Social Assistance and Means-tested Minimum Income in Austria

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Two different schemes: New Social Assistance (SA) and Former Means-tested Minimum Income (MMI) - I

Means-tested Minimum Income (MMI)

- **2010**: Agreement (“treaty according to Article 15a of the Austrian constitution”) between the Federal Republic of Austria and the federal provinces
  - Outlined the **basic principles** and **minimum standards** of the MMI
  - Additionally: Federal laws of the federal provinces on the basis of the “15a-treaty”
- Expired by the end of **2016** and resulted in different federal laws in principle on the basis of the “15a-treaty”
Two different schemes: Social Assistance (SA) and Means-tested Minimum Income (MMI) - II

Social Assistance (SA)

- **1st June 2019**: “Basic Social Assistance Act” (“Sozialhilfe-Grundsatzgesetz”)

- Binding legal framework by the federal state that applies throughout Austria and provides principles for the nine federal provinces; has to be implemented on federal level by the federal provinces

- **Until 31st August 2022**: Full implementation by six federal provinces, in 3 provinces former Minimum Income laws still apply
Social Assistance (SA): Amount of Benefits

- Maximum rates instead of minimum standards
- Key points of the reform: priority of benefits in kind, in particular for housing costs, restrictions for some groups of Non-Austrian citizens

- Maximum benefit rates in 2022: around € 978 for a single person or a single parent and around € 1.370 for couples per month (2 x € 684,56 per adult)
- The amount is oriented towards the “minimum pension” and is adjusted annually.
Social Assistance - Eligibility

• **General approach:** no specific target groups
  
  – Persons, who can no longer sustain themselves and their families
  
  – Basic requirements for receiving the subsidies have to be fulfilled (e.g. falling below a certain threshold)

• **Subsidiary principle:** no adequate financial resources e.g. income, social insurance or assets

• **Non-Austrian citizens:** right to permanent residence in Austria
  
  – Asylum seekers obtain a right to SA/MMI benefits from the time of their recognition as refugees; lower benefits are foreseen for people eligible for subsidiary protection
Social Assistance/MMI and Children - I

• Maximum rates for children (Basic Social Assistance Act)
  – Abolished by a decision of the Constitutional Court in December 2019
  – Since then federal provinces can determine the benefit rates for children without taking into account the former limitation set down by the framework law.

• Benefit rates for children in August 2022:
  – From € 188,- in the province of Burgenland (SA) until € 264,04 in Vienna (MMI)
  – In most provinces benefit rates vary according to the number of children.
Social Assistance/MMI and Children - II

- Example: Benefit rates for children in Lower Austria

<table>
<thead>
<tr>
<th>Benefit rates granted per child - Lower Austria</th>
</tr>
</thead>
<tbody>
<tr>
<td>One child</td>
</tr>
<tr>
<td>Two children (per child)</td>
</tr>
<tr>
<td>Three children (per child)</td>
</tr>
</tbody>
</table>

- **Supplements for single parents** (not mandatory)
- **Supplements for people with disabilities** (mandatory)
Social Assistance/MMI and Family Benefits - I

• Why are the benefits for children significantly lower than those for adults?
  – In Austria exists a wide range of family benefits which can be obtained for every child as a support of living.

• Certain family benefits are not deducted from the Social Assistance/MMI (do not count as income)
  – Main family benefit: Family Allowance ("Familienbeihilfe")
  – Other supplements: e.g. Tax Credit for children ("Kinderabsetzbetrag")
Social Assistance/MMI and Family Benefits - II

<table>
<thead>
<tr>
<th>Federal province</th>
<th>Lower Austria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Assistance/MMI for 2 adults</td>
<td>1,369,12</td>
</tr>
<tr>
<td>Social Assistance/MMI for 3 children</td>
<td>440,07</td>
</tr>
<tr>
<td>Family Allowance</td>
<td>377,40</td>
</tr>
<tr>
<td>Other supplements</td>
<td>227,40</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>2,413,99</strong></td>
</tr>
</tbody>
</table>
# Social Assistance/MMI and Family Benefits - III

<table>
<thead>
<tr>
<th>Basis of calculation</th>
<th>Lower Austria</th>
</tr>
</thead>
<tbody>
<tr>
<td>SA/MMI per adult</td>
<td>684,56</td>
</tr>
<tr>
<td>SA/MMI per child (3 children)</td>
<td>146,69</td>
</tr>
<tr>
<td>Family Allowance</td>
<td></td>
</tr>
<tr>
<td></td>
<td>until 3 years</td>
</tr>
<tr>
<td></td>
<td>114,0</td>
</tr>
<tr>
<td>Other supplements</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3 children: per child</td>
</tr>
<tr>
<td></td>
<td>75,8</td>
</tr>
</tbody>
</table>
Coverage / Non-Take-Up of Social Assistance/MMI

• **Non-Take-Up:**
  
  − Remains a challenge despite some improvements during the last decade
  
  − Non-take-up-rate is still estimated at around **30%**

• **Reasons for Non-Take-Up:** e.g.
  
  − Complexity of the application process
  
  − Concerns about providing personal information
  
  − Fear of stigma (especially in the countryside)
  
  − Fear of loss of assets (cars, houses, appartements)

• **Evaluation of the last Social Safety Net in 2022** (reasons for Non-Take-Up)
Social Assistance/MMI and Employment Activation - I

- Basic Social Assistance Act: Integration/reintegration of SA recipients into the labour market as a main goal of the Act

- Recipients of MMI/SA who are **fit and capable of work** have to register with the Public Employment Service (PES) and **apply for jobs. Otherwise sanctions!** Loss of an essential part of the benefit

- **They are subject to the same rules as recipients of unemployment benefits and have to take part in activation measures** e.g. job trainings, german language courses.
  - SA/MMI recipients do not have to except a lower salary as laid down in the collective labour agreement
Social Assistance/MMI and Employment Activation - II

- If SA/MMI recipients lose their entire unemployment benefits due to sanctions, the federal provinces do not provide for compensation; the shortages also have a massive impact on the affected recipients.

- 22,851 SA/MMI recipients registered with the Public Employment Service (PES) managed to take on a job out of unemployment in 2021.

- Re-entry allowance ("Wiedereinsteigerfreibetrag"): Deduction of up to 35% of the monthly net income for all those who take up employment.
Thank you for your attention!

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