



Estimating the cost of abolishing the Carer's Allowance means-test

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Please note: The Parliamentary Budget Office (PBO) has published a ‘Costing Analysis on Abolishing the Means-Test for Carer’s Allowance’. Their estimate of €397m aligns with FCIs calculations. Please see the link below to access the PBO paper.

https://data.oireachtas.ie/ie/oireachtas/parliamentaryBudgetOffice/2023/2023-05-30_costing-analysis-on-abolishing-the-means-test-for-the-carer-s-allowance_en.pdf

Estimating the cost of abolishing the Carer’s Allowance means test.

In our Budget 2023 submission, *Family Carers Ireland* called for a review of Carer's Allowance to contribute to fundamental reforms to the scheme including the reclassification of Carer’s Allowance away from its definition as a *social assistance* payment, the abolition of the means-test or the establishment of a Participation Income for carers as recommended by NESC in 2020¹. This position is a departure from *Family Carer’s Ireland’s* previous call for significant increases to the Carer’s Allowance income disregards. The reason for this change in position can be attributed to a number of interwoven factors:

- *Family Carers Ireland* believes that the Carer’s Allowance scheme is inadequate, gender-biased, overly restrictive, and no longer fit for purpose. Carer's Allowance was first introduced in 1990 – 32 years ago - as an income support for people ‘*living with and caring for a relevant pensioner*’.² It was not designed to meet the very different circumstances of lifetime carers who care for prolonged periods and who need access to an integrated income support system that encourages rather than restricts their participation in work and education.
- Research by the Vincentian Partnership for Social Justice published in April 2022, shows that even before the cost of living crisis, households caring for a child with a profound intellectual disability incur additional average weekly costs of **€244** compared to a similarly composed household with no disability or care needs. Despite this, only households with a total gross income of less than €39,000 qualify for a full Carer’s Allowance.
- The Carer’s Allowance scheme undervalues care. Approximately half of all recipients of Carer’s Allowance receive a reduced rate due to means and thousands of genuine full-time family carers are excluded from the scheme due to means.
- Income disregards bear no resemblance to the actual disposable income of a caring household. Because the assessment is applied to gross rather than net income and does not consider mortgage repayments, dependent children, college fees, Fair Deal contributions, medical costs, etc., it does not reflect the reality faced by families who are struggling to make ends.
- Means-testing based on the household income rather than on the individual income of the family carer forces carers, the majority women, to be financially reliant on their partner. The majority of recipients of Carer’s Allowance are women – 77 per cent.
- The introduction of a Basic Income for Artists of €325 shows that significant change in how we recognise and value certain sectors of our society is possible.
- Foster Carer’s Allowance is not means-tested and rightly set at a rate of €325 for children under 12 and €352 for older children, with the payment tax-free and exempt from social welfare means-testing. Similarly, the establishment of the Pandemic Unemployment Payment (PUP) at €350 per week validated the inadequacy of existing social welfare rates. The expectation that family carers

¹ NESC: The Future of the Irish Social Welfare System: Participation and Protection (2020)

² S.I. No. 242/1990 - Social Welfare (Carer's Allowance) Regulations, 1990.

will provide full-time care – at least 35 hours each week to those medically assessed as in need of full-time care - for just €224, €16 more than basic social welfare rates, we believe is untenable.

- We have learned from the experience of carers and the department following the increase in income disregards announced in Budget 2022 and the subsequent financial reviews undertaken in early 2022, which saw many carers lose their Carers Allowance or have it greatly reduced due to undisclosed means. This process was also administratively burdensome on the Department and required significant staff resources.

Estimating the cost of abolishing the means test

A number of estimates have been put forward by the Department of Social Protection in relation to the cost of increasing income disregards or abolishing the means-test for Carer's Allowance.

- The Department's Review of Carer's Allowance (2019) references the SWITCH model prediction that increasing the income disregard for Carers Allowance from €665 to €900 would cost €73m per year (the disregard has since been increased to €750).
- On October 13th 2022 Minister Humphreys replied to a PQ ([50414/22](#)) stating that it would cost approx. **€1.2bn per annum to abolish the means test for Carers Allowance** and provide a universal payment to all carers. She stated this calculation was based on the number of carers identified in Census 2016 i.e. 195,263. This calculation is based on the following assumptions:
 - 195,263 carers in Census 2016 less 91,000³ currently in receipt of CA = 104,263 carers would become eligible if the means test abolished
 - 104,263 x €224 (CA rate) x 52 weeks = €1.2bn

FCI DISPUTE THIS FIGURE – as it incorrectly assumes that all carers enumerated in Census 2016 (not already receiving Carer's Allowance) would automatically satisfy the other existing eligibility criteria associated with Carer's Allowance and so qualify for the payment. This is not the case, because strict eligibility criteria would remain including:

- (i) the medical assessment undertaken by a GP and medical assessors in the Department means only those caring for a person in need of full-time would qualify;
- (ii) carers will still have to satisfy the requirement to provide at least 35 hours of care each week;
- (iii) the 18.5 hour ceiling on work and study would remain meaning only carers not working or studying more than 18.5 hrs could apply.
- (iv) Carers would still be required to live relatively close to the care recipient and satisfy the Habitual Residence Condition (HRC).

