Young people and social security: an international review

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The UK government has announced important changes to young people’s social security entitlements, including withdrawing an ‘automatic’ entitlement to Housing Benefit for 18- to 21-year-olds. This report reviews the social security entitlements of young people and the responsibilities that parents have towards them in six advanced economies.
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The report shows:

- In the UK, a gap in protection for young adults exists because state support for parents ends before full state support for young adults begins.

- In contrast, Australia and Sweden provide full rights to young people once they reach a certain age, while Germany provides support to parents for longer.

- Sweden provides additional state support to young people to help them access housing, in contrast to the UK, which provides less help.

- Even in Germany, where young people are normally expected to live at home for longer, full assistance is provided when young people leave home with good cause.
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Executive summary

This report reviews the social security entitlements of young people and the responsibilities that parents have towards them until they become independent in six advanced economies: Australia, Denmark, Germany, Sweden, the United Kingdom and the United States.

The structure of social security systems

The United Kingdom (UK) operates a universal system of social insurance, in contrast to the United States (US), where coverage is limited to certain ‘covered’ jobs, and Australia, where no such system exists. In addition, the UK and US systems provide only flat-rate benefits, which contrasts with the earnings-related systems of Denmark, Germany and Sweden.

Expenditure on social protection for the working-age population in the UK falls between the lowest levels of Australia and the highest levels of Denmark. Similarly, the UK’s expenditure on means-tested social assistance falls between Australia, which spends the most, and Denmark, which spends the least. The UK has a high level of part-time employment. Although the UK’s tax and social security system removes half of the poverty in the country when measured against pre-tax incomes, it has one of the highest levels of poverty among the six countries under study in this report.

Social security and young people

The study on which this report is based found that the way in which social security systems operate for young people can be very different from those that operate for the population as a whole. The social insurance systems that are so important in Denmark, in Sweden and to an extent in Germany for the general working-age population are much less relevant to young people because many young people either fail to qualify for social insurance through their work record or opt out (where the system is voluntary as is the case in Denmark and Sweden). Consequently, young people are more likely to depend on social assistance benefits when they live independently. They are unlikely to secure social tenancies or afford home-ownership in their own right, and consequently are much more reliant on private rental housing once they leave the parental home.

Parental support remains a significant source of welfare for many young people in their 20s. Many young people remain in the parental home for longer than the age for which parents have a legal duty to care for them (with the exception of Germany where the responsibility lasts at least until they are aged 25). More than 70% of Germans aged 20–24 live with their parents, compared with 50–60% in the UK and the US, 30–40% in Sweden and fewer than 20% in Denmark.

It is therefore unsurprising that, with the exception of Denmark where young people leave home at a much younger age than is the case elsewhere, fewer than one in ten young people receive social assistance benefits in their own right. Many more live in households that receive state support, of which family allowances are the most commonly received benefit.

The study found that the UK, along with Sweden and the US, has a youth poverty rate in excess of 20%. The UK has the highest proportion of young people aged 16–19 and 20–24 who are classified as not in education, employment or training (NEET).
Key issues

The study identified distinctive approaches to four key issues.

Parental responsibility

The study found two main approaches to the duration of parental responsibility (where the child remains single).

The UK and Sweden adopt an age-centred approach. Parents’ responsibility for their children ceases when their children reach a particular age, regardless of occupational or residential status. The two countries treat young people as being independent from the age of 18, or 21 if they are in education. This position can be characterised as being determined by age, but tempered by education.

In contrast, Germany adopts an education-centred approach. Parents’ responsibility for their children ceases only when their children have completed their education. Germany comes closest to this principle, since parents’ responsibility for their children continues until their children reach the age of 27 if they remain in education. The German position can be characterised as being determined by educational participation.

State support for parents and young adults

The study identified three main approaches to supporting parents with dependent children, and children/young adults in their own right.

Germany adopts a consistent familial model, whereby the norm is to treat children as being dependent on their parents until the age of 25. Until this age, benefits relating to the child are paid to their parents. Unless there is good reason for them to do so, a young adult who leaves home before this age will receive support at a lower rate.

In contrast, Sweden and Australia adopt an autonomous model. In Sweden, state support for parents ends when their child is aged 20, and the young adult becomes eligible for the full rate of benefit regardless of whether they live at home. In Australia, benefits are paid at a higher independent rate from the age of 22, with no further support for parents payable from this age.

A third – hybrid – approach is found in the UK and Denmark. Support for parents through family allowances ends when their responsibility ends, but a lower rate of benefit is paid to adult children up to the age of 25 in the UK and 29 in Denmark. There is therefore a gap between the end of state support for parents and full benefit entitlement (although there is an overlap in terms of partial benefits entitlement).

Young people and housing costs

Leaving home early is strongly associated with higher rates of poverty. There are four identifiable approaches to helping young people with their housing costs among the countries under study.

Sweden has adopted an independence-supporting approach that recognises the difficulties that young people have in making the transition to independent living. It provides access to housing allowances for childless young people up to the age of 29 in order to help them access housing. Denmark has extended support for people living in high-cost areas to people aged under 30.

Germany has adopted a pragmatic approach. The government expects young people normally to live with their parents until they are aged 25. If they leave home without good reason, they do not receive state assistance with their housing costs (and receive benefits at the stay-at-home rate). However, if there is good reason for them to leave home, then they receive full adult rates of benefits and help with housing costs.
The UK has adopted a system that incentivises young people to stay at home. The ‘shared accommodation rate’, whereby single people aged under 35 receive a housing allowance based on the cost of shared accommodation, is intended to discourage independent living. However, little account is taken of individual circumstances, for example whether they would be able to live in their parents’ home.

Australia has adopted a neutral position, neither incentivising nor disincentivising young people to transition to independent living, with housing cost payments made according to circumstance and not age.

**Educational support**

The scope of the study did not include maintenance support for young people who are in education or training. However, the difference in approach between Australia and the UK is striking.

Australia has an integrated approach to supporting young people that focuses on their needs regardless of activity. The Youth Allowance provides benefits for young people in education, training or while looking for work at either a lower dependant rate (with an increasing but means-tested parental support payment for older children) or a higher independent rate, which is automatically paid from the age of 22 up until the age of 24, with no parental support payment.

The UK provides rather less support for young people to remain in education or training. The government provides limited assistance according to parental income for people aged 16–19 through the Educational Maintenance Allowance in Scotland, Wales and Northern Ireland, and more limited bursaries in England. The proposed UK ‘Youth Allowance’, which is aimed at the 18–21 age group, does not appear to be designed to bridge the divide between support for education and training and (conditional) out-of-work support.

**What can the UK learn?**

The study showed that there is a gap in the social protection afforded to young adults in that state support for parents with dependent children/young adults ends before the young adults are entitled to full state support. This approach leaves young people who need to leave home with a very low income and limited support for housing. Moreover, it does not take into account whether they are able to live at home. The ‘autonomous’ approaches of Australia and Sweden, on the one hand, and Germany’s ‘familial’ approach, on the other, provide contrasting alternative models that could be considered to see whether adopting one of these approaches would provide a more effective social security system for young people in the UK.

The study also found that the UK has the highest level of young people who are classified as NEET. The UK might consider Australia’s integrated approach, which is targeted at young people regardless of their activity status, recognises that young people are often in both the labour market and education, and provides support to a higher age than the limited support provided to 16–to 19-year-olds in the UK.
1 Introduction

Background

In the UK, changes in the economy and society have prompted an increasing focus on the life chances of young people. Mainstream political debate has focused much attention on the impacts of:

- greatly increased participation in higher education
- the introduction of substantial tuition fees (in England)
- the pricing out of younger people from home-ownership
- the emergence of unpaid internships as a ‘normal’ prelude to formal employment in graduate-level jobs.

The most recent Minimum Income Standards report highlights a ‘dramatic deterioration in young people’s fortunes’ – associated with unemployment, declining benefits and rising private rents (Padley and Hirsch, 2014, p. 3). However, mainstream politics has given less attention to the welfare of less well-off young adults, in particular their interaction with the social security system.

Since the mid-1980s, attempts have been made by successive governments to encourage young people to continue in education or training, and to discourage early reliance on social security. Nonetheless, since implementation of the 1986 Social Security Act in 1988, young adults have been disadvantaged within the social security system. The 1988 reform attempted to make benefit claims by 16- to 17-year-olds exceptional, but contributed to an extraordinarily sharp rise in youth homelessness in the late 1980s (Fitzpatrick, 2000).

A lower rate of Income Support was also introduced for young people aged 18–24 in 1988. In 2015/16, the under-25 rate of Jobseeker’s Allowance (JSA) for a single person is set at £57.90 per week, compared with £73.10 for those aged 25 and over. The equivalent rates for Universal Credit are £58.10 and £73.34 respectively. In each case, the under-25 rate is just under 80% of the 25-and-over rate.

These lower rates of personal allowance are replicated in Housing Benefit calculations. This has the effect of Housing Benefit being reduced when income exceeds a lower threshold for people aged under 25 than those 25 and over.

The lower entitlements for young claimants are reinforced by the introduction of the ‘single room rent’ restriction within Housing Benefit in 1996 (now known as the ‘shared accommodation rate’). This restriction limits the eligible rent for Housing Benefit for single people to the cost of renting a single room in a shared accommodation. This usually means sharing the bathroom, toilet and kitchen.

The commitment of the 2010–15 Coalition Government to reducing the budget deficit has prompted further restrictions to benefit entitlement. These include an increase in the age threshold for the shared accommodation rate to 34 (i.e. it applies to people aged under 35).

The policy trend established in the 1980s continued with the last Labour government’s decision to increase the (English) school-leaving age to 18 and seems likely to continue. The Queen’s Speech delivered following the election of a majority Conservative Government in May 2015 included the following proposals concerning young people, to be contained in a Full Employment and Welfare Benefits Bill:

- a new Youth Allowance for 18- to 21-year-olds, with stronger work-related conditionality from Day 1, and after six months a requirement to go on an apprenticeship, training or community work placement
- removal of an automatic entitlement to housing support for 18- to 21-year-olds
• provision of Jobcentre Plus adviser support in schools across England to supplement careers advice and provide routes into work experience and apprenticeships.¹

These changes to social security entitlements are proposed in a context where evidence is growing that single young people bear a disproportionate burden of both poverty (Padley and Hirsch, 2014) and homelessness (Fitzpatrick et al., 2013). They also raise important legal and moral questions about parental responsibilities to accommodate and financially support young adults who are not yet economically independent (Fitzpatrick and Stephens, 2013), especially in circumstances where family relationships are severely strained or have completely broken down, including in contexts of abuse or violence.

There is value in identifying what happens in a variety of other countries in order to benchmark UK standards and to identify how policy in the UK might be improved.

Aims

The study aimed to establish the legal entitlements to social security of young people in five countries, to identify how these entitlements work in practice, and to benchmark them against the UK. In particular, it looked at the following questions:

• What entitlements do young people have in relation to social security and housing-related benefits in five advanced economies? How do these entitlements work in practice?
• How do these state responsibilities interrelate with parental responsibilities (both legal and moral) to accommodate and financially support young people who are not yet economically independent?
• What are the consequences of these arrangements with respect to the incidence of poverty and homelessness among young people?
• What lessons can the UK learn from these experiences?

Broadly, ‘young people’ are defined in this report as those aged under 25, but a flexible approach is adopted to take account of different cut-offs that prevail in other countries. It is also the case that statistics are sometimes available only for a broader age group, e.g. those up to the age of 29.

Design and methods

Benchmark

Policy-related comparative research requires a benchmark. Since the purpose of the study was to inform UK policy and practice, the UK is the appropriate benchmark.

Selection of countries

The study team selected five countries as providing the optimal number for comparison with the UK. This number provides sufficient variety of experience, and produces a level of data that allows for an appropriate level of regard to be paid to the institutional context within each country selected (Stephens, 2011).

The countries selected were drawn from across the range of types of ‘welfare regimes’, described below. Welfare regimes reflect the distribution of power between competing groups and produce characteristic labour market and tax and social security systems. In turn, these determine patterns of income distribution and poverty (Stephens and van Steen, 2011). Housing systems form part of a ‘wider welfare system’, which may replicate, reinforce or mitigate the patterns of income distribution.
Liberal/Anglo-American regimes

Countries in this group, which includes the UK, are characterised as having relatively weak social security systems and relatively passive housing policies, within the context of flexible labour markets. Although the level of state support may be lower in other countries in this group than in the UK, there is a high level of resonance, reflecting similar ideological approaches to welfare reform. Federal governance structures result in a strong diversity of practice in the US and Canada, but in Australia a nationalised social security system is operated via the state agency – Centrelink. Two countries were selected from this group as they may be seen as being the most directly comparable to the UK: the US was included as the archetypal liberal regime, and Australia was also selected.

Social-democratic/Scandinavian regimes

Countries in this group are characterised as having a strong welfare state. However, there is diversity among the group and, as research on housing and homelessness has shown (Fitzpatrick and Stephens, 2013), these societies sometimes offer less protection to the most marginalised groups than is the case in the UK, with a system based around a (now somewhat frayed) safety net. Sweden is seen as the ‘archetypal’ social-democratic country, and was selected on this basis. Denmark was selected because unusually it combines a strong social security system with a flexible labour market (‘flexicurity’).

