

Household Incomes, Arrears, and Impacts on Employment: Preliminary Findings from Beyond Social Services’s COVID-19 Study *December 2020*



In March 2020, shortly before the circuit breaker was announced, Beyond Social Services launched its COVID-19 Family Assistance Fund. Since then, Beyond has provided financial assistance to over 1900 families. We have also undertaken a study to examine the economic circumstances of these families, and share some preliminary findings here.

By Stephanie Chok

COVID-19 has exposed and deepened existing inequalities in many countries. In Singapore, the financial impact has been devastating, particularly for persons engaged in low-paid and precarious forms of work. As the COVID-19 crisis worsened, Beyond Social Services (www.beyond.org.sg) reorganised its work to meet the immediate needs of its members. Broadly, the four key teams worked in these areas: food, finance, digital access, and employment. Table 1 provides a summary of Beyond’s recovery efforts between February 2020 and September 2020:

Table 1: Beyond Social Service’s COVID-19 Recovery Efforts, Feb–Sep 2020

BEYOND SOCIAL SERVICES’ COVID-19 RECOVERY EFFORTS	
FOOD	<ul style="list-style-type: none"> • 88,497 cooked meals distributed • 3,975 food ration packs distributed • \$453,450 worth of supermarket vouchers distributed to 1253 families
FINANCE	<ul style="list-style-type: none"> • \$3,159,470 committed to 1937 families (COVID-19 Family Assistance Fund)
DIGITAL ACCESS	<ul style="list-style-type: none"> • 584 devices distributed with wi-fi connections • 1 void deck with wifi connection serving 300 households • 70 volunteers matched with 70 students for online tutoring • Ongoing support for NeuPC applications
EMPLOYMENT	<ul style="list-style-type: none"> • 345 persons provided emotional and practical assistance • 44 income generation projects benefiting 14 persons • Online training benefiting 5 home-based micro business owners • 1 youth-driven initiative to build employment competency for youth

The [COVID-19 Family Assistance Fund](#) (FAF) was set up to provide temporary financial relief to families affected by the crisis: as of September 2020, more than S\$3 million had been committed to more than 1937 families, spread across 724 residential blocks across Singapore. Households

generally received between S\$300 to S\$500 a month for up to six months; in certain cases, for e.g. where there were larger families, families received between S\$600 to \$800 a month for up to six months. The key governing principles for BSS’s FAF team were ‘high trust, low barriers, and good enough governance’:¹ it was important that the process, while administratively compliant, was not overly onerous, and that families in distress were listened to with empathy (not suspicion).

What The FAF Data Shows

This analysis of BSS’s FAF applicants includes applications done between April and July 2020: Singapore’s circuit breaker started on 7 April 2020, which was when BSS moved its FAF application process online. Applicants for financial assistance spoke to BSS staff and volunteers from the FAF team, who filled in the application forms: data collected included demographic data, as well as information on household incomes pre- and post-COVID-19, rental/mortgage payments, and arrears, among others. After data cleaning, the **total sample size was 1035**. (We are currently working on a more detailed report which will examine six months of FAF data, from April to September 2020).

