
Disregarded	**Not Disregarded**	**Disregards**
€350/ €750 Social protection payments. Employee PRSI. Union Dues. Superannuation €15 travel	USC Income Tax. Medical costs. Mortgage/loan repayments. Education costs. Savings/Investments/2nd property (excess €50k). Fair Deal contributions.	Disregard of €38-€78pw per child. Childcare costs. Rent/mortgage payments. Mortgage-related insurance. Fire and contents insurance. Mortgage protection insurance. Life assurance. Maintenance payments. Nursing home costs. Travel costs - public transport or mileage at 18c per km - For couples a double allowance applies. Cost of parking. Specified HSE, DEASP payments and Education Grants.

- The €15 weekly travel allowance is inadequate and does not reflect the exceptionally high cost of fuel. In previous years, applicants for Carer's Allowance could make the case for the €15 rate to be increased where their partner travelled a significant distance to work. However, in recent years this practice has ceased. Family Carers Ireland recommends the introduction of a more realistic, tiered travel rate that could be applied based on the distance travelled to work.

Proposal 3: Reduce capital assessment over €70k from €4 to €3 per €1000 in the Capital Formula.
Family Carers Ireland welcomes the change to the capital formula which took effect in 2022, increasing the disregard from €20,000 to €50,000. This change is of particular importance for carers who want to make financial provision for their loved one(s) after their death. To further improve the capital formula Family Carers Ireland is calling for the assessment of capital over €70k to be reduced from €4 per €1000 to €3 for every €1000 of capital.

Capital Formula: Carer's Allowance	
Capital	**Weekly means**
First €50,000	Nil
Next €10,000	€1 per €1,000
Next €10,000	€2 per €1,000
Balance (over €70K)	**€4 per €1,000 – Proposal to reduce to €3 per €1,000**

Proposal 4: Make Carer's Allowance exempt from tax.
Carer's Allowance is taxable and carers with another source of income or whose spouse/partner is working are likely to have to pay tax on the payment. The taxation of Carer's Allowance gives rise to a number of practical issues, not least of which is the failure of many carers to understand their responsibility to inform Revenue of their receipt of Carer's Allowance and the subsequent tax liability

[14] https://www.citizensinformation.ie/en/social-welfare/social-welfare-payments/carers/carers-benefit/

that may ensue. It also makes little practical sense that some social welfare payments are exempt from tax, for example, Jobseeker's Allowance or Disability Allowance, while Carer's Allowance, for which carers must provide full-time care, is subject to tax. Family Carers Ireland urges that the Department and Revenue consider making Carer's Allowance exempt from tax in line with other welfare payments and in recognition of the significant contribution made by carers.

NOT Taxable	Taxable
Jobseeker's Allowance /Benefit/ Transition.	**Carer's Allowance / Carer's Benefit**
Pre-Retirement Allowance.	Adoptive Benefit.
Supplementary Welfare Allowance.	Blind Pension.
Back to Work Family Dividend.	Death Benefit Pension.
Child Benefit.	Deserted Wife's Benefit / Allowance.
Back to School Clothing and Footwear Allow.	Disablement Pension.
Carer's Support Grant.	Health and Safety Benefit.
Constant Attendance Allowance.	Illness Benefit.
Disability Allowance.	Invalidity Pension.
Domiciliary Care Allowance.	Incapacity Supplement.
Farm Assist.	Injury Benefit.
Working Family Payment.	Jobseeker's Benefit (first €13 excluded).
Fuel Allowance.	Maternity Benefit.
Guardian's Payment (Contributory).	One-Parent Family Payment.
Guardian's Payment (Non-Contributory).	Partial Capacity Benefit.
Household Benefits Package.	Paternity Benefit.
Telephone Support Allowance.	State Pension (Contributory/Non-Contributory)
Widowed or Surviving Civil Partner Grant.	Widow(ers) Pension.

Proposal 5: Carer's Benefit should not include an earnings limit.
Carer's Benefit is a PRSI-based payment, meaning it is not means-tested but rather eligibility is determined by the provision of full-time care and having the requisite number of PRSI contributions. Given it is not means tested, it makes little sense to impose an earnings limit of €350 on claimants who chose to work for the allowable 18.5 hours or less (we note this will increase to €450 in June 2024). While many carers who work while on Carer's Benefit can stay within this earnings limit, it makes the scheme inaccessible to higher-earning workers whose income is higher than the earnings threshold should they choose to work.

