

## **IDSS COUNTRY STUDY**

### **AUSTRIA**

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#### **Section I: Summary**

##### **1. Key features of the MMI reform**

The main challenges, which led to the MMI reform, were the discretionary and localised aspects of social assistance in Austria. The nine provinces had nine social assistance acts with different benefit levels. Beside the regional fragmentation, social assistance supported both individuals unfit and fit for work. The rise in recipients concerned unemployed people. A large share received an unemployment (assistance) benefit at the PES that was below the reference level for benefitting from the social assistance scheme. These recipients had then to comply with conditions of both systems and attend meetings both at the PES and at the social assistance district office. Moreover, social assistance recipients declared fit to work could not access the same services and projects as unemployment (assistance) recipients at the PES. Another issue in many districts, was the low take up rate of social assistance benefit due to stigmatisation and the strict means-testing procedure, which placed responsibilities on the wider family. Furthermore, clients without access to social insurance lacked health insurance. These had to rely on stigmatising ‘social assistance health cards’ issued by the municipality at the doctor’s.

The reform therefore tried to address the provincial and local variations, the low take up rate, the administrative burden for clients, the lack of activation and health insurance. Before this reform episode, other reform activities included the tightening of the provincial social assistance scheme in some provinces. These provinces enforced a harsher means-test and required the recipients to intensively search for a job. The unemployment (insurance) scheme was constricted as well, tighter regulations reduced eligibility and sanctions increased.

The main milestones, which led to the MMI reform, spread over the time period before 1997 to 2007. Before 1997, the Poverty Network was established and yearly conferences on social assistance took place. This led to a motion by Liberals later that year for a federal basic social assistance act in parliament. By 1999, a parliamentary Decree, to ask the minister of social affairs to reform the provincial social assistance act was pushed forward by the Social Democrats and the People’s Party. These efforts however came to a halt from 2000 to 2006. The coalition government at the time (the People’s Party and the Freedom Party, then the Bündnis Zukunft Österreich) came to a deadlock between provinces and federal governments, as the problem was shifted from the federal level to provincial level by the government. The 2006 re-elections led to a new coalition government formed by the Social Democrats and People’s Party and enabled an agreement to be reached on the reform of the social assistance act. The final major milestone, was the decision 2007 decision to negotiate a treaty between the provinces and the federal state according to Article 15a of the Constitution. This resulted in ten actors with different ruling and election cycles participating in the negotiations, with provinces given the option to opt out of the negotiations.

The major intended elements and changes of the Minimum Income Scheme were twofold. Firstly, a national minimum income threshold was going to be introduced with the aim to replace the nine different rates then present in the provinces. Job centres would be the designated entry points and the activation agencies for social assistance recipients categorised as fit for work. The new legislative framework intended to increase the take-up rate, reduce stigmatisation and establish a more individualised system based on social rights.

In addition, it aimed to introduce a co-ordinated and standardised policy on the national level, and thus mitigate the regional legislative power and local variances, including all recipients in the health insurance.

The aim to establish the local PES (Public employment service) as main activation agency was sustained through the political negotiation process. Conversely, a raise in benefits and PES as single-entry point were abandoned.

The main developments during the Design Phase could be described as downsizing the initiative. First, there were conflicts between the coalition government of Social Democrats and the People's Party and between the federal state and the provinces. The Social Democratic Party wanted to lift the benefit rate, but the People's Party demanded a lower benefit in the midst of the financial crisis. Therefore, the benefit rate was set at the then existing level of the provincial benefits.

Second, disagreements between federal government and provinces delayed the negotiations. In the beginning, the provinces agreed on far reaching reforms, as they expected that the federal state would cover the costs of the new scheme to a large extent. During the negotiations, the provinces strongly opposed a shift of the eligibility check to the PES, while still keeping the obligation to provide the financial resources for the benefits at the provincial level. They feared a hike in the number of benefit applicants and thus escalating costs without having control over the expenditures. As two conservative provinces, Vorarlberg and Lower Austria, voted against the full one-stop shop in the end, the eligibility check and final decision on the benefit was left at the discretion of the provinces. However, the inclusion of social assistance beneficiaries without social insurance into the health insurance was sustained, as the national level agreed to a large cost shift from the provincial to the national level.

Third, the PES additionally rejected the responsibility of checking the benefit application and then forwarding the complete documentation to the local social assistance offices. On the one hand, it shied away from the amount of paper work that a thorough eligibility check involves, recognising that the nine provinces would demand quite diverse information of the clients. On the other hand, the PES questioned the split of responsibility between federal state and provinces, as the PES was not allowed to exert any authority at the provincial level. Such reforms would need a qualified majority in parliament. Consequently, the local offices were only supposed to hand out and take in applications, and then forward them to the local provincial authorities without any further checks performed by the PES.

In the coalition agreement of 2007, the aim was to provide equal services for minimum income beneficiaries at the PES. Previously, the PES had to take in everybody looking for employment and able to work, but they were not obliged to deliver the same services to someone not receiving unemployment benefits. With the new regulation, the local offices have to support minimum income recipients with regular appointments, counselling and programmes, courses, training and subsidised

employment in so-called social enterprises (Sozialökonomische Betriebe). Moreover, the federal state allocated resources to expand programmes to people with low labour market attachment.

In 2008, snap elections, resulted again in a coalition government of Social Democrats and People's Party. Erwin Buchinger (Social Democrats) stepped down as Minister of Social Affairs and Rudolf Hundstorfer (Social Democrats) succeeded him, stating that the agreement between the provinces and the federal state had to be signed swiftly.

In 2009, the economic crisis led to a successful reduction of the intended benefits by the People's Party, shifting the public debate from poverty alleviation to activation.

By 2010, the downsizing framework agreement was passed in federal parliament and nine provincial acts were established in the following year.

Numerous actors, with varying roles, were involved in the MMI reform. The Poverty Network for example, an NGO network, supported the new scheme and was an important actor during the agenda setting process. The Social Democrats were more focused on supporting employees, however were advocates of a strong federal state. The People's Party on the other hand was in strong opposition to the federal MMI, while the provinces supported the reform under the condition that the federal state would take on responsibilities and cover the costs. Finally, the PES, as regular customers of their services, were ambivalent towards the MMI.

