

Where do people go when they move off a benefit?

RESEARCH SUMMARY

FEBRUARY 2017

Introduction

We conducted research to understand what happens to people when they move off a government income support benefit. Understanding more about who makes successful transitions off a benefit will help reduce welfare dependency.

KEY FINDINGS

- > Seventy-five percent of people who moved off a benefit had not returned to a benefit two years later. This was mainly because they had found a job, had retired or moved overseas, or because they had enrolled in an education and training course.
- > However, for 18 percent of people who moved off a benefit but did not return, their main activity two years later was unknown. It is possible that some of these people were being supported by their partner.
- > Most people who returned to a benefit did so within 12 months.
- > People who moved off a health-related benefit and into a job were less likely than others to still be in employment two years later.
- > People who moved off a benefit to take up tertiary education were more likely to return to a benefit two years later than those who had found jobs.
- > Those who moved off a benefit because they had been placed in detention tended to return to a benefit or were still in detention two years later.

75% of people who **moved off a benefit** had not returned to a benefit two years later





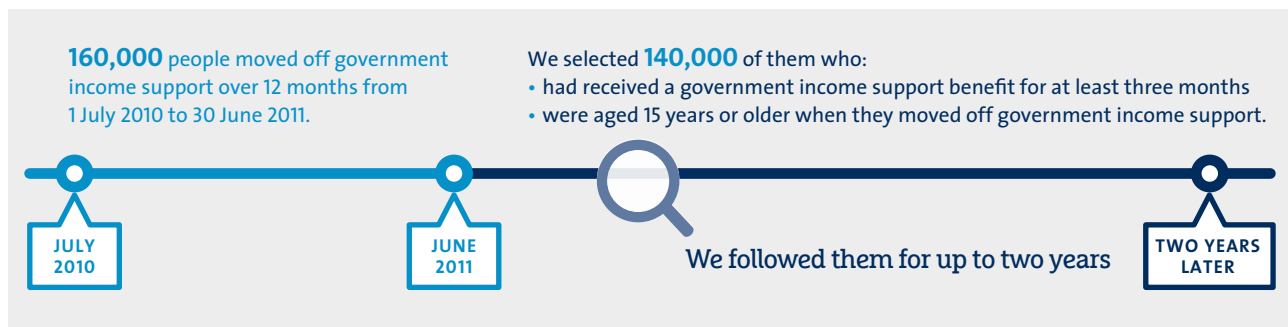
Context

The Minister for Social Development tasked Superu with finding out where people went when they went off a benefit. We commissioned Taylor Fry to undertake this research.

The research looks at why people moved off a benefit and what activities they took up. The findings have been published in a technical report, "Off-benefit transitions: Where do people go?" This research summary provides an overview of those findings.

Superu manages the Ministerial Social Sector Research Fund, which is used to respond to research and evaluation questions from Ministers about social sector issues. Complex social issues need good quality evidence and decision-makers need to know what works.

Who did we look at?



We looked at 140,000 people who moved off a benefit from 1 July 2010 to 30 June 2011. We chose this period because it allowed a two-year follow-up period that was not affected by the July 2013 welfare reforms which included changes to the benefit system.






The research was undertaken using Statistics New Zealand's Integrated Data Infrastructure (IDI), which is a set of administrative data from government agencies.

Our analysis makes use of a person's historical information, such as their work and benefit history, which helped us better understand the different pathways people took after moving off a benefit.

The research focused on people who moved off the main (post-2013 welfare reform) income-support benefits. These are:

- Jobseeker support – Work Ready (includes Youth Payment)
- Jobseeker – Health Condition and Disability
- Sole Parent Support (includes Young Parent Payment)
- Supported Living Payment – Health Condition and Disability
- Supported Living Payment – Carer
- Emergency Benefit.

We measured a wide range of activities after a person moved off a benefit

 Change in life circumstances	 Returned to a benefit	 Education and training	 Employment	 Unknown activity
<ul style="list-style-type: none"> • Death • Aged 65 and over • Living overseas • In detention 	<ul style="list-style-type: none"> • Returned to an income support benefit 	Studying in a: <ul style="list-style-type: none"> • industry training course • full-time tertiary course • part-time tertiary course 	<ul style="list-style-type: none"> • Gross monthly earnings of \$100 or more 	<ul style="list-style-type: none"> • Does not fall into any of the above categories

What activity did people take up when they went off a benefit?

