

3 Supporting all young people in education and into employment

Young people with disability, many of them experiencing mental health conditions, represent an increasingly large and vulnerable share of all people with disability. They require adequate social protection to thrive, but at the same time are very exposed to the work disincentives coming with social benefits. This chapter provides policy recommendations to OECD governments to support all young people with disability during their young age and in their transition to the labour market, in a disability-inclusive way.

In Brief

Young people with disability struggle to complete education and to transition to higher education and eventually the labour market. OECD countries should support them through mainstreaming education, social protection for young people, and school-to-work supports.

- **The incidence of disability among young people has increased over the past decade, driven by a higher incidence of chronic mental health disorders.** The COVID-19 pandemic and its impact on young people's mental health may exacerbate this pre-existing trend. This is particularly worrying as young people with disability are often very vulnerable, frequently facing multiple disadvantages that limit their growth (Section 3.1).
- **Governments need to provide income security for young people with disability, a necessary condition for their growth and progression.** Countries use three approaches to achieving this aim, sometimes in combination: child allowances for young people with disability, disability benefit programmes, and social assistance programmes (Section 3.2).
- **Ensuring income security is important, but finding the right balance between providing protection and incentives to self-sufficiency is equally critical.** With the appropriate employment supports and incentives, income support programmes can be designed to limit the perverse effects of benefit receipt (Section 3.2).
- **A successful transition to the labour market starts with inclusive education.** Inclusive education has become the norm in many OECD countries for primary school age but for many young people with disability, the transition to mainstream secondary schooling, including apprenticeships and vocational schools, and correspondingly also mainstream tertiary education, is difficult. This is the next step to take for many countries (Section 3.3).
- **Countries support education completion and the transition to the labour market for young people with disability through mainstream programmes.** Yet, there is a need for mainstream programmes to have a stronger focus on the identification of barriers to schooling and employment caused by health and disability (Section 3.3).
- **Supporting young people with disability means providing adequate safety nets and supporting their transition from school to the labour market.** This chapter proposes a set of policy recommendations for governments to reform and rethink the way they support young people with disability, organised around four guiding principles: (i) Mainstreaming the social protection of young people with disability (ii) Completing the transition towards inclusive education systems; (iii) Supporting education completion and the transition to the labour market; and (iv) Linking school-to-work supports and social protection (Section 3.4).

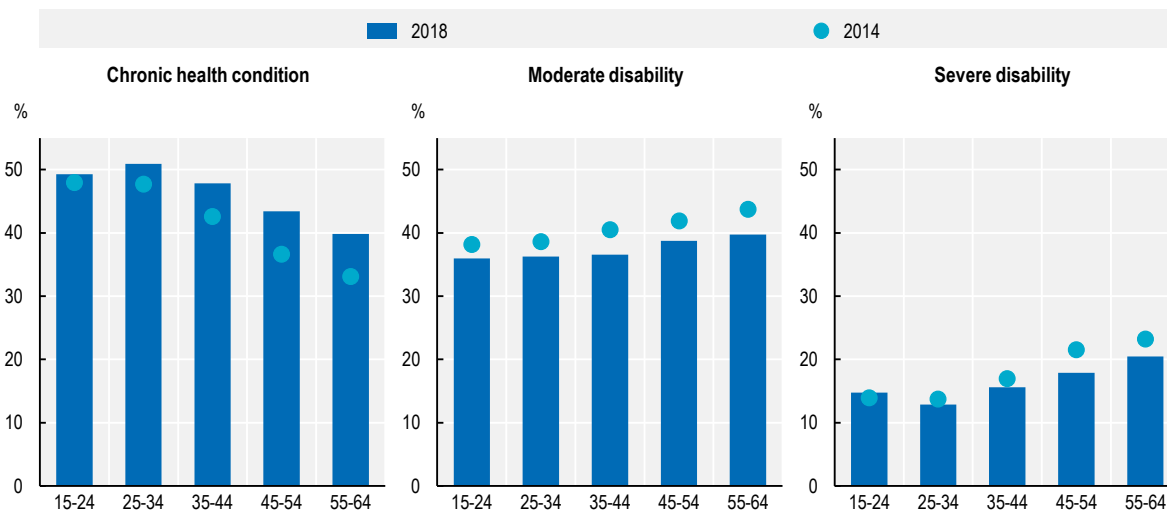
Children and young people with disability (YWD) are a particular risk group, with many of them facing multiple disadvantages. These disadvantages often translate into premature drop out of the education system and difficulties in the transition into the labour market. This chapter is looking in depth at those issues and associated policies in place to address them. The chapter starts by seeking to understand who the YWD are and predicts that, unless governments intervene comprehensively, YWD are likely to be more and more vulnerable. The chapter reviews and assesses the system of social protection for YWD in place in the six countries covered in this report and the impact of associated disincentives to work as well as programmes and policies available to support the transition from school to work and to help YWD thrive in society and the labour market. It concludes that these policies must go hand in hand.

3.1. Who are the young people with disability?

The prevalence of disability among young people has increased by almost 50% over the past decade. Chapter 2 showed that the prevalence of disability among the very young (aged 15-24) converged to that of older age groups (aged 25-34 and 35+). This substantial increase among younger age groups is in stark contrast with a stable incidence of disability among older people. Moreover, when disability occurs among young people, it increasingly appears to be in the form of a severe disability (Figure 3.1). This is striking, as other age groups experienced a decline in the share of severe disability in the last decade among those with a chronic health condition or disability. Understanding why the incidence of disability is increasing in particular for this group, in a context of improved health and access to medicine, is important for shaping adequate policy responses. Disability and health are still linked to lower employment, higher benefit dependency, higher poverty and lower well-being. Young people with disability have a double disadvantage coming from their young age, with a risk of being excluded from the labour market from the very beginning of their working life. This first section looks in depth at the characteristics of this group.

Figure 3.1. Among young people with health issues, severe disabilities seem to be on the rise

Severity of ill health by age: share with non-disabling, moderate and severe condition, 2014 and 2018



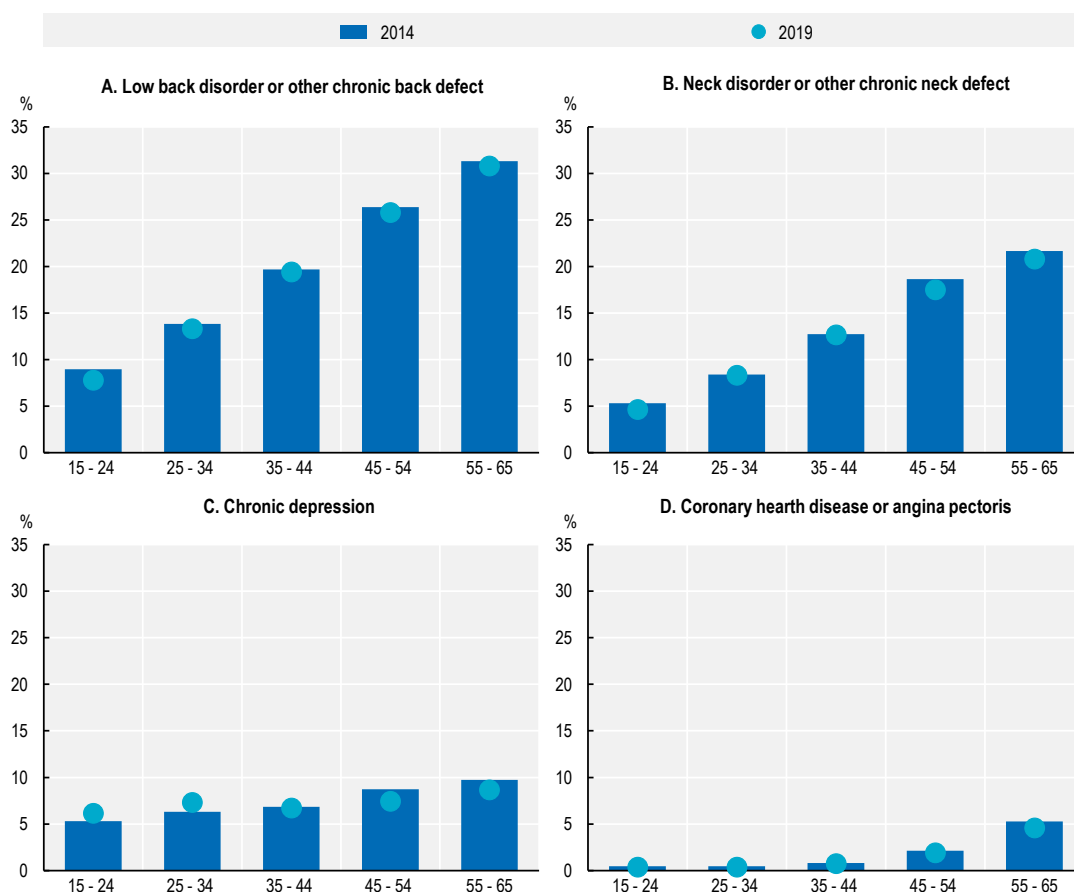
Note: Severity of ill health among those reporting a chronic health condition or disability. Sum of the three panels adds to 100% in each age group. People with severe (moderate) disability are identified as those who declared (1) to suffer from any chronic illness or condition and (2) with severe (moderate) activity limitation due to health problems. People with chronic health conditions are those who declared (1) to suffer from any chronic illness or condition (2) without activity limitation due to health problems. The latter group is not considered as people with a disability. Data represent the weighted average of 20 OECD countries: Austria, Belgium, the Czech Republic, Denmark, France, Greece, Hungary, Iceland, Ireland, Latvia, Lithuania, Luxembourg, the Netherlands, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Spain and Sweden. Source: OECD calculations based on the European Union Statistics on Income and Living Conditions (EU-SILC).

3.1.1. Young people with disability often suffer from mental health disorders

A higher incidence of mental health conditions is behind the increasing incidence of disability among young people. While most chronic diseases have remained constant or even decreased over the past years for all age groups, chronic depression has increased for young people. Figure 3.2 shows contrasting trends across age groups for a selection of chronic health diseases. Musculoskeletal chronic issues, such as back and neck pain, have remained constant over the past five years for all age groups. Coronary chronic health issues, like most other physical health issues, have decreased for those over 55, as a result of improved health treatments and medical innovations while remaining low and stable at young age. Instead, chronic depression has substantially increased among younger people, particularly those under age 25, which have seen the incidence of chronic depression increase by one-fifth. This trend has been accelerated by the COVID-19 pandemic, as mental health has worsened significantly in 2020-21 (OECD, 2021^[1]). Chronic depression, in particular in its more severe forms, is a serious and often highly invalidating health condition. Indeed, depressive disorders are the fastest increasing qualifying disability among all mental health disorders, as evidenced for the UK disability pension (Viola and Moncrieff, 2016^[2]), the Norwegian disability benefit (Knudsen et al., 2012^[3]), and in a multi-country meta-analysis (Ervasti et al., 2017^[4]).


Figure 3.2. Mental health conditions drive the increasing disability incidence in young people

Incidence of selected chronic health issues in European countries by age, around 2014 and 2019



Note: Data represent the unweighted average of 25 European countries: Austria, Belgium, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Luxembourg, the Netherlands, Norway, Poland, Portugal, Slovenia, the Slovak Republic Spain, Sweden and Türkiye.

Source: OECD calculations based on Waves 2 and 3 of the European Health Interview Survey (EHIS), https://ec.europa.eu/eurostat/databrowser/view/HLTH_EHIS_CD1E_custom_1683907/default/table?lang=en.

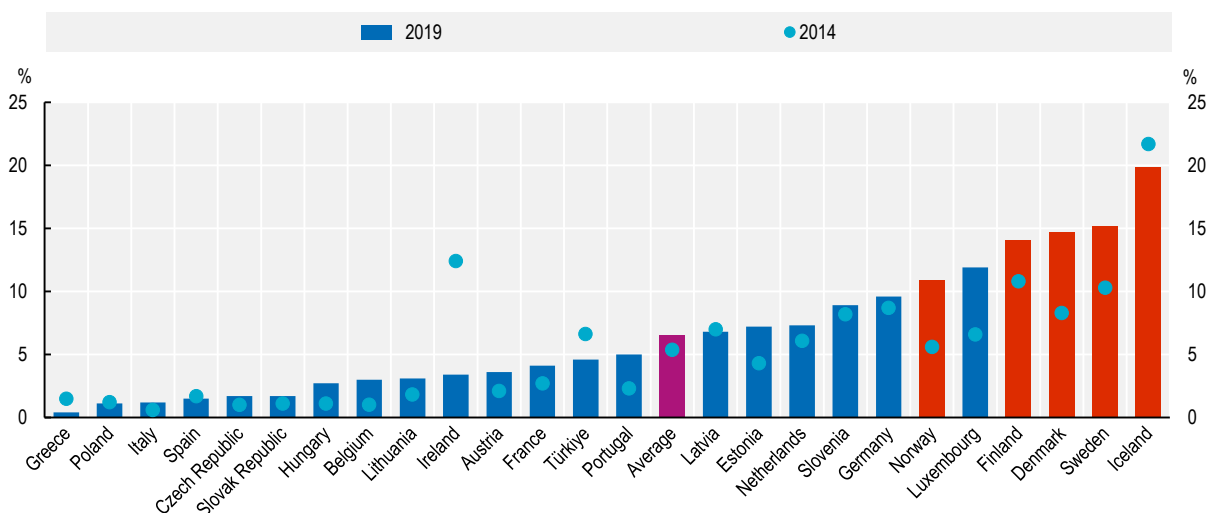
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While most countries have experienced increasing trends in the incidence of chronic depression among young people, aged 15-19, Nordic countries have outpaced other countries. Denmark, Norway and Sweden have seen increases in the incidence of depression in young people of over five percentage points between 2014 and 2019 (Figure 3.3). Most other countries observed more marginal increases, while a few countries have experienced decreases. Several factors could be influencing these country differences:

- Differences in the perception of interview questions, mental health awareness and the willingness to report depressive symptoms make comparisons between countries difficult, even if the same measurement instrument is used. Recent research shows that accounting for these factors may eliminate much of the cross-country differences (Scorza et al., 2018^[5]).
- Accessibility and quality of mental health services make a difference. Cross-country differences after accounting for measurement differences could be due to the effectiveness of policies in preventing and supporting mental health, in particular depression. A recent OECD publication evaluating Mental Health Systems finds substantial cross-country variation in accessibility and quality of mental health services and policies, in unmet mental health needs, and policies to prevent mental health and support mental well-being (OECD, 2021^[6]).
- Exposure to certain environmental factors matters, such as stressors or traumatic events, political repression, rapid cultural shifts, or socio-economic deprivation (Weissman et al., 1996^[7]).


Figure 3.3. The incidence of depression among young people is on the rise in most countries

Incidence of chronic depression by country for young people (aged 15-24), around 2014 and 2019



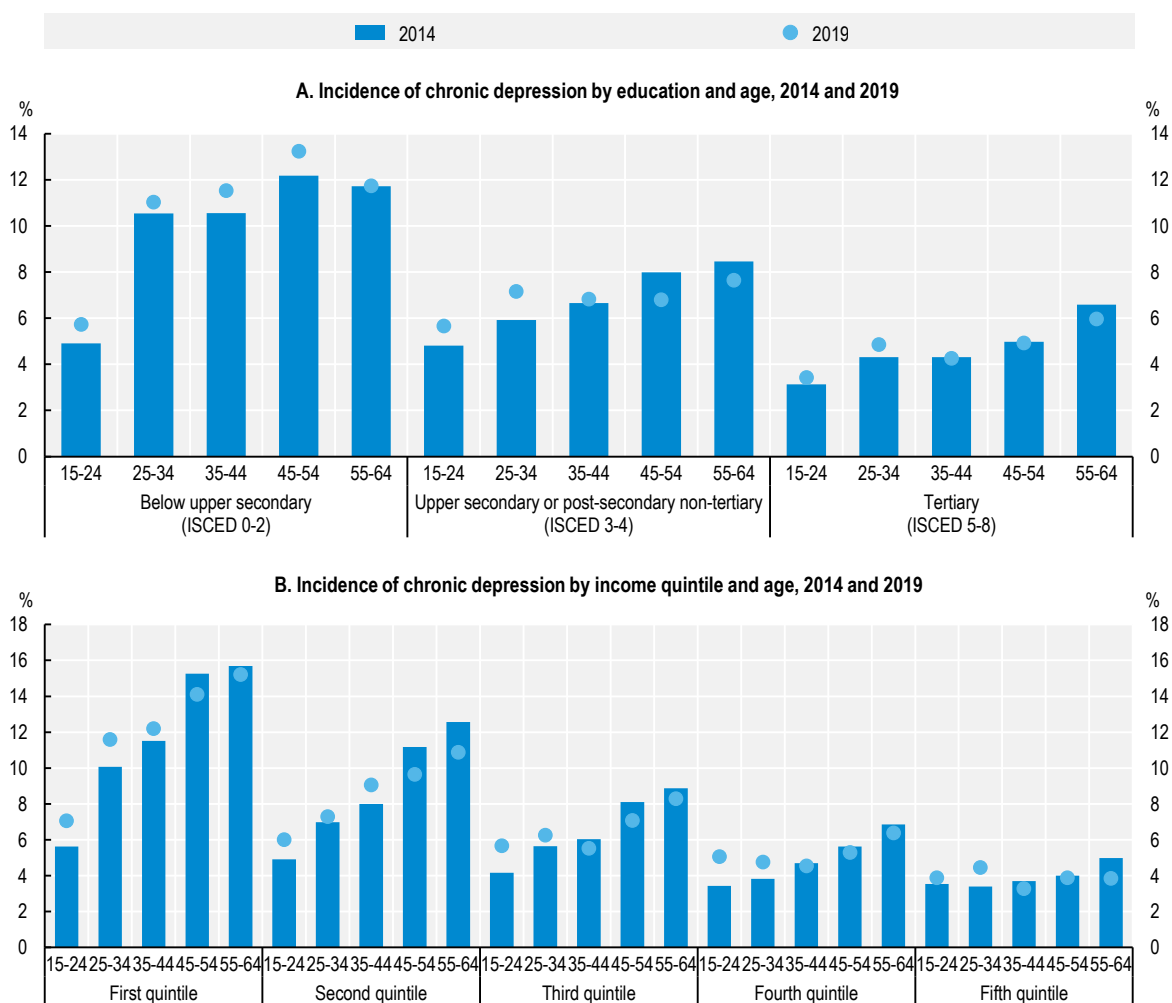
Note: The purple bar represents the unweighted average of the 24 countries shown.

