ESPN Thematic Report on Social Investment Austria 2015
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ESPN Thematic Report on Social Investment

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Summary

Contrary to many other EU-Member States no large-scale or structural retrenchment took place in most social policy areas in Austria during the last years. This especially holds for policy fields most relevant to the social investment approach.

Overall, it is even fair to say that recent decisions by the Austrian national government show a tendency to be very much in line with the idea of social investment, although the term itself is – until now – not used in the Austrian political context.

Positive reform measures (accompanied by additional public spending) were decided regarding the policy areas of Early Childhood Education and Care (ECEC) and institutional childcare. With regards to services for long-term care additional funds have been made available (however at a level that does – by all likelihood – not allow for a substantial improvement when compared with the status quo).

Benefits within unemployment insurance remained at about the same level and a reform of the minimum income scheme came with a number of positive effects from a social inclusion perspective. A related situation applies for family cash benefits, which have a very large impact on reducing the risk-of-poverty rate. Some increase of benefits were recently decided which will – however – not fully compensate for earlier devaluation due to lacking indexation.

Spending for active labour market policies (ALMP) remained on a high level by international standards, and recipients of benefits from unemployment insurance and from the minimum income scheme (GMI) to a large degree get integrated into ALMP-measures, which are available on a nationwide basis. However, with regards to additional personalised social services substantial interregional variations in availability appear to exist, with federal provinces and the municipalities being responsible for them in addition to the Federal Republic.

The most evident challenge in the Austrian case is how to improve the quality of services in policy areas where a lack of availability is most pressing (especially long-term care services) and where Austria has a backlog when compared to European "good-“ or "best-performers“ (especially regarding ECEC and institutional childcare). Here tight public budgets, a partial fragmentation of responsibilities (and political accountability) and different perceptions about "public“ and "private“ liabilities are some of the causes that restrict the speed and range of proactive reform.
1 Assessment of overall approach to social investment

Austria does not follow a truly integrated approach to social investment. In the first instance this derives from responsibility for the different most relevant policy areas being divided between the Federal Republic and the federal provinces (Länder).

In areas where the main competency for planning and implementation are held by the federal provinces, a substantial differentiation of accessibility and affordability of social services becomes evident. This especially holds for ECEC, institutional childcare and social services for people in need of long-term care. The Federal Republic has recently increased its efforts to enhance the uniformity of availability and quality of related services for ECEC and institutional childcare in particular, via instruments co-financing the upgrading of social services). However, regional differentiations will remain substantial from a mid-term perspective, with evident deficits in a number of federal provinces. A similar situation applies to the long-term care policy area. In this case additional investments decided by both the Federal Republic and the federal provinces are in many cases only sufficient to guarantee the status quo in a situation of rising demand due to demographic changes, but will not allow for a systematic upgrading of services and a reduction of related deficits.

Regarding minimum income, where traditionally a huge differentiation existed between the different federal provinces, an agreement was reached in 2010 about uniform minimum standards, which lead to a replacement of the so-called “social assistance” by the Guaranteed-Minimum-Income (GMI) scheme. This reform came – from a social-inclusion-perspective – with a number of positive measures, but benefit levels remained below the at-risk-of-poverty threshold.

Regarding active labour market policies (ALMP), which is the sole responsibility of the Federal Republic, it is fair to say that Austria is a “good performer” by international standards. Furthermore, “sole” recipients of minimum income have full access to all ALMP-measures offered by the Public Employment Service (PES) since social assistance got replaced by GMI.

Overall, it appears that the Austrian Federal Government (at least implicitly) shows a rather strong commitment to the idea of “social investment” and that this commitment has even been rising recently. However, in a number of policy areas Austria is in a rather unfavourable “starting position” due to the historical legacy of the so-called male-breadwinner model, which in different areas has led to a rather “familialised” (i.e. relying on family support social system), especially regarding ECEC, childcare and long-term care. At the same time the upgrading of respective systems is complicated by the fact that the political and financial responsibility for doing so is somewhat contested. The federal provinces argue that they need more financial resources from the Federal Republic to improve their social services, whereas the Federal Republic argues that the federal provinces should adapt their spending structure.

Regarding the “problematic” policy areas of ECEC, childcare and long-term care, the regionalisation of the main political responsibility for these policy areas leads to a situation where improvements are gained only incrementally, thus prolonging problematic effects – inter alia the employment chances of women. A related situation applies for additional personalized services for unemployed persons with multiple social problems (e.g. excessive indebtedness, homelessness, drugs drug dependence etc.).

At the same time it should be stressed that in Austria – contrary to many other EU-Member States – no large scale retrenchment took place over the last years in the policy areas most relevant from a social-investment perspective. On the contrary, relevant budgets partly were considerably expanded.

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1 “Sole” recipients of minimum income are persons who do not at the same time receive a benefit from unemployment insurance.
2 Assessment of specific policy areas and measures/instruments

2.1 Support for early childhood development

2.1.1 Early childhood education and care (ECEC)

Austria for a long time followed a largely "familialised" (Leitner 2003) model of ECEC, leading to institutional ECEC in the age group below four years, and especially in the age group below 3 years, remained an exception to the norm.