Demographic data

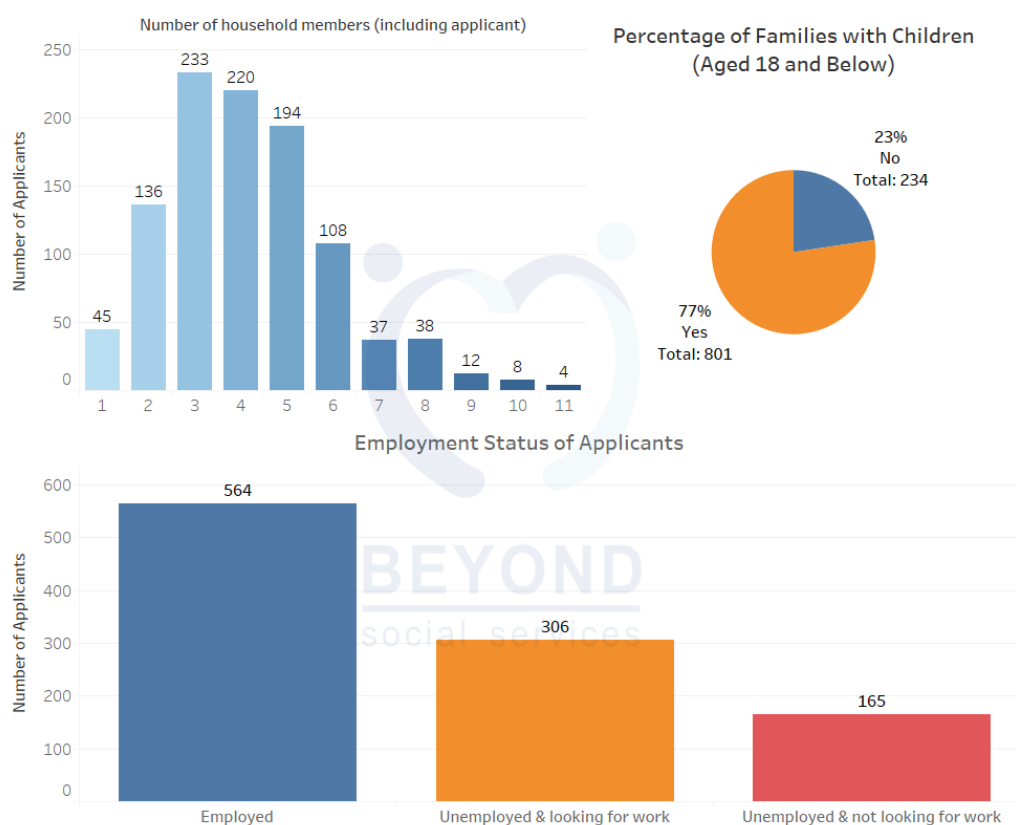


Figure 1: Household size, percentage of families with children, and employment status of applicants

¹ Beyond Social Services, ‘Another Week Beyond’, 17 April 2020, <http://www.beyond.org.sg/another-week-beyond-2016/>.

Most of the families that applied for FAF (77%) were households with children aged 18 years and below. Almost 40% were households with five or more persons. Even in households with one person, these persons were often supporting dependents not living with them—for e.g. non-Singaporean spouses and children separated because of travel restrictions and immigration regulations, or adult children supporting elderly parents.

The employment status of applicants, however, does not reflect the household situation: there could have been others in the household employed. Among those who were ‘unemployed and not looking for work’, the reasons were predominantly related to care responsibilities, then health-related issues. For some, this was temporary: with schools, student care, and childcare centres closed at some point during the circuit breaker, some women had to take unpaid leave or else put off trying to find employment because they had to look after their children. Other women who cited childcare responsibilities as a reason they are not looking for work often had younger children.