Source: OECD calculations based on European Health Interview Survey (EHIS), https://ec.europa.eu/eurostat/databrowser/view/HLTH_EHIS_CD1E_custom_1683907/default/table?lang=en.

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Worsening mental health among young people persists across all education and income groups. Figure 3.4 shows that the increase in incidence of chronic depression is linked to educational attainment (Panel A), but also has an age component. Among young people, the past years have seen an increase in the incidence of chronic depression regardless of educational attainment, although more for lower educational achievement levels. Among other groups, chronic depression shares have increased for those with lower education, but remained stable and even decreased for those with secondary and tertiary education. Similar patterns appear when observing the incidence of chronic depression by age and income quintile (Panel B): income impacts mental health incidence, but the age component appears stronger.

Figure 3.4. Mental health in young people has worsened across all education and income groups



Note: Data represent the unweighted average of 25 European countries: Austria, Belgium, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Luxembourg, the Netherlands, Norway, Poland, Portugal, Slovenia, the Slovak Republic Spain, Sweden and Türkiye.

Source: OECD calculations based on Waves 2 and 3 of the European Health Interview Survey (EHIS), https://ec.europa.eu/eurostat/databrowser/view/hlth_ehis_cd1i/default/table?lang=en.

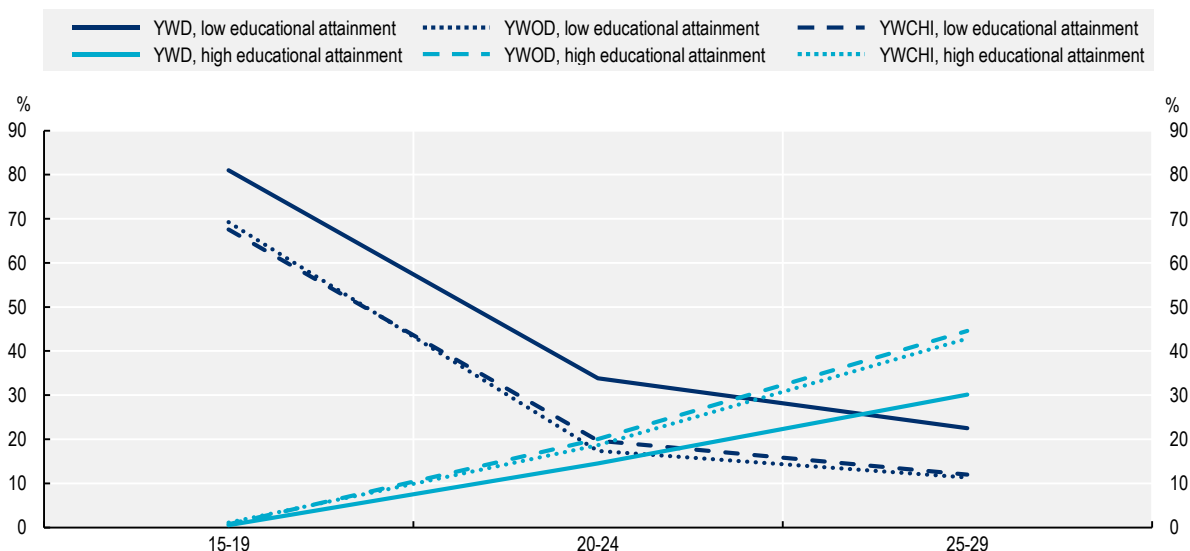
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3.1.2. The educational gap starts early for young people with disability

Chapter 2 showed that one in five YWD between ages 15-29 is an early school leaver and one in three does not study or work (NEET). The large share of NEET among YWD, and their high early school-leaving rate result in a substantial educational gap between YWD and YWOD. Figure 3.5 shows that this gap starts early and does not fade over time. At ages 15-19, there is already a substantial education gap between YWD and YWOD: 80% of YWD have low educational attainment, compared with 70% of their peers without disability or with chronic health issues. From this young age on, trends in educational attainment remain parallel, reaching the age of 25-29 with the same educational gap as ten years earlier, at age 15-19. This is a key message for policy makers that efforts to close the educational gap must be made early on, during primary and secondary schooling. The last section of this chapter describes some of the policy approaches to ensure inclusive education for YWD, a key to closing the educational gap.

Figure 3.5. The educational gap starts early in life making a case for early intervention

Share of young people by disability / health status and educational attainment, 2019



YWD: Young people with disability, YWOD: Young people without disability, YWCHI: Young people with chronic health issues.

Note: Educational attainment is classified according to ISCED 2011: low educational attainment is defined as those with less than primary, primary and lower secondary education, while high educational attainment is defined as those with tertiary education. Data represent the unweighted average of 25 European countries: Austria, Belgium, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Luxembourg, the Netherlands, Norway, Poland, Portugal, Slovenia, the Slovak Republic, Spain, Sweden and Türkiye.

Source: OECD calculations based on Waves 2 and 3 of the European Health Interview Survey (EHIS), https://ec.europa.eu/eurostat/databrowser/view/hlth_ehis_cd1i/default/table?lang=en.

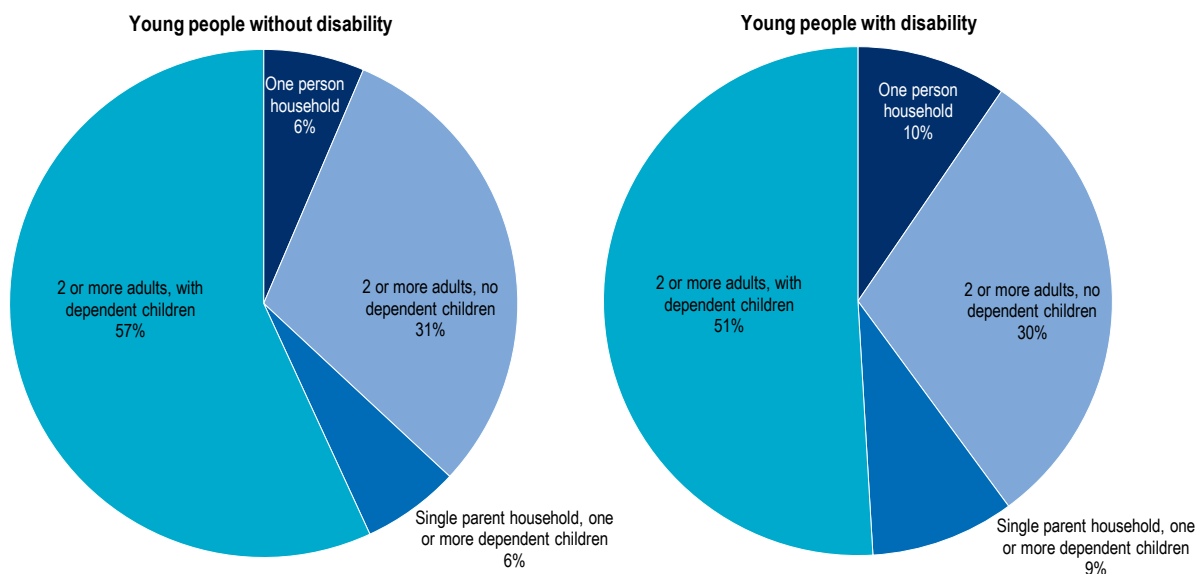
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Young people with disability live more often in single-parent and poorer households

YWD live more often in single person or single-parent households. The composition of households in which YWD live is relevant for several reasons. First, families are often the first line of support for YWD, offering financial support and care. YWD living in multi-person households, with several adults, may be more likely to have stronger family support. Second, the household composition may determine the eligibility of YWD to certain benefits. Means-tested benefits are granted accounting for the income of the household, implying that YWD living with their parents or other adults may be less likely to be eligible for minimum income benefits. This is relevant, as discussed in the following section, as minimum income programmes are a key source of financial support for YWD. Figure 3.6 shows that YWD live more frequently in single households (10%, compared to 6% for YWOD), and in single-parent households (9% compared to 6%).


Figure 3.6. Young people with disability more often live in single or single-parent households

Household composition of young people with and without disability, average over 2016-19



Note: All persons aged less than 18 are considered as dependent children, plus those economically inactive aged 18-24 living with at least one of their parents. Data covers 25 European countries: Austria, Belgium, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Latvia, Lithuania, Luxembourg, the Netherlands, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Spain, Sweden, Switzerland and the United Kingdom.

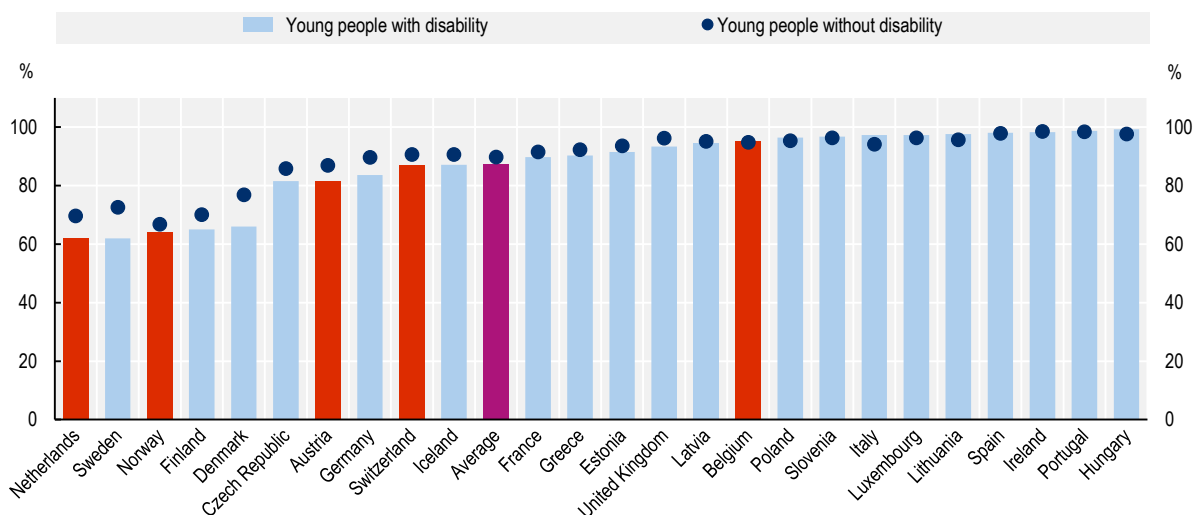
Source: OECD calculations based on the European Union Statistics on Income and Living Conditions (EU-SILC).

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In countries where it is common to leave the family home young, YWD live less often with their parents. Across countries, Figure 3.7 shows that YWD tend to live less often with their parents than YWOD, which confirms the aggregated view presented in Figure 3.6. The difference between YWD and YWOD is largest in countries where young people more generally tend to leave the family nucleus early, like the Netherlands and the Nordic countries. It is possible that the timing of leaving the parental home reflects the fact that YWD can achieve a higher degree of financial independence in these countries, or have more facilities to find appropriate housing. These aspects are explored in the next section of this chapter.

Figure 3.7. In countries where it is common to leave the family home young, young people with disability live less often with their parents

Share of young people with and without disability living with their parents, average over 2016-19



Note: The purple bar represents the unweighted average of the 25 European countries shown.

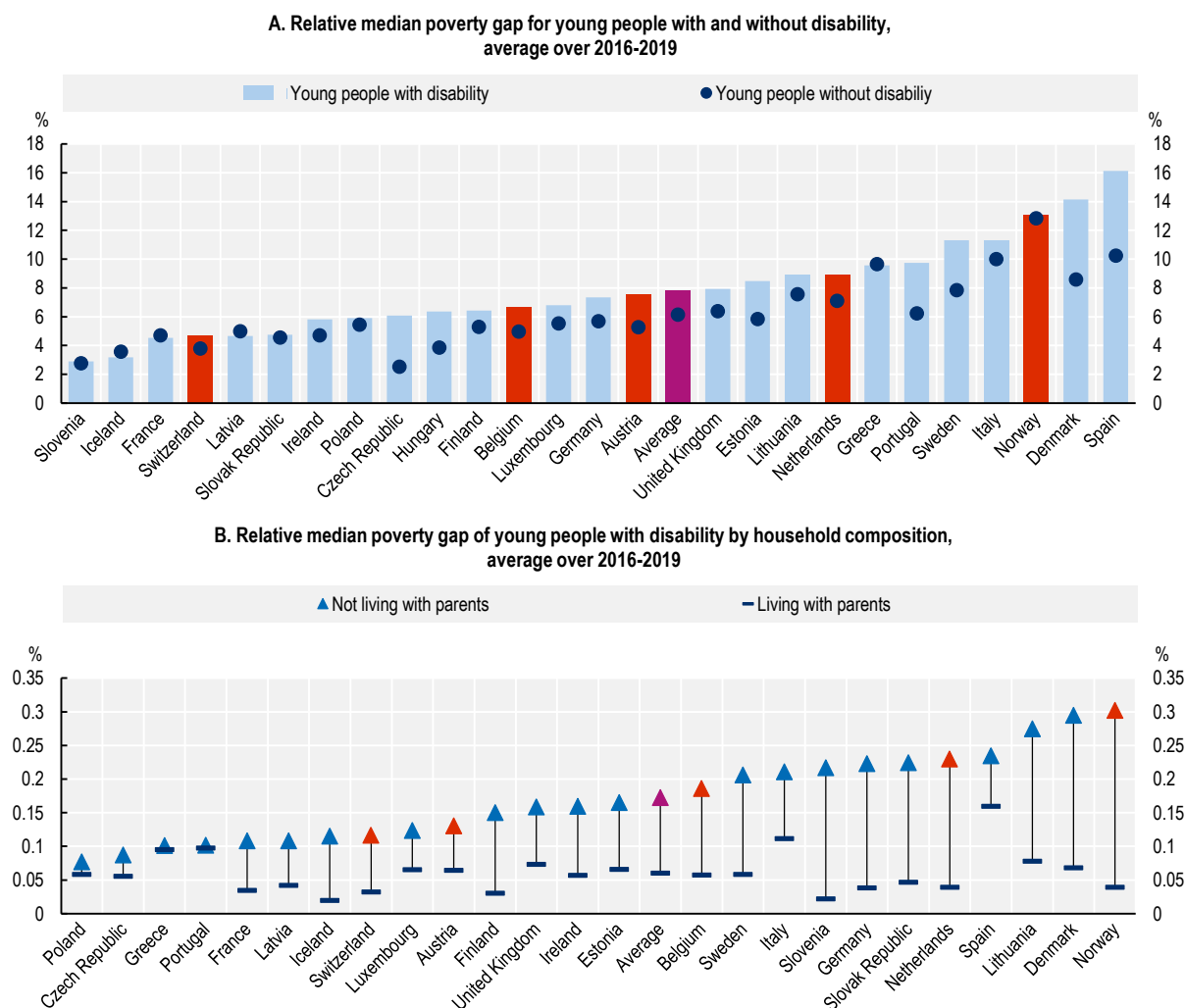
Source: OECD calculations based on the European Union Statistics on Income and Living Conditions (EU-SILC).

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YWD tend to live in poorer households than YWOD. The first panel of Figure 3.8 shows the median poverty gap of households with and without YWD. In most countries, YWD live in poorer households than YWOD. Differences in poverty gaps are particularly large in countries like the Czech Republic and Hungary, but also in Denmark, where the poverty gap is 64% higher in households with YWD. This may seem surprising but is connected to the household composition of YWD. In countries like Denmark, where YWD tend to leave the family early, there are large differences in poverty levels depending on whether YWD live with their parents (Figure 3.8, Panel B). Paired with the fact that a larger share of YWD leave their families, this explains the large differences in the disability poverty gap in countries like Denmark.


Figure 3.8 (Panel B) also shows that for YWD poverty is concentrated among those no longer living with their parents. If one were to reproduce this figure for YWOD, however, a similar story would appear, albeit at a lower poverty level. These high poverty rates of young people may probably not be taken at face value for all countries, making cross-country comparisons difficult. In some countries, like in the Netherlands and Norway, young people moving out of their homes often finance their living through student loans, which are not accounted for in these poverty measures. Young people living on student loans are often classified as poor even though they are not cash-poor (OECD, 2018^[8]). In some other countries, youth poverty is probably more closely linked to being poor in cash, with corresponding consequences on consumption choices and productive investments, including human capital investments.

Figure 3.8. Young people with disability live in poorer households in most countries



Note: The median poverty gap is calculated as the difference between the median equivalised disposable income of people below the poverty line (50% of national median equivalised disposable income) and the poverty line, expressed as a percentage of the poverty line. The purple bar and markers represent the unweighted averages of the European countries shown in each panel.

Source: OECD calculations based on the European Union Statistics on Income and Living Conditions (EU-SILC).

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Intergenerational transmission of disadvantages are large for young people with disability

YWD tend to be exposed to disability-related disadvantages. For instance, YWD live more often with adults with disability (24% of the time) than YWOD (19% of the time) (Table 3.1). Unsurprisingly, these differences are reflected in the rate of benefit receipt among the adults in the household: they more frequently live with adults who receive disability benefits, or social support more generally. These differences do not translate into different employment rates of the adults living with YWD but a marginally higher level of inactivity.

Table 3.1. Young people with disability tend to be exposed to disability-related disadvantages

Adults in the household of young persons (ages 15-29) with and without disability, average over 2016-19

	Young people without disability (YWOD) (%)	Young people with disability (YWD) (%)	Difference (YWOD-YWD)
Adult with disability	19.41	26.71	-7.30***
Adult receiving disability benefits	5.86	7.75	-1.89***
Adult receiving any social support	24.44	29.18	-4.73***
Employment rate of adults	65.77	65.73	0.04
Inactivity rate of adults	12.13	12.99	-0.85***

Note: Significance stars correspond to significance of a t-test of equal means between YWoD and YWD. *** p-value < 0.01. Observations are 475 641 for YWOD, and 60 971 for YWD. Data represent 25 European countries: Austria, Belgium, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Latvia, Lithuania, Luxembourg, the Netherlands, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Spain, Sweden, Switzerland and the United Kingdom.

Source: OECD calculations based on the European Union Statistics on Income and Living Conditions (EU-SILC).

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Intergenerational transmission of disadvantage is very important for YWD. Adults with disability are more likely than other adults to have been exposed to disadvantages during their youth. For instance, Table 3.2 shows that PWD have a substantially higher probability than PWOD to have had a parent with a disability in their teens, just as with current YWD. Several reasons could explain this, including the fact that some disabilities may be genetically transmissible. Other explanations include that having a parent with a disability captures the intergenerational transmission of disadvantages, which are highly correlated with having a disability, such as poverty and low socio-economic status. PWD also have a higher probability of having lived in households in bad or very bad financial situation during their youth (Table 3.2). Another potential explanation is the intergenerational persistence of labour market outcomes (Black et al., 2010^[9]) and family welfare cultures (Dahl, Kostøl and Mogstad, 2014^[10]).