The situation has changed to some degree over the last two decades. But international comparative data on ECEC (based on the EU-SILC survey) indicate that the coverage rate of institutional childcare is still very low in Austria for children below 3 (only 14% in 2012; see Bouget et al. (2015), Annex 3, Table A3.1). The coverage rate is substantially higher (with 80% in 2012) for children between 3 and the minimum compulsory school age (normally 6), but still rather low when compared to many EU Member States (with coverage rates of 90% and above; see Bouget et al. (2015), Annex 3, Table A3.2). A closer examination indicates that the coverage rate in Austria is lower than the EU average in the 3-year age group (65% vs. 83.5%), but then increases to approximately the level of the EU for children aged 4 (AT: 90.9%; EU-28: 91.9%) and 5 (AT: 96.5%; EU-28: 96.3%) (see Statistik Austria 2014, 14). This derives from the fact that many kindergartens in Austria only accept children from the age of four and Krippen (nurseries for younger children) are much less widespread than ordinary kindergarten (see ibid., 34ff.; Fink 2013a, 28).

National data on ECEC (derived from federal provinces registry data) show somewhat higher coverage rates (see Statistik Austria 2014).\(^2\) Here, more long-term time-series are also available, as well as data by different federal provinces (see Appendix, Table A.1). Respective numbers indicate a continuous increase of the overall coverage rate of ECEC both for children below 3 as well as those in higher age-groups. What is also evident is a) the extremely low initial level of institutional childcare among children below 3 back in 1995 (at Austrian average only amounting to 4.6%; 2013: 23.0%) and b) the very substantial differentiation in the coverage rate between the nine different federal provinces (whereas this phenomenon is less pronounced for higher age-groups). Although there is some political debate on this issue, it is likely that these differentiations between federal provinces is not in the first instance caused by differences in demand, but by differences in the supply of respective services.\(^2\)

The latter is caused by services in the area of ECEC not falling within the competence of the Federal Republic in the first instance, but being to the largest degree within the responsibility of the federal provinces (as well as that of the municipalities). This does not only lead to a substantial differentiation in terms of general accessibility (in terms of the number of places available for the different age groups), but concerns also the more detailed features of the different systems in place (for a more in depth assessment see Baier and Kaindl 2011). Such differentiations e.g. apply for opening hours and the availability of childcare facilities during public holidays, where Vienna stands out as the federal province with the most encompassing offers available, with substantial deficits in many other federal provinces (often in terms of rather early closing hours and lack of availability during school holidays; see Baier and Kaindl 2011; Fink 2013a and Statistik Austria 2014 for details). One other issue is that of co-payments of parents, which applies in most federal provinces (see Fink 2013a for details), except Vienna, where childcare up to the age of 6 years is generally free of costs.

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\(^2\) Apart from the different data base, deviations from the data provided by Eurostat (based on EU-SILC) are also caused by a different reference date for calculating coverage rates according to age (see Statistik Austria 2014, 14).

\(^3\) There are no logical explanations why e.g. the demand for ECEC for children below 3 should, when compared with the other federal provinces, be considerably lower in the federal provinces of Styria and Upper Austria (where coverage rates are by far the lowest).
charge, and Lower Austria, where no co-payments exist for child day-care between the ages of 2.5 and 6 years. Co-payments by parents are normally applied in a socially adjusted way, or means-tested public subsidies are available. The respective regulations show considerable heterogeneity, and in a number of federal provinces no uniform model exists due to different schemes in different municipalities (e.g. in Carinthia and Vorarlberg) (see ibid. for details). Unfortunately, no detailed assessments are available for the case of Austria regarding the effects of different financing models and levels of co-payment on decisions of parents to use institutional childcare (or not).

It is fair to say that the availability and accessibility of ECEC gained increased public and political attention over the last two decades and that now the vast majority of the relevant political players concede that ECEC has to be further expanded (especially regarding children below the age of three to four years). The Federal Republic has so far followed the strategy of offering the federal provinces some positive incentives to enhance their systems of institutional childcare (and in particular ECEC for children in the age group up to three years), in the first instance via co-financing the start-up costs of new childcare places. A respective agreement between the Federal Republic and the federal provinces (agreed in 2011) comprised of related subsidies by the Federal Republic amounting to €10 million in 2011, and to €15 million in 2012, 2013 and 2014. In 2014, the agreement was prolonged (until 2017) as well as expanded in financial terms. Subsidies made available by the Federal Republic now amount to €100 million in 2014 and 2015, and to €52.5 million both in 2016 and 2017. The declared goal of this measure is to improve the situation vis-a-vis the Barcelona-goal of an ECEC-coverage rate of 33% for children below 3, to expand opening hours of existing institutions as well as to close regional gaps of accessibility for children above 3. Evidently, the envisaged additional investments dedicated to ECEC will help improve the respective situations. However, given the substantial existing differences in the availability of ECEC-services between the different federal provinces (as well as within some federal provinces) even more efforts would be necessary to achieve a more substantial improvement and harmonization more quickly.

2.1.2 Family benefits (cash and in-kind)

Social protection expenditure for the familychildren function is comparatively high in Austria from an international comparative perspective (see Bouget et al. (2015), Annex 3, Table A.2). In 2012 it amounted to 3.3% of GDP (EU-28: 2.3%; see Appendix, Chart A.1). Furthermore, the bulk of related outlays amounts to cash benefits, most of which are not means tested, with the rather generous universal family benefits being the most important single transfer in this policy area. When compared to cash benefits and also compared to a number of EU Member States (especially the Nordic countries), the expenses for benefits in kind dedicated to families and children are comparatively low in Austria (see Bouget et al. (2015), Annex 3, Chart B.1).

