



I·SPHERE

Young People's Welfare Regimes in Six Countries Work in Progress

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Child and Youth Poverty: Concepts, Contexts and Consequences

Devonshire Hall, Leeds, 16 September 2016



Background

Policy motivation

Proposal to remove automatic eligibility to Housing Benefit for 18-21 year olds .

Empirical objectives

To establish legal entitlements to social security in 6 countries, how these inter-relate with parental responsibilities, and their consequences.

Conceptual objectives

To establish how different “transition regimes” map onto different welfare regimes.

Key difference with report

Report benchmarked other countries against UK; we now benchmark countries against one another.

Approach

Selection of countries

Purposive: concentrated on high income countries with particular focus on “liberal” regimes, and excluded “southern” European regimes.

Liberal
Corporatist
Social-democratic

Australia, UK, US
Germany
Denmark, Sweden

Contextual information

Review of how *general* labour market and social security systems work, employment patterns and poverty rates.

Literature review

To establish approaches of social security to young people in these countries.

Pro formas

Completed by country informants

Statistics

OECD, Eurostat; SILC, HILDA, Current Population Survey

Context: Welfare Regimes

Unemployment Insurance

No system in AU; partial coverage in US; voluntary participation in DK, SE; flat-rate in UK, US.

Social Assistance

Lack of support for childless adults in US.

Housing Allowances

In DK, DE, SE social assistance provides safety net when Housing Allowance does not.

Public Expenditure

Social expenditure highest in DK, SE, DE; working-age means-tested benefits highest in AU, UK, US.

Employment (15-64)

Total: in range 71-74%, except US = 67%
Female: highest in DK, SE, but DE now > UK
PT Lowest in US; highest in AU, UK, growth in DE.

Poverty (18-65; 50% median equiv. income)

AT&T: Lowest in DK, DE; AU, SE, UK c. 10%; US >15%
Impact of T&T: Greatest in DK, UK (>50%); weakest in US (<30%).

Young people and social security

Unemployment Insurance

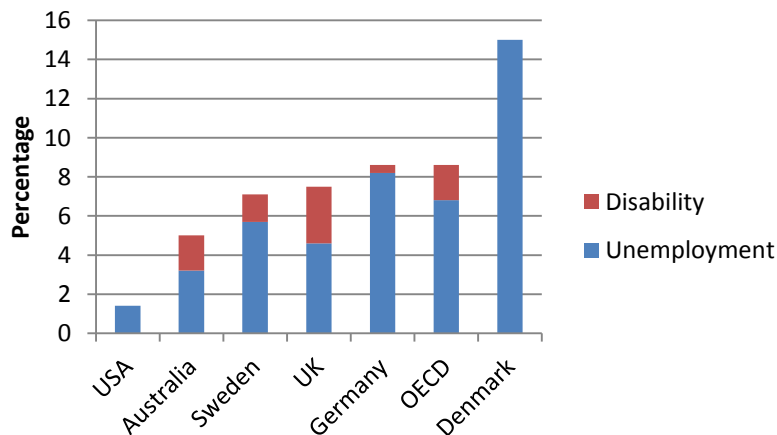
UK only country where young (<24) receive lower rate.
Contribution periods reduce young people's eligibility: most young people in DE, DK, SE don't qualify.
Contribution increases reduced coverage in SE to 50% of working-age pop, and 10% for U25s

Social Assistance

Equality: SE only country to treat young the same (>18; 21 if FTE) & 18-29 yos = 40% of all SA recipients.
Lower rates: UK (18-24); DK (now 18-29)
Assumption of parental responsibility: UK, AU (16/17yos); DE up to 25 not eligible in own right (**parental means-test**) unless good reason to leave home. If not get lower rate (88%).
Special system: Youth Allowance in AU (16-21) cuts across activities. Eligibility for mainstream SA benefit from 22.
US: very little support in US for childless. State schemes for singles generally kick in at 40. Food stamps.

Housing Allowances or other means-tested support for housing costs

Living with parents: In DE no support for <25s unless there is very good reason not to live with parents. Similar in AU where claimant <25 must establish “independence”. “Dependent” adults may claim if good reason to live away, but parental means-test.
Lower rates: UK Shared Accommodation Rate now extends to singles U35 + lower allowances for U25s.
Equal Access: Age limitations removed in DK.
Privileged access: Childless <29s in SE can claim Housing Allowance, but not >29.
US: Rare for childless to receive Housing Voucher.