Corporatist/continental regimes

The reliance on social insurance (as opposed to social assistance) in the countries in this group has sometimes created dual systems, whereby those with long work records are very well protected, but those without them can be marginalised. It is notable that France did not establish a social assistance system until the 1980s. However, we selected Germany from this group because of its recent significant welfare reforms. The major ('Hartz IV') reforms to the German social security system in the 2000s are now often credited with the recently restored success of the German economy, but are reported to have weakened the safety net for vulnerable young people (Benjaminsen and Busch-Geertsema, 2009).

Other regimes

Distinctive patterns of welfare and housing provision are found in Southern Europe (Allen, 2006) and in the former socialist countries of Central and Eastern Europe (Stephens et al., 2015). These countries generally have less marketised housing systems than in the other regimes, but also weak state provision and consequently a much greater reliance on family members for support. Per-capita incomes are also substantially lower in these countries than in the UK, and the countries do not provide especially useful comparators.

Process

The study was conducted by a research team at Heriot-Watt University, working in close collaboration with country informants, selected on the basis of their expertise in the field. These informants were Edgar Liu (Australia), Lars Benjaminsen (Denmark), Volker Busch-Geertsema (Germany), Marcus Knutagård and Alexandru Panican (Sweden) and Dennis Culhane (the US).

The project was conducted in the following stages.

Benchmark

The study began with a review of:

- social security entitlements for 16- to 24-year-olds in the UK
- the legal responsibilities of parents to accommodate and/or financially support 16- to 24-year-olds in all four UK jurisdictions
- research that seeks to establish the impact of these arrangements on material outcomes for young people, including poverty and homelessness.
The review was also used to identify key issues within the UK system that informed the selection of ‘vignettes’ (hypothetical scenarios focused on ‘typical cases’ of particular policy interest), which were employed in the cross-country comparative work (see Fitzpatrick and Stephens, 2013, for a similar approach).

**Contextual information**

Understanding the different contexts in which social security and housing provision operates for young people provided an essential starting point for the study. A literature review of the selected countries was conducted and statistics on a range of indicators – including labour markets, income, and poverty rates – were systematically collated.

**Design of a pro-forma and vignettes**

The team drew up a pro-forma to establish standardised information on social security entitlements and parental responsibilities for young people in the selected countries. Five standardised vignettes were also devised to compare actual outcomes for young people in specified situations between countries. The pro-forma was completed by the country informants. Unfortunately, vignette information was not obtained from Australia.

**Analysis**

The comparative analysis was conducted using the frameworks established in the pro-forma and vignettes. The analysis also identified the implications for UK policy.

**Structure of the report**

This report is made up of three further chapters. Chapter 2 provides the necessary context for the study by outlining the social security systems in each of the six countries under study and by analysing their outcomes in terms of employment and poverty. Chapter 3 presents a comparison of the social security arrangements for young people in the six countries, the extent of parents’ responsibility for their children, and the outcomes in terms of employment, poverty and homelessness. Conclusions, including possible routes that the UK might take, are drawn in Chapter 4.
2 Social security systems and their outcomes

Introduction

This chapter provides profiles of the social security systems in the six countries under study. It examines the general structure of these systems to provide an essential building block for assessing how these systems work for younger people (Chapter 3).

The chapter first provides an overview of the institutional structures of the social security system in each of the six countries. The analysis focuses on the main unemployment benefits for the working-age population, as well as assistance with housing costs and the provision of healthcare. The countries are divided into two groups: those belonging to liberal welfare regimes; and those belonging to either social-democratic or corporatist welfare regimes. We have placed the countries belonging to either social-democratic or corporatist welfare regimes together as social security systems derived from both these regime types tend to place a high emphasis on social insurance.

In the second part of the chapter, we summarise the main outcomes of these welfare systems in terms of employment patterns and poverty, in particular by identifying how much poverty created by the labour market is removed by the operation of taxes and social security. This analysis is presented comparatively.

Terminology often varies between countries. The definitions used in this report are summarised in Box 1.

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Box 1: Terminology used in this report

**Social security**: cash transfers made to individuals or households in response to their situation (e.g. unemployment) or needs (income).

**Social insurance**: a type of social security system where entitlement is based on contributions usually made by employees and employers. Benefits are not normally means-tested, and are often related to former earnings. Contributions-based JSA in the UK is an example of a social insurance benefit.

**Social assistance**: a type of social security system where entitlement is based purely on needs. Typically, benefits are means-tested and financed from general taxation. Income-based JSA in the UK is an example of a social assistance benefit.

**Housing allowance**: a cash transfer that helps low-income households with their housing costs. Housing Benefit in the UK is an example of a housing allowance.

**Family allowance**: a cash transfer paid to parents on behalf of dependent children or young adults. Child Benefit and Child Tax Credit in the UK are examples of family allowances.

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**Liberal welfare systems**

Historically, liberal welfare regimes have had relatively weak social security systems, operating alongside flexible labour markets. They have devoted a relatively low share of public spending to social protection and focused it on social assistance benefits. These systems have tended to produce relatively high levels of inequality and poverty.

**The UK**

The UK is regarded as being one of the liberal welfare states, due to its relatively high dependence on means-tested benefits and deregulated labour market. Conditionality and the use of sanctions have increased markedly in recent years.
Social security

The UK’s social security system was founded on the principle of social insurance, with social assistance intended to play only a residual role. However, in contrast to social insurance systems elsewhere in Europe, the UK never developed a significant earnings-related element in the system. Entitlement to the current contributions-based JSA is based on 26 months of contributions during the previous two years. Payments are flat-rate in terms of former income, and are limited to six months.

The main social assistance benefit for unemployed adults is known as income-based JSA, and is means-tested against both income and savings. However, it is paid at the same rate as contribution-based JSA, reflecting the low level of benefits paid under social insurance.

Age-related aspects of the system are discussed in Chapter 3.

The UK has developed a series of in-work benefits since the early 1970s, which are intended to assist people in low-paid work. These were very much expanded in the 1990s/2000s with the use of ‘tax credits’, including Working and Child Tax Credits. However, their generosity has been reduced since the recession. Child Benefit was traditionally both non-means-tested and non-contributory. However, since 2013 it has been subject to a progressive reduction via the tax system for households where someone earns more than £50,000 per year. This reduction does not apply where a couple’s joint earnings exceed the £50,000 threshold.

A transformation in the social assistance system is under way, which intends to simplify the system by merging six working-age benefits into a single Universal Credit.

Housing costs

A distinctive feature of the UK’s social security system is the absence of an allowance for housing costs in the mainstream social insurance and social assistance benefits. This explains why Housing Benefit can in principle pay the whole of someone’s rent. As the cost of the system has risen, partly as a result of the tenure shift towards market rental housing, eligible rents have been increasingly restricted. For example, the maximum eligible rent in the private rental sector has been reduced from the median rent to the 30th percentile.

Health

Healthcare is paid for by general taxation and is free at the point of service. However, prescriptions are subject to charges for people in England, although many low-income and vulnerable groups are exempted from them.

Australia

Australia’s economy was comparatively unaffected by the global financial crisis, partly because of demand for minerals from China. Although the ‘mining boom’ has now ended, reflecting the slowing down of the Chinese economy, economic growth has continued. Public spending has therefore not been subjected to the squeezes experienced elsewhere, although general political ideology limits commitment to social protection.

Social security

Australia has no system of social insurance. Consequently, in the event of unemployment, the working-age population is reliant on social assistance benefits that are funded from general taxation.

The current social assistance system was created in 1997 when all social security benefits were centralised in one federal agency known as Centrelink. Previously, benefits had been the responsibility of separate federal departments.
The social assistance system is explicitly age-related, with different systems operating for different age groups. Eligibility for Newstart Allowance (NSA) runs across the bulk of the working-age population, aged 22 and over. Rates are flat-rate, but are adjusted according to household composition, with Parenting Payments being made for people with responsibility for young children (aged under six for couples and under eight for lone parents). The Youth Allowance scheme for younger people is outlined in Chapter 3.

Social assistance is means-tested against current income and is subject to asset-tests. Claimants with liquid assets (which include savings and shares) above the threshold are subject to a maximum waiting period of 13 weeks (OECD, 2012a). There is no time limit on receipt.

Special Benefit is a discretionary and highly means- and asset-tested benefit and is available as a last resort.

Housing costs

Two schemes that provide assistance with housing costs operate according to tenure.

The Commonwealth Rent Allowance (CRA) is a housing allowance available to eligible tenants of private and community landlords. People in receipt of social security benefits (including Family Tax Benefit) receive 75 cents in the dollar for rents between a minimum and maximum, which is adjusted according to household composition.

Under a separate scheme operated by states and territories, public housing tenants’ rents are adjusted so that they do not consume more than 20 to 25% of their net income.

Health

Introduced in 1973, Medicare is intended to provide comprehensive health insurance for all citizens and permanent residents, and is funded through an income tax levy. People with a Medicare Card are entitled to free hospital treatment and a range of services, including general practitioner appointments. The scheme also entitles people to subsidised prescriptions. People in receipt of social assistance benefits are automatically entitled to a Medicare Card.

The US

The US is regarded as being the archetypal liberal welfare regime, being characterised by a liberalised labour market and a relatively weak social security system, which leave gaps for many people. Variation between states is another notable feature of the system.

Social security

The US social security system grew out of President Roosevelt’s ‘New Deal’ during the Great Depression in the 1930s and was extended as part of President Lyndon Johnson’s ‘Great Society’ programme in the 1960s. However, apart from among pensioners, it never reached the levels of coverage that are common in Western Europe, and major reforms that were introduced in the 1990s have limited eligibility further.

The Unemployment Insurance scheme is overseen by the federal Department of Labor, but is administered by individual states, with the result that eligibility criteria vary. The scheme is available only to employees whose earnings exceed a threshold and to people in certain ‘covered’ occupations. These involve less than half the workforce (pro-forma). The initial payment (Basic Unemployment Insurance) is not generous. It is based on a base amount with additional allowances for each of a maximum of five children. For example, in Michigan the range of benefit entitlement is between US$117 and US$362 per week.

The duration of the benefit is limited to 20 weeks. If the claimant is still unemployed at the end of this period, they are likely to move on to emergency and extended benefits, which are funded by the federal government.
A major reform of welfare in the mid-1990s restructured social assistance benefits for people with dependent children. Temporary Assistance for Needy Families (TANF) was introduced in 1997, replacing Aid for Families with Dependent Children (AFDC) as a last-resort benefit (Trenkamp and Wiseman, 2007), with the objectives of reducing public spending, placing more responsibility on parents and devolving budgetary responsibility to the states. Tougher conditions accompanied the new benefit, with the result that caseloads halved in the first few years (Katz, 2008). Assistance is available only to people who are pregnant, or are responsible for children, and who are on a very low income (although they may be in work). States receive block grants from the federal government to finance the benefit, whereas before the 1990s, federal support was determined by the caseload. However, federal funding was increased during the recession. The benefit is subject to a 60-month (five-year) time limit, although there are exceptions at the federal level and states may also allow their own exceptions.

Food stamps, now known as the Supplemental Nutrition Assistance Program (SNAP), is another federal programme and is operated by states via local welfare offices. Low-income claimants are given grocery credit to help them buy food via electronic benefit transfer to a card in authorised supermarkets and grocery stores (Loveless, 2012). For those who are neither a disabled person nor an older person, entitlement is tightly income- and asset-tested, and individual states may apply additional work-related conditions (Trenkamp and Wiseman, 2007). SNAP can be seen as one of the main social assistance benefits that was able to adjust with the economic downturn in 2008, as the scheme saw an increase of around 20% of claims mainly by those affected by foreclosure (repossession action by mortgage lenders)(Bassuk et al., 2014, p. 76).

Housing costs

The US has no housing allowance programme that is directly comparable to the UK’s Housing Benefit. However, a federal housing voucher programme (Section 8) has operated since 1974. It is aimed at limiting the housing costs of very low-income households to 30% of their gross income. Seventy per cent of those people who receive housing vouchers must have an income below 30% of the median for the area (roughly US$18,000). The income of the remainder must not exceed 50% of the median for the area (US$25,000) (pro-forma). Properties must conform to minimum standards and they must be let at fair market rents (approximately the 40th percentile). An overall cap of US$2,200 per month is applied to the voucher, although states may increase this (Newman, 2007).

However, Section 8 is not an entitlement programme, with the result that many people (approximately 75% nationally) who meet the qualification criteria do not receive any assistance. Local authorities are allocated a fixed number of vouchers each year, which may be allocated on the basis of selection criteria and a waiting list. The average waiting time is 23 months (HUD.gov, 2014). Consequently, only around one-quarter of those who claim vouchers receive them in a given year. To place the importance of vouchers in perspective, the number of people receiving them amounts to just 1.7% of the population (Newman, 2007).

Health

Historically, the US has relied on private health insurance, which has left many people uninsured. Since the 1960s, recipients of various social assistance benefits such as TANF and other low-income families with children have been entitled to cover through Medicaid. This left most childless non-disabled people of working age without cover if they were on low incomes and their employer did not operate a scheme.

The Affordable Care Act 2010 introduced compulsory insurance for people with an income over a certain income threshold who are not covered by a workplace scheme. Insurance, which is purchased through federal or state ‘exchanges’, is subsidised according to income. The Act also extended Medicaid to people below the income threshold for compulsory insurance. However, the Supreme Court has ruled that this is non-mandatory and 21 states have elected not to include it.

