REFERENCE BUDGETS :
ASSESSING THE NEEDS TO
BE MET FOR AN EFFECTIVE
PARTICIPATION IN SOCIETY

2014-2015 REPORT
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2014-2015 REPORT
The ONPES Council

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- Isabelle Frechon, sociologist, researcher, CNRS
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- Jean-Luc Outin, economist, associated researcher, Sorbonne Economics Centre, UMR CNRS-Université Paris 1

Nine distinguished members recognized for their action, past or present, in support of social integration and in the fight against exclusion

- Jean-Pierre Bultez, AGE networks in Europe, chair
- Denis Clerc, economist and editorial consultant for the magazine Alternatives économiques
- Michael Förster, principal administrator, Social Policy Division, Organisation for Economic Co-operation and Development (OECD)
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- Christophe Robert, deputy delegate general of the Fondation Abbé Pierre pour le logement des défavorisés
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Julie Labarthe and Sophie Ponthieux have, together with the ONPES
council, monitored the research work of this report.
Since it was set up in 1998 by the law on the fight against exclusion, the ONPES (Observatoire National de la Pauvreté et de l’Exclusion Sociale – National Observatory on Poverty and Social Exclusion) has aimed at setting up a series of indicators gathered together in a dashboard, the purpose of which is to highlight the multiple factors of poverty and social exclusion.

The social debate has been enriched and the strategies for fighting against poverty on a European scale have been taken further. At the same time, widening the field covered by the ONPES’ indicators has opened up discussion on the dimension relating to social exclusion, as well as on its qualitative and non-monetary aspects.

Over the last few years, new approaches to social exclusion have focused on the requirements that are conducive to participating in society: questions relating to individual or collective well-being and conditions relating to effective access to goods and services, enabling people to freely fulfil their potential, including their participation in social life. A new line of thought that has emerged, in particular from the discussions that are global in scope initiated by Amartya Sen, has led to interest being taken in the conditions of that participation. According to Sen, poverty is not just a matter of income. To be poor also means to be excluded from the main decisions that affect one’s own life, and to lack representation before local or national political bodies.

However, how can that set of conditions or essential needs for taking part in social life be characterised without using summarised representations that lead to those needs being gathered together in monetary terms? At the start of the 1990s, the European Union began an initial series of discussions on what an adequate minimum income could be, based on a definition that could be agreed to by all Member States. Those discussions have now led to a draft common methodology on drawing up “reference budgets”, following the European Commission’s 2008 recommendation on active inclusion.

Without waiting for the results of public authorities’ approach at European level, the ONPES has, for almost three years now, been carrying out research into what those “reference budgets” could mean in the French context. That context is characterised by the significant presence of bodies backed up by public statistics around the INSEE (Institut National de la Statistique et des Études Économiques – National Institute of Statistics and Economic Studies) and the statistical departments of ministries across all governmental departments, as well as by an active, varied civil society in the field of the fight against poverty, developing its own measures and its own expertise linked to the knowledge of people who find themselves in poverty.
The ONPES brings those two types of stakeholders together, so it seemed to be an appropriate body to offer subjective answers to questions that address what is necessary for effective participation in social life, based on family composition.

To that effect, as part of a call for tender for research into establishing a decent level of minimum income by category of household, the ONPES has mobilised two bodies, the IRES (Institut de Recherches Économiques et Sociales - Institute for Economic and Social Research) and Crédoc (Centre de Recherche pour l’Étude et l’Observation des Conditions de Vie - Research Centre for Studying and Observing Living Conditions), which carried out a study based on the methodological guidelines chosen by a steering committee facilitated by the ONPES. In the course of that research, it was decided to prioritise the knowledge of the people questioned, people who represented French families as whole, rather than experts in consumer affairs, housing, and health, to give just those examples. That choice was made after having considered foreign practices. In this case, the British study model of the Rowntree Foundation seemed to be closest to what the ONPES was looking for, rooted in a desire to base knowledge of the needs for social participation on perceptions held by all social groups, not on the perceptions of only those families who found themselves in poverty.

In order to ensure that the results offered the best level of understanding and transparency, the ONPES is making public this report as well as the report by the two research bodies to which it referred for information.

However, the ONPES is only committed by this document, which presents in turn:

- the European context for drawing up reference budgets;
- the methodological choices followed to put together the basket of goods and services needed to take part in social life, based on a variety of family configurations, and to establish the value of that basket;
- the results obtained for the six family configurations selected by the ONPES;
- the comparison between those results and the ones obtained by other approaches to assessing families’ essential needs;
- the lessons that the ONPES draws at this stage from the results, as well as the indications as to possible use for the future of such budgets.

The procedure shows the close link between the aims of reference budgets, the method followed in drawing them up, and the results themselves. The link also exposes the limitations of the approach. By no means does it claim to offer standardisation, since another method could have led to different results. It is also subject to the geographical context in which the survey was carried out: that of two medium-sized French cities, Tours and Dijon. The constraining rule was applied that the basket of goods and services reflecting effective participation in social life were acquired in the marketplace. Those limitations affect the

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1. [http://www.onpes.gouv.fr/Appels-d-offres_54.html](http://www.onpes.gouv.fr/Appels-d-offres_54.html)
2. For an exhaustive presentation of the study, see the Crédoc/IRES research report published at the same time as this one, and which gives an account of work carried out on behalf of the Observatory between 2012 and 2014.
3. The study is based on the collection of citizen expertise from the two cities; therefore, it is of limited representative use at national level. That is mainly due to the sensitivity of some budget items that are greatly influenced by the location of households (principally housing and transport). We shall return to that limitation in the second part of the report.
comparisons that come spontaneously. They also affect the possible uses of reference budgets. Those restrictions will be referred to throughout the discussion of the results of the research. and it is important to keep them in mind.

In spite of those restrictions, for the ONPES, the approach based on reference budgets opens up a new field of analysis and research. With those budgets, the perspective widens to take in new populations who lie between the conventional thresholds of monetary poverty and those defined by the budgets, which are significantly higher. Moreover, they lead to questions being asked on the conditions of access to private as well as public goods and services that enable effective participation in society.

Conscious of the innovative nature of the method, the ONPES presented the work to its various partners, in particular the Conseil National des Politiques de Lutte contre la Pauvreté et l’Exclusion Sociale (CNLE – National Council on Policies for Fighting against Poverty and Social Exclusion), in the context of a working group that took an interest in the work of those budgets, and of which the contribution appears at the end of the report.

In carrying out the study (the first of its kind in France), the ONPES is part of a triple movement: the one that has been in place for several years and that consists of promoting alternative approaches for observing and understanding social exclusion (cf. the Stiglitz


4.

5.
CHAPTER 1

Drawing up reference budgets is becoming commonplace in Europe

Understanding the needs and the modes of consumer behaviour of families who find themselves in financial insecurity was something that arose early on in the history of social sciences. From the start of the 18th century, philanthropists, followed by sociologists in the 19th and 20th centuries, sought to measure the income and expenditure of the poorest families. That tradition would be taken up by statistical departments, in particular by INSEE in France, thanks to statistical surveys being carried out into household consumer habits. Latterly, the European Commission started a discussion on minimum levels of income in Europe; in that context, it suggested that Member States should agree on a common method for drawing up “reference budgets”.

The concept of “adequate minimum income” in the context of the European strategy on active inclusion

The first studies on family budgets, covering mainly families in poverty, were carried out in England at the end of the 18th century. However, it was in the following century that such studies were developed in the rest of Europe. Such work was first done at the initiative of philanthropists like Baron de Gérando, then with research and moral matters coming together in the work of Frédéric Le Play, whose monographs, published in 1855, gave a detailed description of the income and expenditure of working-class families, and sought to measure the fit between perceived needs and the degree to which those needs were satisfied. That work continued with Maurice Halbwachs, who, on the basis of monographs, revealed the consumer behaviour of households whilst showing that expenditure was not just mechanical and rational, but that it fitted into a system of preferences and aspirations that were unique to various social groups.

6. Cf. the work done by the English clergyman David Davies and by Frederick Eden with 127 families of agricultural workers: “The Case of Labourers in Husbandry stated and considered”, Bath, 1795.
At the same time, Ernst Engel developed a statistical and economic approach to analysing family budgets. Seeking to model his results, he stated a set of laws of which the best known is: “The share of expenditure apportioned to food requirements is in inverse proportion to income”. His work bore much fruit, mainly in statistical institutes, which would develop surveys of consumer habits. Some years after the Second World War, the sociological approach to household budgets was once again taken up by Paul-Henry Chombart de Lauwe, who published the results of surveys on the budgets of working-class families in the Paris area. Whilst that work continued by means of quantitative surveys (INSEE and the Crédoc), sociologists continued the work of Le Play and Halbwachs by emphasising the place of consumer habits in the behaviour and organisation of social groups. In France, that trend was represented by Pierre Bourdieu and Jean Baudrillard, each of whom drew further away from a monograph-based, statistical approach.

After those years of research, in the second half of the 20th century – during the boom years as well as in the years of slow growth – work that aimed at producing knowledge of family budgets, especially in relation to families in poverty, took a new turn. Following the pioneering work done in the first half of the 20th century, a number of quantitative studies appeared that enabled a production of knowledge on households’ modes of consumer behaviour, whether in France, by the statistics departments of ministries and by INSEE, or abroad. Moreover, Amartya Sen’s work on the needs of people in terms of “capabilities” formed an essential theoretical contribution for renewing the discussion on the subject.

For the contemporary period, the work recently carried out in the United Kingdom, in particular by the Joseph Rowntree Foundation, is echoed by European concerns regarding the promotion of an “adequate” minimum income. Article 10, second paragraph, of the Community Charter of the Fundamental Social Rights of Workers specifies an entitlement to “sufficient resources and social assistance” for persons excluded from the job market who have no means of subsistence. The Charter of Fundamental Rights of the European Union, article 1, states: “In order to combat social exclusion and poverty, the Union recognises and respects the right to social housing and assistance so as to ensure a decent existence for all those who lack sufficient resources, in accordance with the rules laid down by Union law and national laws and practices.”

1992 was an important year for the drive for a decent minimum income in European Union countries. The recommendation of the European Council of Ministers of 24 June 1992 proposed adapting systems of social protection and setting common criteria that allowed a minimum income to be defined. Those recommendations were based on the finding that given the insufficiency, irregularity, and uncertainty of resources available to some populations, the latter could not participate effectively in economic and social life.

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9. La société de consommation, Denoël, 1970.
11. The Charter of Fundamental Rights of the European Union, article 34, paragraph 3.
However, it would be necessary to wait until 2008 and the European recommendation on the active inclusion of people excluded from the job market\(^\text{13}\) for that movement to gain momentum. The recommendation invited Member States to design a “global, integrated strategy” based on three main pillars: setting up “adequate additional resources”, job markets that “encourage insertion”, and access to “high-quality services”. Those three pillars were strengthened on 17 December 2008 by the Council of Ministers\(^\text{14}\), and on 6 May 2009 by the European Parliament\(^\text{15}\), which passed a resolution on active inclusion that reaffirmed the significance of those guidelines. The active-inclusion strategy was the basis of that new approach. Quality of support for excluded persons, accessibility to essential services for populations in poverty, and the existence of a sufficient level of income formed the structure of the approach. In that way, the European Commission placed employment (factor of inclusion) at the same level as the resources that are essential for that inclusion (in the event of a lack of employment or of insufficient income).

Finally, the notion of adequate income refers to the approach taken by the French Constitution of 1958, which, in its preamble restating the Constitution of 1946, states: “Tout être humain qui, en raison de son âge, de son état physique ou mental, de la situation économique, se trouve dans l’incapacité de travailler a le droit d’obtenir de la collectivité des moyens convenables d’existence” (“All people who, by virtue of their age, physical or mental condition, or economic situation, are incapable of working, shall have the right to receive suitable means of existence from society.”)

Reference budgets: a discussion tool for an adequate minimum income

To advance in that direction, the European Commission indicated in 2010 that “reference budgets, in the form in which they may have been drawn up in some countries, are a precious tool that allows determination of what constitutes additional adequate resources”, thus providing a response to the European Parliament’s resolution that recommended “establishing a common method for calculating a minimum survival income.”

At the same time, the European Anti-Poverty Network (EAPN) spoke out in favour of adopting, within the EU, a framework directive for a minimum income\(^\text{16}\). It was in that context that the ONPES took part in the first Peer Review organised by Belgium. The aim of that Peer Review was to hold exchanges on methodological advances in the field\(^\text{17}\).

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The “Social Investment Package” presented on 20 February 2013\(^{18}\) added to that regulatory arsenal and spelled out its means\(^{19}\). The European Commission’s document called upon Member States to design income support based on social needs identified at local, regional, and national level, with progress made in the area to come through in national reform programmes. The Commission invited Member States to make use of the “reference budgets” method, which allowed the list to be drawn up of goods and services needed by a family of a given size and composition to live at a certain level of well-being, with an assessment of their estimated monthly or annual costs. Those budgets must best reflect the diversity of consumer habits and cost of living in the various Member States, an aspect that distinguishes them from minimum levels of income as currently established. They should also enable comparisons to be made between the various systems of minimum income, and it should be possible to use them in a debate on the adequate level of systems of minimum income, in particular in Member States where those levels are very low. Those points were recently reaffirmed in June 2014 by a press release on the social dimension of the EU issued by the Social Protection Committee\(^{20}\).

The European Union has henceforth come to play an active role in setting up a system of decent levels of income in accordance with the situation of each country, and made coherent by the common notion of a reference budget. By doing so, the EU does not violate the principle of subsidiarity, exercising its role by means of recommendations and by promoting a common methodology. As is indicated by Éric Marlier: “The mechanisms of minimum income are clearly a competence for Member States, but the EU has a crucial role to play in the case, and subsidiarity is not a valid excuse!”\(^{21}\) Hence, the line between recommendations and proposals is a particularly fine one in this sensitive area of public action. That is why the European Union’s decision to promote a common framework for establishing a minimum level of income using the reference-budget method, rather than putting forward binding recommendations, appears to be of particular interest.

Specifically, that role will be filled by drawing up national reference budgets in accordance with an EU-wide standardised approach. That is the intention of the call for tender made in 2013 by the European Commission (IMPROVE), the aim of which is to build a network of mutual knowledge in matters of income that enables people to live in dignity, and to help

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19. The adoption of the social package was preceded, on 14 February 2013, by an opinion from the European Economic and Social Committee (in accordance with article 29, paragraph 2, of its internal rules, and an own-initiative opinion on “minimum income and indicators of poverty”.


the Commission in establishing a common methodology for determining the adequate level of such income in the twenty-eight countries of the EU\textsuperscript{22}.

This ONPES report is part of that common discussion on the needs of populations in respect of full social integration. It can thus be considered a contribution to the European methodological effort.

Two ways of drawing up reference budgets: the United Kingdom and Belgium

Reference budgets can be drawn up in different ways, which have in common their reliance on building a consensus within focus groups. However, they are differentiated by the respective roles given to experts and to people involved in defining those budgets.