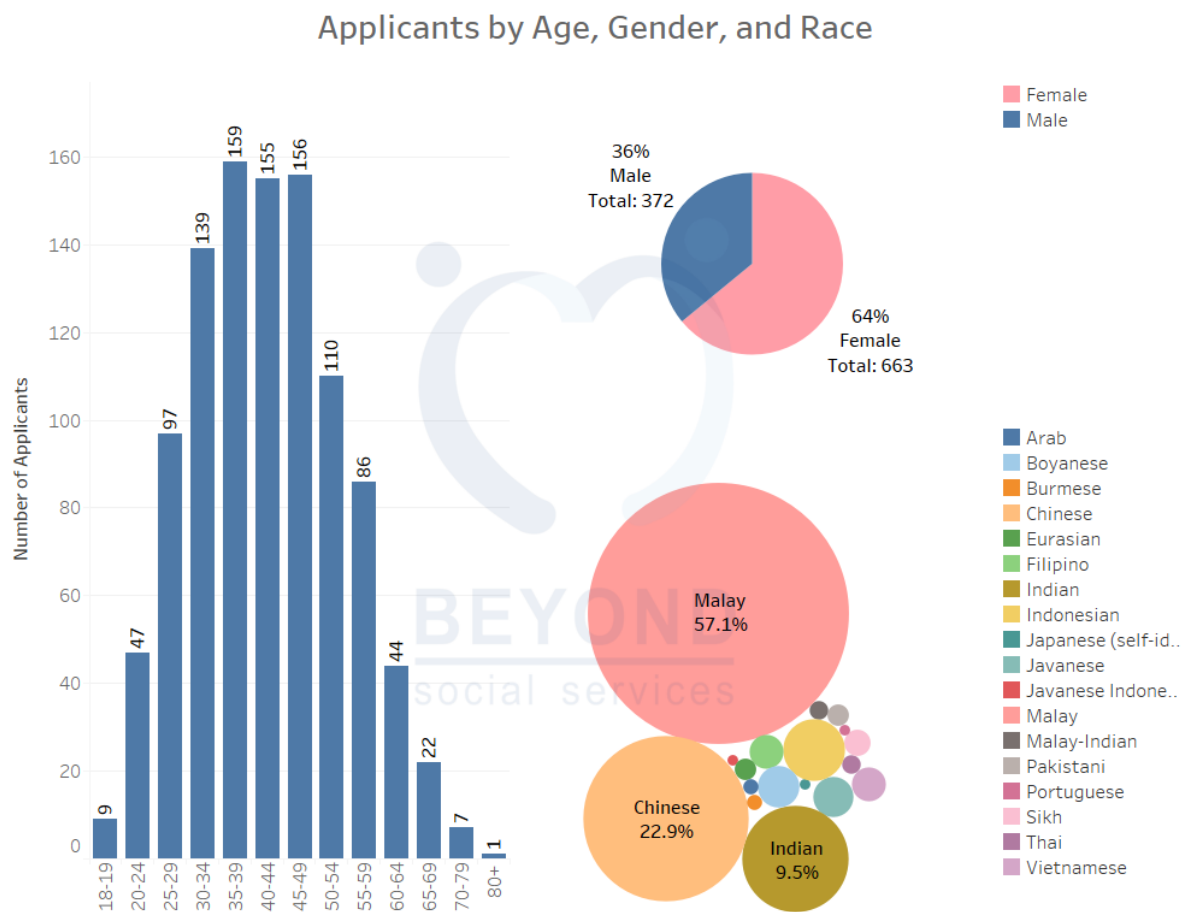


Figure 2: Age, gender, and race of applicants

Most of the applicants BSS spoke to were female (64%), and slightly more than half were Malay (57%). While most applicants were Singaporeans, at least 10% of applicants were foreigners

married to Singaporeans and holding permanent residency status, long-term visit passes, or social visit passes.

While most of the applicants were clustered in the thirties to fifties age range, there were 74 applicants aged 60 and above. There was even an 81 year-old applicant who was still working, doing ad hoc cleaning work. Several applicants in their 70s were also working, and engaged in low-paid work in the service sector (e.g. cleaning, tending to hawker stall).

