Social assistance trajectories among young adults in Finland – What are the determinants of welfare dependency?

Abstract

Social assistance receipt is typical among young adults, but the long-term trajectories of social assistance receipt have been less studied. We use Finnish population register data to study the kinds of social assistance trajectories found among young adults. We also analyze how individual and family characteristics are associated with the likelihood of following different social assistance trajectories. Individuals are followed from age 19 to age 25. According to the results, social assistance receipt is relatively common among young adults but spell duration is usually short. Around 35 percent receive social assistance at least once between the ages of 19 and 25, and 2.5 percent receive social assistance each year. Using latent class growth analysis, we estimated six trajectories based on the annual number of social assistance months: 1) no receipt, 2) transitory, 3) slow exit, 4) occasional, 5) increase, and 6) dependency. Almost four percent of young adults follow the "dependency" trajectory. The results from multinomial logistic regression indicate that **having only a short education** is a particularly strong predictor of social assistance dependency. Parental social assistance receipt and moving out of the parental home at a young age are also significant predictors of social assistance receipt.

Introduction

The aim of last-resort safety net benefits – such as social assistance – is to provide an acceptable standard of living for households and families whose incomes would not otherwise be sufficient (Immervoll, 2009). Young adults often have to rely on social assistance (Andrén & Gustafsson, 2004; Gutjahr & Heeb, 2016; Immervoll, Jenkins, & Königs, 2015). There are two important reasons for the particularly high rate of social assistance receipt among young adults. On the one hand, various life-course events occurring during young adulthood may increase the risk of social assistance receipt. For instance, moving out of the parental home or having one's own children are events associated with social assistance receipt (Kauppinen et al., 2014; Lorentzen, Dahl, & Harsløf, 2012). On the other hand, young people often lack work experience and educational qualifications, which increase their risk of being unemployed or they may experience difficulties during the school-to-work transition (Eurofound, 2012) and are thus at risk of becoming social assistance recipients.

In Finland, public debate around young adults' eligibility for social assistance has been vigorous. Some have argued that giving social assistance to young individuals without additional conditions, such as participation in education or some kind of activation measure, would place these individuals on the path to social exclusion. In the debate, special emphasis has been on young adults moving out of the parental home and into social assistance receipt. However, the kinds of dynamic patterns of social assistance that can be found and the typicality of long-term welfare dependency among young adults have rarely been analyzed.

In general, studies analyzing trajectories that focus on poverty or social assistance receipt have been relatively scarce (for exceptions, see e.g. Juon et al., 2010; Kim & Shin, 2014; Vandecasteele, 2010; Wagmiller et al., 2006). Studies have typically described the dynamic characteristics of social assistance by using *a priori* classifications and these may not fully represent heterogeneity in individual trajectories (e.g. Kauppinen et al., 2014; Snel, Reelick, & Groenenboom, 2013).

Additionally, earlier research has often conducted time-to-event analyses of social assistance (e.g. Bäckman & Bergmark, 2011; Carpentier, Neels, & Van den Bosch, 2017a, 2017b; Lorentzen et al., 2012; Mood, 2013). Analyzing trajectories can help to evaluate the severity of social assistance receipt at a young age. Unlike analyzing single-year receipt, trajectories give new information on the dynamics of social assistance receipt. A trajectory can be seen as an illustration of a longitudinal pattern of social assistance receipt and, thus, a specific trajectory can combine elements related to the length and frequency of recipiency, and social assistance exits and (re)-entries. This study uses Finnish register data to analyze the kinds of social assistance trajectories found among young adults. Individuals were followed from age 19 to age 25. This study seeks to capture heterogeneity in individual trajectories using latent class growth analysis. It also analyzes how individual and family characteristics predict trajectory group membership. Thus, this study illustrates what kind of dynamic patterns of social assistance can be found, and what are their determinants, among young adults. Young adults' social assistance receipt has not been previously analysed using this kind of research design. Furthermore, this study takes into account the depth of disadvantage by analysing the annual number of months of social assistance rather than using dichotomous classification ('received' and 'not received').

Life course and social assistance dynamics

The life-course perspective gives theoretical and methodological tools to explain and analyze the development of individual life courses over time and the mechanisms that affect individuals' well-being. The concept of the life course refers to an "*age-graded sequence of roles, opportunities, constraints, and events that shape the biography from birth to death*" (Shanahan and Macmillan, 2008, 40). At the individual level, transitions and trajectories construct individual life courses (Billari, 2005). Transition can be defined as a change between an initial and a destination status

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(Brzinsky-Fay, 2014). Trajectories, however, highlight long-term patterns of behaviour (Elder & Shanahan, 2006). Additionally, each trajectory is marked by sequences of transitions and events (Elder & Shanahan, 2006). For this reason, trajectories are useful for describing individual life courses and for providing a dynamic view of individuals' well-being and behaviour.

Several scholars have emphasized the importance of analyzing social assistance dynamics. Such analyses can give us information on, for instance, the length of benefit spells or the recurrence of receipt. There are important reasons for concentrating especially on the dynamics of young adults' social assistance receipt; the scarring effects of disadvantage among young adults (Bell & Blanchflower, 2011; Bäckman & Nilsson, 2016; Scarpetta, Sonnet, & Manfredi, 2010) and duration dependence in social assistance (Bäckman & Bergmark, 2011; Immervoll et al., 2015; Mood, 2013). "Scarring effects" refer to experiences of disadvantage increasing the risk of disadvantage in the future. For instance, unemployment is associated with a deterioration of skills and a lack of work experience which reduce the likelihood of becoming employed (Scarpetta et al., 2010). "Duration dependence in social assistance" refers to a decreased likelihood of leaving social assistance receipt by the time social assistance is received. Problems during the transition into adulthood can have long-term effects and, thus, social assistance receipt at a young age can be seen as a form of disadvantage but also as a potential predictor of social exclusion in later life.

