ESPN Thematic Report on integrated support for the long-term unemployed

Austria

2015
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Contents

SUMMARY .......................................................................................................................... 6

1 BENEFITS AND SERVICES SUPPORTING THE LONG-TERM UNEMPLOYED .................. 7

1.1 Income benefits are available for the long-term unemployed ...................................... 7
1.2 Social services (childcare, health, counselling, etc.) are available for the long-term unemployed ........................................................................................................ 8
1.3 Activation support ......................................................................................................... 9
1.4 Conditionality ............................................................................................................. 10
1.5 Measures specific to older people of 45 and over ......................................................... 11

2 COORDINATION BETWEEN SERVICES TOWARDS A ONE-STOP SHOP APPROACH ....... 11

3 INDIVIDUALISED APPROACHES ................................................................................ 12

REFERENCES .................................................................................................................. 14

OVERVIEW TABLE .......................................................................................................... 13
Summary

Income benefits from unemployment insurance appear to have a rather high coverage in Austria. Furthermore – and this stands out from an international comparative perspective – for the only partly means-tested unemployment assistance, a benefit of unemployment insurance, there is no maximum period of benefits. However, as far as long-term unemployment is concerned the different benefits available (from unemployment insurance, the minimum income scheme and other benefit schemes) are often not sufficient to guarantee an income above the at-risk-of poverty threshold. With regards to the at-risk-of-poverty rate of households with long-term unemployment, Austria only performs at about average when compared to other EU Member States.¹

The system of Active Labour Market Policies (ALMP) is rather well developed, with the Public Employment Service (PES) offering a wide range of services throughout the country. Since 2010, when the Guaranteed Minimum Income Scheme (GMI; Bedarfsorientierte Mindestsicherung) replaced Social Assistance (Sozialhilfe), recipients of Minimum Income were also integrated to an increased degree into ALMP-measures, both by the PES and in terms of specific schemes for GMI-recipients, organized by the federal provinces (often in co-operation with the regional PES). Availability and accessibility of other social services often appears to vary to a large degree between the different federal provinces, with deficits most evident in the field of institutional childcare.

In Austria, 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 the long-term unemployed with multiple social problems. Institutional responsibility for persons facing long-term unemployment depends on the benefits they receive, with the the PES being responsible for benefits from unemployment insurance and the social welfare offices for benefits from GMI scheme, while for recipients of the two, both institutions play some role. The PES-offices and the welfare offices within the GMI may as well serve as an intermediary, facilitating access to other social services (provided by other local, regional and national institutions). However, the Austrian model lacks a clear-cut one-stop shop approach with case-management available for all long-term unemployed according to an integrated model. This appears to be sub-optimal from a social-inclusion perspective, but the Federal Republic and the federal provinces could not – despite an earlier declared goal – agree on stronger institutional integration within the reform of the GMI (which came into effect in 2010).

Empirical evidence on the degree to which truly individualised strategies are getting implemented regarding the long-term unemployed is largely lacking for Austria. On the one hand, theoretically a large variety of ALMP and other measures is available. But on the other hand, it is largely unclear to what extent case officers of the PES and the welfare offices are really in a position to design and implement the “ideal” package for their customers (given limited resources and internal provisions to expedite specific measures and/or to adhere to maximum budgets etc.).

Evidence regarding the overall effectiveness of policies targeted at long-term unemployed persons is mixed. On the one hand, long-term unemployment is rather low in Austria by international standards. On the other hand, the number of people where the goal of lasting employment is not met has been steeply rising over the last years.

¹ Where “unemployment” was the most frequent activity status in the previous year, the at-risk-of poverty rate amounted to 45.7% in Austria in 2013 (people aged 15-64), which is about the EU-28 average (46.5%); Source: Eurostat Database; EU-SILC, Indicator [ilc_li04].
1 Benefits and services supporting the long-term unemployed

1.1 Income benefits are available for the long-term unemployed

Unemployment insurance is subject to national legislation. It grants two different benefits: unemployment benefit (Arbeitslosengeld) and unemployment assistance (Notstandshilfe), which may apply after the maximum period for unemployment benefit has expired. Minimum income is granted by the nine different federal provinces within the Guaranteed-Minimum-Income (GMI) scheme (Bedarfsorientierte Mindestsicherung), which replaced Social Assistance (Sozialhilfe) in 2010.

