



**What income do families need for social participation at the minimum?  
A budget standard for Flanders\***

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**B E R I C H T E N**

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# 1 Problem statement, theoretical framework, premises and approach

## 1.1 *Problem statement*

How much money does a household minimally require in order to be able to participate in Flemish society in a manner that is compatible with human dignity? That is the central question addressed in this paper. Many organisations, particularly public centres for social welfare (OCMWs), have pointed out the need for an objective standard in decision-making on financial assistance. Labour courts, too, have called for general guidelines that would allow them to rule more objectively on contested decisions by OCMWs in the light of the criterion of human dignity. At present, such scientifically substantiated norms are lacking. Income standards can, moreover, be useful in so-called collective debt settlement, providing a guarantee that the human dignity of the debtor and his or her family is adequately protected. Other institutions, too, would welcome an objective guideline for assessing whether or not certain situations are contrary to human dignity. Examples that come to mind include the social services of health funds, social housing companies and the budget assistance services of CAWs (centres for general social work) and OCMWs. Besides its social relevance, the project also serves a scientific purpose. Determining the financial resources that someone requires in order to be able to participate minimally in society may be regarded as a concrete operationalisation of the poverty notion. Poverty is, after all, a situation where individuals lack the economic resources to satisfy a number of basic needs. Moreover, the minimum budgets obtained for the various household types could be compared with that for a single person, so that insight is acquired into the additional cost per household member and an equivalence scale can be drawn up.

## 1.2 *Why the budget method?*

The budget method is the oldest and, in a sense, the most obvious way of determining income thresholds. It begins with the compilation of a list or basket of necessary goods and services. For each of the items in the list (i.e. articles or services), a price is determined. This price is multiplied by the number of units to yield a price per budget item. By adding up these amounts, one obtains the total required budget (Bradshaw, 1993).

The earliest budget standards to provide insight into the purchasing power of low-income families date from the late nineteenth century. They were developed around the same period in the United States and the United Kingdom, most notably by Rowntree (1901). The pioneers of such budget standards tended to take a pragmatic approach, with little theoretical reflection about starting points and methodology. Possibly unwittingly, they created the impression that budget standards provide an absolute indication of how much a household requires in order to be able to make ends meet. In the 1960s and 70s, the approach came in for fierce criticism, aimed particularly at the so-called objective and absolute nature of budget standards. Budget standards were somewhat discredited and the method fell into disuse, at least in the United States and the United Kingdom. However, this was followed by a revival in the 1990s, when

scholars took due account of the limitations and the relative nature of the budget standards they had drawn up. The Family Budget Unit of York University played a prominent role in this respect (Bradshaw, 1993).

As has been pointed out, researchers soon came to realise that budget standards do not represent an absolute minimum income threshold; they are relative, in the sense that they depend on what is regarded as normal and acceptable within a given society (Townsend, 1979: 32-39; Rein, 1970). In other words, they are indirectly determined by prevailing consumption patterns. Hence, some have argued that the method can be short-circuited, i.e. the minimum income standards could be derived directly from families' actual spending, more specifically on such basic goods as food, clothing and housing Citro and Michael, 1995: 120-122; Soede, 2006). However, it soon emerged that this approach does not resolve all problems and, in a sense, fails to answer the most essential questions. After all, it does not establish a threshold and yields no valid equivalence scales.

Since the work of Rowntree and his contemporaries, researchers have proposed a great many alternative methods for determining minimum income standards. In general terms, three basic approaches can be distinguished: the statutory method, the relative method and the subjective method. In Storms and Van den Bosch (2009), these methods are briefly discussed and it is demonstrated that none fulfils all purposes expected of a minimum income standard.

### ***1.3 Theoretical framework***

The starting point for developing the present budget standard consists, not in the classic product categories such as food, clothing, household goods etc, but rather in the fundamental needs that must be fulfilled in order that people could participate minimally in society, in a manner that is compatible with human dignity. Human dignity implies that people should experience a sense of belonging, that they should occupy a position within social networks from where they are able to maintain meaningful social relationships. They should also be able to meet the shared expectations associated with their social position and thus participate in the realisation of essential societal functions. In other words, participating in society in a manner compatible with human dignity implies elements of belonging as well as contributing.

In their book *A Theory of Human Need* (1991), Doyal and Gough assert that two basic universal human needs must be fulfilled in order for the individual to be able to participate minimally in society, namely physical health and autonomy. Proceeding from this premise, we set out in search of products and services that can adequately meet these needs. These products and services, or satisfiers, are relative, unlike the needs they are intended to satisfy. This means that they are, to a large extent, historically and culturally determined. Yet it is possible to reduce them to a number of intermediate needs, constituting a necessary step towards the definition of concrete, society-specific satisfiers. Following Doyal & Gough, we identify ten intermediate needs. In order to be able to participate minimally in society, people must have at their disposal adequate and sufficient food, housing, healthcare and personal care, clothing, rest and leisure. In addition, they must have experienced security in childhood, be able to maintain meaningful social relations, feel safe and be sufficiently mobile.

#### ***1.4 Underlying premises***

Three criteria were instrumental in determining the nature, the amount and the price of the relevant goods and services. First, they should be conducive to a healthy lifestyle. Second, they should allow persons to make autonomous choices in the fulfilment of their various societal roles. Third, they should be acceptable to the people concerned.

For the fulfilment of the first two conditions, we called on assistance from external experts. On the basis of normative criteria, they formulated proposals for the actual composition of the ten Flemish budget baskets. A dietician with KHK University College was asked to compile minimal yet healthy and balanced nutritional packages. A researcher with the Health Care Department at KHK provided input with regard to health-related satisfiers, particularly in relation to healthcare and personal care. Researchers with the school's Department of Social Work composed the baskets of satisfiers relating to the autonomy requirement, as well as to clothing and leisure. For the determination of the price tags of the various satisfiers, we relied on input from an economist with the Business studies Department. The latter was asked to purchase the baskets at the lowest possible price, so that they would be affordable to low-income households. In addition, various external experts were involved in the composition of baskets for which the school possessed no or merely limited research experience (housing and security in childhood) as well as baskets requiring additional external validation (healthcare).

In order for the standards to serve the intended purpose (societal participation), it is crucial that they should be fully accepted, both in society in general and by those who have to make ends meet with such incomes. With this in mind, low-income households were involved in the project from the outset. The steering group included two individuals with day-to-day experience of the difficulties involved in living on a modest income. One of the two also attended the fortnightly meeting of experts. Finally, using the focus-group technique, we gathered information regarding the prevailing spending patterns among low-income households with a view to outlining a framework for menus and shopping lists. After all, it was always the intention that the baskets proposed should be perceived as fair and purchasable (i.e. that it is possible for families to obtain the items using normal shopping routines).

#### ***1.5 Model families***

Satisfiers are time and place-specific. However, even within the context of Flanders in the year 2008 they may vary significantly depending on the household composition and the social status of the various household members. As it is impossible to devise satisfiers for all possible situations, we have limited ourselves in the development of the budget standard to a number of typical low-income households. All adults in these households are of working age. All the households live in a rented home, situated in a (small) town, easily accessible by public transport and with a relatively large supply of shops. None of the families own a car. No household members are in work: the adults are long-term unemployed, while the children attend school. All household members are in relatively good health, i.e. they have no

functional limitations due to illness or disability, nor do they face additional medical costs. As regards the household composition, we chose for households comprised of one or two adults with zero, one or two dependent children. The age and gender of the children varies as follows: two-year-old boy, four-year-old girl, eight-year-old boy and fifteen-year-old girl. In this manner, we arrived at sixteen model households: a single person, a childless couple, eight lone-parent and eight two-parent households with respectively one or two children in successive age groups.

### ***1.6 Some important rules of thumb***

For the composition of the various baskets, four rules of thumb were agreed upon with the experts.