In terms of the impacts of the reform, the main challenge was the strong regional and institutional fragmentation, which has not ceased to exist in Austria with the reform. During the reform, it became obvious that agreements are necessary tools to overcome regional and institutional divisions. However, the negotiated Art 15a agreement was insufficient. The implementation depended on provincial actors and full support by the provincial governments.

In general, a broad scope of reliable ALMP measures exists in Austria but was only partially accessible to MMI recipients. Additionally, specific measures for the people furthest away from the labour market have been developed and intensified in the context of the MMI. New approaches have been developed in all provinces, some case management approaches were even rolled out in all districts.

Poverty alleviation has been tackled from different angles, such as through minimum benefit levels. All provinces introduced minimum benefit levels instead of standard reference rates. Consequently, the benefit must be paid at the minimum level and cannot be calculated at a lower rate (which was possible with standard reference rates). All recipients were included in the health insurance, as the municipalities paid a small contribution into the health insurance and the federal state covered the uncovered expenditure of the health insurance.

Less strict means-tests have also been implemented. Recipients are now entitled to hold a small amount at the bank, wider family cannot be taken into account for repayment of the benefit and the recipients themselves do not have to pay back, when they are employed again. With regards to the information at the PES, unemployment (assistance) beneficiaries are informed about the MMI and obtain the application form at the PES. In addition, the bureaucratic aspects and necessary paper work have been reduced due to the connection of federal and provincial data. There has also been a higher take-up rate, with more people entitled to receive benefits now applying for them.

With regards to the activation of the MMI reform, MMI-recipients obtain more intensive counselling and access to a wider range of programmes and projects at the PES. There have also been stricter controls by district offices due to transfer of PES data, and the roll out of case management procedures for MMI-recipients in some provinces. Finally, there are more employment opportunities for MMI recipients in socio-economic enterprises.

There have been numerous reforms that took place after this initial reform period. A major reform included the term of the treaty, which was originally set to a fix term. As the provinces and federal state were not able to come to an agreement on a new treaty, the provinces have now taken on the task to re-develop their own MMI acts. Furthermore, restrictions have been placed on refugees who now receive lower benefits and are faced with higher level of conditionality in some provinces. In terms of data transfer and access to PES services, these remain upheld. Finally, the MMI recipients are not a specific target group of the PES anymore.

## **2. Driving forces, success and failure factors of the MMI reform**

In the agenda setting, the poverty network and opposition parties were driving forces behind the reform. The political process was however delayed, as – to put it in a nutshell – the People’s Party and Freedom Party (then Bündnis Zukunft Österreich) wanted to shift problems and costs to the provinces and the provinces wanted to shift problems and costs to the federal level.

The Social Democrats pushed for reforms as an opposition party, with Erwin Buchinger as the political entrepreneur. The demise of the Minister of Social Affairs weakened the support for the reform within the Social Democrats.

The Art. 15a treaty between federal state and provinces opened up multiple veto points for provinces. The renegotiations allowed for provincial discretion again, as aspects of additional payments, intake procedure and conditionality were left largely unregulated. The reform was then blocked by the provinces on aspects of the one-stop shop, as the federal state did not want to cover all costs and the provinces did not want to pay without having control over the benefit payments.

The People’s Party (in a coalition government with the Social Democrats then) backed the strategy of the provinces in the decision process. The federal state paid for health insurance and activation and reformed the PES. It also provided for the necessary legislation to make federal data available to the provinces to ease the application process and track clients job search activities. The snap elections delayed the reform process and opened a window for the People’s Party to demand lower benefits.

## **3. Good practices and dissemination possibilities in an EU context**

One main achievement of the Austrian MMI reform was the implementation and solidification of a cross-institutional approach between PES, district offices and activation services, which provide case management in all districts and most provinces. Overall, the collaboration works well in practice and is sustainable even beyond the specific duration of projects or the Art 15a agreement between provinces and federal state. Once such a network is established, it can help to cope rapidly with complex cases through data transfer and intensified cooperation between all relevant actors. The

more integrated delivery of benefits and services certainly improves the circumstances of MMI recipients.

The main challenges were the selection of recipients for these services, which varies from one province or district to another. An improved targeting that integrates the knowledge regarding the recipients from PES and district offices is needed.

Another challenge is the rather limited amount of resources for recipient's case management. More timely intervention at an earlier stage in the benefit system is needed for younger clients and recipients who face multiple problems beyond unemployment.

The amount of data requires good data management at the local level in the MMI scheme. Caseworkers have to automatically obtain the necessary information and without being required to sort through massive amounts of data or manual searches in different databases each month.

The costs of upholding such a new collaboration scheme have not been addressed at the beginning, and that was only clarified during the implementation process.

The PES itself has to integrate MMI recipients up to a certain degree. However, in some provinces, the underlying pattern is still to push MMI recipients in the programmes for those furthest away from the labour market. A more personalised client-based approach in selecting activation programmes would help to overcome segregation according to unemployment insurance status.

## **Section II: Detailed description of the reform episode**

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## 1. Setting the scene

### 1.1. The broad socio-economic and political context

The Austrian welfare state rests on a strictly institutionally and legally separated two-tier system of social insurance and social assistance. Hence, social assistance and unemployment insurance are separated: the former is subject to provincial legislation and the latter a matter of national concern (Obinger and Tálós 2010).

At the end of the 1980s, first debates about the shortcomings of poverty policy started on wider scale. On the one hand, the provinces experienced a higher demand for social assistance benefits due to rising unemployment rates, precarious forms of employment and single parenthood (Tálós and Mühlberger 1999, Zartler et al. 2011, Dimmel 1989). On the other hand, non-governmental organisations formed an anti-poverty association (Armutnetzwerk) that promoted a radical administrative change (Fink and Leibetseder 2017).

After the annual conference of the anti-poverty network, the Liberal Forum<sup>1</sup> (Liberales Forum) motioned for a resolution on a federal basic social assistance act in the national parliament, which was presented as a prerequisite to securing the fundamental social rights<sup>2</sup> in 1997. Following the motion, the parliamentary committee on social affairs and work discussed the proposal, whereby Social Democrats and conservative People's Party, as governing parties, then submitted an altered proposal. In the end, Social Democrats, Liberals and People's Party voted in the parliament in favour of a decree that requested the ministry for social affairs 'to start talks with the provinces to progress social assistance'<sup>3</sup> in 1999.