Understanding the transmission channels of disadvantages is key to designing policies that support YWD and breaking this cycle of transmission. The first policy sphere is that of social protection which is key to supporting YWD, who tend to be from poorer economic backgrounds. At the same time, social protection receipt at a young age, or living in a household that relies on social protection as the main source of income, could create an over-reliance on social support during adulthood. Therefore, striking the right balance between social protection coverage and incentives is of outmost importance. The second policy sphere is that of education and supporting the transition of YWD to the labour market. The educational gap starts early for YWD, so a focus on inclusive education from a young age is paramount. Mainstreaming the access to ALMPs and youth guarantee policies for YWD, to be active in these very crucial years of transition, is key to preventing the potential welfare traps from benefit receipt at that age. The remainder of the chapter focuses on these two policy spheres, social protection and education and transition to the labour market, and closes with a set of policy recommendations to support YWD.

Table 3.2. Intergenerational transmission of disadvantages hits people with disability harder

Parental and financial situation of respondents when aged 14, 2019

	People without disability (PWOD) (%)	People with disability (PWD) (%)	Difference (PWOD-PWD)
Parent permanently disabled and/or unfit to work	1.41	2.27	-0.86***
Father permanently disabled and/or unfit to work	0.87	1.44	-0.57***
Mother permanently disabled and/or unfit to work	0.67	1.02	-0.35***
Living in a household with bad or very bad financial situation	8.98	16.61	-7.63***
Living in a household with moderate financial situation	54.31	55.02	-0.71**
Living in a household with good or very good financial situation	36.70	28.36	8.34***

Note: Parental and financial situation of the respondent when aged 14. Respondents are aged 15 to 59 in 2019. Significance stars correspond to significance of a t-test of equal means between PWoD and PWD. *** p-value < 0.01, ** p-value < 0.05. Observations are 130 706 for PWoD, and 24 943 for PWD. Data represent 25 European countries: Austria, Belgium, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Latvia, Lithuania, Luxembourg, the Netherlands, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Spain, Sweden, Switzerland and the United Kingdom.

Source: OECD calculations based on the European Union Statistics on Income and Living Conditions (EU-SILC), 019 Ad-Hoc module: "Intergenerational transmission of disadvantages, household composition and evolution of income".

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3.2. Social protection of children and young people with disability

This section evaluates the social protection policies for YWD, focusing on the long-term consequences of benefit receipt during youth. The effects of receiving benefits while young on adult outcomes such as educational attainment, employment, or income are not entirely clear:

- On the one hand, social protection is a necessary condition for YWD to thrive. As discussed in Chapter 1, social protection prevents 54% of households with a member with disability from falling into poverty. This is particularly important for YWD: poverty may prevent productive investments that support YWD, for instance improving their education outcomes (Hoynes, Schanzenbach and Almond, 2016_[11]) and easing the transition to the labour market. If benefits are well designed, they can also help provide the right assistance to ensure a smooth transition from education to employment, by tying benefit receipt to participation in education or career-development programmes, counselling, and service delivery.
- On the other hand, benefit receipt from a young age entails stigma and risks perpetuating perverse incentives, which can be detrimental to the transition to employment and adulthood. Benefit receipt can promote a welfare culture, by inhibiting self-sufficiency (Deshpande, 2016_[12]) and improving the understanding of welfare programmes (Dahl, Kostøl and Mogstad, 2014_[10]). Lastly, eligibility conditions to disability benefits can sometimes create direct disincentives to work and study.

3.2.1. Income support system

YWD are a challenging group to cover through social protection, and countries tend to cover them either as dependent children or as adults. Many YWD have congenital disabilities, often severe and fully invalidating. Others have less severe congenital disabilities, or disabilities acquired later in life, that allow pursuing education (with or without adaptations) and a transition to the labour market. This difficulty also occurs when designing disability benefit programmes more generally, only that protecting all YWD is particularly important to prevent their social exclusion from a very young age. Most governments cover YWD through one or more of three main programmes: child allowances, disability benefit programmes,

and minimum income programmes. Child allowances are targeted to families of YWD and sometimes offer financial support beyond childhood and youth. Disability benefit programmes usually cover YWD from their legal age onwards, treating them like adults. In countries where disability benefit programmes have strict contributory requirements, YWD may be often left to rely on last-resort income support, just like adults with disability. While sensible, this distinction between child and adult needs may fail to meet the needs of YWD, which are particular: the need for financial support during the transition from school to the labour market. This section is organised around these three approaches for YWD, assessing their potential limitations to supporting the transition to the labour market, and their good practices.

Child allowance benefits for young people with disability

Many countries offer to cover additional costs of disability at a young age through child allowance benefits. Families of YWD are supported through child allowance benefits specifically targeted to YWD. These are some of the recurring features of allowances for YWD:

- Means-testing. Similarly to general child allowances, allowances targeting YWD are, in most cases, means-tested. They often have laxer means-testing, which indirectly allows accounting for the higher costs of caring for a child with disability, or forego means-testing altogether. For example, in Canada, the Child Disability Benefit has a laxer means-testing than the Canada Child Benefit and can supplement the latter in cases of disability. Means-testing allowances for YWD, as for any other benefit, introduces an implicit tax rate on working for parents. This is why some countries, like Spain or Sweden, have delinked these allowances from the income of the family, to cover the additional costs of caring for a YWD without work disincentives. When these benefits are not means-tested, the remuneration is often lower to ensure the sustainability of the programme.
- Capping benefits with the age of the child. Most general child allowance programmes support families for as long as children have not reached the legal age (or finished mandatory schooling). In most countries, this is the case for special child-with-disability allowances too. In Austria, Italy and Spain, however, these benefits are granted regardless of the age of the child, as long as the onset of disability was during young age. Removing the maximum age eligibility condition may be justified as families may have to care for YWD beyond their legal age. Yet, these programmes may be inhibiting self-sufficiency, particularly if benefits represent a large share of household income.
- Complementary benefits and services. Allowances for YWD are often tied to complementary benefits, such as education allowances (Estonia, Italy and Portugal), transportation (Denmark and Latvia), or medical coverage (United States). In some countries, like in the United States with health insurance coverage, complementary benefits to child disability allowances make the programmes more valuable than their cash value (Deshpande, Gross and Su, 2021^[13]).

Disability benefit programmes

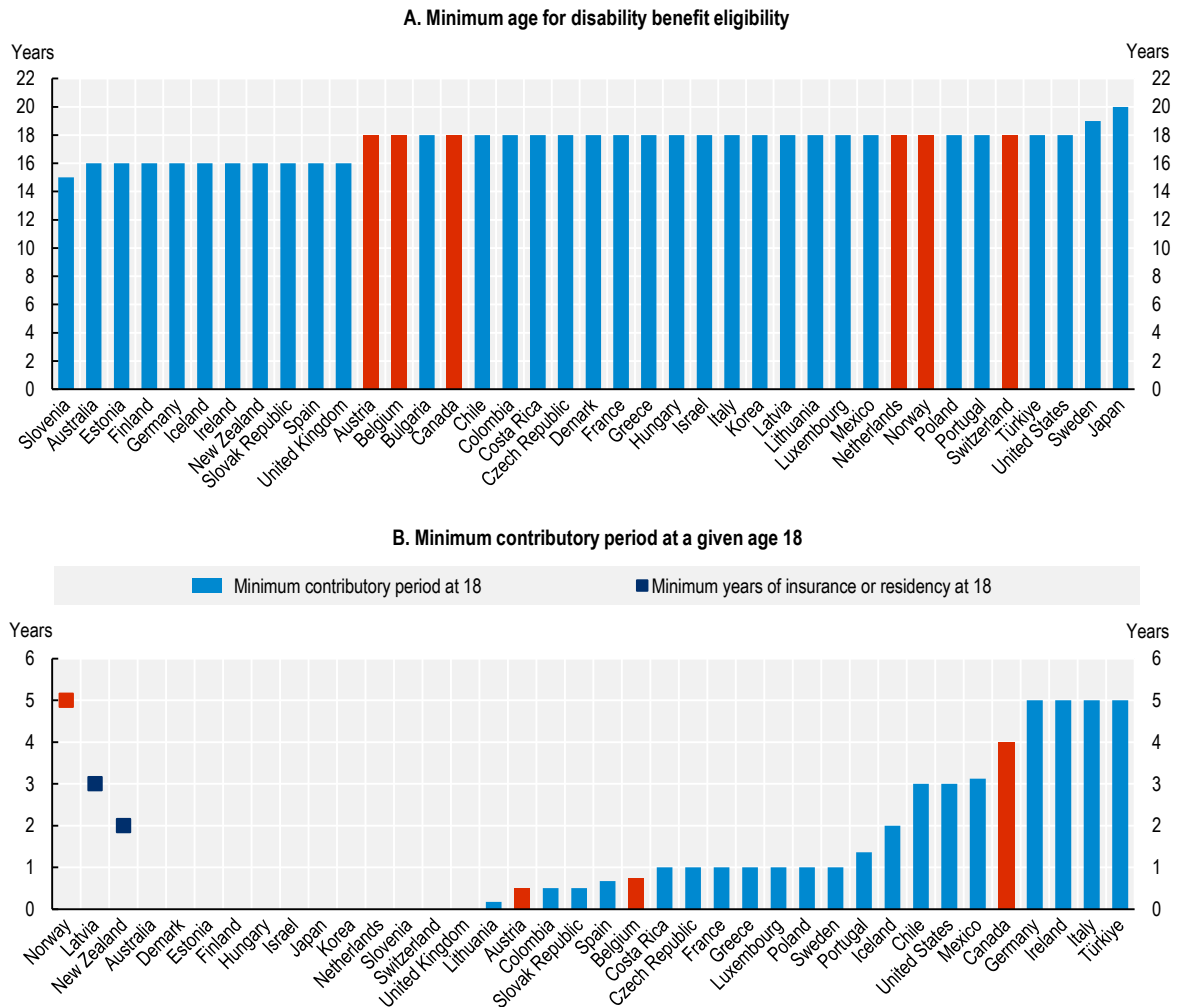
Most countries cover YWD from the legal age in disability benefit programmes, although there is some variation across countries. Figure 3.9 (Panel A) summarises the minimum age for disability benefit eligibility in OECD countries. The vast majority of countries do not cover YWD under age 18, while a few cover them from age 16 years. Japan has a minimum eligibility age of 20 years. There are a few countries that have special programmes to cover YWD. In Australia, YWD are entitled to the Youth Disability Supplement, a top-up payment to their disability pension, or their youth allowance. This payment aims to bridge the gap in disability payments between young claimants (under 21) and claimants above 21, arising from limited earnings histories. In the Czech Republic, those under age 18 with severe disability (70% or more degree of disability) can receive the “Persons Disabled from Youth” benefit, which offers a flat rate payment and has no eligibility requirements. In the Netherlands, those who are born with a disability or develop disabilities during childhood or youth are covered by the *Wajong*, a wholly separated disability

benefit programme, which guarantees a minimum amount of benefits, and has its own financial incentives to promote work. The programme is described in detail in Box 3.1.

Contribution requirements are often laxer for younger claimants, but effectively exclude a substantial share from disability benefit programmes (Figure 3.9, Panel B). Countries can be divided in four categories depending on how disability benefit programmes facilitate the coverage of YWD: (1) No contributory period requirements; (2) Lax contributory requirements; (3) Strict contributory requirements, with exceptions for young people; and (4) Strict contributory requirements, no exceptions. Countries like Australia, Denmark, the Netherlands, or Switzerland do not require a minimum period of contributions to be eligible for disability benefits. Norway requires five years of membership in the National Insurance Scheme, which can be achieved with five years of residence without actual contributions. Other countries have some contributory conditions tied to eligibility, which are not reduced for YWD but are sufficiently lax to allow for their entitlement. This is the case in Belgium, France and Luxembourg, where contributory requirements are low (9 months for Belgium, and 12 months for France and Luxembourg). A large share of countries have rather strict contributory requirements for eligibility to disability benefits, but those are typically relaxed for young applicants. In Austria, the contributory period is reduced from 5 years to 6 months for applicants to disability benefits under 27. In Slovenia, those under 21 do not have any contributory requirements, while those under 30 have to be employed for a quarter of the time since their 21st birthday. Lastly, countries such as Chile (3 years), Canada (4 years), Ireland (5 years), Italy (5 years) and Mexico (4-5 years), effectively make it difficult for YWD to be covered by disability benefit programmes.

The exclusion of YWD from main disability benefits increases the reliance on child allowances, potentially inhibiting self-sufficiency. Chapter 4 shows that over the past decades, disability benefit programmes have been reformed to include more active elements, such as vocational rehabilitation or financial incentives. These reforms trends decrease the work disincentives from benefit receipt, by increasing obligations for claimants and giving them more opportunities to find a job in the open labour market. YWD covered through disability insurance programmes may fare well, if these allow providing social protection while at the same time putting a strong emphasis on their activation. Instead, child support programmes or child allowances are rarely linked to activation elements, as they are designed to cover the costs of care of children. They may create additional disincentives for families to either increase their labour earnings (due to means-testing), or promote the self-sufficiency of YWD (due to eligibility being tied to the household).

Figure 3.9. Most countries cover young people with disability from the legal age in disability benefit programmes, and often face laxer contributions requirements



Note: Panel B: For Mexico the time is 150 and 250 weeks depending on incapacity rate, for Portugal complete incapacity is 3*120 days /22/12 for yearly measure and for the Slovak Republic it is less than a year but too many factors to be accurate.

Source: MISSOC comparative tables, SSA, <https://www.ecoi.net/en/file/local/2027238/costa-rica.pdf>, <https://www.service-public.fr/particuliers/vosdroits/F672>, <https://www.service-public.fr/particuliers/vosdroits/F672>, <https://www.angloinfo.com/how-to/south-korea/healthcare/people-with-disabilities>.

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Box 3.1. The Dutch Disability Benefit Programme for Young people with Disability: *Wajong*

The Netherlands is unique in that it has a disability benefit programme specifically for YWD. *Wajong* benefits cover those with an onset of disability before age 30. The merits and limitations of this policy have long been debated in the Netherlands, resulting in numerous overarching reforms over the past decade, the last major one in 2015, followed by a smaller reform in 2021. This Box explains the main characteristics of the programme (*Wajong* 2015), the employment arm for those with residual capacity to work (*Participatiewet*), as well as the 2015 reform of the *Wajong* and its impact on YWD.

Young people without residual work capacity: *Wajong*

Since 2015, *Wajong* benefits provide a minimum benefit for YWD with no residual work capacity (focus on work continuously for one hour and work at least two hours a day). *Wajong* covers people who become incapable of work at a young age (before turning 18) or during their studies (school or university) and until age 30. *Wajong* is financed by taxes. Benefit payments correspond to 75% of the statutory minimum youth wage, granted until the legal retirement age, with limited reassessment. Working while receiving a *Wajong* benefit is allowed, and benefits are clawed back by 75 cents for every euro earned. Roughly 2% of *Wajong* recipients (post-2015) work.

Young people with residual work capacity: *Participatiewet*

Since 2015, YWD with residual capacity to work are covered by the social assistance programme, the *Participatiewet*. Social assistance is managed by municipalities, and in addition to income support, has an emphasis on reintegration approaches aimed at work. Obligations for claimants are strong, including a mandatory registration at the PES and an obligation of job search. YWD may receive additional support, such as wage subsidies and sheltered work, job coaching, one-the-job training, and social activation. The *Participatiewet* also includes a no-risk policy for employers hiring YWD, which includes the reimbursement of wages in case of incapacity to work.

Social assistance provides a minimum income, which is lower on average than a *Wajong* benefit. Combining social assistance with labour earnings is possible, with an earnings disregard and a proportional reduction of benefits beyond the earnings threshold, creating a large tax wedge on working for beneficiaries.

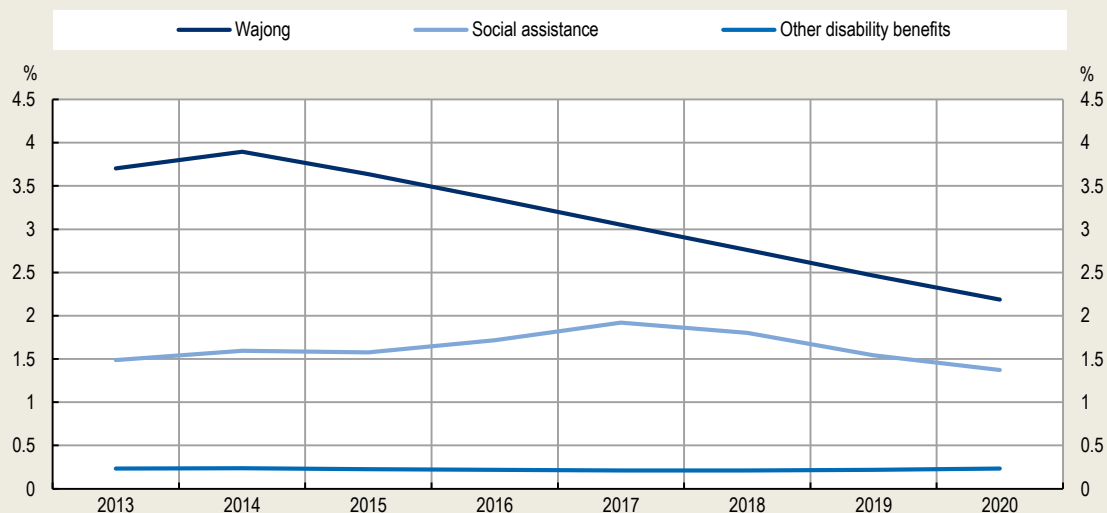
Reforms

Before 2015, the take up and size of the *Wajong* programme was swelling, reaching a receipt rate of almost 4% of every cohort. This was in part due to the overly generous and lenient characteristics of the programme. Broadly, the pre-2015 *Wajong* programme granted benefits to young persons with a degree of disability of at least 25%, both with a disability onset before their 18th birthday, or with a disability onset during their studies. There were limited reassessments and work incentives for *Wajong* recipients, who could stay in the programme from a very young age until reaching the retirement age. The 2015 reform aimed at tackling the growth in the programme by removing the rights to *Wajong* for young people not fully incapacitated. At the same time, social assistance was reformed too to include strong work incentives for YWD.