Proposal 6: Exclude carer payments in the financial assessment of the Working Family Payment.
Since January 2012 Carer's Allowance and Carer's Benefit have been included in the assessment of means for the Working Family Payment (formerly Family Income Supplement)[15] - a cost-saving measure introduced during the austerity budgets. Before this, all carer payments were excluded. This change has had a considerable impact on caring families where a significant amount of the Working Family Payment is lost due to the receipt of Carer's Allowance or Carer's Benefit. For example, in a family with four children where a parent earns €400 per week, the Working Family Payment is halved from €290 per week to €149 when a partner is awarded Carer's Allowance. Family Carer's Ireland believes carers payments should be excluded from the assessment of means for the Working Family Payment as they were before 2012.

Proposal 7: Simplify and better explain the means-test for applicants who are self-employed.
The current system of means-testing applicants who are self-employed or whose partner is self-employed is not as well understood as the process for applicants who are PAYE workers. The process is also much more time-consuming with the applicant's file having to be sent to the local social welfare office for inspection by a Community Welfare Officer – a process which often adds months to the

[15] The inclusion of carer payments was phased with 25% assessed in year 1, 50% year 2, 75% in year 3 and 100% in year 4.

processing time. We also have seen discrepancies in how the means test is applied to some self-employed business which is causing confusion and frustration among applicants. Family Carers Ireland believe it is unfair that applicants who are self-employed are expected to wait for months for a decision on their claim and recommend that the process of sending files to Community Welfare Officers be reviewed to ensure the process is expediated and transparent.

Proposal 8: Facilitate online Carer's Allowance applications and reviews.
Family Carer's Ireland welcomes developments within the Department of Social Protection which allows applicants to apply for certain social welfare payments online using MyWelfare.ie (Jobseekers payments, Illness Benefit, Paternity Benefit, Maternity Benefit and Child Benefit). While the application and review process for Carer's Allowance (and other carer payments) remains paper-based we encourage the Department to extend MyWelfare.ie to include online applications and reviews for Carer's Allowance, Carer's Benefit and the Carer's Support Grant. This would help make the process easier on applicants, more transparent and help avoid expensive printing and postage costs.

Challenges experienced by carers applying for Carer's Allowance
Family Carers Ireland understands the need for the Department to be diligent in its delivery of social welfare schemes, including Carer's Allowance, and the importance of undertaking regular reviews to ensure claimants' continued entitlement. However, we note an increase in complaints among family carers about their experience of applying for Carer's Allowance or being reviewed. These carers have described the process as stressful and unnecessarily burdensome. Research by Maynooth University in 2023 made a similar finding. Carers in their focus groups reported finding the process 'onerous, invasive and time-consuming', and described the means test as 'intrusive and at times degrading'. [16] Calls received through the Family Carers Ireland network of centres and the freephone careline also reflect a growing concern amongst carers about the process of means-testing, specifically:

- Carers report finding the language and wording of the Department's correspondence intimidating, frightening and confusing. For example, in letters referring to the means test, many carers don't understand what 'assessable means' refers to or how their means test is calculated. Carers often incorrectly assume that if their means falls within the statutory income limit then they should qualify for the maximum rate of Carer's Allowance.

- Typically, applicants are given 21 days to revert to the Department with any additional information that is required as part of a review of their claim. However, in some cases, this is not enough time to secure the necessary medical reports, financial information or bank statements.

- There is a general lack of understanding about the review and appeals process. Many carers request an appeal without understanding that they could request a review of the decision as a precursor to an appeal. Similarly, carers who have been refused Carer's Allowance due to their means, often focus their review/appeal on the medical needs of the cared-for person because they don't fully understand eligibility criteria for the scheme.

- Family Carers Ireland has supported a number of family carers whose Carer's Allowance has been stopped as they have been unable to provide the payslips or bank statements of their partner due to abuse, the breakdown in the relationship or the couple's unofficial separation. In these cases, despite providing full-time care and having no income, the carer is left financially destitute.

"When I discuss the possible reason for the Department's letter most carers understand, which suggests that it is the tone of the letter that is causing them stress and upset, as opposed to the message that the letter is trying to convey". (FCI Carer Support Manager).