People who moved off a benefit during 1 July 2010 to 30 June 2011, and their main activity two years later



1 in 3 people were
in **employment**
two years later

MAIN ACTIVITY TWO YEARS AFTER LEAVING A BENEFIT	% OF PEOPLE
 Employment	33%
 Returned to a benefit	25%
 Change in life circumstances	16%
 Education and training	8%
 Unknown activity	18%

After two years, three out of four people were not back on a benefit

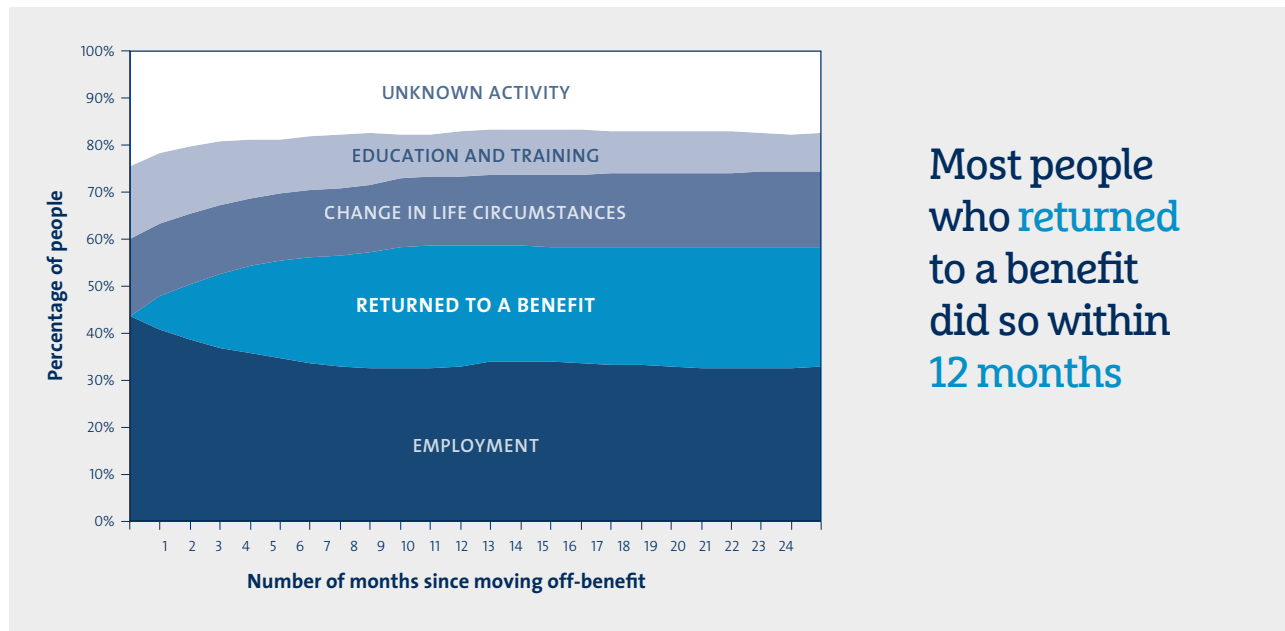
One in three (46,000) of the people we studied were employed two years later, and nearly all (90 percent) had monthly earnings of \$1,180 or more, which is equivalent to earning the minimum hourly wage (\$14.75 per hour) for 20 hours per week.

People who were still in employment at the end of the study were more likely to have been in work previously (and for longer periods), and have relatively higher earnings, than those who returned to a benefit. This suggests that the most important factors in moving into employment long term are the person's familiarity with being in the workforce and the quality of their employment.

One in six people (16 percent) we studied experienced a change in life circumstances that led to them going off a benefit, with most moving overseas (7 percent), or turning 65 years of age and becoming eligible for New Zealand Superannuation (6 percent). Eight percent of people were enrolled in a tertiary education or industry training course two years after leaving a benefit, and one percent were in detention.