In general, the literature on social assistance dynamics emphasizes two kinds of dynamic patterns in particular (see also Bäckman & Bergmark, 2011). It is often mentioned that social assistance receipt is typically short-lived (e.g. Carpentier et al., 2017; Gustafsson et al., 2002; Leisering & Leibfried, 1999). Social assistance spells are short especially in the Nordic countries (Gustafsson et al., 2002; Königs, 2017), although individuals typically re-enter social assistance at shorter notice than in other countries (Königs, 2017). With respect to short social assistance spells, Leisering and Leibfried (1999) discuss the temporalization of poverty, arguing that individuals require social

assistance during certain life phases – e.g. the transition from the parental home to independent living, or from school to work – and this need is typically temporary.

The other dynamic pattern that has received attention is long-term receipt of social assistance (e.g. Andrén & Gustafsson, 2004; Gutjahr & Heeb, 2016; Immervoll et al., 2015), which has also been discussed in the light of state dependence in social assistance receipt (Andrén & Andrén, 2013; Contini & Negri, 2007). The main reason for the interest in long-term receipt has been the concern that social assistance would no longer work as a temporary relief against economic hardship (Lorentzen, 2006). State dependence implies prolonged experience of social assistance, which may have a negative effect on the preferences and behaviour of recipients (Contini & Negri, 2007), thus possibly creating a so-called "welfare trap". A welfare trap implies that receipt is related to the development of benefit dependence, which reduces the chances of being independent of social benefits (Contini & Negri, 2007). However, the development in the labour market is the most important factor explaining whether the economically vulnerable become dependent on social assistance (Bergmark & Bäckman, 2004). Frequency of social assistance reacts to the levels of unemployment (Brännström & Stenberg, 2007). It has been also shown that young adults are particularly vulnerable to the risk of unemployment (Bell & Blanchflower, 2011) and social assistance receipt (Bergmark & Bäckman, 2004; Lorentzen et al., 2014) when the economic development is weak. Moreover, the youth population is affected by increases in flexibility in the labour market and by difficulties in accessing entry-level jobs (O'Reilly et al., 2015).

Few studies have sought to clarify or define social assistance trajectories. These studies have replicated the findings of short- and long-term receipt and have also illustrated that leaving social assistance receipt is also a typical longitudinal pattern (Gutjahr & Heeb, 2016; Juon et al., 2010). Leaving social assistance refers to a longitudinal development which is characterised by an exit from social assistance at some point during the follow-up. However, it is likely that substantial

heterogeneity can be found in benefit recipiency trajectories (cf. Hamil-Luker, 2005). For instance, those leaving social assistance can be categorized as early or late leavers (Juon et al., 2010).

This study also seeks to analyze the determinants of social assistance trajectories. Bäckman & Bergmark (2011) reviewed the findings of earlier research by stating that male sex, being a single adult, ethnic minority status, low educational achievement, substance abuse, low employability, and poor physical and mental health were found to be predictors of low social assistance exit rates. Some studies have concentrated especially on social assistance receipt among young adults (Ilmakunnas, 2018; Kauppinen et al., 2014; Lorentzen et al., 2012; Wiborg & Møberg, 2010). Moving out of the parental home has been shown to be a strong predictor of social assistance receipt in the Nordic countries (Kauppinen et al., 2014; Lorentzen et al., 2012). According to Kauppinen et al. (2014), moves to urban municipalities are related to less social assistance receipt among young adults in Finland. Young single parents are at risk of social assistance receipt (Lorentzen et al., 2012) and long-term receipt in particular (Kauppinen et al., 2014). Among young adults, low education is an important predictor of social assistance receipt (Ilmakunnas, 2018; Lorentzen et al., 2012; Wiborg & Møberg, 2010). Earlier studies have also illustrated that disadvantaged social background is associated with social assistance receipt (Hyggen, 2006; Ilmakunnas, 2018; Kauppinen et al., 2014; Lorentzen et al., 2012; Wiborg & Møberg, 2010). Kauppinen et al. (2014) found out that disadvantaged social background was a significant predictor for both short- and long-term spells of social assistance among young adults in Finland. Moreover, previous research has shown signs of intergenerational transmission of social assistance in the Nordic countries (Moisio et al., 2015; Stenberg, 2000).

The role of social assistance for young adults in Finland

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The main characteristics of Finnish social assistance system are similar to the other Nordic countries. According to the often used classification of national minimum income schemes, social assistance system in Finland is classified as a simple and comprehensive scheme open to all with insufficient means to support themselves (see Frazer & Marlier, 2016; Immervoll, 2009). However, unlike in other Nordic countries, the Finnish basic social assistance is classified as a strictly rights based (Frazer & Marlier, 2016). The basic social assistance covers over 90 percent of the total social assistance expenditures, and discretionary supplementary and preventive social assistance cover the rest. The basic social assistance was centralised and transferred from municipalities to the Social Insurance Institution (KELA) in 2017, which enhanced its nature as a right base benefit even further (KELA, 2015).

According to the Finnish social assistance system, the household is the **benefit unit** in the Finnish social assistance system. For those living alone, the basic amount of social assistance is 491.21 euros a month (net) in 2018. The basic amount is supposed to cover the essential costs of daily living. The amount varies according to household type and number of children. Additionally, housing expenses are taken into account up to a reasonable amount. For example, for a single adult living in Helsinki, housing costs (rent) up to 675 euros a month is considered reasonable in 2018. It is also possible to apply for supplementary social assistance to cover special expenses. Typically, social assistance recipients are eligible for other social security benefits, such as housing allowance, unemployment security or sickness allowance. Due to the low level of basic unemployment benefits and housing allowance, social assistance is a top-up benefit in Finland more often than in other Nordic countries (Kuivalainen & Nelson 2012).