The normative approach calls upon experts who define the needs of households for each item (housing, health, food, etc.); those needs are then validated by groups of people selected for that purpose. That is the approach developed by Belgian researchers.

Conversely, the participatory approach is based on needs identified by citizens, who speak out on the content of reference budgets. It is an approach that is also based on academic expertise, in order to draw out a consensus that is knowledge-based and well argued. That approach was developed by British researchers in particular. We should make it clear that, in absolute terms, there is no method that is more relevant than another. That said, some choices of method may be better suited or less well suited, depending on the desired objective.

In this report, we have chosen to comment on those two types of approach because they illustrate the current debates in the European Commission regarding the methods that could be proposed to all Members States at the end of current work, but especially because one of them – the British method – was a strong influence on the work done by the ONPES.

In Belgium, the approach followed from the end of the 1990s onwards aimed at meeting the expectations of social-assistance offices that wanted to have precise benchmarks in order to assess the amount of benefits for populations in over-indebtedness. The role of experts is essential, to the extent that they are the ones who define the contents and the amount relating to the basket of goods and services (for example, on the basis of existing standards in respect of food). That content is then submitted for validation by people who are representative of economic and social diversity.

In the United Kingdom, the approach was different in aim and content. Given the lack of social legitimacy of indicators used to characterise populations at risk of exclusion, in 2008 the Joseph Rowntree Foundation started to carry out work in relation to drawing up reference budgets by setting the points of view of ordinary people (not just people in situations of poverty) against the codified knowledge of experts.

\textsuperscript{22} Storms B., Goedemé T., Van den Bosch K., Penne T., Schuerman N., Stockman S., “Pilot project for the development of a common methodology on reference budgets in Europe”, Review of current state of play on reference budget practices at national, regional, and local level, April 2014. See also the work done in 2013-2014 as part of the EMIN (European Minimum Income Network) project.
The research approach followed in those two countries was the same in a formal sense (obtain consensus on the budget needed for a given family configuration), but the aim was different in each case. In the United Kingdom, it was a matter of building a tool that could serve as a point of reference in the public debate. In Belgium, it was a case of getting social validation for budgets drawn up by experts and giving them political legitimacy. Over and above the role assigned to experts, the methods used in Belgium and the United Kingdom also differ on a number of points: the way in which the study was presented, the description of case studies, and the organisation of discussions on the contents of the basket of goods and services.

As a conclusion to this quick reminder of those two relatively distinct methods, it can be said that by giving precedence to the British method, the ONPES has sought to make social-inclusion indicators available by using a method that prioritises public participation and interaction with the knowledge of experts – a method that is valued nowadays, and one that seems to best fit the desired objective.
CHAPTER 2

The ONPES decides to prioritise the knowledge of “citizen experts”

Over the last few years, much work has been done in several European countries to produce reference budgets that relate to various family configurations. One of the features of that work is often a reliance on a link between household expertise and standards of consumer behaviour. The ONPES work, which forms part of these efforts, deliberately prioritises public expertise, i.e. the knowledge that households have of their own needs, at the expense of methods that prioritise current standards.

The “knowledge-based consensus” method

The methodological options chosen by the ONPES, and implemented by the Crédoc with contributions from the IRES, are the results of two preliminary phases. The first phase consisted of a review of the literature and an analysis of foreign experiences. In addition, some foreign experts were interviewed by the steering committee when the list of specifications for the research was drawn up. The second phase consisted of stabilising the method by means of tests on focus groups corresponding to the various phases of the approach.

The first phase enabled consolidation of the choices made by the ONPES, and, in particular, confirmation of the choice to make primary use of the method implemented in the United Kingdom. As to the content, for a number of years the ONPES has wondered about the “halo of poverty”, just as once people spoke of the “halo of unemployment”. In particular, it is a matter of better understanding what life is really like for populations who are not necessarily poor in the conventional sense of the term (those who find themselves below the monetary poverty line at 60% of the median standard of living), but who do not have all the means needed for full participation in social life. In the context of this report, they are referred to as “populations with insufficient means”.

The approach relied on an in-depth dialogue between the service provider in charge of drawing up the reference budgets and the steering committee of the study, made up of ONPES members and external experts. The committee also served as a bridging point with a view to having that work appropriated and validated by the whole ONPES board.
Those choices took concrete form based on the following main principles:

• Citizens are the experts in respect of their own needs. The mission of specialists in various fields (energy, housing, food, etc.) is to enable groups to take well-argued decisions based on existing data (average consumption of French people, amount of some goods deemed necessary but which are difficult to find spontaneously: housing surface area per family type, monthly distance covered for transport purposes, quantity and quality of foodstuffs needed, goods linked to health and hygiene, and equipment service life). However, the groups of citizens are given the final say.

• Reference budgets are drawn up for household types in two medium-sized cities by participants with the same characteristics (e.g., single-parent families discuss the needs of single-parent families). The case studies are assumed to live in the cities in which the participants themselves live, i.e. Tours or Dijon. They are assumed to have housing that is near essential community facilities. The decision to work with two medium-sized cities has consequences for the representativeness of the budgets calculated, in particular for those of their components that are most sensitive to residential location: housing costs and transport costs. This is one of the approach’s limits, and one that encourages caution when comparisons are made with other types of budgets in which those components follow a different method. On the other hand, it does not invalidate the national representativeness of the results obtained, to the extent that property prices in Tours and Dijon are close to median prices. The same is true of transport costs. However, that feature of the survey may encourage future work on developing reference budgets that are located in large cities with higher rents, as well as in rural areas where the property market is less competitive.

• Focus groups are made up of about ten people. Their composition reflects the variety of living standards, qualifications, professional situations, and housing. The aim is to avoid having only people who are in situations of poverty speak about reference budgets for taking part in social life.

• New participants are brought into the focus groups at each stage of the process, so as to compare experiences and avoid producing results that could be linked to the character of such and such a group or some of their participants.

• Reference budgets are assessed on a monetary basis for all the goods and services that the groups deem necessary. That assessment is done on the basis of prices in the commercial sector, assuming that all those goods and services will be purchased.

How to draw up reference budgets

The focus groups (which met for 3 to 6 hours, depending on the group) had four main objectives to work towards (Figure 1):

• Guidance: the objective of those initial groups was to draw out a consensus-based definition of what constitutes a minimum level of income that “allows people to have access to sufficient resources, not only to meet the needs of daily life (housing, food, access to health, etc.), but also to be able to take part in social life.”

23. Such as the Post Office, municipal social-assistance services, public-transport services, etc.
Figure 1
The process of drawing up reference budgets

Stage 1: Three guidance groups
- Restating the objective
- Defining typical cases

Three pilot discussion groups
Implementing facilitation techniques

Stage 2: Fifteen discussion groups
Defining the contents of the individual basket of goods and services

Assessing budgets, consulting experts, verification
- Researching prices and calculating individual budgets
  - Budgets examined by the group of experts
  - Budgets consistent with existing sources

Stage 3: Ten validation groups
Examining assessed lists
Discussion on economies of scale

Final revision of budgets
- Taking account of changes, and final assessment
  - Identifying possible anomalies
  - Final validation by experts

Stage 4: Three final negotiation groups
Discussions on possible anomalies
Final negotiation on budgets

Updating budgets
- Taking account of decisions taken by the final negotiation groups
• Discussion: the groups were required to put together the contents of the basket of goods and services needed to take part in social life.
• Validation: the groups validated (with or without modification) the detailed contents of the basket of goods and services that came out of the previous phase, following interventions by experts and the Credoc’s translation of the contents of the basket of goods into financial terms.
• Final negotiation: the groups had the task of checking for the absence of anomalies, reviewing reference budgets thus put together whilst ensuring that there was a response to the main objective, i.e. arriving at a minimum budget for taking part in social life. To do so, they had to screen the contents of the basket of goods using the so-called “Ministry of Finance” method24, which consisted of asking questions about possible savings based on current budget constraints, and, in conclusion, testing the validity of the consensus built in the course of the process.

For each of those phases, pilot groups were set up in order to test the methodological hypotheses and the practices that were selected. Facilitation methods were directed at seeking a well-argued consensus. It was not a matter of arriving at an opinion, even a majority one, but at a decision that could be clarified and justified by each of the groups’ members. Those justifications had to cover the nature of the goods and services that made up the basket, their quality, and their service life. If there was disagreement within a group, the method allowed for the matter to be referred to the next group to search for a consensus. It should be indicated here that it was not a case of measuring income and expenditure with the help of reference budgets, but of attaching a monetary value to the needs that could be satisfied by various means (monetary and non-monetary)

Furthermore, the focus groups had to speak out on the needs of the following six family configurations: single working people, couples with no children, single-parent families with two children, working couples with two children, single pensioners, and pensioners living in a couple.

Overall, experience showed that the iterative method – referring resolution of any problems to the higher-level group – as well as rotating groups in the two cities chosen for the study, allowed the desired objective to be attained: building a knowledge-based, well-argued consensus.

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24. It was a case of putting the groups under budget constraints like the ones experienced by the Ministry of Finance.
CHAPTER 3

Reference budgets are higher than the threshold of monetary poverty

The scope of this report does not cover setting out details of the contents of the basket of goods and services put together by the focus groups. This chapter begins by setting out the process of putting together baskets of goods and services for each main item (housing, food, clothing, hygiene, equipment, transport, social life, health, and financial services) and by type of family configuration. It re-states the arguments put forward by the groups to justify the content of those baskets.

There follows a presentation of the amount relating to the baskets for each household, as well as the cost estimated by the groups for an additional adult or a child, that cost being compared with the estimate based on current conventions (the so-called “OECD-modified equivalence scale” used by the European Union).

The contents of baskets of goods and services needed for effective participation in social life

Specifically, the method consisted of going through the various rooms in the home to determine the needs attached to each, with some items being the discussed elsewhere (leisure, holidays, and transport).

In housing matters, to refer only to those items that have a significant impact on the contents of the basket of goods for various household categories, it is noted that the groups validated the fact that it was necessary to have a room for each child of different sex (and aged over 6), with pensioners also needing a guest room. Furthermore, the groups accepted the fact that pensioners would be able to own their accommodation, which leads back to the fact that two thirds of the French population in that category are in that situation.

As regards food, the groups chose a food model that prioritises three meals a day. They spoke out on the quantity and quality of those meals. The model thus built was subjected

25. See the Crédoc/IRES research report published in conjunction with this report, and also available on the ONPES website: www.onpes.gouv.fr
to expert analysis by nutritionists, who worked on the basis of surveys on the consumer habits of French people and of public recommendations on the subject.

Clothing is a significant item in the reference budgets drawn up by the groups. It is, in some ways, a marker of a search for integration or social recognition that involves having “brand-name” clothes (especially for adolescents). The chance to buy clothes during sales was incorporated for one third of items, in accordance with current consumer trends.

Personal care and personal hygiene formed a significant debating point, in the sense that they, too, symbolise participation in social life. To arrive at a well-argued consensus, it was necessary to compare the spontaneous needs emerging from the groups with the studies available in respect of the average consumer habits of French households in the area. Finally, consensus was arrived at on the basis of an average between the (rather high) needs expressed by the groups and the (rather low) average consumption of those types of products.

As regards the item covering household goods, the debate ranged more over the quality of those goods and the time for their amortisation. The groups opted for mid-range products, even if that meant having a longer amortisation period than for a higher-end product.

Transport was another important item, and the groups agreed on the need for households to have a car, including for single people (second-hand, small-sized, or family-sized, depending on the household configuration), in order to meet needs in respect of commuting and business travel, leisure, holidays, and daily shopping, as well as for taking part in social life (visiting family and friends). In addition to this vehicle were season tickets for public transport for other members of the household. There again, reliance was placed on the competence of experts, who used existing surveys in order to build a well-argued consensus that would be reached with difficulty, given the impediments to reaching agreement on some points, such as the average annual mileage covered for each type of household.

Over and above the concern for maintaining a social link expressed through the various budget items above, the fact of being able to go on holiday (two weeks a year for working people with children, one week for pensioners and for working people with no children), having the opportunity to pursue cultural and sporting activities (for children and adults, which implies organising home-based childcare), go out for a meal, invite friends, and be able to offer gifts, was considered a minimum need for the typical households studied.

Finally, the health item gave rise to wide-ranging debates. The complexity of the subject meant that there was a need for input from experts in the field, concerning the possibilities on offer on the market for individual complementary health insurance, at the point that this need had been identified but could not be covered by a possible employer. At the end of these discussions, the groups decided that the cost to be borne for health should not exceed 20 euros per person per month.

In the end, for each household type, the method enabled a precise list of needs to be drawn up that were deemed necessary for effective participation in social life; the list can be viewed on the ONPES website26. It was noted that the overall amount of the baskets of goods presented appeared to be relatively high with regard to the average expenditure of

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French people. However, the final validation groups only made marginal adjustments to the contents of those baskets, since they felt that the contents were in line with requirements for a decent standard of living.

A significant proportion of households are not financially poor, but experience restrictions

Depending on the household category, two items play an essential role in reference budgets: housing, which is a significant cost (much lower for a household accommodated in the public sector than in the private sector), and the cost of social life, which accounts for about 10% of reference budgets.

Depending on the composition of the household, reference budgets lie between 1,424 euros and 3,284 euros

Depending on family configurations, the overall monthly amounts of minimum reference budgets for effective participation in social life lie between 1,424 euros (for a working single person) and 3,284 euros (for a couple with two children), the assumption being that those households are accommodated in the public sector (Table 1). If we exclude housing costs, the level of those budgets stands at 954 euros and 2,557 euros, respectively. It should be noted that reference budgets for pensioners living in a couple are slightly higher than those for working people with no children (2,187 euros as against 1,985 euros, respectively, for households accommodated in the public sector). This is explained by the provision – which is deemed necessary – of an additional room for pensioners, enabling them to receive relatives, thus avoiding isolation.

Also noted is the fact that the highest budget, after the one for couples with two children, is the one for single-parent families (with two children). That is partly explained by the choice made by the focus groups to allocate one room per child of different sex and age. Thus, if we exclude housing, the hierarchy of reference budgets based on household types remains close. Single-parent families with two children are deemed to have a budget that is higher than that for all the other family configurations, including couples made up of two adults (1,918 euros and 1,474 euros, respectively).

Reference budgets for pensioners who are owner-occupiers are lower than for those who live in public or private housing, given the housing maintenance cost that the focus groups estimated as being lower than the price for renting accommodation of the same type.