Nearly one in five, or 18 percent, did not fit into any of our categories, which means that their main activity two years later was unknown. While most of this group had very low or no employment earnings, it is likely that some of these people were being financially supported by a partner. In order to understand more about this group, further analysis of the IDI is required. The Ministry of Social Development is intending to investigate this further.

Who returned to a benefit?



Most people who returned to a benefit did so within 12 months

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There was a steady increase in the proportion of people moving back on to a benefit during the first year. Twelve months after leaving a benefit, 26 percent of people were back on a benefit, compared with 25 percent after two years.

Twenty-three percent of people who initially moved into employment were back on a benefit two years later. However, this was a relatively low rate of return compared to other triggers for moving off a benefit. People receiving 'Jobseeker Support – Work Ready' benefits were the most likely to move off benefits (93 percent), and nearly half of these people transitioned into employment (41 percent). People who moved off a health-related benefit (i.e. Jobseeker–Health Condition and Disability or Emergency and Supported Living Payment–Health Condition and Disability) into employment were 1.5 to 2 times more likely to return to a benefit within two years, compared to people who moved off a non-health-related benefit (i.e. Jobseeker Support–Work Ready, Sole Parent Support or Supported Living Payment–Carer). This suggests that people on health-related benefits are less stable in employment (perhaps due to fluctuations in their health) and may need additional supports in order to maintain employment and remain off a benefit.

As noted earlier, having previous work experience and being in a relatively high-paying job, lowers the risk of returning to a benefit. Whereas, being young, being close to retirement age or having a history of interactions with Child, Youth and Family, increases the risk of returning to a benefit.

Moving off a benefit into study

People who moved off a benefit and into tertiary education, were more likely to return to a benefit within two years than those that moved into employment

A third (34 percent) of those who left a benefit to enrol in full-time tertiary education was back on a benefit within two years. This is a higher rate of return than those who enrolled in industry training (28 percent return to a benefit), or compared to those who moved off a benefit into employment (23 percent return to a benefit).

Most people who moved off a benefit to start an education or training course enrolled in a full-time (61 percent) or part-time (21 percent) tertiary education course, with only 18 percent starting an industry training course. People who enrolled in an industry training course were more likely to be in employment (37 percent) after two years than people who exited a benefit to full or part-time tertiary education (26 percent and 21 percent respectively).

Several factors could explain the differences in outcomes for people who moved off a benefit to enrol in a tertiary education or industry training course. First, these figures do not take account of the characteristics of those beneficiaries who leave benefits to enrol in tertiary education or industry training courses. For instance, they may be younger than average and may have other characteristics that put them at an increased risk of returning to a benefit. Second, the time it takes to transition into employment may differ for industry training and tertiary education graduates. Industry training courses are more focused on a particular trade or occupation, which may make it easier and quicker for someone to transition into a job. Further investigation about the effectiveness of different types of education programmes is needed to understand why outcomes differ. For example, it may be necessary to have a longer follow-up period for tertiary education students to judge how effective these courses are at helping people transition into employment.

Moving off a benefit into detention

Just over half (56 percent) of people who left a benefit to enter detention (on remand or serving a prison sentence) were back on a benefit within two years, and a quarter (26 percent) were still in detention.

Around 40 percent of people who moved into detention moved off the Jobseeker–Health Condition and Disability benefit. One possible explanation for this is suggested by further analysis of Ministry of Social Development data, which shows that people who moved from Jobseeker – Health Condition and Disability to detention tended to have a mental health condition (40 percent) or a substance abuse problem (25 percent).



Our purpose

To increase the use of evidence by people across the social sector so that they can make better decisions – about funding, policies or services – to improve the lives of New Zealanders, New Zealand’s communities, families and whānau.

What we do

We work across the wider social sector to:

- **promote** informed debate on the key social issues for New Zealand, its families and whānau, and increase awareness about what works
- **grow** the quality, relevance and quantity of the evidence base in priority areas
- **facilitate** the use of evidence by sharing it and supporting its use in decision-making.

 Download the full report: superu.govt.nz

For more information contact enquiries@superu.govt.nz

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The Families Commission operates under the name Social Policy Evaluation and Research Unit (Superu)