Over the last two decades, the Finnish social assistance scheme has moved towards stricter means-testing, while activation measures and sanctions have been implemented (Kananen, 2012). According to reforms made in 1997, the amount of social assistance may be reduced if a claimant

declines a job offer or an offer to participate in active labour market policy measures (Kananen, 2012). The developments in the Finnish social assistance system resemble the general patterns that have occurred elsewhere in Europe. In general, there has been a trend within minimum benefit schemes towards activation policies (Immervoll, 2009; Marchal & van Mechelen, 2015). In addition, there has been a shift towards self-help, including stricter conditionality, improved services, and collaboration with employment centres (Leibetseder et al., 2017).

Compared to other Nordic countries, means-tested unemployment benefit (referred to as labour market subsidy) is a special feature of the Finnish social security system (Lorentzen et al., 2014). The labour market subsidy is for unemployed jobseekers without a work history and for those who have exceeded the maximum benefit period for other unemployment benefits. However, those under 25 years of age with no vocational education need to apply for vocational education to be eligible for labour market subsidy. For young adults who fail to meet these conditions, social assistance is the only option left. At the beginning of 2011, the option to reduce the amount of social assistance paid to people under 25 who have dropped out of education or have not accepted a study place was introduced (Kananen, 2012).

The likelihood for Finnish young adults to receive social assistance is also shaped by living arrangements and educational system. In Finland and other Nordic countries, young adults leave the parental home earliest in Europe; around age 20 (Iacovou & Skew, 2010). In the Nordic countries, a prolonged period of living in a single-adult household after moving the parental home is typical and childbearing occurs relatively late (Iacovou & Skew, 2010). With regards to educational attainment, Finland has a very high share of young adults (especially among those in their 20s) enrolled in education compared to most other European countries (OECD, 2017). Moreover, completion rates for upper secondary programmes are relatively high in Finland compared to similar countries (OECD, 2017).

Data

The data used were derived from Finnish population registers. The data contain information on demography, social security benefits, work activity, income and education. The different register data were combined by Statistics Finland. This study is based on a 25 percent sample of cohorts born in the period 1981–1987. The dataset includes annual information. Age was defined as the difference between the follow-up year and the year of birth. In the calculations, only those individuals who lived in Finland throughout the entire period of the seven-year follow-up were included. The time period included years 2000–2012. The total number of individuals with information on each year between ages 19 and 25 was 111,252. The total number of individuals with information on all independent variables was 108,590. From this dataset, a random sample of 20,000 individuals was taken due to computational restrictions related to sequence analysis and latent class growth analysis.

Since the household is the **benefit unit**, the data used do not distinguish whether it is the sample person or his/her spouse who has received social assistance. Additionally, if a person aged 18 or older is living with co-resident parents who receive social assistance, this is not calculated as social assistance receipt for that person, since adult children are considered to form their own **benefit unit** in the Finnish social assistance system. Therefore, the lower age limit of 19 was used in this study, since it was not possible to distinguish exactly when young adults turn 18 and thus become eligible to receive social assistance. Due to the eligibility conditions that can be set with respect to unemployment benefits and social assistance for adults under the age of 25, follow-up in this study ended at age 25. Furthermore, the age range 19–25 is close to the definition of emerging adulthood (Arnett, 2000).

Methods

The analyses were started by illustrating descriptives on social assistance receipt among young adults using cross-tabulation and sequence analysis. Cross-tabulation was used for calculating the share of social assistance recipients by age among young adults, the distribution of social assistance months during the year of turning 19, and the socio-demographic characteristics of the sample persons at age 19. Sequence analysis was used to illustrate typical dynamic patterns of social assistance receipt among young adults by means of a sequence index plot and a sequence frequency table. Sequence analysis was conducted using a dummy variable for social assistance receipt. The sequence analysis was conducted using the R software (Gabadinho et al., 2011).

Different kinds of social assistance trajectories were identified and analyzed by means of latent class growth analysis (LCGA). Social assistance trajectories were classified based on the number of social assistance months during a calendar year (0–12 months). Based on the individual development of the annual number of social assistance months, it was possible to classify individuals into a limited number of trajectories. Growth curve models enable us to analyze between-person differences in within-person change (Curran, Obeidat, & Losardo, 2010). A standard growth curve model expects individuals to come from a single population and that a single growth trajectory can be applied to all individuals (Muthén, 2004). LCGA makes it possible to distinguish homogenous subpopulations (Muthén, 2004) by means of latent trajectory classes. The latent trajectory classes are classified based on growth parameters (e.g. slope and intercept). The expectation of different kinds of social assistance trajectories was meaningful since previous studies on the dynamics of poverty and social assistance receipt have illustrated heterogeneity in developmental patterns.

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LCGA produces posterior probabilities which illustrate the probability of that individual being classified into a given latent trajectory class. For this reason, the method quantifies uncertainty related to the classification of latent trajectory classes. This study utilized a so-called three-step approach (see Asparouhov & Muthén, 2014) that makes it possible to include predictors of trajectory group membership in the model and to simultaneously take into account uncertainty in the classification. In the three-step approach, the first step is to estimate the latent class model. The second step is to identify the most likely class for each case using the latent class posterior distribution. The third step is the regression analyses, in which latent class posterior probabilities are taken into account. In the three-step approach, independent variables do not affect the latent trajectory classes (Asparouhov & Muthén, 2014). Since the number of social assistance months in a calendar year can be seen as a count, a model with Poisson distribution was estimated.[1] Based on the comparison of different models and the trajectory classifications, a model with intercept, slope, and quadratic growth parameters was estimated.