27. The calculation takes account of the service life of goods and how frequently they are replaced.
28. In France, about 5 million people are in social housing.
29. According to the Fondation de France’s report, people with the lowest income are also those who suffer the most from isolation. That is the case for 18% of people whose income is lower than 1,000 euros, and of 14% of people whose income lies between 1,000 euros and 1,500 euros, as opposed to just 7% of people whose income is higher than 3,500 euros a month.
Table 1
Reference budgets by type of item, family configuration, and housing
(in euros and as a %)

<table>
<thead>
<tr>
<th></th>
<th>Single-parent family with two children*</th>
<th>Couple with two children**</th>
<th>Working couple with no children</th>
<th>Single working person</th>
<th>Pensioners living in a couple</th>
<th>Single pensioner</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>euros</td>
<td>%</td>
<td>euros</td>
<td>%</td>
<td>euros</td>
<td>%</td>
</tr>
<tr>
<td>Public-sector housing</td>
<td>690</td>
<td>27</td>
<td>727</td>
<td>22</td>
<td>511</td>
<td>26</td>
</tr>
<tr>
<td>Private-sector housing</td>
<td>902</td>
<td>95</td>
<td>958</td>
<td>65</td>
<td>659</td>
<td>18</td>
</tr>
<tr>
<td>Owner-occupier</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Transport</td>
<td>331</td>
<td>13</td>
<td>420</td>
<td>13</td>
<td>356</td>
<td>18</td>
</tr>
<tr>
<td>Food</td>
<td>375</td>
<td>14</td>
<td>596</td>
<td>18</td>
<td>427</td>
<td>22</td>
</tr>
<tr>
<td>Social life</td>
<td>297</td>
<td>11</td>
<td>475</td>
<td>14</td>
<td>207</td>
<td>10</td>
</tr>
<tr>
<td>Clothing</td>
<td>201</td>
<td>8</td>
<td>315</td>
<td>10</td>
<td>167</td>
<td>8</td>
</tr>
<tr>
<td>Equipment</td>
<td>176</td>
<td>7</td>
<td>218</td>
<td>7</td>
<td>122</td>
<td>6</td>
</tr>
<tr>
<td>Hygiene/Beauty</td>
<td>85</td>
<td>3</td>
<td>173</td>
<td>5</td>
<td>60</td>
<td>3</td>
</tr>
<tr>
<td>Childcare/school meals</td>
<td>270</td>
<td>10</td>
<td>99</td>
<td>3</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Healthcare</td>
<td>166</td>
<td>7</td>
<td>246</td>
<td>8</td>
<td>122</td>
<td>6</td>
</tr>
<tr>
<td>Banking</td>
<td>7</td>
<td>0</td>
<td>15</td>
<td>0</td>
<td>14</td>
<td>1</td>
</tr>
<tr>
<td>Total budget in public-sector housing</td>
<td>2,599</td>
<td>100</td>
<td>3,284</td>
<td>100</td>
<td>1,985</td>
<td>100</td>
</tr>
<tr>
<td>Total budget in private-sector housing</td>
<td>2,830</td>
<td>100</td>
<td>3,515</td>
<td>100</td>
<td>2,133</td>
<td>100</td>
</tr>
<tr>
<td>Total budget, owner-occupier</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Total budget excluding housing</td>
<td>1,918</td>
<td>100</td>
<td>2,557</td>
<td>100</td>
<td>1,474</td>
<td>954</td>
</tr>
</tbody>
</table>

A single-parent family with two children accommodated in the public sector spends 690 euros on housing, i.e. 27% of the total budget.
*A boy aged 0-2 and a girl aged 3-10; **A boy aged 11-14 and a girl aged 15-17.
Percentage figures refer the item amount to the total for the reference budget for a household in public-sector accommodation.
Sources: ONPES reference budgets, focus groups, Crédoc valuation 2013-2014.
An item-by-item analysis

A more detailed analysis that takes account of the respective share of each budget item in the overall composition of the basket of goods and services sheds light on the minimum needs expressed by the focus groups according to the household type and the items needed.

The single most important item is housing, whether in the public or private sector. It represents 46% of the budget for a single pensioner and renting in the private sector, as opposed to 22% for a couple with two children renting in the public sector. Nonetheless, the cost of housing in the public sector remains high: it is by far the main item of expense for single pensioners (37% of the reference budget) and for single working people (33%). For retired owner-occupiers, the housing item is markedly lower by amount and by proportion. It comes in at just fourth place for couples (after food, transport, and health), and in third place for single pensioners (after transport and food). In fact, given the significance of housing (as well as its links to transport expenditure), it is the item that risks causing the most privation. Later work by the ONPES should explore that hypothesis.

Food comes in second place in households’ needs. Depending on family configurations, it accounts for between 14% and 22% of reference budgets.

Transport carries significant weight in reference budgets, since the focus groups felt it necessary to allocate a vehicle cost to all family configurations, including to single people. Transport accounts for 21% of the budget for a single working person and 17% for a single pensioner, illustrating the significant cost of transport for a person who bears that expenditure alone for an item that is deemed essential for social and economic integration. Transport remains significant for other family configurations (18% and 14%, respectively, for working couples with no children and for pensioners living in a couple). It is slightly lower for households with children.

Finally, social life is also a fairly significant item. On average, it stands at about 10% of the needs assessed by the focus groups. It even accounts for 14% of the reference budget drawn up for a couple with two children. That significance is explained by childcare costs relating to outings: the focus groups decided that those costs could not offset by family-based childcare alone.

It is also noted that for single-parent families, taking account of the overall constraint on resources, costs relating to childcare and school meals account for 10% of the needs evaluated. Compared with couples with or without children, its significance leads to restrictions on clothing and food.

Beyond that initial typology, it is possible to examine the composition of each item to highlight the main differences based on the family configuration of households. These depend on consumer needs that are unique to each type of household, and that enable a better grasp to be had of the nature of those baskets. The following tables provide more detailed examples in this regard.

– Housing (public sector)

With respect to housing, it is noted that couples with children living in Tours and Dijon have high rents and high bills to pay (Table 2).

Table 2

<table>
<thead>
<tr>
<th></th>
<th>Single-parent family*</th>
<th>Couple with children**</th>
<th>Working couple with no children</th>
<th>Single working person</th>
<th>Pensioners living in a couple</th>
<th>Single pensioner</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rent</td>
<td>€481</td>
<td>€481</td>
<td>€306</td>
<td>€306</td>
<td>€419</td>
<td>€419</td>
</tr>
<tr>
<td>Energy</td>
<td>€116</td>
<td>€135</td>
<td>€105</td>
<td>€78</td>
<td>€107</td>
<td>€78</td>
</tr>
<tr>
<td>Taxes</td>
<td>€69</td>
<td>€69</td>
<td>€69</td>
<td>€69</td>
<td>€69</td>
<td>€69</td>
</tr>
<tr>
<td>Others</td>
<td>€24</td>
<td>€42</td>
<td>€31</td>
<td>€18</td>
<td>€32</td>
<td>€18</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>€690</td>
<td>€727</td>
<td>€511</td>
<td>€471</td>
<td>€627</td>
<td>€584</td>
</tr>
</tbody>
</table>

*A boy aged 0-2 and a girl aged 3-10; **A boy aged 11-14 and a girl aged 15-17.
Sources: Focus groups, Crédoc valuation 2013-2014.

– Transport

For families with children, the high cost of transport is explained by the vehicle cost as well as the cost of other modes of transport, including public transport used by the second member of the household (Table 3).

Table 3

<table>
<thead>
<tr>
<th></th>
<th>Single-parent family*</th>
<th>Couple with children**</th>
<th>Working couple with no children</th>
<th>Single working person</th>
<th>Pensioners living in a couple</th>
<th>Single pensioner</th>
</tr>
</thead>
<tbody>
<tr>
<td>Car</td>
<td>€133</td>
<td>€167</td>
<td>€133</td>
<td>€133</td>
<td>€133</td>
<td>€133</td>
</tr>
<tr>
<td>Fuel</td>
<td>€92</td>
<td>€92</td>
<td>€106</td>
<td>€85</td>
<td>€64</td>
<td>€50</td>
</tr>
<tr>
<td>Servicing and</td>
<td>€58</td>
<td>€49</td>
<td>€49</td>
<td>€49</td>
<td>€49</td>
<td>€49</td>
</tr>
<tr>
<td>insurance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Parking</td>
<td>€28</td>
<td>€27</td>
<td>€28</td>
<td>€28</td>
<td>€28</td>
<td>€28</td>
</tr>
<tr>
<td>Alternative</td>
<td>€20</td>
<td>€85</td>
<td>€40</td>
<td>€2</td>
<td>€44</td>
<td>€12</td>
</tr>
<tr>
<td>transport</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>€331</td>
<td>€420</td>
<td>€356</td>
<td>€297</td>
<td>€318</td>
<td>€272</td>
</tr>
</tbody>
</table>

*A boy aged 0-2 and a girl aged 3-10; **A boy aged 11-14 and a girl aged 15-17.
Sources: Focus groups, Crédoc valuation 2013-2014.
– Food

As regards food, it should particularly be noted that alcohol accounts for a relatively high share of the designated budget (more than 10%) for working couples with no children and pensioners. Conversely, one notes the relatively minor presence of evening meals for pensioners living in a couple compared with working couples with no children, which refers back to the eating habits of individuals according to age (Table 4).

Table 4

<table>
<thead>
<tr>
<th></th>
<th>Single-parent family*</th>
<th>Couple with children**</th>
<th>Working couple with no children</th>
<th>Single working person</th>
<th>Pensioners living in a couple</th>
<th>Single pensioner</th>
</tr>
</thead>
<tbody>
<tr>
<td>Breakfast</td>
<td>€53</td>
<td>€100</td>
<td>€63</td>
<td>€27</td>
<td>€50</td>
<td>€35</td>
</tr>
<tr>
<td>Lunch</td>
<td>€127</td>
<td>€267</td>
<td>€129</td>
<td>€93</td>
<td>€219</td>
<td>€118</td>
</tr>
<tr>
<td>Snack / tea</td>
<td>€37</td>
<td>€22</td>
<td>€8</td>
<td>€6</td>
<td>€26</td>
<td>€9</td>
</tr>
<tr>
<td>Dinner</td>
<td>€92</td>
<td>€154</td>
<td>€147</td>
<td>€59</td>
<td>€89</td>
<td>€24</td>
</tr>
<tr>
<td>Special meal</td>
<td>€17</td>
<td>€20</td>
<td>€22</td>
<td>€14</td>
<td>€22</td>
<td>€14</td>
</tr>
<tr>
<td>Alcohol</td>
<td>€32</td>
<td>€32</td>
<td>€44</td>
<td>€21</td>
<td>€47</td>
<td>€20</td>
</tr>
<tr>
<td>Other</td>
<td>€17</td>
<td>€1</td>
<td>€14</td>
<td>€0</td>
<td>€2</td>
<td>€2</td>
</tr>
<tr>
<td>Total</td>
<td>€375</td>
<td>€596</td>
<td>€427</td>
<td>€220</td>
<td>€455</td>
<td>€222</td>
</tr>
</tbody>
</table>

* A boy aged 0-3 and girl aged 3-10; ** A boy aged 11-14 and a girl aged 15-17.
Sources: Focus groups, Crédoc valuation 2013-2014.

– Clothing

The relative cost of “formal” clothes worn at special events like weddings or parties, or which are needed for professional life, is particularly high for working couples with children (more than 10% of the clothing budget). On the other hand, for working couples with no children, that item is halved (less than 5% of the clothing budget). The “nightwear” item accounts for over 15% of the budget for couples with children, and almost 20% for couples with no children (Table 5).

Tableau 5

<table>
<thead>
<tr>
<th></th>
<th>Single-parent family*</th>
<th>Couple with children**</th>
<th>Working couple with no children</th>
<th>Single working person</th>
<th>Pensioners living in a couple</th>
<th>Single pensioner</th>
</tr>
</thead>
<tbody>
<tr>
<td>Everyday clothes</td>
<td>€105</td>
<td>€142</td>
<td>€82</td>
<td>€42</td>
<td>€69</td>
<td>€26</td>
</tr>
<tr>
<td>Everyday shoes</td>
<td>€21</td>
<td>€38</td>
<td>€22</td>
<td>€5</td>
<td>€13</td>
<td>€6</td>
</tr>
<tr>
<td>Nightwear</td>
<td>€26</td>
<td>€51</td>
<td>€32</td>
<td>€12</td>
<td>€12</td>
<td>€10</td>
</tr>
<tr>
<td>Formal wear</td>
<td>€12</td>
<td>€35</td>
<td>€8</td>
<td>€4</td>
<td>€8</td>
<td>€5</td>
</tr>
<tr>
<td>Sportswear</td>
<td>€12</td>
<td>€13</td>
<td>€4</td>
<td>€2</td>
<td>€8</td>
<td>€3</td>
</tr>
<tr>
<td>Other accessories</td>
<td>€25</td>
<td>€36</td>
<td>€19</td>
<td>€4</td>
<td>€9</td>
<td>€4</td>
</tr>
<tr>
<td>Total</td>
<td>€201</td>
<td>€315</td>
<td>€167</td>
<td>€69</td>
<td>€119</td>
<td>€55</td>
</tr>
</tbody>
</table>

* A boy aged 0-2 and a girl aged 3-10; ** A boy aged 11-14 and a girl aged 15-17.
Sources: Focus groups, Crédoc valuation 2013-2014.
– Household equipment

In respect of household equipment, no appreciable differences are noted from one household type to another, except for those differences that relate to the number of people, which would naturally increase equipment costs for furniture and durable goods (Table 6).

<table>
<thead>
<tr>
<th></th>
<th>Single-parent family*</th>
<th>Couple with children**</th>
<th>Working couple with no children</th>
<th>Single working person</th>
<th>Pensioners living in a couple</th>
<th>Single pensioner</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lounge</td>
<td>€55</td>
<td>€88</td>
<td>€54</td>
<td>€52</td>
<td>€52</td>
<td>€49</td>
</tr>
<tr>
<td>Kitchen</td>
<td>€58</td>
<td>€58</td>
<td>€44</td>
<td>€32</td>
<td>€39</td>
<td>€32</td>
</tr>
<tr>
<td>Bedroom</td>
<td>€37</td>
<td>€42</td>
<td>€16</td>
<td>€12</td>
<td>€19</td>
<td>€25</td>
</tr>
<tr>
<td>Bathroom</td>
<td>€8</td>
<td>€7</td>
<td>€5</td>
<td>€6</td>
<td>€5</td>
<td>€4</td>
</tr>
<tr>
<td>Lighting / decor</td>
<td>€15</td>
<td>€20</td>
<td>€2</td>
<td>€9</td>
<td>€6</td>
<td>€7</td>
</tr>
<tr>
<td>Other</td>
<td>€3</td>
<td>€3</td>
<td>€1</td>
<td>€1</td>
<td>€1</td>
<td>€1</td>
</tr>
<tr>
<td>Total</td>
<td>€176</td>
<td>€218</td>
<td>€122</td>
<td>€112</td>
<td>€122</td>
<td>€118</td>
</tr>
</tbody>
</table>

*A boy aged 0-2 and a girl aged 3-10; **A boy aged 11-14 and a girl aged 15-17. Sources: Focus groups, Crédoc valuation 2013-2014.

– Hygiene and beauty

The precise analysis of the item under hygiene and beauty shows the importance that the focus groups attached to cosmetics. For couples with children, that type of product accounts for almost 45% of the total needs listed for the item (Table 7).