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4 As a general principle, as from the kindergarten-year 20092010, the "last year of kindergarten" (in the age 56) is free of charge in all federal provinces, however only up to 20 hours a week; for more details see: https://www.help.gv.atPortal.NodeHelp?publiccontent37Seite.370130.html .
5 Private fees for childcare appear to be rather low by international standards (see Annex table B7.4). But in fact the respective financial burden may turn out to be substantial even for families with rather low income. Fink (2013a, 33) gives the example of a family with 2 children (in the age of 3 and 4) and a net monthly income of €1,750 in the federal province of Styria. The related monthly co-payment would amount to approx. €130 per month, or ca. 7.5% of the net monthly income (in case of 7-8 hours daily care).
6 For more details see: http://www.parlament.gv.atPAKT/VHGVXXIVI_01406
7 For more details see: http://www.parlament.gv.atPAKT/VHGVXXIVI_00187/index.shtml
8 The total public spending for institutional childcare in Austria in 2013 amounted to €1,932.89 million. Source: http://www.sozialministerium.at/cmsassetsattachment/631CH2292CMS134685034955124_kindergaerten.pdf
9 As a consequence, the situation regarding institutional childcare facilities is less favourable in Austria when compared to these countries (see above).
More detailed assessments indicate that cash family benefits (together with cash benefits towards families in the context of education) have a very strong positive impact on the at-risk-of-poverty rate after social transfers (see Fink 2013a, 24-25). This type of benefits reduces the at-risk-of-poverty rate of families with children to between ca. 8 and 23 percentage points (depending on the given family constellation), and to a larger degree than most other types of existing cash benefits. When looking at the presence of children of different ages, it becomes evident that benefits targeted at families and children especially reduce the at-risk-of-poverty rates of households with young children (for the age group of up to 6 years). Here, family cash benefits (Familienbeihilfe) and parental leave benefits (Kinderbetreuungsgeld) compensate to a considerable degree for lower income deriving from lower employment rates of parents (ibid.).

The universal family cash benefits (Familienbeihilfe) are not regularly indexed in Austria, which from a mid-term perspective leads to a devaluation of the respective benefits granted. Measures decided in this policy area indicate a mix of decisions aiming at cost containment and then again expansive steps. In 2014, it was decided that family cash benefits would be increased by 4% as from 1st July 2014 and then again by 1.9% as from 1st January 2016 and 1st January 2018. The question of whether family cash benefits (Familienbeihilfe) should be changed to a more targeted or means-tested system is virtually absent in the Austrian political debate (probably due to the high political costs that would accompany such a reform).

Due to space limitations it is beyond the scope of this report to describe and assess the multitude of other additional family benefits (in cash and in kind).

### 2.1.3 Parenting Services

In Austria, parenting support has been developed at different levels of the political system by different institutions and different service providers over decades, which makes it difficult to give a clear schematic of the full range of parenting services that are available in Austria. The related stepwise expansion led to a substantial diversity of measures and organizations, with programmes by the Federal Republic being just one element. Other important institutional actors in the field are the federal provinces, the municipalities and private organisations, often with a Catholic (e.g. Katholisches Bildungswerk) or a political (e.g. Kinderfreunde) background. Some of them are Austria-wide, while others are specific to certain federal provinces, or to even more local entities. According to Kapella et al. (2012) Austria’s diverse parenting support services can best be described in terms of four major pillars. They are, respectively: youth welfare services, parental education, family counselling offices, and other services, such as psychological therapy (see ibid. for a more detailed description of the services offered and important developments in this policy area). What is worth mentioning in this context is that the so-called Youth-Welfare-Act (Jugendwohlfahrtsgesetz) was replaced by the Federal Youth- and Child-Assistance-

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10 Overall spending for family cash benefits amounted to €1,166.16 million in 2013, spending for parental leave benefits to €1,049.73 million. These are, together with the tax credit for children (Kinderabsetzbetrag) (with costs amounting to €1,299.59 million in 2013) the most important types of cash benefits towards families. Sources: [http://www.sozialministerium.at/siteSozialesAllgemeine_SozialpolitikSozialausgaben_in_Oesterreich29_Sozialschutzschemen_Oesterreich2_and_http://www.statistik.atweb.destaticaufwendungen_des_familienlastenausgleichsfonds_1980_bis_2013_020122.xlsx](http://www.sozialministerium.at/siteSozialesAllgemeine_SozialpolitikSozialausgaben_in_Oesterreich29_Sozialschutzschemen_Oesterreich2_and_http://www.statistik.atweb.destaticaufwendungen_des_familienlastenausgleichsfonds_1980_bis_2013_020122.xlsx)

11 Like the reduction of the maximum age up to which family benefits may be granted (in case of further education) from 25 to 24 years (as from 2011) or the restriction, that unemployed young adults in the age between 18 and 21 may not anymore be granted a family cash benefit (as well as from 2011).