The LCGA modelling was started by estimating models with one trajectory and was continued by testing models with a higher number of trajectories. Lastly, covariates were included in the models. The number of trajectories was chosen using the Akaike Information Criterion (AIC), the Bayesian Information Criterion (BIC), average posterior probabilities for each group, entropy values, group size, and theoretical interpretation. To avoid local solutions, 200 random starting values were used and the 50 best sets were optimized. Multinomial logistic regression was used for analyzing how individual and family factors predict trajectory group membership. The LCGA was carried out using the Mplus software (see Muthén, 2004).

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[1] Also, models with negative binomial and zero-inflated Poisson distribution were estimated but a model with Poisson distribution seemed to produce the most accurate classification of different social assistance trajectories. For instance, a model with Poisson distribution produced significantly higher average latent class probabilities and entropy values.

Independent variables

Independent variables used in this research were related to parental background, country of birth, gender, educational attainment, moving out of the parental home, early parenthood, and the degree of urbanisation of the municipality of residence. The year of birth and whether the parental home was a single-parent household were also controlled for in the model. Variables referring to parental background were measured from the year the sample person turned 15. Parental background referred to parental social assistance receipt, parental unemployment and low parental education. A dummy variable for parental social assistance receipt was based on the number of social assistance months. The variable had the value 1 if the family received social assistance and 0 otherwise. Parental unemployment was also measured using a dummy variable (value 1 if parents experienced unemployment during a calendar year, 0 otherwise). Low parental education was measured using information on highest educational attainment. The dummy variable received the value 1 if the parents in the family had only completed compulsory education. The dummy variable for whether the family was a single-parent household was measured using information on family type. Country of birth was measured using a dummy variable, where those who were born outside Finland had the value 1, and 0 otherwise.

Variables for educational attainment, moving out of the parental home, having one's own children, and living in a rural municipality were measured at the beginning of the follow-up. Thus, the information was from the year individuals turned 19. Although these independent variables are related to various life-course transitions, the operationalisation of these variables refers more generally to status at age 19. Thus, it was possible to avoid reverse causation when predicting trajectory group membership. Educational attainment was measured using a dummy variable in which the value 1 indicated that the sample person had only a short education. Short education indicates that the sample person had only a compulsory education qualification and was not enrolled

in education (otherwise, the value was 0). Moving out of the parental home was measured using a

variable that received the value 1 for those who had moved out of the parental home by age 19 and

the value 0 for those who were living with parents at age 19. The variable for having one's own

children measured whether the sample person had children at age 19. Those who had their own

children received the value 1; otherwise the value assigned was 0. Variable indicating whether a

sample person lived in a rural municipality (value 1, 0 otherwise) was measured using information

on the degree of urbanisation of the municipality of residence (classification by Statistics Finland).

Results

Descriptive patterns of social assistance receipt

In Finland, social assistance receipt is common during the transition into adulthood (Figure 1).

Annually, almost 18% of young adults received social assistance at the age of 20, while the share

was less than 11% among those aged 25. During the year when individuals turned 19, around 15%

received at least one month of social assistance. The uptake of social assistance increased from age

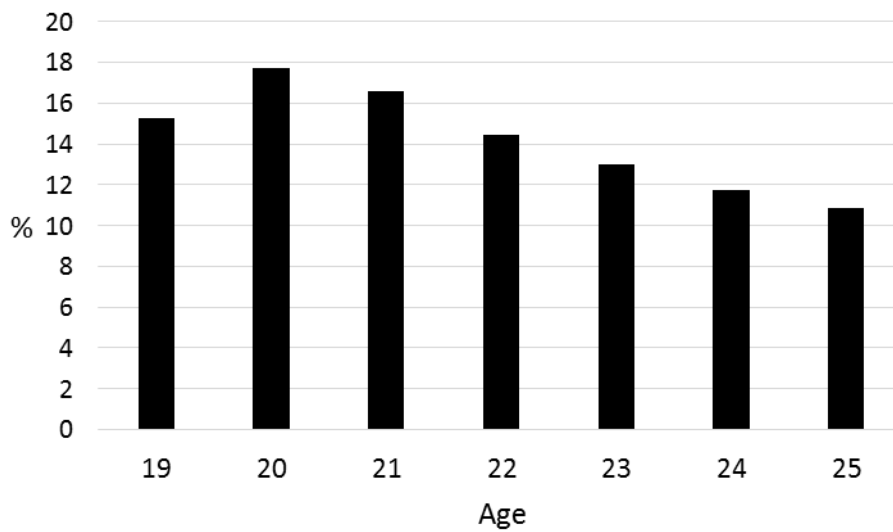19 to age 20 and decreased thereafter.

Figure 1. The share of social assistance recipients by age in Finland, cohorts 1981–1987

Figure 2 illustrates individual sequences of social assistance receipt. In the sequence index plot,

each line represents the social assistance sequence of an individual and sequences are stacked on

top of each other. In line with the cross-sectional picture, Figure 2 shows that social assistance is

typical during the early years of young adulthood. 35 percent received at least one month of social

assistance between the ages of 19 and 25. Therefore, cross-sectional figures underestimate the share

of individuals receiving social assistance at some point during early young adulthood. Although 16

percent of those, who received social assistance during the follow-up, received only one month of

social assistance (not shown). Figure 2 also shows that social assistance receipt is usually short-

lived. Sequences which were characterized by social assistance receipt during the first or the second

year but not thereafter were among the most common sequences. Both of these sequences were seen

in around 2.6 percent of young adults. However, an almost as common sequence in the data was