Figure 3.10 shows that the reform was effective in terms of reducing the reliance on social support among young people, by reducing the receipt rate of *Wajong* from 3.9% to 2.2%. A potential risk of this reform was that tightening *Wajong* would simply cause a reallocation from *Wajong* to social assistance. Figure 3.10 shows a marginal increase in the receipt rate of social assistance benefits in the first years after the reform, followed by a reversal to this growth, showing limited spillovers to social assistance. Receipt of other disability benefits remained constant in the course of the reform.


Figure 3.10. The 2015 reform of the *Wajong* system curbed a fast-growing programme

Share of young Dutch persons receiving social assistance and *Wajong* benefits



Note: *Wajong* and other disability recipients include these recipients aged 18-29, while social assistance recipients include recipients aged 18-27. Receipt rates are calculated using the corresponding population group.

Source: Statistics Netherlands (CBS) open data, <https://www.cbs.nl/en-gb/onze-diensten/open-data>.

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The reform was less effective in promoting sustainable employment and well-being among YWD. While very effective in curbing the reliance on social support, evaluations of the new *Wajong* system suggest some key findings that may reflect an overly strong pressure on young people:

- YWD are more often employed but often forced to job hopping. Kok et al. (2019_[14]) find that YWD who would have been covered by *Wajong* before the reform have higher employment rates than pre-reform. Yet, the programme still fails to provide job security for YWD, who change jobs at a very high rate, much more so than YWOD.
- The income position of YWD has deteriorated. Van Echtelt et al. (2019_[15]) conclude that the increase in employment participation, often in low-paid and part-time jobs, and the reliance on social assistance were not sufficient to compensate the loss in income from *Wajong*. Together with the poor quality of jobs that YWD find, this suggests that the reform may have operated on a pure income effect: many young people, removed from *Wajong* support, are forced to take on precarious jobs to compensate the income loss.
- As discussed in Chapter 4, income effects are non-distortionary, and so its removal does not necessarily generate large societal gains. Rather, it may force some YWD to take on jobs that may worsen their health condition (García-Gómez and Gielen, 2018_[16]). The worsened income position for YWD already shows some negative consequences on their capacity of affording independent housing (Kok et al., 2019_[14]).
- Those with mental health disorders are less able to reap the full benefits of the reformed *Wajong* programme. While the new system allows YWD to find employment, those among them with mental health conditions remain most often jobless and with a much-worsened income position (van Echtelt et al., 2019_[15]).

Lessons for other countries

The Dutch social protection system for YWD and its reforms provide some lessons for other countries on critical elements to consider.

- **Cost-benefit analysis of the support measures** is key. The Dutch reform prioritised the use of expensive measures, such as job coaching, wage subsidies and sheltered employment. While they increased employment take up, they were associated with other issues due to the amount of resources they require. First, given the budget of municipalities, less people were able to receive support than under the pre-reform system, where supports and measures were more broadly defined. Second, and closely linked to the resource constraints, municipalities focused on supporting people with higher potential to work, as the payoff of these measures would be higher. For the use wage subsidies, the incentive for municipalities is very clear: by supporting people with higher wage potential, the measure becomes cheaper for each person. As a result, people with severe (often mental) disabilities did not receive any support.
- **Assessing municipalities' capacity** to implement such a programme and giving them the right tools and incentives is important. One of the challenges encountered during the implementation of *Participatiewet* is that municipalities have very different levels of resources and personnel capacity, which caused an uneven implementation of the policy across the country. Assessing early municipalities' capacity, aligning incentives and addressing any resource and capacity gaps is key for the policy to be successful.
- **Focusing on career opportunities** is key to ensuring job retention and progression in the labour market. In addition to a significant hiring gap, PWD often are confronted with poor career progression and opportunities to thrive in the labour market. The Dutch experience shows that focusing job coaching and support programmes for YWD on building a career, not just on finding a job, is the right approach for more sustainable employment.
- **Simplifying of the social support system** is one of the reported benefits of the Dutch reform of the social assistance system. A single programme, covering every young person with capacity to work, addresses the fragmentation issue often found in social protection systems. Because this is a mainstream programme, covering adults with insufficient contributions, such a reform effectively contributes to mainstreaming the support for YWD, which is at the core of the recommendations of this report.
- **Targeting the most vulnerable groups** in a context of mainstreaming social protection is very important: support needs to be given through mainstream programmes, but individualised to each person's needs. The Dutch implementation of mainstream support for YWD found that it was important to flag young people belonging to the most vulnerable groups to ensure that they were targeted by the most adequate supports (jobs agreement programme).

Minimum income programmes

The exclusion from social insurance programmes leaves substantial shares of YWD to rely on social assistance. Just as with adults with disability, lack of coverage for disability benefits leaves a key role to last-resort payments as the sole source of social protection. YWD with low income may qualify for last-resort means-tested welfare payments. Unlike adults with disability, however, YWD may often live with their legal tutors, making eligibility to welfare payments difficult, as they are often means-tested against household income. Some countries make it easier for YWD to qualify for minimum income programmes, e.g. by excluding income of YWD in the household from the means-test calculation, as well as excluding benefits for YWD or PWD in the household more generally.

Social assistance programmes have often behavioural requirements that allow actively engaging young people, yet YWD tend to be exempted. Most countries require working-age recipients to either be enrolled in education or actively engage in job search, for example, by making registration to Public Employment Services (PES) mandatory, tying benefit receipt to accepting suitable job offers, and, in some countries, the development of individualised employment and inclusion plans. Among European countries, Belgium and Norway focus on actively engaging youth on social assistance. In Belgium, participation in individual social integration plans (*projet individualisé d'intégration sociale*, PIIS) is mandatory for social assistance recipients under 25. In Norway, social assistance recipients under 30 go through an individualised assessment by municipalities, and have to comply with an activation condition for eligibility to benefits: they must meet with PES caseworkers, apply for relevant jobs, and participate in training, education and work-oriented courses. Most countries exempt all PWD from job-search requirements while receiving social assistance. While there is a risk of overburdening financially constrained YWD with employment requirements, removing these requirements altogether is also a lost opportunity for engaging with and promoting the inclusion of YWD in the labour market, and more generally, in the society.

3.2.2. Benefit receipt and coverage

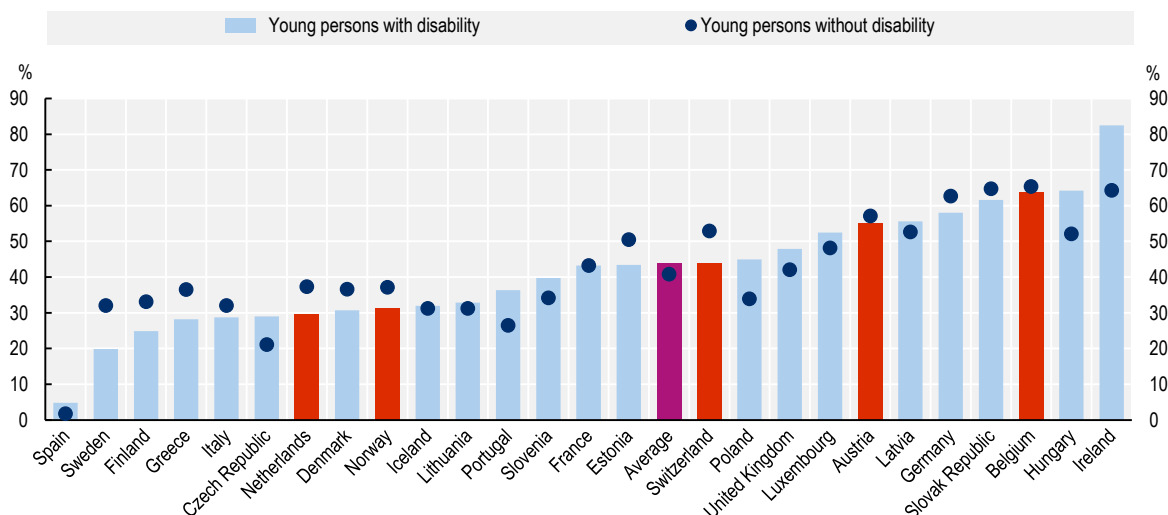
Eligibility rules and programme characteristics determine the extent to which YWD can receive income support. This section looks at what benefits YWD receive, and the targeting and coverage of these benefits.

Benefit receipt rates

Households with YWD receive more often family benefits than households without YWD, but differences are minor and varied across countries. One could expect households with YWD to be more reliant on child allowances, which as shown in the previous section, are more generous for YWD. At the same time, receipt of these benefits depends on the household composition: for YWD to be covered by child allowances they need to live with their legal tutors. Section 1 showed that this is not necessarily the case, as YWD tend to live in single membered households more frequently than YWOD. Additionally, YWD tend to have children somewhat more frequently (a finding that is maybe surprising in and of itself), which could entitle them to family allowances for their children. This would be a measurement error that could bias the descriptive findings, as it is not possible with population survey data to identify or distinguish benefit entitlement at such granular level. Data seem to corroborate that all these factors may be at stake simultaneously. On average across European OECD countries for which data is available, around 40% of households receive family and child allowances, compared to 45% of households with a YWD (Figure 3.11). Differences at that order of magnitude are found in most countries, plausibly because several factors are at stake which counteract each other. Some countries, however, like Ireland, particularly stand out for having substantial differences in receipt rate of child allowances by disability status of young people in the household. This, together with a growing inflow into disability benefits among young people, presents an image of the high dependence of Irish young people on social support (OECD, 2021^[17]).

Figure 3.11. Households with young people with disability receive family benefits slightly more often

Share of households receiving family or child benefits, average over 2016-19



Note: The purple bar represents the weighted average of the 26 European countries shown.

Source: OECD calculations based on the European Union Statistics on Income and Living Conditions (EU-SILC).

StatLink  <https://stat.link/24gw93>

Across OECD countries, about 40% of YWD receive social support. However, there is substantial variation: in Luxembourg and Portugal, about 20% of YWD receive a social benefit, while in Lithuania, over 70% do (Figure 3.12). There is also large variation in the composition of the support received. In most countries, health-related benefits represent the largest source of income support for YWD. Norway stands out among countries for the widespread receipt of health-related benefits, compared to a relatively small share of social assistance and unemployment benefit receipt. In the Netherlands and Switzerland, for instance, the opposite is true: health-related benefits represent a small share of social support, only about 20% of the total benefits received.

Programme characteristics are reflected in benefit composition differences in take-up of social benefits across countries, with early intervention measures being key to reducing disability benefit take-up:

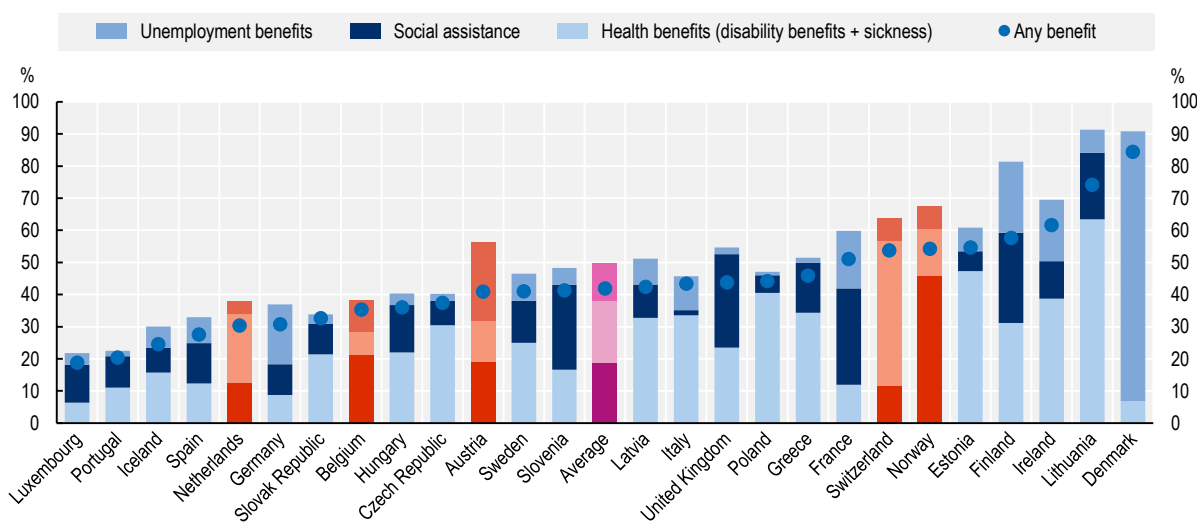
- Norway, with a high large take-up rate of health-related benefits (mainly disability benefits) among young people, has a generous disability benefit system, lenient eligibility requirements, and a high sensitivity of benefit take-up to the economic cycle (OECD, 2018^[8]). Additionally, rehabilitation efforts are tied to benefit receipt (through the transitional disability benefit, AAP), resulting in receipt rates among young people comparable to those observed among adults.
- In Switzerland, instead, the Disability Insurance Authority puts great emphasis on financing early intervention measures before granting disability benefits to young people. YWD can be profiled as early as at the end of their 13th year and are followed thoroughly through early intervention measures to ensure that they pursue an education. For young people under 25 who are at risk of becoming disability claimants, a set of reintegration measures aim at providing them vocational training, career guidance, and career preparation (AHV-IV, 2022^[18]). These measures can explain the low disability benefit take-up rate through two mechanisms. First, they may be effective at promoting the self-sufficiency of young people at risk to transitioning to the disability programme, thus reducing the need for disability benefits. Second, they make it more difficult to claim disability benefits, as there are many intermediate steps to take. The large share of YWD relying on social assistance make it unclear whether the Swiss approach helps promote self-sufficiency (and thus

reduces social support reliance) or instead just makes it more difficult to claim disability benefits. A longitudinal analysis of these cohorts of YWD would be needed to understand their reliance on social support as adults.

- In the Netherlands, the duality of the system depending on the capacity to work for young people results in low reciprocity rates. Figure 3.12 shows that YWD in the Netherlands have a fairly low reliance on social support (around 30%), with most of them relying on social assistance. This is the result of the 2015 reform of the special disability benefit programme for young people (*Wajong*), as explained in Box 3.1 which limited the entitlement to this programme to those with full incapacity only. This resulted in a sizable reduction of the size of the programme, and a minor increase in the receipt of social assistance. However, the low reciprocity rate does not necessarily reflect greater financial independence without social support of YWD, but instead, according to recent research, a worsened income position and potentially well-being (van Echtelt et al., 2019^[15]).

Figure 3.12. About 40% of young people with disability receive social support from governments

Share of 15-29 year-olds with disability receiving social support, average over 2016-19



Note: The purple bar represents the weighted average of the 26 European countries shown.

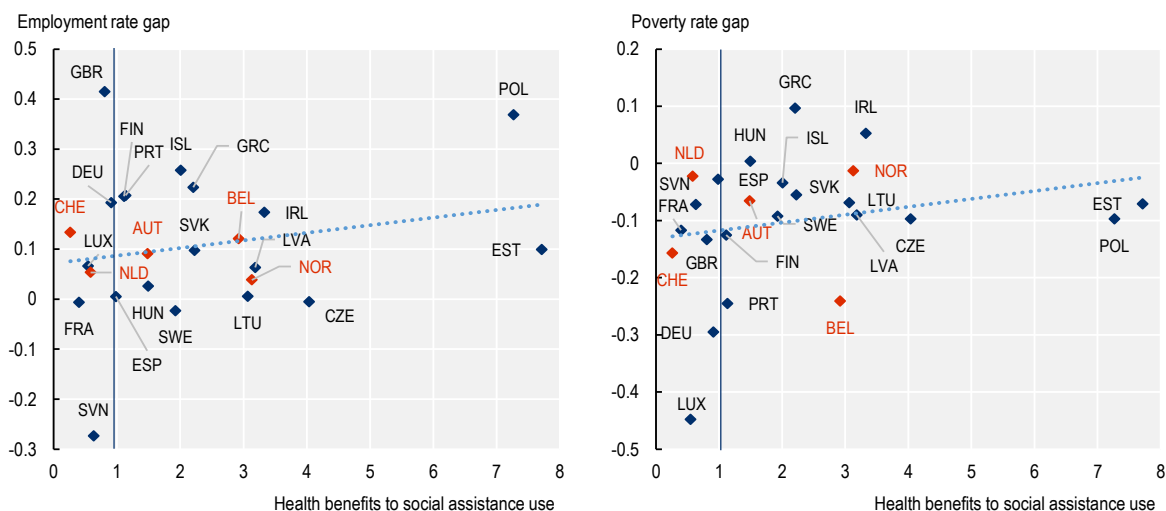
Source: OECD calculations based on the European Union Statistics on Income and Living Conditions (EU-SILC).

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The Dutch example raises a more general question on the way in which YWD should be supported: is it preferable to cover YWD through mainstream programmes (such as social assistance benefits) or disability programmes? The tendency to mainstream support for YWD is evident. It has been established as the key to success in education and activation policies (see Section 3.3 of this chapter). Is mainstreaming of social protection also the way to go or should some persons with disability, as with the Dutch example, continue to be covered by non-mainstream benefit programmes? To answer this question, one can look at two main outcomes: employment rates and poverty rates. Figure 3.13 shows a positive correlation between a greater coverage of YWD through mainstream social assistance and the employment participation of those receiving social support. Instead, there is a negative impact on poverty: YWD are found below the poverty threshold more often in countries that rely on social assistance primarily. These observations are closely in line with the evaluations of the Dutch system for YWD, where social protection was mainstreamed for many: employment may improve, but income (and poverty) clearly deteriorates.


Figure 3.13. Mainstreaming the social protection for young people with disability may improve their labour market outcomes, but also risks jeopardising their income

Disability employment and poverty gap per country by ratio of health benefits to social assistance use, average over 2016-19



Note: Employment rate gap is calculated as the difference in young people with disability' employment rate between those who do receive social support compared to those who receive any type of social support (unemployment insurance, social assistance or health benefits). Positive values thus indicate a higher employment rate among those who do not receive social support. Poverty rate gap is calculated analogously: positive values indicate a higher poverty rate among those not receiving social support. Health benefits to social assistance use is a measure of mainstreaming, equivalent of the ratio of disability benefit receipt and social assistance receipt for young people with disability. A rate below 1 indicates greater use of social assistance than disability benefits to cover young people with disability. Italy has a rate of health benefits to social assistance use of 21, and so is an outlier. The country has been dropped for presentation of the results.

Source: OECD calculations based on the European Union Statistics on Income and Living Conditions (EU-SILC).