---

[16] [16] Murphy, M. Cullen, P. & Gough, S. (2023) 'Towards a Participation Income for Family Carers', Dublin: Family Carers Ireland/Maynooth University.

Appendix 1: Parliamentary Budget Office – Cost of Abolishing the Carer's Allowance Means Test

Parliamentary Budget Office **31/03/2023**

An Oifig Buiséid Pharlaiminteach
Parliamentary Budget Office

Tithe an Oireachtais
Houses of the Oireachtas

Client:	Deputy Pauline Tully
Party:	Sinn Féin
Contact:	Deputy Pauline Tully
RE:	Abolishing the means test for the Carer's Allowance
Details of request:	Included in Appendix
Date of request:	28/02/2023
Date of response:	31/03/2023
Request Number:	2023-008-1

The cost estimates should be interpreted carefully and with reference to all of the underpinning assumptions used.

CONFIDENTIAL ANALYSIS

Disclaimer: *As part of its costing service, the PBO endeavours to provide reasonable estimates (or ranges of estimates) for policy proposals (as submitted), which are communicated in an accessible and transparent way. The costings process can involve the use of multiple data sources, statistical models or techniques, and/or judgement-based assessments. The PBO can provide more detailed information on the method(s) underpinning a specific costing upon request. To respect the impartiality of the Office in providing this service, the PBO should not be represented as supporting the underlying proposals and will not comment on the merits or otherwise of the underlying proposals. The material herein is considered confidential, and the PBO will only publish information relating to a costing once this information has been made public by the relevant party or group, or in case the PBO obtains explicit permission from it. The PBO reserves the right to publish details relating to a costing request if it considers its own analysis to be misrepresented.*

1. Summary of request

Changes to the means-test for Carer's Allowance
Policy 1: • Removal of the means-test for Carer's Allowance.
Policy 2: • Raising the income threshold so that all households earning under €100,000 would qualify for Carer's Allowance.

2. Overview of Data and Methodology

This is a lengthy analysis, as the PBO has endeavoured to provide as much detail as possible regarding the various steps involved in arriving at a cost estimate for the proposed policies.

We estimate potential new Carer's Allowance recipients based on the current recipients of the Carer's Support Grant and the Domiciliary Care Allowance, given similar eligibility criteria. To this end, we use survey data, specifically the 'Survey on Income and Living Conditions' (SILC), and administrative data from the Department of Social Protection.

Overall, our analysis suggests that potential new Carer's Allowance recipients would have earnings that are low enough to make the difference in costs between Policy 1 and Policy 2 negligible.

2.1. Data

1. The PBO issued a request for information to the Department of Social Protection (DSP) seeking the latest administrative data on recipient numbers for the following schemes:
   - **A.** Carer's Allowance full-rate;
   - **B.** Carer's Allowance half-rate;
   - **C.** Carer's Support Grant;
   - **D.** Domiciliary Care Allowance.
2. The PBO sought this information broken-down by age cohort (aged 66 and under, versus over 66), the number of carees (one, versus two or more), and the number receiving an additional payment for a child dependent (aged under 12, versus 12 and over). The PBO also requested information on the number of claimants for the Carer's Support Grant and Domiciliary Care Allowance who aren't also receiving the Carer's Allowance (either full- or half-rate).
3. This information was supplemented using:

A. Publicly available data on the number of Carer's Allowance recipients by payment band;[1]

B. Information obtained from the latest version of the Survey on Income and Living Conditions (SILC).[2]

2.2. Methods and Key Assumptions

First, it is necessary to estimate the potential number of recipients under each of the proposed policies. Then, we can proceed by estimating the cost of each policy. Finally, the additional cost of Policy 1 and Policy 2 relative to the current or 'baseline' policy can then be determined.

Policy 1

1. The removal of the means-test would have two main implications for recipients:
    A. The overall number of recipients would increase, as those previously excluded from the CA on the basis of their means would become eligible to receive the payment.

    B. Those already receiving the CA, but on a reduced payment rate due to their means, would become eligible for the maximum rate of payment.

2. **To proxy the number in A** we refer to the Carer's Support Grant[3] and the Domiciliary Care Allowance schemes.[4] We assume that recipients under these two schemes may also be eligible for Carer's Allowance on the basis of meeting non-means related criteria.