social assistance receipt during every year between the ages of 19 and 25 (2.5%).
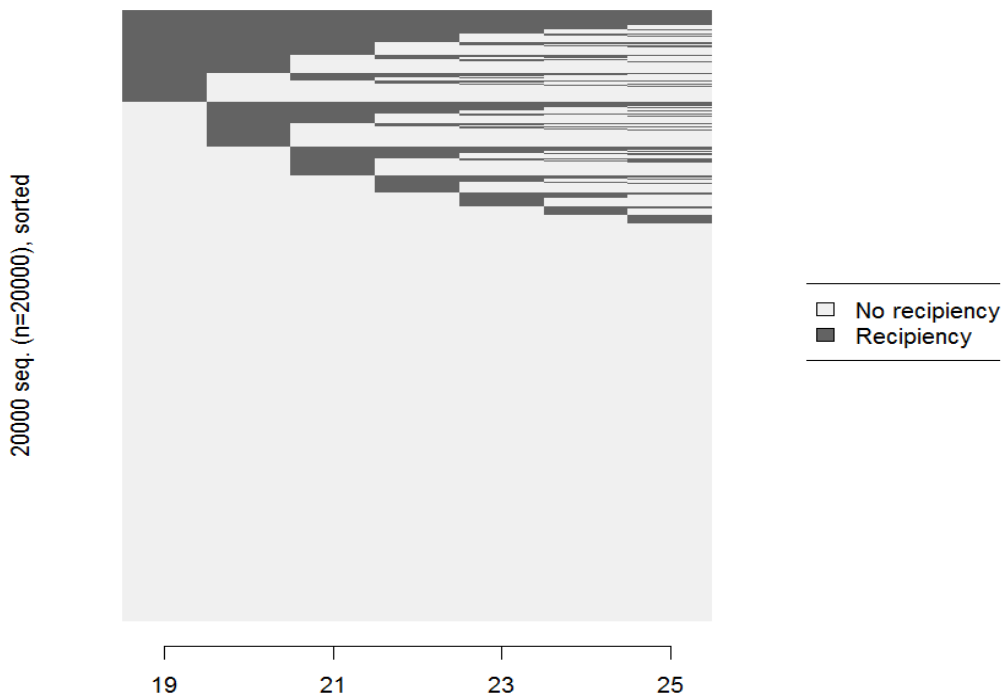
Figure 2. Sequences of social assistance receipt among young adults aged 19–25 in Finland, cohorts 1981–1987

The dummy variable measuring recipiency during a calendar year does not provide information on the severity of social assistance receipt. This study utilized information on the annual number of social assistance months to analyze social assistance trajectories. Figure 3 illustrates the distribution of social assistance months among young adults in the pooled data including all person-years which were characterised by social assistance receipt. Almost 86 percent of all person-years were not associated with social assistance receipt (not shown). With regards to social assistance receipt, the most common pattern was to receive one month of social assistance in a calendar year (around 21%). This figure also shows that short spells are common, since the share of individuals is decreasing by a higher number of social assistance months. However, from the tenth month onwards population shares increased. 8.9 percent of all person-years characterised by social

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assistance receipt illustrated that the sample person had received social assistance every month in a
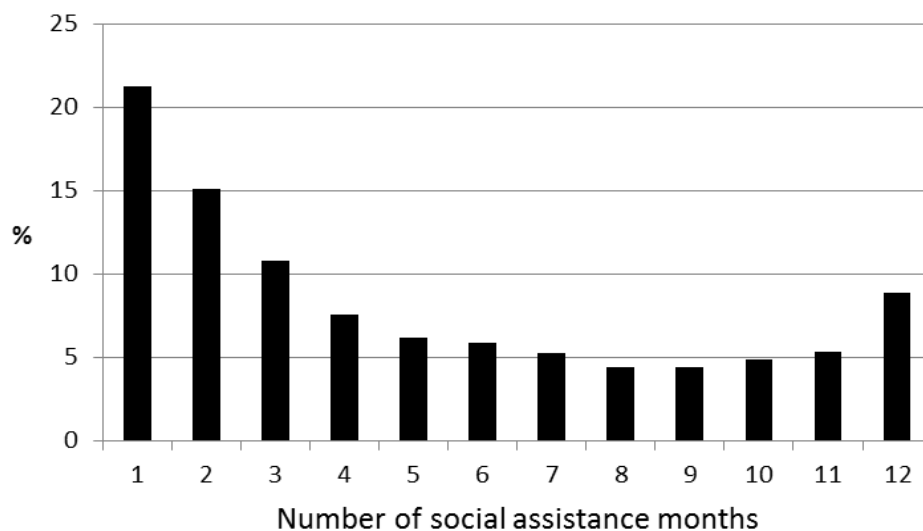
calendar year.

Figure 3. The distribution of social assistance months in a calendar year among social assistance recipients, pooled data, cohorts 1981–1987

Before identifying and analyzing social assistance trajectories, we illustrated the socio-demographic

characteristics of young adults at age 19. In Table 1, population shares are shown for all young

adults (first column), for those who did not receive social assistance during the follow-up (second

column), for those who received social assistance at least one month at age 19 (third column) and

for those who received social assistance each year between ages 19 and 25 (fourth column). Striking

differences were found with regards to the population shares. While less than 14 percent of all

young adults could be categorised as having a short education at age 19, over one third of those who

received social assistance at age 19 and almost two thirds of those who received social assistance

each year had only a short education at age 19. Almost one third of all individuals had moved out of

the parental home by age 19, while over 70 percent of 19-year-old social assistance recipients had

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left the nest. However, also among the long-term social assistance recipients, around 70 percent had

moved out of the parental home by age 19. In addition, those born outside Finland and those having

own children were overrepresented among social assistance recipients. With regards to parental

background, major differences were found. The most significant example is parental social

assistance receipt. Nine percent of all young adults had parents who received social assistance,

while among 19-year-old social assistance recipients the population share was over 30 percent, and,

among long-term recipients, over 40 percent. Interestingly, women, more often than men, received

social assistance at age 19, but there were more men than women among long-term social assistance

recipients. With respect to the degree of urbanisation of the municipality of residence, there were

only small differences. Those who lived in a rural municipality at age 19 were slightly

underrepresented among 19-year-old social assistance recipients and long-term recipients.