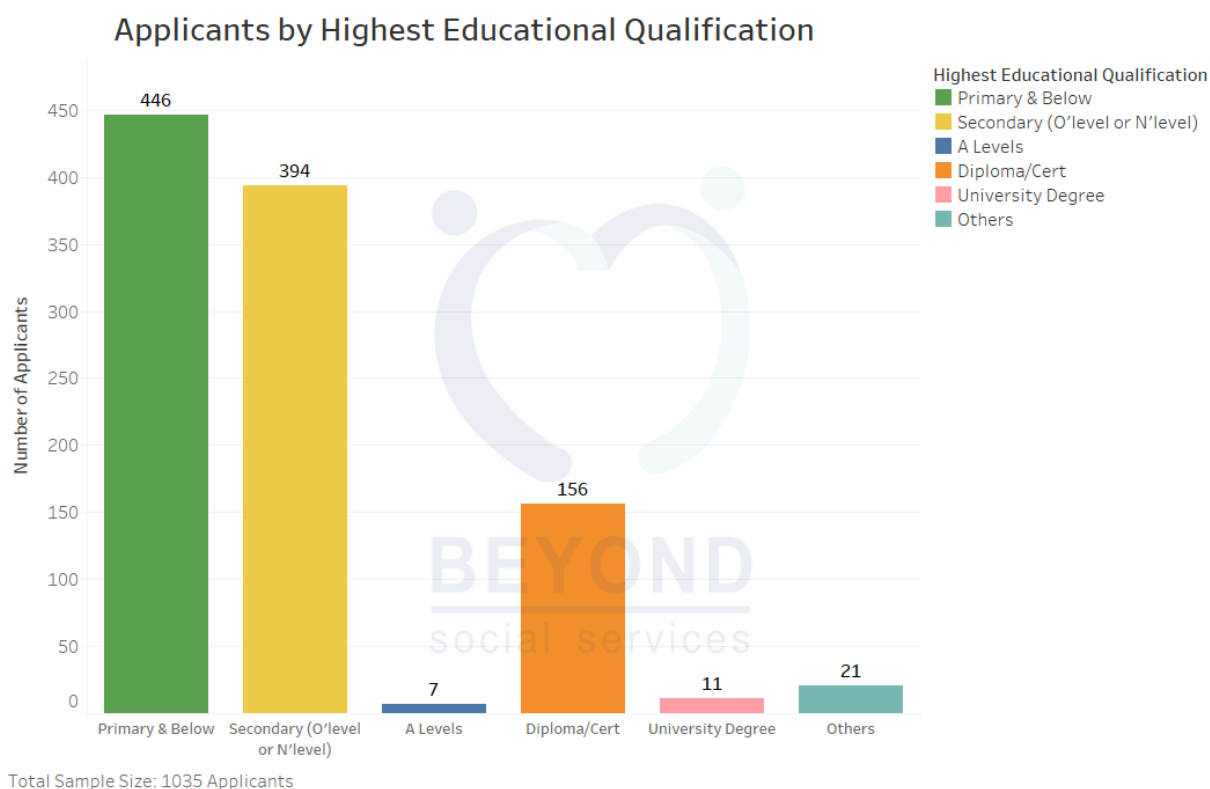


Figure 3: Applicants' educational qualifications

Over 80% of FAF applicants had secondary school level or below educational qualifications. Almost half had primary school level and below educational qualifications (43%). The majority of those with diplomas or certificates were in ITE (over 70%). Among the 11 applicants with university degrees, nine were unemployed and looking for work at the time of applying for assistance.

Income data

Based on the sample size of 1035 FAF applicants, here is a summary of reported household incomes from work 'pre- and post-COVID-19':

- Prior to COVID-19, the median household income from work among applicants was S\$1,600. After COVID-19, the median household income among applicants fell to S\$450—a **72% drop**;

- Prior to COVID-19, the median per capita income (PCI)—calculated by taking the household income and dividing it by the number of persons in the household—was S\$422. After COVID-19, the median PCI fell to S\$100, a **76% decline**;
- Post-COVID-19, around 38% of FAF applicants saw their household incomes drop to S\$0.