After elections in 2000, the People's Party and Freedom Party (Freiheitliche Partei Österreich), then BZÖ (Bündnis Zukunft Österreich), proposed considerable reforms, but they could not get the provinces on board in their two governing periods (Pfeil and Otter 2011). In 2007, a coalition government of Social Democrats (Sozialdemokratische Partei Österreich) and People's Party (Österreichische Volkspartei) settled on the reform. After years of negotiations between federal and regional government, a new framework agreement between provinces and the federal state was agreed upon in 2010. The new Minimum Income Regulation (Bedarfsorientierte Mindestsicherung) was intended to provide the same benefit level and access to unemployment services nationally, which was then adopted by the provincial governments in their new provincial regulations.

### 1.2. The activation and poverty alleviation agenda and other relevant political issues

In the Austrian scheme, activation policy had some tradition in the field of labour market policies since the 1980s. It has been subject to many political debates. However, main reforms were always negotiated between the representatives of trade unions and employer's association. In 1980s, Austria deviated from Keynesian economic policies and unemployment rates rose in the years after. Likewise, the entry into the European Union introduced tighter budgets (Talos and Badelt 1999).

Since the 1980s, eligibility criteria in the unemployment insurance regime have been tightened and the benefit level lowered. However, the replacement rate was always quite low compared to other countries, putting pressure on the unemployed to find a job early on (Atzmüller 2009, Tálós 2005).

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<sup>1</sup> The Liberal Forum, Liberales Forum, was formed in 1993 as liberal party, when it split from the Freedom Party, which was far right leaning from this point onwards.

<sup>2</sup> 388/A XX.GP; [http://www.parlament.gv.at/PAKT/VHG/XX/A/A\\_00388/index.shtml](http://www.parlament.gv.at/PAKT/VHG/XX/A/A_00388/index.shtml).

<sup>3</sup> 880/der Beilagen zur XX. GP [http://www.parlament.gv.at/PAKT/VHG/XX/II/00880/fname\\_139756.pdf](http://www.parlament.gv.at/PAKT/VHG/XX/II/00880/fname_139756.pdf). The Freedom Party did not comment at this stage of the political process.

Mid- 1990, the main change was a new service structure for the PES. The new structure introduced a tighter sanction policy and more emphasise on faster re-integration in the labour market, introducing activation policies. The shift towards services for unemployed and enterprises realigned the labour market policies with the economic structure and pushed unemployed in a more liberalized, and precarious, employment structure (Atzmüller 2009).

These measures reduced the costs for benefits and service provision (Tálos 2006). However, the Bismarckian tradition ensured some support for the labour force threatened by mass layoffs. The activation scheme also provided generous and long-term re-education programme for previous employed, whose qualifications were out-dated or unwanted due to the structural change (Obinger and Tálos 2010, Tálos 2006).

In the field of poverty alleviation, the regionalised and localised discretionary elements raised public debates early on (Pfeil 1989). Higher long-term unemployment increased the costs for provincial social assistance scheme, leading to tighter eligibility checks and small-scale activation programs in larger cities (Tálos 2003). Overall, the policy debate oscillates between the need to provide a tight social safety net and the requisite to re-integrate people in unemployment and social assistance scheme in the labour market up to the reforms in 2010 (Fink and Leibetseder 2017).

Poverty alleviation has been less prominent in the last phase of the policy design. Then, the debate shifted to the activation and emphasized workfare and the principle of less eligibility, pressed by the conservative People's Party (Österreichische Volkspartei). The shift presented an 'undeserving' poor and diminished the impact of the reform (Fink and Leibetseder 2017).

Within the first years after the implementation of the new minimum income scheme two debates were presented in the public. On the one hand, the discussion centred on the rising rates of recipients. The number of recipients rose sharply in Vienna, which then was targeted as splashing out money without conditionality by the other provinces, which are run by conservatives. The Viennese social democratic – green coalition government, thus, re-shifted its policies and increases conditionality without lowering benefits too much, to avoid being blamed as deficit spending. On the other hand, the influx of asylum seekers in 2015 presented a scapegoat for the conservative People's party to dismantle the regulation. Asylum seekers, who are accepted as refugees, are entitled to MMI and obtained the full benefit rate. Conservative provinces demanded a lower benefit (also for housing). The People party was able to push cuts at the provincial level and then hamper the negotiations for a new MMI at the federal level.

### 1.3. A brief overview of the institutional setting at the starting point of the reform

The governance structure of provinces and PES is strictly separated. As mentioned above, the Austrian welfare state, as a Bismarckian one, rests on a strictly institutionally and legally separated two-tier system of social insurance and social assistance (Obinger and Tálos 2010). Legally, the system did not define any cooperation between the PES and the social assistance scheme. However, most social assistance recipients were registered as unemployed at the local PES (see section 1.5 on practices).

Article 12 of the federal constitution (B-VG) divides the responsibility for poverty relief (Armenwesen). In relation to poverty, the constitution gives the federal state the right to establish a basic welfare act, which would include a minimum benefit level, entitlement regulations and certain minimum requirements for the procedure. The provinces, then, have to form an implementation law and implement the regulation them, in collaboration with the municipalities. However, in 1967, the federal ministry waived all attempts to install a basic welfare act. Between 1967 and 1971, the heads

of the provincial social departments drafted their own proposals for social assistance acts. Subsequently, provincial social assistance laws came into force with slight alterations in the early 1970s (Melinz 1989).

These acts were frequently amended. In the late 1990s, the provinces transformed their legislations to take into account the rising need and introduce certain elements of activation. In the mid-2000s, two provinces circumvented the national discussions and introduced laws that intended to strengthen minimum income schemes. However, the division of labour between federal state and provinces has not been altered.

**Table 1: Provincial Social Assistance Acts**

	1st social assistance act poverty alleviation	2nd social assistance act activation	3rd social assistance act minimum security
Burgenland	1975	2000	-
Carinthia	1974	1996 1)	2007
Lower Austria	1974	2000	-
Upper Austria	1973	1998	-
Salzburg	1975	2000	-
Styria	1977	1998	-
Tyrol	1973	1999	2006
Vorarlberg	1971	1998 1)	-
Vienna	1973	structural changes	-

Source: (Leibetseder 2008)

1) re-announcement and structural changes

The division of labour between federal state and provinces has not been altered in the field of social assistance until 2010/11. The provincial acts defined the benefit level, the entitlement regulations and the activation. The costs were split between the provinces and the municipality, some acts split the costs equally, others divide them 40:60 or 60:40. The municipalities manage the budget itself, but they have to render the benefits as matter of right to clients. Some provinces had stricter outlines for benefit calculations, others embarked in rather discretionary localized practices (Melinz 2009, Leibetseder 2008, Leibetseder, Altreiter, and Leitgöb 2013).