The maximum duration of unemployment benefit, which is not means-tested, depends on the age of the benefit claimant as well as the earlier employment and insurance record and may amount to between 20 and 52 weeks. 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), and is means-tested, taking into account other income from family members in gainful employment. Overall, when compared to unemployment benefit, in many cases substantially reduced benefits are granted within unemployment assistance.

In 2013, the average daily unemployment benefit amounted to €28.81 (men: €31.02; women: €25.66), and the average daily unemployment assistance amounted to €23.15 (men: €24.69; women: €20.81). These benefits are granted for 30 days per month, in the case of unemployment assistance adding up to an average monthly benefit of €694.5 (men: €740.7; women: €624.3). The average monthly unemployment assistance is substantially lower than the at-risk-of poverty threshold for a single-person household, which amounted to ca. €1,104 per month in 2013. At the same time the coverage of unemployment insurance appears to be rather high, whereby more than 90% of all the unemployed registered with the Public Employment Service (PES) receive a cash benefit.

For the benefit level within the minimum income scheme (GMI), the so-called equalisation supplement reference rate (ESRR) of old-age insurance (Ausgleichszulagenrichtsatz) is used as the dominant point of orientation. An assessment of the benefit levels of the GMI shows that benefits are in all cases lower than the at-risk-of poverty threshold. Typically, the full GMI amounts to between 75%


3 Source: Statistik Austria; [http://www.statistik.at/web_de/static/durchschnittliche_hoehe_des_arbeitslosengeld_und_notstandshilfetagsatzes_020063.xlsx](http://www.statistik.at/web_de/static/durchschnittliche_hoehe_des_arbeitslosengeld_und_notstandshilfetagsatzes_020063.xlsx)

4 60% of the median of the national equivalised household income.

5 Source: EU-SILC; Eurostat Database, indicator [ilc_li01]

6 Survey data show less favourable results. The following data may overall be somewhat unreliable (inter alia due to a too small group size in the sample), but nevertheless show – from an international comparative point of view – rather high coverage rates for the Austrian case. According to the Labour Force Survey (LFS) the following shares of unemployed persons (as defined by the LFS) aged 25-64 were registered with the PES and received benefits in Austria in 2013: unemployment duration 12-17 months: 58.3% (EU-28: 31.7%); unemployment duration 18-23 months: 61.2% (data unreliable) (EU-28: 31.1%); unemployment duration 24-47 months: 52.7% (EU-28: 23.5%); unemployment duration 48 months and over: 75.8% (EU-28: 27.5%).

7 Concerning the calculation of respective minimum benefits for different household compositions, a weighting system is used, 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 (to take into account family benefits, which are of universal character in Austria) (see Fink 2012, 15 for details).

8 Taking into account the somewhat different benefit levels in the different federal provinces and different household compositions.
and 90%\(^9\) of the at-risk-of poverty threshold (see Fink 2012, 18). No reliable information is currently available on the coverage of the GMI, as no detailed assessments have recently been made on non-take-up. Concerning earlier social assistance, it has been estimated that non-take up amounted to ca. 50 to 55% (see Fuchs 2007, 28; 2009, 296). Overall, 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 increased from 193,276 in 2011 to 221,341 in 2012 and then further to 238,392 in 2013. This total number includes ca. 64,250 children, and 83,500 women and 74,800 men in “working age” (i.e. below 60/65).\(^{10}\) Unfortunately, no more detailed information on the share of adult benefit recipients in working age who may be classified as “employable” is readily available for the whole country.\(^{11}\)

The at-risk-of poverty rate of households with long-term unemployment (lasting 12 months or longer) recently amounted to ca. 39% in Austria (see Fink 2013, 27). Benefits from unemployment insurance reduce the share of long-term unemployed being at-risk-of poverty by 19 percentage-points, benefits from minimum income schemes by 4 percentage points (see ibid.). In other words: the impact of the GMI on the at-risk-of poverty rate is very limited. However, the GMI is likely to reduce the depth of poverty considerably.\(^{12}\)

In the narrow sense, no progressive tapering-off of benefits exists in cases where recipients of benefits from unemployment insurance or GMI earn additional income from gainful employment.

