

What is a basic income and how could it benefit Family Carers?

John Baker (Basic Income Ireland and UCD School of Social Policy, Social Work and Social Justice)

Anne B Ryan (Basic Income Ireland and Dept of Adult and Community Education, Maynooth University)

Introduction

In this presentation we outline the proposals of Basic Income Ireland for a universal basic income in this country and suggest that it could improve the situation of Family Carers. The aim of the presentation is twofold:

- To familiarise you with the concept of universal basic income, with particular reference to proposals for Ireland
- To start a conversation with you about basic income, a conversation from which all of us can learn.

For that reason, we are going to keep our presentation brief and then use the rest of our allotted time to converse with you about basic income and care.

Definition

A basic income is a regular payment from the state, granted to all on an individual basis, without means test or work requirement. It is paid irrespective of any income from other sources and is given without requiring the performance of any work, paid or even unpaid, or the willingness to accept a job if offered. Ideally, it should be sufficient to support a frugal but decent lifestyle. For people who are not employed, the basic income payment would replace most social welfare payments. For people who are employed, the basic income payment would replace most tax credits. The payment would also extend to those who currently receive no income from the state.

In broad terms, we think that there are three main reasons for bringing in a basic income.

First of all, a basic income would be a very effective way of showing that we care for each other, by guaranteeing everyone basic financial security. In a caring society, no one should be deprived of their basic needs, no matter what their circumstances of birth or accidents of life. Everyone should be able to live with dignity – without shame, without having to ask permission, without doubt. Unlike other social welfare schemes, a universal basic income would guarantee everyone a basic level of income as a right. It would reflect our shared moral responsibility for meeting basic needs and our capacity to care for each other. It would also support the care work that people give to others – a point we will come back to in a moment.

Secondly, a basic income would play a central role in a modern, flexible economy. For unemployed people, basic income would guarantee the financial incentive to take up employment, because their income from working would always be greater than their income while unemployed. In this way, it would eliminate the poverty trap, ensuring that no one would be financially better off unemployed. People on part-time and short-term contracts would no longer have to worry about having no income during periods of unemployment. For self-employed people and start-up entrepreneurs, basic income would provide the income security necessary to support innovation and establishing new markets. For employers, it would reduce costs and bureaucracy and support flexible working arrangements. Basic income would give financial security to people working on family farms. It would support full-time and part-time study, boosting people's skills and increasing productivity. It would provide support for carers, whose work underpins every economy. Basic income would also provide support for artists, volunteers, activists and social innovators whose work is not sufficiently valued by the labour market. It would eliminate the administrative and human costs of the present social welfare system.

Thirdly, a basic income would improve everyone's quality of life. Basic income would give everyone more freedom to choose how much of their time, at different stages in their lives, to devote to paid work and to other activities. Some people may want to live frugally and to consume less; others may want to put more energy into paid work and to have a higher material standard of living. Basic income would give us all more control over the balance between paid work and the other obligations, interests and concerns that make life worth living. It would give everyone the opportunity for taking time out of employment – for studying, caring for others, coping with the unexpected or just taking time for oneself. It would give each of us more freedom to choose the work, paid or unpaid, that we find most fulfilling or useful, and to avoid work that damages the environment or that we consider morally or socially unacceptable.

Basic income would bring into the security net everybody who is not served by the current system. It would increase everybody's capacity to cope with financial shocks and uncertainties, it would ensure more meaningful choices for all and would improve general quality of life, while supporting many different kinds of work, with or without pay.

Young people, who currently face a very precarious future, would have much more meaningful choices and possibilities available if they had a basic income. Pressures to emigrate for financial reasons would be reduced. Basic financial security opens up possibilities for creativity, employment, entrepreneurial and educational pursuits and voluntary work.

Basic income would also make shorter hours in paid work financially viable for greater numbers of workers. If more people chose shorter hours of paid work, this would create employment opportunities for others. Shorter job-hours are also linked to lower individual carbon-emissions. Personal health and wellbeing, family, household, community and civic engagement also benefit when people are less concerned with the demands of 'full time' jobs.