[Insert Table 1 here]

Social assistance trajectories

Figure 4 illustrates the latent trajectories classified using LCGA.[2] Trajectories are drawn based on

the average number of social assistance months at each age.[3] The following labels were given to the

trajectories (group size in parentheses): 1) no receipt (70.1%), 2) transitory (9.3%), 3) slow exit

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[2] Our final model included six social assistance trajectories. Appendix Table A1 illustrates the fit statistics used for choosing the number of trajectories. According to the fit statistics, the model fits the data well. Due to the Poisson model, it was not possible to apply the typical tests (the Lo-Mendell-Rubin test or the bootstrap likelihood ratio test) used for comparing models with a different number of groups in LCGA. The six-trajectory model was chosen as the final model since it produced accurate classification, but, at the same time, the trajectory classification did not become too complicated and the size of each trajectory was meaningfully large. We acknowledge that a higher number of trajectories could have been possible based on the fit statistics. However, theoretical interpretation played a significant role in model selection.
[3] Similar kinds of trajectories were found when the follow-up started at age 20. These results can be requested from the authors.

(4.6%), 4) occasional (8.9%), 5) increase (3.2%), and 6) dependency (3.8%). This study found

longitudinal patterns that resembled short-term and long-term recipiency patterns and patterns

falling between these two types. However, the most common trajectory was characterized by no

social assistance receipt between ages 19 and 25, although this trajectory also included individuals

with only one social assistance month during the follow-up. For this reason, the share of individuals

in this trajectory was higher than the share of those who did not receive social assistance during the

follow-up (70% compared to 65%) (cf. Figure 2).

For "transitory" and "slow exit" trajectories, the common feature was a development that resulted in

an exit from social assistance receipt. The difference between the two trajectories was the pace at

which individuals left social assistance. These two trajectories highlight that social assistance

receipt seemed to be temporary for many young adults. For those who followed the "transitory"

trajectory, social assistance receipt was common especially during ages 19 and 20 but not thereafter.

For this reason, for around ten percent of individuals, social assistance worked as a benefit that

helped to bridge the transition from youth to adulthood.

The "occasional" trajectory was followed by almost nine percent of individuals. This group

included young adults who received a few months of social assistance over the course of several

years between the ages of 19 and 25. However, the trajectory also included young adults who

received multiple months of social assistance in a single calendar year especially around ages 22–

24. The "increase" and "dependency" trajectories were the smallest trajectories. Both of these

trajectories were followed by less than four percent of young adults. In the "increase" trajectory,

individuals received social assistance at the end of the follow-up while the first years were not

characterized by recipiency to the same extent. The "dependency" trajectory was characterized by a

high number of social assistance months every year between ages 19 and 25. For individuals

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following this trajectory the transition from youth to adulthood was characterized by welfare
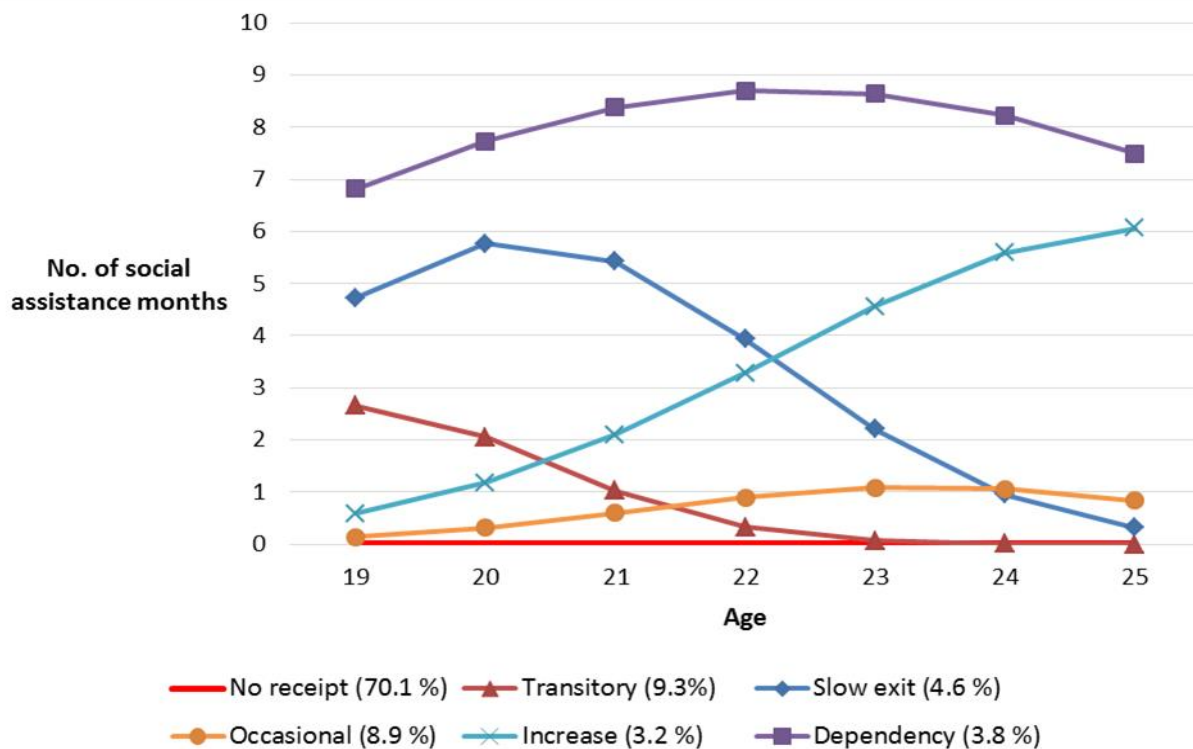
dependency.

