

# Lone parent benefit reform in Ireland: beyond the labour market effects

## DATE

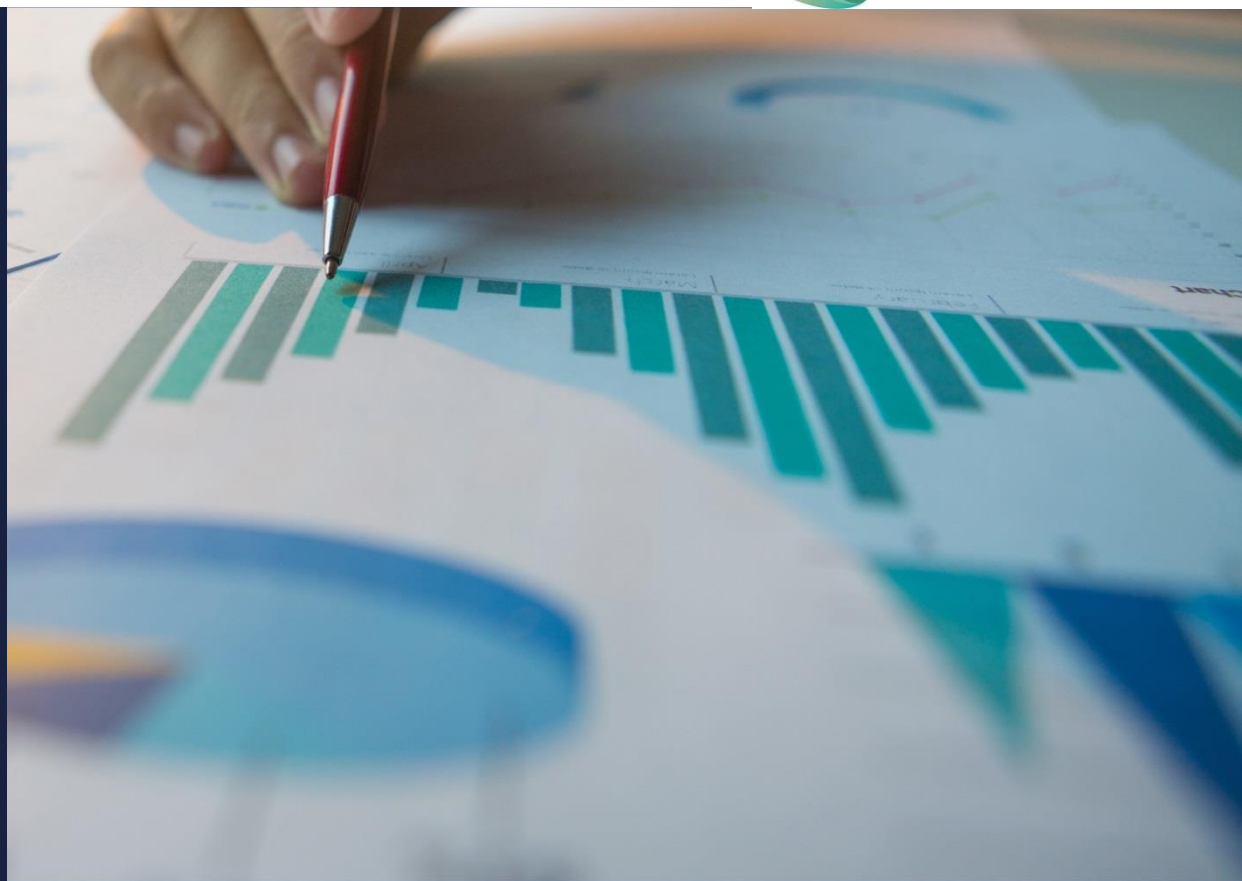
8/11/2023

## VENUE

DCEDIY GUI Conference

## AUTHORS

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Tuda



# Outline

1. Background and the reform
2. Literature
3. Data and methodology
4. Results
5. Conclusion

# Background

- Lone parents and their children have been/are a group facing one of the greatest risks of poverty (OECD, 2006; DCYA, 2020; Doorley et al., 2022)
- Dual role/responsibilities of lone parents
- Many OECD countries have a specific lone parent benefit in recognition of this.
- One-Parent Family Payment introduced in 1997
  - Aim of alleviating poverty
  - No activation measures
  - Eligibility based on age of youngest child and satisfying means test
  - Eligible until youngest child 18 (or 22 in FTE)