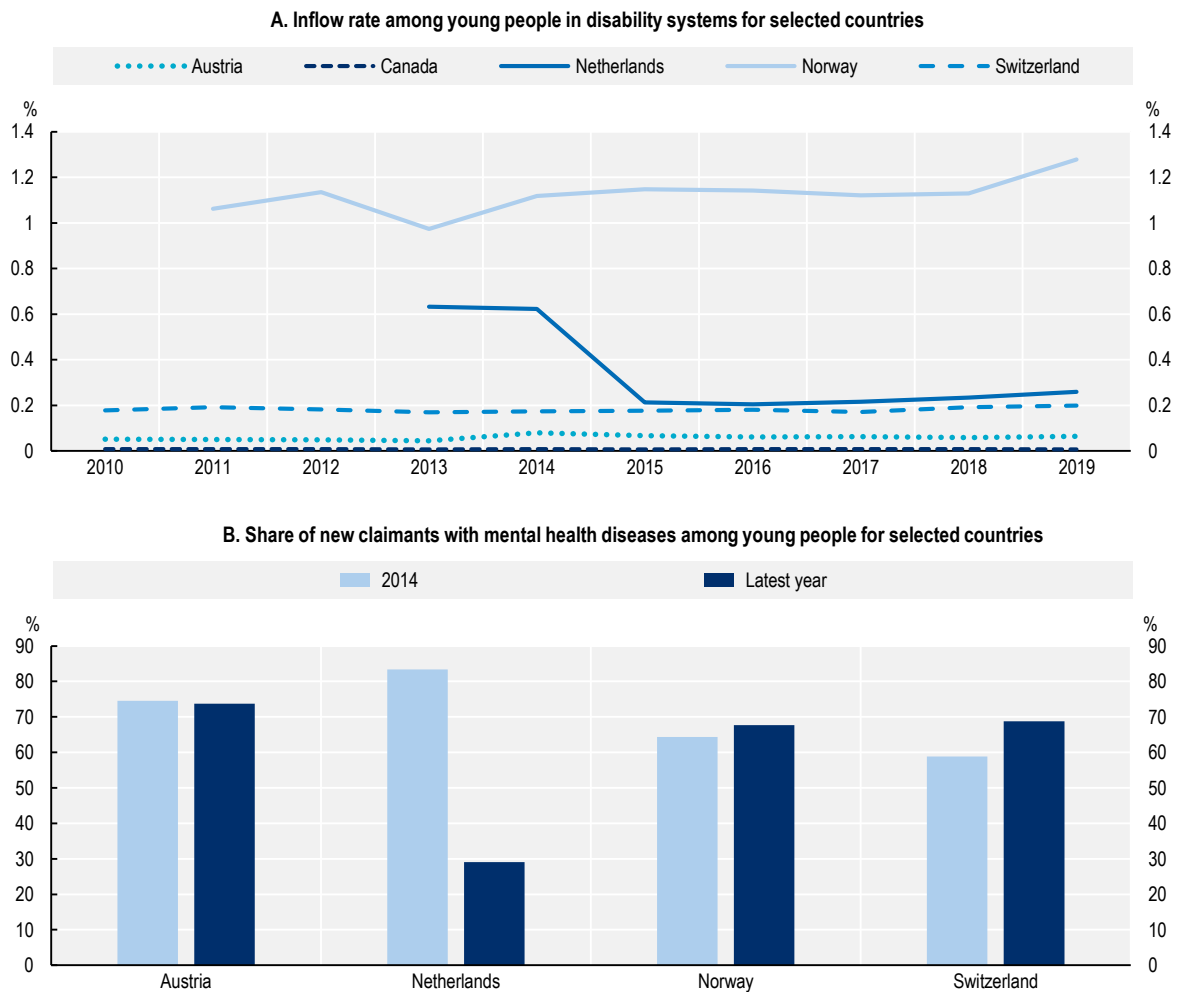
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Disability programmes in selected OECD countries

This section focuses on a set of countries for which administrative data are available that allow observing flows in and out of the programme, disaggregating trends observed by specific disability programmes, and exploring relevant characteristics of claimants, such as the type and degree of disability.

The inflow of young people into disability programmes has increased in countries where mental health conditions represent an increasingly large share of all qualifying disabilities. Figure 3.14 shows increases in the inflow rate to disability systems among young people in Norway, and to a lesser extent Switzerland. These increases seem to be linked to an increasing share of inflow among young people due to mental health disorders (Panel B). The Netherlands provides a strong case in the opposite direction: through the 2015 reform, the government massively curtailed the inflow into the programme, including a large drop in the share of new claimants with mental health conditions. Many young people with mental health disorders were no longer eligible for disability benefits under the new system, as eligibility required full incapacity that cannot be improved through medical treatment, a condition that is often not met among people with psychological disability. Mental health conditions seem thus to be closely related to increasing trends in disability benefit receipt among young people. This raises a critical point, especially given the fast-growing prevalence of mental health conditions among young people accelerated by the COVID-19 pandemic: it is essential to get disability programmes ready to face growing applications to the programmes of young people with mental health conditions.

Figure 3.14. Increasing inflow into disability programmes for young people goes hand in hand with a shift towards mental health conditions



Source: OECD calculations based on data provided by the Federal Ministry of Social Affairs, Health, Care and Consumer Protection of Austria, the Canada Pension Plan, the Dutch Employee Insurance Agency (UWV), the Norwegian Labour and Welfare Administration (NAV) and the Office fédéral des assurances sociales for Switzerland.

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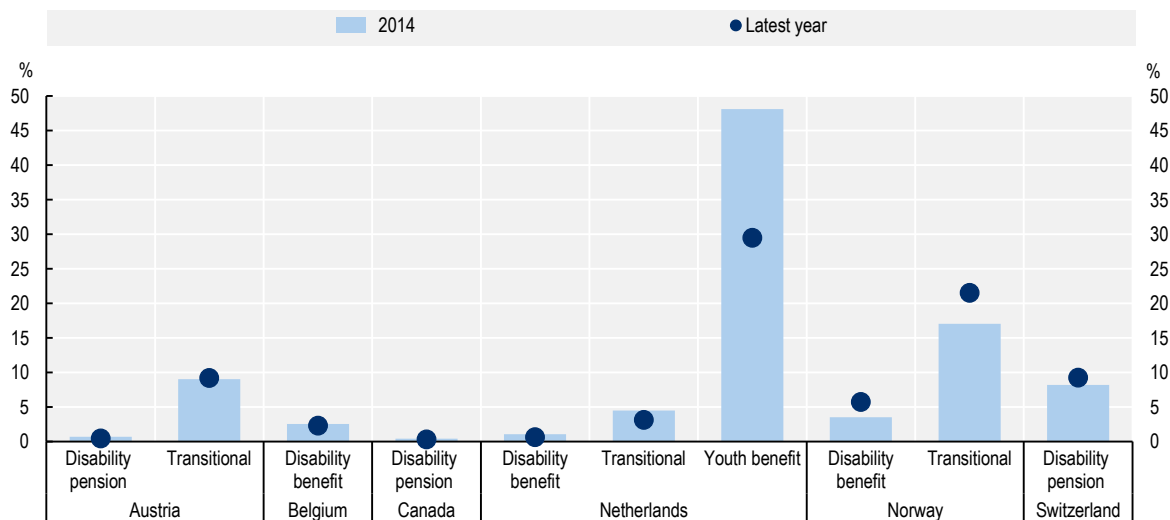
Young disability beneficiaries differ from other age groups in several ways. Figure 3.15 shows the share of claimants in each disability programme who are aged 15-29. Some key messages arise:

- YWD tend to be more often claimants of transitional disability programmes. Section 3.3 evaluates such programmes in more detail, showing higher employment rates for its claimants through the provision of vocational rehabilitation and financial incentives. An overrepresentation of YWD in transitional (rather than more permanent) disability programmes is therefore potentially positive for their self-sufficiency.
- The share of young people receiving a quasi-permanent disability pension is low. In countries like Austria and Canada, where disability pensions have strict eligibility requirements, the share of young recipients is extremely low. In Austria, YWD may be receiving transitional benefits instead. In Canada, YWD may be left uncovered from disability policies, and reliant on child allowances or provincial social assistance programmes.

- The rate of YWD receiving disability benefits in Norway is alarmingly high: 22% of transitional disability beneficiaries are under 30, a share that has increased by one-fourth over the past years. This reflects a significant overrepresentation considering that YWD represent around 10% of all PWD (see Chapter 2). However, much of the recent increase in transitional benefit claims among YWD is compensated by a decline in long-term sickness claims (Kann and Grønlien, 2021_[19]). This is the result of the transitional programme being more generous than the sickness programme, particularly for people with low income. This could be positive for labour market inclusion, as the transitional programme has more active components than the sickness programme. However, transitions from transitional benefits to quasi-permanent disability benefits from which there is no return to the labour market are also frequent. Box 3.2 explores the Norwegian case in more detail.
- The 2015 reform of the Dutch *Wajong* benefit, which limited eligibility to YWD without any residual work capacity, has been effective at reducing the number of new claims. Accordingly, the share of young recipients among all *Wajong* recipients dropped very fast.


Figure 3.15. Young beneficiaries often remain excluded from quasi-permanent disability pensions

Share of young recipients (aged 15-29) by type of programme for selected countries, 2014 and latest year



Note: Transitional programmes refer to these programmes that precede the receipt of disability benefits, and second, introducing financial incentives to work while on disability benefits. In Austria that is the *Rehabilitationsgeld and Umschulungsgeld*, in the Netherlands the WGA, in Norway the AAP. The Young people benefit in the Netherlands refers to the *Wajong*. The Canada disability pension excludes Quebec.

Source: OECD calculations based on data provided by the Federal Ministry of Social Affairs, Health, Care and Consumer Protection of Austria, the Canada Pension Plan, the Dutch Employee Insurance Agency (UWV), the Norwegian Labour and Welfare Administration (NAV) and the Office fédéral des assurances sociales for Switzerland. Data were extracted from the Institut national d'assurance maladie-invalidité de Belgique, <https://www.inami.fgov.be/fr/statistiques/indemnitees/Pages/default.aspx>, for Belgium.

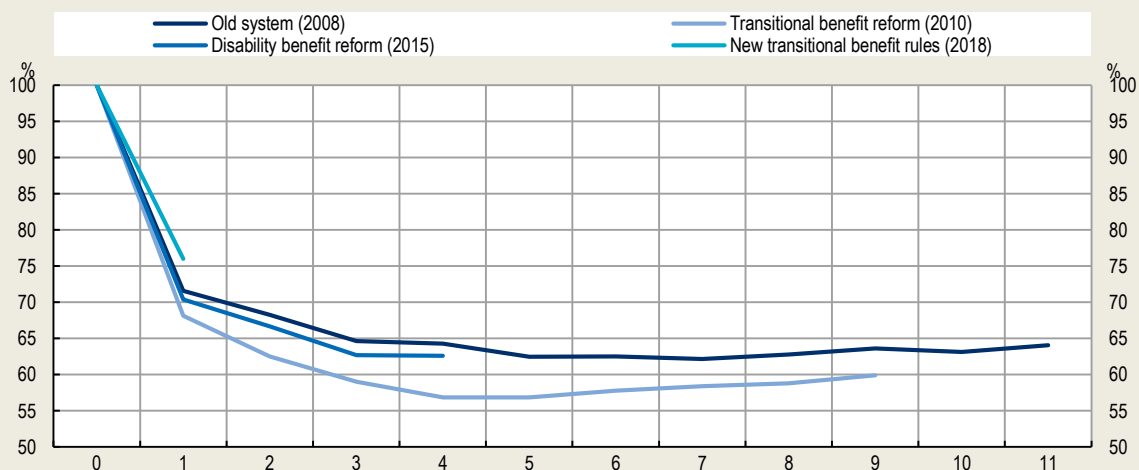
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Box 3.2. The social protection for young people with disability in Norway

Norway shows significant increases in disability benefit receipt among young people, which appear to grow despite several reforms of the system over the past decades – reforms that appear to have been effective at curbing the size of claims among adults (see Chapter 4) and boosting their employability. Most notably, these reforms appear not to have had any impact on the outflow from disability programmes among YWD, in turn implying no increases in transitions to employment among young people. Figure 3.16 shows the survival probability to stay on disability benefits (transitional and permanent programmes combined) among young people, at different reform times. In the pre-reform disability system of 2008, the probability to remain on disability benefits after one year was 72%. The survival probability decreased substantially with the introduction of the transitional benefit in 2010, which boosted the outflow rate by capping the maximum stay on transitional benefits. The subsequent 2015 and 2018 reforms did not boost the exit rate from disability, rather the opposite: for 2018 young claimants, the one-year survival rate is higher than it has ever been in the past decade.


Figure 3.16. Reforms in Norway have not been effective at boosting the outflow from disability benefits among young people

Survival probability to stay on disability benefits of young disability claimants (aged 15-29) at reform times in Norway, by years since reform



Note: Survival probability measures the probability of staying in the disability system (including disability benefits/pension and transitional benefits, and vocational rehabilitation benefits). Each line represents the survival probability at a different time relative to a reform of the system: 2010 refers to the termination of the vocational rehabilitation benefit and the introduction of the transitional benefit (AAP), 2015 refers to the reform from disability pension to disability benefit (*uføretrygd*), and 2018 refers to the capping of the AAP to three years.

Source: OECD calculations based on SSB Norway data on labour force transitions, <https://www.ssb.no/en/statbank/table/12427>.

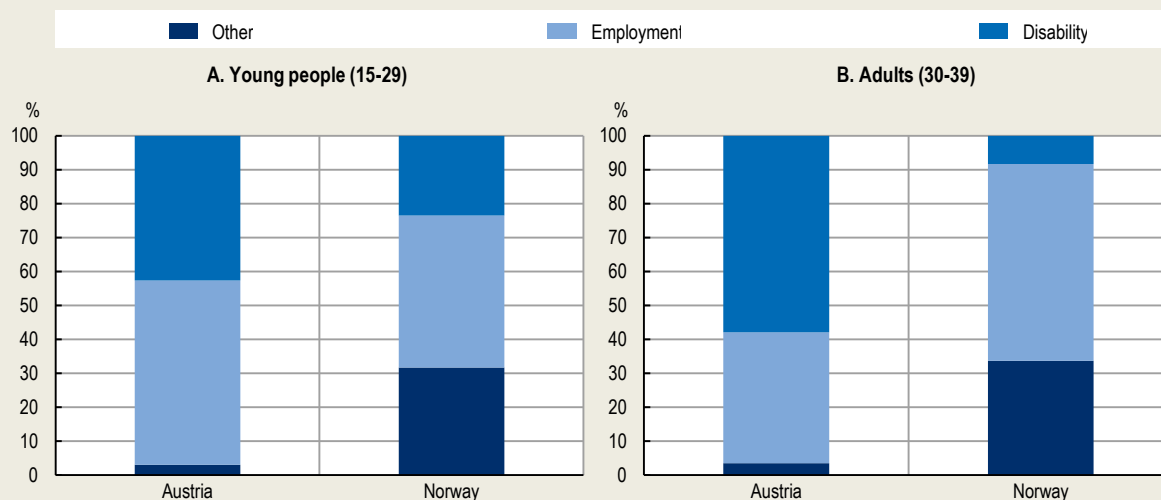
StatLink  <https://stat.link/hwgupb>

Vocational rehabilitation results in fewer transitions to employment among YWD in Norway than in other countries with comparable policy settings, such as Austria. Comparing Austria and Norway, reveals a number of differences. First, the effectiveness of vocational rehabilitation in fostering employment among YWD is larger in Austria than in Norway (54% against 45%). Second, in Austria the effectiveness of vocational rehabilitation diminishes with age, while it increases with age in Norway (Figure 3.17). Third, the share transitioning elsewhere (including ordinary education) is much larger in Norway than in Austria: vocational rehabilitation could thus be a platform for pursuing further education in Norway but as a platform

to transition to work in Austria. This could be the result of the focus of the vocational rehabilitation approach in Austria, with a large role for the PES in supporting PWD, which is better suited to supporting YWD in their transition to work. It could also suggest that YWD covered by the Norwegian disability programme have lower employment expectations. However, as the minimum degree of disability for eligibility into transitional programmes is much higher in Austria than in Norway, this should not be the case.


Figure 3.17. Vocational rehabilitation results in fewer transitions to employment among young people in Norway than in Austria

Composition of exits after vocational rehabilitation in Austria (2020) and Norway (2019) by age group



Notes: The large share of “Other” in Norway is mainly due to a large number of transitions into inactivity after vocational rehabilitation, which in Austria appear to be captured by the disability pension system. With the data at hand, it is not possible to deduct the share of those in education out of this inactivity share, or whether this period of inactivity is temporary and will be absorbed by the disability benefit system in Norway. Data for outflows out of the transitional and permanent disability programme in Norway, however, suggest that one-in-four young people exiting the system transition to ordinary education, <https://www.ssb.no/statbank/table/12427/>. This is suggestive that the share of ordinary education in the category Other is non negligible.

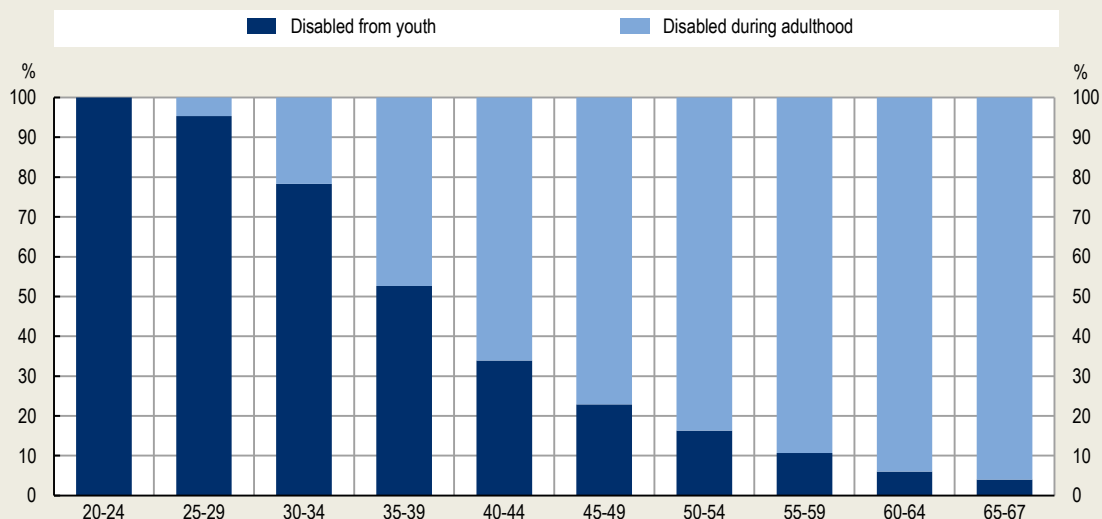
Source: OECD calculations based on data provided by the Federal Ministry of Social Affairs, Health, Care and Consumer Protection of Austria and the Norwegian Labour and Welfare Administration (NAV).