13 An overview on the different benefits available according to national policies can be found here: [http://onlinerechner.haude.atBMFFamilienrechnerbmf-bl.html](http://onlinerechner.haude.atBMFFamilienrechnerbmf-bl.html)
2.1.4 Overall impact

For Austria, no recent and detailed overall assessment exists regarding the effects of the above mentioned benefits and services on early childhood development and children’s well-being (see as well OECD 2013, 90). However, results of empirical research on intergenerational transmission of educational attainment indicate very unfavourable results for Austria from an international comparative perspective. In other words: the intergenerational transmission of educational attainment is very strong in the Austrian case (see e.g. Fessler et al. 2011; 2012). This may of course be caused by several factors, of which deficits in institutional ECEC is only one. However, as Esping Anderson (2005, 14) stresses, “[i]t is in early childhood that parental transmission is key.” International research results show that in families with strong human capital, very young children may benefit from close parental presence. But “for the development of children born into less advantaged environments, external care tends to be more effective even at very young age and such children benefit from participation in early childhood education and care (ECAC) from a very early stage” (OECD 2013, 90). Given this background, the evident deficits and the very large differentiation in the availability of ECEC are likely to be an important obstacle against upward social mobility in Austria.

Overall, a discrepancy exists in Austria between the rather generous cash benefits dedicated to families (Familienbeihilfe), which have a strong positive effect in terms of a reduction of the at-risk-of poverty rate of families, and evident deficits in social services in the area of ECEC. Recent attempt to improve ECEC will reduce related problems to some degree, but do not appear to be sufficient to effectively eliminate the backlog in this policy area from a mid-term perspective.

2.2 Supporting parents’ labour market participation

2.2.1 Child care

The topic of childcare has partly already been dealt with above together with the issue of ECEC, as these two policy areas are usually addressed jointly in Austrian politics. The most important findings are a substantial differentiation in availability and accessibility between different federal provinces (which, together with the municipalities, are responsible for related services in the first instance), often substantial deficits regarding opening times and a lack of availability during school holidays, and private co-payments, which may imply a substantial financial burden for families with children (irrespective of the fact that co-payments by parents are normally applied in a socially adjusted way, or that means-tested public subsidies are available).

At the same time it is fair to say that the situation regarding institutional childcare improved considerably over the last two decades (as indicated by substantially increased coverage rates; see Appendix, Table A.1), and that the current national government strengthened its efforts for a further overall improvement (see above in the chapter on ECEC regarding the expansion of national co-financing for new childcare facilities). Also well worth mentioning in this context are recent measures to expand all-day care for school age children. Since 2011, additional funds of €80 million per year were made available from the federal budget to expand all-day care for school age children. In 2014, it was decided to increase respective funds to 160 million per year (until 2018). It is planned that the number of available places should increase from about 119,000 in 2013 to 200,000 in 20182019, with the coverage rate

rising from about 17.55% to about 30%\(^{15}\) (for more details on all-day school care see Fink 2013a, 19f.).

### 2.2.2 Long-term care

The Austrian system of long-term care has a twofold design, consisting of cash benefits on the one hand, and publicly organised long-term care services on the other. The cash benefit is called long-term care benefit (\textit{Pflegegeld}). Since the beginning of 2012 long-term care benefits fall within the sole responsibility of the federal republic, whereas before the federal provinces also administered this kind of benefit (for specific groups). Pflegegeld is granted without means testing (against income or assets) and according to seven different levels, corresponding to a categorisation of seven different levels of individual care requirements the health status of the person in need of care. The benefit currently amounts to €154.20 per month in level 1 (the lowest level), but may be as high as €1,665.80 in level 7. These cash benefits are intended to be used to buy formal care services from public or private providers or to reimburse informal care giving.\(^{16}\) In addition, pursuant to an agreement in Article 15a of the Federal Constitution Act (endorsed in 1993) the federal provinces are responsible for establishing and upgrading a decentralised and nationwide delivery of institutional inpatient, ambulatory, semi-outpatient and outpatient (i.e. at-home) care services. These services are de facto implemented in cooperation with municipalities and not-for-profit organisations of the so-called intermediary sector, i.e. social NGOs of different types.

There is a general lack of more in depth analysis and data on the availability and affordability especially regarding formal outpatient services. But findings, limited as they may be, suggest that availability of different kinds of long-term care services varies to a very substantial degree between (and also partly within) different federal provinces (see Fink 2014a) and that, especially in cases of extensive need for care, the long-term care cash benefits only covers a fraction of the costs which would arise if all respective support would be purchased within formal outpatient care (see e.g. RiedelKraus 2010).

As a matter of fact, the Austrian long-term care system is characterised by a rather large sector of informal care. At national average, about 59% of all people in need of long-term care are looked after by relatives or friends at home, 22% are looked after by their relatives or friends at home as well as receiving formal outpatient care services, 16% live in nursing homes and related institutions (inpatient care) and about 4% are looked after by privately hired caretakers (so-called “24 hour care at home”) (see Fink 2014a, 41).

Up to now the impact of efforts to guarantee nationwide standards of availability and accessibility of different kinds of long-term care services remains rather limited. The introduction of the so-called long-term care funds (\textit{Pflegefonds}) in 2011, which were subsequently expanded several times, and which provides additional resources from the national budget for long-term care services, does not allow for a substantial expansion and harmonisation of respective services given its limited resources. It only appears to be sufficient for maintaining the status quo of availability and accessibility of services (in times of demand rising due to demographic changes) (see Fink 2014a, 41f.).

With regards to more recent reforms, only one substantial new development took place. In November 2014 the national government announced the decision to tighten access to long-term care cash benefits of “level1” and “level2” (i.e. the two lowest benefit levels) to some degree.\(^ {17}\) By this, the number of new benefit recipients is planned to reduce from 71,000 to 65,000 in 2015. The effect of cost-containment is

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\(^{15}\) See e.g. [https://www.bmbf.gv.at/ministeriumvp201320130626a_pu_25024.pdf?4dtiae](https://www.bmbf.gv.at/ministeriumvp201320130626a_pu_25024.pdf?4dtiae)

\(^{16}\) However, what purposes long-term care benefits are actually used for by the benefit recipients is not being controlled.