First and foremost, the starting point should, whenever possible, consist in *normative standards*. In other words, existing laws, official guidelines and recommendations are considered directional in deciding whether or not certain (quantities of) goods and services should be included. Although such normative standards do not always reflect the prevailing behavioural patterns among Flemish households, we wish to adhere to them as closely as possible. The proposed budgets should, after all, make it possible for people to opt for a healthy lifestyle. However, not every intermediate need is governed by a law or subject to a recommendation. Again, the experts did not allow themselves to be led by the actual purchasing patterns of (low-income) households. Instead, they consistently reflected on the purpose that the goods and services fulfilled in respect of the user's participation in society. Only if they were able to conclude that the goods or services were indispensable for the fulfilment of a particular role in our society were they incorporated into the budget. In making this consideration, the experts often consulted with members of low-income households. In many instances, only the latter were able to indicate which purpose a specific product or service fulfilled in the performance of certain roles.

With this in the back of their minds, the experts took into account a second rule of thumb, namely the striving for *maximum transparency*. The translation of official guidelines and recommendations into concrete budgets can, to an extent at least, proceed objectively. However, the choice for products and services that satisfy intermediate needs and for which there are no official guidelines is a highly subjective exercise. While this ought not be a problem in itself, clearly it is important that third parties should be able to verify whether the choices made are relevant and acceptable within the context of a Flemish minimum budget. By striving for maximum transparency and by extensively documenting the underlying perspectives, the budget standards can become the subject of meaningful societal debate.

A third important requirement in the design of usable long-term budget standards is *flexibility*. First and foremost, in the composition of the baskets, the experts considered as many different situations as possible in which the households may find themselves. Although the current budgets were developed for sixteen specific family types living in predetermined socioeconomic conditions, they were designed in such a way that they are easily adaptable to other situations. In the second instance, in addition to this flexibility in design, it was our

intention also to make the application of the standards easy and flexible. For the benefit of organisations wishing to apply them in their provision of financial assistance, the budget standards (which are structured in accordance with the underlying theoretical framework) are readily translatable into budget items relied on in practice. This way, the organisations are able to adjust the budgets flexibly to the size and composition of the household and, if need be, to take into account additional costs for housing, healthcare, mobility and the like.

A final rule concerned the period to which the minimum budgets should apply. An explicit choice was made for the development of *long-term budgets*. These would allow the households to participate financially in society for an unrestricted period. In order to keep the amounts of these long-term budgets more or less constant, all costs were calculated on a monthly basis (amounts for mid-2008). This way, households are not confronted with exceptionally high expenses in any given month, e.g. due to the replacement of a broken freezer or a comparable durable consumption good. To this end, the lifespan of all included products and services was calculated. By multiplying (in the case of products with a lifespan shorter than a month) or dividing (in the case of products with a lifespan in excess of a month) the purchase price by a certain factor, we obtained the monthly budgets. These enable people not only to make daily, weekly or monthly expenses (e.g. in order to satisfy such intermediate needs as a healthy nutritional intake, personal care, adequate housing etc) but also to put money aside for the purchase of annual products or services (e.g. holidays, insurance premiums etc) or for the replacement of durable consumption goods.

### ***1.7 Approach***

The practical approach to the project consisted of various phases. In the first phase, the focus was on the actual spending patterns of low-income households. The results of this analysis were used as input by the experts charged with drawing up the baskets. The research techniques applied in order to attain our goal were a literature review, a secondary analysis of the Belgian Household Budget Survey of 2004, case studies and focus groups.

In the second phase, the experts made a start with composing the various budgets. At the fortnightly meetings of experts, which were invariably also attended by an experiential expert, the above rules of thumb were outlined and the work progress was discussed. It soon emerged that, for a number of products and services, it was not easy to determine whether or not they belonged in a standard budget. Relevant recommendations were lacking and it was not immediately clear whether they fulfilled an essential purpose with a view to household members' participation in society. The items in question were subsequently presented to the focus groups of low-income families. The topic list used was likewise prepared during the fortnightly expert meetings. Next, all experts listened to the recordings of the focus group meetings to determine the relevance of the topic to their own budgets and they either indicated that they had obtained enough information or they formulated additional questions.

After the conclusion of the focus groups, the experts finalised their budget baskets. They described in detail how they had proceeded and provided a justification for the inclusion of the various products and services, as well as the amounts, quality and lifespan taken into

account. Except for the baskets relating to healthcare, security in childhood and housing, no additional expertise was called on. In the absence of any recommendation on minimal healthcare, the expert of KHK personally drew up guidelines and subsequently presented them to Domus Medica, the professional association of Flemish GPs and GP groups. Several of its members volunteered to review the basket. Likewise, there are no existing guidelines relating to the needs of children and youngsters in order that they would enjoy security in childhood. Hence, a Delphi survey was conducted of around a dozen professional experts (from policy, practice and research). Finally, for the housing budget, we relied on the expertise of a researcher with the Research Centre for Spatial Planning and Housing. He helped translate a number of universal criteria for minimally adequate housing into measurable Flemish indicators and subsequently calculated the monthly cost of such accommodation on the basis of data from the 2005 Housing Survey.

Once the composition of the baskets had been decided upon, the list of products and services was passed on to the marketing expert, whose job it was to attach a price tag to each of the items. She then set out to identify the cheapest products available, taking due account of the required quantity and quality specified by the experts, as well as the various forms and packaging in which the product is available and the reachability of outlets to non-car owners. Insofar as possible, she went about this task in a normative way, i.e. she took no account of the actual purchasing behaviour of the low-income households, and particularly their choice of shops. Almost all respondents from the focus groups indicated that they shopped at Aldi or Lidl. However, as far as daily, weekly or monthly purchases were concerned, the products listed in the budget standard were primarily bought at Colruyt. This choice was inspired by the broad range of products offered by this supermarket chain, as well as the prices charged, with Colruyt being sometimes over 10% cheaper than other supermarkets. An additional argument for choosing Colruyt is its transparent purchasing policy and the attention paid to good basic quality. Still, it was felt that the provenance of the products in the various baskets should not be restricted to a single supermarket chain, as this would be contrary to people's autonomy of choice. Moreover, existing Colruyt stores are not easily reachable for all people, especially non-car owners. Therefore, the marketing expert suggested that the price of all products sold at Colruyt should be multiplied by 10%. This way, the criteria of purchasability and fairness that had been agreed upon beforehand by the experts, would be fulfilled.

When the pricing of the baskets was concluded, they were combined into a general budget, which was once more submitted to the target group. This final validation involved individual interviews and questioning, in small groups, of twenty-or-so individuals living on a low income. The emphasis was not so much on the composition of the budget, as on the acceptability of the total cost price in the light of minimal societal participation.

In what follows, we briefly summarise how the various baskets were composed and the underlying assumptions made.

## 2 The various baskets in the budget standard

### 2.1 *The food budget*

The starting point in the composition of the basket of foodstuffs is the so-called active food triangle (Vlaams Instituut voor Gezondheidspromotie, VIG, 2006). The active food triangle is composed of nine groups: seven essential nutritional groups (indispensable for a healthy, varied and balanced diet), one physical exercise group and a residual group (the tip of the triangle, comprised of additional, non-essential foodstuffs). The three basic principles for a healthy diet, namely balance, variation and moderation, are all adequately reflected in the active food triangle.

Within the various groups comprising the active food triangle, a distinction is made between preferential and alternative products. A choice is made for the inclusion in the food basket of both types of products. As a rule, the ratio applied between preferential and alternative products was 5 to 2 (weekly basis). The inclusion of both types of product was motivated by the requirement of an adequate nutritional value on the one hand and the need for sufficient variation within the basket on the other.

As we wish to compose a balanced food basket for a minimum budget, as a rule, the cheapest option is selected from the available preferential products. One example is the choice for tap water from the preferential options (carbonated water, still water) within the group “water”. This does not however imply that just a single preferential product is included per group. Within the group “fruit”, for example, a choice is made for a range of cheap (often seasonal) fruits. As regards the alternative products, here we took account of the greatest possible variation (given the constraints of a minimum budget). For this reason, the alternative products are equally represented within the basket, invariably in accordance with the proportion of 2/7. For example, within the group “water”, the following alternative products are included in equal amounts: coffee, tea and light soft drinks; the total content in alternative products amounts to two-sevenths.