Uninsured adults may receive help through federally funded community health centres or through emergency departments of general hospitals.
Corporatist and social-democratic welfare systems

The corporatist (Germany) and social-democratic (Denmark and Sweden) countries operate relatively generous social security systems, alongside labour markets that have traditionally been quite highly regulated, in particular in relation to collective wage bargaining. Historically, the social-democratic countries have exhibited high levels of employment, particularly female employment. Poverty and inequality have been much lower in the social-democratic countries compared with their liberal counterparts, with Germany in between.

Germany

Historically, Germany has been regarded as being an archetypal corporatist welfare state. Its social security system is strongly rooted in the tradition of social insurance dating back to Bismarck’s introduction of such schemes in the 19th century.

A relatively poor employment performance in the 1990s prompted a major reform of the labour market and social security system in the 2000s, which has brought about some important changes. Germany was relatively unaffected by the global financial crisis, and public expenditure is under less pressure than in many countries.

Social security

In the 1990s, Germany’s labour market was much criticised for being insufficiently flexible and employment levels appeared to lag behind the liberal economies. In response to this situation, the federal government introduced far-reaching labour market reforms in the 2000s, which were derived from a government-appointed commission chaired by Volkswagen’s personnel director, Peter Hartz. Social security was restructured in 2005 as the fourth stage in the resultant reform programme.

These ‘Hartz IV’ reforms simplified the social security system, which now has a two-tier structure for the working-age population.

Germany continues to operate a compulsory social insurance system for workers earning over a minimum amount. In the event of unemployment, a minimum contribution period of 12 months entitles the recipient to unemployment benefit (Arbeitslosengeld I – ALGI) for six months. This rises to a year’s benefit for people with a 24-month contribution period. (For older workers, longer contribution periods can entitle them to benefit for up to two years.)

Insurance benefits are earnings-related and are not means-tested. Recipients are entitled to 60% of their former net salary, which rises to 67% if they have a dependent child. However, a ceiling is set at €5,600 per month in the former ‘west’ Germany and €4,800 in the former ‘east’ Germany.

A system of social assistance operates for people of working age who are not entitled to social insurance (or who have exhausted their entitlement to it). Social assistance (ALGI) is structured to reflect need. Basic needs allowance is intended to meet the cost of everyday items and is adjusted according to household composition (including the age of dependent children). Further allowances are paid for circumstances including pregnancy, disability and adult children’s education (see Chapter 3). A similar form of social assistance operates for people who are not expected to work.

Housing costs

ALGI also opens the door to assistance with ‘reasonable’ housing costs. Housing costs cover mortgage interest (but not capital repayment), rent, heating, property tax, buildings insurance and some service charges. The housing element of ALGI is based on lower-end local rents for floor size related to the size of the household. Most households who receive ALGI receive help with their housing costs. In principle, all housing costs may be covered under this scheme.
The housing element within ALGII is now the principal form of housing allowance in Germany. This is because recipients of social assistance benefits were excluded from the housing allowance system (Wohngeld) under the Hartz IV reforms. Wohngeld is calculated according to household size, income and eligible housing costs (which vary by locality). In contrast to assistance under ALGII, Wohngeld never meets all housing costs. Claims for Wohngeld dropped from 2.3 million to 780,000 as a result of the change. Only around 2% of the population receive Wohngeld: around half of them are pensioners, some 13% are lone parents and 5% are students (information from country informant). Owner-occupiers made up only one in ten claims in 2007.

Health

Germany operates a system of compulsory health insurance. However, provision is made through the social assistance system for those people who fall outside the insurance system.

Sweden

Sweden has the archetypal social-democratic welfare regime, being founded on a strong system of social insurance, high levels of labour market participation and low levels of income inequality. However, the country has been moving away from this situation since the country’s economic crisis in the early 1990s, after which the generosity of provision was curtailed. In recent years, poverty and inequality have been rising rapidly, making Sweden less distinctive than it once was.

Social security

Sweden’s social insurance system operates on the ‘Ghent model’ – that is, it operates a series of mainly workplace schemes of which membership is voluntary. There are 32 private funds, mostly operated by trade unions, which must be approved and registered with the Unemployment Insurance Board. They are funded by membership fees and general taxation.

Fees have been varied in response to economic conditions. A significant increase in fees introduced in 2007 caused membership to fall.

Entitlement is obtained through a six-month contribution period, and benefit duration is 300 days, or 450 if the member has dependent children. Benefit is paid at 80% of previous earnings for 200 days and then at 70% for the next 100 days. The maximum benefit is set at around 50% of the average wage.

Sweden retains a middle-tier benefit between full insurance and social assistance. (This has disappeared in Germany.) It provides a flat-rate benefit to people (adjusted for working hours) with no or insufficient insurance contributions, with conditions and durations otherwise very like social insurance.

Social assistance is administered and financed at the local level by 290 municipalities according to a national framework that limits variations. Benefit rates are adjusted according to household composition, including number and age of children. Around 6.5% of households received social assistance for one or more months in 2010 (OECD, 2012a).

Housing costs

The housing allowance system operates on a ‘gap’ principle in that it expects everyone to make a contribution to their housing costs and to pay a proportion of higher rents. The generosity of the housing allowance was curtailed in the 1990s, and childless people aged 29 and over were excluded. The benefit is available to people with children and to childless people aged under 29. Benefit is withdrawn at 20% of gross income for people with children and 33% for those without.

In principle, full housing costs may be met for people reliant on social assistance, up to a limit.
Health

The healthcare system is funded by general taxation. A small patient fee and a ceiling apply when costs are very high.

Denmark

Denmark has become to be identified with the notion of ‘flexicurity’ as a consequence of a series of labour market and social security reforms undertaken in the 1990s. Flexicurity involves the combination of a flexible labour market and high levels of social security. Although the reforms limited the generosity of and increased conditionality within the social security system, the system remains generous by international standards.

Social security

Denmark’s social security system has notable similarities with that of Sweden. Its social insurance system also works on the Ghent model. Although voluntary, around nine in ten workers are covered by the social insurance system. It is part-funded by employees, but topped up by general taxation. Qualification for benefit is obtained by being employed for at least one year in a three-year period. The benefit is related to 90% of former earnings, but this is subject to a ceiling of about €2,200 to €2,400 per month. The duration of the benefit has been reduced from four to two years in response to the global financial crisis.

The social assistance system, entitlement to which has become increasingly work-related, is available for people who have no entitlement to social insurance, or whose entitlement has been exhausted. Generally, social assistance is set at 80% of maximum unemployment benefit entitlement for those with children and 60% for those without them. Until 2012, a benefit cap was applied after six months, whereby the combination of social assistance and housing allowance could not exceed the respective 60% and 80% maxima (OECD, 2012a). Since then, the cap has been abolished. The different rules for young people aged under 25 are discussed in Chapter 3.

Housing costs

Denmark operates two housing allowance systems for tenants, and help may also be available through the social assistance system. The boligydelse scheme is available only to pensioners and people on disability benefits, and is not discussed further. Boligsikring is aimed at people with children and people with high housing costs even if they do not have children.

The underlying assumption is that mainstream social insurance benefits allow recipients to meet at least some of their housing costs. The eligible rent under boligsikring is set at 60% of the actual rent and is reduced at a rate of 18% for income over a threshold. However, for working-age people without children, the maximum benefit received is limited to 15% of the rent. The maximum subsidised rent increases with each child up to and including the fourth. A cap on housing allowance receipt of about DKK39,500 (approximately £3,900) per year is applied for everyone, except those with four or more children, for whom it is increased by 25% (OECD, 2012a).

Additional protection (‘special housing benefit’) to the post-rent income is offered by the social assistance system. Rent is paid over a threshold, which is higher for people with children and is reduced for each additional child. The maximum amount of benefit paid in relation to rent is fixed in relation to previous net income for the first three months of the claim, and then the maximum unemployment benefit after tax (OECD, 2012a).

Health

Denmark operates a healthcare system that is funded from general taxation, and is similar to the National Health Service in the UK. There are charges for prescriptions, but also a cap on the amount that people are expected to pay.
Overview

The profile of public social expenditure in the six countries is shown in Figure 1. Excluding spending on pensions, it shows that Denmark records the highest level of social expenditure, accounting for more than one-fifth of Gross Domestic Product (GDP). The UK, Germany and Sweden are clustered around 16.5% to 18%, while Australia and the US record notably lower levels of expenditure.

Figure 1: Public social expenditure, 2011

Australia  
US  
UK  
Germany  
Sweden  
Denmark

% of GDP

Notes: Includes unemployment, incapacity, housing and family-related benefits, including benefits in kind; other income maintenance programmes, including social assistance; and active labour market policies. Excludes expenditure on pensions.
Source: OECD.StatExtracts

However, there is a greater reliance on mean-tested benefits among the working-age population in the liberal countries, especially in Australia (see Figure 2). Means-testing is used only to a limited extent in Sweden and hardly at all in Denmark.

Figure 2: Expenditure on working-age means-tested benefits, 2012

Denmark  
Sweden  
Germany  
US  
UK  
Australia

% of GDP

Source: OECD, 2014a, Table 6
Outcomes

The institutional structures of the labour markets, tax and social security systems are expected to have distinctive distributional outcomes in terms of employment and incomes (and hence poverty). These are outlined in this section. It should be noted that patterns of household formation are also important, particularly for young people leaving the parental home (Iacovou and Aassve, 2007). Moreover, housing costs also generally increase poverty rates (see Appendix 1).

Employment

The employment outcomes are generally what would be predicted by the types of welfare systems (see Table 1).

The social-democratic countries enjoyed the highest levels of employment among the labour force in 2000, in part reflecting the highest levels of female employment. However, the fall in employment level in Denmark by 2013 is notable.

Among the six countries under review, Germany had the lowest level of employment in 2000, reflecting the lowest level of female employment. However, its labour market had clearly been transformed by 2013. In 2013, Germany had the second highest level of employment and – remarkably – the third highest level of female employment.

Among the liberal countries, the deterioration in the US labour market between 2000 and 2013 is striking, with overall employment falling by almost seven percentage points, and female employment falling to the lowest level of any of the six countries.

A clue to the nature of labour markets can be found in the columns in Table 1 relating to part-time employment. Almost one in four jobs in Australia and the UK is part time. The traditionally striking feature of social-democratic labour markets is the high levels of full-time employment, facilitated by high levels of childcare provision. While this situation has been maintained in Sweden, in Germany and Denmark the rate of part-time employment crept up between 2000 and 2013.
Table 1: Employment, 2000 and 2013

<table>
<thead>
<tr>
<th></th>
<th>Employment&lt;sup&gt;a&lt;/sup&gt; (aged 15–64&lt;sup&gt;b&lt;/sup&gt;)</th>
<th>Female employment&lt;sup&gt;a&lt;/sup&gt; (aged 15–64&lt;sup&gt;b&lt;/sup&gt;)</th>
<th>Male employment&lt;sup&gt;a&lt;/sup&gt; (aged 15–64&lt;sup&gt;b&lt;/sup&gt;)</th>
<th>Part-time employment&lt;sup&gt;c&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Liberal</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Australia</td>
<td>69.1</td>
<td>72.0</td>
<td>61.3</td>
<td>66.4</td>
</tr>
<tr>
<td>UK</td>
<td>72.2</td>
<td>71.3</td>
<td>65.6</td>
<td>66.6</td>
</tr>
<tr>
<td>US</td>
<td>74.1</td>
<td>67.4</td>
<td>67.8</td>
<td>62.3</td>
</tr>
<tr>
<td><strong>Corporatist</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Germany</td>
<td>65.6</td>
<td>73.3</td>
<td>58.1</td>
<td>68.0</td>
</tr>
<tr>
<td><strong>Social-democratic</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Denmark</td>
<td>76.4</td>
<td>72.5</td>
<td>72.1</td>
<td>70.0</td>
</tr>
<tr>
<td>Sweden</td>
<td>74.3</td>
<td>74.4</td>
<td>72.2</td>
<td>72.5</td>
</tr>
<tr>
<td>OECD&lt;sup&gt;d&lt;/sup&gt;</td>
<td>65.4</td>
<td>65.3</td>
<td>55.0</td>
<td>57.5</td>
</tr>
</tbody>
</table>

**Notes:**

<sup>a</sup> % of population in age group.
<sup>b</sup> Aged 15–64, except UK and US = aged 16–64.
<sup>c</sup> Aged over 15, except UK and US = aged over 16; part-time = people who usually work under 30 hours per week in main job, except Australia = all jobs.
<sup>d</sup> Organisation for Economic Co-operation and Development weighted average.

**Source:** OECD, 2014b, Tables B and H
Poverty

Figure 3 shows the relative poverty rates of the working-age populations in the six countries, according to the Organisation for Economic Co-operation and Development’s (OECD) online StatExtracts. The analysis has been limited to the working-age population to demonstrate the effects of the labour market – that is, wage levels and distributions and levels of employment. The poverty rate is based on 50% of median income, adjusted for household size. This is lower than the 60% threshold used by the UK government and the European Commission, so will exclude some individuals who would otherwise be measured as living in poverty. To demonstrate the redistribution of income that takes place, the poverty rates are shown on the basis of gross income, and of income after taxes have been paid and social security (and other) transfers have been made. A methodological note on the poverty statistics can be found in Appendix 1.

Figure 3: Poverty rates among the working-age population

![Chart showing poverty rates among the working-age population](chart.png)

Notes: Poverty rate = 50% national equivalised median income (whole population). Year is 2010 for the UK, 2012 for Australia and the US and 2011 for Germany, Denmark and Sweden. Working-age population = aged 18–65.