The regulation about activation was up to the provinces, some also allocated resources towards programmes. Nevertheless, huge local variations existed, as some (mostly larger) municipalities employed some budget and provided programmes and training themselves or in collaborations with welfare associations, whereas others checked the appointment cards of the PES or just asked recipients to sum up their monthly applications (Leibetseder 2008, Leibetseder, Altreiter, and Leitgöb 2013).

Tax money finances the social assistance scheme. As the provincial and local level has little power to raise their own tax, the financial equalisation pacts between federal state, provinces and municipalities and communities distribute the budget between the multiple tiers of governance.

**Table 2: Division of Labour in the Field of Social Assistance up to the Reform**

Phases	Central/ Federal	Regional/ County	Municipal/ Local	Sub-municipal
Legislation/regulation		Provincial acts		
Funding		Split funding between provinces and local municipalities		
Programming/planning		provincial governments and municipalities, districts		
Production/delivery			Local governments, district associations	welfare organisations, for-profit organisations
Activation		province and local governments		welfare organisations, for-profit organisations
Monitoring/evaluation		monitoring and evaluation on provincial level		

Own compilation

In contrast, the public employment service (Arbeitsmarktservice) is regulated at the federal level. The public employment service has been outsourced from the then Ministry for Labour and Social Affairs in 1994 and was re-organized as quango, a quasi-autonomous non-governmental association. Officially, it is now a service enterprise under public law (Dienstleistungsunternehmen des öffentlichen Rechts). It still performs governmental functions, as it decides with official letters about benefit entitlements, sanctions and conditionalities. Moreover, the PES receives the financing from the unemployment insurance and tax money. However, the services in active labour market policies are not rendered as matter of rights to the client, therefore, the PES also engages in voluntary provision of services (BMASK 2013).

Three different legislative acts regulate the structure and tasks of the PES (Arbeitsmarktservicegesetz), the resource allocation (Arbeitsmarktpolitik-Finanzierungsgesetz) and the rights and duties of the unemployed (Arbeitslosenversicherungsgesetz) on the federal level.<sup>4</sup>

The public employment services are organized in three layers: The federal level collaborates tightly with the Ministry of Labour (and then Economy, now Social Affairs), nine provincial offices and slightly above hundred local offices. At each level, the directors (at the provincial and local level managers) are supported by an administrative board, which are in turn appointed by the ministry (or provincial governments) and the social partners (employer's and employee's representatives) (BMASK 2013).

**Table 3: Division of Labour in the Field of Unemployment Benefit Provision**

Phases	Central/ Federal	Provincial Office	Local Office	Outsourced
Legislation/regulation	Federal Acts			

<sup>4</sup> [https://www.sozialministerium.at/site/Arbeit\\_Behinderung/Arbeitsmarkt/Arbeitsmarktpolitik/](https://www.sozialministerium.at/site/Arbeit_Behinderung/Arbeitsmarkt/Arbeitsmarktpolitik/), accessed 2 May 2017

Funding	Mainly unemployment benefits and some taxes	Aims for province and local offices		
Programming/planning	Framework	Framework conditions for local offices		
Production/delivery		Support for local offices	Benefits, services, counseling	welfare organisations, for-profit organisations
Activation		Provincial and local offices		welfare organisations, for-profit organisations
Monitoring/evaluation		Monitoring and statistics		

Own compilation

The funding is mainly regulated at the federal level, on the one hand, through the contributions to the unemployment insurance; on the other hand, through some tax money for active labour market policies and certain target groups (also European Social Funds). Sometimes, the provinces add for specific programmes financial resources.

Overall, the budget for active labour market policy increased since 1974, from 55 million Euro to 1,4 billion euro in 2016 (not adjusted to inflation).<sup>5</sup> Additionally, a quarter of all unemployment beneficiaries does not obtain a regular benefit, but a so-called ‘activating’ benefit. These ‘activating’ benefits are paid for people in re-training programmes and older employees before retirement working part-time (Leibetseder 2014).

The programming sets out at the federal level, where the board of directors defines a framework according to the goals of the ministry. The board aims to establish a nationally uniform application of the acts in fundamental matters (like benefit calculation) and allows for decentralised implementation in other matters (like education and training), to cater the needs of the regional labour markets. They also decide about the distribution of human resources and control the provincial offices, as they obtain the monitoring data from the provincial level (BMASK 2013).

The provincial offices implement the framework set out by the federal level, but they are required to adapt it according the regional and local labour market requirements. They provide support for the local offices and monitor unemployment and labour market development. At the provincial level, they also develop activation programmes and distribute the budget accordingly. The local offices mainly support people to obtain benefits and find a job, they provide counselling and access to activation and training programmes. These activation and training programmes are outsourced to non-profit and for profit provides, which can be tied to a specific local office, but are often provided for larger entities (BMASK 2011, 2013).

In reality, the planning and budgetary allocation is rather centralised. The federal level sets out narrow terms and the provincial and local level work accordingly. De-centralising efforts are also

<sup>5</sup> <https://www.sozialministerium.at/>, Aktiv-Passiv-Ausgaben seid 1974, accessed 5 July 2017

hampered due to limited resources. In general, only smaller amounts of the budget can accommodate provincial or local initiatives.

#### 1.4.A brief overview of the benefit system at the starting point of the reform

There are various benefits in the first tier of support that all interact with the social assistance system. The main types of benefits that interact with the social assistance scheme for people of working age are the unemployment insurance benefit (Arbeitslosengeld), the long-term income-tested unemployment assistance benefit (Notstandshilfe). Those are federal benefits. In addition, social assistance (and housing benefits) supports low-income groups substantially at the provincial level.