Basic income is not a panacea for all social and economic problems, but it would enable the development of a caring society where everybody has a basic level of financial security, and dignity is afforded to all. It would also support a smart, responsive modern economy, capable of meeting present-day ecological and social challenges.

Paying for basic income

It is possible to pay for basic income in Ireland, with our existing revenue system. Basic income would replace almost all existing social welfare provisions (top-ups would be put in place for people with special needs), so the amount currently spent on welfare is immediately available. For those in employment, basic income would replace tax credits.

At Basic Income Ireland, we have drawn on work by Social Justice Ireland (Healy, Murphy and Reynolds, 2013), estimating that the state could, with the present revenue and tax system, pay:

€188 to each person between 25 and 65

€230 to each person over 65

€100 to each person between 18 and 25

Current child-benefit rates to under-18s.

Top-ups for people with special needs, such as the Domiciliary Care Allowance

All paid work would be subject to income tax, with some exceptions. The principle adopted by BII ensures that nobody currently receiving Disability or Carer's Allowance would be financially worse off than they are under present arrangements. Now, many of you have the kind of expertise from experience on the ins and outs of the Carer's Allowance that we cannot pretend to match, so whatever we say is very much in the spirit of being open to correction. But as we understand it, people under 66 who currently qualify for Carer's Allowance and have no child dependents receive €204 per week.¹ In a basic income system, they would automatically receive €188 per week so, if they satisfied the means test, we would call for them to receive a Carer's Allowance top-up of at least €16.² Similar calculations would apply to other categories of Carers, such as pensioners receiving Half-Rate CA, for whom we would recommend continuing to receive that payment. In fact, it seems logical to us that something like the Half-Rate CA should be payable to all full-time carers in addition to their basic income, but that is a further issue we won't pursue now.

Under the present system, Carer's Allowance is a taxable source of income, and so the top-up would also be taxable, but basic income is never subject to tax. Carer's Allowance also interacts, we understand, with some other forms of benefit, such as household benefits and Family Income

¹ To qualify for CA, a person's participation in education, training, employment or self-employment must be less than 15 hours per week and the maximum income they can have is €332.50 per week (net income after deduction of PRSI, superannuation (pension payments), pension levy, union dues, subscriptions to Friendly Societies and any health insurance contract premium from the total income) (Citizen's Information, 2015).

² At present, Carer's Benefit is available to those who have social insurance entitling them to benefit, for up to a period of two years in total. Under a basic income system, both jobseeker's benefit and jobseekers allowance would cease to exist, to be replaced by a basic income. The benefit / allowance distinction would eventually be eliminated with regard to Carer's Allowance and Carer's Benefit also. In a transition period, it would be necessary to ensure that those currently receiving Carer's Benefit would not lose out financially, for such time as the benefit period currently lasts.

Supplement. If we were doing a different kind of presentation, and certainly if we were at the point of drafting a detailed set of policies, we could now delve into how all of this would affect people's net incomes, but for the moment we'll reiterate the principle that we call for a basic income system that would be as good or better for the net incomes of everyone currently receiving benefits. So for the sake of what follows, you can assume that for people who are currently entitled to CA, their net incomes would be secure in a basic income system.

Social Justice Ireland has demonstrated that we could introduce basic income at these rates now, without having to change the tax system. We would need to increase the income tax rate but the basic income received would offset the increase for all but the highest earners. Some administrative savings would also arise from the introduction of basic income. For example, eliminating most of the bureaucratic means-testing of the present social security system would allow the redeployment of many welfare office employees to more useful work.

Why we think that basic income could be an improvement on the current Caregiver's Allowance (CA) system

As we have acknowledged, you are the experts on the existing system – you know what it does well and what it does badly. We come to it from the outside, so all we want to do today is to suggest some of the ways that a basic income system could be an improvement on the existing system. We want to hear if we've got it wrong, and also if we have missed out other advantages of basic income.