<table>
<thead>
<tr>
<th></th>
<th>Single-parent family*</th>
<th>Couple with children**</th>
<th>Working couple with no children</th>
<th>Single working person</th>
<th>Pensioners living in a couple</th>
<th>Single pensioner</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toiletries</td>
<td>€34</td>
<td>€48</td>
<td>€25</td>
<td>€10</td>
<td>€30</td>
<td>€10</td>
</tr>
<tr>
<td>Cosmetics</td>
<td>€17</td>
<td>€75</td>
<td>€14</td>
<td>€10</td>
<td>€31</td>
<td>€11</td>
</tr>
<tr>
<td>Care products</td>
<td>€28</td>
<td>€48</td>
<td>€19</td>
<td>€16</td>
<td>€34</td>
<td>€14</td>
</tr>
<tr>
<td>Pharmaceuticals</td>
<td>€6</td>
<td>€2</td>
<td>€2</td>
<td>€1</td>
<td>€2</td>
<td>€4</td>
</tr>
<tr>
<td>Total</td>
<td>€85</td>
<td>€173</td>
<td>€60</td>
<td>€37</td>
<td>€97</td>
<td>€39</td>
</tr>
</tbody>
</table>

*A boy aged 0-2 and a girl aged 3-10; **A boy aged 11-14 and a girl aged 15-17. Sources: Focus groups, Crédoc valuation 2013-2014.
– Health

The detailed analysis of the item under health shows that the amount a household is left to pay out of its own pocket once its complementary health insurance (level 2) has covered part of its health care expenses is relatively high. This is particularly true for families with children, for whom this co-payment represents two thirds of such expenses (Table 8).

Table 8

<table>
<thead>
<tr>
<th></th>
<th>Single-parent family*</th>
<th>Couple with children**</th>
<th>Working couple with no children</th>
<th>Single working person</th>
<th>Pensioners living in a couple</th>
<th>Single pensioner</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complementary health insurance</td>
<td>€60</td>
<td>€90</td>
<td>€82</td>
<td>€41</td>
<td>€202</td>
<td>€101</td>
</tr>
<tr>
<td>Co-payment</td>
<td>€106</td>
<td>€156</td>
<td>€40</td>
<td>€20</td>
<td>€40</td>
<td>€20</td>
</tr>
<tr>
<td>Total</td>
<td>€166</td>
<td>€246</td>
<td>€122</td>
<td>€61</td>
<td>€242</td>
<td>€121</td>
</tr>
</tbody>
</table>

*A boy aged 0-2 and a girl aged 3-10; **A boy aged 11-14 and a girl aged 15-17.
Sources: Focus groups, Crédoc valuation 2013-2014.

– Social life

As regards social life, holidays (one or two weeks a year, depending on the family configuration) form a significant cost for families with children (between one quarter and one third of the total budget for the item). Conversely, it is particularly low for pensioners (about 15%) (Table 9).

Table 9

<table>
<thead>
<tr>
<th></th>
<th>Single-parent family*</th>
<th>Couple with children**</th>
<th>Working couple with no children</th>
<th>Single working person</th>
<th>Pensioners living in a couple</th>
<th>Single pensioner</th>
</tr>
</thead>
<tbody>
<tr>
<td>Holidays</td>
<td>€109</td>
<td>€119</td>
<td>€53</td>
<td>€50</td>
<td>€32</td>
<td>€20</td>
</tr>
<tr>
<td>Outings</td>
<td>€46</td>
<td>€63</td>
<td>€40</td>
<td>€20</td>
<td>€119</td>
<td>€60</td>
</tr>
<tr>
<td>Weekly activity</td>
<td>€33</td>
<td>€83</td>
<td>€37</td>
<td>€21</td>
<td>€17</td>
<td>€8</td>
</tr>
<tr>
<td>Cultural products / games</td>
<td>€19</td>
<td>€52</td>
<td>€12</td>
<td>€6</td>
<td>€5</td>
<td>€3</td>
</tr>
<tr>
<td>Gifts</td>
<td>€46</td>
<td>€77</td>
<td>€65</td>
<td>€55</td>
<td>€20</td>
<td>€60</td>
</tr>
<tr>
<td>School life</td>
<td>€12</td>
<td>€49</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Babysitting</td>
<td>€32</td>
<td>€32</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Total</td>
<td>€297</td>
<td>€475</td>
<td>€207</td>
<td>€150</td>
<td>€193</td>
<td>€151</td>
</tr>
</tbody>
</table>

*A boy aged 0-2 and a girl aged 3-10; **A boy aged 11-14 and a girl aged 15-17.
Sources: Focus groups, Crédoc valuation 2013-2014.
The amount of reference budgets lies between 80% and 100% of households’ median standard of living

The ONPES regularly comments on, and uses for its own dashboard, the data produced by INSEE on households’ median standard of living. The comparison between that indicator and the reference budgets that is presented here is a delicate one (Table 10). The first reflects the situation of all households, and the second reflects the needs of particular case studies chosen in the two cities covered by the study (Tours and Dijon). Accordingly, that comparison must be considered with care, due to its exploratory nature.

Table 10
Standard of living corresponding to the reference budget, as a percentage of the median standard of living of the whole population, by household type

<table>
<thead>
<tr>
<th>Household types</th>
<th>Monthly reference budgets in euros (public-sector housing)</th>
<th>Standard of living corresponding to the reference budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>In euros per month</td>
<td>As a % of the median standard of living of the whole population</td>
</tr>
<tr>
<td>Single working person</td>
<td>1,424</td>
<td>1,424</td>
</tr>
<tr>
<td>Working couple with no children</td>
<td>1,985</td>
<td>1,323</td>
</tr>
<tr>
<td>Single-parent family with 2 children*</td>
<td>2,599</td>
<td>1,624</td>
</tr>
<tr>
<td>Couple with 2 children**</td>
<td>3,284</td>
<td>1,428</td>
</tr>
<tr>
<td>Single pensioner</td>
<td>1,569</td>
<td>1,569</td>
</tr>
<tr>
<td>Pensioners living in a couple</td>
<td>2,188</td>
<td>1,458</td>
</tr>
</tbody>
</table>

The standard of living associated with reference budgets, which takes into account the number of consumption units for each household category, represents between 81% (for a couple with no children) and 100% (for a single-parent family with two children) of households’ median standard of living. The comparison confirms that reference budgets isolate populations who are not poor in the sense of the indicator of monetary poverty (which adopts 60% as the median standard of living), but populations with insufficient levels of income, who are then likely to restrict themselves in respect of needs that are nonetheless deemed essential for genuine social inclusion.

Notes: The standards of living corresponding to the reference budget for the various categories of households (column 2) were calculated based on the reference budget drawn up by the focus groups (column 1) using consumption units corresponding to those various households. They were referred back to the median standard of living for 2011, i.e. 1,629 euros per month, to obtain the ratio to the standard of living for the reference budget as a percentage of the median standard of living for the whole population (col. 3).

*A boy aged 0-2 and a girl aged 3-10; **A boy aged 11-14 and a girl aged 15-17 for reference budgets.
Sources: INSEE, calculated by the IRES.

The standard of living associated with reference budgets, which takes into account the number of consumption units for each household category, represents between 81% (for a couple with no children) and 100% (for a single-parent family with two children) of households’ median standard of living. The comparison confirms that reference budgets isolate populations who are not poor in the sense of the indicator of monetary poverty (which adopts 60% as the median standard of living), but populations with insufficient levels of income, who are then likely to restrict themselves in respect of needs that are nonetheless deemed essential for genuine social inclusion.
Amongst households with no children, pensioners have minimum needs that are closer to the median standard of living than those of working households with no children. That is again largely explained by the significance of housing costs for households made up of pensioners. Amongst working people, reference budgets by consumption unit account for a higher proportion of the median standard of living for households with children (88%) than for those without (81%).

Equivalence scales give a very precise rendering of the variation in needs linked to family size, as estimated by the focus groups. However, reference budgets by consumption unit appear to be equal to the reference budget for a single working person (1,424 euros), which is not the case. The gap observed between households made up of working people with children and those with no children could then mean that for households in a precarious financial position, the equivalence scale used by the European Union minimises the needs of families with children. This underestimation appears to be around 10% to 15%, slightly higher for single-parent families. The matter should be the subject of future studies, in particular to identify items of expenditure that have the greatest impact on determining those equivalence scales based on the number and ages of children in the household.

**Single-parent families and single pensioners are most affected by high risks of restrictions**

The reference budgets put together in this way do not qualify populations who would be poor overall. What they do is highlight those populations who, whilst not poor, are in a difficult financial situation and do not have all the means needed to take part effectively in social life.

As such, two household types are identified as often being in a difficult situation. On the one hand, single-parent families either are in a situation of monetary poverty (55%), or have insufficient means to live decently (40%). On the other hand, single pensioners are admittedly not in as severe financial straits, but their situation is nonetheless very worrying: 14% are in a situation of monetary poverty, and 45% are at risk of restrictions (Table 11).

Conversely, just 12% of working couples with no children are in that situation (5% fall under the threshold for monetary poverty, and 7% fall between that threshold and the reference budget). This is the category that is the least in difficulty. Between those two extreme situations lie pensioners, couples with two children (at least for the ages selected), and single working people who are not in as vulnerable a situation.
## Table 11
Proportion of households in a situation of monetary poverty or of budget restriction

<table>
<thead>
<tr>
<th>Number of households by type of category</th>
<th>% of households with a standard of living that is lower than or equal to the poverty line</th>
<th>% of households with a standard of living that falls between the poverty line and the reference budget</th>
<th>% of households with a standard of living that is higher than the reference budget</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working couple with no children</td>
<td>5</td>
<td>7</td>
<td>88</td>
<td>100</td>
</tr>
<tr>
<td>Couple with two children**</td>
<td>12</td>
<td>24</td>
<td>64</td>
<td>100</td>
</tr>
<tr>
<td>Pensioners living in a couple</td>
<td>4</td>
<td>28</td>
<td>68</td>
<td>100</td>
</tr>
<tr>
<td>Single-parent family with two children*</td>
<td>55</td>
<td>40</td>
<td>5</td>
<td>100</td>
</tr>
<tr>
<td>Single working person</td>
<td>15</td>
<td>25</td>
<td>60</td>
<td>100</td>
</tr>
<tr>
<td>Single pensioner</td>
<td>14</td>
<td>45</td>
<td>41</td>
<td>100</td>
</tr>
</tbody>
</table>

The proportion of single-parent families with two children and with a standard of living that is lower than the poverty line is 55%, and those with a standard of living that is lower than the reference budget is 95%.

*2 children, of whom the younger is aged under 3; **A boy aged 11-14 and a girl aged 15-17.

***Including households that declare negative income; including households in which the reference person is a student.

Sources: ERFS 2011 – 2011 euros.

A single person, with no children, in a job that pays the SMIC (*Salaire Minimum Interprofessionnel de Croissance - Minimum Wage*) and who receives current social benefits, has an income that comes to 80% of the amount of the reference budget

For four of the six categories of households studied, modelling gives the available income for modest families in situations where the adults in the household are paid the SMIC or have no work-derived income. For those families, the comparisons with the reference budgets set out in Table 12 illustrate the tensions between available income and household need.
### Table 12
Available income achieved by people housed in the public sector, who are not in work or who earn the SMIC from a full-time job (in euros)

<table>
<thead>
<tr>
<th>Case studies</th>
<th>Reference budget in € (1)</th>
<th>No-one in the household works - in € (2)</th>
<th>Difference (2) – (1) and ratio (2) / (1)</th>
<th>One adult earns the SMIC from full-time work - in € (3)</th>
<th>Difference (3) – (1) and ratio (3) / (1)</th>
<th>Two adults earn the SMIC from full-time work - in € (4)</th>
<th>Difference (4) – (1) and ratio (4) / (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single-parent family with two children</td>
<td>2,599</td>
<td>1,398</td>
<td>− 1,201 54%</td>
<td>1,941</td>
<td>− 658 74%</td>
<td>−</td>
<td>−</td>
</tr>
<tr>
<td>Couple with two children</td>
<td>3,284</td>
<td>1,461</td>
<td>− 1,824 44%</td>
<td>2,005</td>
<td>− 1,279 61%</td>
<td>2,578 − 706 78%</td>
<td></td>
</tr>
<tr>
<td>Working couple with no children</td>
<td>1,985</td>
<td>955</td>
<td>− 1,030 48%</td>
<td>1,417</td>
<td>− 568 71%</td>
<td>2,255 + 270 113%</td>
<td></td>
</tr>
<tr>
<td>Single working person with no children</td>
<td>1,424</td>
<td>709</td>
<td>− 719 50%</td>
<td>1,178</td>
<td>− 250 82%</td>
<td>−</td>
<td>−</td>
</tr>
</tbody>
</table>

According to the ONPES’ work, a single person with no children has a reference budget of 1,425 euros per month if s/he is a public-sector tenant. In 2013, a single person with no children who does not work receives benefits (RSA (Revenu de Solidarité Active - Active-Solidarity Income) and housing benefits) that provide a disposable income of 709 euros per month. If that person earns the SMIC from full-time work, s/he receives disposable income (earnings + benefits – tax) of 1,178 euros per month.

Sources: DREES model of typical cases, legislation of 1 April 2013.

The simulation shows that for three of the four categories of household studied, in the case of employment for which the SMIC is paid, the reference budget is higher than the disposable income31, including when those families are in full-time work. Only working couples with no children have incomes that are higher than their reference budget, by about 270 euros, i.e. +113%.

For households in which no member is in work, disposable income covers about 50% of the needs identified by the reference budget. When one of the two adults is in work, disposable income covers about 70% of those needs. When both adults earn the SMIC from work and there are dependent children, the simulated disposable income remains insufficient to cover the needs expressed by the focus groups.

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31. **Definitions of disposable income**: The income after monetary redistribution, i.e. work-derived income minus direct taxes (income tax, including the earned-income tax credit, and council tax) as well as social-security contributions and payments, plus family-related benefits (family allowances, basic PAJE benefits (PAJE = Prestation d’Accueil du Jeune Enfant – Early-Childhood Benefit), and the back-to-school allowance), housing benefits, and minimum social benefits (basic RSA and work-related RSA). Disposable income does not include the monetary advantage linked to CMU-C (Couverture Maladie Universelle Complémentaire - Complementary Universal Health Cover) or ACS (Aide pour une Complémentaire Santé - Assistance with Complementary Health Insurance), or to the reduction in electricity or gas bills relating to the priority-need tariff.
A couple with no children needs a work-derived income of 1.7 times the SMIC to have a basket of goods and services that enables them to be properly integrated into social life.

Another approach consists of assessing the work-derived income needed to attain the reference budget (taking account of taxes and benefits. Table 13). Hence, to attain the reference budget, a single person with no children should have a work-derived income of 1,548 euros, i.e. 1.4 times the SMIC, and must pay income tax of 88 euros and council tax of 35 euros.

For a couple with no children, work-derived income needed to attain the reference budget is 1.7 times the SMIC. To put it another way, if we consider the case that one of the two members of the household earns the SMIC from full-time work, the other adult must have a work-derived income of 0.7 times the SMIC. For a couple with two children (and still considering the case that one of the two partners/spouses earns the SMIC), the second work-derived income needs to be 1.8 times the SMIC to attain the reference budget.

