

# Cross-nationally comparable reference budgets: latest updates

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## Projects so far

- **ImPRovE project (2012-2016)**
  - First attempt of cross-nationally comparable RBs (BE-ES-EL-IT-FI-HU + LU)
- **EU Pilot Project (2014-2015)**
  - common method for comparable RBs in 26 EU MS
  - Validation of theoretical framework in focus groups
  - Food basket 26 countries, health care, personal care & housing for 8 countries



1. The framework
2. The use of comparable RBs: What have we done so far?
3. Conclusions & Future

# Theoretical and methodological framework



## Publications on common framework

- Goedemé, T., Storms, B., and Van den Bosch, K. (2015). Proposal for a method for comparable reference budgets in Europe, *Pilot project for the development of a common methodology on reference budgets in Europe* (contract no.VC/2013/0554). Brussels: European Commission.
- Goedemé, T., Storms, B., Penne, T. and Van den Bosch, K. (eds.) (2015). Final report of the pilot project, *Pilot project for the development of a common methodology on reference budgets in Europe* (contract no.VC/2013/0554). Brussels, European Commission.
- Storms, B., Goedemé, T., Van den Bosch, K., & Devuyt, K. (2013). Towards a common framework for developing cross-nationally comparable reference budgets in Europe, ImPRovE Working Paper 13/02. Antwerp: Herman Deleeck Centre for Social Policy - University of Antwerp.
- Goedemé, T., B. Storms, S. Stockman, T. Penne and K. Van den Bosch (2015). 'Towards Cross-country Comparable Reference Budgets in Europe: First Results of a Concerted Effort.' *European Journal of Social Security* (EJSS). 17(1): 3-31.



## Theoretical and methodological framework

- **Targeted living standard:**

*Minimum resources required to adequately participate in society*

- To participate adequately

*≈ Being able to adequately take the various social roles one should be able to take as a member of a particular society*

- Minimum resources

*≈ private minimum costs illustrating adequate baskets of goods and services*



## Theoretical and methodological framework

- Social participation requires **autonomy** and **health** (Doyal and Gough, 1991)
- Justification for 12 'intermediate needs' (baskets)





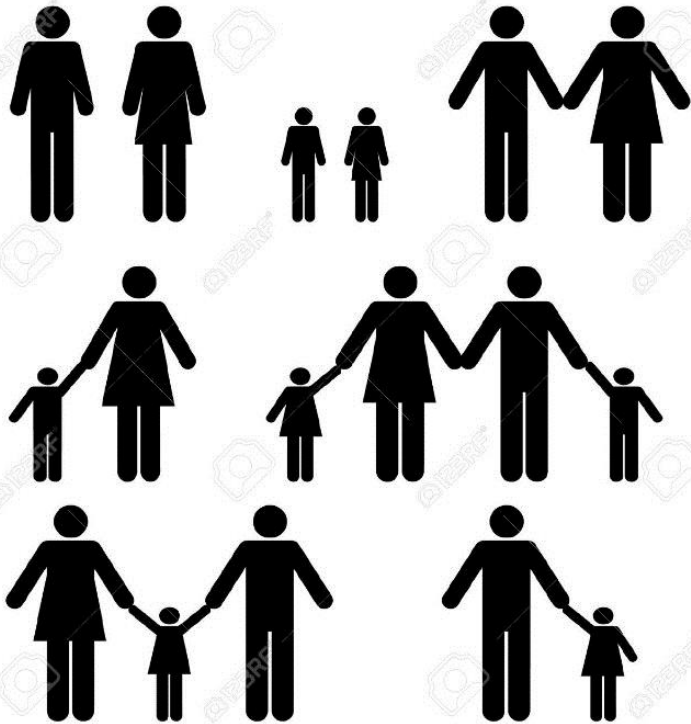
## Theoretical and methodological framework

- **Substantive comparability** should be maximised:  
= needs for social participation are fulfilled at a similar level
- RBs differ only because of differences in:
  - ✓ Institutional context
  - ✓ Cultural context
  - ✓ Geographical and physical living conditions
  - ✓ Economic context





# Hypothetical households



single/couple without and with 1 or 2 children

adults of active age, children of primary and secondary school-age

good health, self-reliant, well-informed

big city (Antwerp, Athens, Barcelona, Budapest, Helsinki, Milan)

# What have we done so far?



## Publications

- Decerf, B., Van den Bosch, K. and Goedemé, T. (2017), *A new measure of income poverty for Europe*, Louvain-La-Neuve: CORE.
- Goedemé, T., et al. (2017), What does it mean to live on the poverty threshold? Lessons from reference budget research, *CSB Working Paper series*. – forthcoming book chapter
- Penne, T., Cussó Parcerisas, I., Mäkinen, L., Storms, B. & Goedemé, T. (2016). Can reference budgets be used as a poverty line? *ImPRovE Working Papers N°16/05*.
- Van den Bosch, K., Goedemé, T., Schuerman, N. and Storms, B. (2016), 'Reference housing costs for adequate dwellings in ten European capitals', *Critical Housing Analysis*, 3: 1, 1-9.