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The consequences for Norway of not tackling growing disability benefit receipt among young people successfully are persistent. Figure 3.18 shows that YWD represent a large share of current claimants at older ages. Among those aged 35-40, over 50% entered the programme during their youth. This share decreases with age, but a substantial 18% of claimants aged 50-55 entered the programme during their youth. This illustrates that not tackling the problem when people are young, by providing supports that allow them to be self-sufficient and less reliant on disability benefits, has long-term consequences.


Figure 3.18. People with disability onset early in life represent a large share of current claimants in Norway also at older ages

Share of disability beneficiaries by age and onset of disability in Norway, 2019



Note: Disabled from youth captures these people becoming disability beneficiaries between ages 20-26.

Source: OECD calculations based on NAV data on young disabled, <https://www.nav.no/no/nav-og-samfunn/statistikk/aap-nedsatt-arbeidsevne-og-uforetrygd-statistikk/tabeller/mottakere-av-uforetrygd-med-beregnet-ytelse-som-ung-ufor-etter-kjonn-og-alder-pr.31.12.2011-2020-antall>.

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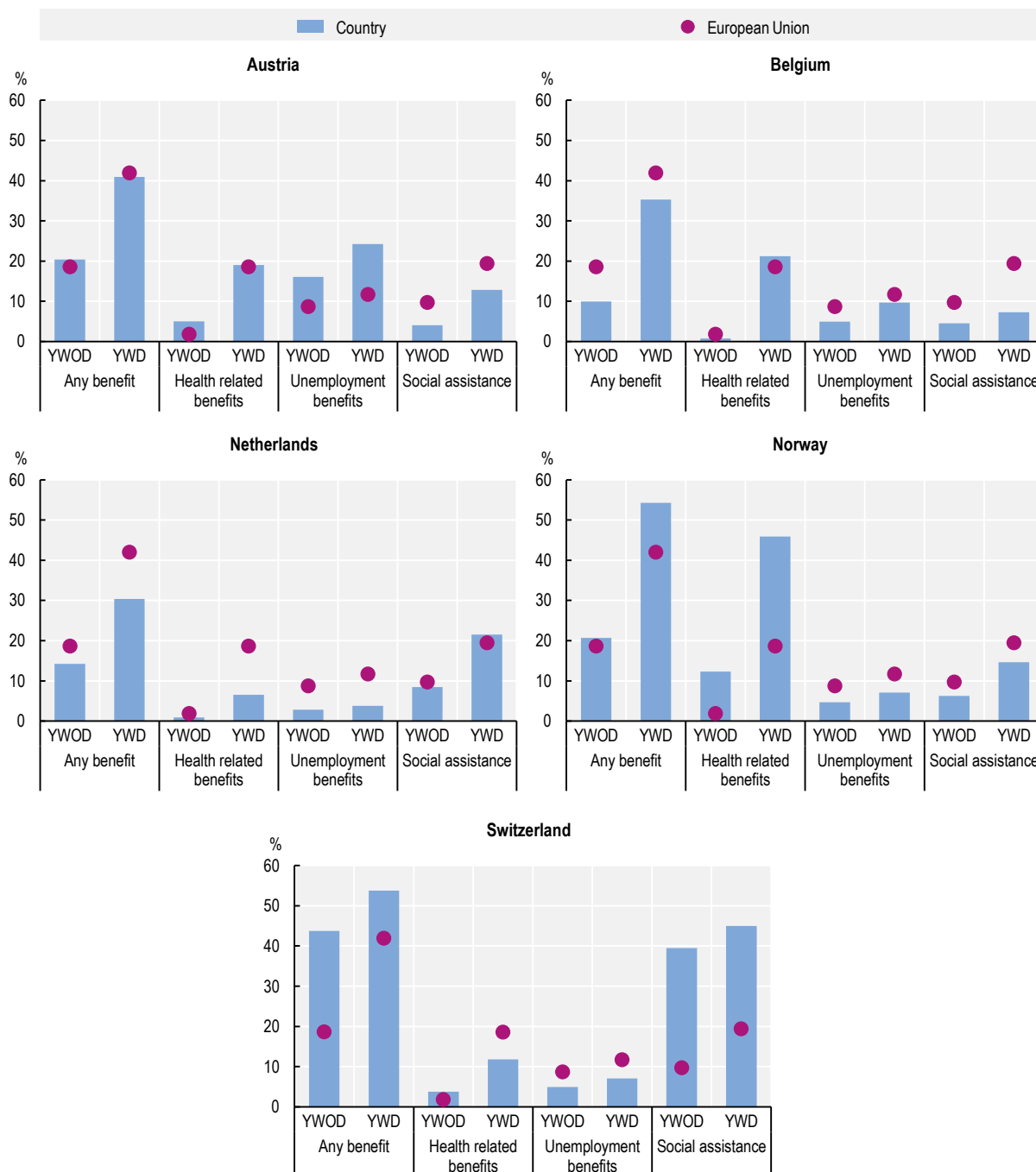
Targeting and benefit coverage

YWD are more likely to be covered by benefits in Norway than across European OECD countries on average. Figure 3.19 shows that over 50% of YWD receive social support in Norway, compared to 40% across those countries on average. This implies better targeting of the Norwegian social protection system, as the benefit receipt rates for YWOD are comparable to those of the country average: YWD in Norway are almost three times more likely to get support than YWOD, while on average across the countries they are about two times as likely to receive support. Effective targeting of the Norwegian benefit system for young people also applies to NEETs, not just YWD (OECD, 2018^[8]). The Belgian benefit system also seems to target YWD better than elsewhere (they are 3.5 times more likely to get social support than their peers without disability), but overall the benefit receipt rate is substantially lower than the European OECD average. Austria performs very much like the average, while in the Netherlands and Switzerland, social protection is less targeted towards YWD. This is despite the generosity of the Swiss system, where large shares of YWD receive social support.

Better targeting YWD hinges on generous and accessible disability benefits. In countries with a good coverage of YWD, many of them receive health-related benefits, mainly disability benefits. Unsurprisingly, these benefits appear to be well-targeted towards YWD. Otherwise, young people appear to rely more frequently on social assistance, which is generally less well-targeted towards YWD. Across European OECD countries, YWD are twice as likely to receive social assistance as those without a disability. In the selected sample of countries, most countries seem to show a similar, except Belgium and Switzerland, where YWD and YWOD have similar shares of social assistance receipt.

Figure 3.19. Young people with disability are more likely to be covered by benefits in Norway than across Europe on average

Share of young people (aged 15-29) with and without disability receiving social support, by benefit type for selected countries, average over 2016-19



YWD: Young people with disability, YWOD: Young people without disability.

Note: The European Union is a weighted average.

Source: OECD calculations based on the European Union Statistics on Income and Living Conditions (EU-SILC).

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3.2.3. How does benefit receipt at young age affect outcomes later in life?

Benefit receipt at a young age may impact earnings in adulthood through several channels: household resources, perverse incentives to qualify for benefits, and adult benefit receipt (Deshpande, 2020^[20]).

- Benefit receipt at a young age increases household resources in poor households, positively affecting adult earnings. Benefit receipt increases household income, and/or the time parents can spend with their child, ultimately promoting children's human capital development. Benefit receipt at a young age could thus have positive effects on a child's adult earnings.
- Tying benefit eligibility to the condition of disability of a child or young person may create perverse incentives to qualify for a payment, leading to negative effects in adult earnings. By creating incentives to present a child or young person as having a disability, benefit receipt could discourage educational achievement and human capital development, ultimately decreasing the child's earnings in adulthood.
- Benefit receipt in childhood could increase the likelihood of benefit receipt in adulthood, decreasing adult earnings through income and substitution effects. This hypothesis is similar to that of welfare families and benefit traps discussed in the first section of this chapter. By learning more about welfare programmes and associating benefit receipt to a stable source of income, those receiving benefits during their youth are more likely to seek social support during adulthood.

Evidence from the US Supplemental Security Income (SSI) programme for children suggests a large lifetime income loss, and a negative effect on adult earnings, partly due to increased benefit receipt in adulthood. Evaluations of the long-term consequences of SSI receipt during childhood find persisting negative effects on labour market outcomes in adulthood. Deshpande (2016^[12]) finds that those whose benefit was terminated at age 18 are able to increase their earnings by one-third of the SSI income loss. While some are able to find full-time, stable jobs, most young people with prematurely terminated SSI benefits face large reductions in lifetime income and increased income volatility over their lifecycle. Levere (2019^[21]) finds stronger negative effects on long-term earnings from SSI receipt during youth and an increased probability of claiming disability benefits during adulthood, thus supporting the welfare family hypothesis. The differences in the extent of responses of both papers may come from the different econometric approaches. While Deshpande (2016^[12]) estimates the effect of benefit removal upon reaching age 18, Levere (2019^[21]) estimates the effect of exposure to more lenient eligibility, particularly for those with mental health disorders.

More research is needed to disentangle the household resource and perverse effects of benefit receipt during childhood for those with disability. Research has established that government programmes aiming at alleviating poverty in youth improve health and labour market outcomes in adulthood by allowing for productive human capital and health investments (Hoynes, Schanzenbach and Almond, 2016^[11]; Brown, Kowalski and Lurie, 2020^[22]). It is unlikely that the household resource channel is muted for children with disability: preliminary research shows that siblings of YWD who lived in households that had SSI support removed have lower adult earnings, directly speaking to the household resource channel (Deshpande, 2020^[20]). Yet, for YWD, the consequences of perverse eligibility effects may be stronger because of the stigma associated with being labelled as having a disability. For young people of school age, this may cause underperformance in schooling due to the stigma brought by the disability label, eventually leading to lower educational attainment (Shifrer, 2013^[23]). For young people transitioning to the labour market, having a disability label creates an additional disadvantage to finding employment (Levere, 2019^[21]). This again speaks to the merits of mainstreaming income support programmes for YWD, as well as to mainstreaming schooling and career support services, as discussed in the following section.

With the appropriate support and incentives, income support programmes can be designed to limit the perverse effects of benefit receipt. Income support programmes targeted to YWD often fail to support them in transitioning to the labour market. Either the programmes are designed with limited incentives and

support to pursue education or transition to the labour market, or the barriers to accessing such supports are large. For example, the US Social Security Administration provides vocational rehabilitation services for SSI young claimants, job coaching, academic inclusion, post-secondary education support, and career and technical education, all of which have been proven to promote the employment of claimants. Yet, there are large information gaps about these programmes, and only a small share of SSI claimants ever engage in schooling and transition-to-work support (Summit Consulting, LLC, 2020^[24]).

3.3. Helping young people with disability transition from school to employment

This section focuses on how governments can best support YWD in their transition from school to work. As the education gap between YWD and YWOD arises very early, policies that support YWD must also start early. This section discusses the importance of inclusive education and a supported transition to the labour market, and looks at ways to prevent inactivity, reach out to YWD, use PES expertise effectively for YWD, and engage employers. The section closes by discussing how policies and services can effectively be combined with income support programmes to alleviate poverty while limiting the long-term adverse effects of benefit receipt during youth.

3.3.1. Education of young people with disability

Education for YWD has evolved from special to inclusive. Providing YWD with the best possible education while including them, and without dismissing others, is a challenging task worth pursuing. Well applied, inclusive education benefits everyone, in and outside of classrooms. In 2006, the UN General Assembly adopted the Convention on the Rights of Persons with Disabilities (CRPD) and, in doing so, drastically changed the approach countries should apply regarding the involvement of PWD in society. The CRPD recommends the application of inclusive or mainstreamed education; that is, the process of doing everything possible so that all children can be in the same classes as opposed to segregating children with disability. The European Agency for Special Needs and Inclusive Education (EASNIE) describes inclusive education as the way to provide everyone with equal opportunities. Most programmes mentioned in this chapter reflect this approach to inclusion and, thus, target both PWD and PWOD equally. To compensate, these programs may adapt certain conditions for PWD, for instance, the age requirement for eligibility might be widened or programme duration be extended.

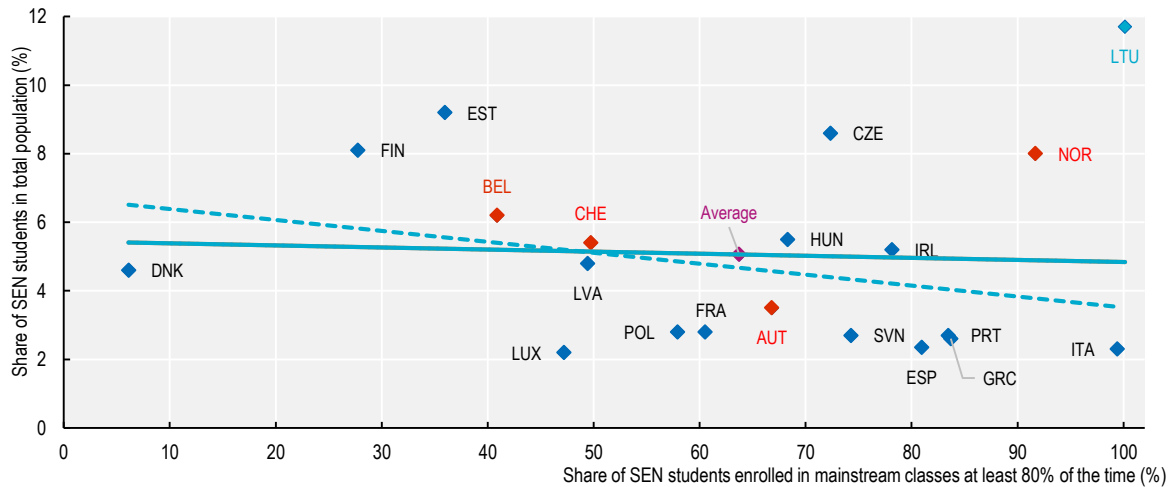
The percentage of children classified as having special educational needs varies substantially across countries, illustrating large differences in the policy approach. Figure 3.20 shows that the share ranges from 2% in Italy, Luxembourg and Spain to 12% in Lithuania, with an average across OECD European countries of 5%. These differences, however, should not be interpreted as differences in the incidence of special educational needs. Ultimately the share is the result of two factors: assessments used to identify special educational needs and the financing capacity or willingness, as identified needs are linked to the higher resources. In many countries, funding is capped to a certain share of the student population, matching the shares observed. Thus, the share of special educational needs (SEN) students should be seen as a proxy for the attention governments pay to the issue of special educational needs.

Figure 3.20 also shows large variation in the proportion of SEN students enrolled in mainstream education: from less than 10% in Denmark to 100% in Italy and Lithuania. The figure shows a negative correlation between the number of SEN pupils identified and the share of them enrolled in mainstream education. Many special needs are not binary conditions but a spectrum and the threshold for being recognised as SEN is highly subjective. In some way, all children have special needs. Inclusive education requires individualised educational planning and understanding the needs of every child, SEN pupils or not. Thus, when inclusive education is generalised and well applied, a diagnostic is no longer necessary. Although it is important to identify children with the most significant needs and flag them for other purposes, such as support for the transition to the labour market once they are old enough, setting the identification threshold

too low may have negative effects. Guralnick et al. (2008^[25]) found that too many students per class carrying the official SEN label may increase stigma and harm social integration. A comprehensive and effective mainstreaming approach does not necessarily require SEN labelling.

Figure 3.20. Countries take different approaches in including SEN students in mainstream classes

Number of SEN students as percentage of total population by proportion of students diagnosed with SEN who are enrolled in mainstream classes for at least 80% of the time, 2018 or latest data




SEN: Special Educational Needs.

Dotted line: correlation including Lithuania. Straight line: correlation excluding Lithuania.

Note: Data refer to 2016 (France, Ireland, Portugal). Data for Denmark, Norway and Switzerland do not include grades above ISCED 2. Data for Belgium refer to Flanders.

Source: European Agency for Agency for Special Needs and Inclusive Education, <https://www.european-agency.org/data/data-tables-background-information>.

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Advocates of mainstreaming expect inclusive education to provide all children with equal access to quality education among their peers. The hope is that exposure to one another at a young age will improve YWD's interaction with the rest of society and society's inclusion of YWD. At the same time, better education would ease access to the labour market. Overall, inclusive education aims to facilitate YWD becoming active members of their community. Or, citing EASNIE, "all learners of any age are provided with meaningful, high-quality educational opportunities in their local community, alongside their friends and peers".

There are benefits to inclusive education for all students (see (Brussino, 2020^[26]) for an in-depth review of the literature). Evaluating inclusive education is complicated by different typologies of mainstream settings (Ruijs and Peetsma, 2009^[27]). Yet, it is essential to ensure that inclusive education has a positive effect on academic results and students' welfare for all students both with and without SEN. Several reports find that SEN students perform better in mainstream settings than their peers in special education (Hehir, Pascucci and Pascucci, 2016^[28]). These results are found at every education level (Justice et al., 2014^[29]; Markussen, 2004^[30]; Myklebust, 2007^[31]). Benefits of inclusive education do not seem to impact students without SEN in the same class, most evidence find either a neutral effect (Kalambouka et al., 2007^[32]) or a positive effect (Florian, Black-Hawkins and Rouse, 2016^[33]; Demeris, Childs and Jordan, 2007^[34]). Mainstreaming commits teachers to pay more attention to curricula drafting which may explain the benefits of inclusion of SEN students (OECD, 2003^[35]).