    Unlike the Carer's Allowance, the Carer's Support Grant and the Domiciliary Care Allowance are non-means tested, and so not all Carer's Support Grant and Domiciliary Care Allowance recipients will receive the Carer's Allowance. The Carer's Support Grant is a once-off annual payment that is paid to carers irrespective of their means – it is paid automatically to recipients of the Carer's Allowance and the Domiciliary Care Allowance. The Domiciliary Care Allowance is a monthly payment to children under 16 years of age with a severe disability.

    Those in receipt of the Carer's Support Grant and the Domiciliary Care Allowance will meet key eligibility criteria for the Carer's Allowance. For example, as with the Carer's

[1] See response to Parliamentary Question (PQ) 462 and 463, Tuesday 29th November 2022: Social Welfare Benefits – Tuesday, 29 Nov 2022 – Parliamentary Questions (33rd Dáil) – Houses of the Oireachtas.
[2] SILC micro-data was obtained from the ISSDA for the purposes of this costing. For more information on the SILC survey, see: Survey on Income and Living Conditions (SILC) 2021 - CSO - Central Statistics Office.
[3] For more information on the Carer's Support Grant scheme, see: Carer's Support Grant (citizensinformation.ie).
[4] For more information on the Domiciliary Care Allowance scheme, see: Domiciliary Care Allowance (citizensinformation.ie).

Allowance, Carer's Support Grant recipients must be caring on a full-time basis and must not be in employment for more than 18.5 hours per week. Receipt of the Domiciliary Care Allowance means that the household has a child with a severe disability requiring a level of ongoing care that is substantially above what would usually be needed by a child of the same age.

We focus on the number of unique Carer's Support Grant and Domiciliary Care Allowance recipients – those receiving the Carer's Support Grant and the Domiciliary Care Allowance who are not currently in receipt of the Carer's Allowance. We assume that all those receiving the Carer's Support Grant who are not currently receiving the Carer's Allowance or the Domiciliary Care Allowance, would qualify with the removal of the means-test on the basis that they are already meeting other relevant non-means related criteria (e.g. they are not working more than 18.5 hours per week). We assign these recipients a payment in line with their age cohort and their number of carees. However, to estimate the proportion of Domiciliary Care Allowance recipients whose parents would qualify for the Carer's Allowance with the removal of the means-test, we must refer to SILC 2021 data to further assess their eligibility.

Households in receipt of the Domiciliary Care Allowance will also receive a medical card for the child for which the Domiciliary Care Allowance is claimed. We focus on the sub-sample in SILC of those households with a child that has been assigned a medical card, as determined using the variable: *GMS_Card*.[5] Among these households, the CA could only be claimed by an adult who is not working more than 18.5 hours per week. First, we exclude those adults who are classified as unable to work due to a long-standing health problem (variable: *PL032*) – we assume that these individuals are unable to provide care as a result of their own medical condition. Then, among the remaining adults, we calculate the proportion of those households with at least one adult who is not working more than 18.5 hours per week, using the variables: *PL060* and *PL100* – total hours worked in main, and in second or more jobs per week. This amounts to 66% (that is, we estimate using SILC data that 66% of the potential Domiciliary Care Allowance recipients have at least one adult in the household who is not working more than 18.5 hours per week and could therefore be eligible for receipt of the Carer's Allowance).

We use this figure to estimate that, with the removal of the Carer's Allowance means-test, 66% of the current recipients of the Domiciliary Care Allowance who are not already receiving the Carer's Allowance, would qualify. We assume that all of these additional recipients are aged under 66,[6] and assign each individual their relevant

[5] It is important to note that, while all Domiciliary Care Allowance recipient children are eligible to receive a medical card, not all children who have received a medical card are Domiciliary Care Allowance recipients. Domiciliary Care Allowance recipients will be a subset of the broader population of children with medical cards.
[6] This appears to be a reasonable assumption, given that these individuals are caring for children aged under 16.

Carer's Allowance payment in line with their number of carees. We further assign a child dependent increase (available as part of the full-rate Carer's Allowance).

3. **To estimate B**, we use data shared by Department of Social Protection on the number of Carer's Allowance recipients, broken down by half- and full-rate. The abolition of the means-test will mean that these individuals will receive the maximum payment rate, in line with their age cohort and their number of carees (e.g. aged 66 and under versus over 66; one versus two or more carees).