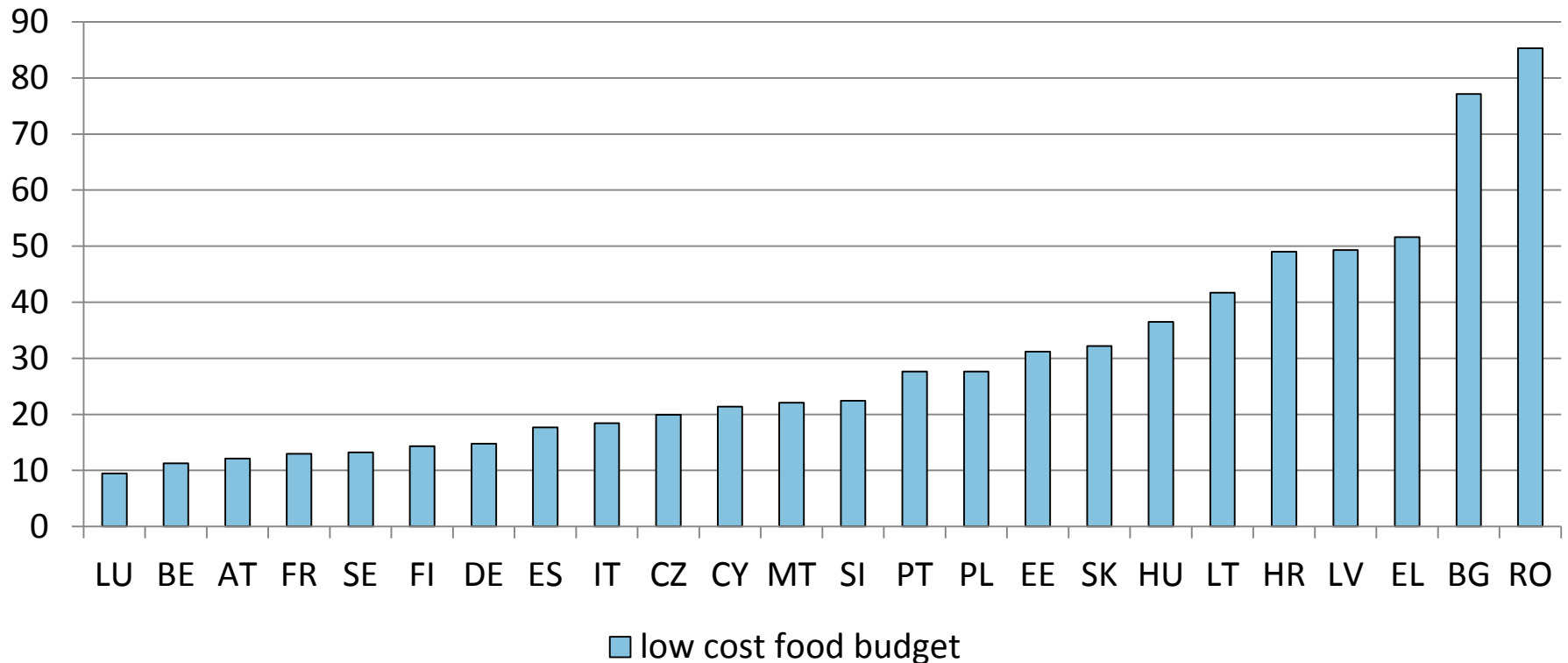
# Future planned publications

- Carrillo-Alvarez, E. et al., Promoting healthy eating in Europe: a comparative analysis of food-based dietary guidelines in the framework of the development of a common methodology for Reference Budgets in Europe
- Cussó Parcerisas, I. et al. What do children need to have an adequate social participation at the minimum? Children costs through cross-national comparable Reference Budgets in seven European cities.
- Goedemé, et al., 'Is there common ground for defining a decent social minimum in Europe?' in T. Kotkas, I. Leijten and F. Pennings (Eds.), *The Battle against Poverty: Specifying and Securing a Social Minimum*.
- Penne, et al., To what extent do welfare states compensate for the cost of children? A hypothetical household approach to policy evaluations.
- Penne et al. Can social assistance recipients afford a healthy diet?



# Figure 1: contextualising the AROP60

The low cost food budget as % of the at-risk-of-poverty threshold, for a single person (woman), 2014