Figure 4. Social assistance trajectories among young adults in Finland, cohorts 1981–1987

The last step of the analysis was to predict trajectory group membership. This analysis was based on

multinomial logistic regression in which the dependent variable included different social assistance

trajectories. The trajectory characterized by no social assistance receipt was chosen as the base case

to which other trajectories were compared. In the interpretation, special attention was given to the

determinants of the "dependency" trajectory. The coefficients shown are relative risk ratios. The

coefficients can be interpreted as the change in relative risk for a one-unit change in a predictor

variable when holding other variables constant. Coefficients above one indicated that the group of

interest was more likely than the reference group to follow the specific trajectory compared to the

"no receipt" trajectory. Coefficients under one indicated that the reference group was more likely

than the group of interest to follow the specific trajectory compared to the "no receipt" trajectory.

The results of the regression analysis are shown in Table 2.

In general, when other trajectories were compared to the "no receipt" trajectory, the independent

variables were good predictors for trajectory group membership. In particular, those who had only a

short education at age 19 were more likely to be in any of the social assistance trajectories

compared to the "no receipt" trajectory when other variables were held constant. Short education

seemed to especially predict the "dependency" trajectory. Also, those who had moved out of the

parental home by age 19 were more likely to follow social assistance trajectories. However, moving

out of the parental home was not as strong a predictor as having only a short education. Those who

were living independently at age 19 were more likely to follow trajectories that were characterized

by social assistance receipt around the beginning of the follow-up. Thus, leaving the nest seems to

increase the likelihood of receiving social assistance but for many individuals this is temporary.

Also, those born outside Finland and those who had their own children were likely to follow

different social assistance trajectories. However, these factors were, in general, not as strong

predictors as educational attainment and having moved out of the parental home. Those born

outside Finland and those who had their own children were especially more likely to follow the

"dependency" trajectory.

With regards to parental background, parental social assistance receipt was the strongest predictor

of membership in different social assistance trajectories. Parental social assistance receipt was a

strong predictor of the "transitory" and "slow exit" trajectories, and especially the "dependency"

trajectory. This implies that young adults may turn to social assistance during the transition from

youth to adulthood if their parents cannot help them financially. Parental unemployment was also

associated with the likelihood of following social assistance trajectories but less strongly than parental social assistance receipt. Low parental education was the weakest predictor among the parental background variables. With respect to the "occasional" trajectory, no difference could be found between those whose parents only had a qualification from compulsory education and others.

Compared to other variables, gender and living in a rural municipality were less strongly associated with the likelihood of following different social assistance trajectories. According to the results, women were less often than men in the "occasional" and "dependency" trajectories compared to the "no receipt" trajectory. With respect to the other social assistance trajectories, no statistically significant differences were found between men and women. The degree of urbanisation of the municipality of residence at age 19 was not statistically significantly associated with the likelihood of following any of the trajectories. It might be that socio-demographic characteristics of those staying and those moving from rural municipalities are more important determinants than the situation at age 19 (cf. Kauppinen et al., 2014).

[Insert Table 2 here]

Discussion and conclusions

This study has contributed to the literature on social assistance dynamics by identifying and analyzing social assistance trajectories among young adults. According to this study, social assistance is relatively common among young adults but social assistance spells are usually short. A relatively small share (almost 4%) of young adults follows the "dependency" trajectory, in other words experience very long spells of social assistance. Although it is difficult to compare the share of this group to previous studies due to different kinds of research designs, the finding that social

assistance spells are typically short has been found especially in the other Nordic countries (Gustafsson et al., 2002; Königs, 2017). Despite 1/3 of young adults receive social assistance by the age 25 in Finland, social assistance generally works as it is intended; as a temporary last-resort income source.

Previous studies have found signs of duration dependence in social assistance receipt (see Immervoll et al., 2015). Moreover, research has linked so-called scarring effects with disadvantage experienced in young adulthood (Bell & Blanchflower, 2011; Bäckman & Nilsson, 2016; Scarpetta et al., 2010). For these reasons, social assistance receipt at a young age can increase the risk of receipt in subsequent years. The risk is high especially among long-term social assistance recipients. A separate analysis (not reported) showed that over one third of those who received seven or more months of social assistance at age 19 were on a trajectory that can be described as welfare dependency. The identification of welfare dependency already in young adulthood highlights the importance of early intervention. The interventions should be targeted for individuals experiencing frequent or long-term receipt of social assistance.

The results show that having only a short education is a particularly strong determinant of welfare dependency. Although secondary education might not guarantee a secure position, a lack of qualifications from post-compulsory education increases the likelihood of experiencing long-term marginalization. With regards to youth unemployment, a proposed target has been for young adults not to enter the labour market without a recognized and valued qualification (Scarpetta et al., 2010). This would require efforts to reduce school drop-out rates, providing multiple opportunities to gain qualifications, and on-the-job training (Scarpetta et al., 2010). These would also be important targets for Finland. In Finland, every year around five to eight percent do not apply for or receive a study place in secondary education after the compulsory education qualification (Official Statistics of Finland, 2016). This is a risk group that requires more attention.

Previous studies have shown that moving out of the parental home early is an independent risk factor for social assistance receipt (see Kauppinen et al., 2014; Lorentzen et al., 2012). Our results support this finding. However, we have showed that for most young adults, the increased risk of social assistance receipt after leaving the nest is temporary and staying longer in the parental home could just postpone the risk. Thus, more research with longer follow-up periods and older age groups is needed before it can be argued that moving out of the parental home is associated with welfare dependency.