The amounts required from the various groups and for the different ages considered were based on prescriptions by the Flemish Institute for Health Promotion (Nationaal Voedings- en Gezondheidsplan voor België, 2005). We also relied on the nutritional objectives laid down in Belgium’s National Food and Health Plan. With a view to the acceptability of the budget standard to individuals on a low income, we took account of certain remarks in the focus groups insofar as they were not incompatible with existing recommendations. We consecutively compiled food baskets for adult women, adult men, toddlers (1-3 years), preschoolers (3-6 years), primary school age children (6-12 years) and adolescents (12-18 years). By adding up per household type, while taking due account of the required quantity and quality, the marketing expert was able to find the appropriate packaging at the lowest possible price. As it is highly impractical to frequent different shops for regular purchases such as food, a choice was made for combined purchases from a single supermarket chain (cf. supra).

## 2.2 *The clothing budget*

In order to live healthily and autonomously, people need not only a balanced diet, but also suitable clothing. Clothes serve different purposes in our society, the most important of which are arguably to offer protection against the elements and to provide individuals with a certain identity.

Clothing protects the human body against various types of weather. As none of the adults in the sixteen households hold a job, there is no need to take into account suitable work or safety clothing. The clothes included in the basket must, above all else, be multifunctional, i.e. they must be suitable for doing shopping, for wearing about the house, for visiting relatives and friends, for going out, for attending school or youth camp, etc. In other words, the focus is mainly on informal dress. However, if people are to meet expectations associated with their social status, they must occasionally dress more formally, e.g. for receptions, weddings, job interviews or funerals. In the context of a minimum budget, we opt for fashion-proof formal clothing that will last for several years.

In addition to offering protection, clothing also provides people with an identity. It expresses to which group people do or do not belong, as well as their personal values. In other words, clothes make the man. As such, clothes are a reflection of individuals' self-perception. If we translate this function into a concrete budget, we find that, even on a minimum income, people must be able to choose their own clothing and they should not be dependent upon the range on offer in one particular shop, or upon what is available at end-of-season sales, or be compelled to wear second-hand clothes received from others.

Besides offering protection and expressing a certain identity, clothes must of course be functional, i.e. they must be well adapted to various tasks and purposes. Considering the characteristics of various types of fibre (Imtho, 2008, Hutter, 2008), we recommend cotton for most items of clothing, as it is easily washable at a high temperature, pleasant to wear and comparatively cheap. Even more appropriate are items made of a blend of cotton and polyester, as this is more resistant to wear and loss of shape. For the same reasons, the preferred summer jersey is likewise made of cotton or a mixture of cotton and polyester. Winter sweaters should preferably be made of acrylic fibre. And a combination of wool and acrylic fibre is considered ideal for evening wear.

Items of clothing that are intended to provide protection against the elements (raincoats, winter clothes) must be of a suitable quality, i.e. they must be wind and waterproof, and made of a breathing fabric. Likewise, shoes must be of a good quality in order to avoid certain health problems, to the knees or ankles for example.

There are no prevailing standards regarding the number of items of clothing that an individual requires. We therefore drew instead on standards of hygiene as well as on practical considerations. However, when these were presented to people who are accustomed to having at their disposal only a modest budget for clothing, it emerged there was a broad consensus that a purely functional perspective was too narrow. Clothing is part of one's personal identity, and by always wearing the same clothes one is quickly given a label. Especially

women and children seemed very sensitive to this aspect. Therefore, the number of skirts and dresses, as well as the number of items of children's clothing, was increased.

As regards the lifespan of clothing, due account must be taken of children's growth on the one hand and wear and tear on the other. Obviously, then, the lifespan of children's and youngsters' clothing is a lot shorter than that of adults. For the former, we took into account a standard period of twelve months. Items of clothing that can be worn slightly oversized (e.g. a coat, underwear, pyjamas) were considered to have a lifespan of two years. The lifespan of adult clothing depends first and foremost on wear and tear. As a choice was made for comparatively strong fibres, the lifespan was increased by between twenty-four and thirty-six months, depending on the frequency with which the items are worn.

As regards the choice of shops, the respondents in the focus groups almost all opted for Zeeman and Wibra, as they felt these stores offered good quality clothing at affordable prices. These shops also offer a sufficiently broad range of day-to-day clothes. However, they offer a rather limited choice of coats and evening wear. More suitable shops for such items are C&A, H&M and JBC. The preferred shop for shoes was Brantano, because of its varied choice of affordable and fashionable footwear.

Since clothing codetermines a person's identity, freedom of choice is essential. Therefore, it was decided that the clothing in the basket should be new. Although most respondents on the focus groups did not mind buying second-hand clothes for themselves, they did provide a number of good arguments for not including such items in a minimum budget: second-hand clothes shops offer a limited choice of fashionable items in regular sizes, and, for adolescents in particular, choosing one's own style of clothing is part of their personal development. The respondents also indicated that they would never buy second-hand underwear, socks or shoes, for reasons of hygiene.

As has been pointed out a number of times, a person's clothing is an expression of his or her personality, and therefore it is important that people should be able to choose what they wear. Therefore, during our visits to various clothing stores, we decided not to record the lowest-priced item of a certain quality, but rather the price at which people had a choice of at least three similar items. This margin of choice obviously becomes bigger if people are able to purchase the items at reduced prices, e.g. during the sales period.

For the maintenance of clothing, we foresee a number of essential auxiliary tools, such as a washing machine, washing powder, a linen basket, and an iron and ironing board. For storage, each individual is assumed to need a wardrobe. Furthermore, each bedroom is assumed to contain one or two chairs for keeping clothes that are to be worn again the following day. A shoe rack is foreseen for the storage of footwear. These items of furniture are purchased at IKEA, at as affordable a price as possible. Finally, the clothing basket contains a budget for the maintenance of shoes (polishing material) and the repair of clothes (sewing equipment) and shoes (new heels and new soles once a year for all pairs of shoes).

## 2.3 *The health budget*

### 2.3.1 *Personal care*

Like food and clothing, adequate personal hygiene and accessible healthcare are essential intermediate needs that must be fulfilled if an individual is to participate minimally in society.

Proper hygiene serves two important purposes. First and foremost, it contributes to maintaining a good health by combating infectious micro-organisms, both at a personal level and in relation to individuals' environment. Second, personal hygiene serves a psychological and social purpose (i.e. it instils a sense of self-value, self-respect). Without adequate personal hygiene, there is a danger of social exclusion due to a perceived failure to adhere to the social norm. Having clean and well-groomed hair, the use of soap, the wearing of fresh clothes, oral hygiene and shaving are all expected behaviours in the context of day-to-day social interactions.

The basket includes all products necessary for maintaining good personal hygiene. This basket also encompasses a budget for perfumes and cosmetics. Although cosmetics may be easily regarded as a luxury, their use is self-evident or even desirable for certain social events or in particular professional situations. Make-up is indispensable for job interviews and in certain jobs (e.g. sales, catering...).

Finally, this basket also includes the cost of contraceptives. After considering all the pros and cons, and after validation by a number of experts with Domus Medica (Scientific College for Flemish General Practitioners), we opted for hormonal intrauterine systems for women and adolescent girls, complemented with condoms for each adult and adolescent.

### 2.3.2 *Adequate healthcare*

The right to health protection and medical assistance is laid down in the Belgian constitution (Art. 23). With this in mind, the standard budget includes a package of resources and services to which families should have access and which consequently represent a cost to their living budget. It is however impossible to arrive at a single standard that covers the needs of every family. After all, incurred medical costs increase sharply if a household member is seriously ill or disabled. The budget that we propose is premised on the assumption that all household members are in good general health. Exceptional healthcare expenses should subsequently be added to the total budget as variable costs.

In Storms and Van den Bosch (2009) we discuss in detail the conditions that may give rise to a need for healthcare and medical consumption. However, apart from painkillers and some very specific medical aids, very little resources are required for day-to-day healthcare. Quite a few respondents from the focus group did point out, though, that psychosocial pressures can give rise to repeated consultation of a GP. This need would probably decrease considerably if one had sufficient resources at one's disposal to lead a life compatible with human dignity. Meanwhile, we assume that each adult person pays two visits to a GP per year. A second

reason for taking into account additional GP visits is that it was indicated several times by the focus groups that medical costs (i.e. treatment by a psychiatrist) may be expected to increase if a psychosocial issue is left untreated for too long.

