Appropriate social protection and greater equality

Access to benefits of last resort and the distributive impact of monetary family benefits

Michael Fuchs & Tamara Premrov
Poverty & Inequality
Our contributions

Tool
- Microsimulation

Projects
- Non-take-up of minimum income benefit and monetary social assistance in Austria
- Distributive and fiscal impact of monetary family benefits in Austria
Non-take-up of benefits of last resort

- **Key performance criterion** of social protection schemes: do benefits reach their target group?

- Means-tested programmes characterised by access problems
Non-take-up of benefits of last resort

Share of non-take-up in selected European countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Year</th>
<th>Households</th>
<th>Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>2003</td>
<td>56 %</td>
<td>(&gt; 48 %)</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>2010/11</td>
<td>72 %</td>
<td></td>
</tr>
<tr>
<td>Germany</td>
<td>2008</td>
<td>34-43 %</td>
<td></td>
</tr>
<tr>
<td>France</td>
<td>2010</td>
<td>50-64 %</td>
<td></td>
</tr>
<tr>
<td>Lithuania</td>
<td>2011</td>
<td>68 %</td>
<td>(&gt; 43 %)</td>
</tr>
<tr>
<td>Poland</td>
<td>2005</td>
<td>57 %</td>
<td></td>
</tr>
<tr>
<td>Sweden</td>
<td>2001</td>
<td>21 %</td>
<td></td>
</tr>
<tr>
<td>United Kingdom</td>
<td>2013/14</td>
<td>19-23 %</td>
<td></td>
</tr>
</tbody>
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Sources: Bruckmeier et al., 2013; Matsaganis et al., 2014; Eurofund, 2015
Non-take-up of benefits of last resort

What does it mean for policy makers?

- **Failure** in design or implementation of benefit
- Distortion of targeted *welfare impact*
- Reduction of capacity to *anticipate social outcomes* and financial *costs* of policy reforms
- Unjustified *disparities* among eligible households
The Austrian reform

From social assistance to minimum income benefits

• Policy reform in 2010/11

• **Aims**: combating poverty, facilitating access

• **Key amendments**: Increased and uniform minimum standards. Inclusion in health insurance and labour market programmes, more transparency and legal certainty
Increased take-up rates

Source: Statistics Austria; own calculation
Conclusion

• Minimum income benefit reform decreased at-risk-of-poverty rate in Austria

• Take-up rates can be increased by
  • Reduction of stigma / Increased anonymity
  • Assistance in application process
  • One-stop shops
Distributive impact of family benefits

Family tax credit ("family bonus +")

• Tax reform introduced in Austria in 2019
• Aim: tax relief for working parents as long as liable to income tax

Basic security for children

• Minimum income scheme promoted by the Austrian NGO “Volkshilfe”
• Aim: to lift children out of poverty
Distributive impact of family benefits

Increases in equivalised net disposable income by decile

Sources: Statistics Austria, own calculations based on EUROMOD/SORESI; Fuchs & Hollan, 2018b
Conclusion

• Family tax credit: Benefits families with sufficiently high income → horizontal redistribution

• Basic security for children: transfers oriented at material household situation → vertical redistribution
Thank you for your attention!
References


Fuchs, M., Hollan, K., Gasior, K., Premrov, T. & Scoppetta, A. (2019). Falling through the social safety net? Analysing non-take-up of minimum income benefit and monetary social assistance in Austria. EURO CENTRE REPORT. Vienna: European Centre.