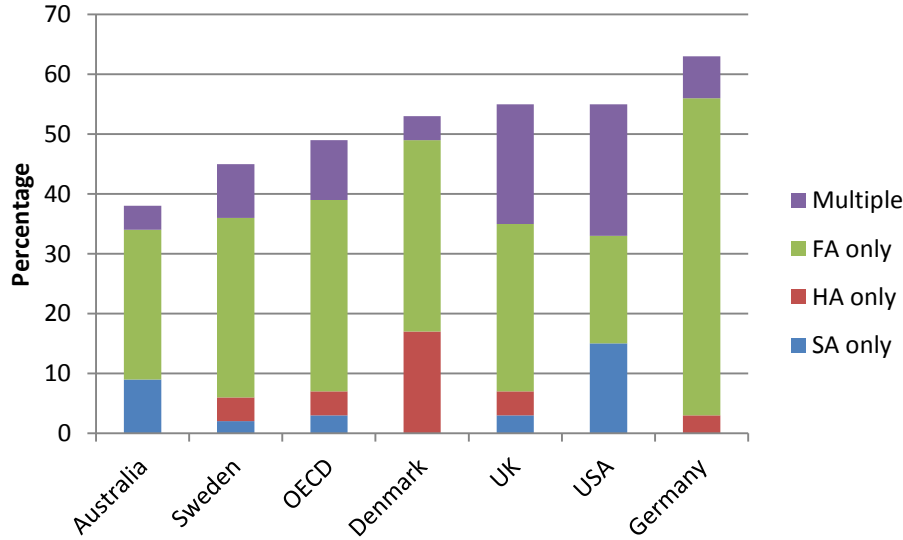
% 16-24 year olds in receipt of benefits (2012)

Parental Responsibility

Family Benefits, including tax credits

Age: Cut off at 16 in UK is uniquely low: usually 18
Extended if in full-time education: UK (school), AU, SE (20), US (21), DE (27).

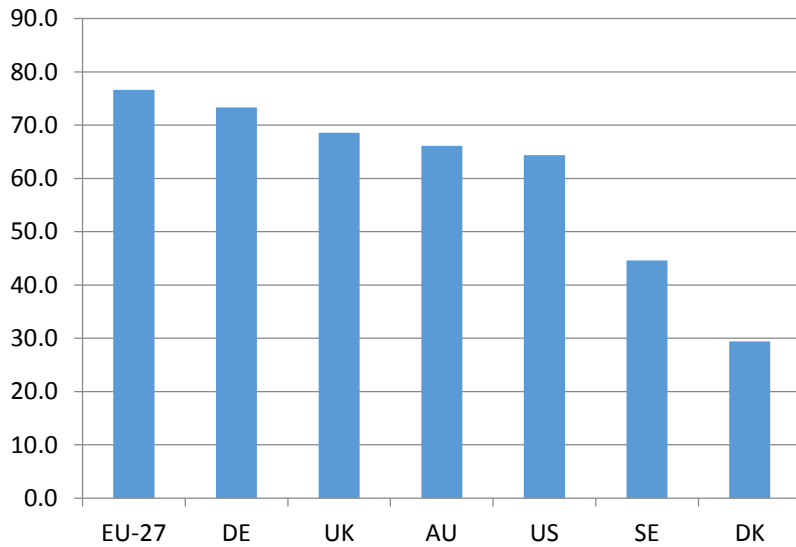
Means-testing: Only UK and US where tax credits are means-tested



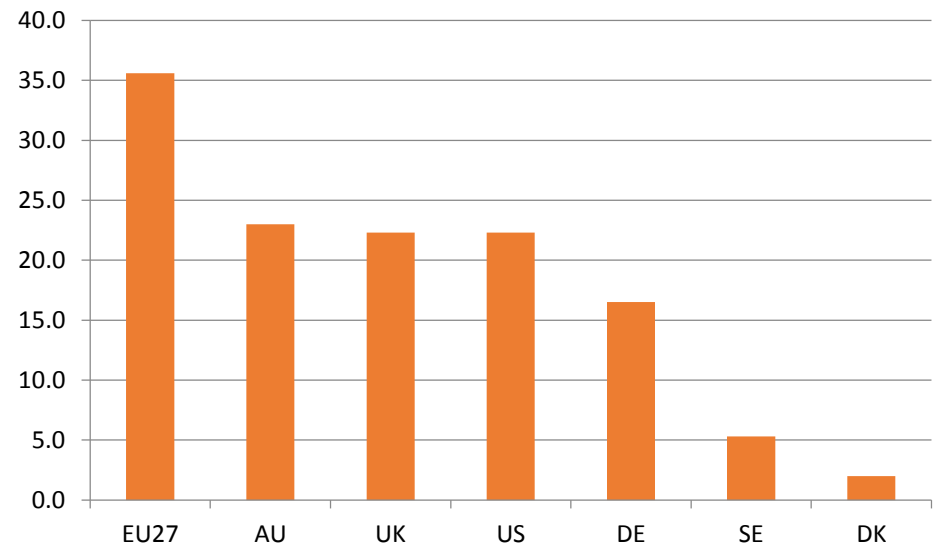
% 16-29 year olds living in households in receipt of benefits:

- High % Family Benefit, esp DE → importance of state linked to family
- Importance of Housing Allowance in DK