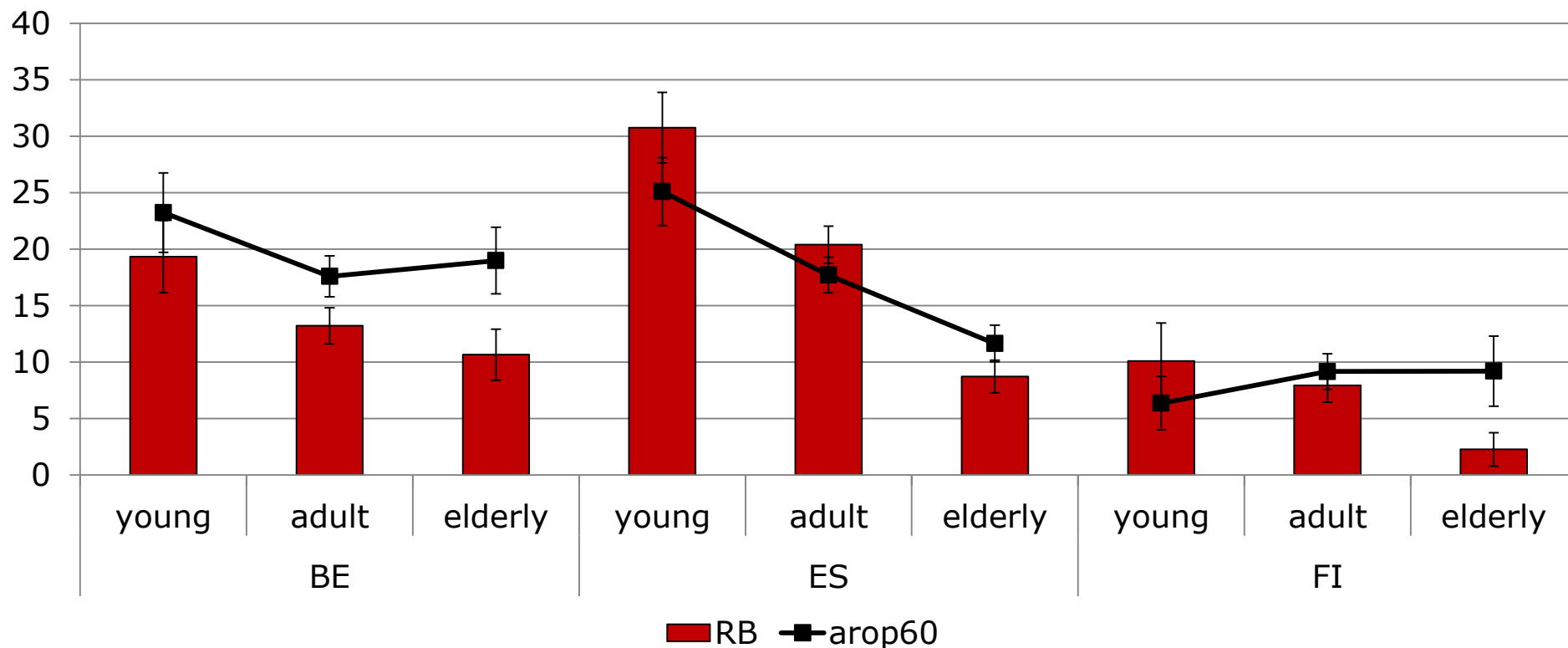


*Goedemé, T., et al. (2017), What does it mean to live on the poverty threshold? Lessons from reference budget research, CSB Working Paper series.*



## Figure 2: identifying the poor

**Proportion of people with a net disposable income below the RB threshold versus the AROP60 threshold for densely populated areas, by age groups, EU-SILC 2012**