Family Carers Ireland believes the requirement to satisfy strict medical eligibility criteria and that applicants provide full-time care is sufficient to protect the Carer's Allowance scheme from potential abuse and does not open up the scheme to all carers, but rather only full-time carers currently excluded solely due to means.

FCI's estimation of the cost of abolishing the means test:

FCI estimates the total cost of abolishing the Carers Allowance means test would be approximately **€389.4m per year**. This is based on⁴:

- (i) Carers receiving the Carer's Support Grant as a standalone payment and who would become eligible for the payment (cost €70.7m)

³ Figure has since risen to 91,892 carers in receipt of Carer's Allowance at end of October 2022.

⁴ Figures for (ii) are from November 2022. Figures for (i), (iii) and (iv) from February 2023.

- (ii) Carers currently in receipt of a reduced rate of Carer’s Allowance due to means becoming eligible for the maximum rate (cost €35.6m)
- (iii) Parents/guardians of children currently in receipt of Domiciliary Care Allowance (DCA) for whom Carer’s Allowance or Carer’s Benefit is not currently paid and who may become eligible if the means test was abolished (€257.7m)
- (iv) Carers currently in receipt of Carer’s Benefit who may transfer to Carer’s Allowance after their two years of Benefit are used (€25.4m).

When considering the estimated costs presented below it is important to note that:

- The estimated costs are in addition to current expenditure on carer schemes (Carer’s Allowance, Carer’s Benefit, DCA, and the Carer’s Support Grant) which the Department estimate will be €1.6bn in 2023⁵.
- Additional costs will be incurred as persons who become entitled to Carer’s Allowance would also qualify for the secondary benefits attached to Carer’s Allowance including, the annual Carer’s Support Grant, the Carers GP Visit Card, Free Travel Scheme and the Household Benefits Package⁶.
- Some of the approaches described may have implications on (i) the payment of a Half Rate Carers Allowance and/or (ii) payment of the 50 percent Carer’s Allowance for a second caree.

(i) Recipients of standalone Carers Support Grant

An important proxy for how many additional people would qualify for Carer’s Allowance if the means test was abolished is the number of carers receiving the annual Carer’s Support Grant. The grant is NOT means tested but all the other eligibility criteria attached to the Carer’s Allowance apply.

5,500 carers received the non-means-tested Carer’s Support Grant as a stand-alone payment in 2022, in respect of 5,675 care recipients. It is reasonable to assume therefore that if the Carer’s Allowance means test was abolished these 5,500 carers would become eligible. Table 1 below provides an analysis of the costs that would be incurred if the means test were abolished and the 5,500 carers became eligible for Carer’s Allowance. Costs are based on the number of recipients of care (i.e. carers caring for two or more people would be entitled to Carers Allowance at a rate of 1.5).

Table 1: Annual cost of abolishing means test based standalone Carers Support Grant

Care Recipients	No.	Rate CA	€236
1 caree	5,500	X 1 CA	€67.5m
>1 caree	175	X 1.5 CA	€3.2m
Total Cost	5,675		€70.7m

(ii) Recipients of reduced rate Carer’s Allowance

Additional costs would also arise due to existing claimants on a reduced rate of Carer’s Allowance becoming eligible for the maximum rate of €224/€236. Deputy Marian Harkin submitted a number of Parliamentary Questions on behalf of *Family Carers Ireland* to gain additional information in relation to the number of carers on a reduced rate of Carer’s Allowance due to means and the extent of this reduction (see PQ in Appendix 1). This information has allowed FCI to estimate the additional cost of bringing carers on a reduced Carers Allowance up to the maximum rate.

⁵ Parliamentary Question (5351/23)

⁶ Carer must live with the caree in order to qualify for the Household Benefits Package.

