



BUDGET 2014 - FACTSHEET

Cuts to Jobseekers Allowance for those under 26 years

Claim: Existing welfare payments for those under 25 years are a disincentive to work.

Fact: Where young people can secure a job there are strong financial incentives to do so.

Prior to the recent budget changes a young person aged 23-24 years was in receipt of €144 per week and those aged 25 in receipt of €188. Now it is proposed to reduce this to €100 and €144 per week respectively.

The majority of young jobseekers do not claim secondary benefits so this is the maximum payment they receive. Even if they were to take up a job on minimum wage rates they would have a weekly take home pay (minus USC) of €329. So there is a clear financial incentive for young jobseekers to take up employment **even when paid minimum wage rates compared to existing welfare payments as 23-24 year olds would receive an additional €185 pw and those aged 25 an extra €141 pw.**

Claim: Government states that this decision will encourage young people to take up education, training and work experience opportunities.

Fact: We estimate that these cuts will impact on at least 20,853¹ young jobseekers in 2014 based on those already on the live register, not taking into account the new claimants aged 22-25 years from January 2014. From our analysis of the Budget measures Government is providing an additional 3,250 places on Tús, Momentum and JobBridge as it is not possible to say how many places will be created on JobPlus. Therefore 20,853 young people are being “incentivized” into a guaranteed extra 3,250 places.

The problem is not that young people are slow to take up places; the problem since 2008 is that successive Governments have failed to provide sufficient places. We support activation into quality and meaningful education, training and work experience opportunities, but young people cannot access places that do not exist.

Claim: Government states that it is implementing a “Youth Guarantee” and that this will meet the needs of young jobseekers. This “guarantees” every young person a quality education, training or work experience place if they are unemployed for 4 months or more.

¹ Dáil Question 321 September 24th 2013

Fact: The allocation of an initial **€14m** for the Youth Guarantee in Budget 2014 is welcome; however it **represents 5% of the estimated annual cost of a comprehensive youth guarantee scheme**. While exact estimates on the cost of implementation of the youth guarantee in Ireland are difficult, NYCI estimated in early 2013 that full implementation would cost in the region of €273m² per annum based on the number of young people unemployed for six months for more. We note that the Government can access European funds to compliment exchequer funding of about 66% of the overall expenditure.

Claim: Government stated it is investing a further €46m in education, training and work experience opportunities for the under 25s as part of Budget 2014 and mentions four specific schemes, JobPlus, JobBridge, Tús and Momentum.³

Fact: No breakdown is given on the “additional” €46m, some of which is **not new money**. More important is the number of places being provided. At best we can say that 3,250 new places are being created and additional places depend largely on employer recruitment of under 26s.

- Both JobPlus and JobBridge are demand led schemes, it will depend on employers taking on employees and interns. We already know that only 29% of interns on JobBridge are under 25 years. The reduction from 12 to 6 months in eligibility for under 25s in JobsPlus is welcome, although surprised not extended to 25 year olds.
- Momentum is an existing scheme, we welcome the fact it will be continued in 2014 but the additional places for under 25s is 750 rather than 2,000 as there are 1,250 under 25s on the existing scheme. Therefore rather than an additional €6m, real figure is €2.25m.

All we can say for certain is that an additional 3,250 places have been created (1,000 TUS, 750 Momentum, 1,500 JobBridge) for the under 25s. Extra places on JobPlus depend on employers

Claim: Most young jobseekers are living at home and therefore have the financial support of their parents/family and don't need welfare payments.

Fact: Not all young people live at home for a variety of reasons. **Where young jobseekers are living at home and apply for Jobseekers Allowance their claim is means-tested and the income of their parents is taken into account** in a process known as a “benefit and privilege” assessment. We know that 19,405 applicants under the age of 25 had their application for Jobseekers Allowance refused from 2009-2012.⁴ This clearly shows that the payment is going to young people who are living in low income households.

Claim: Government states that this cut only affects young people on Jobseekers Allowance and not those on Jobseekers Benefit.

² NYCI Youth Guarantee Factsheet http://www.youth.ie/sites/youth.ie/files/NYCI_051_A4_accessible.pdf

³ <http://www.welfare.ie/en/pressoffice/pdf/sp151013.pdf> Page 3

⁴ Dáil Question 322, September 24th 2013

Fact: While it is true that this cut only applies to young people on Jobseekers Allowance, **they represent 92%⁵ of all claimants** as the majority of young people lack the 104 weeks PRSI contribution to qualify for Jobseekers Benefits because they have not entered employment or have worked for less than 2 years.

ENDS

About National Youth Council of Ireland

NYCI is a membership-led umbrella organisation that represents and supports the interests of voluntary youth organisations working with over 380,000 young people, and uses its collective experience to act on issues that impact on young people.

www.youth.ie

⁵ Dáil Question 371, 372 May 28th 2013