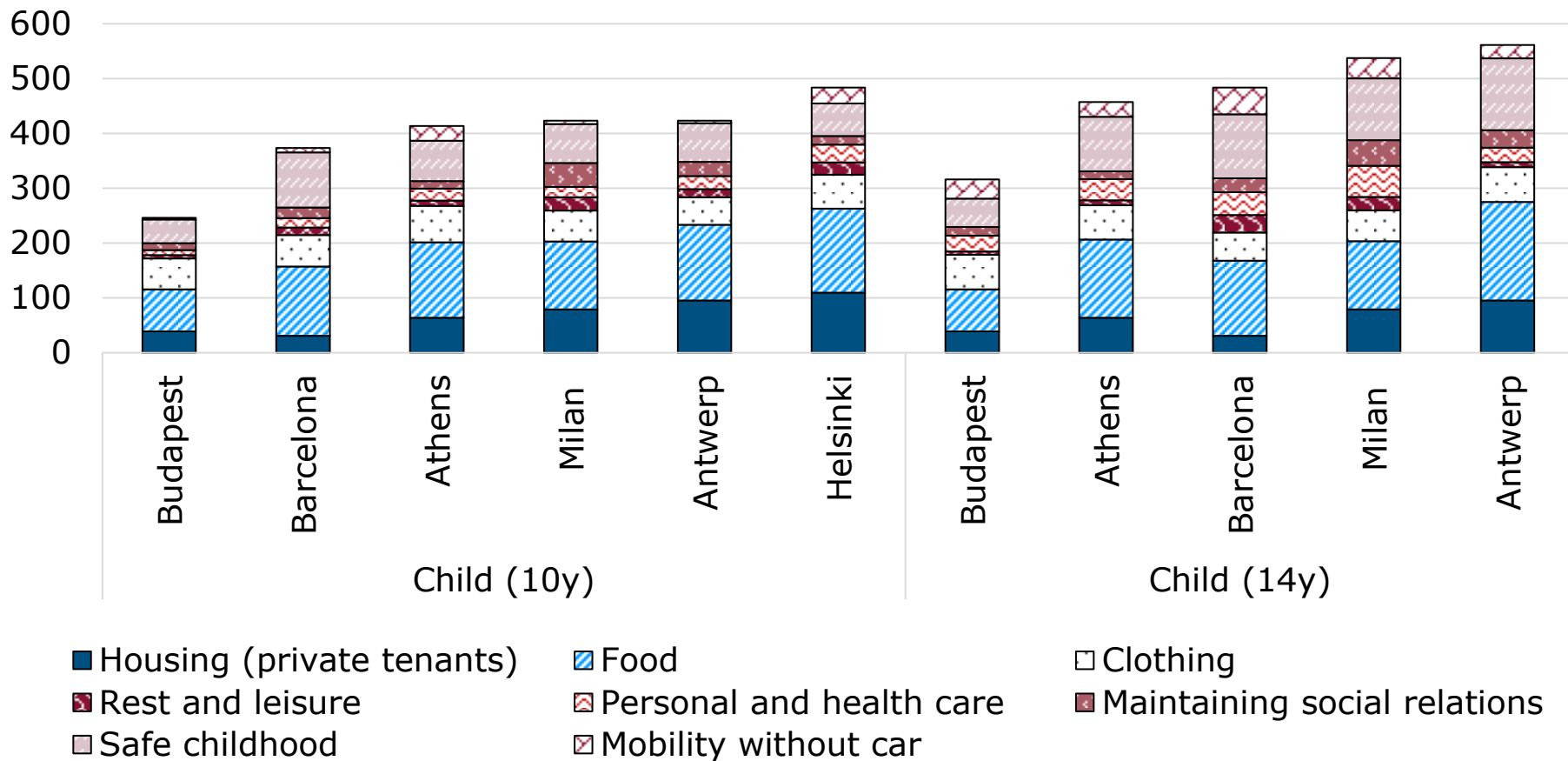


*Penne, T., Cussó Parcerisas, I., Mäkinen, L., Storms, B. & Goedemé, T. (2016). Can reference budgets be used as a poverty line? ImPRovE Working Papers N°16/05.*



# Figure 3: the cost of a child

**The total cost of a child living in a single parent family, renting a dwelling at the private tenant market, EUR/month, 2014.**

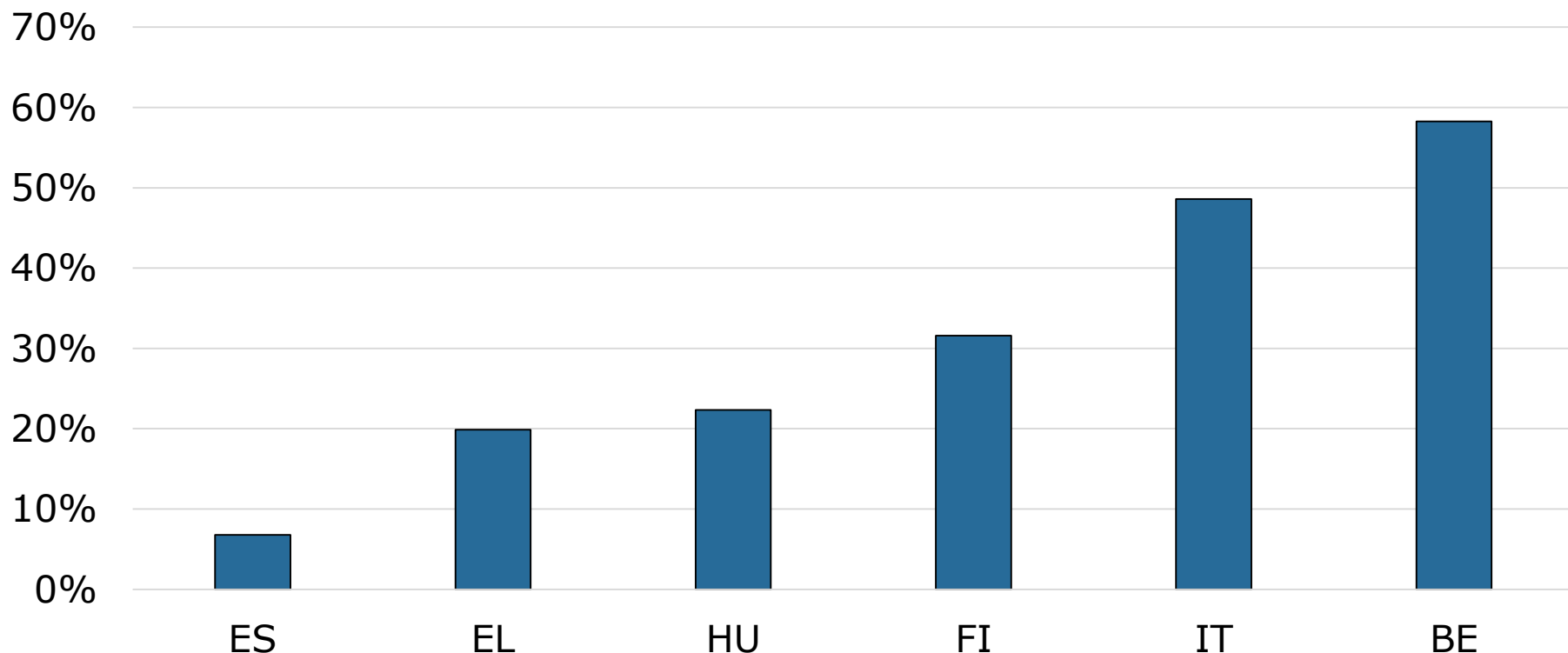


*Cussó Parcerisas, I. et al. What do children need to have an adequate social participation at the minimum?*



## Figure 4: cost compensation of child cash policies

**Cost compensation of cash advantages for a child (10y) living in a single parent family working full time at 50% of the average wage (OECD), renting a dwelling at the private market, 2014**