Table 2: Carer's Allowance rates for recipients under 66 with one caree

Rate (€)	Count	Midpoint	Max rate of CA €236
Less than 100	1,166	50	€11.3 million
100 to <150	958	125	€5.5 million
150 to <201	1,279	176	€4 million
201 or more	36,694 ⁷	213	€4.8 million
Total	40,097	Total	€25.6 million

Table 3: Carer's Allowance rates for recipients 66 or over with one caree

Rate (€)	Count	Midpoint	Max rate of CA €274
Less than 100	24	50	€279,552
100 to <150	12	125	€92,976
150 to <201	18	176	€91,728
201 or more	1,657	232	€398,078
Total	1,711	Total	€862,334

Table 4: Carer's Allowance rates for recipients under 66 with two or more carees

Rate (€)	Count	Midpoint	Max rate of CA €354
Less than 100	67	50	€1 million
100 to <150	74	125	€858,104
150 to <201	156	176	€1.4 million
201 to <252	177	227	€1.1 million
252 to <302	216	277	€797,472
302 or more	7,099	319	€1.4 million
Total	7,789	Total	€6.6 million

Table 5: Carer's Allowance rates for recipients aged 66 or over with two or more carees

Rate (€)	Count	Midpoint	Max rate of CA €411
Less than 302	6	151	€79,248
302 or more	153	348	€55,135
Total	159		€134,383

Table 6: Half rate Carer's Allowance rates for recipients under 66 with one caree

Rate (€)	Count	Midpoint	Max rate of CA €118
Less than 100	304	50	€1.1 million
100 or more	23,683 ⁸	106	€295,564
Total	23,987	Total	€1.4 million

Table 7: Half rate Carer's Allowance rates for recipients 66 or over with one caree

Rate (€)	Count	Midpoint	Max rate of CA €137
Less than 100	82	50	€370,968
100 to <120	85	110	€119,340
120 or more	15,377	126	€175,913
Total	15,544	Total	€666,221

⁷ According to DSP figures, 89 percent of Carer's Allowance recipients receive the maximum rate. Therefore, this calculation is based on the remaining 11 percent qualifying for the max rate if the means test was removed. This is applied in Table 1-5.

⁸ According to DSP figures, 98 percent of recipients of Half Rate Carer's Allowance receive the maximum amount. Therefore, this calculation is based on the remaining 2 percent becoming eligible for the maximum rate if the means test was removed. This is applied across tables 6-9.

Table 8: Half rate Carer's Allowance rates for recipients under 66 with two or more carees

Rate (€)	Count	Midpoint	Max rate of CA €177
Less than 100	23	50	€148,304
100 to <120	21	110	€69,888
120 to <141	20	131	€44,720
141 to <162	16	152	€18,304
162 or more	2,149	165	€26,820
Total	2,229	Total	€308,036

Table 9: Half rate Carer's Allowance rates for recipients 66 or over with two or more carees

Rate (€)	Count	Midpoint	Max rate of CA €205.5
All rates	376	98	€42,037
Total	376	Total	€42,037

(iii) Parents of children on DCA who don't receive Carer's Allowance/Carers Benefit

DCA is currently paid in respect of 56,000 children. Of these 42,000 do not have a parent/guardian receiving Carer's Allowance or Carer's Benefit⁹. Because parents/guardians of a child in receipt of DCA only need to satisfy the means test and work/study within the 18.5 hr ceiling to qualify for Carer's Allowance, it is reasonable to assume that a significant number of these parents would qualify for Carer's Allowance if the means test was abolished. The following table sets out the annual cost of (i) all 42,000 parents becoming eligible and (ii) 21,000 parents (i.e. half of the 42,000 parents) becoming eligible for Carer's Allowance if the means test was removed. While official data is not available on the number of parents who work in excess of 18.5 hours, it is reasonable to assume that approximately half do, and so the figure of €257.7m will be used in this estimation.

Table 10: Parents of children in receipt of DCA who may qualify for Carer's Allowance

	All parents qualify	Half of the parents qualify
No. carers	42,000	21,000
Weekly rate	€236	€236
Annual Cost	€515.4m	€257.7m

(iv) Carer's in receipt of Carers Benefit who may transfer to Carer's Allowance after two years

Carer's Benefit is paid to people who leave work or reduce their hours to care for a person in need of full-time care. It is not means tested, however, to qualify a person must be under 66 and have enough PRSI contributions. It is paid for a maximum of two years for each person receiving care and is typically paid in tandem with Carer's Leave, with carers returning to employment when the two years come to an end. Where a person's caring role does not end after two years it is reasonable to assume that some people would transfer onto Carer's Allowance after Carer's Benefit should the means test be abolished. At year-end 2022, 4,121 people were in receipt of Carer's Benefit. The following table sets out the annual cost of (i) all 4,121 Carer's Benefit recipients transferring onto Carer's Allowance and (ii) 2,060 people (i.e. half of the 4,121 recipients) transferring to Carer's Allowance if the means test was removed. While official data is not available on the number of carer's who return to fulltime employment after taking Carer's Benefit/Carer's Leave, it is reasonable to assume that approximately half may do so, and so the figure of €25.3 will be used in this estimation.

Table 11: Recipients of Carer's Benefit who may transfer to Carer's Allowance

	All Recipients CarB	Half recipients CarB
Recipients CarB	4,121	2,060
Weekly rate	€237	€237
Annual Cost	€50.7m	€25.3m

⁹ Figures received from DSP in February 2023.