Finally, to attain the reference budget, a single-parent family, taking account of taxes, council tax, and the various benefits to which the family may be entitled, must have a work-derived income that is twice the SMIC.

### Table 13
Level of net work-derived income that allows the reference budget to be attained for each family configuration, taking account of taxes paid and benefits received (legislation of 1 April 2013)

<table>
<thead>
<tr>
<th>Household types</th>
<th>Reference budget in €</th>
<th>Net work-derived income as a % of the SMIC</th>
<th>Benefits</th>
<th>Direct deductions</th>
<th>PPE</th>
<th>Income tax</th>
<th>Council tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single person with no children</td>
<td>1,424</td>
<td>138%</td>
<td>1,548</td>
<td>0</td>
<td>0</td>
<td>88</td>
<td>35</td>
</tr>
<tr>
<td>Couple with no children (H1)</td>
<td>1,985</td>
<td>172%</td>
<td>1,929</td>
<td>0</td>
<td>0</td>
<td>123</td>
<td>24</td>
</tr>
<tr>
<td>Single-parent family with 2 children (ages 0-2 and 6-10)</td>
<td>2,599</td>
<td>207%</td>
<td>2,325</td>
<td>129</td>
<td>30</td>
<td>185</td>
<td>0</td>
</tr>
<tr>
<td>Couple with 2 children (ages 14 and 15-17H) (H1)</td>
<td>3,284</td>
<td>282%</td>
<td>3,157</td>
<td>193</td>
<td>0</td>
<td>72</td>
<td>77</td>
</tr>
</tbody>
</table>

The reference budget for a single person, who has no children and who is a public-sector tenant, is 1,424 euros per month. To attain that disposable income, the person must have a work-derived income of 1,548 euros per month, i.e. 138% of the SMIC. At that level of work-derived income, the person does not receive any social-security benefits and, each month, pays 88 euros in income tax and 35 euros in council tax.

Hypotheses: We also suppose (H1) that one of the two adults in the couple earns the SMIC from full-time work, whilst the other adult’s remuneration is adjusted: for example, for the couple with two children and who are public-sector tenants, one of the two adults earns the SMIC from full-time work (100%), and the other earns 182% of the SMIC from full-time work (282% = 100% + 182%). The results would be slightly different for a couple where just one adult is in work, since some types of assistance (means-tested family allowances, earned-income tax credit) depend on the level of activity of both members of the couple.

Key: AF – allocations familiales (family allowances); ARS: allocation de rentrée scolaire (back-to-school allowance); AB Paje: allocation de base de la prestation d’accueil du jeune enfant (basic level of Early-Childhood Benefit); PPE: prime pour l’emploi (earned-income tax credit).

Sources: DREES model of typical cases, legislation of 1 April 2013.
Attributing a value to the needs that are renewed on a monthly basis constitutes 60% of reference budgets

Reference budgets attribute a value to all needs, but these can be satisfied by goods and services with a variable service life. Taking a narrower approach to reference budgets which only factors in monthly expenditure is a way of singling out the most current needs (doubtless in a conventional manner).

Thus, a household made up of one working person with no children and who is housed in the public sector must have a budget of 809 euros to meet monthly outgoings, i.e. 57% of the reference budget total (Table 14). Nonetheless, that person must set aside 615 euros for such expenditure as taxes, various dues, and insurance, as well as replacing household goods and his/her vehicle.32.

### Table 14
Amount of reference budgets based on the frequency of needs and the type of expenditure (example for one working person with no children)

<table>
<thead>
<tr>
<th>Monthly (in €)</th>
<th>Total (in €)</th>
<th>Share of monthly budget with respect to total budget (as a %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public-sector housing</td>
<td>384</td>
<td>471</td>
</tr>
<tr>
<td>Private-sector housing</td>
<td>531</td>
<td>618</td>
</tr>
<tr>
<td>Transport</td>
<td>113</td>
<td>297</td>
</tr>
<tr>
<td>Food</td>
<td>220</td>
<td>220</td>
</tr>
<tr>
<td>Clothes</td>
<td>0</td>
<td>69</td>
</tr>
<tr>
<td>Equipment</td>
<td>33</td>
<td>112</td>
</tr>
<tr>
<td>Hygiene/Beauty</td>
<td>3</td>
<td>37</td>
</tr>
<tr>
<td>Health</td>
<td>0</td>
<td>61</td>
</tr>
<tr>
<td>Social life</td>
<td>57</td>
<td>157</td>
</tr>
<tr>
<td>Total for public-sector resident</td>
<td>809</td>
<td>1,424</td>
</tr>
<tr>
<td>Total for private-sector resident</td>
<td>956</td>
<td>1,571</td>
</tr>
<tr>
<td>Total, net of housing</td>
<td>425</td>
<td>954</td>
</tr>
</tbody>
</table>

Sources: ONPES reference budgets, focus groups.

32. The Crédoc/IRES report sets out this breakdown for all household types. It shows that the orders of magnitude between monthly budgets and yearly or multiyear budgets remain appreciably the same.
Singling out monthly needs also gives a better understanding of the gap between the overall budget (as measured by the consensus method) and the view that households (in particular those households with the lowest levels of income) may have of their current expenditure (often reduced to monthly outgoings). By isolating monthly budgets, those gaps are appreciably smaller.

That approach also provides a line for discussion in respect of analysing consumer behaviour and any adjustments that must be faced by households under strong budget constraints. In that way, it is seen that in the day-to-day management of their budgets, households with the lowest levels of income are more constrained by current outgoings (essentially for food and housing, which represent a very significant share of overall expenditure). Expenses that crop up least frequently are those, e.g. durable goods (refrigerator, washing machine, furniture, etc.), where households may be able to make a choice as regards waiting to replace them or resorting to bartering, recycling, etc.

The European Union’s equivalence scales called into question

As well as telling us about households’ needs, reference budgets also make it possible to measure the additional cost of an individual (adult or child), thus casting doubt over the relevance of the equivalence scales that are currently used. The comparison between the additional cost of an adult (or child) arising from reference budgets and the one commonly selected by public statistics (“OECD-modified” scale) shows an overestimation of the cost of the adult and an underestimation of the cost of the child, which may provide points for consideration regarding the updating of the equivalence scales.

The cost of an additional adult appears to be overestimated by conventions selected at European level

Overall, moving from one adult to two adults in a household made up of working or pensioners means an increase of the order of 40% for public-sector tenants and 35% for private-sector tenants (Table 15). That additional cost is considerably below the coefficient used by the European Union, which is 50%. To put it another way, conventions that are currently applied in France and internationally appear to overestimate the costs arising from an additional adult in a household (in this case, a partner/spouse) by quite a margin. Conversely, conventions applied by the European Union to measure the cost of a child do not take account all the needs estimated by the households themselves.
Tableau 15
Additional cost of an adult according to household type (in euros and as a %)

<table>
<thead>
<tr>
<th></th>
<th>Working people</th>
<th></th>
<th>Pensioners</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Single person</td>
<td>Couple</td>
<td>Single person</td>
<td>Couple</td>
</tr>
<tr>
<td>Total budget,</td>
<td>1,425</td>
<td>1,984</td>
<td>1,569</td>
<td>2,190</td>
</tr>
<tr>
<td>public sector</td>
<td>+ 39%</td>
<td></td>
<td>+ 40%</td>
<td></td>
</tr>
<tr>
<td>Total budget,</td>
<td>1,572</td>
<td>2,133</td>
<td>1,816</td>
<td>2,437</td>
</tr>
<tr>
<td>private sector</td>
<td>+ 36%</td>
<td></td>
<td>+ 34%</td>
<td></td>
</tr>
<tr>
<td>Total budget,</td>
<td>–</td>
<td>–</td>
<td>1,150</td>
<td>1,769</td>
</tr>
<tr>
<td>owner-occupiers</td>
<td></td>
<td></td>
<td>+ 54%</td>
<td></td>
</tr>
<tr>
<td>Total budget</td>
<td>954</td>
<td>1,474</td>
<td>985</td>
<td>1,560</td>
</tr>
<tr>
<td>excluding housing</td>
<td>+ 55%</td>
<td></td>
<td>+ 58%</td>
<td></td>
</tr>
<tr>
<td>OECD-modified scale</td>
<td></td>
<td>+ 50%</td>
<td></td>
<td>+ 50%</td>
</tr>
</tbody>
</table>


For a single-parent family housed in the public or private sectors, the additional cost of a child is far higher than that estimated by the OECD-modified equivalence scale (Table 16). On average for that type of household, for a child aged under 14, the gap is over 15 points in the public sector (+45% for reference budgets as against +30% for the OECD-modified equivalence scale, respectively) and over 18 points in the private sector (+48% as against +30%, respectively).

The difference is of the same order for couples. It varies between 6 and 14 points depending on the age of the child and the type of housing (public or private). However, the additional cost of a child remains higher for reference budgets.

These results are an indicator of the underestimation of the cost of the first child by equivalence scales commonly used, and thus of the importance of revising those scales in order to adjust them to needs as expressed by the households themselves.

33. Incidentally, this is the direction of work currently being carried out by DREES and INSEE to which reference budgets may usefully be applied.
Table 16

Additional cost of a first child depending on its age, for a single-parent family and for a couple (in euros and as a %)

<table>
<thead>
<tr>
<th>Reference budget for a household with no children</th>
<th>Reference budget for a household with one child according to its age</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-2</td>
<td>3-10</td>
</tr>
<tr>
<td>Single-parent family</td>
<td></td>
</tr>
<tr>
<td>Total, public sector</td>
<td>1,424</td>
</tr>
<tr>
<td>Total, private sector</td>
<td>1,571</td>
</tr>
<tr>
<td>Number of consumption units (CUs) according to the OECD-modified scale and increase</td>
<td>1</td>
</tr>
<tr>
<td>Couple</td>
<td></td>
</tr>
<tr>
<td>Total, public sector</td>
<td>1,985</td>
</tr>
<tr>
<td>Total, private sector</td>
<td>2,133</td>
</tr>
<tr>
<td>Number of consumption units (CUs) according to the OECD-modified scale and increase</td>
<td>1.5</td>
</tr>
</tbody>
</table>

Using the reference-budget method, the average additional cost for a child aged under 14 is +30% for a couple in public-sector housing, whereas using the method used at European level (OECD-modified scale), it is +20%.
Sources: Focus groups, Crédoc valuation 2013-2014.

The role of public services and social or family support for effective participation in public life

The method used to calculate reference-budget amounts has consisted of giving a monetary value to the needs identified by the focus groups by using the prices of various goods and services as given on the internet or by observations in shops. To put it another way, needs are essentially satisfied by goods acquired on the market. However, some participants indicated that those needs could be satisfied in ways other than through the commercial sector. In particular, they referred to private solidarity (family, association, etc.), buying second-hand goods, bartering, or sharing goods with relatives or close friends. Others highlighted the role of public services in satisfying some needs (transport, health, culture, sport, etc.), of which a lower usage cost could lead to an appreciable lowering
of the usual amounts needed for those needs to be satisfied. That is particularly true of housing, which is the costliest item. An increased offer in the public sector would provide a response to the growing demand from households (particularly the most modest ones) for housing at a reasonable cost. The same is true of transport: the focus groups deemed it essential to have a car for work-related journeys and for leisure. That choice can be explained by shortcomings or the cost of public transport. An increase in the level of public transport or a fall in its cost for populations in conditions of precariousness would, in certain cases, allow them to be used in place of private transport, thus enabling the cost of that item to be reduced in the same measure. It is also possible to consider wider application of car-pooling schemes that are currently being developed. It may also be possible to boost the role of businesses in satisfying some needs through action taken by works committees, whose services (holiday vouchers, luncheon vouchers, social help with childcare, etc.) would be strengthened and based on income.

Looking beyond the commercial sector to satisfy households’ needs also applies to services offered by municipalities and départements in terms of access to culture. In part, that is the thrust of the report on the mission led by Pierre Saglio and Alain Chosson (2010): “Transformation des modes de vie, des comportements et de la consommation” (“Transforming ways of life, behaviour, and consumption”)34. which puts forward concrete ways of reducing the constrained expenditure of the poorest households, thus guaranteeing them decent conditions of living. In particular, the authors propose setting up graduated pricing for essential services, in order to free up means for other needs. They also take an interest in help with housing by setting up a system of making funds available to the most modest households whose housing costs exceed a given ceiling.

CHAPTER 4

The results of surveys carried out with French people are in line with reference-budget amounts

Reference-budget amounts are very close to those obtained by other quantitative methods, which measure the income needed (as stated by French people) to “make ends meet” or to attain a “minimum level for living”. Hence, according to those surveys, someone living alone needs a minimum of 1,400 to 1,500 euros a month to live on, which is a level equivalent to that of reference budgets. That closeness between results obtained by different methods validates the orders of magnitude obtained by the focus-group approach to calculating reference budgets.

Reference budgets that are slightly lower than average household expenditure...

Reference-budget amounts can be compared with those resulting from other approaches that seek to measure the minimum living requirements of French people. Three types of comparison are possible. The first uses INSEE’s Family Budget survey, which questions a representative sample of households on their consumer habits. That method enables an item-by-item comparison to be made between perceived needs and observed outgoings (Table 17). However, it will be noted that the two studies use different methods. The Family Budget survey is representative of all ordinary families. Reference budgets are less so, given that they measure conditions in just two cities. Hence, comparing them validates orders of magnitude that would be worth fine-tuning, in particular as regards housing and transport.

The second comparison addresses reference budgets calculated by UNAF (Union Nationale des Associations Familiales – National Union of Family Associations) based on standard methods, and the third is done using opinion surveys that measure the minimum level of income deemed necessary for living by the people surveyed.
### Table 17
Comparison between ONPES reference-budget amounts and the Family Budget survey (in euros and as a percentage)

<table>
<thead>
<tr>
<th></th>
<th>Single-parent family*</th>
<th>Couple with children**</th>
<th>Working couple with no children</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Reference budget</td>
<td>Average outgoings</td>
<td>% of average outgoings</td>
</tr>
<tr>
<td><strong>Public-sector housing</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>690</td>
<td>669</td>
<td>103</td>
</tr>
<tr>
<td><strong>Private-sector housing</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Owner-occupiers</strong></td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Transport</strong></td>
<td>331</td>
<td>402</td>
<td>82</td>
</tr>
<tr>
<td><strong>Food</strong></td>
<td>375</td>
<td>436</td>
<td>86</td>
</tr>
<tr>
<td><strong>Social life</strong></td>
<td>297</td>
<td>413</td>
<td>72</td>
</tr>
<tr>
<td><strong>Clothing</strong></td>
<td>201</td>
<td>156</td>
<td>129</td>
</tr>
<tr>
<td><strong>Equipment</strong></td>
<td>176</td>
<td>264</td>
<td>67</td>
</tr>
<tr>
<td><strong>Hygiene/Beauty</strong></td>
<td>85</td>
<td>82</td>
<td>104</td>
</tr>
<tr>
<td><strong>Banking</strong></td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Childcare/school meals</strong></td>
<td>270</td>
<td>119</td>
<td>243</td>
</tr>
<tr>
<td><strong>Health</strong></td>
<td>166</td>
<td>86</td>
<td>193</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>–</td>
<td>362</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total budget, public sector</strong></td>
<td>2,599</td>
<td>3,000</td>
<td>87</td>
</tr>
<tr>
<td><strong>Total budget, private sector</strong></td>
<td>2,830</td>
<td>3,000</td>
<td>94</td>
</tr>
<tr>
<td><strong>Total budget, owner-occupiers</strong></td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total budget except housing</strong></td>
<td>1,918</td>
<td>2,331</td>
<td>82</td>
</tr>
</tbody>
</table>

* A boy aged 0-2 and a girl aged 3-10; ** A boy aged 11-14 and a girl aged 15-17.