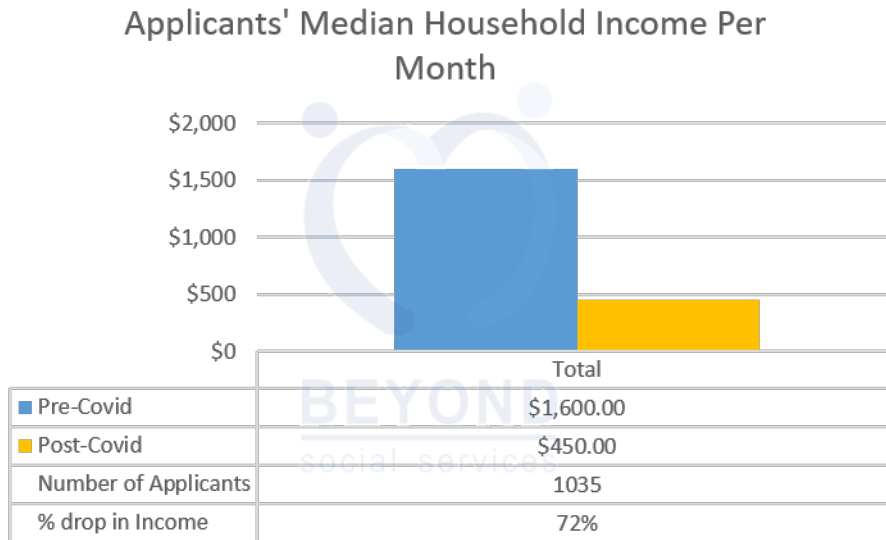


Figure 4: Drop in median household income from work for 1035 applicants

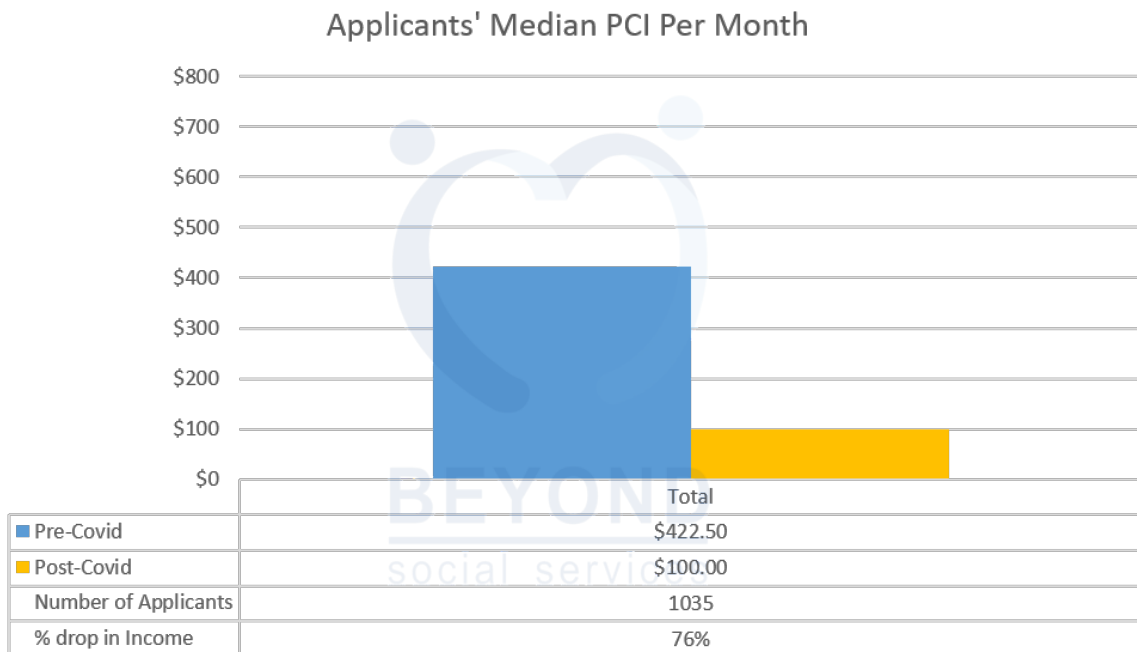


Figure 5: Drop in median per capita income from work for 1035 applicants

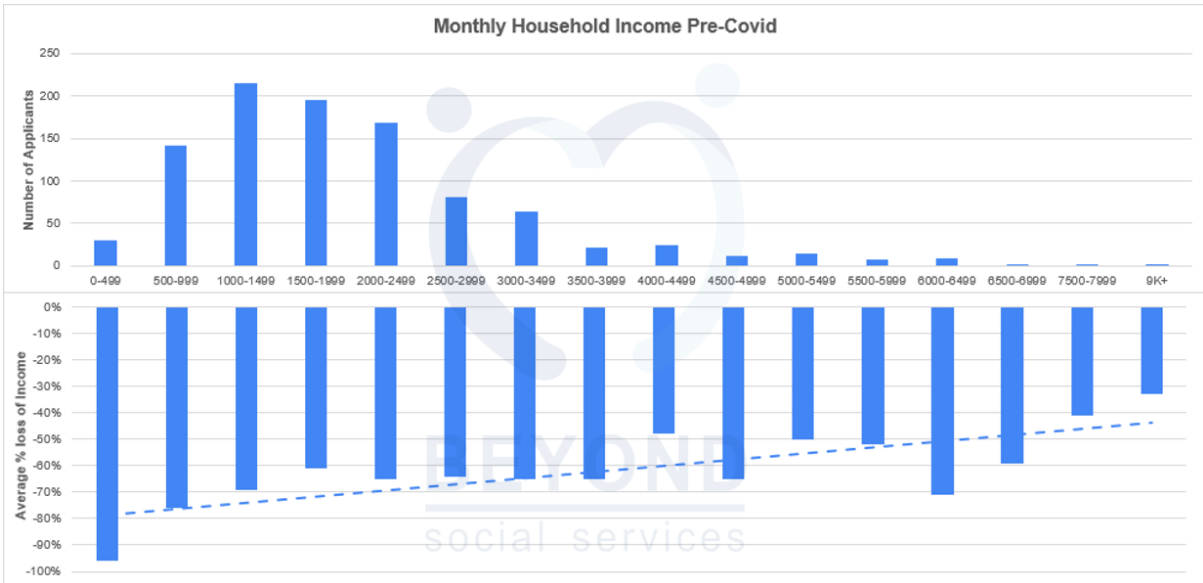


Figure 6: Average percentage drop in income of FAF applicants

Figure 6 charts the average percentage change in income for applicants in different income brackets pre- and post-COVID 19. As can be seen from the blue dotted ‘trend line’, which slants upwards, the drops in income have tended to be more severe for those in the lower-income brackets. While declines in income are significant overall, those already surviving on (much) less are experiencing greater drops in income, signalling that income inequality is deepening and will likely continue to widen.