\(^{17}\) See e.g. [http://diepresse.com/homepolitikinnenpolitik4597739Regierung-beschliesst-PflegegeldReform](http://diepresse.com/homepolitikinnenpolitik4597739Regierung-beschliesst-PflegegeldReform)
estimated to amount to €19 million in 2015 and to €57 million in 2016. The government argues that these funds will then be used for a general increase of the level of long-term care cash benefits in 2016. At the same time no new measures have been decided to secure the long-term financial sustainability of the system of long-term care (where the need for additional resources is expected to rise substantially in future). The same holds true with regards to a possible harmonization of accessibility and affordability of respective services, with the goal of offering high standards in all Federal Provinces.

Deficits regarding the availability of ECEC, institutional childcare and long-term care are likely to contribute to the outcome that a very high share of people in part-time employment report that the main reason for this is “looking after children or incapacitated” (Austria: 32.1%; EU-28: 22.1%; see Bouget et al. (2015), Annex 3, Table B5).

### 2.2.3 Maternal paternal leave schemes

Regarding maternal/paternal leave, two schemes are of central importance in the case of Austria: a) the so-called *Wochengeld* (maternity pay) and b) *Kinderbetreuungsgeld* (childcare allowance).

Maternity pay is intended as financial support for the (expectant) mother during maternity leave (*Mutterschutz*). Maternity pay is granted during the following periods: in the eight weeks prior to the expected delivery date; on the day the baby is born; in the eight weeks following the baby’s birth. For “normal” dependent employees, the amount of maternity pay equals the net wage during the last three months plus an extra amount compensating for additional wage components such as vacation and Christmas bonuses. For other groups the following rules apply: self-employed women will receive income-based maternity pay; marginally employed self-insured women (only if self-insured pursuant to § 19a ASVG) receive a fixed amount of €8.65 per day (amount for 2014) and recipients of benefits according to the Unemployment Insurance Act (*Arbeitslosenversicherungsgesetz*) receive maternity pay amounting to 180 per cent of the amount of benefits last received.

Regarding childcare allowance (*Kinderbetreuungsgeld*), which is granted to parents to stay at home to care for their children or who reduce their working time for this purpose, a rather wide range of different options exists, from which parents can choose from. There exist four different models of flat-rate childcare allowance and one model of income related childcare allowance.

For flat-rate childcare allowance no specific preconditions (such as a specific insurance record etc.) have to be met. In principle, the benefit is not means-tested, but the individual benefit recipients may only have an additional earned income amounting to a maximum of 60% of previous incomes, or, if they amounted to less than €16,200 per year, of €16,200 per year. Depending on the model chosen, the flat-rate childcare allowance amounts to between €14.53 and €33 per day and the maximum benefit duration between 36 and 12 months, whereby in each model the maximum benefit duration is slightly higher if both parents (alternately) decide to apply for childcare allowance.

Income-related childcare allowance may only be granted if the benefit recipient has been gainfully employed and enrolled in social insurance during the six months preceding the birth of the child. It amounts to 80 percent of last income, up to a maximum of €66 per day (approximately €2,000 per month). It is not means-tested, but individual additional income may, as a general principle, not exceed €6,400 per

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19 For more details see: [https://www.help.gv.at/Portal.Nodehelp/content/143Seite.1430100.html#beneficiary](https://www.help.gv.at/Portal.Nodehelp/content/143Seite.1430100.html#beneficiary)

20 For more details see: [https://www.help.gv.at/Portal.Nodehelp/content/143Seite.1430600.html#General_information_about_childcare_allowance](https://www.help.gv.at/Portal.Nodehelp/content/143Seite.1430600.html#General_information_about_childcare_allowance)
year. If one parent claims childcare allowance, income related childcare allowance may be granted until the child is 12 months old. If both parents claim childcare allowance, the period during which the allowance may be claimed will be extended by the length which was taken by the other parent. However, in total childcare allowance can only be claimed until the child is 14 months old.\textsuperscript{21}

Parental leave in the form of childcare allowance shows a very high concentration on women, with men much less commonly using this opportunity, and when they do so, for a much shorter time than women (see Fink 2013a, 20-21). The latter is true irrespective of the fact that fathers after parental leave (i.e. after receiving childcare allowance) currently do not face adverse effects on their career (see ReidlSchiffbänker 2013 for a detailed assessment). For women the effects are much more problematic. For them, usually in parental leave much longer than men, re-integration into the labour market appears to be much more difficult. And if they find a job they often end up in part-time employment only, and often they have to accept a substantial reduction of earnings from gainful employment (see Riesenfelder 2013 for a detailed assessment).

This contributes to a kind of vicious circle, where labour market segmentation and segregation, which is anyhow a substantial phenomenon in Austria, gets reinforced by long career breaks affecting mostly women. Such a development is kind of pre-programmed due to the lack of institutional childcare (see above), which is again part of the legacy of the so-called male breadwinner model, which for a long time dominated the overall perception of “sound” family structures in Austria.