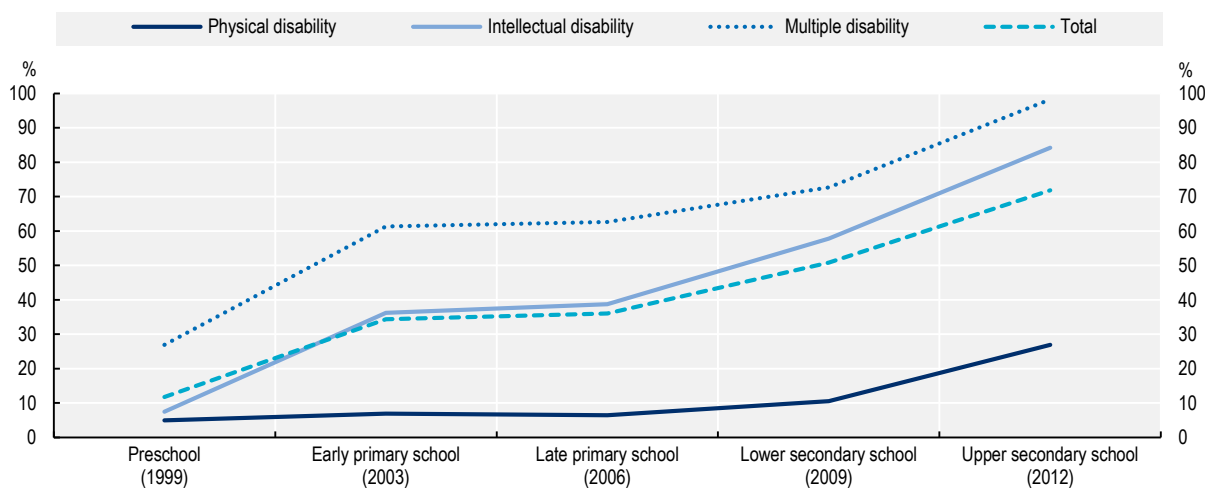
Inclusive education improves social skills and psychological well-being of students. In a study in Canada, SEN students in mainstream schools performed better in friendship, loneliness, depression, self-esteem

and overall social skills than their peers in special education (Wiener and Tardif, 2004^[36]). The literature on pupils with development disabilities is consistent with results on prosocial behaviour improvement (Katz and Miranda, 2002^[37]). Mainstreaming can help reduce prejudices between students with and without SEN (NESSE, 2012^[38]). Keslair and McNally (2009^[39]) find that excess of special support in special schools (separated from mainstream schools) could increase stigma and harm future improvement; while the effect of inclusion and students without SEN seems to be neutral, if not positive (Guralnick et al., 2008^[25]).

More efforts could be made to keep SEN students in mainstream education for longer, particularly for those with non-physical disability. Wendelborg (2014^[40]) ran a longitudinal study of Norwegian families of children with disability between 1997 and 2012 allowing the author to follow children from a very young age. Figure 3.21 summarises the results of this study. It shows that there are substantial efforts to include SEN students in mainstream education in pre-school, and to a lesser extent, in primary school. The proportion of SEN students in mainstream education dramatically drops in secondary school, particularly for children with intellectual disability, while those with physical disability appear to be included in mainstream education throughout their educational pathway.


Figure 3.21. The inclusion of SEN students in mainstream classes drops sharply with age

Proportion of students not in mainstream class by age and disability, longitudinal data, Norway, 1999-2012



Note: n=558 (1999), n=448 (2003), n=392 (2006), n=364 (2009), n=241 (2012).

Source: Longitudinal study by Wendelborg, C. (2014), "Fra barnehage til videregående skole – veien ut av jevnaldersmiljøet [from preschool to upper secondary school – the road away from peers]", in J. Tøssebro and C. Wendelborg (eds.), *Oppvekst med funksjonshemming: Familie, livsløp og overgange*.

StatLink  <https://stat.link/vxqat3>

Inclusive education is applied similarly in the six countries covered in this report, with a priority to place all children in mainstream education. Where this is impossible due to the severity of the child's disability, special schools enter into play. There are some differences across countries in the approaches to partial inclusion of SEN students which can include the following:

- Single integration, where only one SEN student is enrolled in a mainstream class and receiving additional tutoring. This is used in all six countries.
- Integration classes, where a few SEN students are enrolled in a smaller mainstream class and receive additional support such as a specialised teacher working with the primary teacher. This is used in Austria where two teachers, one specialised and one not, lead the class together.

- Co-operative classes, which consists in having a small class with only SEN students in a mainstream school where they join other pupils for certain classes and during breaks. This is used in both Austria and Norway.

Canada, the Netherlands and Switzerland do not have a national policy on taking responsibility to include children with disability: as policy is decentralised, some localities may be exceptions. Schools in Belgium are required to make reasonable arrangements, however, the definition of reasonable is left vague.

All different approaches to inclusion have benefits and flaws. The appropriate approach depends strongly on the type of special needs or disability experienced by the pupils and their age. At an early age, school highlights strongly the need for social interactions. Therefore, the single integration and integrative class options should be prioritised to maximise time spent among all peers. As children grow, certain cognitive disabilities will become significant obstacles to keeping up with the rest of the class, at this point integration and co-operative classes seem preferable so that no pupil finds themselves alone and confused. Co-operative classes remain the solution with the least exposure and should be used in cases of most severe disabilities. Although integration classes appear to be the most versatile solution, it would also be the most costly as it requires more teachers. Moreover, integrative classes are not adapted to all types of special needs; students experiencing motor disability do not all require a specialised teacher and may fare as well as their peers in a single integration setting while feeling less stigmatised. Overall, educational systems face the challenge of being flexible enough to adapt to all children and all types of needs, including co-ordinating with other local schools to better allocate resources. Box 3.3 describes the exemplary case of the Canadian province of New Brunswick, for successful inclusive education.

Countries also differ in the extent of specialisation of their specialised schools. In Belgium, specialised schools are divided into eight categories, such as schools for children with behavioural disorders and different schools for children with physical deficiencies. The Netherlands distinguishes four categories of disability such as communication impairment or mental disorders. Again, there are pros and cons to a higher degree of specialisation. On the one hand, the more specialised a school is, the easier it is to cater to special needs. For instance, a specialised school for pupils with speech impairment can teach entirely in sign language, which cannot be done with pupils experiencing visual impairments. On the other hand, the more diverse a school is, the better students can benefit from peer learning and improve their social skills, an important goal of compulsory schooling. For example, students with speech impairments are more likely to learn lip reading in a more diverse school, which would be useful for them in their daily life.

Box 3.3. A model of inclusive education: The case of New Brunswick, Canada

History of the province's inclusive education

The province of New Brunswick introduced in 1986 a bill declaring that all schools had to include all children within the system regardless of their health and abilities (Bill 85); this was the first step toward New Brunswick's inclusive system. For the following three years, schools and their staff learnt to adapt so that the reform could be fully implemented. Between 1989 and 2012, the provincial government initiated four reviews of their education system. Each of these reports was critically analysed and used to improve the system.

Today, every child learning in the province is enrolled in mainstream school with their peers. More impressively, if New Brunswick was considered a nation in the PISA ranking, it would rank 7th in reading, 19th in mathematics and 10th in sciences. The dropout rate for the entire province during the school year 2019-20 was 0.8%, far below the OECD average of 10% for YWOD and it is consistently decreasing since 2008. Evidence that New Brunswick's approach to inclusion is successful includes a measure of well-being too; the Health Council's Student Wellness Survey is taken every three years, the last one in 2018-19. Although it is to be expected that students with SEN report lower scores than their peers, 86% of students with SEN had a high level of school connectedness against 92% for the province as a whole and 81% had a high level of pro-social behaviour (85% for the province).

Takeaway lessons

New Brunswick's success is attributed to several simultaneous reforms of its education system. The following two key aspects of the province's strategy can be used as examples of good mainstreaming practices.

- Mainstream education should be a multi-actor collaboration. After the inclusion of YWD in mainstream schools, specialised staff and classroom teachers began working in parallel with the same students but not systematically together. The specialised staff spends two-thirds of their time supporting classroom teachers so they can take better care of all students, instead of helping directly individual students. Collaboration must also happen between teachers of different classes such as the "Teachers Helping Teachers" process through which several teachers discuss a problem faced by one of them while the discussion is moderated by a facilitator. This collaboration must extend between establishments too. The Action Plan launched the "Triad Inclusion Team" project: groups of three high schools with comparable demographics send a delegation each including the principal to share their solutions to problems faced. The government funds at least three meetings a year, including travel costs, and sends a facilitator.
- Frequent evaluations and re-evaluations: once the goal established and Bill 85 launched, New Brunswick's government mandated four evaluations of the educational system (1989, 1990, 2006 and 2012). Each of these evaluations paid special attention to areas of improvement. For instance, some of the most impactful consequences of the 2006 report include a ministry definition of "inclusive education", and the clarification that inclusion does not mean all student in the same classroom at all times, among other things. The 2012 report had a more micro focus and led to the creation of a three-year long Action Plan to improve pedagogical methods. Although a leader in inclusive education (United Nations, 2019^[41]), the province continues to try to improve.

Source: Porter and Towell, 2017 ⁽⁴²⁾ "Advancing inclusive education: Keys to transformational change in public education systems", <https://inclusiveeducation.ca/wp-content/uploads/sites/3/2013/07/Porter-and-Towell-Advancing-IE-2017-Online-FINAL.pdf>; AuCoin, Porter and Baker-Korotkov, 2020 ⁽⁴³⁾, "New Brunswick's journey to inclusive education ", <https://doi.org/10.1007/s11125-020-09508-8>; New Brunswick Department of Education and Early Childhood Development ⁽⁴⁴⁾ "Dropout statistics: 2018–2019" and ⁽⁴⁵⁾, "New Brunswick 2018–2019 student wellness survey—Grades 6-12".

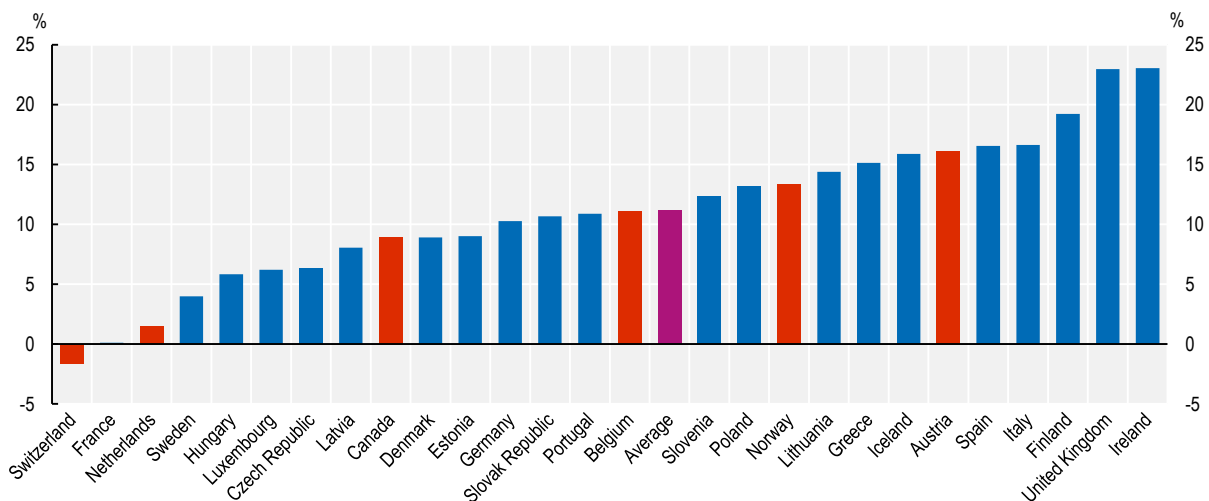
3.3.2. Entering the labour market

The transition from school to work is hard on most young people, but it is harder for YWD, most of whom struggle to pursue their education past compulsory school, leaving them with an educational attainment gap. YWD are also more likely to leave school early and become NEETs, as shown above. Pupils' challenges at school are compounded by their condition, which can create additional burden, including frequent absences, stress, treatment and its side effects, attention deficits and possible hospitalisation depending on the severity of the health condition. Moreover, certain mental disorders are hard to diagnose among young people and since they also prevent from seeking help, these disorders often go undetected (Brussino, 2020^[26]). The consequences of leaving school early are serious for everyone, and being neither in employment nor in education or training can generate psychological distress, physical and mental health problems (Sveinsdottir et al., 2018^[46]). Yet, here again, disabilities worsen these consequences, increasing the struggle to join the labour market, thereby potentially aggravating already existing conditions.

Figure 3.22 shows that the disability gap in employment rates is already substantial for young people across almost all OECD countries. On average in the OECD, the employment rate of YWD is about 12 percentage points lower than for YWOD. For reference, the OECD average employment gap for the entire working-age population is around 27 percentage points (see Chapter 2). To promote the employment of YWD, governments should prevent young people from dropping out of school as much as possible in the first place. Prevention requires relevant actors to be better trained, support to be more accessible and, most importantly, better co-ordination between different institutions. Whilst perfectly successful prevention should be the aim, it most likely cannot be reached. Thus, measures reaching out to early school leavers are necessary. Finally, the government should ease the transition from school to the labour market. This section discusses how to prevent leaving school early, how to reach out to those who do leave nevertheless, and how Austria, Belgium, Canada, the Netherlands, Norway and Switzerland help YWD transition from school to the labour market.


Figure 3.22. The employment gap is already considerable for young adults in most countries

Employment rate gap between young persons (aged 15-29) with and without disability



Note: The disability employment rate gap is calculated as the percentage point difference between PWOd and PWD. The purple bars represent the unweighted average of the countries shown.

Source: Data provided by Employment and Social Development Canada based on the Canadian Income Survey (CIS, 2019) and OECD calculations based on the European Union Statistics on Income and Living Conditions (EU-SILC, 2019).

StatLink  <https://stat.link/rz731c>

Preventing inactivity

Education is the best approach to preventing YWD from becoming unemployed or inactive. High school graduates fare far better on the labour market (OECD, 2021^[47]). In the absence of a comprehensive adult learning system, a high school degree is proof of a number of skills required in the majority of jobs such as reading proficiency. Albeit it is not a guarantee, preventing YWD from dropping out of school or the Vocational Education and Training (VET) system is the surest way to help them remain active. Efforts should involve multiple actors simultaneously.

Teachers are the main actors in student's life. Especially early on, they may be spending more time with children than their parents. As a consistent, regular presence in a student's life, they are an essential lever governments can push. Critical teacher-directed measures can include the following:

- Training for teachers is key to prepare them to support students with special needs (Njeru and Gachau, 2021^[48]), especially in mainstream schools where a specialised educator might not be present. Not only would it improve the quality of SEN students' education and improve their inclusion, Khusheim (2021^[49]) finds that better trained teachers are more confident and have a better attitude towards teaching SEN students.
- Peer-learning platforms for teachers to support them when facing a particular need for the first time, while fostering innovative teaching methods.
- Mechanisms for teachers to report health or other barriers to pursuing education. Teachers are frequently monitoring students' progress throughout the year on top of seeing them almost every day. Thus, they are in a unique position to notice behavioural changes that may be indicative of mental illnesses, or any other barrier to pursuing education.

Vocational and career counsellors should be available in schools and kept up to date with formations and trainings accessible to YWD. Advice given should take into account updated projections about future occupation shortages for which demand will be strongest. Raising students' awareness to their options and helping them find suitable career plans would give them a goal and the necessary steps required to achieve it. Career counselling helps students exploring their interests and strengths, and in turn reduce skills mismatch by orienting them toward programmes that interest them and for which they are well suited. Additionally, partnerships with local employers can help match companies offering apprenticeships with apprentices. Counselling can and should come from peers as well, such as older or former students who can help mentor others. All this can be important for all students but especially so for those with additional challenges stemming from a health problem or disability.

Supplementary programmes aiming specifically at bridging skill gaps would prevent students from leaving because they cannot keep up with their classmates. The transition to upper secondary education not being mandatory, presents the greatest risk of dropping out and therefore, would benefit the most from transition programmes helping SEN students catch up on their peers when needed. Additional tutoring and summer schools would give students additional time to learn to manage their difficulties while building confidence that their efforts are worthwhile. As a result, some students will take more time to finish school, and financial incentives and social protection programmes should be flexible enough to allow extra time.

Co-ordination with third parties enables keeping track of students at risk. Young people's future involves different actors, none of which have all information required. School staff can notice changes in behaviour or see if students fall behind their classmates but they are not able to address health needs, unlike health services. If schools provide career counselling and support in exploring students' interests and strengths, the PES is best able to match students with potential employers. Yet, the PES can only do so if students are registered in the first place, something that can be easily remedied at school. Co-ordination between these three actors (schools, PES and the health care sector) would improve the effectiveness of each of them. Belgium's PES already acts as a co-ordinator between health services (OECD, 2020^[50]) and housing

while the Netherlands's Regional Registration and Co-ordination Centre fulfils this role between schools, PES and municipalities (International Labour Organisation, 2017^[51]).

Reaching out to NEETs with disability

Outreach involves four steps: identify, contact and engage, deliver appropriate service, monitor and adjust (International Labour Organisation, 2017^[51]). Prevention is essential but certain individuals will continue to fall through. Reaching out to them can prove to be a challenge for governments. Yet, governments must take the first step; disengaged young people often mistrust agencies like the PES and lack self-confidence to believe being proactive will lead to concrete results. When referring to disengaged young people, none of these steps is straightforward. However, each of these four steps have in common the need for functional co-ordination between several stakeholders.

Identifying NEETs is the first step. It is particularly challenging for young people unregistered to the PES. Several approaches exist, all of which could be used simultaneously.

- Tracking and data sharing is usually done through communication between the PES and schools, municipalities or social security. For instance, Dutch students have a personal reference number which the PES can use to follow through, the information between both agencies are co-ordinated by the Registration and Co-ordination Centres mentioned above. Because YWD are likely to receive more frequently health care, hospitals and general practitioners should be involved in the co-ordination loop as is done in Belgium. Finland handled issues related to data protection by amending its Youth Act in 2011 to allow for sharing of data between the relevant agencies in the context of potential NEETs. Austria requires teachers suspecting a potential detachment to ask parents for permission before discussing problems with youth coaches for the Youth Coaching programme explained in the previous section (International Labour Organisation, 2017^[51]). These solutions to privacy issues can be extended to health services especially if it is only until distance to the labour market is sufficiently reduced.
- Non-targeted awareness promotion campaigns also have their benefits and their implementation is simple. Plain advertisement emphasising the next steps can help in guiding NEETs toward the relevant service providers. Campaigns are often wide reaching, including different messages for different target groups. As explained in Chapter 2, PWD are a heterogeneous group and cannot all be reached with one message. Campaigns can also be led on social media as done in France, although this requires a more tuned message and language adaptation.
- Partnerships with local communities and NGOs can also be of precious help, especially with young people distrustful of the government or lacking hope for improvement. These partnerships are even more useful in the next stage, taking contact with young people.