# Background

- OFP criticised for its long duration and for lacking activation requirements (OECD, 2003; DSFA, 2006)
  - Cited as factor behind low employment rate of lone parents in Ireland
- Reform eventually brought about through Troika conditions attached to financial assistance program – announced 2011

# Reform of the One-Parent Family Payment

- Qualifying age of youngest child reduced from 18 to 7 by 2015
- Jobseekers' Transitional Payment introduced
  - Qualifying age of youngest child:  $7 \leq Y < 14$  (Transfer)
  - Identical payment and means tested
  - Labour activation requirement and penalties applied (Participate in training, education, employment recommended by case officer)
- Youngest child 14+ - move to standard unemployment benefits.

# Did the reform increase employment/incomes of lone parents?

- Increased hours worked (3 hrs per week)
- Increased employment earnings (20%)
- Increased household incomes (8%)
- Reduced poverty rate of lone parents (10pp)

*Redmond, P., S. McGuinness and C. Keane (2022). The impact of one-parent family payment reforms on the labour market outcomes of lone parents, Oxford Economic Papers*

## ...but mixed evidence on other effects

- Income v (time) substitution effects?
  - 43% report that reform reduced well-being, 23% said it increased.
  - 40% report that reform reduced well-being of children, 21% said it increased
- based on a survey of affected lone parents only, no causal impact

*Indecon (2017). 'Indecon Independent Review of the Amendments to the One-parent Family Payment since January 2012', Dublin: Indecon.*

# Research Question

- Go beyond the economic/labour market effects of the reform.
- What impact (if any) did the OPF reform have on the health and wellbeing of lone parents and their children in Ireland?



# Literature

- Reforms in Australia, US and UK (2010s)
  - sought to reduce welfare caseload
  - attached labour requirements to benefits
  - reduced incomes for many lone parents

**Associated with negative health and well-being outcomes for lone parents and their children**

- UK reforms (90s & early 00s)
  - prioritised reducing poverty/ increased work incentives increased universal/unconditional payments
  - increased incomes

**Associated with improved well-being & mental health of lone mothers and increased happiness, self-esteem and social behaviour of their children**

# Methodology

- Analyse GUI Infant 08 Cohort following lone mothers and their children over time
- Employ DiD
  - TG: lone mothers affected by the reform and their children (youngest 7+) – wave 5 identified
  - CG: partnered mothers and their children (youngest 7+) – wave 5 identified
  - Pre: 2011, 2013 (Data pre 2015 reform)
  - Post: 2017/2018 (Data post 2015 reform)

# Outcome variables

<b>Mother</b>	<b>Child</b>
Stress	Long-standing illness
Depression	Socio-emotional difficulties
General health	Speech concerns
	BMI
	Obesity and overweight
	Closeness to mother
	Conflict with mother

# Results

- Have 4 specifications in paper:
  - no controls; controls; ind. FE; ind. FE+controls
- $Treat*2017$  is the main coefficient of interest – the DiD term
- $Treat*2011$  acts as a test of the presence of parallel trends
- Parallel trends hold across a number of child outcomes
- Parallel trends do not hold for any of the parental outcomes

# Results

	Illness	Log (difficulties)	Speech	BMI	Overweight or obese	Log (closeness)	Log (conflict)
Treat*2017	-0.00535	-0.00168	-0.016	0.477***	0.0617**	-0.00126	0.0147
	-0.0286	-0.033	-0.0254	-0.157	-0.0281	-0.00537	-0.022
Treat*2011	-0.0331	-0.0296	-0.0259	-0.291	-0.0244	0.00482	-0.00565
	-0.0248	-0.0299	-0.0274	-0.238	-0.0269	-0.00422	-0.0209
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adj. R-sq	0.393	0.381	0.349	0.276	0.415	0.327	0.507

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# Conclusion



# We find statistically significant effects on...

## Obesity or overweight

- Increase in probability of obesity or overweight of 6pp for children of affected lone parents

