



Analysis of the dynamics behind the take-up of welfare benefits among young people by means of combined administrative registers

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Abstract

Administrative registers and the datasets created from them are indispensable to the analysis of welfare dynamics. Survey methods, by contrast, are impractical when it comes to implementing extensive follow-up studies. There is a long tradition in Finland of creating datasets by combining register data from different organizations. The dataset used in the present paper was formed by combining register data from two organizations responsible for maintaining welfare registers. In addition to cross-sectional data a 10-year history of benefit receipt was constructed for the study population.

The benefit history was used to analyse the length of receipt of welfare benefits. Various cohort-based investigations were central to the analysis of the length of benefit receipt. We examined the persistence of benefit receipt among young persons by looking at the share of benefit recipients in a given year who received the same benefit in subsequent years. We counted for each cohort the number of consecutive years in which young persons received the same benefit. Receiving a certain benefit across several consecutive years thus results in a benefit history specific to that benefit.

As part of the analysis of benefit histories, we looked at the number of persons who, in addition to receiving student financial aid or labour market subsidy in consecutive years, also received social assistance in specific years. The likelihood of receiving social assistance supplementary to student financial aid decreased in direct proportion to the number of consecutive years of financial aid receipt. Among those having received labour market subsidy across several years, however, the share of those receiving social assistance increased.

Keywords: young people; welfare benefits; administrative registers; cohort study.

1. Introduction

For many young people today the transition from youth to adulthood is increasingly delayed. With young people studying longer and often entering the labour market through a series of temporary jobs, they take longer to reach the stage of life at which to achieve a stable career and a steady income.

Young people in Finland rely on many different sources of livelihood. In many situations (such as education and unemployment), the welfare benefits offered by the state play an important role. Information about welfare take-up among young people and about the length of benefit receipt is needed to support the planning of welfare programmes.

3. Benefit-specific histories of welfare receipt

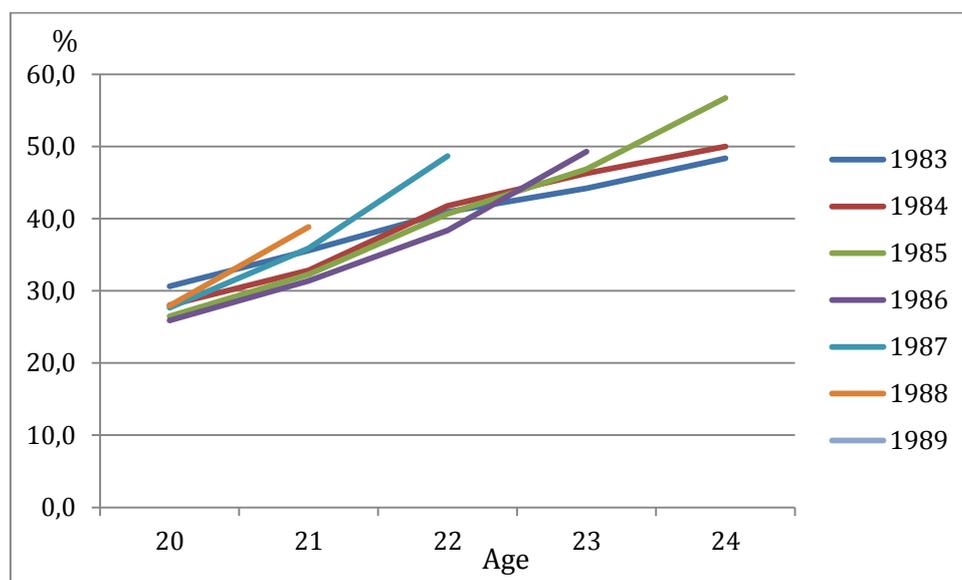
We studied the persistence of the receipt of specific benefits among young people; i.e., the share of recipients in a given year who received the same benefit in subsequent years. We counted for each cohort the number of consecutive years in which young persons received the same benefit. Counted among recipients in a given year were young persons who had received a specific benefit at some time during that year. The follow-up was not continued for those young persons who did not receive the benefit in question during a given year. Receiving a certain benefit across several consecutive years thus results in a benefit history specific to that benefit.

We chose to include in the study those young persons who were 19 years of age and in receipt of a benefit, because at that age many young persons have completed secondary education and are in a kind of transitional stage of life. This age is also suitable for longitudinal analysis of the share of young persons who remain in receipt of a specific benefit for a longer period of time. Further, we looked at the number of persons who, in addition to having received student financial aid benefits or labour market subsidy in consecutive years, also received social assistance in specific years.

When tracking the receipt of student financial aid benefits we discovered that about one fourth of those who received financial aid at age 19 continued to receive it yearly until age 24 or longer. Only 3-4% of those who received labour market subsidy at age 19 continued to receive it yearly from age 19 to age 24. Persistent unemployment lasting several years thus only affects a small proportion of young persons, as there were around 10,000 persons in each cohort who received labour market subsidy at age 19.

By analysing the register data we also discovered that extended receipt of financial aid made it less likely that social assistance was received simultaneously. In the case of the labour market subsidy, however, extended receipt increased the likelihood of receiving social assistance. Thus, prolonged unemployment put young people in an increasingly precarious financial situation. (Figure 2).

Figure 2. Percentage of persons receiving labour market subsidy in consecutive years who also received social assistance.





4. Conclusions

The aim of this study was to offer insights into the receipt of welfare benefits among young people, using data drawn from administrative registers. The dataset was formed by combining data obtained from the benefit registers of the Finnish Social Insurance Institution and the social assistance registers of the National Institute for Health and Welfare. The data allowed us to describe the take-up of welfare benefits among young people and to analyse the simultaneous receipt of different benefits. Before undertaking an analysis of the dynamics behind the take-up of welfare benefits among young people, it was necessary to make substantial adjustments to the dataset. The nature of the data itself, too, affected our choice of analytical methods. At the same time, however, the register data proved particularly suited to the analysis of the dynamics. The novel contributions of this study consist in the formation of benefit-specific histories of welfare receipt and the analysis of the simultaneous receipt of social assistance. An even more detailed analysis of benefit histories would have required access to individual-level data on uninterrupted benefit spells. Extracting such data from the available registers would be an enormous and complicated undertaking. In conclusion it may be said that register-based datasets are not only more cost effective than survey-based methods but also well suited to research of this kind.

References

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