

# 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)

- **1<sup>st</sup> 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 31<sup>st</sup> 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

| Benefit rates granted per child - Lower Austria |        |
|---|--------|
| One child                                       | 244,49 |
| Two children (per child)                        | 195,59 |
| Three children (per child)                      | 146,69 |

- **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

| SOCIAL ASSISTANCE/MEANS-TESTED MINIMUM INCOME and<br>FAMILY BENEFITS |                 |
|--|-----------------|
| EXAMPLE: 3 children (2, 7 and 12 years; Benefit rates 2022 in €)     |                 |
| Federal province   | Lower Austria   |
| Social Assistance/MMI for 2 adults                                   | 1.369,12        |
| Social Assistance/MMI for 3 children                                 | 440,07          |
| Family Allowance   | 377,40          |
| Other supplements  | 227,40          |
| <b>TOTAL</b>   | <b>2.413,99</b> |

## Social Assistance/MMI and Family Benefits - III

| Basis of calculation          | Lower Austria         |               |               |
|-------------------------------|-----------------------|---------------|---------------|
| SA/MMI per adult              | 684,56                |               |               |
| SA/MMI per child (3 children) | 146,69                |               |               |
| Family Allowance              | until 3 years         | 3 to 10 years | from 10 years |
|                               | 114,0                 | 121,9         | 141,5         |
| Other supplements             | 3 children: per child |               |               |
|                               | 75,8                  |               |               |

## 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 accept 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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