*** Nursery costs vary for single-parent families depending on the housing situation, which affects the total amount of the budget used to calculate this item.

Average outgoings: Family budget survey INSEE.

Sources: reference budget ONPES, focus groups, crédoc valuation 2013-2014
<table>
<thead>
<tr>
<th>Working single person</th>
<th>Retired couple</th>
<th>Retired single person</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Reference budget</strong></td>
<td><strong>Average outgoings</strong></td>
<td><strong>% of average outgoings</strong></td>
</tr>
<tr>
<td>471</td>
<td>510</td>
<td>92</td>
</tr>
<tr>
<td>618</td>
<td>510</td>
<td>121</td>
</tr>
<tr>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>297</td>
<td>340</td>
<td>87</td>
</tr>
<tr>
<td>220</td>
<td>258</td>
<td>85</td>
</tr>
<tr>
<td>150</td>
<td>359</td>
<td>42</td>
</tr>
<tr>
<td>69</td>
<td>118</td>
<td>58</td>
</tr>
<tr>
<td>112</td>
<td>206</td>
<td>54</td>
</tr>
<tr>
<td>37</td>
<td>53</td>
<td>70</td>
</tr>
<tr>
<td>7</td>
<td>7</td>
<td>100</td>
</tr>
<tr>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>61</td>
<td>57</td>
<td>107</td>
</tr>
<tr>
<td>–</td>
<td>437</td>
<td>–</td>
</tr>
<tr>
<td>1,424</td>
<td>2,345</td>
<td>61</td>
</tr>
<tr>
<td>1,575</td>
<td>2,345</td>
<td>67</td>
</tr>
<tr>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>954</td>
<td>1,836</td>
<td>52</td>
</tr>
</tbody>
</table>

* Reference budget outgoings.

% of average outgoings.
Finally, at another level, we shall see how reference-budget amounts can be compared with other results drawn from work done based on similar methodologies used in the United Kingdom.

Overall, reference-budget amounts are lower than the average outgoings of ordinary households (Family Budget survey), except for single-parent families, where the ratio between the reference budget for a household housed in the public sector and average outgoings is 87%. That is also the case (albeit to a lesser degree) for retired households (the ratio is 70% for a couple and 80% for a single pensioner). For other types of household (working people with or without children), reference budgets account for between 50% and 60% of average outgoings.

A detailed, item-by-item analysis illustrates where households with the lowest levels of income are likely to rein in their spending with respect to the minimum needs expressed by the focus groups. Thus, housing needs are deemed higher than average outgoings for retired tenants (between 30% and 100% higher, depending on family configuration). That significant difference, which positions the needs deemed essential at the level of average outgoings, is explained by the fact that property prices are generally particularly high. Furthermore, it could be thought that the minimum needs expressed are close to true outgoings. The small gap can also be explained by the fact that focus groups allocated one bedroom per child to households with children of different ages and sexes.

In health matters, the ratio between reference-budget amounts and average outgoings ranges from 70% for single-parent families to 185% for pensioners living in a couple. The difference between the two sources is largely due to the fact that in reference budgets, that item is put together on the basis of individual contracts financed by households themselves, whereas INSEE’s Family Budget survey includes collective contracts financed in part by employers. Furthermore, some households receive free CMU-C (Couverture Maladie Universelle Complémentaire - Complementary Universal Health Cover), a factor that has not been taken into account in reference budgets, given their amounts.

Two other items are affected by significant gaps: childcare and school meals for single-parent families (+ 140% with respect to average outgoings for that type of household) as well as clothing for working people with children and for pensioners living in a couple (+ 30% to 40%, approximately). In the latter case, the “fashion” effect seems to be strong: the focus groups felt that, for full integration into social life, it was necessary to have certain “social attributes” available.

The focus groups deemed it necessary for people to go on holiday at least once a year, something that is the case for only one French person in two. Hence, that item in reference budgets is 42% higher with respect to average outgoings.

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35. Children’s ages are not given in the Family Budget survey, so the average outgoings for that specific family configuration are underestimated.
On the other hand, the items under equipment and under social life in reference budgets for working people are lower than average outgoings (which is not the case for pensioners). For equipment, the difference is explained by the fact that the focus groups did not feel that it was essential to have available all the computer or telephone equipment that is nowadays common in all households. For social life, the budgets only include outgoings for leisure services and items that are deemed essential.

... but higher than the expenditure calculated by the *Union Nationale des Associations Familiales*

Since 1952, the *Union Nationale des Associations Familiales* (UNAF) has produced budgets that now cover eight family types. It works on the basis of standards proposed by public authorities or experts for the various items that make up baskets of goods (food, transport, etc.) This data is then validated by groups of people. The approach is thus one that is very similar to the method used in Belgium. However, some hypotheses selected make it tricky to carry out an item-by-item comparison with ONPES results. Subject to those reservations, it appears nonetheless to be of interest to compare the levels of the types of budget thus arrived at.

Overall, the budgets put together by the ONPES are always higher than those of UNAF (Table 18). The gap is relatively small, from 4% to 13% depending on family configuration for households in public-sector housing, but it is higher (from 11% to 21%) for households in private-sector housing. That gap goes with the general observation made in other countries: “standard” methods often lead to results that are lower than those that call upon the expertise of the general public.

<table>
<thead>
<tr>
<th>Table 18</th>
<th>Overall monthly budget for various family configurations at the end of 2013 (in euros), according to the ONPES and UNAF</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ONPES budget Private-sector housing</td>
</tr>
<tr>
<td>Couple with two children aged 6 and 13</td>
<td>3,456</td>
</tr>
<tr>
<td>Couple with two adolescents (one boy and one girl) aged 14 or over</td>
<td>3,641</td>
</tr>
<tr>
<td>A woman with two children aged 6 and 13</td>
<td>2,875</td>
</tr>
<tr>
<td>Couple with an adolescent aged 14 or over</td>
<td>3,036</td>
</tr>
</tbody>
</table>

Sources: UNAF; Crédoc valuation 2013-2014 and IRES calculations for ONPES budgets.

36. [http://www.unaf.fr/spip.php?article14543#un_mode_de_calcul_particulier_un_panier_mensualise_tenant compte_de_la_duree_de_vie_des_biens](http://www.unaf.fr/spip.php?article14543#un_mode_de_calcul_particulier_un_panier_mensualise_tenant compte_de_la_duree_de_vie_des_biens)

37. From that point of view, more systematic work on comparing baskets of goods put together using the method applied by the ONPES and UNAF seems more relevant and should be carried out in tandem by those two institutions.
A great deal can be learned from comparing the structures of budgets (ONPES and UNAF) (Table 19), in particular for housing, where the amounts selected are fairly close for couples with two children and for single-parent families, even if that closeness covers two opposing effects that balance each other out. On the one hand, UNAF standards are more restrictive than those selected by the focus groups, a factor that lowers the relative cost of the item. On the other hand, the methods for calculating the cost of housing (cost per m²) lead to amounts that are higher than those selected by the ONPES. Conversely, as regards food, the citizen-consensus method leads to lower budgets. This is certainly explained by the fact that the method based on food standards (UNAF) is more expensive than the one using the method based on needs expressed by households (ONPES). Clothing and hygiene are the items for which the relative gaps are most significant, but for relatively small amounts (about 30 euros per person per month).

### Table 19
Comparing main budget items (ratio between the ONPES budget and the UNAF budget)

<table>
<thead>
<tr>
<th></th>
<th>Couple with two children aged 6 and 13</th>
<th>Couple with two children aged 14 or over</th>
<th>A woman with two children aged 6 and 13</th>
<th>Couple with one child aged 14 or over</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing*</td>
<td>0.97</td>
<td>0.78</td>
<td>0.93</td>
<td>0.84</td>
</tr>
<tr>
<td>Food</td>
<td>0.87</td>
<td>0.82</td>
<td>0.89</td>
<td>0.84</td>
</tr>
<tr>
<td>Clothing</td>
<td>1.57</td>
<td>1.65</td>
<td>1.75</td>
<td>1.55</td>
</tr>
<tr>
<td>Hygiene</td>
<td>2.68</td>
<td>3.69</td>
<td>2.63</td>
<td>3.43</td>
</tr>
<tr>
<td>Transport</td>
<td>1.20</td>
<td>1.20</td>
<td>1.12</td>
<td>1.17</td>
</tr>
<tr>
<td>Equipment</td>
<td>0.77</td>
<td>0.76</td>
<td>0.83</td>
<td>0.80</td>
</tr>
<tr>
<td>Social life</td>
<td>1.87</td>
<td>1.55</td>
<td>1.71</td>
<td>1.47</td>
</tr>
<tr>
<td>Health</td>
<td>1.07</td>
<td>1.16</td>
<td>1.18</td>
<td>1.19</td>
</tr>
<tr>
<td>Total</td>
<td>1.13</td>
<td>1.04</td>
<td>1.11</td>
<td>1.05</td>
</tr>
</tbody>
</table>

For a couple with two children aged 6 and 13, the reference budget for social life represents 1.87 times the UNAF budget. *Public-sector housing for the ONPES budget. Weighted average (public-sector housing and private-sector housing) for the UNAF budget.

Sources: UNAF; Crédoc valuation 2013-2014, and IRES calculations for ONPES budgets.

### Orders of magnitude confirmed by households' opinions

Another method for estimating the budget that a household needs to live consists in directly questioning a representative sample of the population. That was the approach taken, on the one hand, by the survey done by the Direction de la Recherche, des Études, de l’Évaluation, et des Statistiques (DREES – Directorate for Research, Studies, Evaluation, and Statistics) of the French Ministry for Social Affairs on the opinions of French people concerning health, social protection, and inequalities, and on the other hand, by the INSEE survey on resources and living conditions (SRCV).
Although phrased differently, the questions asked have the same objective\textsuperscript{38}. Here again, the interest lies just as much in comparing amounts obtained as in the gaps observed.

The DREES survey asks questions on “the minimum amount per month that an individual needs to live”. In part, that amount is comparable with that of a single person as measured by the consensus method. As such, two very different methods have produced two sets of results that are very close: an average of 1,490 euros for the DREES survey, as against 1,424 euros (public-sector housing) or 1,571 euros (private-sector housing) using the consensus method. The variation around the average is relatively low in the survey. However, the estimated budget is lower when arrived at by young people than by elderly people. Conversely, it is higher when arrived at by people with higher standards of living.

INSEE’s SRCV survey allows a measure to be taken of “the minimum monthly income that [the respondent’s household] absolutely needs just to be able to make ends meet, i.e. to cover everyday outgoings”. With regard to the DREES survey, the INSEE survey has the advantage of allowing a comparison with several types of families, not with a median individual, as before. The question asked is explicitly linked to the personal circumstances of the respondent. In that regard, the response does not represent the standard assessment of the amount needed for a family in general, but for the household surveyed. This calls for greater care when making comparisons with reference budgets drawn up by the ONPES, and which represent the needs of members of the focus groups rather than of the household types studied.

Table 20 indicates that the amounts quoted in the SRCV survey increase in line with the number of people who make up the household, as well as with the disposable income of households surveyed. The comparison between the amount quoted as being necessary to “make ends meet” and the average disposable income of French people highlights the financial difficulties that can be encountered in some family configurations. In particular, single-parent families with one child have, on average, a level of disposable income that is scarcely higher than the amount needed to “make ends meet” (the ratio is equal to 103%), which indicates an average level of financial constraint that is higher than the one weighing down on couples with two children (a ratio of 134%, i.e. a level of disposable income that is, on average, one third higher than the amount deemed necessary to “make ends meet”). The same calculation shows that single people and single-parent families with two children have, on average, more difficulties than couples when it comes to “making ends meet”.

\textsuperscript{38} For a full presentation of the results of those surveys, see: Sébastien Grobon, “Quel budget faut-il pour vivre ? Apport des données d’enquête pour appréhender un seuil de revenu minimum”, in Minima sociaux et prestations sociales, 2014 edition, DREES.
Table 20
Average amount deemed necessary to “make ends meet” by French people questioned for the 2011 SRCV survey\(^1\), compared with ONPES reference budgets for some family configurations, with the level of disposable income\(^2\), and with the standard of living\(^3\)

<table>
<thead>
<tr>
<th></th>
<th>Single person*</th>
<th>Couple with no children</th>
<th>Couple + 2 children**</th>
<th>Single-parent family + 2 children***</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average amount deemed necessary to “make ends meet” (1) SRCV</td>
<td>1,574</td>
<td>2,597</td>
<td>3,266</td>
<td>2,079</td>
</tr>
<tr>
<td>Reference budget (public-sector housing) (2)</td>
<td>1,424</td>
<td>1,985</td>
<td>3,284</td>
<td>2,599</td>
</tr>
<tr>
<td>Reference budget (private-sector housing)</td>
<td>1,571</td>
<td>2,133</td>
<td>3,515</td>
<td>2,830</td>
</tr>
<tr>
<td>Average disposable income (3)</td>
<td>1,753</td>
<td>3,644</td>
<td>4,383</td>
<td>2,304</td>
</tr>
<tr>
<td>Average standard of living</td>
<td>1,753</td>
<td>2,430</td>
<td>1,988</td>
<td>1,324</td>
</tr>
<tr>
<td>Ratio of average disposable income to the average amount deemed necessary to “make ends meet”, i.e. (3)/(1)</td>
<td>111%</td>
<td>140%</td>
<td>134%</td>
<td>111%</td>
</tr>
<tr>
<td>Ratio of average disposable income to reference budget, i.e. (3)/(2)</td>
<td>123%</td>
<td>183%</td>
<td>133%</td>
<td>88%</td>
</tr>
</tbody>
</table>

*For the reference budget in respect of single people, the chosen situation was that of working people (who are in the majority); **Boy aged 11-14 and girl aged 15-17 for the reference budget; ***Boy aged 0-2 and girl aged 3-10 for the reference budget.

Single people state that, on average, they need 1,573 euros per month to make ends meet. They have an average disposable income of 1,753 euros and a standard of living worth 1,753 euros.

Notes: Answer to the question: “In your opinion, what is the minimum MONTHLY income that your household absolutely needs just to make ends meet, i.e. to deal with current outgoings?”

The disposable income is net of direct taxes. The standard of living is equal to the monthly disposable income divided by the number of consumption units, based on the OECD-modified scale.

Sources: SRCV survey 2011 (latest survey results available).

Field: Households in which the reference person is aged 16 to 64, mainland France.