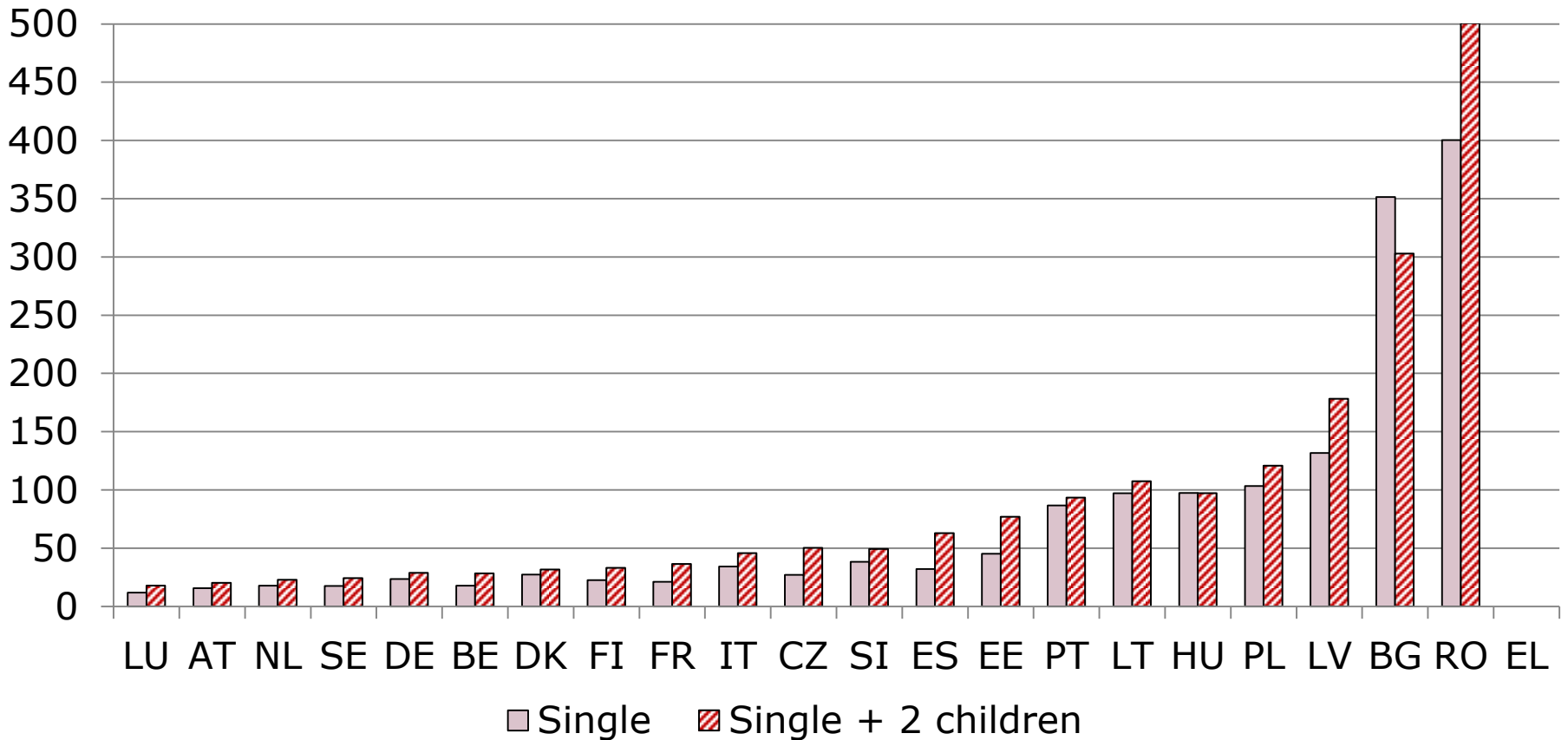
*Penne, et al. (forthcoming) To what extent do welfare states compensate for the cost of raising teenagers? A hypothetical household approach to policy evaluations.*





# Figure 5: The adequacy of minimum income schemes

**The cost of a healthy diet as percentage of the net minimum income for families at active age in EU countries, 2012**



*Penne, et al. (forthcoming) Can social assistance recipients afford a healthy diet?*

# Conclusions



# Conclusions

- Reference budgets offer insight into the out-of-pocket cost of essential goods and services for an adequate living standard
- Cross-national comparable RBs can be used for:
  - Contextualising other indicators, notably the at-risk-of-poverty threshold
  - Enrich the research on affordability of public goods and services (housing, energy, water, ...)
  - Bringing in the importance of publicly provided goods and services
  - Monitoring the adequacy of income (support)
  - Facilitate cross-national learning
  - Identify priorities in social policy



## Conclusion

- However, reference budgets face challenges of robustness;
  - ... and are not a straightforward benchmark for minimum income protection
- ⇒ May show intermediate benchmarks for reaching adequacy
- ⇒ Help to see how other Member States reduce costs of essential goods and services for households
- Areas for improvement: pricing, life spans, consultation of citizens, infrastructure, data collection,...



## Future

- Some research at CSB
  - Cost of education as part of InGRID 2
  - Currently no large-scale international project
- => Platform as incubator?