The current CA appears to work well for many Family Carers, especially when care needs are clear-cut, and once the means-testing system has established that the Carer is entitled to the allowance. It is a recognition of the valuable work carers do and the money they save the state, by caring for a person in their own home.

So what would be the advantage to Carers of moving to a basic income system? Our focus in the next part of this presentation is on some caring scenarios in which it seems to us that a basic income would be an improvement on the present system. We look at entry and exit points to Family Carer status, when there may be delays in payment, or when payment is withdrawn. We suggest that basic income would improve things financially and emotionally when there are delays in establishing Family Carer status, or for those who do not meet the criteria for Family Carer, but who nevertheless are providing care in very similar ways as a recognised Family Carer. At the same time, a basic income would not disadvantage those who are formally recognised by the social welfare system as Family Carers.

Entry and exit points

Entry to Family Caring may come suddenly if a relative has an accident, or it may be anticipated for some time, if a relative's situation is deteriorating gradually. Either way, big changes can arrive in a carer's life when they make the decision to think of themselves as primarily a carer, and to apply for Family Carer status. They may find themselves without an income for a time, as they go through the approval process for the allowance. The process of applying for CA can also create additional stress in a situation that may already be stressful.

With basic income paid to all, without means-testing or other conditions, the payment arrives regularly in a person's bank-account and can support them in the transition into Family Caring status. If they do not qualify for formal Family Carer status, the basic income can still support their caring work. As you know, many Family Carers currently receive no financial support in their caring roles.

When caring ends, the Carer's Allowance has usually been paid for six weeks after a cared-for person dies or moves to residential care, a period that is now due to be extended to 12 weeks. After this time, under the present social welfare system, the Family Carer may have no or inadequate income if they cannot find paid work. They may of course apply for Jobseeker's Benefit or Allowance but this is paid on condition that a person is seeking employment and, again, delays in payment often occur. In addition, the end-of-care situation can be stressful for the Family Carer and at this time it can be emotionally difficult to engage with social welfare bureaucracy in order to apply for other benefits. With basic income, there is never a break in the basic payment, no application for a different allowance, no pressure to seek paid work. A person can adjust to the new situation at their own pace, with basic financial security always in place.

Difficulties in proving incapacity or disability

A central condition for CA is that the care recipient is so incapacitated as to require full-time care and attention, or, in the case of a child under 16, has a severe disability and requires substantially more care than other children. This opens up the possibility of being refused CA even when the care giver is certain that full-time care is required. For example, we have read that 'family carers caring for an adult with Pervasive Developmental Disorders (PDD) or an intellectual or mental health illness, face challenges when applying for... Carer's Allowance... [because the] application processes weighs significantly in favour of those with a physical disability, whilst carers for those with an intellectual disability or mental health issue are forced to supply additional medical evidence. This is burdensome for carers and puts pressure on clinicians to write exhaustive reports, thus impacting on service delivery' (Care Alliance Ireland 2015, 43). We imagine that there are many similar cases in which the process of proving that a care recipient meets the incapacity requirement can be equally challenging. Even if the current system were to cope with PDD better, it is worth noting that *any* system conditional on establishing incapacity will generate disputed cases.

With a basic income in place, carers would have the security of that income while their application was in process, and would retain that security in cases that did not get approval. Or some might even choose not to go through this burdensome and intrusive process at all.

When care is needed for a short time

When care is needed for a short time only, following an accident or during an illness, carers are not eligible for CA; they may not be eligible for Carer's Benefit or may not wish to go through the process of applying for it; by the time the payment arrives, assuming the carer qualifies, the need for care may be over. A basic income would allow an employed carer to take compassionate leave or to negotiate shorter working hours with an employer for the period when care is required, without having to engage with the social welfare system. A basic income would allow a much greater degree of flexibility and choice to carers and those receiving care.