Source: OECD.StatExtracts

The outcomes are broadly as predicted by the types of welfare system (Figure 3). The UK and US labour markets generate the highest levels of poverty before taxes and transfers; Denmark and Sweden the lowest. After taxes and transfers, Denmark has the lowest poverty rate among the working-age population. However, contrary to expectation, Sweden’s post-transfer poverty rate is now higher than Germany’s and almost as high as the UK’s.

More than 60% of pre-distribution poverty is removed by the tax and transfer system in Denmark, and more than half by the system in the UK and Germany (see Figure 4). Around 40% of poverty is removed in this way in Australia and Sweden. However, the US system has the weakest redistributitional effect and leaves the country with a poverty rate fully five percentage points above countries with the next highest rate (Australia and the UK), as shown in Figure 3.
Conclusions

This chapter has provided a structured overview of the design and operation of social security systems for working-age populations in six countries. These are presented within the framework of welfare systems that are described as being liberal, corporatist or social-democratic.

The social security systems in corporatist and social-democratic countries are most strongly associated with systems of social insurance, which historically provided generous benefits during spells of unemployment. In contrast, the liberal countries relied more heavily on means-tested benefits that were less generous. However, while remaining distinctive, all systems have been tightened in terms of generosity, and conditionality.

Historically, the social-democratic countries were associated with the highest levels of employment, and the lowest levels of poverty. The liberal countries were associated with somewhat lower levels of employment and higher levels of pre- and post-distribution poverty. As a corporatist country, Germany was associated with comparatively low levels of employment (especially female employment) and an intermediate level of poverty.

Reforms and other changes have altered this pattern somewhat. Sweden has maintained high levels of employment, but poverty rates have risen. Germany now enjoys much higher levels of employment, particularly female employment, than it once did. However, even when poverty rates are similar (e.g. Sweden and the UK), the country with the more unequal labour market (the UK) must rely more heavily on taxation and transfers than the country with the more equal one (Sweden).
3 Young people and social security

Introduction

In this chapter we examine how the social security systems that were outlined in Chapter 2 operate for young people. While we would expect the social security systems to operate broadly in the same way for young people as they do for people in older age groups, we should remember that the transition to independent living may be handled in different ways in different countries. Moreover, governments are adapting systems to the changing nature of the transition to adulthood, as traditional relatively unskilled labour markets for young people shrink and as the time spent in education lengthens. The impact of the global financial crisis on labour markets and on government spending is an additional factor.

In addition to examining the operation of the social security systems, this chapter addresses the crucial issue of when parental responsibility for children ends and when the state assumes responsibility by conferring social security rights to young people in their own right. It also examines conditions that are attached to benefit entitlement, and the sanctions that are applied when these conditions are breached.

The chapter also examines the outcomes for young people in terms of their labour market position and their experience of poverty and homelessness.

In this chapter, the UK is generally adopted as a benchmark against which other countries are interpreted.

Young people’s entitlements to social security

Inactivity benefits

The basic structure of social security provision for unemployed working-age people for each of the countries in this study was outlined in Chapter 2. Each of the countries, other than Australia, operates a system of social insurance; and each of them, with the exception of the US, operates a comprehensive system of social assistance for the working-age population. The focus here is on whether these systems operate in different ways for young people.

Unemployment insurance

People can participate in the UK’s system of social insurance from the age of 16, provided their earned income is above the Lower Earnings Limit (£112 per week in 2015/16). The rules of the scheme, whereby there must be a minimum employment contribution of 12 months over the previous two years before a claim is made, means that many young people are unlikely to be covered. Contribution-based JSA is limited to six months, so anyone unemployed for longer will cease to be eligible. Although young people pay the same rate of contribution as anyone else (12% over the Primary Threshold of £155 per week), the (flat-rate) benefit received by single 16- to 24-year-olds is just under 80% of that received by people aged over 24.

The essential rules of the unemployment insurance schemes operating in the other countries under study are outlined in Table 2. The UK’s minimum employment/contribution period of 12 months applies in each of the other countries except the US, where it is only five months. The ‘reference period’ – the period over which insurance is established – is no less generous than anywhere other than Denmark. However, the six-month duration of the benefit in the UK is shorter than any of the other countries other than Germany. In Denmark it is as long as two years – and there it has been cut back from four years.
### Table 2: Conditions for unemployment insurance benefits

<table>
<thead>
<tr>
<th>Country</th>
<th>Reference period (months)</th>
<th>Minimum employment/contribution period (months)</th>
<th>Ratio (minimum period/reference period)</th>
<th>Waiting period (days)</th>
<th>Maximum duration</th>
<th>Minimum age</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Denmark</td>
<td>36</td>
<td>12</td>
<td>33%</td>
<td>0</td>
<td>24 months</td>
<td>–</td>
</tr>
<tr>
<td>Germany</td>
<td>24</td>
<td>12</td>
<td>50%</td>
<td>0</td>
<td>6 months</td>
<td>–</td>
</tr>
<tr>
<td>Sweden</td>
<td>12</td>
<td>12</td>
<td>100%</td>
<td>7</td>
<td>14 months</td>
<td>–</td>
</tr>
<tr>
<td>UK</td>
<td>24</td>
<td>12</td>
<td>50%</td>
<td>7</td>
<td>6 months</td>
<td>16</td>
</tr>
<tr>
<td>US</td>
<td>–</td>
<td>5</td>
<td>–</td>
<td>0</td>
<td>20 weeks</td>
<td>–</td>
</tr>
</tbody>
</table>

**Notes:**

NA = not applicable.

a The maximum duration of benefit in Germany depends on the length of the contribution period: six months for 12 months of contributions, 8 for 16 months, 10 for 20 months and 12 for 24 months.

b In Sweden, employment: six months in previous six months; contribution: membership of an insurance fund for previous 12 months.

c In the US: employment record: 20 weeks (plus minimum earnings requirement). All workers get regular Unemployment Insurance benefits for up to 20 weeks. If they are still unemployed after those benefits are exhausted, they will generally draw Emergency Unemployment Compensation followed by Extended Benefits. The duration of benefit in Michigan on 1 July 2012 was 67 weeks.

**Source:** Carcillo et al., 2015, Table 6

The UK and the US operate flat-rate benefits (adjusted by household size and composition, but not previous earnings), but the UK is alone in paying a lower amount of insurance benefit for younger people. However, although Denmark, Germany and Sweden operate earnings-related insurance systems, most younger people do not qualify. This is partly due to the qualification rules: in Germany, fewer than one-third of all unemployed people receive insurance benefit. In Sweden, the number of young people covered by insurance fell dramatically when the government increased premiums after 2006. In the space of a few years, one-quarter of young people left insurance schemes. Across the working-age population as a whole, coverage by earnings-related insurance schemes fell from 75% to 50% (Lorentzen et al., 2012). Among young workers aged under 25, it fell to 10% (Lorentzen et al., 2012).

### Social assistance

Limited insurance coverage means that social assistance is the principal source of state income support for unemployed young people – at least in the countries that operate comprehensive social assistance systems. As outlined in Chapter 2, the US operates a time-limited form of social assistance for people with dependent children, but only limited General Assistance schemes operate in some states for non-disabled people without children. Since these are normally limited to people aged over 40, there is effectively no system of social assistance other than food vouchers for non-disabled young people without children in the US.

The UK’s system of income-based JSA provides a basic income for people aged over 18 on a means-tested basis. Benefits are paid at the same rate as social insurance, so people aged 18–24 have an allowance set at about 80% of the full rate. It is possible for 16- and 17-year-olds to claim JSA if they are unable to live with their parents through necessity. (They cannot simply choose to live independently.) The means-test is based on the income and savings of the claimant, not their parents, even if they live at home. However, an element of intergenerational means-testing is present through ‘non-dependant
deductions’. Under these, parents’ Housing Benefit is reduced in lieu of contributions that are expected from adult children living with them. These were increased after 2010. Where a claim for Universal Credit is possible, non-dependant deductions are applied differently. Non-dependants aged 21 and over are required to pay housing cost contributions of £68.68 per calendar month as a flat rate across all income groups (equivalised to £15.85 per week). It is clear that many non-dependants will benefit once they are able to make a claim for Universal Credit, by paying (in most cases) a much-reduced, flat-rate, non-dependant deduction. However, previously, a non-dependant aged 21–25 in receipt of a means-tested benefit would not have been liable to make a payment towards housing costs; while now they need to make a payment of £68.68 per calendar month from their benefit (which was just over £249.28 per calendar month in 2014–15, reducing their weekly surplus benefit to just over £41 per week). Therefore, poorer young people will be adversely affected by this change.

In Germany, the main unemployment-related social assistance benefit (ALGII) is usually not available to young people in their own right if they are aged under 25 and live with their parents. The benefit is means-tested against parental income and a lower amount (88% of the standard rate) is payable to the young person. Young people can receive the full rate independently of their parents if there is a good reason for leaving home, for example if there is domestic violence in the home or they need to attend a training course in another city. However, if they leave home for no good reason, they would only get the reduced rate of benefit, and would not be eligible for the housing element.

Australia also operates a parental means-test for Youth Allowance, but this is primarily a payment for students and apprentices (aged 16–24), although some jobseekers may be able to claim it, so is not directly comparable. Youth Allowance, which is both income- and asset-tested, provides financial help for young people who are studying full time, undertaking a full-time Australian apprenticeship, training, looking for work or who are sick. Eligibility applies to different age and activity groups. For example, people aged 16–21 who are seeking full-time work or who are undertaking approved activities are eligible for assistance. The allowance is also available to 16- and 17-year-olds who need to live away from home to study. Meanwhile, 18- to 24-year-olds who are studying full time are also eligible. The main social assistance benefit – Newstart Allowance (NSA; available for people aged 22–64) – has no age element.

Denmark’s social assistance system has paid lower amounts to people aged 18–24 since reforms to the labour market and social security system were introduced in the 1990s and 2000s. These lower rates were extended in 2014 to people aged 25–29 who are capable of participating in education or taking a job. Additionally, lower rates are paid to people who live with their parents, although parental income is not means-tested.

Sweden’s social assistance system does not distinguish between people by age, and young people are treated as being independent of their parents from the age of 18, unless they are in education up to the age of 21. Social assistance is severely means- and asset-tested, to the extent that people are expected to sell assets and run down their bank accounts. In 2013, people aged 18–29 accounted for 40% of all social assistance recipients in the country.

**Conditionality and sanctions**

Conditions attached to the receipt of unemployment-related benefits and the sanctions that may be applied if those conditions are breached have become more onerous in the UK in recent years. People in receipt of either contribution-based or income-based JSA must be both available for and actively seeking work. Claimants must sign a Jobseeker’s Agreement (or Claimant’s Commitment where the claim is for Universal Credit), which demonstrates how they will meet these tests. ‘Low-level’ sanctions may be applied largely to activities relating to actively seeking work such as failing to take part in an interview or refusing a place on a training programme. Under these circumstances, people may lose their benefits for four or 13 weeks. ‘High-level’ sanctions may be applied for behaviour such as losing a job voluntarily or through misconduct, or failing to apply for or accept a job. Benefit may be stopped for 13, 26 or 156 weeks. For claims of Universal Credit, higher-level sanctions can last up to 1,095 days (or three years) for a repeated higher-level ‘offence’. Decisions may be appealed following a mandatory reconsideration and hardship funds can be applied for. (See Appendix 2 for more detail on sanctions in the British context.)
There are two ways in which sanctions affect young people differently from the rest of the working-age population in the UK. Although it is rare for a 16- or 17-year-old to receive JSA, if they do, sanctions can be applied only in more limited circumstances. For example, a sanction should not be applied if it is the first time that a 16- or 17-year-old claimant has declined to participate in a training scheme. Moreover, the sanction applied is limited to a 60% reduction in the personal allowance, and is applied only for two weeks (CPAG, 2015).

However, it is the higher propensity of claimants aged 18–24 to be sanctioned that is striking. In the first year of the new sanctions regime (which began in 2012), almost 40% of people to be sanctioned were in this age group – although this fell to just over one-fifth of the ‘high-level’ sanctions. At every level, a higher proportion of cases to be referred resulted in an adverse decision for people aged 18–24 than for older age groups (DWP, 2014a).

Conditions applied to the receipt of unemployment-related benefits are also identified in the other countries in this study. It is commonly expected that people in receipt of unemployment-related benefits will be available for work, will actively seek work and should participate in training or work experience programmes. For example, the Australian Newstart programme requires participants to have an Employment Pathway Plan. In Germany and Sweden, people are expected to accept any job offer (including temporary employment). In Sweden, this may involve moving to another part of the country. In Germany and Sweden, the conditions attached to the receipt of unemployment-related social assistance benefits have been more onerous for younger people than for people in older age groups. However, the harsher treatment of younger people in Germany was recognised as being unfair by parties from across the political spectrum. This is because it is applied unevenly across the country, and is leading to rising levels of homelessness. The main conservative and social-democratic parties (namely the Christian Democratic Union – CDU – and the Social Democratic Party of Germany – SDP) intended to abolish the harsher sanctions for young people, but at the time of writing, the change is being blocked by the more conservative Bavarian conservative party (the Christian Social Union – CSU). Conversely, in Sweden, the expectations placed on young people aged under 25 to participate in training programmes was extended to the rest of the working-age population in 2013.