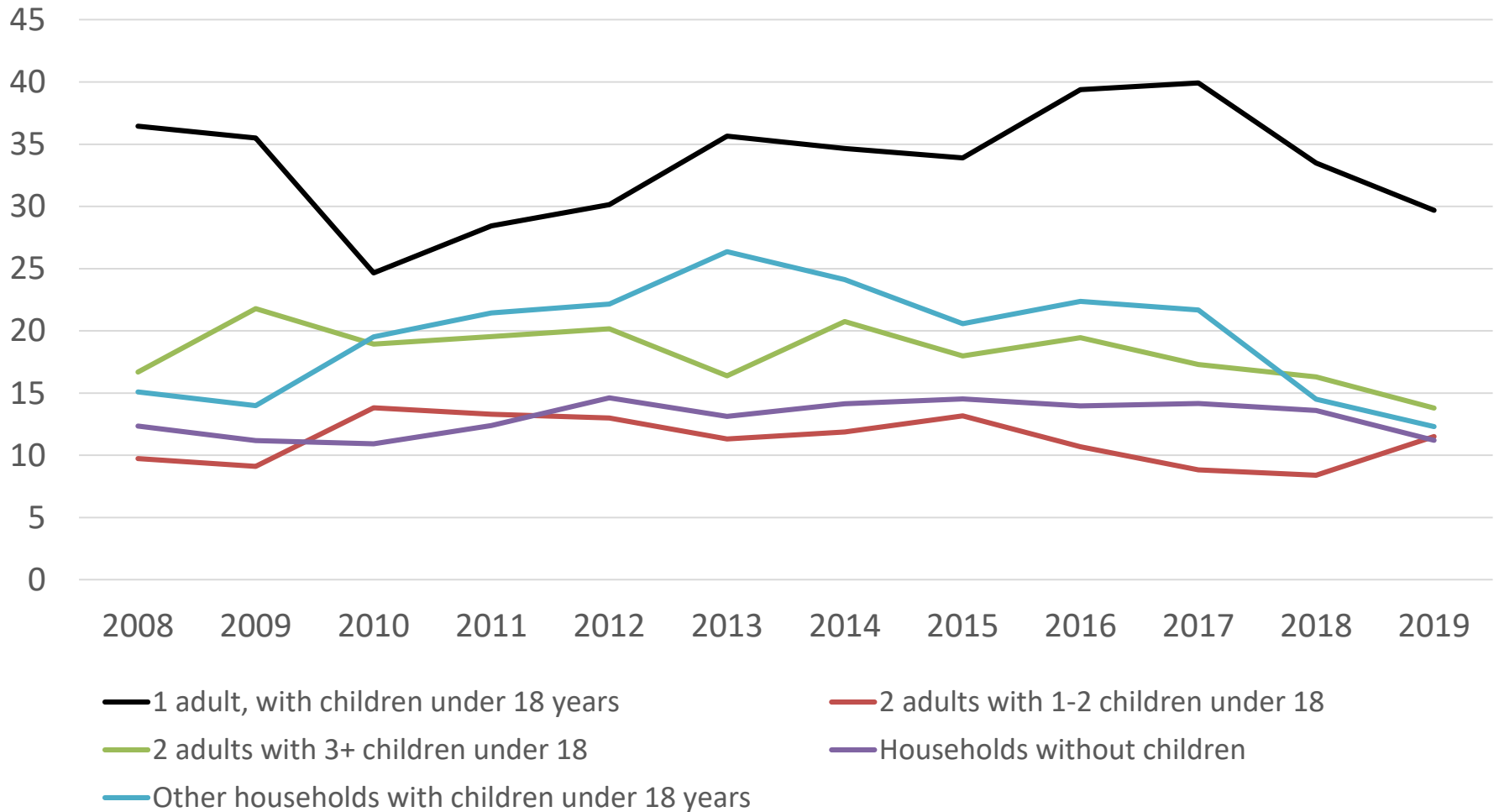
## Socio-emotional difficulties

- Probability of a lone mother reporting above average (median) socio-emotional difficulties in her children increases (?) by 14 pp
- Disappears once FE & controls are introduced

## Reform had no statistically significant effect on...

- ...child illness, speech concerns, child closeness with mother or child conflict with mother
- No effect on child closeness with mother
  - Reduced *overall* time together  $\neq$  reduced *quality* time together?
- Unable to examine the impact on maternal outcomes.....

# AROP



# Consistent Poverty