Other risk groups identified in this study included young parents, foreign-born individuals, and those with disadvantaged parental background (especially those with parental social assistance receipt). Young parents' disadvantage requires early intervention since their disadvantage can have direct effects on the next generation. For foreign-born individuals, policies that help to integrate into the labor market and to decrease labor market discrimination have been emphasized (Gustafsson, 2013). This research cannot illustrate how parental social assistance receipt is turned into children's own receipt. The findings can be related to that parents who have received social assistance are unable to help their children financially during transition into adulthood.

European Commission's active inclusion strategy emphasises that the adequate minimum income support, inclusive labour market policies, and access to quality services need to be implemented in an integrated manner (Frazer & Marlier, 2013). The transition from youth to adulthood, and school to work, is a phase when many individuals need minimum income support. For the most, just a temporary income support is needed and, thus, the adequacy of minimum income support is the main concern for them. However, especially for a small group who are in a risk for welfare dependency, also access to social services, education and active labour market programs are important. Our results indicate that promoting adequate education for all should have a stronger

emphasis in active inclusion. This requires attention also for basic education and even pre-schools to support those with, for instance, disadvantaged social background or learning problems.

Although this study has tried to capture the heterogeneity in social assistance trajectories, the visualized trajectories still provide a somewhat limited view of individual life courses. Individual social assistance trajectories may not precisely follow the typical trajectories classified. Furthermore, individuals may have separate spells of social assistance within a calendar year but these are not captured using information on the annual number of social assistance months. Moreover, trajectories in different life domains occur simultaneously. Lastly, the aim of this research has been to illustrate dynamic patterns and to demonstrate the kinds of family and individual factors that are associated with different trajectories. This study has not tried to – and cannot – illustrate the causal mechanisms leading to welfare dependency.

Future studies should focus on factors that can be seen as turning points in social assistance trajectories. In other words, it should be analysed how life-course events or institutional factors are associated with development that is characterized by an exit from social assistance or an increase in receipt. In addition, researchers should focus more on the processes and mechanisms whereby disadvantaged social background – especially social assistance receipt in the parental family – increases the risk of social assistance receipt for the individual in later life.

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Table 1. The characteristics of individuals at age 19, cohorts 1981–1987, %

	All young adults	No social assistance between ages 19 and 25	Social assistance at age 19	Social assistance each year between ages 19 and 25
Short education at age 19	13.9	7.1	37.8	65.7
Post-compulsory education or enrolled in education at age 19	86.1	92.9	62.2	34.3
Had moved out of the parental home by age 19	32.6	22.9	73.2	71.3
Living in the parental home at age 19	67.4	77.1	26.8	28.7
Born outside Finland	3.0	2.1	8.3	10.4
Born in Finland	97.0	97.9	91.7	89.6
Own children at age 19	1.9	0.5	8.0	12.4
No children at age 19	98.1	99.5	92.0	87.6
Parental social assistance receipt	9.4	3.7	33.9	43.5
No parental social assistance receipt	90.6	96.3	66.1	56.5
Parental unemployment	8.7	4.6	25.4	34.1
Parent without months of unemployment	91.3	95.4	74.6	65.9
Low parental education	12.5	9.4	24.6	30.7
Parent with a qualification from post-compulsory education	87.5	90.6	75.4	69.3
Men	51.3	52.3	44.2	53.7
Women	48.7	47.7	55.8	46.3
Living in a rural municipality at age 19	19.3	20.3	15.7	17.5
Living in a non-rural municipality at age 19	80.7	79.7	84.3	82.5
Number of individuals	20,000	13,005	3,015	508

Table 2. Multinomial logistic model of social assistance trajectory group membership, relative risk ratios

	Transitory receipt vs. No receipt	Slow exit vs. No receipt	Occasional receipt vs. No receipt	Increase in receipt vs. No receipt	Social assistance dependency vs. No receipt
Short education at age 19 (ref: post-compulsory education or enrolled in education at age 19)	2.32	5.79	1.65	5.09	14.34
Had moved out by age 19 (ref: living in the parental home at age 19)	5.64	4.40	1.35	1.90	4.82
Born outside Finland (ref: born in Finland)	1.83	1.96	1.44 [b]	1.62 [b]	2.47
Own children at age 19 (ref: no own children at age 19)	1.48 [b]	2.87	2.00 [a]	1.91 [b]	3.17
Parental social assistance receipt (ref: no parental social assistance receipt)	4.06	4.29	1.86	3.55	7.33
Parental unemployment (ref: parent without months of unemployment)	1.74	2.48	1.26 [b]	1.71	2.00
Low parental education (ref: parent with a qualification from post-compulsory education)	1.28 [a]	1.47	1.03 [ns]	1.40 [a]	1.51
Women (ref: men)	0.91 [ns]	1.07 [ns]	0.77	0.88 [ns]	0.78 [b]
Living in a rural municipality at age 19 (ref: living in a non-rural municipality at age 19)	1.11 [ns]	0.90 [ns]	0.99 [ns]	0.95 [ns]	0.80 [ns]

Note: [ns] = not significant, [a] = significant at p = 0.01, [b] = significant at p = 0.05. All others statistically significant at p = 0.001.

Note: Year of birth and whether the parental family was a single-parent family were controlled for in the model.

APPENDIX

Table A1. Fit statistics related to the selection of the number of groups

Number of trajectories	2	3	4	5	6	7
AIC	271,917	235,376	219,654	211,096	205,725	201,733
BIC	271,972	235,463	219,772	211,246	205,907	201,947
Entropy	0.99	0.97	0.97	0.96	0.96	0.96
Average latent class probabilities (%)	99/99	95/98/99	98/99/94/94	99/98/95/91/95	94/91/99/98/94/89	94/91/98/94/89/99/89
Class proportions (%)	84/16	18/8/74	6/75/11/7	72/5/5/12/7	5/9/70/4/3/9	4/8/4/3/4/70/7