Non-compliance with conditions leads to sanctions in all the countries. In Australia, non-compliance with an Employment Pathway Plan may lead to a suspension of benefit. This may be back-paid if there is a ‘reasonable excuse’, the recipient agrees to a rescheduled appointment or they get back to the plan. The maximum period of suspension is eight weeks, after which they must meet a social worker for a ‘comprehensive compliance assessment’. In Germany, for people aged 25 and over, personal benefits are lost for three months in the first instance; a second ‘offence’ entails a further three-month suspension of benefit, but the sanction is extended to the housing and heating elements within ALGII. The rules for people aged under 25 are stricter. If a young person rejects a job offer or fails to give a good reason for leaving a job, then their payment of subsistence benefits is cut completely for three months on the first occasion. As a rule, in such cases, costs for housing and heating are paid directly to landlords and providers. However, if the young person rejects a second job offer, payments covering the costs of housing and heating are cut completely for three months. The three-month sanction period may be reduced to six weeks if they are willing to cooperate.

The use of sanctions appears to be especially prevalent in Denmark. Between 2007 and 2012, the proportion of claimants subjected to sanctions doubled from 12% to 24%. Young males are particularly over-represented among those who are sanctioned, while almost 40% of people sanctioned are undergoing treatment for mental health issues. Sanctions vary according to the severity of the case.

How these systems operate in practice is illustrated in Vignette 1, which focuses on a 23-year-old man who refuses a job offer. This indicates that in all of the countries where benefits would have been paid, the man would be subjected to sanctions. Only in Germany would parents be regarded as having a responsibility to support the man.
Vignette 1: A 23-year-old man refuses a job offer

A 23-year-old man is unemployed and in receipt of social assistance. He rents a room in a shared house. He is offered a short-term job, but he refuses to take it because he considers himself to be overqualified. Are there any implications with respect to his benefit entitlements or access to housing? What would be expected of his parents, if anything?

Situation in the UK

The implications of this young man’s decision will have significant consequences for his benefits. People claiming JSA must sign up to a Jobseeker’s Agreement, which sets out the type of work they are looking for, the days and times they are willing to work and the steps they will take to find work. JSA claimants then attend the Jobcentre, at least every two weeks, to review their job search and sign a declaration (a ‘claimant commitment declaration’) to confirm that they have been actively seeking work, that they are still available for work and that there has been no change in their circumstances that might affect their entitlement to JSA. As part of this young person’s Jobseeker’s Agreement, he would be expected to apply for, and take, any job within a ‘reasonable’ travelling distance. He would be expected to seek work with ‘reasonable hours’, including full or part time (subjective criteria), and his benefits would be sanctioned where he did not comply.

Universal Credit (UC) encompasses all of the means-tested income replacement benefits that young people may be eligible for. It is intended to improve work incentives and encourage claimants to move towards work. Everyone who receives UC will be placed in one of four conditionality groups based on their circumstances and capability: no work-related requirements; work-focused interview requirement only; work preparation requirement; or all work-related requirements.

In order to receive UC, a claimant will need to sign a ‘claimant commitment declaration’ to say that they understand what is expected of them. For example, where all work-related requirements apply to a claimant, they will be required to look for and be available for work. A claimant will usually be expected to look for full-time work of 35 hours a week, but this can be less in certain circumstances, for example where the claimant has caring responsibilities or has physical or mental health problems.

When claiming UC, a claimant might face conditionality requirements even though they are already in work (‘in-work conditionality requirements’), and be expected to make efforts to increase their earned income. This will be the case if their existing income is below an individually set earnings threshold. The threshold is based on what the claimant (or claimant and partner) would earn if they worked for 35 hours a week at the National Minimum Wage. This threshold may be lower if the claimant has caring responsibilities.

The young man’s refusal to take the job he was offered would be considered a higher-level ‘offence’ and, if he refused again, or ‘committed’ another sanctionable act, the amounts sanctioned would be greater and over a longer period, up to a period of 156 weeks if claiming JSA. If he were claiming UC, both conditionality and sanctions are similar to those of JSA, with fixed periods of sanctions of 91, 182 days or up to 1,095 days for a third ‘offence’ (CPAG, 2015). If his claim was for JSA, although his substantive benefit may have been sanctioned, he would be able to make a separate claim for Housing Benefit and, because he was potentially threatened with eviction, could force a quick decision or even an interim payment where no definite decision could be made immediately, thereby sustaining his tenancy at least. If he were claiming UC, sanctions would affect his standard rate only before housing costs. However, the effect of rolling up support for housing costs into the UC claim in effect makes Housing Benefit conditional. (See Tables A2.1 and A2.2 in Appendix 2 for more detail on JSA and UC sanctions relating to age and ‘offences’.)

He could also make a claim for a hardship payment (a reduced-rate payment to help with living costs), but it might not be successful. If this was the case, he could approach the local welfare fund for help, but may be asked to seek help from friends and family. Social workers or charities/foodbanks would be a further source of potential support.
Comparison with other countries

This young man would be dealt with at least as harshly in the other countries. In the US, as a non-disabled person with no dependent children, he would be entitled to no social assistance in any case. In Germany, it would be doubtful that he would have received social assistance in order to support independent living in the first place because he would have been obliged to stay with his parents until he was 25. However, if there were good reasons for him to leave home and he did receive social assistance, he would lose the living cost part of his benefit for at least six weeks if he showed a willingness to accept the next job offer, or three months if he did not. Nonetheless, the housing cost element within social assistance would continue to be paid. He would be likely to lose his benefits in Denmark, unless he had some special reason, such as complex support needs. Similarly, in Sweden, he would be likely to be sanctioned and have his benefits cut. In Sweden, social assistance is regarded as being a last resort and claimants are expected to accept even short-term jobs and jobs outside their own professional field.

Other than has been described in Germany, there would be no legal parental obligation to assist this young man.

Housing allowances

It is possible to claim Housing Benefit in the UK from the age of 16. However, young single people (aged under 25) can in most cases claim housing allowance only on the basis of the rent in accommodation where the kitchen, bathroom and living room are shared with other (unrelated) people if renting in the private rented sector (where renting in the social rented sector, up to full Housing Benefit would be payable). This restriction was justified on the ground that young people should not be encouraged to leave the parental home when they cannot afford to do so. Since 2012, the ‘shared accommodation rate’ applied in the private rented sector has been raised to apply to people aged up to 35 (on the basis that many people in this age group share anyway). Although there are no intergenerational means-tests in the UK, special rules apply when an adult child lives in their parents’ house. The adult child cannot claim Housing Benefit but their parents’ Housing Benefit is reduced on the assumption that their adult child will make a contribution to the rent – this is called a ‘non-dependant deduction’. People aged under 25 also receive lower personal allowances within the Housing Benefit calculation if renting in the social rented sector (in the same way that they are disadvantaged within JSA), which results in a lower level of benefit if they have an income above income-based JSA benefit levels.

In all of the countries, with the exception of Sweden, young people are disadvantaged in one way or another in relation to housing allowances, although the differential is being removed in Denmark. Germany is the only country whose rules indicate explicitly that young people aged under 25 should remain with their parents if at all possible.

In the US, there is no explicit exclusion of young people from assistance, but it would be very rare for a young person who is neither disabled nor responsible for a child to receive assistance through the housing voucher programme, as it is cash-limited and therefore rationed. In Australia, although there is no stated minimum age for eligibility to claim Rent Assistance, special rules are applied to people aged under 25 that are tightly bound to the rules relating to Youth Allowance. Rent Assistance may be payable to a young person where they are considered to be ‘independent’ of their parents and living away from home. The young person’s income and assets alone would be used to determine the level of payment in these circumstances. Rent Assistance can also be paid to ‘dependent’ young adults who live away from home, for example where they have started a training course in an area where it would be impossible to return home each night. In these circumstances, however, the income and assets of their parents would be used to assess their claim (Australian Government, 2015).

In Germany, social assistance has become the principal mechanism for helping people with their housing costs. Only in exceptional circumstances will rent be paid for single people aged under 25, who are expected to live with their parents. However, students account for 5% of successful claims for the housing allowance (Wohngeld) intended for people who do not receive social assistance.
In Denmark, benefits make some allowance for housing costs, so these are never met in full by the housing allowance. A supplement for people aged over 30 in high-rent areas is being extended to people aged under 30 in 2015. Nonetheless, young people have often struggled to pay rents. Sweden is unique in providing more assistance to younger childless people. Since 1996, housing allowance has been limited to people with children and to childless people aged under 29 (Åhrén, 2007, p. 215). More generous assistance may be available through social assistance, but rules vary between municipalities.

Parental responsibility

Parents have a legal responsibility to care for their children until they reach the age of 18 in all of the countries included in this study. This responsibility is normally rescinded should the child marry or have a child of their own before they reach this age. Parental responsibility may be extended should the child remain in full-time education beyond this age. In Scotland (in principle), parental responsibility may extend until the age of 25, although this is rarely enforced. In Sweden, it extends to the age of 21 if the child remains in upper secondary school. In Germany, it extends until the child leaves full-time education, and this appears to be accepted as a cultural, as well as legal, norm.

Support for parents (family benefits)

Governments typically provide social security benefits, such as Child Benefit and Child Tax Credit in the UK, to help parents with the costs of caring for children. In the UK, Child Benefit is not means-tested (although since 2013 it is withdrawn if the principal earner’s annual income exceeds £50,000), while some parents may also be entitled to means-tested Child Tax Credit. Both these benefits are paid until the age of 16, but are extended to the age of 20 if the child is in approved education or training. Although it was abolished in England in 2011, Educational Maintenance Allowance is still paid to 16- to 19-year-olds in Scotland, Wales and Northern Ireland. It is paid to the young person, but is based on a means-test of parental income (Bolton, 2011).

This essential structure – an age limit, which is raised if the child remains in education – is reflected in the other countries. A cut-off as low as the UK’s age of 16 is unusual: each of the other countries delays a cut-off until the child is 18. Sweden (child benefit) and Australia (Family Tax Benefit) extend eligibility for students until the age of 20, as in the UK. Tax credits in the US can be extended until the age of 21 when the child is living at home and in education, while in Germany Kindergeld can even be extended until the child is 27. With the exception of UK and US tax credits, the benefits described here are not means-tested.

In practice, parental support for children often extends beyond the age at which state support ends. This is reflected in the tendency of young people to continue living with their parents for longer in many countries, in part in response to declining housing affordability. More than one-fifth of 18- to 29-year-olds live with their parents in the four European Union (EU) countries in this study (see Figure 5), and since the recession, one-half of 18- to 25-year-olds in the US are reported as doing so.
The very different levels of independent living among young people are illustrated in Figure 6, which shows the proportion of 20- to 24-year-olds who lived with their parents from 2005 to 2013. It demonstrates that, among the EU countries in this study, the propensity of young people in this age group to live with their parents is highest in Germany, although it has declined since 2005. The UK and the US occupy a middle position, whereby around 55% of 20- to 24-year-olds live with their parents. The trend in both countries has been upward, and as high as 60% in the UK in 2009–11. Data for the social-democratic countries implies much higher levels of independent living, especially in Denmark, where only 16% of 20- to 24-year-olds were recorded as living with their parents in 2013. The tendency for young people to live with their parents has drifted upwards in Sweden, but declined in Denmark.

Figure 5: Proportion of young people (aged 18–29) living with their parents, 2008 and 2011

Source: Eurofound (see Sedghi and Arnett, 2014)

Figure 6: Proportion of 20-to 24-year-olds living with their parents, 2005–13

Note: For the US, proportion of 18- to 24-year-olds.
Figures 7 and 8 show how the propensity of young people to live with their parents diminishes as they grow older. Figure 7 demonstrates that, in 2013, between 90 and 100% of 16- to 19-year-old men lived with their parents; between 19% (Denmark) and 86% (Germany) of 20- to 24-year-old men lived with their parents; and between 4% (Denmark) and 37% (Germany) of 25- to 29-year-old men lived with their parents. The UK occupies a position in the middle: 68% of 20- to 24-year-old men and 25% of 25- to 29-year-old men lived with their parents in 2013.

![Figure 7: Proportion of young men living with their parents, 2013](source)

The pattern is the same among young women. However, in every country, young women tend to leave the parental home at an earlier age than is the case among young men (see Figure 8). For example, in the UK, almost 10% of 16- to 19-year-old women do not live with their parents; 55% of 20- to 24-year-old women have left home; and 85% of 25- to 29-year-old women have left home.

![Figure 8: Proportion of young women living with their parents, 2013](source)
There is some evidence, however, that cash transfers from parents or grandparents play a greater role in those countries where young people leave home at a younger age. The Survey of Health, Ageing and Retirement in Europe (SHARE) covered three of the countries in this study in 2010. Denmark and Sweden exhibited the highest propensity (out of 16 European countries) for gifts to be made to children or grandchildren (Stephens et al., 2015, Figure 1).

Support when the relationship between child and parents breaks down

However, what happens in practice when the relationship between a teenage child and their parents breaks down, while the child is still of an age where the parents have responsibility for them? This is the subject of our second vignette, whereby we present a scenario, describing how it would be likely to unfold in the UK, and compare this to the other countries.

Vignette 2: Relationship breakdown with parents

The parents of a 17-year-old male object to his behaviour, which he refuses to modify. After several months, his parents ask him to leave home. He is not in education, employment or training (‘NEET’). What are his options? What state assistance with income and housing could he receive? What would be expected of his parents, if anything?