Unemployment insurance and assistance benefits require contributory periods to the social insurance scheme. Only persons who have been previously employed above the minimum social insurance threshold (Geringfügigkeitsgrenze) for 52 weeks (above 25 years) or for 26 weeks (up to 25 years old) are eligible for the benefit. In subsequent spells of unemployment, the minimum insurance periods are lowered. Next to the contingency of a minimum insurance period, claimants need to be basically capable of work and be willing to work in a suitable job.

The length of unemployment insurance benefits varies with age and contribution periods, but it is at least six months. Then, people have to file for the income-tested unemployment assistance, which takes into account the own and the spousal income, but has some earning disregards. Both benefits offer higher payments in case of dependent kids.

Although the unemployment insurance benefit replacement rate is 55% of the net previous income, the unemployment assistance benefit is 95% of the unemployment insurance benefit. This tight actuarial principle lowered the average unemployment insurance benefit for women to 24.40 Euro per day (742 Euro per month), for men 29.90 Euro per day (909 Euro per month), and unemployment assistance benefit for women to 18.50 Euro per day (563 Euro per month), for men 22.90 Euro per day in 2010 (696 Euro per month). These benefits only provided for men on average an income above the poverty threshold in the first six months of receipt (AMS-data, own calculations).

Consequently, long-term unemployed are at a risk of poverty in Austria, as there are not any minimum benefits in the unemployment insurance scheme.

At the provincial level, each province set up own social assistance benefits and entitlement criteria. In 2010, before the new regulation, the benefit for a single person varied between 461 Euros in Vienna and 632 Euros in Carinthia. However, additional payments for housing, heating etc. differed as well (BMASK 2010). The so-called standard rate (Richtsatz) was an average amount below the standard living costs for an average person. In some cases, the welfare office might have made an exception and granted a higher amount, but ordinarily it gave at or below the standard rate.

This flexible standard rate considered the principle of individuality, adapting to the individual situation of the applicant and the principle subsidiarity taking into account all other means of support. Nevertheless, the function of standard rates was to cover the regular minimum living requirements and therefore the standard amount was legally mandatory in the absence of facts leading to a cut of the benefit (Pfeil 2001). However, in (the) everyday life of the welfare office, the standard rate was not the average amount granted, it was a 'maximum'. Claimants had to prove that they receive income below the maximum standard rate and then they could access benefits to secure a living (Dimmel 2003).

As a strict means-tested benefit, income and assets were taken into account. In case of a freehold flat, the social assistance office enshrined its rights into the land register and claimants had to sell their cars and use all their savings first. Former recipients had to pay back benefits, if they gained access to a certain income or assets. Persons legally obliged to support the recipient (spouses, former spouses, parents of minors, children) had the duty of repayment. In certain provinces, parents of adults had to pay back benefits as well as grandparents and grandchildren (Pfeil 2001).

The strict means-test and stigmatising procedures at the welfare office lead to a non-take-up of half up to two-third of eligible claimants depending on the province (Fuchs 2009). In 2010, 0.28 of the population received social assistance in Burgenland and 6.8% in Vienna for example. In the previous years, the number of recipients rose sharply. Almost two thirds of all recipients were living in Vienna (see Table 4). Overall, taken, the composition of Vienna in 2008 indicates that at least one third are kids (and in education) and one tenth is above 60 years old. In total, 57,000 households obtained benefits. Out of them, roughly 40,000 were single households, 6,000 single parents and 7,500 two parents with kids. Only, 2,700 household were couples without kids (Pratscher 2010).

Table 4: Social assistance recipients (province from 2000 to 2010)

Year	2000	2003	2005	2006	2007	2008	2009	2010
Burgenland	889	751	815	846	867	903	1.008	989
Carinthia	1.065	1.170	1.293	1.352	1.445	2.109	2.037	1.587
Lower Austria	7.596	8.210	10.500	11.342	13.012	14.040	15.308	14.000
Upper Austria	2.362	3.101	5.852	4.472	4.531	6.607	7.502	7.441
Salzburg	8.630	9.819	11.076	11.062	10.606	10.571	11.083	11.057
Styria	5.361	3.990	4.090	12.082	14.472	13.716	15.552	13.384
Tyrol	6.057	7.413	9.808	10.009	10.386	10.211	11.283	11.514
Vorarlberg	3.057	2.622	2.272	3.926	8.531	9.238	10.013	10.421
Vienna	46.037	70.333	79.964	83.523	88.629	93.547	100.031	106.675
Austria	81.054	107.409	125.670	142.278	152.479	160.942	173.817	177.068

Source: (Leibetseder, Altreiter, and Leitgöb 2013), data Statistik Austria

Given the high number of kids, elderly and single parent households (were some kids may be below two years old), half of the social assistance population were not required to look for a job. Additionally, some of them obtained some income from work below the social assistance threshold and some of them received too low unemployment (assistance) benefits.

Social assistance was based on the principle of subsidiarity. The task of social assistance was to enable those in need of help to live in keeping with human dignity and the ideal aim was considered the attainment or re-attainment of the needy person's ability for self-help (Pfeil 2001, Stelzer-Orthofer 1997).

As a sub-principle of subsidiarity, the claimant has to make use voluntarily of his or her means and abilities (Einsatz der eigenen Mittel und Kräfte) as a pre-requisite for eligibility (Bacher, Dornmayr, and Seckauer 1993). In principle, all people of working age, who were not employed full time, could be asked to look for a job or another position. People excluded from the requirement to 'overcome their situation of need' were people with serious health problems, dependent children (up to two or

three years depending on the province) and/or lack of childcare facilities or people in full-time employment (Pfeil 2001). However, it was up to the local municipalities to enforce the job search.

In reality, recipients had to be registered as unemployed at the public employment service or had to show their monthly applications (either a list or collect stamps from companies in person on a sheet issued by the social assistance office), that depended on the province and local office. Some provinces also provided activation programs and jobs for social assistance recipients. In case of non-compliance, some provinces cut the benefit for short period fully, some reduced the benefit by half. However, the decision to sanction varied by province and local office (Pfeil 2001, Leibetseder 2008).

As the requirement to ‘overcome their situation of need’ was very deeply engrained, recipients were not allowed to obtain qualifications or look for a specific job. Only young recipients, who started an education before they turned 18 and were likely to finish it in due time, were allowed to continue the education or the apprenticeship.