Other relevant factors besides day-to-day conditions, infectious diseases and psychosocial complaints are prevention and health perception. Screening for cervical and bowel cancer were taken into account as preventive healthcare costs. In addition, we calculated the cost of mandatory and recommended vaccinations for children and adults, as well as the cost of preventive dental care for all persons over the age of twelve.

Finally, our healthcare budget also takes into account healthcare costs that are (or may be) charged to private households, i.e. personal contributions to healthcare funds and the Flemish care insurance premium. This item also includes hospitalisation insurance, considering that the medical expenses of hospitalised persons who require lengthy follow-up medical care or who subsequently become chronically ill can become substantial (through accumulation of patient contributions). The system of ‘maximum invoice’ (a system designed to limit patients’ out of pocket payments) can help in this respect, but it does not cover all costs and hence cannot resolve the financial issue entirely. Moreover, patients are not always able to avoid paying supplements, which are not covered by the public health insurance.

## ***2.4 Budget for housing and security***

### *2.4.1 Adequate housing*

The next intermediate need that must be met in order for people to be able to live healthy and autonomous lives is that of adequate housing. As in the case of food, clothing and healthcare, the content of this basket is culturally determined. Still, there are three universal criteria that each dwelling must fulfil in order that the health of the occupants would not be jeopardised (Doyal, L, Gough, I., 1991). First and foremost, the dwelling must offer its occupants security and protection, both against the elements and against pests and bearers of disease. Second, a dwelling must be conducive to a hygienic lifestyle. And third, it must be sufficiently spacious. These general criteria of adequate housing were operationalised in accordance with Flemish standards relying on a number of indicators proposed by researchers of the Research Centre for Spatial Planning and Housing (Buyst et al, 2007). They drew up a list of indicators for measuring evolutions in the quality of housing in Flanders. The starting point for these indicators was the stipulation in the Flemish Housing Code that “everyone has the right to housing. To this end, the availability of suitable housing, of a good quality, in a decent living environment, at an affordable price and with sufficient housing security, must be enhanced” (Art. 3 VWC).

Quality of housing depends on constructional and technical aspects, as well as on the interior environment and the occupancy rate. Moreover, the quality of the exterior living environment must also be taken into account.

A second criterion for safeguarding the right to adequate housing that is put forward in the Flemish Housing Code is affordability. As there are no satisfactory standards for a fair minimum price for renting, buying or building a home that meets all of the above quality requirements, we explored prevailing prices in the marketplace. In other words, here we deviate by necessity from the preferred normative approach in the composition of the budget standard. This at once implies that the rents included in the budget standard should not be regarded as indicative for the granting of financial assistance. To this end, one ought to rely instead on current rents in the region concerned. The calculated rents are merely illustrative. They give a rough idea of the average cost of renting adequate housing in Flanders. The third criterion in the Flemish Housing Code is security, but this does not give rise to additional costs.

Adequate housing as described above can be found either in the private rented market or in the social housing market. The sixteen households for which we have developed a standard budget all met the eligibility criteria for a social rented dwelling. However, as only 6% of the Flemish rented market consists in social housing (VMSW, 2007), we are compelled to take into account the price of privately let accommodation.

For determining the price of rents in the private sector, we relied on data from the 2005 Housing Survey, covering 5,216 households in Flanders (Heylen, et al, 2007). Via these data, which are representative for the Flemish region, we tried to identify dwellings in the private rented market that meet all the criteria specified above and subsequently calculated the median rent per household type. For the calculation of rents in the social market, we were unable to rely on the 2005 Housing Survey, as the relevant rules were thoroughly changed under new social housing legislation that came into effect on 1 January 2008 (Besluit van de Vlaamse regering van 12 oktober 2007). On the basis of this regulation, we calculated the cost for the sixteen household types covered in our study should they rent a dwelling from the social housing company. This meant that, unlike in the case of the private rented market, we were unable to take as a starting point the requirement that the dwelling should be of an appropriate quality. Still, we may safely assume that dwellings in the social housing market are generally of a good quality. In fact, measured by the above criteria, social rented homes score substantially better than privately rented dwellings and even privately owned properties.

Besides the cost of renting a home, households must also pay for sufficient heating and lighting. They also require clean, hot water for daily hygiene. For these consumer costs we likewise determined an 'illustrative' amount on the basis of the 2005 Housing Survey.

Apart from rent and consumer costs, adequate housing requires maintenance and repairs to the home. By maintenance, we mean daily/weekly cleaning as well as the upkeep of walls, doors and windows. Cleaning products were purchased at the lowest possible price, with the exception of liquid soap. In this instance, we chose for a cheap branded product, as the respondents in the focus groups indicated that they had a strong preference for brands when it came to washing powders, personal hygiene and cleaning materials. The scent of washing powders, soaps and cleaning products is regarded as an element of one's own identity. Upkeep costs include the price of wallpaper, ceiling paints and floor covering. All windows are assumed to be fitted with washable curtains.

Rent contracts stipulate which maintenance and repair costs are to be borne by the occupant. It is generally assumed that minor maintenance and repairs should be taken care of by the occupant, while the owner of the dwelling should pay for any major upkeep work or replacements. We, rather illustratively, included the average cost of replacing a broken window, fixing a broken plug, replacing the tape of a roll-down shutter, and having an extra key made. In addition, we calculated the cost of the annual maintenance of a boiler and central heating or the sweeping of a chimney.

#### 2.4.2 Security

Basic security is an essential condition for an individual to be able to function properly in society. Adults and children require both mental and physical security. However, while both types of security are important, they are generally not linked directly to the purchase of specific goods or services. Security-related products that households do purchase tend to be associated with the home.

As tenants are often obliged under the terms of their lease to take out fire insurance, this cost is included in the security budget. In Wallonia and Brussels, fire alarms are mandatory in rented homes; in Flanders, they are not. Still, for each rented home, we include the price of two smoke detectors and two carbon dioxide detectors, as well as a fire blanket and a pocket torch.

In addition, it seems reasonable to assume that every home should be fitted with secure locks on all outside doors. However, this cost is to be borne by the owner of the property. With a view to the protection of the physical integrity of persons and goods, we also include in the standard budget the cost associated with holding a bank and a savings account. After all, keeping money on an account is much safer than keeping it at home.

For households with children and/or pets, we also include insurance to cover private liability towards third parties. Without such coverage, an accident could lead to a financial catastrophe and thus compromise the household's security.

### 2.5 *The security-in-childhood budget*

In order to be able to act autonomously as an adult, individuals must have experienced security in childhood. However, a secure childhood is not only important for the children's development into adults; it is also essential during childhood itself. So what exactly does security in childhood entail? Doyal & Gough (1991) outline specify four more or less universal psycho-social needs that must be fulfilled in order for children and youngsters anywhere in the world to experience adequate security in childhood. According to them, all children need *love*. They also require *new experiences* in order to be able to develop cognitively, emotionally and socially. All children need *praise, recognition and positive*

*feedback*, within a clearly agreed upon framework. Finally, all children need a gradual *broadening of responsibilities* (WHO, 1982, Kellmer-Pringle, 1980).

It could be argued that the first three needs are not specific to children: they also hold for adults. Still, we chose to work out a separate basket for children, for two reasons. First, the fulfilment of these needs implies totally different products and services for respectively children, youngsters and adults. If we want children to be able to participate fully in society, we need to explore how this can be achieved in practice.

A second argument is drawn from the focus groups of low-income households. As many poor adults also experienced deprivation in their own childhood, they tend to attach great importance to the family, as if they want to create the kind of family they missed in their youth. They dream of a happy and stable family and are focused strongly on offering their children a good future. They do not want to deprive them of anything (Driessens & Van Regenmortel, 2007).

As in the case of the other baskets, our approach is primarily normative. So we do not start from actual behaviours of children and youngsters, but rather from the underlying needs and requirements of the age group concerned. Guidelines and recommendations are derived from the International Convention on the Rights of the Child. This convention was signed by world leaders in 1989 and has since been ratified by all countries with the exception of two. The rights laid down in the convention are minimal. National legislation takes precedence if it grants more extensive rights.