\section*{2.2.4 Overall impact}

Deficits and the strong regional differentiation of institutional ECEC, formal childcare facilities as well as long-term care contribute to a model in which care for children and other family members remains to a rather large degree to be “familialised” (see also OECD 2013, 89ff.). These “duties” are primarily fulfilled by women, which contributes to the second-highest concentration of part-time employment of women in all EU-member states (see Bouget et al. (2015), Annex 3, Chart B.3). One other issue – again related to the labour market situation of women – is the rather high (negative) employment impact for women of having children below the age of 6. In 2013, the employment rate in Austria of women in the 20-49 age group without children amounted to 84.4%, but in the case of having a child below the age of six it only reached 70.5%, which equals a reduction of 13.9 percentage points (see Bouget et al. (2015), Annex 3, Chart B.4). At the EU-27 level, the reduction amounted to 14.6 percentage points.

With regards to childcare allowance (Kinderbetreuungsgeld) the vast majority of all recipients (ca. 83%) opt for one of the flat-rate long-term models (ca. 59% for the 36 month model and ca. 24% for the 24 month model).\textsuperscript{22} This long absence from the labour market (or the long period of considerably reduced working time) often implies, as already mentioned above, significant adverse effects on future career prospects.

Overall, rather generous and lengthy parental leave benefits, together with deficits in ECEC and institutional childcare are associated with problematic effects on the labour market participation of parents, and here especially of mothers. The above described attempts to enhance the availability of ECEC and childcare facilities will contribute to an improvement of the situation. But given the substantial backlog in this policy area, Austria will not manage to be a European “best performer” in this field from a midterm perspective.

\textsuperscript{21} For more details see: 

\textsuperscript{22} Source: http://www.statistik.atweb_destatickinderbetreuungsgeldbezieherinnen_und_-bezieher_nach_erwerbsstatus_und_ges_020121.xlsx
2.3 Policy measures to address social and labour market exclusion

2.3.1 Unemployment benefits

In Austria, the unemployment insurance grants two different benefits: unemployment benefit (Arbeitslosengeld) and unemployment assistance (Notstandshilfe), which may apply after the maximum period for unemployment benefit has expired.

The coverage of unemployment insurance appears to be rather high, where more than 90% of all unemployed registered with the Public Employment Service receive a cash benefit. However, it is largely unclear how big the number of persons is who are de facto unemployed, but who do not register with the PES.

To receive the not means-tested unemployment benefit criteria of minimum preceding insured employment have to be met. The maximum duration of unemployment benefit depends on the age of the claimant and the earlier employment and insurance record and may amount to between 20 and 52 weeks. The level of unemployment benefit is calculated according to a so-called “basic rate” (usually amounting to 55% of earlier net income from gainful employment) and an additional family supplement of €0.97 per day per family member. Furthermore, the benefit (not the basic rate) is increased in accordance with the “equalisation supplement reference rate (ESRR)” (Ausgleichszulagenrichtsatz) stipulated in the General Social Security Law (from 1st January 2015: €872.631) if the amount of standard supplementary benefit rate does not exceed 60% of the (earlier) net income for persons with no family supplements. Otherwise the beneficiary gets only the 60% of net income. In the case of persons with one or more family supplements, the amount of the ESRR benefit rate may not exceed 80% of the (earlier) net income. Otherwise the beneficiary gets only the 80% of net income. Overall, by international standards, the net replacement rate appears to be rather low for single persons, especially in case of somewhat sub-average earlier earned income (with a net replacement rate of de facto 55% in the case of an earlier earned income of 67% of the average worker's wage), but more favourable in case of dependent family members (with a net replacement rate of 73% in case of a one-earner married couple with two children, and an earlier earned income of 67% of the average worker’s wage).

When the right to receive unemployment benefit has expired, benefit claimants may apply for unemployment assistance, where no maximum period applies. Unemployment assistance combines the principles of social insurance and welfare, whereby different rules apply for different persons (according to age and earlier insurance and employment record) regarding means-testing (against other income of family members from gainful employment). Overall, the latter in many cases implies a substantial reduction of the benefit granted. Still, the net replacement rates (theoretically for an indefinite period) appear to be substantially higher than the ones available in most other EU Member States (e.g. after 25 weeks of unemployment). However, (long-term) unemployment in Austria also goes hand in hand with a high incidence of being at-risk-of poverty (see Bouget et al. (2015), Annex 3, Table C15.C).

No major reforms regarding unemployment insurance grants were introduced in Austria during the last years. The only exemption is some relaxation of means-testing

25 Another term used in English for this minimum benefit rate (at first instance used in old-age insurance) is “equalisation supplement reference rate” (ESRR).
26 For international comparative data on net replacement rates see: [http://ec.europa.eueconomy_financedb_indicatorstab](http://ec.europa.eueconomy_financedb_indicatorstab)
28 For international comparative data on net replacement rates see: [http://ec.europa.eueconomy_financedb_indicatorstab](http://ec.europa.eueconomy_financedb_indicatorstab)
and somewhat higher minimum benefits within unemployment assistance (decided in 2010)\textsuperscript{29}, which were enacted together with a reform of the minimum income scheme (see below).