1. See S. Grobon, “Quel budget faut-il tous les mois pour vivre? Apport des données d’enquêtes pour appréhender un seuil de revenu minimum”, in *Minima sociaux et prestations sociales en 2014*, DREES; The differences in the average amounts to “make ends meet” between this publication and the table presented here are explained by differences of scope. The scope chosen for the table is restricted to people aged 18 to 64, to match the scope of the reference-budget study.

2. The disposable income of a household includes work-derived income, income from assets, transfers from other households, and social-security benefits (including retirement pensions and unemployment benefits), net of direct taxes. Four direct taxes are taken into consideration: income tax, council tax, Contributions Sociales Généralisées (CSG – Generalised National Insurance Contributions) and Contribution à la Réduction de la Dette Sociale (CRDS – Social Security Debt Reduction Tax).

3. The standard of living is equal to the household’s disposable income divided by the number of consumption units.

Hence, the standard of living is the same for all members of a household. Consumption units are calculated using the so-called “OECD-modified scale”, which allocates one consumption unit to the first adult of a household, 0.5 consumption unit to other people aged 14 or over, and 0.3 consumption unit to children under 14.

Given the phrasing of the question in the SRCV survey, the relevant comparison for the analysis is the one between the amount deemed necessary to “make ends meet” and the disposable income, since respondents are asked to answer on an absolute amount of resources at the level of the household and not by consumption unit. However, information relating to the average standard of living is also given, since it gives additional information that is useful for the analysis; it enables a comparison to be made between the incomes of households of different configurations.
If reference budgets are compared with households’ responses regarding the amounts needed to “make ends meet”, it is noted that the results are very close, and even, in some cases, lower for the reference budgets. In particular, that is the case for single people or for couples with no children. In spite of that difference in objective, budgets drawn up by the consensus method are very slightly higher for couples with two children and living in public-sector housing, as well as for single-parent families. This once again highlights one of the constants of the reference-budget study, which allocates higher needs with respect to that family configuration than do budgets drawn up using other methods.

Second result: the comparison between the amount deemed necessary to “make ends meet” (line 1, Table 20), the reference budget (line 2), and the average disposable income (line 3), highlights the financial difficulties that can be faced by households with a low level of disposable income. Hence, single people and single-parent families have an average disposable income (of 1,753 euros and 2,304 euros, respectively) that is scarcely higher than the budget needed to “make ends meet” (1,574 euros and 2,079 euros, respectively). Single-parent families have an average disposable income that is lower than the reference budget (2,304 euros and 2,830 euros, respectively).

In conclusion, reference-budget amounts as established by the consensus method are relatively close to those obtained by other, more quantitative methods based on a representative sample of the population – which, in a way, validates the qualitative results.

Reference budgets account for a more significant part of the median standard of living in France than in the United Kingdom

Other countries have become involved in drawing up reference budgets, including the United Kingdom in particular, from which France has drawn inspiration. Comparing results for these two countries is a delicate exercise. Even by using a comparison that takes account of buying-power parity (to account for varying price levels depending on national configurations), gaps remain. Accordingly, in order to offer a partial remedy for those methodological difficulties, it is proposed that a comparison be made between the relative level of reference budgets and the median standards of living in France and the United Kingdom (Table 21).

However, it should be noted that the objective is different. In the SRCV survey, it is a matter of measuring the budget needed to “make ends meet”, which is more restrictive than drawing up a budget for “participating effectively in social life”. In the case of reference budgets in particular, a consensus is built around what a typical household needs to take part in social life, whereas in the SRCV survey, a measure is taken of the average of what respondents deem necessary for their own households. The amount deemed necessary increases in line with respondents’ standard of living, so it is understandable why the result is higher when the average is taken of amounts quoted by all households for themselves than when respondents are asked to agree on a minimum budget.

See the Crédoc / IRES report, chapter 5.
French reference budgets often represent a larger proportion of the median standard of living than do equivalent British indicators, except for couples with no children, where that proportion is lower in France (81 as against 86). However, overall, the gap is not significant (merely a few points), except for pensioners, where it is around 20 points. That result is fairly consistent with the contrasting situation of pensioners in the two countries. In France, that group has a median income close to that of working people, whereas in Great Britain, that group is in a markedly less favourable situation.

The inverse gap is noted with respect to the same family configurations made up of adults of working age. The budget is relatively higher in France for retired households (compared with working households), whereas in the United Kingdom, the ratio between the reference budget and the median standard of living is lower for pensioners than for working people.

### Table 21
Reference budgets in comparison with the median standard of living, France/United Kingdom (as a %)

<table>
<thead>
<tr>
<th></th>
<th>France</th>
<th>United Kingdom</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single working person</td>
<td>88</td>
<td>83</td>
</tr>
<tr>
<td>Working couple with no children</td>
<td>81</td>
<td>86</td>
</tr>
<tr>
<td>Single pensioner</td>
<td>96</td>
<td>77</td>
</tr>
<tr>
<td>Pensioners living in a couple</td>
<td>90</td>
<td>69</td>
</tr>
<tr>
<td>Single-parent family with 2 children</td>
<td>100</td>
<td>95</td>
</tr>
<tr>
<td>Couple with 2 children</td>
<td>88</td>
<td>87</td>
</tr>
</tbody>
</table>

The reference budget for a single working person represents 88% of the median standard of living in France, and 83% in the United Kingdom.

CHAPTER 5

The reference-budget approach in public debate

The preceding chapter highlighted the closeness between reference budgets and families’ essential needs. This chapter will offer some perspectives on the possible uses of reference budgets. It is suggested that those budgets are not so much an additional indicator as they are a methodology giving insight into the notion of belonging to society and of feeling oneself to be a member of society. Indeed, this methodology flags up the shortcomings and insufficiencies of access to goods and services that present an obstacle to such belonging. This chapter proposes different ways of using reference budgets, aimed at statistical departments and at social stakeholders.

Reference budgets and minimum social benefits

Figure 2 shows what is represented by the cumulative amounts of various national social-security benefits (except local add-ons) that various types of families can apply for if they have no resources, in principle, with respect to reference budgets. For households of working age, the RSA and various family benefits play an essential role; for households that are not of working age, the minimum old-age income and additional payments are determinant. According to that “gross” comparison, the gaps between those families’ incomes made up solely of social-security benefits and payments are high, and point to the high level of want suffered by those families with regard to what would be necessary for effective participation in social life. Hence, we observe that, overall, the basic amount of RSA (after taking account of housing benefits) covers just 45% to 65% of the needs identified in the context of reference budgets. However, that rate is higher for single-parent families (of the order of 55%) than for couples with children (less than 50%), and higher for single pensioners or pensioners living in a couple (about 60%) than for working people (about 50%). Since the crisis, living conditions for people receiving the basic Revenu de Solidarité Active (RSA – Active-Solidarity Income) and the Allocation de Solidarité Spécifique (ASS – Specific Solidarity Allowance) have deteriorated further. “The consumption privations, which were already frequent before the crisis, have a greater effect on recipients of the basic RSA or the ASS than before, including for basic needs like food, health, and clothing”41.

However, this comparison is not a relevant one, because minimum social benefits are not intended to be substitutes for work-based income or pensions. The traditional gap between those minimum social benefits and the minimum wage reflects legislators’ intentions. Reference budgets do not aim at constituting a sort of reference indicator for minimum social benefits. They do, however, highlight the fact that the unsatisfied material needs of working-age households in a precarious situation remain high at a time of sustained slow growth and a lack of full-time jobs. This even more strongly justifies the request, often expressed by the CNLE, for – at the very least – a re-assessment of those minimum social benefits, so that the delay does not worsen with respect to families in which the adults are unemployed.

In a context of public budgets being put under severe pressure, it may seem difficult to bring about a significant increase in minimum social benefits and other allowances aimed at the most modest families. Accordingly, the question of a priority return to work for the adults concerned is one that becomes even more pressing; in addition, it is important to more actively involve other ways of satisfying essential needs. Over and above what can be taken on by private-support networks (whether family-based or associative), of which the advantages are known, as well as those networks’ limitations for replacing public action, priority should be given to better access to high-quality public services (in respect of transport, health, childcare, and public-sector housing).

**Figure 2**
Guaranteed minimum income as a percentage of ONPES’ reference budget (without the cost of complementary health insurance for the ONPES)

For a working couple with no children, the amount of the guaranteed minimum income represents 50% of the reference budget for that household.
Sources: Crédoc valuation 2013-2014 of ONPES reference budgets; DREES case-studies model, legislation of 1 April 2013 for the guaranteed income of working households; IRES calculations for pensioners’ guaranteed income.
Better knowledge of non-monetary poverty

Indicators for measuring poverty traditionally distinguish between two types of data: monetary indicators, which observe the situation of incomes or of standards of living and compare them with the median standard of living; and non-monetary indicators, also called living-standard indicators, which observe the extent to which families have or have not had access to goods and services deemed essential. Those two sets of indicators are each based on empirical conventions (poverty line set by convention, conventional proportion of goods and services to which access is limited).

For several years, a growing divergence has been noted between indicators that measure monetary poverty and living-condition poverty. The former have shown an upward trend since the mid-2000s, whereas the latter have fallen, including for the lowest income deciles. One of the reasons given for that divergence is the relative obsolescence of the survey that measures poverty in living conditions, and that does not take account of new needs. From that point of view, the study of the baskets of goods put together using the reference-budget method may be useful to advance understanding of those changes.

 Similarly, if one considers populations who find themselves in both of those situations, one observes that those populations represent almost 20% of households, whereas just 5% are in either one or the other of those situations. There again, reference budgets could give information on those populations who fall between the monetary-poverty line and the median income, and of whom one could think that the restrictions of which they are victim bring them closer to populations who are in situations of both monetary poverty and living-condition poverty.

Deepening the notion of social exclusion

The reference-budget method could also offer a pathway for exploring what is meant by “social exclusion”. By definition, families whose means (i.e. financial and other resources) lie below those budgets are likely to turn away from goods and services deemed necessary for effective participation in social life. To put it another way, they may, to varying degrees, have difficulty in taking part, or even have a feeling of exclusion. Most situations of (relative) monetary poverty observed by the ONPES to date affected mainly families below the poverty line (at the 60% threshold of the median standard of living), i.e. about 990 euros per month for someone living alone, or at the 50% threshold, i.e. about 820 euros per month. At that level of resources, poverty goes hand in hand with a feeling of exclusion, a matter that is confirmed by the gap with respect to reference budgets.

Above those thresholds of monetary poverty and below reference budgets, there is a considerable proportion of families (cf. Chapter 3) who, whilst not in situations of poverty, nonetheless experience varying degrees of want or privation that can be felt subjectively in their social

relationships, and of which the significant presence is doubtless variable depending on age (i.e. the hope of securing a higher income later) and the environment into which they are plunged. What do those restrictions cover? Are they chosen based on, for example, preference as to place of residence? How are choices made under constraints, and how are those choices influenced by the quality of public services and by access to housing? Those are questions that must be considered more deeply based on a more systematic comparison of reference budgets with the real budgets of families whose standard of living is higher than poverty rates, but lower than reference budgets.

Questioning certain statistical conventions

In its report, the ONPES gave precedence to comparing reference budgets with the indicator of average expenditure or of other ways of putting together baskets of goods and services (UNAF), as well as with certain representative statistical surveys that enable public opinion to be measured regarding the “minimum income needed to live” (DREES Barometer and SRCV survey). The ONPES also emphasised the value of that tool in questioning the relevance of equivalence scales currently used by the European Union; the European Union’s methodology has not been revised for several years, and is the subject of debate amongst experts. From that point of view, work currently being done by INSEE and DREES should lead to an appreciable improvement in those scales, an improvement in which reference budgets may usefully play a part.

An additional perspective for the fight against poverty and social exclusion

Many local authorities use various types of standard budgets to organise their social interventions, for example in drawing up pricing tables for services to the population (whether canteens, transport, or access to cultural facilities) provided by social bodies and by associations. Reference budgets do not specifically qualify populations who are the usual users of services like those offered by Caisses d’Allocations Familiales (CAF – Family Benefits Funds), Centres Communaux d’Action Sociale (CCAS – Commune Social Welfare Centres), or associations. However, they should be useful in determining populations at the upper margins of monetary poverty or who are required to restrict their spending to varying degrees. From that point of view, the following stage of this initial work may consist of drawing together the data available to those bodies, in order to see specifically in what way reference

43. The work done by the DREES already provides pointers as to the ways in which the poorest populations have to restrict their spending. Thus, 60% of the recipients of minimum social benefits have to restrict their consumer spending, especially by going without enough food. About 50% state that they are under tight budgets, one third experienced late payments in 2012, and 20% experience housing difficulties. See the results of the survey into the living conditions of recipients of minimum social benefits. 

http://www.drees.sante.gouv.fr/enquete-sur-les-beneficiaires-de-minima-sociaux-bms_11244.html
budgets can be a tool for helping to prevent poverty and social exclusion. There are many social bodies (CAFsf, city councils, CCASs, associations in the after-school sector, or leisure facilities) that use the CAF family quotient and which burden single-parent families further, since the number of parts depends on the number of children alone, with the parent(s) counting as two, whether in a two-parent family or a single-parent family. Furthermore, the various systems for legal provision and for tax involve other implicit scales that vary greatly from one system to another. However, comparing the general scale obtained by their consolidation with scales of the same type established by other countries shows a divergence that suggests that those administrative scales aim at something other than just measuring gains in community life. In that way, the equivalence scales implicit in reference budgets could be used as part of a discussion on “administrative” scales that underlie social transfers and help for families, or even for setting the rates for new services.

Box

The calculator: an educational tool available to users and to the public

The novelty of reference budgets means that this new tool can be made available to citizens themselves. That is the thrust of the discussion currently under way within the ONPES for developing a calculator that could be put online. That calculator (a tool for comparing a household’s observed outgoings and the desired reference budget) should not erase the nature of the exercise, which was carried out in particular contexts that limit its national scope in respect of some items of expenditure. Therefore, users of the future calculator will have to bear in mind that the tool was developed to give a comparative image of the users’ own needs with respect to those drawn up by the focus groups, which are not representative of the French population.

Using a calculator like the one placed online by the ONPES will serve as a starting point and a point for discussion. Citizens would use it for budget management (“what I do or do not need”), or to manage debt (“What sort of goods can I cut back on to reduce my debt whilst continuing to take part in social life?”). It can be a way of using individual or collective reference budgets (through associations or public services that deal with vulnerable populations (e.g. the CCAS, the social services of each département, etc.) and that are called upon to identify the constraints suffered by the families who are helped). We should state that the tool is not intended to dictate modes of consumption, but to compare a mode of consumption with what the focus group citizens have deemed necessary for effective participation in social life.

Future work around reference budgets

Using the citizen-consensus method to produce initial reference budgets for effective participation in social life has put the ONPES on a prospective path that is in line with one of its missions: that of exploring new methods for understanding the phenomena of poverty and of social exclusion in all their diversity. Hence, it is important that methods and results should be presented with the greatest clarity. That is the thrust of the publication, in parallel with this report undertaken by all the members of the ONPES Board, of the report drafted by researchers from the Crédoc and IRES. However, over and above those initial results, it seems necessary to deepen and widen the approach.