However, with unemployment insurance benefit, recipients may have additional earned income up to a specific lump-sum, without having their benefit reduced. The maximum level of additional earned income is the “lower earnings level of social insurance” (Geringfügigkeitsgrenze), currently amounting to €405.98 gross per month. If individual earned income from employment exceeds this threshold, no benefits from unemployment insurance can be received. Within the GMI – in principle – any earned income from employment is taken into account for means testing, with the benefit getting reduced on a pro-rata basis. Yet, under specific circumstances, a rather low share (15%) of additional income from employment may be not taken into account (so-called WiedereinteigerInnen-Freibetrag).\(^{13}\)

1.2 Social services (childcare, health, counselling, etc.) are available for the long-term unemployed

Recipients of both benefits from unemployment insurance and from the GMI are covered by normal health insurance. Furthermore, persons not covered by health insurance can opt-in to public health insurance as so-called “self-insured”. Still, according to estimates by social NGOs, about 100,000 persons living in Austria are not covered by health insurance (approx. 1% of the total population).\(^{14}\)

\(^9\) Depending on federal province and household composition.
\(^{10}\) Source: Statistik Austria; [http://www.statistik.at/web_de/static/bezieherinnen_und_bezieher_von_geldleistungen_der_bedarfsorientierten_mind_068821.xlsx](http://www.statistik.at/web_de/static/bezieherinnen_und_bezieher_von_geldleistungen_der_bedarfsorientierten_mind_068821.xlsx)
\(^{11}\) However, according to data provided by the Austrian Federal Ministry of Labour, Social Affairs and Consumer Protection (BMASK), 39% of all recipients of the Minimum Income Scheme in 2013 were registered with the PES.
\(^{12}\) Unfortunately no published data are available on the effect of different social transfers on the poverty gap, which would display the respective effects.
\(^{14}\) See e.g. [http://diakonie.at/presse-pr/presstexte/diakonie-100000-menschen-oesterreich-haben-keine-krankenversicherung](http://diakonie.at/presse-pr/presstexte/diakonie-100000-menschen-oesterreich-haben-keine-krankenversicherung)
Despite considerable improvements over the last two decades, institutional childcare still shows considerable deficits in Austria, whereby substantial variations exist between the nine different federal provinces, which are – together with the municipalities – responsible for this policy area. Overall, deficits are particularly apparent regarding children below 4, opening hours are often rather limited and a lack of availability during school holidays is often evident. As a general principle, private co-payments, which may imply a substantial financial burden for families with children, are the norm. However, the latter are normally applied in a socially adjusted way, or means-tested public subsidies are available. Overall, it is likely that problems of childcare availability to some degree contribute to the problem of long-term unemployment in Austria.

With regards to counselling etc., different kinds of personalised social services are offered by different institutions at different levels (i.e. national, regional, local), which makes it difficult to give an overall overview on the wide variety of services available. As is the case with child-care, considerable differentiation appears to exist between different federal provinces and municipalities. This holds true, for example, for services for homeless people or for people endangered by homelessness, for persons with psychosocial disorders or problems with drug addiction or in cases of excessive indebtedness. Here, the welfare offices within the GMI and as well the PES may serve as an intermediary facilitating access to related services, but de facto there is no real one-stop shop, with the explicit responsibility to plan and enforce an integrated personal strategy for the improvement of the situation of persons with multiple social problems.

1.3 Activation support

It is fair to say that nowadays – after an upgrade over the last two decades – Austria 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 the unemployed as well as for people in active employment), b) “employment promotion” (for example via company integration subsidies like wage subsidies for employers of former long-term unemployed; short-term work benefits; employment projects, such as providing training and jobs in socio-economic enterprises and other employment projects; labour foundations; mobility subsidies etc.) and c) “support” (with a wide range of different measures applied, including different types of counselling for both the long-term unemployed and employers) (for details on respective programs see e.g. BMASK 2014a; 2014b).

Some measures organized by the PES are especially focused on the long-term unemployed or people with other specific obstacles to labour market integration (see BMASK 2014a for more details). However, at the same time one of the main goals of ALMP in Austria is to prevent long-term unemployment.

Specific additional ALMP-measures for recipients of GMI are organized by the federal provinces in co-operation with the PES (see Riesenfelder et al. 2014 for more details).

In 2013, overall ca. 886,000 different persons were registered with the PES as unemployed (flow) and ca. 386,000 different persons were newly integrated into one or more measures of ALMP.15 This is a share of ca. 43.5%.

Riesenfelder et al. (2014) provide reference-date16 data on the integration of so-called “long-term unoccupied persons” and recipients of GMI in ALMP-measures in 2012. According to these data, 36% of the recipients of GMI (supposed to be employable) and 32% of the “long-term unoccupied” took part in an ALMP measure on the reference date assessed.