Situation in the UK

Although people aged under 18 in the UK are not normally eligible for social assistance, a 17-year-old who is estranged from their parents would be likely to qualify for income-based JSA, but would be subject to conditions. However, this would be paid at a rate that is only 80% of the rate applied to people aged 25 or over. There is every possibility that he would be subject to statutory ‘housing options’ advice, and even advice by the statutory homelessness system as a vulnerable person. Particularly in high-demand areas in England, he would most likely be expected to rely on private rented accommodation, but would face barriers arising from the need for a deposit and references. If he were to find accommodation in the private rented sector, Housing Benefit rules would limit him to the ‘shared accommodation rate’, which may in turn limit the chances of tenancy sustainment. It is possible that social services would attempt to mediate with the family before any assistance was offered.

Comparison with other countries

In each of the other countries, other than the US, our country informants suggested that the authorities would first seek to mediate with the family. While parents are commonly responsible for children until they are 18 years of age, it seems that the authorities would accept the realities of the situation, and accept some responsibility for the child’s welfare. However, in the US, the parents would need to establish in court that the child was a ‘person in need of supervision’ and in Germany the parents might be liable for meeting some of the costs of support on the basis of a means-test.

The UK appears to be unique in offering the possibility that the child might live independently using the mainstream social security and housing system. In the other countries, primary responsibility would lie with social services. For example, in Denmark the child would be unlikely to receive individual benefits and in Germany they would not be able to sign their own tenancy. While in the US Fostering is a possibility, institutional or supported housing is the likely outcome in Denmark and Germany and another possibility in the US. In Sweden, social services would seek to secure accommodation for the child by holding the lease itself. Such support would come with conditions concerning education, training or employment.

Vignette 2 explored the scenario where a 17-year-old teenager becomes estranged from his parents, who ask him to leave home. In all of the countries, apart from the US, the authorities would be likely to seek to facilitate a reconciliation that would allow the child to return home. If this is not possible, it is clear that, broadly speaking, the authorities would not attempt to enforce care through the parents. The UK appears to be unusual in that support could be obtained from mainstream social security and housing.
systems – although this would not be without difficulties. In other countries, social service interventions are more likely to take the form of institutional or supported care.

**Leaving care at 16**

The usual age for leaving care is 18; sometimes (as is the case in England and some states of America) it is 21. However, what happens if someone decides to leave care sooner than this?

In Vignette 3, a 16-year-old woman leaves local authority care. However, in all countries this is regarded as marking a breakdown of the care system. Consequently, the young woman has only limited access to mainstream services and social security benefits, if at all. However, the local authority retains responsibility for the woman.

**Vignette 3: Leaving care at 16**

A 16-year-old young woman is leaving local authority care. What assistance does she receive to help her to make the transition to adulthood and independent living?

**Situation in the UK**

In this situation, the driving principle is that the local authority retains responsibility for this young woman until she is 21, or older if she is in education or training. In England, when a young person in care reaches the age of 16, a transition to independent living plan is drawn up. However, they may remain in care until they reach 21 if they are in foster care. Until recently in Scotland, someone could leave care at the age of 16, but had to do so by 18. This has recently been raised to 21, but support may continue up to age 26. Although there is nothing to prevent the young woman in this vignette from leaving care once she reaches the age of 16, she would find it difficult to claim benefits unless she was disabled or a lone parent. Even when able to meet all the qualifying conditions for an individual benefit (such as JSA, Housing Benefit, Income Support and Universal Credit), she would be unable to claim when aged 16 or 17 if she had been looked after by a local authority for 13 weeks or more since the age of 14 and left care on her 16th birthday. (Similar rules apply to young people who have been in hospital, a remand centre or a young offenders’ institution.)

Even parents and guardians are unable to receive any extra money in their means-tested benefits for a care leaver. This is because local authority social services/social work departments have the responsibility for meeting the care leaver’s needs for maintenance, accommodation and support and so parents/guardians are excluded from receiving benefits that cover the same things.

**Comparison with other countries**

The other countries have a similar attitude to people in these circumstances. The young woman would be regarded as remaining the responsibility of the care system until she reached the age of 18. They might still receive support and even be sub-leased an apartment in Germany or in one of the larger cities in Sweden, perhaps sharing facilities with other residents. Our Danish country expert suggested that the woman might end up ‘sofa-surfing’ and relying on friends, although the local authority would be obliged to provide an alternative solution if the woman co-operated. In the US, the local authority would be obliged to find her housing with a foster family, with kinship care or a group home placement until she turned 18. Some American states would allow her to remain in care until she is 21, with continued financial support for the support family, at which point she might receive transitional rental subsidy if it is available.
Profile of benefit receipt

The rules that apply to the receipt of benefits do not tell us about the propensity of young people to receive them. In examining this propensity, it is important to distinguish between young people who receive benefits in their own right and those who live in (primarily parental) households that receive support.

Figure 9 shows the proportion of young people aged 16–29 who received either unemployment-related benefits or disability-related benefits at any time during 2012. It emphasises that relatively few young people receive unemployment-related or disability-related benefits in their own right.

By far the highest level of benefit receipt among this age group is found in Denmark, where people tend to leave home earlier than in other countries and youth unemployment is high. The UK is notable for its relatively high level of claims for disability-related benefit. The lowest levels of benefit receipt are in the US, where state assistance is substantially weaker than elsewhere, and in Australia, where the labour market is relatively buoyant.

Figure 9: Proportion of young people who received benefits at any time during 2012

![Chart showing the proportion of young people who received benefits at any time during 2012](image)

Notes: Age range is 16–29, except for the US, which is 16–24. OECD figure is not weighted by country size.
Source: Cartlil et al., 2015, Figure 16

Figure 10 provides information concerning benefit receipt by young people (aged 16–29) either independently or as part of a wider household. In half of the countries, most young people live in a household that receives state assistance. In only one (Australia) do fewer than 40% of young people live in such a household, and even there more than one-third do so. The significance of family allowances in all countries suggests that substantially more young people receive state assistance through a broader household (generally parents) than independently.

In all of the countries, the benefit most often described as being the only one being received is a family allowance. The lowest propensity is in Australia, where one-quarter of young people live in households that receive this and no other support. In Germany, a clear majority of young people live in households that receive family allowance and no other support, possibly reflecting the continuation of support until the age of 25 when young people are in full-time education or training.

The UK has a relatively high level of young people in receipt of disability-related benefits. These will include Disability Living Allowance paid to dependent young people aged 16 and over.

A cautionary note should be added to these figures: they do not indicate how generous these benefits are.
Employment outcomes

Table 3 provides summary information on the activity profile of young men and women in the 15–19 and 20–24 age groups.

The vast majority of male and female 15- to 19-year-olds in all of the countries are in education, although participation rates among young people in the UK are at the lower end of the spectrum and below the OECD average. Education participation rates in all of the countries other than Denmark are somewhat higher among women than among men. Conversely, relatively few young people in this age group are in work, but not in education, although the figure for both men and women in the UK is towards the upper end of the spectrum and above the OECD average. The ‘liberal’ countries have the higher rates of 15- to 19-year-olds who are not in education, employment or training (NEET) than the others. Of these, the UK has the highest NEET rate.

Education participation rates for 20- to 24-year-olds are much lower than those for 15- to 19-year-olds. They are below 50%, except for men and women in Denmark and women in Germany. The UK has the lowest education participation rate among 20- to 24-year-olds of the countries included in this study. Moreover, it is substantially (more than five percentage points) lower among UK men than among their counterparts elsewhere apart from the US. Participation in education among women aged 20–24 is higher than among men in all of the countries apart from the UK. The gap between the UK female participation in education in this age group and the other countries is even larger than that among men – being 9.3 percentage points lower than the next lowest rate (Australia) and 28.5 percentage points lower than the highest participation rate (Denmark).

Of the countries in this study, the UK has the highest rate of people who are NEET among both male and female 15- to 19-year-olds and 20- to 24-year-olds. The UK’s NEET rate is more than four percentage points higher than the rate for four of the five other countries for men aged 20–24 and more than seven percentage points higher than the rate for four of the five other countries for women aged 20–24. As is the case in almost all the other countries, the rate is higher among women than among men.

Overall, the UK’s profile is one of relatively low education participation rates and high NEET rates.
Table 3: Youth activity profiles, 2012

(a) Men aged 15–19

<table>
<thead>
<tr>
<th>Country</th>
<th>Total in education (%)</th>
<th>In education and in work (%)</th>
<th>In education, but not in work (%)</th>
<th>Total not in education (%)</th>
<th>Not in education, but in work (%)</th>
<th>Not in education, employment or training (NEET) (%)</th>
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<tbody>
<tr>
<td>Australia</td>
<td>80.5</td>
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<td>47.1</td>
<td>19.5</td>
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<td>Germany</td>
<td>94.0</td>
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<td>6.0</td>
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<td>10.5</td>
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<td>18.6</td>
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<td>10.3</td>
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<td>70.3</td>
<td>15.8</td>
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(b) Women aged 15–19

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<th>Country</th>
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<th>In education, but not in work (%)</th>
<th>Total not in education (%)</th>
<th>Not in education, but in work (%)</th>
<th>Not in education, employment or training (NEET) (%)</th>
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### (c) Men aged 20–24

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<th>In education, but not in work (%)</th>
<th>Total not in education (%)</th>
<th>Not in education, but in work (%)</th>
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<td>20.6</td>
<td>65.8</td>
<td>47.6</td>
<td>18.2</td>
</tr>
<tr>
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<td>37.4</td>
<td>18.2</td>
<td>19.2</td>
<td>62.6</td>
<td>46.6</td>
<td>16.0</td>
</tr>
<tr>
<td>OECD</td>
<td>43.5</td>
<td>14.5</td>
<td>29.0</td>
<td>56.5</td>
<td>40.1</td>
<td>16.4</td>
</tr>
</tbody>
</table>

### (d) Women aged 20–24

<table>
<thead>
<tr>
<th>Country</th>
<th>Total in education (%)</th>
<th>In education and in work (%)</th>
<th>In education, but not in work (%)</th>
<th>Total not in education (%)</th>
<th>Not in education, but in work (%)</th>
<th>Not in education, employment or training (NEET) (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>42.4</td>
<td>26.9</td>
<td>15.5</td>
<td>57.6</td>
<td>43.8</td>
<td>13.7</td>
</tr>
<tr>
<td>Denmark</td>
<td>61.6</td>
<td>37.4</td>
<td>24.2</td>
<td>38.4</td>
<td>23.5</td>
<td>14.9</td>
</tr>
<tr>
<td>Germany</td>
<td>52.3</td>
<td>25.5</td>
<td>26.8</td>
<td>47.7</td>
<td>35.6</td>
<td>12.1</td>
</tr>
<tr>
<td>Sweden</td>
<td>49.2</td>
<td>16.5</td>
<td>32.7</td>
<td>50.8</td>
<td>37.7</td>
<td>13.1</td>
</tr>
<tr>
<td>UK</td>
<td>33.1</td>
<td>13.9</td>
<td>19.2</td>
<td>66.9</td>
<td>44.6</td>
<td>22.3</td>
</tr>
<tr>
<td>US</td>
<td>42.9</td>
<td>21.8</td>
<td>21.1</td>
<td>57.1</td>
<td>37.7</td>
<td>19.4</td>
</tr>
<tr>
<td>OECD</td>
<td>49.6</td>
<td>17.2</td>
<td>32.4</td>
<td>50.4</td>
<td>31.9</td>
<td>18.6</td>
</tr>
</tbody>
</table>

**Note:** ‘Total not in education’ is calculated as 100 minus ‘Total in education’. There is sometimes a small difference between this number and the sum of the components, which may be attributed to rounding.

**Source:** Calculated from OECD, 2014c, Tables C5.2b and C5.2c (web only: [http://dx.doi.org/10.1787/888933118903](http://dx.doi.org/10.1787/888933118903))
Vignette 4: Childcare for a 23-year-old lone parent

A 23-year-old woman becomes a lone parent shortly after graduating from university. A year later she is very keen to take a job, but her parents are unable to help with childcare, and she cannot afford to pay for private care. What are her options? What state support could she receive? What would be expected of her parents, if anything?

Situation in the UK

Most people aged under 25 have no claim for Working Tax Credit (which encompasses a childcare cost payment) unless they qualify for a disabled worker element or if they have responsibility for a child. As this young woman has a child, she would be able to claim Working Tax Credit if her income were low and she worked at least 16 hours a week. She would also be entitled to Child Tax Credit, which has neither an age restriction nor an ‘hours rule’ attached. She could also potentially retain other benefits, depending on the hours she worked (if claiming JSA or Income Support – under 16 hours). If she were claiming Universal Credit she would not be restricted by the ‘hours rule’ and this may aid her transition into and out of work if reducing and increasing hours.

As long as the childcare provider the young woman arranges for her child is registered to tax authority (HM Revenue & Customs) standards, then 70% of her childcare costs in a week could be paid. If her parents looked after her child, she would not be eligible for help with childcare from tax credits and her parents would have reduced leisure time. Registered childcare in the UK is costly and finding the extra 30% can be difficult for many people. Recent Family and Childcare Trust research has found that the average cost of childcare now stands at £6,000 per year (Hill and Adams, 2015), thereby leaving £150 per month (£34 per week) to be paid by the parent(s) even when full benefit is payable.