**Thank you for your  
attention!**



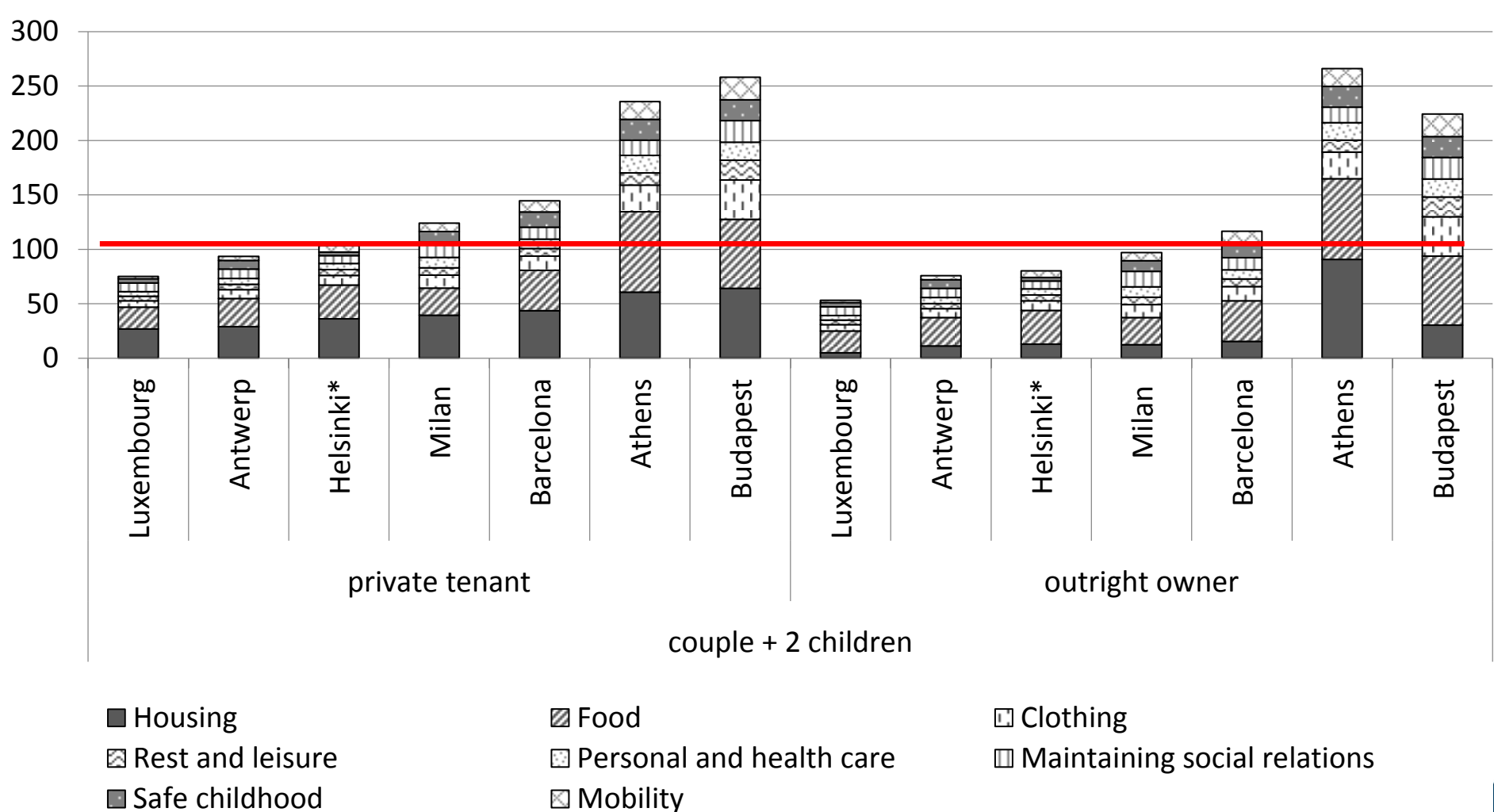
## Common method

- **Starting point:**
- Reference budgets are *instrument to build consensus* in society about what is an adequate income
- Show *private (out-of-pocket) minimum costs* of adequate baskets of goods and services (disposable income)
- Therefore show also effects of goods and services provided or subsidized by the government (e.g. health, education, transport)
- Mixed-methods approach: drawing on all relevant information + aiming at maximising comparability
- Common pricing procedure – based on own price survey
- Normative and illustrative
- Feasible