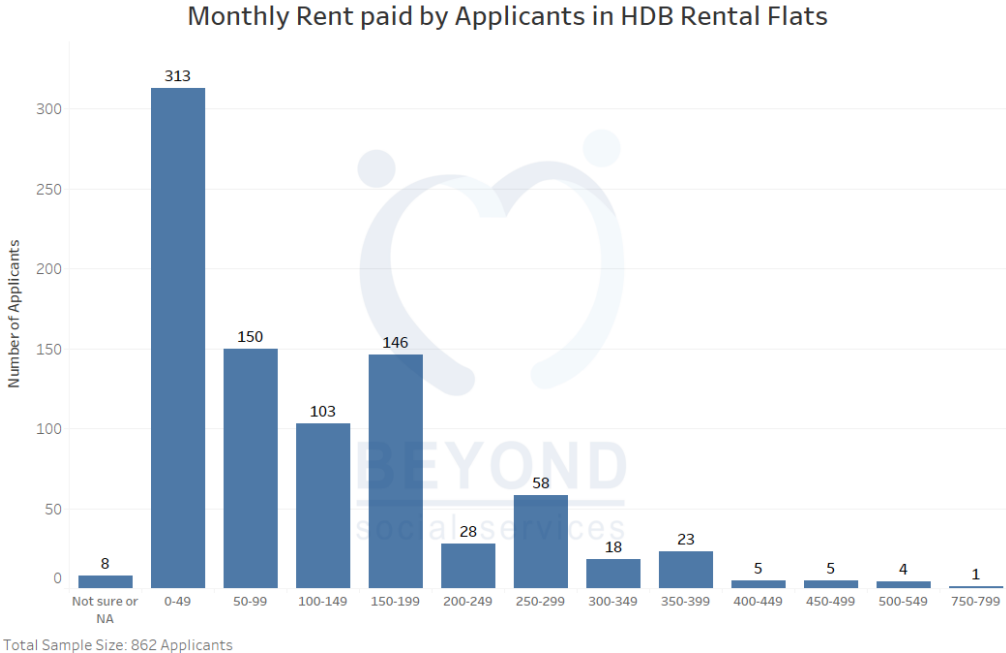


Figure 7: Monthly rent paid by FAF applicants living in rental flats

FAF applicants who lived in public rental flats (83%) reported quite a wide range of rental payments per month. While the [monthly rent for public rental housing listed on HDB’s website](#) ranges from S\$26 to S\$275 (depending on whether it is a 1-room or 2-room flat; and whether the

occupant is a 'first-timer' or 'second-timer'), FAF applicants reported rents as high as \$800. This is due to rental increases at the point of tenancy renewals: when household incomes increase, rent also increases.

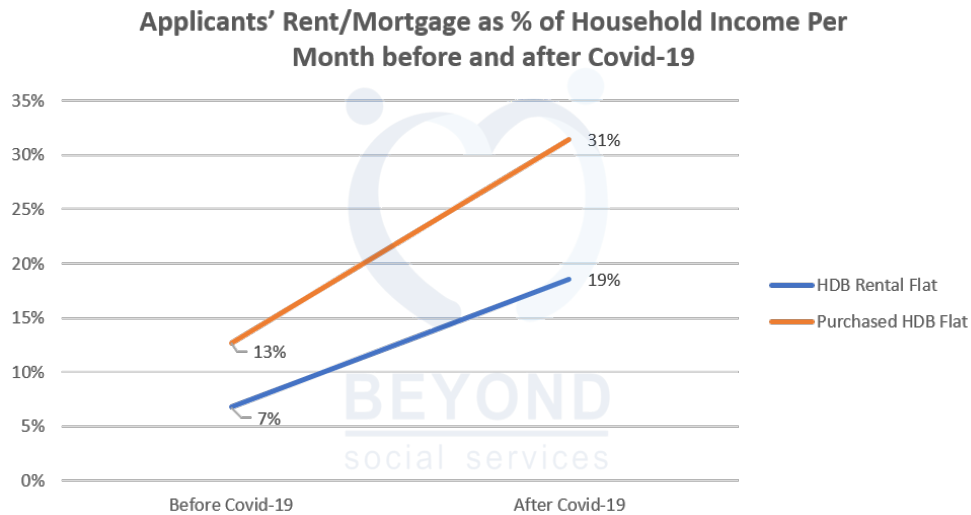
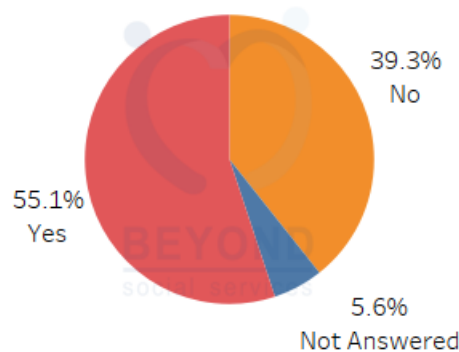


Figure 8: Rent or mortgage as percentage of household income pre- and post-COVID-19

Due to drops in household income, rent and mortgage payments as a percentage of household income more than doubled: from 7% to 19% for those in public rental flats, and from 13% to 31% for those paying off mortgages for purchased HDB flats.