For the specific Flemish context, we use the Flemish Youth Policy Plan to determine how children's rights are translated into concrete policy goals. As normative standards are not always concrete and comprehensive, we also involved youth policy experts in compiling the security-in-childhood basket. By means of a Delphi procedure, we arrived at a justifiable and carefully considered list of items.

In order that children could enjoy security in childhood and grow up in love, friendship and security, enjoy new experiences, be praised and recognised, and be given an opportunity to assume ever-greater responsibilities, it is necessary that the household in which they grow up should possess certain resources. While the most important requirements are of an immaterial, affective nature (understanding, affection, protection ...), the focus in the present study is mainly on material conditions for security in childhood. We briefly describe them in what follows.

It is first and foremost important that its parents and relatives should offer it affection and protection, that they should be there for the child and spend time with it. Joint activities need not be expensive or grand, yet we include a number of such activities as items with a monetary value in the security-in-childhood basket, as they are considered an entirely normal ingredient of childhood in Flemish society. Examples that come to mind are joint sports activities, like jogging, cycling or swimming.

In view of the right to friendship and to identity, and considering the importance of family bonding, we also include as an item that parents and children should be able to go on outings together, e.g. to a playground, a zoo, a subtropical swimming paradise, an amusement park, etc. The right to an identity – especially in the case of low-income families – is associated with a sense of participation: parents find it important that their children should not be excluded or become isolated. Children should not be victimised because of the modest income of their parents. However, the parents in the focus groups felt strongly that this was the case: their children are excluded; they lack things that other kids have; they do not go on regular holidays or outings; they do not always get what they deserve... Therefore, they argue that certain items, which at first sight seem inessential, should nevertheless be included in the minimum budget, so that their children would not feel different or inferior. In order that children would not feel excluded and to give them the best opportunity to enter into friendships, we include a simple birthday party as an item in the budget. Underprivileged households who feel unable to accommodate groups of children at home can resolve this problem creatively by making use of a playground, a park etc.

Going out is an institutionalised way for youngsters to maintain friendships and find a partner. We therefore include pocket money for parties or nights out. We also include a mobile for each youngster, as well as the possibility to communicate with friends via the internet (email, chat). This implies that every household is assumed to possess a computer with internet connectivity (see basket: maintaining relationships).

The inclusion of a computer is also justified on the strength of youngsters' right to information and leisure. After all, computer gaming, chatting, emailing and surfing the internet all occupy a prominent place in young people's lives. In addition to the internet, the library is a rich source of information. Therefore, we include in the budget library access for each individual. As education is important for gaining new experiences, all costs related directly with studying are also incorporated.

Children may participate in organised or non-organised forms of play, leisure and cultural activities. Such activities may be provided by a traditional youth movement or at a youth camp, offering children (and their parents) an opportunity to relax. Such activities are also important from the perspective of developing friendships. However, not all youngsters are attracted to traditional forms of youth work. They may choose to spend their leisure budget instead on sports activities, like swimming, ice-skating or football, or they may choose to participate in a creative workshop ... . A balanced supply of toys will help children develop mentally, physically and socio-emotionally. In addition, toys are important as a means of relaxation. Children's cultural development is an important aspect of gaining new experiences. It may be defined very broadly, so as to include cinema-going, attending concerts or theatre performances, visiting exhibitions etc.

As children and youngsters gain new experiences, it is important that they should receive sufficient positive feedback. Encouragement can be provided in various areas. Positive interaction within the household is conducive to a constructive atmosphere and can help children gain self-confidence. Parents can be creative with rewards so that they need not cost money. The most important aspect is that the child or youngster is approached in a positive

way. However, while not strictly necessary, it is also customary in our society to offer material rewards. Therefore, we include a budget for eating out or for takeaways, as the focus group discussions indicated that this a way of rewarding children and also strengthens household ties. Moreover, it is part of a learning process whereby children and youngsters are familiarised with what is appropriate behaviour when eating out. People who live in poverty are often compelled to refuse things to their children: they are unable to give their children the same things as in more affluent households. Many respondents indicated that they found it hurtful to see that their children were treated as outsiders because of their poverty at home. Therefore, they find it important to occasionally give their children some extra attention or to reward them for good behaviour. They feel it is unfair that children should suffer because of the modest income of their parents.

To encourage children and youngsters to formulate their own opinions, to stand up for themselves and to become involved in matters that concern their own lives, it is important that their environment should take their developing abilities seriously. Within the context of the family, this means among other things that children and youngsters should be able to participate in decisions affecting them personally. It also implies that they should be entrusted with certain responsibilities, so that they could explore their own limits. It is parents' task to assist their children in making considered choices. Within a school context, the gradual increase in responsibilities might imply an emancipatory teaching approach, whereby pupils' and their opinions are taken seriously, and whereby a growing sense of responsibility is instilled.

In the low-income focus groups, much attention is paid to pocket money as a means of encouraging children and youngsters to assume responsibility and to teach them to make personal choices. Underprivileged parents find it very important that their children should learn how to handle money and become accustomed to its value. Pocket money is the ideal way of achieving this. The children can use it to purchase credit for their mobile phones, to buy sweets or other treats, or for clothing or accessories... Pocket money is also used for going out with friends. This way, parents encourage their children to assume financial responsibility and to reflect on the value of money (NIBUD, 2008). Furthermore, pocket money allows youngsters to develop their individuality and not feel excluded. Learning to assume financial responsibility might also involve taking on weekend or holiday jobs. The extra pocket money earned can then be spent on whatever the youngster wants.

The operationalisation of these products, activities and services into concrete budgets and frequencies was also an integral part of the Delphi process.

## ***2.6 The budget for rest and recreation***

The next intermediate need to be translated into a concrete Flemish budget was the need for recreation and proper sleep.

### *2.6.1 Refreshing sleep*

Sleep is essential for good health: it allows the body and mind to rest and recover. The most important preconditions for a refreshing sleep are behavioral, and do not require a particular budget (no sleeping tablets, regular sleep pattern, take enough exercise, avoid caffeine-rich drinks, tobacco and alcohol before bedtime, sleep in a properly ventilated, quiet and dark bedroom relaxation prior to bedtime). Among the material requirements are a good bed and linen, although there are no prescribed criteria in this respect. Therefore, we chose to follow the recommendations of the consumer watchdog Test Aankoop (nr. 404, 1997 & nr. 466 2003) instead. There are however European standards for beds for children and infants (EN 716 label), which we relied upon in the determination of a budget for the purchase of a bed for a two-year old child.

### *2.6.2 Leisure time and recreation*

In addition to proper sleep, relaxation also has a positive effect on individuals' functioning and general health (Vingerhoets et al, 2003). However, while there may be consensus on the need for recreation and leisure time, it is far more difficult to reach agreement on what this entails exactly. It is in fact impossible to determine entirely normatively which products and services people require in order to be able to relax adequately. For the specification of this basket, we relied on legislative initiatives by the Flemish and the Belgian lawmakers, recent Flemish policy initiatives and feedback from respondents in the focus groups.

#### *Holidays*

Holidays serve various functions. They are considered beneficial to people's health, as they can bring physical and mental relaxation. Moreover, holidays are an ideal opportunity for spending quality time with the family, relatives and friends. Such experiences (and memories of them) reinforce one's interpersonal relations. In addition, holidays can be enriching: they are a source of new experiences and an opportunity to meet other people (Toerisme Vlaanderen, 2007). Considering the aforementioned functions, it is not necessary for holidays to span several days. Still, we foresee this possibility and include in the basket the cost of a five-day stay at the seaside. Obviously in practice, the households may choose to spend the budget on daytrips instead.

#### *Participation in (non)-organised leisure activities*

Besides a five-day holiday or a number of daytrips with one's family, relatives or friends, every individual must be able to participate in the dominant leisure activities in society. Not because they are dominant as such, but rather because non-participation could lead to social exclusion (Corijn, 2007). After all, in addition to offering relaxation and personal enrichment (through exposure to new experiences), participation in cultural activities is a way for people to meet others and to reinforce their sense of belonging in society. On the basis of the Flemish participation decree of 18 January 2008, we propose that all adults in the sixteen model

families should be able to participate in a paid-for leisure activity at least once a month and be members of a local club or association.