The ONPES will have to regularly index the prices of various baskets of goods (it seems necessary to index every two years) as well as revise the contents of those baskets (every five years) in order to take account of changes in modes of consumption. Similarly, it will be important to fine-tune those budgets for other types of household or other territories, especially rural areas or metropolitan areas, for which needs are different, e.g. in respect of housing (costs), transport (means), and food (taking account of self-production).

Reference budgets could enrich or clarify the approach adopted for a number of years by the associative world and the CNLE around the concept of “subsistence allowance”. The aim of the latter is to determine the vital needs of families, needs below which people’s integrity and dignity are at stake and that are, accordingly, irreducible. How does that fundamental concept for preventing extreme poverty link up with the concept of reference budgets, aimed at representing needs for effective participation in social life? What core needs are common to them, and what significance should be given to their difference? Exploring these questions should be the subject of joint deeper discussions between the CNLE and ONPES (see the CNLE’s contribution at the end of this work).

Finally, the ONPES will soon organise a conference with some European countries, bringing together developers, potential users, people in poverty, and a range of stakeholders, to make reference budgets a new tool for measuring social inclusion.
Statistical knowledge of situations of poverty and of social exclusion is only one starting point amongst many others to understand and to communicate publicly the situation of people who suffer exclusion in France. With this initial report on reference budgets, the ONPES partially distances itself from that register. The research carried out on the basis of the very detailed work done by focus groups, from which the report draws its evaluations, may well be symbolically representative of the diversity of family situations in France, but it should not be likened to the results of a traditional survey making use of large samples. That said, the approach followed (one based on deliberation, listening, and interaction between people and academic experts), will have led to an increase in the amount of qualitative information available and helped to overcome the obstacle of conventional thresholds of monetary poverty or in living conditions for measuring those phenomena.

By basing the exercise of subjective expression on a general question put to French people of all economic and social backgrounds, i.e.: “What is essential for taking part effectively in social life?”, the method used leads to an exploration of not just poverty, but a wider set of situations in which a family or someone living alone is forced to give up certain goods and services that are nonetheless deemed necessary for living “well, but without luxuries” through lack of resources, lack of support from family or neighbours, or unavailability of access to essential basic services, like affordable housing that is of suitable size for the family configuration.

The situations that this exercise has shed light on primarily concern very modest families who belong to the first two income deciles, and who have traditionally been the focus of ONPES attention. However, these situations also affect a significant proportion of families whose living standards lie between the third and fifth income deciles. Many of those families do not feel poor. Moreover, they are not poor from the point of view of conventional thresholds of monetary poverty. And yet they experience varying degrees of restrictions that may be slight or significant, temporary or long-lasting, but which weigh down on their ability to play their full part in social life and to feel comfortable in their living environment. It is no surprise that single-parent families, couples with children, and elderly people living alone are the most exposed to such restrictions.

That finding, corroborated by data from reference budgets, also provides insight into why, in spite of the fundamental pre-eminence of the question of unemployment and of work that weighs down decisively on poverty and social exclusion, the topic of buying power remains an especially sensitive one in France.
Hence, the overall challenge of social cohesion, which also involves work on the question of “living together” (to comply with French society’s growing diversity), presents itself as being larger than the nonetheless essential challenge of reducing poverty (especially extreme poverty) and social exclusion. It is a matter of grasping all the aspirations and abilities to participate of large parts of the population who lack certain means necessary for well-being and living well.

The corresponding answers can only be rolled out over time. It would be a mistake to separate the two tasks of cohesion: that of the fight against poverty and social exclusion, and that of building the ability of all to take their place in society. The one goes with the other, and, more than before, the current crisis is a call to seek out new paths that are of benefit to all, for example in matters of collective functions or access to housing, training, and taking part in social activities.
Contribution of a working group* from the CNLE to the ONPES report on référence budgets

At the ONPES’ request, the Conseil National des Politiques de Lutte contre la Pauvreté et l’Exclusion Sociale (CNLE – National Council on Policies for Fighting against Poverty and Social Exclusion) set up a working group to look into the work the ONPES had done on “Les budgets de référence, une méthode d’évaluation des besoins pour une participation effective à la vie sociale” (“Reference budgets: A method for assessing needs for effective participation in social life”). The discussion on the challenges of that tool is presented in this contribution by the CNLE, which puts forward proposals on possible extensions as well as on the political and social use that could be envisaged for those reference budgets.

From the CNLE report on suitable means of existence, to the ONPES report on reference budgets

The CNLE highlights the importance of the link between reference budgets and the work that it did in 2012 on the “subsistence allowance”45. Those two concepts greatly complement one another, for they both cover the study on household budgets for the purposes of discussions on social policies.

The CNLE report highlighted how urgent it is to improve the situation of the most modest households. It showed the growing difficulty that some French citizens have in meeting their irreducible outgoings (housing, energy, transport, etc.), and the intolerable privations or

* The CNLE’s working group was made up of Gabrielle Bortolozzo (8th College of the CNLE), Françoise Coré (ATD Fourth World), Christiane El Hayek (Secretary General of the CNLE), Bruno Grouès (UNIOPSS (Union Nationale Interfédérale des Œuvres et Organismes Privés Sanitaires et Sociaux – National Interfederal Union of Private Health and Social Works and Bodies)), Hassan Harbaoui (8th College of the CNLE), Pascale Novelli (Secours Catholique), Etienne Pinte (President of the CNLE), Alazaïs Raynal (trainee at the CNLE), and Chantal Richard (CFDT (Confédération Française Démocratique du Travail – French Democratic Labour Confederation)).

Reference budgets

debt situations that those gaps can cause. In doing so, it denounced the stigmatisation of people living below the poverty line, and a certain type of discourse on the “beneficiaries” of the welfare state.

After that initial situational analysis and the questions raised by the CNLE regarding household budgets, it was essential to continue the work by adopting a more systematic approach. That is why the CNLE’s first recommendation was to “draw up reference budgets to better define suitable means of existence.” The CNLE then considered it necessary to “swiftly arrive at better knowledge and understanding of what could be a universally-shared notion of a ’decent minimum income’”.

The contributions of the ONPES study on reference budgets

The CNLE begins by highlighting two main qualities of the study carried out by the Crédoc and IRES for the ONPES:

- Testing a participatory approach based on focus groups made up of people who belong to different categories of French society, with people in poverty taking part on an equal footing with the other members of the focus groups. Those people have been acknowledged as “experts in what is needed for effective participation in social life”, and it is the compilation of that specific expertise combined with scientific expertise that enabled reference budgets to be drawn up.

- The rigour and thoroughness involved in drawing up and calculating reference budgets, which contain details of every single good/service needed to satisfy the needs of a household and of each person in it, from clothing to crockery and equipment, and taking in cultural activities as well as holidays.

It is reassuring to note that the methodology adopted by the study produced reference-budget levels that are about the same as those from other work known in France. Moreover, that approach to drawing up reference budgets (albeit using a different method) is also in line with the approach proposed by the European Commission to all Member States as part of the European Minimum Income Network (EMIN) project. All of this work highlights the fact that housing and transport take up the lion’s share of household budgets. It also enables consideration of social and cultural poverty that can be caused by monetary poverty.

Admittedly, there are some limits to the French study carried out by the Crédoc and IRES, and the CNLE acknowledges the precautions taken by the authors as well as the great honesty shown by the ONPES in its report. It should especially be emphasised that reference budgets

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46. Ibid., p. 55.
47. Ibid., p. 65.
48. IRES: Institut de Recherches Économiques et Sociales (Institute for Economic and Social Research).
49. That includes, in particular: the “reference budgets” of the UNAF (Union Nationale des Associations Familiales – National Union of Family Associations), the analysis of the budgets of households helped by Secours Catholique (a Catholic assistance organisation in France), the European survey on household incomes and living conditions carried out by the INSEE, the DREES barometer on changes in French people’s opinions on health, social protection, and social inequalities, etc.
give estimated figures relating to satisfying needs at market prices, a strictly monetised approach to all needs, to which stakeholders in the social field cannot restrict themselves for a more in-depth understanding of households’ true living conditions... Those reference budgets put a figure on “a basket of goods and services” deemed necessary for leading a suitable, “normal” life with respect to current society. We know that there are other ways of satisfying those needs than using the market, especially by using certain public services as well as using assistance and solidarity (whether family-based, neighbourhood-based, or associative) and strategies for avoiding privation, or strategies for circumvention and making do (bartering, micro-businesses, illegal activities, etc.).

What uses does the CNLE envisage for the tool?

The CNLE feels that there are several possible ways of using reference budgets: they can act as an indicator and as an argument for re-assessing the lowest incomes, and they can have a symbolic use. At the same time, there is a need to be vigilant for potentially distorting effects.

Reference budgets: an indicator of social inclusion

For the ONPES, the budgets are not designed as an indicator of household poverty, rather as an indicator of household social inclusion, which makes reference to the European context and to calls for that work to be carried out. In that regard, the CNLE could propose that the European strategy on the fight against poverty should make use of those initiatives and endeavour to promote the new indicator.

As new benchmarks, reference budgets can be used by all stakeholders involved in the fight against poverty and social exclusion (public authorities, associations, businesses, etc.) to better analyse the gap between the needs of people who are helped and their cover, in order to tailor the answers provided.

Reference budgets: a scientific argument for re-assessing levels relating to the SMIC and to minimum social benefits, for adapting assistance provided and public services, etc.

This “indicator of social inclusion” can be compared with minimum social benefits and various social provisions, to see if they enable the households concerned to draw closer to a decent standard of living. In that way, reference budgets question the very purpose of minimum social benefits. The latter are revised out of a constant concern that they form a disincentive to work, not because the intention is to make them a true instrument of social inclusion. This leads to those minimum social benefits being kept at a level that is lower than (or even very much lower than, depending on the minimum social benefit) the poverty line at 60% of the median standard of living.

By upholding the principle that those benefits and provisions should help a household to better reach its reference budget, the CNLE considers that the tool could constitute a strong argument on which advocacy can base itself when negotiating with public authorities over requests for re-assessing resources that are available to the most modest families.  

Reference budgets will also enable the authorities to be called upon to take account of the offer and cost to users of public services (the “co-payment” for the various tariffs), as well as the significance of certain surcharges for essential services for those users who are in the most precarious situations (“double penalty” effects). Reference budgets will enable a case to be made for free and/or wider provision, at progressive tariffs, of the most effective, most suitable public services.

In the business world, reference budgets can constitute a new criterion that enables help for employees to be adjusted. In particular by seeking out additional services to ensure that poor workers (on involuntary part-time or temporary contracts, etc.) and workers who are on the SMIC (minimum wage) can lead a decent life. That may take the form of company agreements on housing, taking on payment for complementary health insurance, help with transport and childcare, holiday vouchers, luncheon vouchers and so on.

Meeting households’ needs so that they have their reference-budget amount available or meeting needs that make up the reference budget can also take the form of other political measures that the CNLE calls for in its report on suitable means of existence and in a number of opinions that it has published. By way of example:

- the systematic opening up of entitlement to CMU (Couverture Maladie Universelle - Universal Health Cover) and CMU-C (Couverture Maladie Universelle Complémentaire - Complementary Universal Health Cover) for all households whose resources fall below the 60% poverty line;
- review the rule for allocating social provision when it takes the income from year N-2 as a reference, leaving households in distress without help.

A strong argument for refuting clichés on handouts and on “the enrichment of recipients”…

The CNLE is also attentive to the symbolic use that can be made of reference budgets: they can doubtless make a valuable contribution in that field. Reference budgets are a psychological bulwark to counter the idea of dependence. Using that indicator of consumption needs for “a normal life”, one can show that minimum social benefits lie well below reference budgets. That is all the more so given that reference budgets reflect a consensus built between people who represent the whole of French society, not just the opinions of people in poverty.

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51. By way of example, in 2012, the work published by the CNLE on the “subsistence allowance” led the Government to measure the fall in buying power of RSA recipients, and to adopt measures for it to be re-assessed by 10% in five years.
52. Ibid., p. 136-138.
53. See the chapter on “Recommendations”, ibid., pages 55 to 63.
... however, the CNLE is concerned about potential misuse of reference budgets

Obviously, each household will try to position itself with respect to its own reference budget, but it can also be “classified” with respect to that standard, a matter that may lead to paradoxical situations or undesirable effects. For example, in salary negotiations, it is possible to assert that a given level of income is enough for a single person or a family to live on to limit wage trends. In some countries, banks use reference budgets to assess their creditors’ ability to repay. Banks can then choose to decline credit to some people because their income is lower than the reference budget.

How can that work be extended?

The CNLE commissions the Onpes to continue with the territorial focus and to monitor changes in reference budgets over time

The ONPES’ work on reference budgets initially covers a geographically-limited sample that accounts for a certain average of needs that is representative of the inhabitants of medium-sized cities. They do not have quite the same needs as households living in the countryside or in large metropolitan areas. Therefore, it is important for the ONPES continue that work, as planned, with regard to other territorial configurations. That would especially enable an understanding of territorial variations in expenditure on housing, transport, etc.

The CNLE also wishes to have those budgets updated fairly frequently, to enable an understanding of the variations and changes in items of expenditure over time.

The CNLE would like privation and strategies for avoiding expenditure to be studied more precisely

The CNLE feels that it would be useful to pursue the discussion by means of qualitative studies, to know how people whose income does not reach the level of their reference budget deal with their needs and resources in order to manage their true budget. To put it another way, there is a need to understand which outgoings are sacrificed after choices have been made between various needs, and which privation-avoidance strategies are used: economic initiatives, making do and personal resources, help from family or neighbours, etc. that can allow new paths to be explored in respect of mediation and of social intervention, for example by trying to see how those strategies can be supported.

Such an extension to reference budgets could be a way of working for CCASs: enabling people receiving support to share possible avoidance strategies would, in a certain way, be a collective use of the tool.

Working to reduce “non-recourse”, which affects the amount of households’ resources

In light of the work done by the ONPES, the CNLE wishes to have additional studies carried out to better examine the impact of social policies on the budgets of the most vulnerable households, and to determine the impact of non-recourse to entitlements and services
on the budgets of those households. Non-recourse represents a deficit in a household’s budget, which leaves a gap in covering needs and can only widen the gap with respect to the reference budget.

The CNLE asks the State for stronger means for fighting non-recourse to social entitlements, and welcomes the development of the “entitlement simulator”, which will soon enable citizens to rapidly determine their individual situation and to know what steps to take to obtain the assistance to which they are entitled.
General bibliography

Age Platform Europe: www.age-platform.eu

Amar E., Beffy M., Marical F., Raynaud E., 2008, “Les services publics de santé, éducation et logement contribuent deux fois plus que les transferts monétaires à la réduction des inégalités de niveau de vie”. France portrait social, INSEE.


EMIN : http://emin-eu.net


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Specialist bibliography on reference budgets


United Kingdom: Minimum Income Standard


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The Netherlands

Belgium