#### 1.5. The main agents involved in managing the benefit system and providing employment and social services

Public employment service (PES): autonomous, public body (financed by the federal government and through the social insurance scheme), benefits for unemployment insurance scheme and services for all people registered as unemployed, able and willing to work, 9 provincial offices and above 100 local offices (2015 5,800 employees).

Local governments: nine provincial acts, financed by taxes, districts (Bezirke) (in some provinces so-called district associations (Sozialhilfeverbände)) (slightly above 80 in 2010) and larger municipalities (Statutarstädte, 15) check eligibility, pay out social assistance benefits and enforce conditionality, some municipalities serve up to 1.8 million (Vienna), whereas smaller districts only 20,000.

Depending on the province and district, some local NGOs may receive financing to provide services or run activation programmes. The scope of the involvement varies. Usually, they provide services to less employable clients and may also incorporate advocacy functions. Additionally, the municipalities themselves offer activation services or employ long-term social assistance recipients. Overall, municipalities are free to run their own activation services. In some provinces, the provincial government implement certain services at the provincial level or provide some funding to municipalities for services. As, traditionally, social assistance schemes cared for less employable clients on the local level, for profit organisations have not catered for these localized and smaller market.

1.6. Brief description of the institutional status quo before the reform

<b>Name of provision (benefit or service)</b>	unemployment (insurance/assistance) benefit	active labour market policy	social assistance benefit and activation
<b>Main purpose of the benefit/service</b>	income maintenance in case of unemployment	increase job-take up and provide training and education for the unemployed	minimum income maintenance and re-gain of ability to self-help
<b>Main access criteria (insured, means-tested, other criteria, e.g. age, family status, etc.)</b>	Insurance period, after six months income-test, registered as unemployed, able to work and willing to work	registered as unemployed, able to work (age, health, children) and willing to work	strict means-test and, in case of working age, job search, activation programmes
<b>Target group and its size in proportion to total non-working active age population</b>	229,000 in 2011 (yearly data) (approx.. 15%)	192,738 (own calculations, (BMASK 2011) table A1 ) (yearly data) (approx. 12%)	all people below the social assistance benefit threshold  Fuchs (2009) estimates that approximately 49 to 61% of all households do not claim benefits, the target group of potential social assistance claimants varies between 347,000 to 545,000 persons (including children, persons above 65 years old, etc.) (approx. 20%)
<b>Who is the main actor that determines the client journey?</b>	Public employment service	Public employment service	Local district or municipality

<b>Who evaluates claims for this benefit / decides on who can participate in this service (if the service is open to all, please indicate that)?</b>	Public employment service	Public employment service	Local district or municipality
<b>Who enforces the activation (job search, accepting job offer, etc.) requirements (if these exist)?</b>	Public employment service	Public employment service	Local district or municipality
<b>Who decides on sanctions (in case of non-compliance)?</b>	Public employment service	Public employment service	Local district or municipality
<b>Who pays the benefit / delivers the service?</b>	Public employment service	Public employment service	Local district or municipality (some decided by the province)
<b>Who provides the funding behind (e.g. local government using their own revenues or local gov. using a per capita subsidy from the central budget)</b>	Social insurance scheme and taxes	Social insurance scheme and taxes (some measures are co-funded by provinces)	Local government using their own budget, some parts get funded by provincial government

The setup of the old scheme separated the unemployment scheme and the social assistance scheme. Both, however, had (and have) overlapping target groups. Unemployment (insurance/assistance) benefits did (and do) not provide a minimum benefit; therefore, clients with low benefits and without any other means had to ask for a supplement payment at the social assistance office (Leibetseder 2008). The social assistance scheme also supported clients, who were able to work, but have not acquired the minimum contributory period in the social insurance scheme to be entitled to unemployment benefits. To activate these clients, the local social assistance offices relied on the services of the PES to activate the clients or provided their own services.

The PES had to serve everyone, who was registered as unemployed, able and willing to work. However, some social assistance recipients were not obtaining unemployment (assistance) benefits simultaneously. These recipients were not perceived as core client group of the PES. Depending on the district, the level of support, especially active labour market programmes, may have been lower than for unemployment benefit recipients. Often, it was up to the provincial and local offices to integrate social assistance recipients regularly into the unemployment clients and it depended on the collaboration with the provincial and local social assistance administration (Leibetseder, Altreiter, and Leitgöb 2013).

Institutionally, the old system had a few inefficiencies: no minimum unemployment benefits, low take-up rate in the MMI, lack of activation in some regions or double activation by social assistance and PES in other regions, limited access to activation services at the PES, no national minimum but nine different standard rates.

The take-up rate of social assistance rate has been rather low. Unemployment beneficiaries tried to survive on their low unemployment benefits and abstain from going to the social assistance office, as the rather thorough means-test and high stigmatisation also deterred eligible groups. Others did not know about the possibility (Leibetseder, Altreiter, and Leitgöb 2013).

The social assistance scheme enforced conditionality and people who were classified as fit to work, had to register as unemployed at the public employment service. Additionally, municipalities and districts provided placement services, training programmes and subsidised employment. Nevertheless, these requirements have not been rolled out nationally and it was up to the local municipalities and districts to check and enforce job search or provide active labour market policies (Leibetseder, Altreiter, and Leitgöb 2013, Leibetseder 2015a).

Of course, social assistance recipients had the double burden: They have to prove their eligibility for a benefit twice and, in many municipalities and districts, had to prove their job search activities twice as well. Moreover, the recipient's access to services depended on the district or municipality that they lived in likewise.

## 2. Details of the reform episode (initiative)

### 2.1. Brief description of the initiative

The aim of the initiative was to harmonise the nine provincial acts, reduce poverty, to increase the take-up rate and to reintegrate social assistance recipients into employment (Art.15a^Vereinbarung 2010b). Therefore, the problems intended to cure were the unjustified variations across the provincial acts, the low benefit rates in some provinces, the limited access of eligible people to benefits and to activation services.

The initiative was launched, after years of debate, in the coalition agreement of Social Democrats (SPÖ) and conservative People's Party (ÖVP) in 2007. After four years of negotiations, the final regulation passed the national parliament in 2010.

The provinces then agreed on new minimum income acts in their regional parliaments and implemented the changes in the following years. The public employment service established services and redesigned its intake procedure. It was intended that all recipients file their claim for benefit at the local public employment services, which then forwards the claim to the respective municipality or district office.