### *Domestic leisure*

Domestic leisure activities often involve electronic media. Especially for low-income groups, such media are an important source of leisure (Corijn, 2007), as they are easily accessible (reachable, affordable, usable, understandable) and readily available when other forms of leisure are perhaps not. Furthermore, they fulfil an important informational purpose and they are a common topic in day-to-day conversations with relatives or friends. All these functions justify the inclusion of television (including cable connection), DVD player, radio and CD player in the standard budget.

The local library is also an important and accessible source of leisure. It emerged from the focus groups that people value membership of a public library, as it gives them cheap access to books, DVDs and computer games.

## **2.7 *The budget for maintaining social relationships***

Humans are social creatures; they have a fundamental need for social connectedness. Without a social environment, individuals are unable to develop an identity (Butter, 1997). People maintain the most frequent and intense contacts with relatives and friends. It is through daily contacts with relatives, neighbours and friends that individuals are, from their childhood, familiarised with the ideas, values and norms of the culture and society in which they live. People are also social creatures out of need. Even if individuals are adequately supported by qualitatively satisfactory provisions, they are confronted on a daily basis with all kinds of practical problems or issues that can only be resolved if they possess the necessary knowledge and skills or are able to acquire them, or by calling on help from others. Other problems may require emotional or practical support.

It is hard to express in material terms what is required for the maintenance of mutual relationships. We were also unable to rely on existing norms or guidelines in the composition of this basket. After all, what we are concerned with here are primarily informal rules. Therefore, together with the respondents from the focus groups, we tried to determine which material resources are necessary in order to adequately fulfil one's role as a relative, neighbour or friend. What does our society expect from people in such social positions?

In order for individuals to be able to maintain relationships that offer emotional and affective support, they need to meet. In our society, it is customary on such occasions to present a small gift. Even if there is no obligation, such a gesture tends to be appreciated.

For keeping in touch with friends and relatives, for contacts with the school of the children, and in order to be able to call a doctor or the emergency services, a telephone is indispensable. In consultation with the focus groups, we opted to include a mobile telephone.

The use of computer and other multimedia applications (digital camera, electronic ID, internet banking...) has become so established in a variety of social networks in our society (at home, family, friends, during holidays or outings, at school, in clubs ... ) that people can no longer go without and not run the risk of social exclusion. Computers are used not only for maintaining social relationships; they also serve an important information and leisure function. For each household, we include a computer with internet connectivity, a printer, printer paper and a digital camera.

Celebrations and feasts serve various purposes, but one of the most important is undoubtedly that they bring people closer together. Feasts which according to the respondents in the focus groups are customarily celebrated are: Easter, Christmas and New Year, St Nicholas (in households with children) and the birthdays of all household members. For primary school children, we take into account a separate party for friends (see also the security-in-childhood basket). Feasts imply a festive meal, for which we foresee a budget that is twice as much as that for the daily budget from the healthy food basket. Births, First Communion or the 'Spring Ceremony' are celebrated in a broader family circle. The organisation of such feasts entails costs for invitations, clothing, food, drink and decorations. As households may have to save up for certain larger feasts, we foresee a cost per child amounting to the depreciation cost of a feast over a six-year period. Birthday parties also imply a cost for presents and birthday cards, which are likewise included in the budget.

At the explicit request of the focus groups, the budget for relationships also encompasses the cost of pets: pets are seen as a source of comfort and friendship, they liven things up and they encourage exercise (Etho News, 112).

Finally, we take account of certain mandatory costs associated with membership of Flemish (or Belgian) society in general. For example, every citizen over the age of twelve who is registered with the population registry must, by law, hold an identity card. Citizens are also required to pay taxes. For the sixteen families covered in the study, we calculated the household tax levied by the province of Antwerp and the so-called crisis tax as levied by the municipal authorities of Turnhout. Federal income tax is not applicable to the sixteen households as their income is too low. Apart from taxes, the budget also takes account of household refuse collection costs.

## **2.8 *The mobility budget***

The final intermediate need that has to be satisfied in order for individuals to be able to participate in society in a manner compatible with human dignity is mobility. People need to be able to move around to fulfil their various social roles adequately (shopping, movies, school, visit to GP, ...). The minimal mobility requirement depends largely on the individual's living situation (health, employment, proximity of public transport...). We opted against the inclusion of a car in the standard budget, for two reasons. First and foremost, the Basic Mobility Decree of 20 April 2001 provides for a minimum supply of public transport services for every Flemish citizen. The second reason has to do with the living situation of the households considered. All household members are assumed to be healthy. None of the adults

is employed, so that they do not need a car to get to work. They are assumed to be able to make use of public transport to get to job interviews. A car is not needed for shopping either, assuming that the household members possess bicycles with saddle bags. Still, it can be a lot more economical to purchase items in large amounts. When we asked the focus groups about this aspect, many respondents said they could count on assistance from relatives, friends or neighbours for regularly buying larger quantities. However, this is not the case for all households. The budget in any case foresees a minimum budget for good and adequately equipped bicycles and the possibility to make optimum use of public transport services. For the calculation of the public transport cost, we take into account all movements necessary for satisfying all the intermediate needs specified and incorporated into the budget standard (e.g. family outing, domestic holiday, trip to hospital, visit to relatives, theatre or cinema visit...). Hence, for every household member, we include annual travel passes for tram, bus and train, taking due account of applicable age reductions.

### **3 The total budget**

#### ***3.1 The total amounts***

Thus far, we have described which products and services were included in various baskets of the budget standard. In what follows, we combine the ten components into a single standard budget. This standard budget is a normatively determined set of products and services necessary for a minimal participation in Flemish society.

As the budget standard has been constructed by adding up the ten separate standard budgets, associated with the ten intermediate needs that need to be satisfied in order for the universal needs of health and autonomy to be adequately met, it is important that one should realise that greater consumption within one budget component (due to differences in preferences or in living conditions) inevitably means smaller consumption in other areas, so that the associated intermediate need remains unsatisfied.

The (rounded) total budget for a lone woman amounts to 976 euros. If we calculate the total budget for households who use all their rights and who happen to be able to rent a social dwelling, we notice a substantial drop in necessary expenses in order for the households to be able to participate in society in a minimal way that is nonetheless compatible with human dignity. On average, the required budget is found to decline by about a quarter.

As our approach to drawing up the budget standard was primarily normative and as no behavioural assumptions were made, it is possible to make a fairly valid comparison of the minimum budgets for lone persons and couples, as well as for households with and without children, so that we can draw conclusions regarding the cost of an additional adult or an additional child in a household. Should two lone persons decide to live together, then the minimum budget clearly does not double. After all, many overhead costs can then be shared. It turns out that a couple requires 1296 euros, which is only 33% more than what a single person needs. This limited additional cost is attributable mainly to food, healthcare, clothing

and mobility, where economies of scale hardly come into play, while housing costs for the two household types is the same.

### ***3.2 The cost of children***

A comparison of the respective minimum budgets for households with and without children shows that the additional cost per child amounts to between 259 and 564 euro, depending on the age and the household composition (lone parent or couple). This is between 20% and 58% more than the minimum budget for a childless household.

The cost of children is higher in a lone-parent household than in a dual-parent household. This is attributable to the fact that the consumer costs vary hardly at all between lone-parent households and couples with children, while they are considerably lower for singles than for couples. Most other costs for children are the same for single and dual-parent households. This does however mean that they are relatively greater for lone-parent households, as they require a relatively greater increase in household income.

The comparison of the budgets for households with and without children also provides an indication of how the cost of children increases with age. For example, a four-year-old in a household with a single child is 9 to 13% more expensive than a two-year-old. A child at primary school age (8 years) is 43% to 50% more expensive, and a child of secondary school age is twice as expensive. This considerable increase in cost for a fifteen-year-old is slightly exaggerated, as a fifteen-year-old girl (for whom we calculated the cost) is most likely more expensive (due to personal care) than a fifteen-year-old boy (for whom we did not calculate the cost).