4. With an estimate of recipient numbers under Policy 1, it is possible to estimate the total and additional cost (i.e. the cost relative to the current or 'baseline' policy). The additional cost arises due to a greater number of recipients (i.e. those receiving the Carer's Support Grant and the Domiciliary Care Allowance who would now qualify for the Carer's Allowance, but do not qualify under the baseline policy), and also as a result of current recipients being awarded a higher payment. However, calculating the additional cost requires an estimate of the cost associated with the baseline policy.

   We refer to publicly available information on the number receiving the Carer's Allowance broken down by payment band.[7] We assess the proportion of recipients that are assigned to each payment band and assume that this holds for the updated data on recipient totals received by the PBO from the Department of Social Protection.[8] We assign recipients the mid-point of their payment band and use this to calculate the cost associated with the baseline policy. This allows us to calculate a weekly cost (the Carer's Allowance is a weekly payment) which is then annualised by multiplying by 52. The additional cost is then calculated as the extra cost associated with the proposed policy relative to the baseline policy.[9]

Policy 2

1. Under the second policy, which involves raising the income threshold so that all households earning under €100,000 would qualify for the Carer's Allowance, estimates of recipient numbers are calculated in largely the same way as described for Policy 1.

   We assume that all those who are currently in receipt of the Carer's Allowance (either full- or half-rate) will continue to receive it under a higher income threshold and will receive the maximum payment in line with their age cohort and their number of

[7] See response to Parliamentary Question (PQ) 462 and 463, Tuesday 29th November 2022: Social Welfare Benefits – Tuesday, 29 Nov 2022 – Parliamentary Questions (33rd Dáil) – Houses of the Oireachtas.

[8] Note that recipient totals supplied in the PQ are broadly consistent with more recent data received by the PBO, suggesting consistency in recipient numbers over time.

[9] This analysis involves taking a snapshot of recipient data, i.e. data for a particular week (the latest available), and assuming that the number (and type) of recipients holds for the duration of the year. In effect, this is a stylised analysis. In reality, it is likely that recipients will enter and exit the scheme during a 12-month period, and the proportion of recipients in each payment band will fluctuate.

carees.[10] To estimate the additional number of recipients, i.e. those who were previously ineligible but who will become eligible under the new higher income threshold, we refer to SILC 2021 data.

We use the variable: *HY023*, which captures total household disposable income, excluding social transfers (such as other social welfare payments). As SILC 2021 refers to data from the year 2020, we uprate incomes to 2023 levels, using earnings data from the CSO.[11]

2. This uprated income variable is used to assess eligibility for the Carer's Allowance for those individuals who meet the other criteria described previously.

   To identify the proportion of Domiciliary Care Allowance recipients who may qualify for the new policy, we focus on those in SILC who meet the following criteria:

   - They are an adult (variable: *Aggp3*);
   - A child in the household has been assigned a medical card (variable: *GMS_Card*);
   - The adult is not unable to work as a result of a long-term medical condition (variable: *PL032*) – we assume that these individuals are well enough to provide care and are not out of work as a result of their own medical condition;
   - The adult does not work more than 18.5 hours per week (variables: *PL060, PL100*).

   To identify the proportion of Carer's Support Grant recipients who may qualify for the new policy, we first exclude those cases identified as potential Domiciliary Care Allowance recipients, and focus on those in SILC who meet the following criteria:

   - They are an adult (variable: *Aggp3*);
   - The adult is not unable to work as a result of a long-term medical condition (variable: *PL032*) – we assume that these individuals are well enough to provide care and are not out of work as a result of their own medical condition;
   - The adult does not work more than 18.5 hours per week (variables: *PL060, PL100*).

[10] Data is not available on the incomes of current Carer's Allowance recipients. Although not clarified in the policy specification, it is assumed that the intention is to assign all those who meet the new income threshold the maximum Carer's Allowance payment in line with their age cohort and their number of carees.

[11] Uprate factors of 4.67% and 3.31% were used to capture income growth over 2020 to 2022, reflecting growth in incomes over this time. A two-year average growth rate of 3.99% was estimated and applied for 2023. See: [Earnings and Labour Costs Q3 2022 (Final) Q4 2022 (Preliminary Estimates) - CSO - Central Statistics Office.]