Comparison with other countries

Sweden and Denmark have well-established systems of childcare that facilitate employment. In Sweden, this young woman would be entitled to 30 hours of free childcare per week if her income were less than SEK10,000 (about £780) per month, but it would still be heavily subsidised (on a means-tested basis) if she earned more. Heavily subsidised daycare is also provided by Danish municipalities on a means-tested basis. The highest charge is about €400 (about £290) per month. Germany has recently (August 2013) introduced a legal right to public childcare for children aged over one year. Practices vary greatly between local authorities, but generally the service is means-tested. If the woman were on a low income, she might well pay nothing at all. In the US, state childcare subsidies are available for people on a low income until the child reaches five years of age, when nearly all states provide kindergarten care. Further programmes are provided for at-risk or homeless children, but would be unlikely to be available to a college graduate with an income above 150% of the poverty threshold.
Vignette 5: Moving to an area with better employment opportunities

A 20-year-old living in an area with a high level of unemployment has completed a vocational training course. There are no jobs available where they live, and they want to move to a city several hundred kilometres away where there are many more job opportunities. How easy is it for them to move to look for work? How easy is it for them to access housing? Can they get any help from the state or non-governmental organisations? What would be expected of his parents, if anything?

Situation in the UK

If this young person were to move to private rented accommodation, there would be very little help available to them, unless they could afford the move themselves. They would be reliant on parents/guardian for at least financial support and potentially as guarantor at any private rented sector property.

They would have a right to make an application for social rented housing and, unless there were specific ‘local connection’ criteria placed on a development, they could not be disbarred from being allocated a property. However, their priority would be quite low and any allocation would be reliant on the availability of property, which most likely would mean property in ‘hard-to-let areas’ where the sector may have vacant properties.

As this young person does not appear to be claiming benefits, avenues of support for removal costs etc. – through discretionary housing payments or welfare funds – would not be available. It may be possible, if they made a claim for JSA, to receive a small grant from Jobcentre Plus to help with some of the costs, but this would be unlikely in their circumstances as there is no specific job that this young person is moving for. However, the young person could make a claim for benefits in the new area once they had secured a place to stay. If they were to apply to their council for assistance as homeless, they may be deemed to have no local connection and therefore refused this support in the new area.

Comparison with other countries

In the US, this person would simply be on their own, although they might be able to access emergency shelter if they were to become homeless. In Germany, although the parents have no obligation to help (because they have left education/training), the person would be entitled only to a reduced rate of social assistance and would not receive help with housing costs (because they are under 25) if they had left home without the permission of the job office. Under these circumstances it would be very difficult for them to find accommodation.

As in the UK, in Denmark this person would be able to claim benefits, but would receive no assistance with finding housing. Indeed, there is a shortage of affordable housing in the larger cities. Only in Sweden would this person receive active assistance (from the Public Employment Services) to help them move to another city. Moreover, if they were to find a job of at least six months’ duration, then they could get financial support of up to SEK 20,000 (about £1,670) for removal costs. However, high housing costs in areas where labour markets are buoyant might well act as a barrier to mobility. Housing costs in Stockholm and the ‘university cities’ have been causing increasing affordability problems in recent years.
**Poverty**

The UK has one of the highest youth poverty rates among the six countries studied (see Figure 11). Along with Denmark and the US, more than one in five young people (aged 18–25) lived in poverty in 2011 or 2012. Moreover, after Denmark, the UK’s youth poverty rate is the highest compared with the poverty rate for the population as a whole. In the UK, a young person is twice as likely to be poor compared with the population as a whole.

The poverty rates among young people aged 18–25 suggest that they cannot be predicted so readily from the welfare regime characterisation. In particular, Australia has a relatively high rate of poverty among all age groups, but the lowest among people aged 18–25. Indeed, Australia is the only country in this study that has a lower poverty rate among young people than the population generally. This is attributed to its social security system offering relatively good support for young people to stay at home and be in education or leave home and live independently (Saunders et al., 2014). Conversely, Denmark has the lowest level of poverty generally, but joint highest (with the US) among people aged 18–25. Consequently, the poverty rate among young people is more than 3.5 times that of the general population. This may in part be attributed to the relatively young age at which Danes leave the parental home. Indeed, it should be remembered that in the year to which these poverty rates apply, more than three-quarters of Danes and more than 60% of Swedes aged 18–24 lived away from home. In contrast, more than three-quarters of Germans in this age group lived with their parents.

The pattern is more consistent among the other countries. For example, the US has the highest level of poverty in the general population, and the joint highest among young people.

**Figure 11: Poverty rates after taxes and transfers**

<table>
<thead>
<tr>
<th>Country</th>
<th>All ages</th>
<th>18- to 25-year-olds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>15%</td>
<td>20%</td>
</tr>
<tr>
<td>Germany</td>
<td>10%</td>
<td>15%</td>
</tr>
<tr>
<td>Sweden</td>
<td>5%</td>
<td>10%</td>
</tr>
<tr>
<td>UK</td>
<td>25%</td>
<td>30%</td>
</tr>
<tr>
<td>Denmark</td>
<td>10%</td>
<td>15%</td>
</tr>
<tr>
<td>US</td>
<td>20%</td>
<td>25%</td>
</tr>
</tbody>
</table>

Notes: Poverty rate = 50% median equivalised income. Year is 2012 for Australia, Sweden and the US and 2011 for Germany, the UK and Denmark. Source: OECD.StatExtracts

There are clear limitations to these statistics. They do not distinguish between young people who live with their parents and those who live independently. Moreover, they do not take into account housing costs, which might be expected to make an even greater difference to poverty rates among young people living independently.

**Homelessness**

Differences in definitions, measurement and coverage of homelessness preclude a systematic comparison between the countries of the extent of youth homelessness (Busch-Geertsema et al., 2014).

Nonetheless, the reports of the county informants permit a number of points to be made:
• tightening housing markets in Denmark, Sweden, the UK and parts of Germany are making young people more vulnerable to homelessness
• single people are generally not prioritised for social or affordable housing, and are therefore more dependent on market rental housing
• insecure private sector tenancies in the UK have overtaken being asked to leave home by parents as the most frequent immediate cause of homelessness, while in Sweden, being unable to sign a tenancy until the age of 18 is a problem
• benefit sanctions in Germany and the UK are emerging as a cause of youth homelessness, and levels of benefits for young people have been cited in Denmark (Busch-Geertsema et al., 2014)
• rights to emergency or temporary accommodation for homeless people are limited to Germany and two cities (New York City and Washington DC) and one state (Massachusetts) in the US, while in Scotland, single people now qualify for the main duty conferred on local authorities to rehouse young people
• many young people resort to informal assistance from friends in the form of ‘sofa surfing’
• people with addictions/mental health problems are especially vulnerable to homelessness.

Conclusions

In examining the social security entitlements of young people in the different countries, this chapter revealed a high degree of similarity concerning the social security rights of young people, and the expectations placed on parents.

The US emerges as an outlier in the general lack of a social assistance safety net for childless non-disabled young people. In the other countries, lack of coverage of social insurance systems means that young people living independently are likely to depend on social assistance. The UK is not alone in setting lower rates for social assistance for younger people than for people in older age groups. Unemployment-related social assistance is always conditional on availability for and actively seeking work, and often contains requirements for participation in ‘activation’ programmes. Failure to comply with these requirements can lead to sanctions, as in the UK, although the longest periods of benefit stops in the UK appear to be higher than elsewhere. There is evidence from at least one other country (Denmark) that sanctions affect young people disproportionately.

Receipt of social assistance often leads to additional assistance with housing costs. Although it is difficult to compare systems directly, the range of measures that treat young people less favourably than other people appears to be absent in the countries other than the UK that offer such support. In particular, we found no equivalent of the ‘shared accommodation rate’. Indeed, in Sweden, young childless people aged under 29 can claim housing allowance, but those over this age cannot, which was intended to increase the supply of adequate housing for younger people (Åhrén, 2007).

Germany is an outlier in this respect. The assumption in the German social security system is that young people will live with their parents until they are 25. Hence, it is difficult for someone under 25 to live independently and receive social assistance at the full rate, or help with their housing costs.

It is notable that relatively few young people receive social assistance in their own right. In four of the countries, more than half of young people aged 16–29 (16–24 in the US) live in households in receipt of benefits. A family allowance is the most commonly received benefit in all countries. In Germany, it is dominant, perhaps reflecting the principle that younger people should live with their parents.

In terms of outcomes, the UK showed relatively high youth employment levels, but a high level of people who are NEET. The UK also has one of the highest youth poverty rates among the six countries studied. In the UK, a young person is twice as likely to be poor compared with the population as a whole.
4 Conclusions

This report has examined the social security rights enjoyed by young people in six countries. In all of these countries, policy is adapting to changing transitions to independent living. Generally, the transition to independent living has lengthened, as participation rates in education and training have risen, and as labour markets have changed. Partly due to extended periods in education, but also due to tightening housing markets in many countries, there has been a tendency for the average age of leaving the parental home to rise, although it varies greatly between countries.

These trends have coincided with a general reduction in the generosity of social security systems over the past 25 years, which has been intensified in some countries by the global financial crisis.

This study has shown that the UK performs poorly in terms of youth poverty and the rate of young people who are NEET. Along with Denmark and the US, the UK has a youth poverty rate in excess of 20%. Moreover, the UK has rather low education participation rates among 20- to 24-year-olds and the highest NEET rate.

The study also points to a number of approaches to managing the transition to independent living that are underpinned by identifiable principles. These not only help us to understand our own system better, but also provide a platform from which – given the will – it might be improved.

When should parental responsibility for dependent children end?

The study identified two main approaches to the duration of parental responsibility (where the child remains single):

- Parental responsibility for young people ceases when they reach a particular age, regardless of occupational or residential status. The UK and Sweden come closest to this principle by treating young people as being independent from the age of 18, or 20 if they are in education. This position can be characterised as being determined by age, but tempered by education: an age-centred approach.

- Parental responsibility for young people ceases only when they have completed their education. Germany comes closest to this principle, since parental responsibility continues until the young person reaches the age of 27 if they remain in education. The German position can be characterised as being determined by educational participation, but tempered by age: an education-centred approach.

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

The study identified three main approaches:

- Germany adopts a consistent familial model whereby the norm is to treat children as being dependent on their parents until the age of 25. Until this age, benefits relating to the child are paid to their parents. Unless there is good reason for them to do so, a young adult who leaves home will receive support at a lower rate.

- Sweden and Australia adopt an autonomous model. In Sweden, state support for parents can be paid up until the young adult reaches 18, or 21 if they continue in education. However, the young adult can become eligible for the full rate of benefit regardless of whether they live at home from the age of 18. In Australia, benefits are paid at a higher independent rate from the age of 22, with no further support for parents payable from this age.
• The UK and Denmark adopt a hybrid approach. Support for parents through family allowances ends when their responsibility ends, but a lower rate of benefit is paid to adult children up to the age of 25 in the UK and 29 in Denmark. There is therefore a gap in these hybrid systems between the end of state support for parents and full benefit entitlement (although there is an overlap in terms of partial benefits entitlement).

**How should the state support young people’s housing costs?**

Leaving home early is strongly associated with higher poverty rates (Iacovou and Aassve, 2007). The study identified four approaches to helping young people with their housing costs:

• Sweden has adopted an independence-supporting approach that recognises the difficulties that young people have in making the transition to independent living. It provides access to housing allowances for childless young people up to the age of 29 in order to help them access housing. Denmark has also extended support for people living in high-cost areas to people aged under 30.

• Germany adopts a pragmatic approach. The government expects young people normally to live with their parents until they are 25. If someone leaves home without good reason, they do not receive state assistance with their housing costs (and receive benefits at the stay-at-home rate). However, if there is good reason for them to leave home, then they receive full adult rates of benefits and help with housing costs.

• The UK adopts a system that incentivises young people to stay at home. The ‘shared accommodation rate’, whereby single people aged under 35 receive a housing allowance based on the cost of shared accommodation, is intended to discourage independent living. However, little account is taken of individual circumstances, for example whether they would be able to live in their parents’ home.

• Australia has adopted a neutral position, neither incentivising nor decentivising young people to transition to independent living, with housing cost payments made by circumstance and not age.

**Educational support**

The scope of the study did not include maintenance support for young people who are in education or training. However, the difference in approach between Australia and the UK is striking:

• Australia has an integrated approach to supporting young people that focuses on their needs regardless of activity. The Youth Allowance provides benefits for young people in education, training or while looking for work at either a lower dependant rate (with increasing but means-tested parental support payment for older children) or a higher independent rate, which is automatically paid from the age of 22 up until the age of 24 with no parental support payment.

• The UK provides rather less support for young people to remain in education or training. The government provides limited assistance according to parental income for people aged 16–19 through Educational Maintenance Allowance in Scotland, Wales and Northern Ireland, and more limited bursaries in England. The proposed UK ‘Youth Allowance’, which is aimed at the 18–21 age group, does not appear to be designed to bridge the divide between support for education and training and (conditional) out-of-work support.
What can the UK learn?

The comparisons conducted for this report identified a gap in the social protection afforded to young adults. State support for parents with dependent children/young adults ends before these young people are entitled to full state support in terms of social security rates and housing allowances. This approach leaves young people who need to leave home with a very low income and limited support for housing.

The following are suggestions as to how the UK could address this issue:

- One approach might be to move towards a familial model, as exists in Germany, whereby state support for parents with dependent young adults continues until they have reached the age of 25. Full benefits, including housing allowances, would be paid to young adults aged under 25 only when they need to leave home.