\subsection*{2.3.2 Minimum Income}

Like ECEC, childcare facilities and social services regarding long-term care (see above) the minimum income scheme in Austria is the responsibility of the federal provinces. Within the earlier system of so-called “social assistance“, this led to a substantial regional differentiation of levels of benefits and rules of access. In 2010 the federal republic and the federal provinces agreed on a treaty according to §15a of the Austrian constitution, following the aim to guarantee uniform minimum standards via a new “Guaranteed-Minimum-Income” (GMI) scheme (Bedarfsorientierte Mindestsicherung), which then replaced social assistance in all federal provinces. This treaty outlines the most important features of the GMI, which then had to be settled in more detail in legislation decided at the level of the federal provinces. The federal provinces Vienna, Lower Austria and Salzburg introduced their versions of the GMI as from 01.09.2010. The other six federal provinces followed their lead, with Upper Austria being the last federal province implementing GMI as from 01.10.2011. It is important to note that the replacement of social assistance by GMI did not imply a true harmonisation of the minimum income schemes of the federal provinces, but more a coordination, defining basic features and minimum standards.

Within social assistance, cash transfers used to be calculated on the basis of so-called “reference rates”, which to a large degree differed between federal provinces (see FinkGrand 2009, 15). The term “reference rate” is in this sense misleading, as the respective benefit levels were not calculated according to household reference budgets (or any other “objective” absolute measure), but were arbitrarily set in the respective legislations of the federal provinces. Within GMI, the national state and the federal provinces agreed to use the equalisation supplement reference rate (ESRR) of the old-age insurance (Ausgleichszulagenrichtsatz) as the dominant point of orientation. However, as with the earlier reference rates in social assistance, the ESRR is again not defined by any “objective“ absolute (like household reference budgets) or relative measure (like the “EU-at-risk-of-poverty-threshold“ defined as 60\% of the equalised median net income), but again set arbitrarily. The calculation of respective minimum benefits for different household compositions uses a weighting system which is based on the modified OECD-scale of equivalency (also used at EU-level for calculating the at-risk-of-poverty threshold), but in a somewhat modified way, taking into account family benefits which are of a universal character in Austria (see Fink 2012, 15 for details). What has to be stressed is that these benefit levels are minimum benefit levels, and that the federal provinces in their respective legislations may define higher ones.

When assessing the actual level of benefits within GMI, the at-risk-of poverty threshold, defined as 60\% of the equalised median net income, may be taken as a reference point (see Fink 2012, 18). The results indicate that benefits are in all cases lower than the at-risk-of poverty threshold, even when family benefits are also taken into account.

The reform of replacing social assistance by GMI came with a number of other important universal standards (ibid., 18-21). The obligation to pay back benefits (in case of future financial improvement) and the obligation of close relatives to refund, which existed in a number of federal provinces, were abolished. Recipients of GMI are now in any case fully integrated into health insurance. Savings up to a specific sum (5 x the ESRR) are now no longer taken into account in means-testing. The architecture of the GMI, when compared to social assistance, also contains some (minor) additional financial incentives to take up or increase employment. And contrary to earlier social

\textsuperscript{29} For details see: \url{http://www.parlament.gv.atPAKTVHGXXIVII_00628index.shtml}
assistance, there now exists an “official” commitment that (also “sole”) recipients of GMI have full access to all measures of active labour market policy (ALMP) offered by the Public Employment Service (PES). Furthermore, additional ALMP-measures were established, specifically dedicated to recipients of GMI.

Numbers deriving from the EU-SILC indicate that the impact of GMI on the at-risk-of-poverty rate is very limited, as it is not reduced by GMI-benefits (see Fink 2013a, 27). This can be explained by the fact that the benefit levels of GMI are generally lower than the at-risk-of-poverty threshold (even if additional family cash benefits are taken into account). However, GMI is likely to reduce the depth of poverty considerably. Unfortunately no published data are available on the effect of different social transfers on the poverty gap, which would display the respective effects.

The number of recipients of minimum income increased considerably in Austria over the last decades (see Fink 2012, 24). Within the new GMI-scheme the number of persons receiving such a benefit rose from 193,276 in 2011 to 221,341 in 2012 and then further to 238,392 in 2013.

2.3.3 Active labour market policies (ALMP)

It is fair to say that Austria – following an upgrade during the last two decades – nowadays shows a rather well established and differentiated system of ALMP-measures, most of them provided by or on behalf of the Public Employment Service (PES). Measures by the PES can be grouped according to three main types: a) “qualification” (for unemployed as well as for people in active employment), b) “employment promotion” (e.g. via company integration subsidies such as wage subsidies for employers employing former long-term unemployed; short-term work benefits; employment projects etc.) and c) ”support” (with a wide range of different measures applied) (see for details on respective programmes e.g. BMASK 2013).

Spending for ALMP in Austria considerably increased during the peak years of the financial and economic crisis (2009 and 2010), with related outlays (for ALMP in the narrow sense) amounting to more than €1.3 billion. Spending for ALMP was reduced in 2011 and 2012 (to about €1.17 billion) on the back of a reduction of overall unemployment. But then – as a reaction to the once again worsening labour market situation – increased anew in 2013 (to about €1.27 billion). The share of all persons affected by unemployment and registered with the PES, who took part in one or more ALMP-measures amounted to approx. 46% in 2008, to 54% in 2009, to 52% in 2010, to 45% in 2011, to 47% in 2012 and to approx. 50% in 2013.31 This means that the outreach of ALMP expanded during the peak years of the financial and economic crisis, but then reduced again to some degree thereafter. As already mentioned above, (“sole”) recipients of GMI have – since 2010 – full access to all ALMP-measures by the PES. However, not all recipients of GMI are de facto registered with the PES (in 2013 this applied for ca. 40% of all GMI-recipients of working age).