Finally, comparison of the budgets for households with respectively two children and one child shows that, depending on age and household composition, the cost of the second child is between 15 and 31% lower than that of the first. This holds for both lone and dual-parent households.

**Table 1. Budget Standard totals and comparison with the SILC poverty standard and statutory minimum income.**

	Budget standard			Comparison with SILC poverty line		Comparison with statutory minimum			
	Without social benefits (+SB)	With social benefits (-SB)	With social benefits and social rent (+SB, SR)	SILC poverty line 2006 (1)	Budget standard/ SILC poverty line	Statutory minimum (2)	Budget standard (-SB)/ Statutory minimum	Budget standard (+SB) / Statutory minimum	Budget standard (+SB, SR) / Statutory minimum
Single female	976.20	952.19	701.08	939.03	104%	697.61	140%	136%	100%
Single male	978.85	955.24	704.13	939.03	104%	697.61	140%	137%	101%
Single female + boy (2 yrs)	1274.09	1247.59	949.85	1220.75	104%	1011.91	126%	123%	94%
Single female + girl (4yrs)	1301.89	1274.81	977.07	1220.75	107%	1011.91	129%	126%	97%
Single female + boy (8yrs)	1403.09	1374.15	1076.41	1220.75	115%	1044.74	134%	132%	103%
Single female + girl (15 yrs)	1539.83	1500.08	1202.34	1408.55	109%	1102.87	140%	136%	109%
Single female + boy (2 yrs) and girl (4 yrs)	1507.18	1476.68	1104.82	1502.46	100%	1163.21	130%	127%	95%
Single female + girl (4 yrs) and boy (8 yrs)	1636.98	1604.22	1232.36	1502.46	109%	1196.04	137%	134%	103%
Single female + boy (8 yrs) and girl (15 yrs)	1874.87	1829.19	1457.33	1690.26	111%	1287.00	146%	142%	113%
Couple	1295.52	1252.82	1052.44	1408.55	92%	930.14	139%	135%	113%
Couple + boy (2 yrs)	1554.12	1508.03	1210.29	1690.26	92%	1011.91	154%	149%	120%
Couple + girl (4 yrs)	1587.58	1540.16	1242.42	1690.26	94%	1011.91	157%	152%	123%
Couple + boy (8 yrs)	1682.74	1633.45	1335.71	1690.26	100%	1044.74	161%	156%	128%
Couple + girl (15 yrs)	1823.18	1763.09	1465.35	1878.07	97%	1102.87	165%	160%	133%
Couple + boy (2 yrs) and girl (4 yrs)	1785.34	1735.33	1363.47	1971.97	91%	1163.21	153%	149%	117%
Couple + girl (4 yrs) and boy (8 yrs)	1895.63	1854.08	1482.22	1971.97	96%	1196.04	159%	155%	124%
Couple + boy (8 yrs) and girl (15 yrs)	2139.65	2086.82	1714.96	2159.78	99%	1287.00	167%	162%	133%

(1) June 2008, adjusted according to consumer price index, index = 1.0923

(2) Subsistence income + Guaranteed Child Benefit if applicable + study grant for secondary education if applicable

### ***3.3 The composition of the overall budget***

It is also interesting to ascertain the relative weight of each of the separate baskets in the total budget. This exercise tells us that, irrespective of the household type, housing costs represent the largest basket. On average, it accounts for 45% of the total budget. In the case of single persons and lone-parent households with a child under the age of four, housing costs even account for over half of the total budget. Relatively speaking, couples with older children need to reserve the least for housing, but even in those instances the housing costs amount to over a third of the total household budget.

The second most important item in the budget standard is food. As this basket offers few opportunities for economies of scale, the cost increases with household size. For example, single persons spend about 15% of their minimum budget on food-related expenses, while for couples with two older children that proportion rises to around 24%. It should be noted though that this component includes healthy food only; food that serves mainly recreational or social functions (chips, eating out) are included in other components.

Clothing and the maintenance of relationships each account for a share in the budget of around 8%. Strikingly, the relative proportion of this cost in the total budget varies very little between the different types of household. A similar conclusion imposes itself in relation to clothing, with the exception of households consisting of single persons and couples without children. They are able to spend relatively less on clothing than other household types, because of the longer depreciation period of clothes for adults (two to three years) as compared to children's clothes (one to two years).

An average budget proportion of 5% is observed for the baskets "healthcare and personal care" and "rest and leisure". Again, there is little variation by household size. In the case of "healthcare and personal care", the relative proportion increases a little with household size, while for "rest and leisure" the relative proportion declines somewhat with household size.

The cost of mobility (with an average relative share of 3%) does not vary strongly with household size.

Security in childhood, finally, also represents 3% of the budget for households with children. Unlike in the case of mobility, we do however observe a considerable degree of variation according to household size. Single-parent households with two teenage children, for example, must put aside 9% of their minimum budget for such expenses, compared to just 1% in the case of a single mother with just one toddler.

**Table 2: Composition of the Budget Standard.**

	Total	Food	Clothing	Health	Housing	Security	Security in childhood	Rest and leisure	Maintenance of relationships	Mobility	Unforeseen expenses
Single woman	976.20	139.64	45.49	48.31	536.77	19.29	0.00	52.69	98.24	28.20	7.58
Single man	978.85	155.39	39.89	39.70	536.76	19.29	0.00	52.69	98.58	28.96	7.58
Single female + boy (2 yrs)	1274.09	189.93	92.83	66.31	684.21	20.30	12.27	66.07	105.55	29.05	7.58
Single female + girl (4 yrs)	1301.89	205.03	92.83	69.91	684.69	20.30	18.29	63.14	107.75	32.38	7.58
Single female + boy (8 yrs)	1403.09	251.03	102.42	69.14	684.69	20.30	60.75	64.56	109.16	31.84	9.18
Single female + girl (15 yrs)	1539.83	287.59	113.10	76.59	684.69	20.30	117.88	65.29	111.66	53.44	9.27
Single female + boy (2 yrs) and girl (4 yrs)	1507.18	249.98	140.35	89.29	745.76	20.30	25.18	75.05	120.46	33.23	7.58
Single female + girl (4 yrs) and boy (8 yrs)	1636.98	314.31	149.94	92.12	745.76	20.30	73.67	71.82	123.85	36.03	9.18
Single female + boy (8 yrs) and girl (15 yrs)	1874.87	392.13	170.73	100.88	747.32	21.97	173.27	73.95	128.10	57.09	9.43
Couple	1295.52	273.53	76.89	81.61	583.15	18.39	0.00	69.99	125.53	57.16	9.27
Couple + boy (2 yrs)	1554.12	321.08	124.96	101.34	686.99	20.30	17.64	82.75	131.77	58.01	9.27
Couple + girl (4 yrs)	1587.58	340.10	124.96	101.92	686.99	20.30	23.66	83.54	135.49	61.34	9.27
Couple + boy (8 yrs)	1682.74	378.50	134.55	104.18	686.99	20.30	66.12	84.90	136.94	60.80	9.43
Couple + girl (15 yrs)	1823.18	416.87	145.20	113.27	686.99	20.30	123.25	85.65	139.70	82.41	9.53
Couple + boy (two yrs) and girl (4 yrs)	1785.34	381.66	172.19	121.40	747.00	20.30	30.56	92.50	148.26	62.19	9.27
Couple + girl (4 yrs) and boy (8 yrs)	1905.91	439.52	181.78	124.19	747.00	20.30	79.04	89.23	150.42	64.99	9.43
Couple + boy (8 yrs) and girl (15 yrs)	2151.50	522.11	202.57	135.81	748.94	21.97	178.64	90.58	155.31	86.05	9.53

### **3.4 *Is the budget standard adequate for low-income households?***

The standard budgets developed as part of this project are first and foremost normative. This means that households are able to use them as a guideline for a strict budget regime. However, they do not reflect current spending of low-income households, among other things because of the underlying assumptions that the households in question are healthy, free of debt and able to make informed choices. It speaks for itself that these are rather bold assumptions, which rarely hold up in the real world.