### 2.2. The rationale behind the initiative

There were two main changes that were expected to improve the fragmentation of the old system: first, a national minimum income threshold would replace the nine standard reference rates of the provinces, which usually granted a benefit at or below that rate and incorporated a discretionary element for the caseworker, and assist to alleviate poverty. Second, the job centres were to serve as entry points and activation agencies for those social assistance recipients considered 'fit for work', thus lowering the entry barriers to the benefit and increasing the re-integration into employment.

The mechanisms were to enforce a minimum rate at the national level, to relocate the in-take to the PES and to provide more resources to the PES to re-integrate the recipients. All these mechanisms could lead to expected changes. However, these mechanisms were intended to be implemented by the provinces, districts and PES.

Consequently, the mechanism can only work insofar as they have not been re-negotiated by the provinces and the PES to allow for discretion and as they are implemented. Both conditions originate in the Austrian constitution and the set-up of responsibilities between federal and provincial level.

The federal state and the provinces have to agree on the division of responsibilities and therefore, the reform initiative relies on a specific instrument of the constitution. The Austrian constitution enables the federal state and provinces in Article 15a to agree on issues that affect each own jurisdiction, in other words, they can agree to regulate certain issues together, which may involve the jurisdiction of the provinces, the provinces and the federal state or the federal state. This intrastate treaty is binding for all ten partners, if all nine provinces and the federal state pass it in their respective parliaments.

In the treaty on the MMI, the federal state and provinces set out the main objectives that the provincial acts have to fulfil and additionally list the tasks for the public employment services concerning activation services and the federal state concerning funding. For this instrument, the decision process involves ten actors. Each of the actors can block a decision. Taken nine provinces and one federal state, elections may come up and new coalitions may be formed, changing the power position during the negotiation process.

In case of the intake through the public employment service, the negotiations levelled the position of the public employment service. In the beginning, the employment services were intended to calculate the benefit and pay it out as well. In the end, the public employment services were only expected to inform about the benefit, hand the claim form to the client and take it back in and forward the form to the respective municipality. However, they do not have any advisory role or check the application (Art.15a^Vereinbarung 2010b, Leibetseder and Leitgöb 2014).

In that respect, the design of the measure has been downgraded due to the mechanism of the Art. 15a agreement laid down in the constitution. The thorough means-test requires multiple documents and detailed information on household members, income and costs of housing. To fill out the form without help is hardly possible.

Moreover, the provincial government and provincial public employment services had to negotiate on the division of labour and form of collaboration as well, they had to sign an administrative agreement about the collaboration, which sets out the general terms (Leibetseder, Altreiter, and Leitgöb 2013). The mechanism relies on a commitment on the provincial level to define the terms and agree on adapting the intake-procedure and activation in both administrations.

### 2.3. Detailed description of the NEW system

<b>Name of provision (benefit or service)</b>	unemployment (insurance/assistance) benefit	active labour market policy	minimum income scheme and activation
<b>Main access criteria (insured, means-tested, other criteria, e.g. age, family status, etc.)</b>	income maintenance in case of unemployment	increase job-take up and provide training and education for the unemployed	minimum income maintenance and re-gain of ability to self-help
<b>Target group</b>	Insurance period, after six months income-test, registered as unemployed, able to work and willing to work	registered as unemployed, able to work (age, health, children) and willing to work	strict means-test and, in case of working age, job search, activation programmes
<b>Who is the main actor that determines the client journey?</b>	Public employment service	Public employment service	all people below the social assistance benefit threshold
<b>Who evaluates claims for this benefit / decides on who can participate in this service?</b>	Public employment service	Public employment service	Local district or municipality
<b>Who enforces the activation (job search, accepting job offer, etc.) requirements?</b>	Public employment service	Public employment service	Local district or municipality
<b>Who decides on sanctions (in case of non-compliance)?</b>	Public employment service	Public employment service	Local district or municipality
<b>Who pays the benefit / delivers the service?</b>	Public employment service	Public employment services	Local district or municipality (some delivered by province).

<b>Who provides the funding behind (e.g. local government using their own revenues or local gov. using a per capita subsidy from the central budget)</b>	Social insurance and taxes	Social insurance and taxes	Local district or municipality (some co-funded by province)
<b>Notes</b>	Increase of benefit level for people with very low amounts	Some measures are co-funded by provinces.	Depending on the province and district, conditionality may vary.

The new Minimum Income Acts of the provinces have not substantially deterred from the previous division of tasks within the provinces and still emphasize the principle of subsidiarity. Certain minimum requirements are set out in the agreement between provinces and federal state that ought to be fulfilled by all provincial legislations.

The national minimum benefit replaced the provincial standard reference rates serving as guidelines for the administration, which usually granted a benefit at or below that rate and incorporated a discretionary element (Dimmel 2003). The national framework put in place a minimum benefit that covers a basic rate of 752.94 Euro (2011) including 25% for rent per month. In households with more than one adult, each adult counts for 75% and each child adds 50% of the basic rate towards the total benefit for the household. The poverty threshold at 60% of the medium income is far above the benefit level at 914 Euro (Lamei et al. 2013). The provinces are not allowed to pay out a lower benefit than required by the old regulation or in the framework and can provide additional rent support in case of higher costs. Due to the various benefits added, the benefit level varies between the national minimum of 753 Euro and 1,000 Euro for a single person, and between 1,140 and 2,040 for a couple with two children (Die^Armutskonferenz 2012).

In the old scheme, claimants and even close relatives were liable to pay a benefit back, when they obtained or had sufficient income. Furthermore, savings had to be eaten up before the claimant was entitled to support, assets had to be sold and so forth in some provinces (Pfeil 2007). The recourse liability has been dropped for close relatives and claimants and a small amount of savings is currently allowed. Nevertheless, the municipalities inscribe their rights in the land register after six months of receipt, when recipients own a flat (Pfeil and Otter 2011).

Furthermore, recipients are now included for a small amount in the health insurance scheme, which reduces the stigmatising effect of a 'social assistance health certificate' and entitles recipients to the social insurance health insurance card (Art.15a^Vereinbarung 2010b).