In order to identify the rate of payment that will apply to each recipient, we separately assess those aged 65 years and over[12] and those aged under 65, in line with the criteria outlined above.

3. Of these cases that meet the eligibility criteria defined above, only those whose household income is below the threshold of €100,000 are deemed eligible for the Carer's Allowance under Policy 2. We calculate the proportion of such cases using the SILC data and apply this proportion to the administrative data on the number of Carer's Support Grant and Domiciliary Care Allowance recipients (specifically those who are not already in receipt of the Carer's Allowance), received from the Department of Social Protection.

   Based on this analysis, we estimate that 99.4% of those Domiciliary Care Allowance recipients who also meet other eligibility criteria (i.e. the previously calculated 66%) will be eligible for Carer's Allowance under the new income threshold. As before, all of these recipients are assumed to be aged under 66 years and are assigned a child dependent increase.

   For Carer's Support Grant recipients, we estimate that 86% of those aged under 66 years and 99% of those aged 66 years and above, will be eligible for the Carer's Allowance under the new income threshold.

3. Results

The estimated costs are detailed below. As shown, there is minimal difference in cost between Policy 1 and Policy 2, given that a high number of potential recipients who meet other, non-means related criteria, are estimated to qualify under the threshold of €100,000 imposed in Policy 2. This makes intuitive sense – recipients of the Carer's Allowance are not permitted to work more than 18.5 hours per week, and it stands to reason that those who meet this criterion will be more likely to fall on the lower end of the income distribution.

3.1. Estimated Costs

Table 1. Estimate of annual cost – Baseline, Policy 1, and Policy 2

Policy	Estimate of weekly cost	Estimate of annual cost	Additional Cost Relative to Baseline
Baseline	€17.5 million	€910 million	-
Policy 1	€25.14 million	€1,307 million	€397 million
Policy 2	€24.94 million	€1,297 million	€387 million

Source: PBO's own modelling using DSP data, and SILC 2021. Estimate of annual cost based on annualised weekly cost. Rounding may affect totals.

[12] Although a higher rate of CA applies to those aged 66 and over, SILC only identifies those aged 65 years and over (variable: *Agqp3*).

Table 2. Baseline Policy, Estimated Cost

Scheme	Recipients	Weekly cost
Carer's Allowance – full-rate		
<66, 1 caree	40,188	€10.9 million
<66, 2+ carees	7,637	
>= 66, 1 caree	1,758	€0.46 million
>= 66, 2+ carees	154	
Total	**49,737**	**€11.3 million**
Child < 12[13]	15,712	€0.49 million
Child >= 12	16,686	€0.63 million
Total	**32,398**	**€1.12 million**
Carer's Allowance – half-rate		
<66, 1 caree	24,251	€3.1 million
<66, 2+ carees	2,568	
>= 66, 1 caree	15,895	€2.1 million
>= 66, 2+ carees	388	
Total	**43,102**	**€5.1 million**
Overall total	**92,839**	**€17.5 million**

Source: PBO's own modelling using DSP data. Rounding may affect totals.

Table 3. Policy 1, Estimated Cost

Scheme	Recipients	Weekly cost
Carer's Allowance – full-rate		
<66, 1 caree	40,188	€12.2 million
<66, 2+ carees	7,637	
>= 66, 1 caree	1,758	€0.54 million
>= 66, 2+ carees	154	
Total	**49,737**	**€12.7 million**
Child < 12[14]	15,712	€0.49 million
Child >= 12	16,686	€0.63 million
Total	**32,398**	**€1.12 million**
Carer's Allowance – half-rate		
<66, 1 caree	24,251	€3.3 million
<66, 2+ carees	2,568	
>= 66, 1 caree	15,895	€2.3 million
>= 66, 2+ carees	388	
Total	**43,102**	**€5.6 million**
Additional recipients from the Carer's Support Grant		
<66, 1 caree	2,849	€0.76 million
<66, 2+ carees	236	
>= 66, 1 caree	246	€0.07 million
>= 66, 2+ carees	4	

[13] We apply an average of the full and half-rate additional payment per dependent child.
[14] As above, we apply an average of the full and half-rate additional payment per dependent child.

