Vulnerable Australian Youth—
the Effects of Economic Cycles on
Income Support Exits

Agnieszka Nelson
Aim of the research

• To examine if the state of the economy impacts on income support exit rates among Australian youth.

• How do the exit patterns differ by type of vulnerability?
  – Indigenous, recent refugees, those living with disability & with significant caring responsibilities
IS recipients as a proportion of Estimated Resident Population

Per cent of ERP

- Youth population (15-24 years)
- Working age population (15-64 years)

a) Calculated using Estimated Resident Population: ABS 3101.0. Figures are at June each year except Feb 2014 (to Feb)
Data: Research and Evaluation Dataset (RED)

• Confidentialised administrative unit record dataset of all income support (IS) recipients in Australia

• From 1 Jan 1999 to 28 Feb 2014

• Longitudinal

Limitation:
• Does not track individuals once they are off income support
In-scope population

- Young Australians (aged 15-24 years) who enter the Income Support System (IS) for the very first time at different times: 1999; 2005; 2006; 2007; 2008; 2009 & 2010 and who are not in education

- Cohorts - ‘stocks + inflows’ in a given calendar year (e.g. 1999) followed through until 28 Feb 2014.

- Probability of Exiting IS calculated for those who are not in any education (a subset of each cohort)
Statistical model

• Estimate probability of exiting IS using a series of logistic / maximum likelihood regression (age by entry cohort)

• Estimate determinants of exiting from Income Support
  – end of 1st year (duration less than 12-months); end 2\textsuperscript{nd}, 3\textsuperscript{rd} and 4\textsuperscript{th} years

• Control for a range of characteristics measured at time of entry onto IS (age, sex, Indigeneity and refugee status)
Predicted exit rates from IS: Females

Probability of Exiting IS (%)

- Holding constant characteristics (at 1999 mean)
- Unadjusted

Data source: Research and Evaluation Database (RED)
Predicted exit rates from IS: Males

Probability of Exiting IS (%)

- Holding constant characteristics (at 1999 mean)
- Unadjusted

Data source: Research and Evaluation Database (RED)
Predicted exit rates from IS: Females

Probability of Exiting IS (%)

- Non Indigenous
- Indigenous

Data source: Research and Evaluation Database (RED)
Predicted exit rates from IS: Females

Data source: Research and Evaluation Database (RED)
Predicted exit rates from IS: Females

Probability of Exiting IS (%)

Data source: Research and Evaluation Database (RED)
Predicted exit rates from IS: Males

Probability of Exiting IS (%)

- DSP
- PPS
- PPP
- UE

Data source: Research and Evaluation Database (RED)
Conclusions

• Evidence is that the GFC had a small and short lasting negative impact upon IS exit rates for youth

• Tentative conclusion
  ➢ Data on increasing exit rates for successive entry cohorts is consistent with the hypothesis that policy changes have acted to increase exit rates
  ➢ post 2009 policies that moved many participants DSP/PP onto unemployment payments may be important

• Vulnerable youth are at a greater risk of staying on for longer on IS than their non vulnerable counterparts
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ANU Centre for Social Research and Methods
Research School of Social Science
<table>
<thead>
<tr>
<th>Year</th>
<th>Policy Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>Welfare to Work reforms. Parents (school aged children) &amp; on disability were switched to unemployment (NSA or YA) to encourage workforce participation.</td>
</tr>
<tr>
<td>2009</td>
<td>Access to YA removed for job seekers who had not completed Year 12 and not in education</td>
</tr>
<tr>
<td>2010</td>
<td>Strengthened criteria for independent status for those claiming to be self-supporting through employment.</td>
</tr>
<tr>
<td>2012</td>
<td>Youth Allowance, the maximum age for a person not in FT education raised from 20 to 21</td>
</tr>
</tbody>
</table>
| 2013 | • New participation requirements for recipients of DSP under the age of 35 with some capacity to work.  
• Recipients of the Parenting Payments cease to be eligible for the payment once their youngest child turned 6/8. Most of these parents were moved onto NSA |
Gross Domestic Product (GDP) Growth: Australia

Per cent change (%)

Data source: ABS Labour force, Australia: Detailed. Electronic delivery, Feb 2015 (No. 6291.0.55.001)
Number unemployed & unemployment rates for youth and working-age population: Australia

Data source: ABS Labour force, Australia: Detailed. Electronic delivery, Feb 2015 (No. 6291.0.55.001)
### In-scope cohorts: numbers by entry cohort and sex

<table>
<thead>
<tr>
<th>Year of First Entry onto IS</th>
<th>Not in any Education (In-scope population)</th>
<th>Total cohort population</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Males</td>
<td>Females</td>
</tr>
<tr>
<td>1999</td>
<td>74,406</td>
<td>66,934</td>
</tr>
<tr>
<td>2005</td>
<td>55,841</td>
<td>57,587</td>
</tr>
<tr>
<td>2006</td>
<td>53,984</td>
<td>55,670</td>
</tr>
<tr>
<td>2007</td>
<td>51,113</td>
<td>50,973</td>
</tr>
<tr>
<td>2008</td>
<td>52,668</td>
<td>51,811</td>
</tr>
<tr>
<td>2009</td>
<td>63,580</td>
<td>69,586</td>
</tr>
<tr>
<td>2010</td>
<td>64,924</td>
<td>70,421</td>
</tr>
</tbody>
</table>
## In-scope cohorts: as a % of estimated resident population

(a) Calculated using Estimated Resident Population: ABS 3101.0. ERP are at June each year.

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<th>Year of First Entry onto IS</th>
<th>Not in any Education (In-scope population)</th>
<th>Total cohort population</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Males</td>
<td>Females</td>
</tr>
<tr>
<td>1999</td>
<td>6%</td>
<td>5%</td>
</tr>
<tr>
<td>2005</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>2006</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
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<td>3%</td>
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Predicted exit rates from IS: Males

Probability of Exiting IS (%)

Data source: Research and Evaluation Database (RED)
Predicted exit rates from IS: Males

Probability of Exiting IS (%)

- A Recent refugee
- Not a Recent refugee

Data source: Research and Evaluation Database (RED)