The ALMP-budget for 2014 amounts to €1.37 billion, the one for 2015 to €1.39 billion. Furthermore, an additional “labour market package for older workers” was decided on in March 2014, with its implementation starting as from April 2014. This package comprises additional measures of active labour market policy, where a total additional budget of €350 million (for the years 2014-2016) is made available.

Overall, it is fair to say that all relevant political players in Austria show a strong and ongoing commitment when it comes to measures of ALMP and their financing, with Austria being one of the EU Member States with an elaborated and differentiated system of ALMP and rather high respective spending (especially when taking into account the respective level of unemployment; see Bouget et al. (2015), Annex 3, Chart B.2). What should explicitly be stressed in this context is the special emphasis

30 “Sole” recipients of minimum income are persons who do not at the same time receive a benefit from unemployment insurance.

given to programmes for young people in Austria, which helped to keep youth-unemployment rather low (at least by international standards).

### 2.3.4 Other Social services

Different kinds of personalized social services are offered by different institutions of different levels (i.e. national, regional, local), which makes it difficult to give an overall overview of the wide variety of services available. As with ECEC, child-care and long-term care, a considerable differentiation appears to exist between different federal provinces and municipalities. This for example holds for services for homeless people or for people endangered by homelessness, for people with psychosocial disorders or problems with drug addiction or in cases of problems of excessive indebtedness. Here, the welfare offices within GMI as well as the PES may serve as an intermediary facilitating access to related services, but de facto no real one-stop-shop exists with the explicit responsibility to plan and enforce an integrated personal strategy for the improvement of the situation of persons with multiple social problems. Given the rather fragmented landscape and diversity of additional social services in place it is largely unclear (from a nation-wide perspective) if and to what degree related offers were expanded more recently or not. At the same time no up to date and comprehensive assessments are available on the actual effectiveness of related measures. In other words: The overall impact of the existing programmes is largely unclear at the time of writing.

### 2.3.5 Overall impact

From an international comparative perspective Austria performs rather well on the long-term unemployment indicator (unemployment lasting 12 months or more; 2013: AT: 24.3% of total unemployment; EU-28: 47.4% see Bouget et al. (2015), Annex 3, Table C8). However, national registry data points to a rising number of persons not managing to enter into lasting employment, but where unemployment is just interspersed by rather short spells of employment (or illness). This phenomenon is subject to the national concept of so-called “long-term unoccupied” (Langzeitbeschäftigungslose), counting persons who have been unemployed for at least 365 days, where an interruption of unemployment of up to 62 days (due to employment and/or illness) is not taken into account in the sense of registering as a new episode of unemployment. The number of people registered with the PES defined as "long-term unoccupied" increased from ca. 34,500 in 2008 to ca. 82,000 in 2014. Regarding a lasting integration into employment for specific groups (especially those with very low formal qualification) substantial challenges are highlighted by a recent evaluation of the minimum income scheme (GMI) (see Riesenfelder et al. 2014). The issue of increasing problems in achieving lasting employment for specific groups of the unemployed (inter alia especially people with low formal qualification) gained increased political attention recently, and plans are currently under development to revise the ALMP-programmes of the PES to address these. What would also be useful would be to give more emphasis to additional personalized services and to make sure that such services are available nationwide on a regular basis. This would, however, require a strategy to overcome or at least reduce the problematic effects of institutional fragmentation in this policy area, with the goal of achieving minimum standards regarding quality, availability and accessibility.

In this context, it should also be stressed that long-term unemployment implies a very high rate of being at-risk-of poverty. In the case that "unemployment" was the most frequent activity status in the previous year, the at-risk-of poverty rate amounted to

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32 Source: Eurostat, LFS, indicator [une_ltu_a]

33 Source: AMS; [http://iambweb.ams.or.at/ambweb/](http://iambweb.ams.or.at/ambweb/); table GÜ500.

34 Reportedly, it is planned to give more emphasis to long-term measures instead of short-term measures, which have dominated until now.
45.7% in Austria in 2013 (people in the age group 15-64), which is about the EU-28 average level (46.5%).\textsuperscript{35}

\textsuperscript{35} Source: Eurostat Database; EU-SILC, Indicator [ilc_li04].
### Appendix

**Table A.1: Children in institutional childcare in % of children in the respective age-group; 1995-2013**

<table>
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<th>Year</th>
<th>Austria</th>
<th>Burgenland</th>
<th>Carinthia</th>
<th>Lower Austria</th>
<th>Upper Austria</th>
<th>Salzburg</th>
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**Chart A.1**

Social spending: Family/children function; 2012, % GDP

Source: Eurostat Database (indicator [spr_exp_gdp])

**Chart A.2**

Spending for Active Labour Market Policy (Cat. 1-7) in % of GDP per percentage point unemployment rate; (ca.)* 2012

* 2012 or most recent year available (EU-28, EU-15, IE, ES, CY, LU, MT, PL: 2011; EL, UK: 2010).

Chart A.3.

Concentration of part-time employment on women*, 2013

* Concentration of part-time employment on women: rate of part-time employment of women divided by the rate of part-time employment of men.
Source: LFS, Eurostat Database; indic. [lfsa_eppga] & own calculations.

Chart A.4.

Employment impact on women of having a child in the age below 6*; 2013; (calculated from [lfst_hheredch])

*Employment impact: Employment rate of women in the age 20-49 with a child in the age below six years minus employment rate of women in the age 20-49 without children.
Source: Eurostat Database; indic. [lfst_hheredch] & own calculations.
References