# Use of comparable RBs: contextualising the AROP60

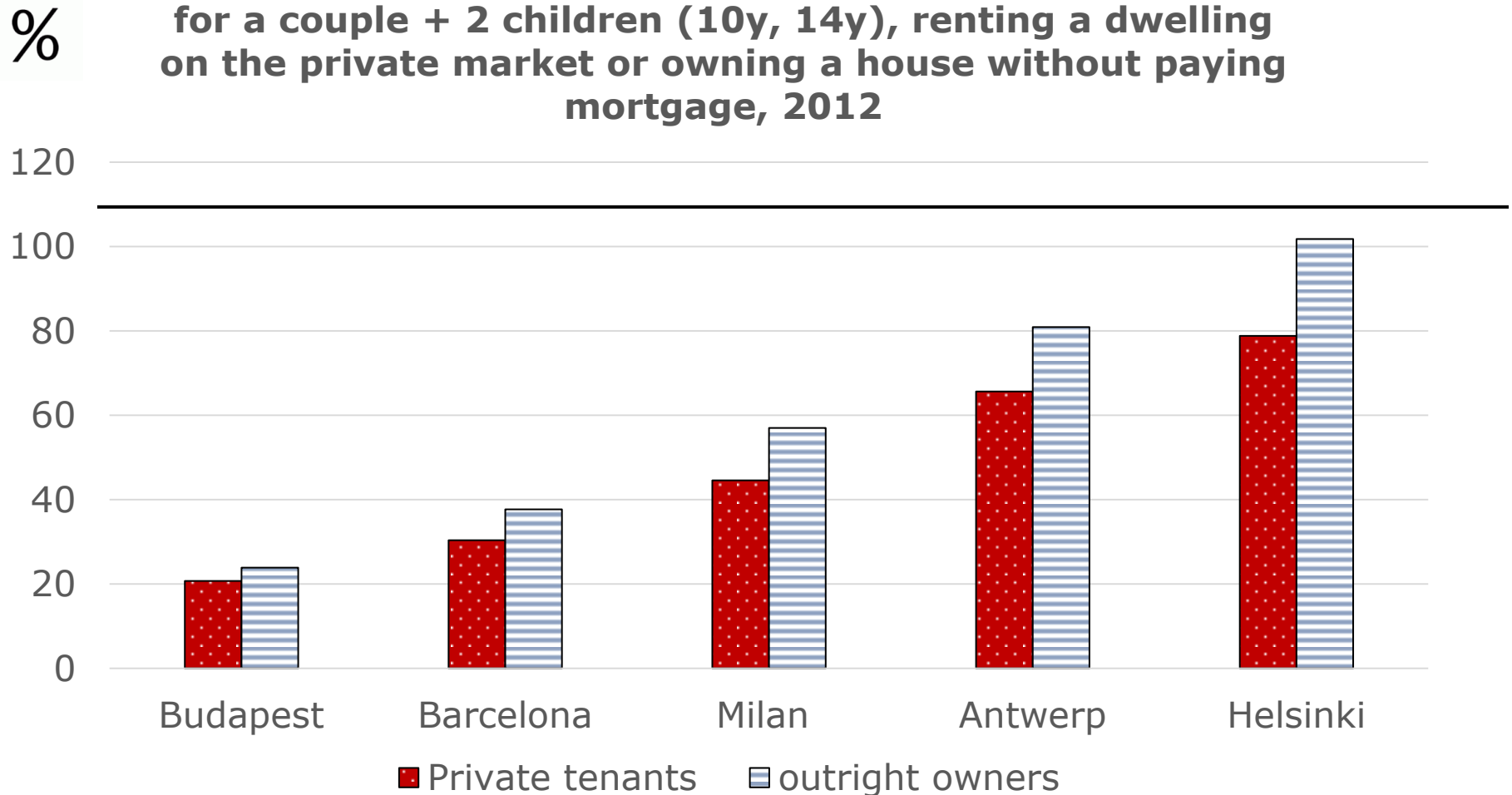
Total reference budgets of a couple with two children as percentage of the at-risk-of-poverty threshold in seven cities, 2014





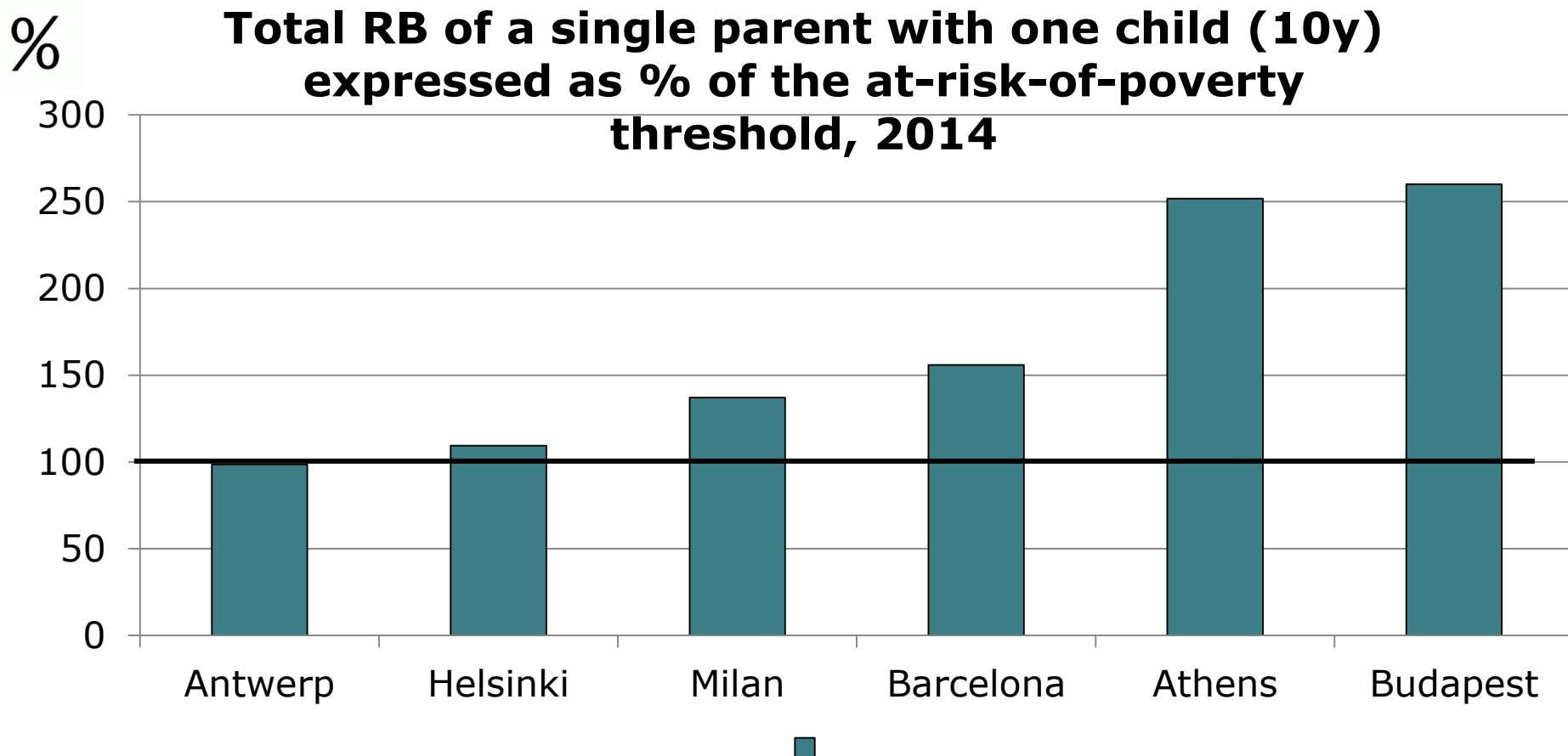
# Illustration: policy use of comparable RBs