- An alternative approach would be to support young people’s transition to adulthood, as occurs in Sweden and Australia, by recognising adulthood from a particular age (20 and 22 respectively) regardless of circumstance.

Additionally, the report highlighted the high proportion of young people in the UK who are classified as NEET:

- This should prompt consideration of the maintenance support that is provided for young people, with particular regard for the Australian system.

Conclusion

This report highlights the central anomaly in the protection that the state offers young people in their transition to adulthood – state support for parents with dependent young adults ends before full benefit entitlement is conferred on young adults. While this approach may not cause major difficulties for those young people who live with their parents, it may not meet the needs of those young people who need to leave home. The proposed removal of the ‘automatic’ entitlement of 18- to 21-year-olds to Housing Benefit would serve to widen the gap in social protection for young people.

The report also suggested that the UK should consider the merits of the integrated approach to supporting young people who may be in education, training or seeking work that exists in Australia.
Notes


2. Enough stock must be available so that all recipients of social assistance benefits are able to rent at prices below the ceiling set, but the ceiling should not be so high that landlords start raising rents. The level is set at the local level, but proper analysis of the housing market is often contracted to housing research institutes to determine the 'coherent concept' (schlüssiges Konzept) for rent ceilings required by the courts.


References


Appendix 1: Poverty statistics

While EU Statistics on Income and Living Conditions (EU-SILC) are now widely used to compare poverty rates between EU countries, clearly they cannot be used for Australia or the US. Therefore, this report utilises poverty data collected by the Organisation for Economic Co-operation and Development (OECD).

The OECD collects data on incomes through a questionnaire distributed to governments in member states. The data supplied is usually drawn from surveys, such as the Family Resources Survey in the UK, but in Denmark administrative data is used (OECD, 2012b, p. 15).

Cash-disposable income is used for the purpose of measuring poverty. Gross income includes: earnings; income from self-employment, capital and rents; pensions; and other transfers such as social security. It does not include imputed rental income or benefits in kind. Income tax and social insurance contributions are deducted from gross income to calculate cash-disposable income. This method is very similar to that used by the EU.

The unit of measurement is the individual, but income is measured at the level of the household. Incomes are adjusted (‘equivalised’) according to household composition, using the square root method. This contrasts with the ‘modified OECD’ scale (confusingly) employed by the EU (and by the UK government). The square root method has a lower elasticity (0.5) than the modified OECD scale (0.53), which implies that the square root method attaches greater economies of scale to income as households grow (OECD, 2012b).

The OECD’s principal measure of poverty employs a threshold of 50% of median income for the population as a whole. This is lower than the 60% employed by the EU and by the UK government.

However, the two sources and equivalisation methods usually present similar results for the EU countries included in EU-SILC. However, there are also exceptions, as shown in Table A1.1. Here the poverty rates for 16- to 24-year-olds (EU-SILC) and 18- to 24-year-olds (OECD) are shown using a 50% threshold. The greatest difference is in Denmark (4.4 percentage points). Unfortunately, the portals are not sufficiently flexible to allow the same age group to be selected. Also shown are the poverty rates for the whole population using a 60% threshold. Here the greatest difference is in Sweden (3.4 percentage points).

Table A1.1: Poverty rates, 2011

<table>
<thead>
<tr>
<th></th>
<th>EU-SILC 50% threshold, 16- to 24-year-olds</th>
<th>OECD 50% threshold, 18- to 24-year-olds</th>
<th>EU-SILC 60% threshold, whole population</th>
<th>OECD 60% threshold, whole population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Denmark</td>
<td>25.9</td>
<td>21.5</td>
<td>13.0</td>
<td>13.2</td>
</tr>
<tr>
<td>Germany</td>
<td>11.8</td>
<td>12.7</td>
<td>15.8</td>
<td>15.0</td>
</tr>
<tr>
<td>Sweden</td>
<td>17.1</td>
<td>18.1</td>
<td>14.0</td>
<td>17.4</td>
</tr>
<tr>
<td>UK</td>
<td>11.2</td>
<td>11.5</td>
<td>16.2</td>
<td>16.9</td>
</tr>
</tbody>
</table>

Source: EU-SILC via Eurostat Data Explorer; OECD database via OECDStatExtracts

The OECD data is collected by questionnaire, and therefore has limited flexibility. This constrains both the poverty threshold that can be accessed and the age ranges. Poverty statistics for people aged 18–24 are available only on the basis of the 50% threshold.

Moreover, the OECD’s poverty statistics measure poverty before housing costs have been taken into account. It should be remembered that, in all countries, housing costs do increase the poverty rate over
the population as a whole. However, as Table A1.2 shows, the impact varies between different groups: in the UK, pensioner poverty actually falls once housing costs have been taken into account.

Table A1.2: Poverty rates in the UK, before and after housing costs, 2012/13

<table>
<thead>
<tr>
<th>Category</th>
<th>Before housing costs (% of group)</th>
<th>After housing costs (% of group)</th>
<th>Difference (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Children</td>
<td>17</td>
<td>27</td>
<td>+10</td>
</tr>
<tr>
<td>Working-age people</td>
<td>15</td>
<td>21</td>
<td>+6</td>
</tr>
<tr>
<td>Pensioners</td>
<td>16</td>
<td>13</td>
<td>-3</td>
</tr>
<tr>
<td>All</td>
<td>15</td>
<td>21</td>
<td>+6</td>
</tr>
</tbody>
</table>

Note: 60% threshold.

Source: DWP, 2014b
Appendix 2: Sanctions regimes in Great Britain

Jobseeker’s Allowance

A revised Jobseeker’s Allowance (JSA) sanctions system was introduced in October 2012 whereby the length and amount increased, with longer sanctions for those who repeatedly ‘fail to engage’. The amendments to the JSA regulations were made via the Jobseeker’s Allowance (Sanctions) (Amendment) Regulations 2012, no. 2568 (Oakley, 2014, p. 16).

Watts et al. (2014) highlight that the under-25 group has been disproportionately adversely affected by sanctions than any other age group. Making up only around 27% of JSA claimants, young people accounted for 43% of all the sanctions issued since October 2012 under the new regime from October 2012 to December 2013 (Watts et al., 2014, p. 6). An explanation for this might be that those under 25 years of age have a more ‘relaxed’ attitude to conditionality and sanctions because they may be able to rely on others such as family members for support. Also that, as many younger people may have a chaotic lifestyle, they may find the stricter system difficult to cope with – for example when ‘sofa-surfing’ – and may not receive important correspondence from the Jobcentre asking them to attend an interview. This situation highlights potential direct and indirect discrimination within the system as it does not take into account how young people may be actually living (Watts et al., 2014).

Nominal changes were made to the regulations on 21 July 2014 for people who have recently been made homeless via the Jobseeker’s Allowance (Homeless Claimants) Amendment Regulations 2014 (HM Government, 2014). The amendment allows the Department for Work and Pensions’ decision-maker discretion to apply a sanction where it is felt that a claimant is not actively looking for settled accommodation. These regulations amend the provisions in the Jobseeker’s Allowance Regulations 1996 (Sl. 1996/207), which required claimants to be treated as being available for employment when suffering a domestic emergency.
**Table A2.1: Summary of JSA sanctions for claimants aged 18 and over (sanctions for 16- to 17-year-olds marked with *)**

<table>
<thead>
<tr>
<th>Higher-level sanctions</th>
<th>Sanction period</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Losing a job due to misconduct</td>
<td>Fixed: 13, 26 or 156 weeks</td>
</tr>
<tr>
<td>• Leaving a job voluntarily</td>
<td>(where 16- to 17-year-olds are unable to show ‘good reason’ for non-compliance they will undergo a two-week sanction period for offences marked with *)</td>
</tr>
<tr>
<td>• Failing to apply for or accept a job</td>
<td></td>
</tr>
<tr>
<td>• ‘Neglecting to avail’ themselves of a job opportunity</td>
<td></td>
</tr>
<tr>
<td>• Failing to participate in Mandatory Work Activity</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Lower-level sanctions</th>
<th>Sanction period</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Failing to participate in an interview</td>
<td>Fixed: 4 or 13 weeks</td>
</tr>
<tr>
<td>• Failing to participate in a specified work-finding programme</td>
<td></td>
</tr>
<tr>
<td>• Failing to carry out a Jobseeker’s Direction</td>
<td></td>
</tr>
<tr>
<td>• Failing to attend/giving up a place on a training/employment programme</td>
<td></td>
</tr>
<tr>
<td>• Failing to apply for/accept a place on a training/employment programme</td>
<td></td>
</tr>
<tr>
<td>• ‘Neglecting to avail’ themselves of an opportunity of a place on a training/employment programme</td>
<td></td>
</tr>
<tr>
<td>• Losing a place on a training scheme or employment programme because of misconduct (the only sanction that applies to 16- to 17-year-olds that is automatic)</td>
<td></td>
</tr>
<tr>
<td>• Ceasing to be available for work or ceasing to be actively seeking work</td>
<td>Fixed: 4 or 13 weeks</td>
</tr>
</tbody>
</table>

Source: CPAG, 2015

**Universal Credit**

Sanctions will be applied to the basic allowance of Universal Credit if claimants do not meet their ‘claimant commitment’ without ‘good reason’. This can leave claimants without funds over a set or indefinite period. A hardship payment can be claimed where the claimant shows that they have no alternative funds for essential items. The sanction rate can be as high as 100% of the daily rate of benefit award.
### Table A2.2: Universal Credit sanctions for claimants aged 18 and over (sanction periods for 16- to 17-year-olds indicated in square brackets)

<table>
<thead>
<tr>
<th>Universal Credit sanctions</th>
<th>Sanction period</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Higher-level sanctions (Universal Credit and JSA only)</strong></td>
<td>Fixed: 91, 182 or 1,095 days</td>
</tr>
<tr>
<td>• Failing to participate in Mandatory Work Activity</td>
<td></td>
</tr>
<tr>
<td>• Failing to apply for paid work</td>
<td>[16- to 17-year-olds: fixed: 14 days for first offence and 28 days if second offence or more]</td>
</tr>
<tr>
<td>• Failing to accept paid work</td>
<td></td>
</tr>
<tr>
<td>• Ceasing paid work or losing pay voluntarily</td>
<td></td>
</tr>
<tr>
<td>• Ceasing paid work or losing pay because of misconduct</td>
<td></td>
</tr>
<tr>
<td><strong>Medium-level sanctions (Universal Credit and JSA only)</strong></td>
<td>Fixed: 28 or 91 days</td>
</tr>
<tr>
<td>• Failing to take all reasonable action to get paid work</td>
<td></td>
</tr>
<tr>
<td>• Failing to be available for paid work</td>
<td>[16- to 17-year-olds: fixed: 7 days for first offence and 14 days for subsequent offences]</td>
</tr>
<tr>
<td><strong>Low-level sanctions</strong></td>
<td>Indefinite until a specified event occurs (e.g. compliance) plus a fixed period: 7, 14 or 28 days</td>
</tr>
<tr>
<td>• Failing to meet a work-focused interview requirement</td>
<td>[16- to 17-year-olds: only for second offence: fixed: 7 days]</td>
</tr>
<tr>
<td>• Failing to comply with a connected requirement to participate in interviews, provide evidence or confirm compliance</td>
<td></td>
</tr>
<tr>
<td>• Failing to meet a work preparation requirement</td>
<td></td>
</tr>
<tr>
<td>• Failing to take a particular action to get paid work</td>
<td></td>
</tr>
<tr>
<td><strong>Lowest-level sanction (for Universal Credit and Employment Support Allowance claimants subject to meet work-focused interview requirements only)</strong></td>
<td>Until a specified event occurs (e.g. compliance), but with no fixed period</td>
</tr>
<tr>
<td>• Failing to meet a work-focused interview requirement</td>
<td>[16- to 17-year-olds: not applicable]</td>
</tr>
</tbody>
</table>

Source: CPAG, 2015

### 16- and 17-year-olds

Sanctions apply to 16- and 17-year-olds’ benefits in much the same way as claimants aged 18 and over (see Tables A2.1 and A2.2 and below for general rules). A claim for a hardship payment can also be claimed by this younger age group affected by sanctions. However, there are notable differences within both income-based JSA and Universal Credit for this age group:

**Income-based JSA**
- Special rules apply for ‘good reason’.
- Sanction periods are shorter (as indicated in Tables A2.1 and A2.2).
- The amount that benefit is reduced by is lower than that for older claimants, amounting to a reduction of 40% of the single personal allowance (even when claiming as a couple) or a reduction of 20% if anyone included in the claim is pregnant or seriously ill (not defined in the legislation).
Universal Credit

- Shorter sanction periods apply for higher-, medium- and low-level sanctions (highlighted in square brackets in Table A2.2).
- Benefit is reduced by a lower amount than that for older claimants, as with income-based JSA (see above).
Acknowledgements

The authors are grateful to the country experts who completed pro-formas, answered numerous queries and commented on an earlier draft of this report. They were: Edgar Liu (Australia), Lars Benjaminsen (Denmark), Volker Busch-Geertsema (Germany), Marcus Knutagård and Alexandru Panican (Sweden) and Dennis Culhane (the US). The authors also benefited from a useful discussion about responsibility for young people in Scotland with Tom Mullen.

The authors are grateful for comments received on an earlier draft of this report from Jonathan Bradshaw, Chris Gouldon, Maria Iacovou, Peter Kenway and Brian Robson.

The authors are responsible for remaining errors.

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