Total	**3,335**	**€0.82 million**
Additional recipients from the Domiciliary Care Allowance		
1 caree	1,251	€4.9 million
2+ carees	16,202	
Total	**17,452**	**€4.9 million**
Overall total	**113,626**	**€25.14 million**

Source: PBO's own modelling using DSP data, and SILC 2021. Rounding may affect totals.

Table 4. Policy 2, Estimated Cost

	Recipients	Weekly cost
Carer's Allowance – full-rate		
<66, 1 caree	40,188	€12.2 million
<66, 2+ carees	7,637	
>= 66, 1 caree	1,758	€0.54 million
>= 66, 2+ carees	154	
Total	**49,737**	**€12.7 million**
Child < 12[15]	15,712	€0.49 million
Child >= 12	16,686	€0.63 million
Total	**32,398**	**€1.12 million**
Carer's Allowance – half-rate		
<66, 1 caree	24,251	€3.3 million
<66, 2+ carees	2,568	
>= 66, 1 caree	15,895	€2.3 million
>= 66, 2+ carees	388	
Total	**43,102**	**€5.6 million**
Additional recipients from the Carer's Support Grant		
<66, 1 caree	2,450	€0.65 million
<66, 2+ carees	203	
>= 66, 1 caree	244	€0.07 million
>= 66, 2+ carees	4	
Total	**2,901**	**€0.72 million**
Additional recipients from the Domiciliary Care Allowance		
1 caree	1,243	€4.8 million
2+ carees	16,104	
Total	**17,348**	**€4.8 million**
Overall total	**113,626**	**€24.94 million**

Source: PBO's own modelling using DSP data, and SILC 2021. Rounding may affect totals.

[15] As above, we apply an average of the full and half-rate additional payment per dependent child.

4. Areas of Uncertainty

Data uncertainty

The SILC survey was used to assess eligibility across different criteria and to estimate household income. However, survey data may not be fully representative of the broader population, particularly when examining samples of relatively small cohorts. In addition, this data refers to 2020 and while an attempt was made to uprate income levels to be representative of 2023, it is possible that other factors will have changed since 2020, impacting on CA eligibility.

Administrative recipient data was obtained from DSP. While this data represents the latest available data, it characterises a snapshot of recipient numbers only. Recipient numbers are likely to fluctuate throughout the year as individuals enter and exist the scheme. For this reason, while an annualised cost was calculated based on an estimate of weekly cost multiplied by 52, the actual cost will differ given that the recipient base will not be the same in each week.

The SILC-based approximation for the proportion of Domiciliary Care Allowance and Carer's Support Grant recipients that would be eligible for the Carer's Allowance based on the various criteria, will include some of those already in receipt of the Carer's Allowance. If this cohort was excluded, it is possible that a different figure for the proportion of eligible recipients would be estimated, than that used in our analysis. However, it is not possible to distinguish Carer's Allowance payments from Carer's Support Grant and Domiciliary Care Allowance payments in the SILC data.

Modelling uncertainty

Every effort was taken by the PBO to use the available data in order to determine the likely number of recipients under each of the proposed policies. This involved modelling using SILC survey data. However, the means-test for social welfare payments can be complicated, which may result in an over- or under-estimate of the recipient base.

When estimating the cost of the baseline policy, data on the underlying incomes of current CA recipients was unavailable. The PBO used publicly available information on the number of recipients by payment band, and applied the midpoint of each band when costing. There will be recipients on greater than, or less than, the midpoint of the band in each case, which could impact on overall cost.

In assessing eligibility for CA under Policy 2, incomes as captured by the SILC survey were uprated in line with wage growth for 2021 and 2022, and the average growth rate for this period was assumed to hold for 2023. A deviation in the growth in individual household incomes from that assumed in our analysis could impact on overall eligibility and therefore cost.

Behavioural uncertainty

It is possible that newly eligible recipients do not avail of the CA due to a lack of awareness regarding eligibility (i.e. take-up rates could be lower than assumed).

Further, it is possible that there is a labour supply response to the proposed policies, where individuals who are ineligible due to means under the baseline policy, are eligible under Policy 1 or Policy 2, and therefore reduce their working time in order to receive the payment. This has not been captured in our analysis.

5. Appendix - Request (as submitted)

To cost if it is feasible to remove the means test for those entitled to Carer's Allowance based on need.

If possible to cost the raising of the thresholds so that all households earning under €100000 would qualify.