In such cases, also, the carer may not qualify formally as a Family Carer, but is nevertheless providing essential care to somebody else. The people involved (care recipient and care giver) make the decision about how and when and for how long care should be provided; they do not have to put their case to the state. Importantly, also, the person receiving care also has a basic income, so s/he doesn't have to suffer delays in payment of illness benefit.

Other cases that do not currently qualify for Carer's Allowance or Benefit

Basic income would benefit care and carers in other cases that currently may not qualify someone doing caring work for Carer's Allowance or Benefit, but where the people involved decide that there is a need for care. It is a general feature of *all* conditional benefits that there will *always* be cases that don't fit the rules but seem equally worthy to the people concerned.

One way that caring may fall through the cracks in our current system is when the person being cared for does not need full-time care, since CA is currently conditional on full-time care. If someone would benefit from regular care from another person, but does not need a very high degree of care, a basic income would be a more flexible form of support than the present system.

The carer could combine caring with part-time employment, self-employment or education if they wished, without any danger of losing the basic income.

The same point applies to other cases that do not meet the strict conditions of the current system. For example, the current arrangements for sharing full-time care between two carers are very inflexible – you have to work in week-on/week-off shifts. If each carer had a basic income, they could arrange things much more flexibly. There also seems to be a problem in the present system in providing support for spouse carers, since CA is received by less than one of every eight spouse carers (Care Alliance Ireland 2015, 11). In a basic income system, every spouse carer would have some guaranteed support for their caring responsibilities.

Means testing

A final issue that raises more complications than we can deal with fully is that CA is means-tested. The obvious consequence is that if you have too high an income, you do not qualify. The means test also operates in a way that involves a 100% withdrawal rate at certain levels of income, which is a regrettable feature of any welfare benefit. Means tests have additional well-known problems, such as their bureaucratic cost. As a universal benefit, basic income is not subject to a means test, and so avoids these issues. But it is worth pointing out that a basic income system does not provide a *net financial* benefit to all members of society, because beyond a certain level of income you pay more in taxes than you receive in basic income. So if you are inclined to *support* basic income by thinking that carers with high incomes will benefit, you should think again. But if you are inclined to *oppose* basic income for the same reason, you should not be worried.

Conclusion

We are not suggesting that basic income is a panacea for all the problems relating to care in Irish society. By itself, it will not meet the extra financial costs of care for people with special needs; we still need to maintain a proper system of supplementary payments and good healthcare services. But the elimination of much of the bureaucracy associated with our present means-testing system would allow administrators to focus on developing high-quality services. A basic income, on its own, will not resolve the problems of anxiety, stress and isolation that many carers face, nor will it change the fact that currently women do most of the care work in Irish society. It will not help people establish their entitlement to carer's leave from employment, nor will it solve the issues carers face when their full-time care comes to an end.

We need to have wide-ranging cultural change so that carers can live in supportive communities and so that men can enter caring roles with greater ease. All of these are important issues for a caring society, and a basic income system, while not by itself bringing about the changes required, would facilitate them.

We have put forward some ideas here about how basic income would be better than the current system for Family Carers and our chief interest now is in hearing your thoughts on the topic.

- Do you agree with our suggestions about how basic income would help to address problems with the current system of support for Family Carers?
- Does your experience of the current system suggest other ways that basic income would be an improvement?
- Do you see any problems that a basic income system would pose for Family Carers?

References

Care Alliance Ireland (2015) *Family Caring In Ireland*

Citizen's Information (2015)

http://www.citizensinformation.ie/en/social_welfare/social_welfare_payments/carers/carers_benefit.html. Accessed Nov 12 2015

Healy, Sean, Murphy, Michelle and Reynolds, Brigid (2013) 'Basic Income: An instrument for transformation in the twenty-first century'. *Irish Journal of Sociology* 21 (2): 116-130

Basic Income Ireland is a network advocating for the introduction of a universal basic income in Ireland. We are affiliated to an international movement, Basic Income Earth Network (BIEN). For more information on Basic Income, please visit www.basicincomeireland.com and www.bien.org