Contacting and engaging young people requires trust. Disengaged young people in general are prone to having witnessed violence and abuse leading to overall trust issues. YWD are more likely to be bullied, and to struggle with social interactions and other facilitating prosocial behaviours (Schwab et al., 2015^[52]) which would only worsen trust. After falling through the cracks of the system, trust towards government employees and everything they represent may be a problem. Therefore, contact is best started through NGOs and local communities who pass more easily as peers. PES offices in Brussels and Flanders, in Belgium, rely on associations and NGOs to go to the street and meet NEETs in sport-clubs, concerts etc. They can proceed to befriend NEETs to gain their trust at which point they can start rebuilding enough self-confidence to start believing efforts would indeed lead to improvement. Both NGOs and municipalities can also organise peer-to-peer support like the project "Dreamteams" in the Netherlands which involves young people acting as role-models while receiving career advice and training. These role-models also represent young people in meetings with stakeholders and employers (European Commission, 2014^[53]).

Once young people are willing to re-join the labour market, the PES must deliver appropriate services. Programmes must be individually tailored and immediately address the barriers young people are facing

before focusing on the labour market. Because a multitude of factors have to be taken into account, a multitude of agencies are involved, not only the PES. One-stop-shops are registration centres where all relevant service providers are present, which allows visiting all stakeholders at once and facilitating young people's initiatives, and simplifies co-ordination. For programmes to be individually tailored, beneficiaries have to go through profiling: assessing the person's specific needs and strengths and gathering information on their socio-economic background. Individuals' needs often depend on a multitude of factors, and this is particularly true for YWD who might need medical assistance as well as social and communication assistance. Thus, multi-stakeholders partnership are overall more successful (European Commission, 2016^[54]). They allow handling all aspects of YWD's reinsertion, addressing medical, professional, psychological and social needs, among others. The UngKOMP in Sweden provides a good example of this approach; this partnership between the PES and municipalities provides claimants with an employment and an education advisor, a psychologist and a social worker. This partnership had a 63% success rate between 2015 and 2017 and involved 29% YWD compared to 18% YWD registered at the PES (European Commission, 2018^[55]). Multi-stakeholder partnerships are necessary to address complex needs and develop individualised integration pathways. Yet, they increase the risks of miscommunication between the different parties and must be led by a central case manager to handle the information flow. When poorly managed, clients can find themselves filling the same assessment questionnaires for each organisation involved and end up being discouraged. Designated case managers in charge of a beneficiary's entire case can oversee fluid communications and a reliable information flow. The PES is a good actor to play this role, maintaining the engagement with the young client, and involving additional actors as needed for the delivery of individualised services, while handling the information flow.

Continuing to monitor and adjust services is important to better understand the profile of young people with special needs and thus, to better help them in the future. However, monitoring must be done carefully. Some beneficiaries might not be ready to get back to the labour market regardless of the quality of support provided. Assessments should not only consider whether one returned and stayed in the labour market but rather how much improvement was made. An individual can progress toward the goal of reintegrating the labour market while not yet being ready to go back. Outcome monitoring will underestimate the effect of the assessed programmes, which will be seen as less useful and more vulnerable to budget change.

School-to-work transition programmes

During the transition from school to work, governments often take the role of facilitators and collaborate with local organisations or local governments. Municipalities and local PES are better aware of nearby jobs and training opportunities, local associations may have a better understanding of the type of support YWP need, and schools a better grasp on the specificities of each individual (Immervoll, 2010^[56]). Governments facilitate the efforts of these actors through several methods: funding, supporting employers, and matching the different services and actors.

Facilitating by funding. National governments can give local governments autonomy and provide funding for local third-party organisations.

- The Austrian Ministry of Social Affairs funds NEBA, a service provider offering six programmes by collaborating with coaches, schools and potential employers. Their programme "Youth Coaching", for instance, targets young people aged 15-24 (15-19 for those without disability or special needs) and offers career guidance and helps searching an internship with the PES. Their "Education Fit" programme also targets young adults and helps them becoming fit to work and finding vocational training. In 2020, these two programmes had respectively 30% of 54 000 participants and 67% of 5 000 participants with at least one disability or impairment.
- Canada's Employment and Social Development Department created the Opportunities Fund for Persons with Disabilities, which funds projects on a national or regional scale. One of these projects, Ready, Willing and Able (RWA), a national strategy delivered by the Canadian Association

for Community Living and the Canadian Autism Spectrum Disorder Alliance, aimed at increasing the participation of people with intellectual disorders and people on the autism spectrum to the labour force. RWA significantly improved co-operation between national and provincial/territorial partners and third-party agencies. It fostered the employment of recipients through encouraging potential employers to make concrete hiring commitments, and providing employment support to participants such as job coaching or short-term training (Employment and Social Development Canada, 2018^[57]). RWA's effort led to the hiring of over 2 400 candidates with intellectual disability between 2014 and 2019 (RWA, 2019^[58]).

Facilitating by supporting employers. Employers may not hire PWD due to the inherent fears and harmful stigma, or the lack of experience in managing PWD. The following three methods are used to encourage employers: offering wage subsidies, fighting stigma, or helping with workplace adaptation.

- Wage subsidies, sometimes specific to young people, are implemented in Canada, Norway and the Netherlands, whose *Wajong* programme is described in depth in Box 3.1 above. The Youth Employment and Skills Strategy (YESS) programme in Canada funds programmes aimed at ensuring young people gain sufficient skills and experience to successfully transition to the labour market. YESS has achieved more than 50 000 job placement positions. One of the programmes funded by YESS is Youth of the Future, a 22-week long programme, created by the Canadian Council on Rehabilitation and Work (CCRW). Youth of the Future provides daily job training for eight weeks and subsidises 75% of a participants' wage over 14 weeks of professional experience at a job they can hope to continue working indefinitely. Overall, the CCRW helped over 1 500 YWD find meaningful employment or education in 2018 (CCRW, 2019^[59]). Norway's PES also provides financial support to employers under several types of programmes, of which the grant for summer jobs target young people specifically, and subsidises 75% of YWD's wage (50% for participants with full working capacity) for up to four weeks.
- Information campaigns in Austria and Canada help to fight stigma, which can be a significant barrier to employing PWD. The Canadian Employment and Social Development Department supports employers by providing myth-busting information and advice on their public website. Austria's NEBA network includes an Operational Service to contact companies and actively promote the hiring of PWD, and offer financial and legal advice for hiring PWD.
- Assistance on creating a suitable workplace, on the recruitment process and more services to help with workplace adaptation is offered in Canada and Norway. Canada's Disability Confident Employer Program, in partnership with the CCRW, joins in the process of simplifying transitions through an online training platform for managers. In the same spirit, Norway's PES offers grants to workers to help jobseekers who need mentoring, grants to help make the workplace more inclusive and expert help to better support employers with employees frequently on sick leaves. These programmes financially support employers and, in doing so, reduce employers' risks and initial investment when trying to make their workplace more inclusive.

Facilitating by matching is another service governments provide. Bridging the distance between YWD on the one hand and potential employers, proper support, the relevant PES office, or applicable education and training programmes on the other is essential for a successful transition. Austria guarantees young people finishing compulsory education an apprenticeship through the Inter-company apprenticeship training, which connects young people including YWD to employers as well as trainers and social pedagogues. This three-year long programme also offers participants a monthly grant of EUR 354 during the first year and EUR 817 during the second and YWD can take an extra year to finish the programme. The Austrian PES offers a similar programme helping young people, including those with disability, find vocational education with the Education-up-to-18 programme. Belgium also plays matchmaker through INAMI for people with the "work incapacity status during their reinsertion programme as mentioned in Chapter 4. Canada's Student Work Placement programme connects educative institutions with employers and students to yet again smoothen the transition to the labour market.

Ensuring access to vocational education is also a way to prepare young people in transitioning to the labour market. For YWD facing concrete challenges in the labour market, vocational training or work-focused interventions in general, improve the employment outlook (Bailey et al., 2018^[60]). Switzerland offers training leading to a certificate of professional formation (AFP) or a federal certificate of capacity (CFC). In addition to the federal certificates, there are practical formations for PWD organised by associations, which can prepare participants to enter vocational education. In Austria, the last year of compulsory school can be done in a prevocational school, which can prepare young people for vocational training later.

3.4. Support to help young people with disability thrive in the labour market

Children and young people with disability often face several disadvantages, many of which start early in life. For instance, they are more likely to have parents with disability and to live in income-poor households. Supporting them to thrive in the labour market, and more generally, supporting their social inclusion, is key to not losing them from a very young age and stopping the perpetuation of their disadvantages. As this chapter shows, supporting them includes providing adequate safety nets through social support to be able to make productive human capital investments and cover the additional costs of disability. However, social benefit receipt from a young age also risks fostering a welfare culture and inhibiting self-sufficiency. The second crucial element to supporting YWD is thus to support their transition from school to the labour market. This section proposes a set of policy recommendations for governments to reform and rethink the way they support YWD, organised around four guiding principles:

1. Mainstreaming the social protection of young people with disability
2. Completing the transition towards inclusive education systems
3. Supporting education completion and the transition to the labour market
4. Linking school-to-work supports and social protection

1. Mainstreaming the social protection of young people with disability

Young people, with or without disability, should be supported through mainstream social protection with a strong activation component, such as unemployment benefits or social assistance. Case-studies like that of the Netherlands, where YWD and work capacity are covered by the mainstream social assistance programme, illustrate the positive impact of this approach on employment, compared to disability benefits which were used in the Netherlands until a few years ago. In Switzerland, where efforts are concentrated in supporting young people through social assistance and employment supports rather than through disability benefits, the employment rate of YWD is high. Governments should make several key considerations when mainstreaming the social protection of YWD, two of which are discussed in more detail further below: ensuring the adequacy of benefits provided, and providing individualised support of needs while dropping the disability label.

In many countries, YWD are de facto covered through social assistance, i.e. a mainstream programme. This is the result of an institutional factor (YWD like many PWD do not have sufficient contributory periods to be covered by disability insurance) rather than a deliberate decision to mainstream disability policy. This results in an incomplete transition towards mainstreaming as understood in this report: it is not enough to avoid the use of special programmes for people with disability, but there is a need to make mainstream programmes disability inclusive and disability accountable. At present, mainstream social protection is often not disability inclusive enough, resulting in low coverage and low adequacy for YWD. Data indeed suggest that the risk of poverty is higher for YWD in countries where social assistance is more frequently used than disability benefits. The Dutch experience corroborates this: YWD covered by social assistance have lower incomes than those covered by disability benefits. Countries thus need to be cautious with making social protection disability inclusive to tackle the adequacy of mainstream programmes for YWD.

- One important consideration is that eligibility to social assistance is means-tested at the household income level, which makes it an imperfect substitute of a single working-age benefit. While it is beyond the scope of this chapter to discuss the optimal approach to means-testing of benefits, these are important considerations to make when social assistance becomes, or is, the primary social protection programme for YWD.
- Another consideration to make is that the poverty line of YWD (and of PWD more generally) may be higher than that of PWOD, given the additional costs associated with having a disability. It is crucial that benefits from mainstream social protection can be complemented with top-ups or supplementary benefits to cover the additional costs of disability, in line with the proposal of presented in MacDonald, Prinz and Immervoll (2020^[61]).

Providing individualised support within mainstream social protection is a key element to mainstreaming: support needs to be given through mainstream programmes but targeted to the needs of each person. Countries may take several approaches to providing individualised support of needs.

- Letting go of the label of disability for YWD (and PWD more generally). In many cases, activation could be separated from the official recognition of disability. Disability certification causes two main issues. First, as most countries exempt PWD from job search requirements without an assessment of the actual capacity to work, there is an incentive to obtain a disability recognition, with the stigma it entails. The second issue is that the recognition of disability in many countries still fails to incorporate functional elements that measure the capacity to search for jobs and work. The approach taken by Germany is to put requirements only to the extent that these are reasonable given health constraints, in line with an assessment of health and environmental factors. By linking it to the actual capacity to work, a disability does not immediately become discriminatory.
- Assessing health barriers to employment and accounting for functional capacity and assessments of cases with complex needs. Not certifying disabilities does not imply not assessing health barriers to employment, quite the contrary. Countries should make more efforts to assess health barriers to employment at an early stage, as well as social and other barriers. One of the key lessons from the 2015 reform of the Dutch disability benefit for young people is the need to add signalling mechanisms to identify vulnerable groups (van Echtelt et al., 2019^[15]). As a result, currently, a disability assessment may result in two additional signals, which provide additional information to municipalities on how to support young people in finding adequate employment.
- Developing individualised pathways that respond to the needs assessments. Not all YWD are able to transition to the job market, nor participate in education or training. Transitionary pathways that allow to focus on social inclusion, by for instance helping them acquire basic skills, or develop a routine, may be very useful. In Italy, receipt of the guaranteed minimum income requires accepting to participate in an individualised employment plan, and if not possible, in an individualised social inclusion plan. One of the key elements is the assessment of recipient's needs, and the deployment of multidisciplinary teams to assess the needs of more complex cases. In Slovenia, the Centres for Social Work in each municipality also provide social rehabilitation to social assistance recipients who may face health barriers.

2. Completing the transition towards inclusive education systems

Countries have made considerable efforts in the direction of an inclusive education system: first, through the identification of special education needs, and second through the enrolment of YWD in mainstream classes. Efforts should continue to achieve a greater inclusion of YWD in mainstream classes, not through labelling YWD, but by implementing inclusive education principles, which rely on individualised educational planning and understanding the needs of every child. As with social protection, dropping the disability label and addressing the barriers to education more generally for disadvantaged groups of the population will

also help YWD. There are some additional good practices that countries may take to further strengthen the inclusiveness of education.

- Mainstream education should be a multi-actor collaboration. Teachers need more support to be able to understand and cater for the needs of disadvantaged groups. In the Canadian province of Brunswick, for example, specialised staff spends two-thirds of their time supporting classroom teachers (the other third they spend with students), so that teachers can take better care of all students' needs. Collaboration must also happen between teachers of different classes, through for example discussions moderated by an expert facilitator. Collaboration must extend between establishments too. The province of Brunswick also launched the “Triad Inclusion Team” project: groups of three high schools with comparable demographics send a delegation each including the principal to share their solutions to problems faced. The government funds at least three meetings a year, including travel costs, and sends a facilitator.
- Frequent (re-)evaluation is essential to continuous improvement. Inclusive education policies need some trial and error, and the only way to improvement is to monitor policies and conduct impact evaluations. Inclusive education policies should be accompanied by government mandated impact evaluations, and a promise to continuous improvement on the basis of their findings.

Inclusive schooling has become the norm in many countries at primary school age but not at higher levels of education. For many YWD, the transition to mainstream secondary school, including vocational schools and apprenticeships, and correspondingly also mainstream tertiary education, is still difficult. To complete the transition towards inclusive education systems, countries need to focus their efforts on ensuring that secondary and tertiary education is also inclusive.

3. Supporting the transition to the labour market

NEETs face a considerable risk of experiencing persistently poor labour market outcomes and becoming long-term unemployed or inactive. The high share of YWD among them suggests that this is a field where disability policy has not been involved enough. Mainstream programmes to identify, reach out to and help NEETs must have a stronger focus on barriers caused by their health and disability. The same holds for mainstream programmes facilitating the transition to the labour market, which tend to be most effective if involving schools, local actors and institutions, and employers.

PES should be a key actor in supporting the transition to employment of all young people, including YWD. In most European OECD countries, PES are the main implementers of Youth Guarantee programmes. Their experience makes them the right actor to mainstreaming this support for YWD. The Austrian approach, where beneficiaries of transitional disability programmes participate in PES services and measures, shows that this could indeed be a successful approach to support their employability. There are some good practices for PES to support YWD:

- Equipping PES staff to assess health barriers to employment is essential to be able to design the right supports and services for YWD, to activate them without compromising their health and well-being. This can be achieved through training of PES staff, or through co-operation with vocational rehabilitation specialists or occupational doctors.
- Providing job coaching is the first necessary step to supporting YWD in their transition to the labour market, both to find the opportunities that can be right for the jobseeker but also to support job retention. The Dutch experience supports the importance of job coaching as the first measure.
- Focusing on opportunities is key to ensuring job tenure and progression in the labour market. In addition to the employment gap, PWD often face fewer opportunities to thrive in the labour market. The Dutch experience shows that focusing job coaching and other employment support programmes for YWD on building a career, not just on finding a job, is the right approach for more sustainable employment.

- Assessing municipalities' capacity to implement such a programme and give them the right tools and incentives. One of the challenges encountered during the implementation of the Dutch reforms is that municipalities have very different levels of resources and capacity, causing a highly uneven implementation of the reform across the country. Assessing municipalities' capacity early, aligning incentives and addressing any gaps, while respecting their competencies for policy implementation, is key for the policy to be successful.

4. Linking school-to-work supports and social protection

Social protection needs to be complemented with strong school-to-work supports and services. On its own, social protection for YWD may result in lower employment during adulthood, by giving rise to perverse incentives and a welfare culture. On the other hand, school-to-work supports and services alone are not sufficient for many YWD, as they do not provide the safety net necessary to enable investments in human capital for young people. Combining social protection and school-to-work supports and services is the key to enabling YWD to thrive. There are some policy approaches that countries can adopt to enable this link:

- Making the registration with the PES mandatory for all young people who are not in education or in employment, including YWD. At the same time PES should have the competences and adequate resources necessary to help YWD and refer them, as necessary, to vocational services.
- Making supports permeable and flexible is critical, to allow YWD to transition into the labour market while receiving benefits and to return to benefits when employment integration has failed. This also includes counting months and years spent in apprenticeships as contributory periods for insurance benefits, to ensure there are no disincentives to participation.
- Making benefit receipt conditional on participation in training, apprenticeships, or employment, in line with the individual's capacity.
- Reducing the barriers of YWD to access training and other school-to-work supports, by making the system more inclusive and accessible. Supports for all young people, including YWD, should be targeted to individual needs, to address people's individual barriers. This could include the introduction of remedial programmes that would allow addressing learning gaps by teaching basic skills. It could also include building services based on Universal Design principles (see Chapter 5) so that persons with various types of disability can use them effectively.

Assessing the barriers and needs of YWD should come without disability labelling. One approach is to delink the assessment of special needs and supports from the disability assessment. Special needs and supports should be assessed with a functional view, taking into account what the person can do and how support could overcome the barriers to school and work. Disability labelling is not a requirement but possibly a hindrance.

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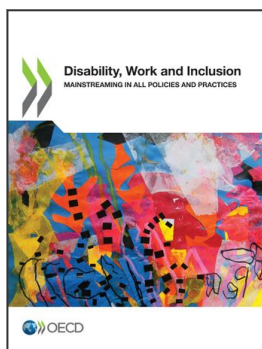
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