15 Source: AMS (2014b) & own calculations.
16 This means that the number/share of benefit recipients participating in ALMP-measures was assessed on a specific date.
Overall, the effectiveness of ALMP-measures (regarding the possible future improvement of the employment chances of recipients of such services) tends to be contested. Schweighofer (2013) presents the results of different related evaluations available for the case of Austria. The results are - to use a friendly term - “mixed”, with positive effects only being clearly evident for specific measures and for specific target groups.

From an international comparative perspective Austria performs rather well regarding the long-term unemployment indicator (unemployment lasting 12 months or more; 2013: AT: 24.3% of total unemployment; EU-28: 47.4%; Source: Eurostat\(^\text{17}\)). However, national registry data points in the direction of a rising number of persons not managing to enter lasting employment, but where unemployment is interspersed with rather short spells of employment (or illness). This phenomenon is subject to the national concept of so-called "long-term unoccupied" (Langzeitbeschäftigungslose), which counts persons who have been unemployed for at least 365 days, where an interruption of up to 62 days (due to employment and/or illness) is not taken into account (in the sense that this would lead to a new episode of unemployment). The number of people registered with the PES deemed “long-term unoccupied” increased from ca. 34,500 in 2008 to ca. 82,000 in 2014.\(^\text{18}\) Concerning a lasting integration into employment for specific groups (especially those with very low formal qualifications) substantial challenges are highlighted in 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 being developed to revise the ALMP-programmes of the PES in light of this.\(^\text{19}\)

What would also be useful would be to give more emphasis to additional personalised services and to ensure that such services are available nationwide on a regular basis (see below chapters 2 and 3). This would, however, require a strategy to overcome or at least to reduce the problematic effects of institutional fragmentation in this policy area, with the goal of minimum standards for quality, availability and accessibility.

### 1.4 Conditionality

Recipients of benefits from unemployment insurance normally may not refuse to take part in activation measures and they may be sanctioned if they show a lack of commitment. The same applies if benefit recipients refuse to accept reasonable employment or if they foil employment in other ways. Related rules also apply for benefit recipients of GMI.\(^\text{20}\)

It appears that some flexibility exists in the implementation of these rules. However, the threat of being sanctioned (usually in the form of a temporary suspension of benefits) because of “non-compliance” is a “real” one. In 2013 the PES applied ca. 16,000 sanctions on persons who refused a job offer or a training offer, and ca. 56,000 sanctions on persons who did not show up at the PES despite having an appointment (see AMS 2014b, 81).

One other means of linking activation and benefits is the instrument of higher benefits during qualification and training measures. People participating in qualification and training measures by the PES normally get at least a specific minimum benefit level, stipulated in the rules on the “livelihood allowance” (Beihilfe zur Deckung des Lebensunterhaltes)\(^\text{21}\), which is granted to recipients of unemployment benefit and

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\(^\text{17}\) LFS, indicator [une_ltu_a].
\(^\text{18}\) Source: AMS; http://iambweb.ams.or.at/ambweb/; table GÜ500.
\(^\text{19}\) Reportedly, it is planned to give more emphasis to long-term measures instead of short-term measures, which have dominated until now.
\(^\text{20}\) Benefit recipients of GMI are not obliged to register with the PES.
Integrated support for the long-term unemployed

Austria

unemployment assistance during qualification and training measures. The minimum level of this “livelihood allowance” in many cases is higher than the level of normal unemployment benefit or unemployment assistance.

1.5 Measures specific to older people of 45 and over

Under specific conditions, special regulations apply for people aged 40 and over and 50 and over to the maximum period of unemployment benefits and for people in the age 50+ and 55+ to the maximum level of unemployment assistance.22

A number of different programmes within the ALMP-portfolio of the PES are especially targeted at older unemployed persons (in the age 45+).23

Overall, it is fair to say that the older unemployed are one of the main focus-groups of the PES, and additional funds have been made available recently for this target-group.

2 Coordination between services towards a one-stop shop approach

In Austria, de facto, there is no real one-stop shop, with the explicit responsibility to plan and enforce an integrated personal strategy for the improvement of the situation of the long-term unemployed with multiple social problems.

The typical agency in charge of long-term unemployed persons is the PES-office, usually dealing with benefits from unemployment insurance and activation measures. However, for recipients of GMI, local welfare offices play an important role as well, and other institutions may be responsible for other – more specific – services.

