

Heterogeneity in single parent responses to activation policies: The UK Lone Parents' Obligations reforms



Dr. Anthony Rafferty Work and Equalities Institute
Alliance Manchester Business School

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Overview

- Quasi-experimental evaluation of UK introduction of activation policies for single parents
- UK Labour Force Survey
- Understanding heterogeneity in single parent responses to activation policies (Blank, 2002; Gong & Breunig, 2014)

Lone Parent's Obligations (LPO) reforms

- UK late adopter single parent activation policies in OECD (Finn & Gloster, 2010)
- **LPO Reforms:** 2008 onwards access to social assistance (Income Support) restricted by youngest child age.
 - By 2012 only single parents with child < 5yrs claim Income Support
- Now claim **Jobseekers Allowance (JSA)**. Larger job search and entry requirements, and sanctioning powers.
- People with health and disability may apply for **Employment Support Allowance (ESA)**

Previous studies

- **TANF reforms** (see Blank, 2002; Tachin & Edin, 07)
 - Employment gains but stronger economic context, EITC effects.
- **Jobseekers Allowance** (Manning, 09; Petrongolo, 09).
 - Simple job search theories suggest activation policies may increase employment but also number of people who leave benefits but do not enter employment (Manning, 2009): **“Detached single parents”**
- **LPO Reforms** (DWP, 13; Avram et al. 18)
 - First 3 phases
 - Uses benefit & tax credit records. Doesn't identify employment <16 hours per week
 - Benefit outflows but large number of “unknown destination” (DWP, 2013)
 - Employment rate effects??

Previous studies

Questions arising from prior research:

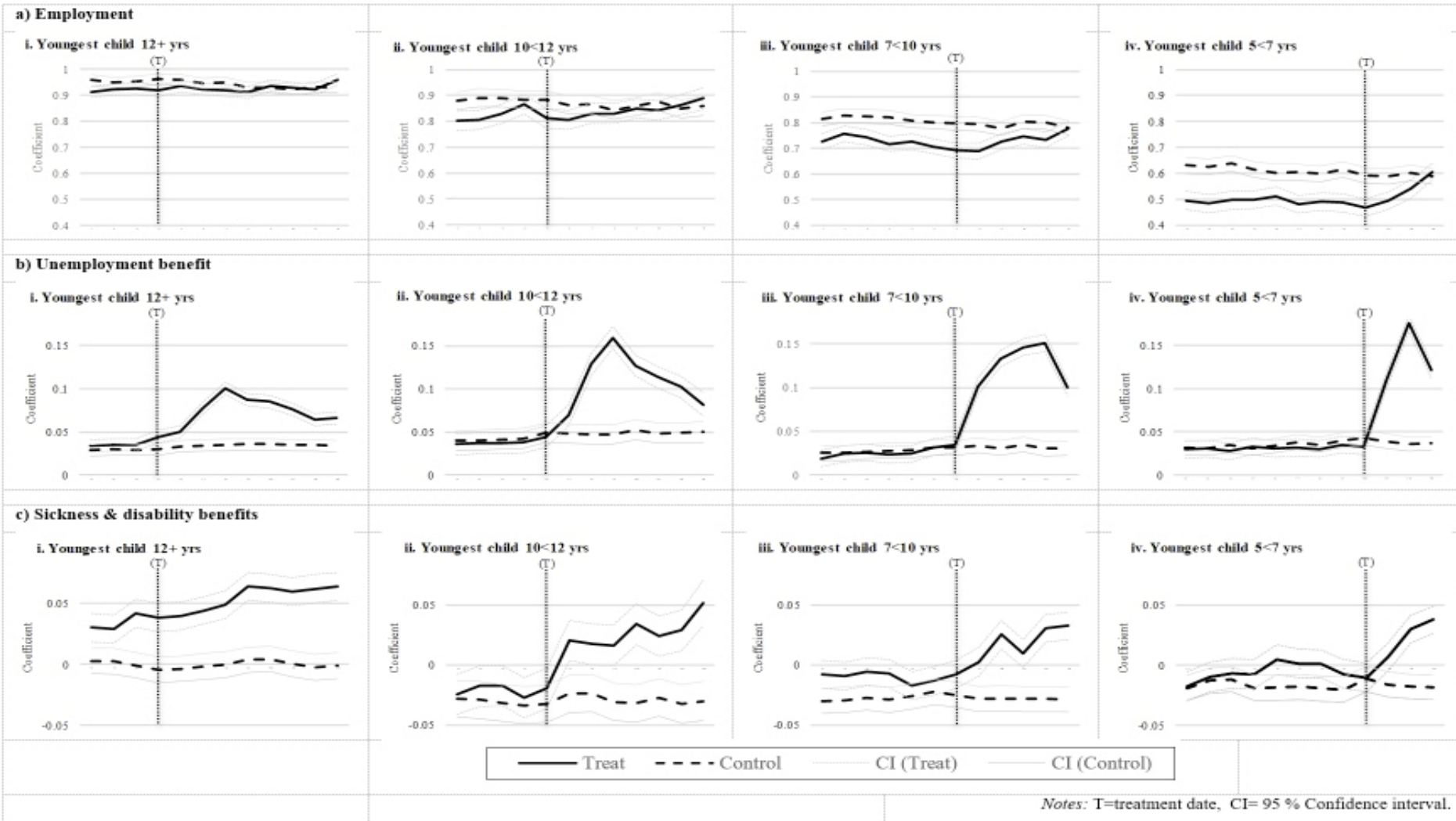
- High sickness among single parents. LPO reforms increase employment but increase in other benefits claimant counts (sickness benefits)?
- Activation policies increases single parents **“detached”** from welfare and labour market (Blank, 2002; Manning, 2009)?
- Unemployment durations: Single parents ‘parked’ on unemployment benefits as alternative social assistance (Koning & Heinrich, 2013)?