Social assistance expressed as % of the reference budget for a couple + 2 children (10y, 14y), renting a dwelling on the private market or owning a house without paying mortgage, 2012





# Use of comparable RBs: contextualising the AROP60

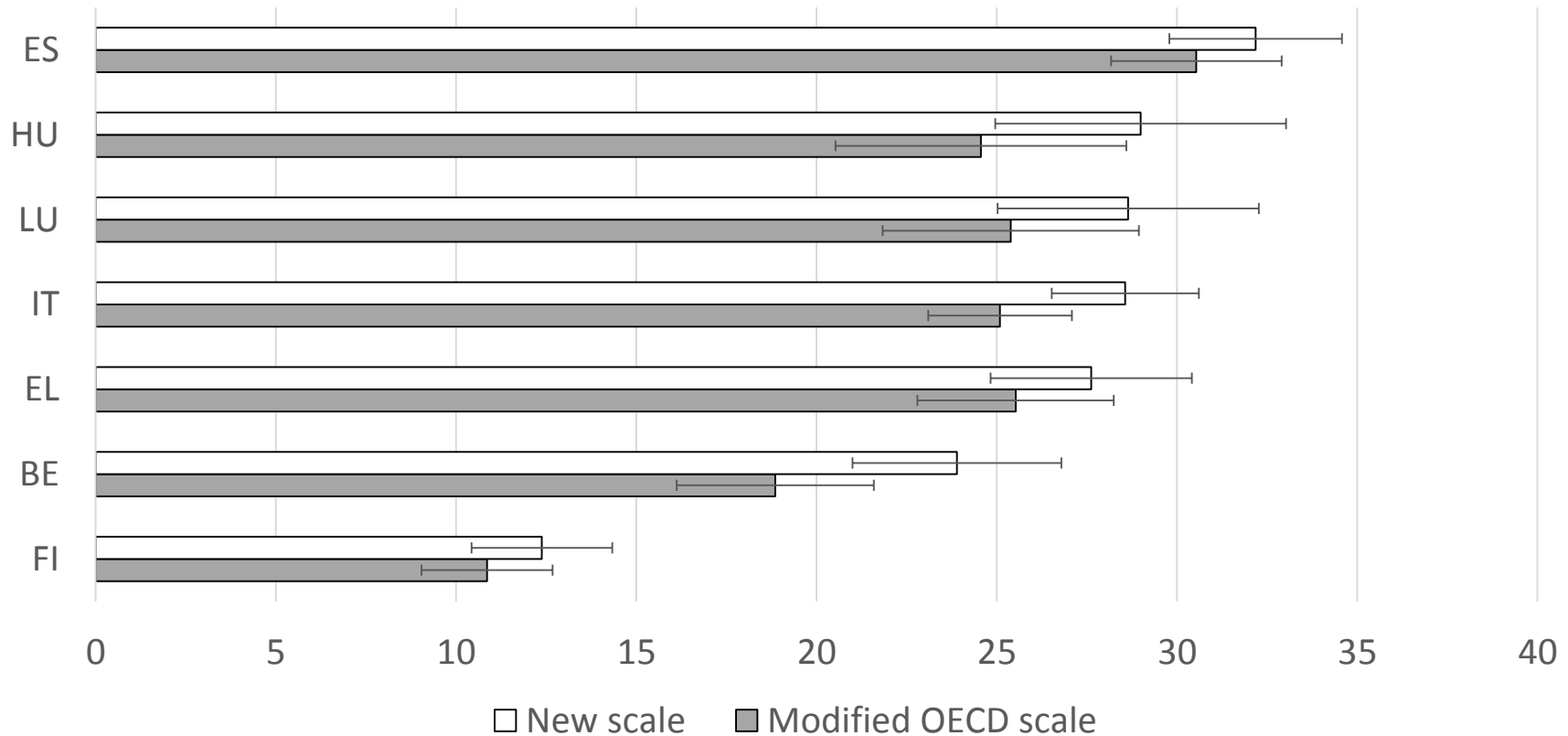


*Goedemé, T., Penne, T., et al. (2017), What does it mean to live on the poverty threshold? Lessons from reference budget research, CSB Working Paper series.*



# Use of comparable RBs: contextualising the AROP60

The At-risk-of-poverty rate (AROP60) for persons younger than 18 years old, with the modified OECD equivalence scale, and the alternative scale based on the reference budgets, EU-SILC 2014



*Goedemé, T., et al. (2017), What does it mean to live on the poverty threshold? Lessons from reference budget research, CSB Working Paper series.*