Families with Arrears



Total Sample Size: 1035 Applicants

Figure 9: Percentage of families with arrears

More than half the applicants (55%) reported that their households were already dealing with arrears. Applicants had arrears in the areas of rent, mortgages, utilities (water and electricity), service and conservancy charges (S&CC), phone/wifi bills, and hire purchase payments, among others. Some were servicing loans taken out to pay for vehicles related to work: e.g. motorcycles/cars/vans for private car hire drivers and food delivery persons/couriers.

Employment

Types & Nature of Work

The majority of FAF applicants have secondary school level and below educational qualifications. This creates additional disadvantages for them in the labour market, and is reflected in the types of employment many of them are engaged in: low-paid and precarious forms of work, mostly in the service industry. Common sectors and occupations of FAF applicants—and their family members—include:

- **Service sector:** e.g. cleaners, F&B/hospitality workers (e.g. cook, wait staff, room attendant, hawker stall assistant), retail (e.g. cashiers, sales assistants);
- **Gig economy:** delivery riders, Grab/Gojek drivers, parcel deliverers;
- **Blue-collar work:** e.g. security guards, transport workers (bus or lorry drivers), pest control, movers, technicians, warehouse logistics;
- **Home-based work:** e.g. baking, catering, sewing, babysitting;
- **Adhoc work ('odd jobs'):** e.g. labourers, painters, packers, dishwashers, cleaners;
- **Administrative work;**
- **Self-employed:** e.g. hawkers, canteen stall operators.

The coronavirus crisis resulted in significant income loss for many, who either lost their jobs or had their take-home pay reduced, the latter due to pay cuts, reduced demand and thereby revenue (e.g. Grab drivers), reduced work hours and days, being asked to take unpaid leave, and loss of overtime pay.

The impacts were especially severe given the nature of their work and the types of employment relationships they were in: many were part-time, casual/contract employees; some were hired via third-parties ('agents'), who would call them when work was available. In other words, many were already experiencing high levels of job and income insecurity, and were in jobs with few/little paid benefits (e.g. paid sick leave or paid childcare leave), entitlements that became increasingly important during the pandemic. Most applicants were also in jobs where working-from-home was not an option.

Conclusion

2020 has been a harrowing year for many families. It has been especially difficult for those already on the margins. Not only did many households see their incomes vanish entirely or drastically

reduce, everyday life was disrupted in unforeseen ways: at the start of the circuit breaker, schools and childcare centres closed, digital access became a necessity, grocery shopping was unpredictable and stressful, and families were forced to spend most of their time at home, often in overcrowded conditions. The strain is exacerbated for families in distressed situations: partners filing for divorce, persons who are homeless, the incarcerated newly released from prison. Staying safe comfortably, eating regularly and healthily, working from home (and getting paid): these are marks of privilege, and frustratingly out of reach for many lower-income families.

The data indicates that most of the families who have reached out to Beyond are already in the [bottom 20% nationally](#), in socio-economic terms. While Beyond's FAF was conceived as a temporary measure, post-circuit breaker, it is evident that the economic circumstances of many households are not improving. Nationally—and even globally—predictions remain dire. [Jobless rates in Singapore have reached a 16-year high](#), and retrenchments, as at September 2020, have doubled from the previous year. The Monetary Authority of Singapore, meanwhile, predicts that any recovery in employment will be “[uneven and slow](#)”.

These preliminary findings show that the impacts of COVID-19 on Beyond's members—and families with similar profiles—have been severe, and will likely result in cumulative impacts, including the deepening of multiple forms of insecurity for the poor, and increases in household debt. While charitable efforts continue during the pandemic, these findings are symptomatic of structural dysfunction, and signal a strong need to consider and debate systemic reforms to our welfare regime, our labour market, and current economic models.

A full and more detailed report with these findings (and more) will be published by Beyond Social Services in early 2021.

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