Living with Parents

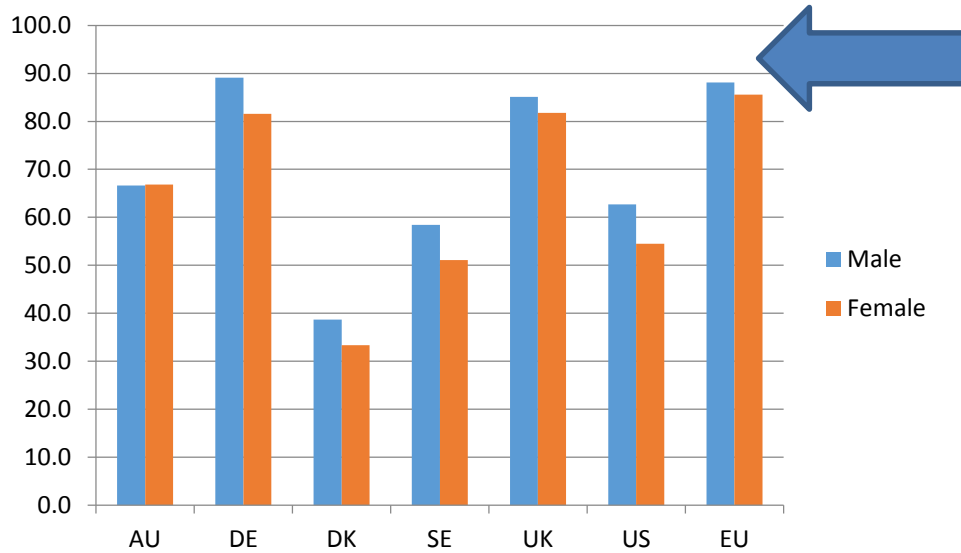


All aged 18-24



All aged 25-29

- Clear regime-orientated pattern for 18-24s
- Note shift in position of DE in 25-29s

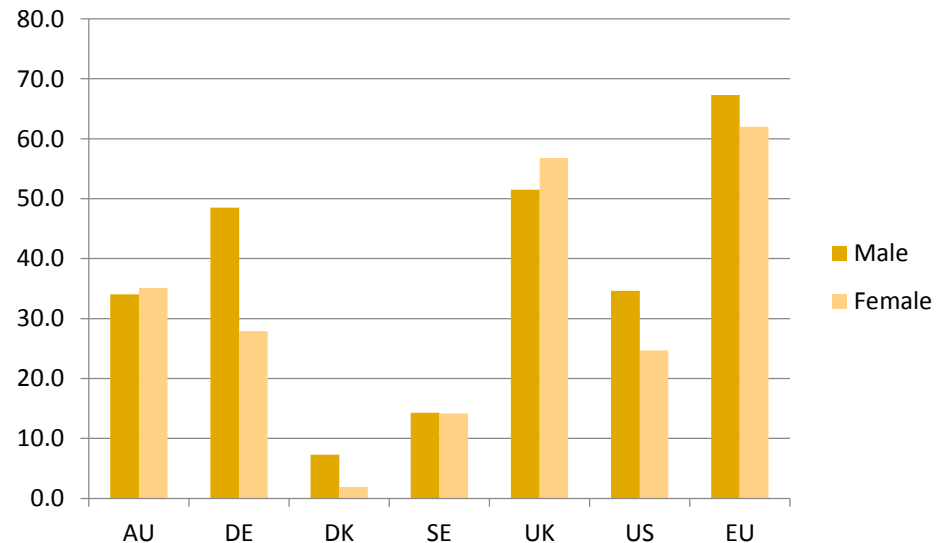


Singles aged 18-24 without Children

- Note high level in UK and SE (compared to “all”)
- Women generally more likely to have left home

Singles aged 25-29 without Children

- Note disruption to welfare-regime pattern for UK
- Very large gender gap in DE



Poverty (2013) (60% threshold)

	Aged 20-24	Aged 25-29	Whole Pop	All single
EU-27	22.6	16.3	16.7	25
DK	46.5	25.2	11.9	27
DE	20.4	21.1	15.6	31.9
SE	30.4	16.5	14.8	32.6
UK	21.8	12.1	15.9	25.8

- Poverty higher among 20-24s than Whole Pop
- Countries with high % leaving home early have high 20-24 yo poverty
- Poverty rate falls substantially among 25-29 yos
- In SE and UK, 20-24 yo poverty similar to all single poverty rate
- In DE 20-24 yo poverty much lower than all singles; DK the reverse
- 25-29 yo poverty lower than all singles, usually substantially so

Characterisations of Support

When should Parental Responsibility end?

Age centred approach: SE, UK = an age centred approach tempered by education

Education-centred approach: DE = education-centred approach tempered by age

When should state support for parents end and state support for young adults begin?

Familial model: DE = norm to treat children as dependent on parents

Autonomous model: In SE (20) and AU (22) young adults can receive full-rate benefits regardless of whether they live with parents

Hybrid model: In DK and UK lower rates of benefit are paid up to 29 and 25. There is a gap between state support for parents ending and the full rate of benefit entitlement.

How should the state
support young
people's housing costs

Independence-supporting: SE

Pragmatic: DE: Full support only if have to leave home

Incentivise to stay at home: UK (shared accommodation
rate)

Neutral: AU neither incentivises or disincentivises

Next steps

- Empirical:
 - Standardised statistics
 - Poverty and employment outcomes
 - Housing costs and outcomes
- Conceptual:
 - Whether welfare regimes for young people are distinct (“sector regimes”)
 - Whether differences represent stratification
 - Whether differences simply derived from distinctive household and occupational patterns associated with age.