In many cases, health issues and debt can place an additional financial burden on poor households, so that the standard budget regime no longer represents an income compatible with human dignity. Analysis of the data of the household budget survey tells us that reported health issues are higher for persons with low household income. This would seem to suggest that low-income households have a greater need for medical assistance and healthcare than assumed in the standard budget. If this additional cost is not acknowledged by organisations providing financial assistance, the logical consequence is that the families affected must economise in other areas, so that the conditions for participating in society in a fashion that is compatible with human dignity are no longer met.

## **4 Conclusion**

The most important outcome of this study is, of course, that it has yielded *de novo* budget standards for various household types in Flanders today. We believe we have succeeded in coherently translating very general normative assumptions into a comprehensive basket of goods and services that reflects current prices and cost of living. We have thus been able to establish the minimum required income with which various types of families can, under admittedly rather optimistic conditions, participate in Flemish society in a manner compatible with human dignity.

### **4.1 *Comparison with the SILC norm, the statutory minimum income and budget standards in other countries***

Strikingly, the budget standard generally approximates quite closely to the SILC poverty line (i.e. the official European poverty line, defined as 60 percent of the median equivalent income). For single persons and lone-parent households, the budget standard is almost invariably above the SILC poverty line (the only exception being a household composed of a single female and two young children), while in the case of couples with or without children the budget standard is always below the SILC poverty line. Apparently the equivalence scale incorporated in the SILC poverty line exaggerates the additional costs associated with a second adult household member (it estimates them at half the costs for a single person).

The statutory minimum income for all household types is well below the budget standard. The shortfall varies from 26 percent for a single mother with one or two young children to 67

percent for a couple with two older children. It is generally lower for lone-parent households than for couples with children, as the former are entitled to the family-rate subsistence income and, additionally, child benefit. In the case of couples, the shortfall is more substantial if they have children, as, according to our budget standard, the child benefit amount for the first child does not cover the additional cost. The amount received for the second child approximates more closely to the associated cost, but it is still insufficient. The shortfall increases strongly with the age of the children, both for lone-parent households and for couples. Apparently, then, the prevailing age allowances in child benefits are inadequate to cover the higher cost of older children.

These conclusions remain valid if one takes into account various extra social benefits and reductions. However, the picture changes if the households live in social housing, with reduced rents. For single persons and some types of lone-parent households, minimum income protection is then equal to or slightly in excess of our budget standard. It should be emphasised that this does not mean that persons in such household types, which are entitled to subsistence income and are able to rent in the social housing segment, are always or even usually able to escape poverty. After all, in determining the budget standard, a number of assumptions were made (e.g. good health of all household members) which may or may not be fulfilled in practice. Be that as it may, these results in any case illustrate the important role that social housing can play in poverty prevention.

In summary, we conclude that the general level of minimum income protection in Belgium is quite inadequate to guarantee a life compatible with human dignity. Even if a low-income household experiences no health problems and succeeds in budgeting its income perfectly, it will be unable to achieve the material conditions for good health and autonomy.

In international perspective, it appears that budget standards are today used mainly in the Anglo-Saxon world as an important tool for assessing the living standard of low-income households and thus for evaluating social policy. Canada (Fisher, 2008), the United States (Lin en Bernstein, 2008; Pearce, 2008), the United Kingdom (Bradshaw, 1993; Bradshaw et al, 2008; Middleton 2001; Morris & Deeming, 2004), Ireland (Vincentian Partnership for Social Justice, 2006), New-Zealand (Waldegrave et al, 2003) and Australia (Saunders, 2004) all use budget baskets to determine social benefit levels and, even more so, to monitor the bottom end of the wage distribution. Likewise in Sweden, Norway (Borgeraas & Dahl, 2007) and Germany, such standards are used for drawing up guidelines for determining of the level of minimum benefits. (See Storms and Van den Bosch (2009) for more details.)

Nonetheless, the international variation in the levels of these standards is quite substantial. The Flemish budget standard is relatively low in the international rankings, especially if one takes into account that most budget standards featuring in the comparison date from before 2008. This is probably due to both the purpose and the design of the standard. The Flemish budget standard is the only one in the list whose explicit purpose is to determine a minimal basket of goods and services that will allow people to participate in society in a manner compatible with human dignity and, to this end, makes use of a theoretical framework as well as a broad range of normative criteria proposed by experts from various fields. In most other

cases, the resulting product baskets are largely composed on the basis of actual consumer behaviour.

As regards the additional costs of children, the conclusions of the present study largely concur with other research. The Flemish budget standards demonstrate that the relative cost of children increases with age. This indicates that the SILC poverty line seriously underestimates the relative additional cost of children, especially adolescents. This is confirmed by budget studies in other countries. Finally, both the Flemish and a comparable Dutch study (NIBUD, 2006) show that the underestimation of the relative cost of children is problematic in the case of lone-parent households in particular.

#### ***4.2 Shortcoming and challenges for the future***

An accurate interpretation of our results can also yield insight into the study's shortcomings. Essentially, our budget standard is normative in nature. Following Doyle and Gough, the notion of a life compatible with human dignity was defined in terms of the fulfilment of a number of universal needs for achieving health and autonomy, and it was subsequently translated into essential goods and services, while taking due account of the living conditions of low-income households.

That is not to say, though, that all households on an income equal to or higher than this budget standard are able to achieve a life compatible with human dignity. First, there is the assumption that all household members are healthy – which happens rarely to be the case in the households under consideration. Second, the realisation of health and autonomy within this budget standard requires a certain knowledge, discipline and planning. Third, households are always able to make other choices.

Can this budget standard serve as a poverty line? The answer to this question is both yes and no. It can in the sense that a household on an income below this level will be unable to escape poverty in the longer term; it would be plainly impossible for them to lead a life compatible with human dignity. However, the budget line is not a poverty line in the sense that many households with an income above this income level lack the resources to be able to lead a life compatible with human dignity. In many cases, health issues or other special circumstances (such as substandard or expensive housing) will prevent this.

For analogous reasons, circumspection is due in the application of this budget standard in determining whether households should be granted additional assistance from public local welfare centres or in setting the level of disposable income in collective debt settlements. It could, however, serve as a reference income. One must then determine for each client separately whether the baskets and amounts should not be adapted (i.e. increased) according to their concrete circumstances and issues. Also, the required knowledge and planning competences associated with the budget standard imply a social assistance context that offers more than merely financial resources. A successful social assistance strategy should not only encompass money; it should also motivate and learn individuals how to manage their budget.

The development of budget standards cannot and will not grind to a standstill after the publication of these results. There are a number of self-evident extensions. Many of these shall be made in a follow-up project funded by the Federal Public Service for Social Integration and carried out by a consortium consisting of Katholieke Hogeschool Kempen in Geel, the Panel Study of Belgian Households of Université de Liège, and the Herman Deleeck Centre for Social Policy of the University of Antwerp.

A first extension is towards Wallonia and Brussels, so that we would obtain nationwide budget standards for Belgium. A second important extension is that to other household types and hence to more cost factors. Examples that come to mind are the elderly (including care-dependent old people, either living at home or in residential care settings); households with sick or incapacitated members; people in work; homeowners; blended families and divorced parents with joint custody.

In the longer term, even greater challenges present themselves. One is the development of comparable budget standards for all Member States of the European Union. These could be developed in the various countries following the same principles and procedures. A second longer-term challenge is the indexation of the budget standard, i.e. adjustments to changing prices over time. For a period of one to maximally three years, such adjustments could be based on the consumer price index. In the medium long term, the prices of each item in the basket must be re-examined and adjusted accordingly. In the even longer term, certain items in the basket will inevitably become obsolete, so that they need to be eliminated and, as the case may be, replaced on the basis of the same criteria as used in the composition of the present basket. This at once implies that breaks in the time series are, unfortunately, also unavoidable.

Finally, there is the considerable challenge of sustainability to consider. The budget standard has the ambition to become an enduring, long-term tool; hence, the wellbeing of our children must also be taken into account. More generally, social policy must, in the future, also become an ecological policy. The budget standard shall have to take adequate account of the ecological dimension of wellbeing. After all, it can be argued that a life compatible with human dignity entails that one should not unnecessarily compromise the living conditions of other people, both now and in the future. If this is indeed the case, then sustainability needs to be added alongside health and autonomy as a third basic need.

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