Method

- UK Labour force Survey (UKPS) repeated cross section 2005-2014
- Difference-in-differences
- Coupled parent counterfactual groups
- Policy variation at family unit x time period.
Two-step procedure (Donald & Lang, 07) used to deal with intraclass correlation (Bertrand et. al, 2004).

Common trends

Fig 1 Regression Adjusted Trends: Treatment and Control Groups



Findings

- How to interpret: Difference in differences estimates of policy impact on percentage of single parent working age population (16-60 yrs) in different benefit and economic activity states for each policy phase.

Employment estimates

	Youngest child 12+ years	Youngest child 10<12 years	Youngest child 7<10 years	Youngest child 5<7 years
Single parent employment rate (all employment)				
Estimated LPO effect:	0.028*	0.45*	0.36*	0.85**
	(0.011)	(0.016)	(0.016)	(0.020)
Below 16 hours employment rate				
Estimated LPO effect:	-0.001	0.009*	-0.006	0.028**
	(0.006)	(0.003)	(0.010)	(0.009)

*=p <0.05, **= p <0.01.

Core out of work benefits

	Youngest child 12+ years	Youngest child 10<12 years	Youngest child 7<10 years	Youngest child 5<7 years
Income Support				
Estimated LPO effect:	-0.098**	-0.179**	-0.206**	-0.248**
	(0.015)	(0.027)	(0.023)	(0.028)
Unemployment benefit				
Estimated LPO effect:	0.034**	0.067**	0.094**	0.102**
	(0.008)	(0.013)	(0.009)	(0.011)
Sickness & Disability Benefits				
Estimated LPO effect:	0.021**	0.045**	0.032**	0.033**
	(0.005)	(0.006)	(0.006)	(0.007)

Unemployment duration

	Youngest child 12+ years	Youngest child 10<12 years	Youngest child 7<10 years	Youngest child 5<7 years
Unemployment duration >6 months				
Estimated LPO effect:	0.007	0.029*	0.039**	0.016
	(0.004)	(0.013)	(0.011)	(0.014)
Long-term unemployment (duration >12 months)				
Estimated LPO effect:	0.006	0.022	0.026**	0.009
	(0.003)	(0.011)	(0.008)	(0.009)

Non-claimant unemployment and inactive

	Youngest child 12+ years	Youngest child 10<12 years	Youngest child 7<10 years	Youngest child 5<7 years
Non-claimant unemployed (ILO)				
Estimated LPO effect:	-0.003	-0.001	0.001	-0.009
	(0.002)	(0.003)	(0.003)	(0.006)
Non-claimant economically inactive				
Estimated LPO effect:	0.007+	-0.143*	0.016*	0.023*
	(0.003)	(0.007)	(0.005)	(0.009)

+ = p < 0.1, * = p < 0.05, ** = p < 0.01.

Non-claimant single parent reasons for not being in employment

	Pre-treatment	Post-treatment	Change (pp)
Unemployed	17.6	21.4	+3.8
Poor health, sickness or disability	11.7	18.3	+6.6
Looking after family/home	34.8	30.3	-4.6
Other	35.9	30.0	-5.9

Summary

- **Poor health** important driver of heterogeneity of responses; structured by broader welfare system
- **Poor health** also most important driver of increase in “**detached**” **single parents** who fall outside both employment and benefits
- Some evidence of increased **unemployment durations**
- **Marginal employment** increased among those with younger children (choice or constraint)

Policy implications

- Activation policy often accompanied by reduction in social assistance (Tach & Edin, 2017)
- Hardship poverty causes poor health then effectiveness of activation policy? (Gennetian and Shafir, 2015)
- Low hours employment issue for implementation of Universal Credit

Table A1 Lone Parent's Obligations (LPO) reforms: Changes to Income Support entitlement and benefit conditionality for single parents.

DATE	POLICY
Prior to 24 th November 2008	Pre-LPO Reforms: Access to social assistance (Income Support (IS)) on grounds of single parenthood where youngest child is below 16 years.
November 24 th 2008	LPO Reforms Phase 1: Single parents whose youngest child is aged 12 or over lose eligibility for social assistance (IS) on grounds of single parenthood. Compulsory labour market activation through transferal onto unemployment benefit (Jobseekers Allowance) for those assessed as fit to work. Single parents who have health problems or disability can apply for disability benefits (Employment Support Allowance (ESA)).
October 26 th 2009	LPO Reforms Phase 2: Policy extended so that single parents whose youngest child is aged 10 or over lose eligibility for social assistance (IS) on grounds of single parenthood.
October 25 th 2010	LPO Reforms Phase 3: Single parents whose youngest child is aged 7 or over lose eligibility for social assistance (IS) on grounds of single parenthood.
May 21 st 2012	LPO Reforms Phase 4: Single parents whose youngest child is aged five or over lose eligibility for social assistance (IS) on grounds of single parenthood.