Which institution is responsible for persons facing long-term unemployment depends on the benefits they receive. Recipients who only receive benefits from unemployment insurance are mainly the responsibility of the PES. The welfare offices are in charge of those who only receive GMI. For those who receive both benefits both the PES and the welfare offices are involved to some degree. The PES-offices and the welfare offices within GMI may also serve as an intermediary facilitating access to other social services (provided by other local, regional and national institutions). However, the Austrian model lacks a clear-cut one-stop shop approach, where an integrated case-management would be available for all long-term unemployed.

This institutional arrangement may be sub-optimal from a social-inclusion perspective, but the Federal Republic and the federal province could not – despite the earlier declared goal – agree on stronger institutional integration within the reform of the GMI (which become effective in 2010).

Co-operation between the PES-offices and the welfare offices may at best be termed semi-formalised. Clients can, for example, hand in an application for GMI at the PES, but will then have again to stay in contact with both the PES and the welfare office (especially if they receive both GMI and benefits from unemployment insurance). To facilitate the co-operation between the PES and the welfare offices, a system of data exchange was introduced between them when GMI replaced social assistance.

Concerning the question of regional variation, it appears that within “standard” services and measures organised by the PES, a high standard is offered in all federal provinces (irrespective of some regional differentiation). Yet, when it comes to other personalised services, variation between federal provinces as well as municipalities appears to be substantial. Strong regional variation also applies to the concrete implementation of the GMI, and activation measures organised within GMI (see Riesenfelder et al. 2014).


23 See e.g. AMS (2014a) for an overview.
3 Individualised approaches

In principle, a wide range of different ALMP-measures and other social services are available in Austria. This would allow for support tailored to the needs of the individual, and the case officers at the PES and the welfare offices of GMI have some flexibility and are allowed some discretion to adapt “standard” support pathways to the individual. However, the “standard support pathways” do exist, and case officers should – in principle – follow them. Furthermore, places within particularly costly measures appear to be limited and clients may be obliged to take part in measures which for their needs are sub-optimal, but cheaper.

Overall, practices and internal regulations of the PES and the federal provinces relating to GMI) are rather opaque, making it difficult to give a final and evidence-based judgement on this issue. What is evident is an ongoing public debate about “useless” qualification measures by the PES. But even experts on ALMP (from inside and outside the PES) signal that there is very limited knowledge and empirical evidence on the overall degree to which it is de facto possible for case officers to offer measures to their clients which actually serve their needs and requirements (according to an individualised approach).

Rules on the conditionality of benefits take into account the individual’s personal situation. E.g. for persons looking after children, the conditionality of accepting a job offered is interpreted against the background of the availability of institutional childcare compatible with the job offered.

With regards to “integration contracts” and/or individual “action plans” involving minimum income agencies it must be stressed (as already mentioned above), that the minimum income scheme (GMI) is mainly in the competence of the nine federal provinces, with nine (somewhat) different legal regulations.

According to information provided by the Ministry of Social Affairs, an explicit regulation on a related instrument (integration contract/action plan; called “Hilfeplan” or “Hilfeplanung”) is explicitly laid down in the law of two of the nine federal provinces (namely Salzburg and Tyrol). However, the Ministry does not have sound information on the extent to which these rules are actually implemented in these two federal provinces. Furthermore, similar practices may also exist in other federal provinces (but if so, without an explicit legal regulation, and the Ministry currently cannot provide sound information on that). In all cases, such instruments within the GMI would have to be implemented by the social welfare offices of the federal provinces.

An additional instrument, a so-called “Support Agreement” (Betreuungsvereinbarung25), applies for all clients registered with the PES. In 2013 approx. 39% of all recipients of the GMI were also registered with the PES, and not only with the welfare offices. This means that for this group of GMI recipients an “action plan” applied, irrespective of the differences between the federal provinces regarding such instruments within GMI.

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24 See e.g. http://orf.at/stories/2245768/2245769/
25 See: http://www.ams.at/_docs/001_betreuungsvereinbarung.pdf
# 4 Overview table

<table>
<thead>
<tr>
<th>Effectiveness of benefits &amp; services supporting the long-term unemployed</th>
<th>Please put an X in the column that best represents the situation in your country</th>
<th>Please summarise in a few words and in order of priority the 3 key gaps that need to be addressed to improve effectiveness (if only one gap just complete one column)</th>
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<td>Activation services</td>
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<td>Effectiveness of coordination between employment, social assistance and social services</td>
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<td>Extent of individualised support</td>
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References