Moreover, all recipients can access all services and support at the job centres, which obtain more resources for projects and training, and should be able to file a claim for the benefit. The legal means were improved for the claimants and recipients. Now the municipalities have to decide within three months, whereas they used to have six months, and sanctions can only be imposed after a warning has been issued and the recipient has had enough time to eliminate his/her shortcoming (Art.15a^Vereinbarung 2010b).

**Table 5: Division of Labour in the Field of Benefit Provision**

Phases	Central/ Federal	Regional/ County	Municipal/ Local	Sub-municipal
Legislation/regulation	15a Agreements between Provinces and Federal State about Means-Tested Guaranteed Minimum Income			
Funding		Split funding between provinces and local municipalities		
Programming/planning		provincial governments and municipalities, districts		
Production/delivery			Local governments, district associations	welfare organisations, for-profit organisations

			local employment service	public employment service
Monitoring/evaluation	statistics on federal level	monitoring and evaluation on provincial level		

Adapted from: (Leibetseder 2015b)

Concerning the intake, the new scheme allows the two administration institutions, public employment service and social assistance offices, to take in claims. It requests that the public employment service informs everybody about the possibility to file for a minimum income benefit in case of a low income. Public employment caseworkers have to hand out the claim and take it back in, but they do not have to help the client to fill out the form, give advice on documents or to check the form.

The social assistance administration still calculates and decides about eligibility in the end. The welfare offices also decide about sanctions, in case of non-fulfilment of the conditionality and can demand additional requirements concerning job search. They also can provide for individual casework (Art.15a^Vereinbarung 2010b, a).

Active labour market policy is still divided in the new scheme, but it requires tighter collaboration. The agreement obliges the public employment service to provide the same services (individual reintegration contracts, counselling, access to job offers and programmes and training) and to treat minimum income recipients on the same terms as unemployment (insurance/assistance) recipients. Additionally, it marks minimum income recipients as target group of the public employment service (Art.15a^Vereinbarung 2010b). The PES, thus, obtain earmarked funding for projects and specific re-integration aims are specified each year. They also have to define and check specific performance indicators.

The categorization of minimum income recipients as fit to work was adjusted to the regulation of the concerning the activation services and conditionality, provincial public employment service and provincial social affairs have to define an agreement on the check of work ability, which should inhibit different assessments about the work ability by these two institutions. They also have to define specific programmes and measures for those recipients collaboratively, who are hardly employable. Moreover, the provinces and municipalities have to at least uphold their level of engagement in the new scheme (Art.15a^Vereinbarung 2010b). The details, however, are not specified and up to negotiations between provincial and local actors at the PES and MMI (for details of the implementation see chapter 2.10).

The public employment service does enforce that minimum income recipients have to take up any job available. It follows the regulations in the unemployment insurance (assistance) scheme. Therefore, the public employment service can respect previous employment and earnings, which in reality still imposes on minimum income recipients the conditionality to take up low paid jobs. Additionally, people above retirement age, people with health restrictions, caretakers with kids below three years old and without access to childcare facilities, carers for persons with higher disabilities, etc. are excluded from any conditionality. Finally, young adults, who started education or training before they turned 18, can finish the qualification (Art.15a^Vereinbarung 2010b).

In the unemployment scheme, the replacement rate for low benefits was increased. The hike in unemployment insurance and assistance benefit scheme resulted in a lower demand of so-called top-

up payments at the social assistance office, as people are now more likely to obtain a benefit from the unemployment scheme at the level of the minimum income scheme (Art.15a^Vereinbarung 2010b). In addition, the federal state increased the human resources of the public employment service and provided funding for additional projects and programmes (Art.15a^Vereinbarung 2010b). Furthermore, the provinces gain access to information about minimum income recipient's compliance via a data exchange system. The welfare office gain information about any missed appointment, lack of applications, missed job interview, lack of effort at job interviews, non-participation in programmes (Art.15a^Vereinbarung 2010b).

The sanctions possibility has been set out that only after a warning, the welfare office can reduce the benefit step-wise up to half of the benefit. In certain circumstances, higher sanctions are allowed, but the rent and the minimum income for dependents in the household has to be paid (Art.15a^Vereinbarung 2010b).

A data transfer system was set out between provinces, public employment services, and other systems likewise in the agreement. The provinces gained access to register database. Moreover, social insurance scheme, tax scheme, public employment service and alien's police provide access to the relevant data (mostly income related) (Art.15a^Vereinbarung 2010b).

Summarizing, the new system sets out a minimum collaboration between public employment service and welfare offices. However, benefit form, calculation, entitlement and sanction are still the responsibility of the provinces and the municipalities and districts. The public employment service informs, hands out and takes in the application. It provides the same services and increases its efforts towards reintegration. Additionally, the public employment service and welfare offices collaborate on data exchange and activation programmes at provincial and local level.

#### 2.4. Context of the initiative: where did the idea come from?

The reform of the Austrian system is a tricky process, as it involves multiple actors on the provincial and federal level. In principle, the federal level would be able to pass a basic welfare act (Fürsorgegrundsatzgesetz) according the constitution. ). From 1948 onwards, three attempts from the ministry for internal affairs failed to introduce such a regulation. The main problems have been the restriction of the provincial regulation power, the abolition of the right of domicile (potential recipients should also receive benefits from other local authorities as their original place of residence) and the change of the redistribution of costs between the government, provinces and local authorities. Furthermore, the definition of basic needs and regulations for activation/workfare programmes prevented an agreement. One last attempt occurred in 1967, when the ministry prepared a draft for a basic welfare act (Melinz 1996).

The provinces rejected the proposal and the federal government waived to introduce a basic welfare act at all. Between 1967 and 1971, the heads of the provincial social departments drafted their own proposal for a social assistance act on the provincial level. The outline was the basis for eight of the nine legislations.<sup>6</sup> As a result, social assistance acts came into force with slight alterations in all provinces between 1971 and 1975 (Melinz 1996).

The change of ideas on social assistance started in the mid 1980s, because of higher unemployment rates and the work of NGOs. On the one hand, the provinces (starting with Vienna) experienced a rise in recipients, as the unemployment legislation tightened its eligibility criteria and labour market and family changes increased the influx as well (Obinger and Tálos 2010, Köppl and Steiner 1989, Pfeil

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6 Vorarlberg planned its social legislation separately but introduced the same principles (Drapalik 1974, 67).

and Otter 2011, Tálos and Mühlberger 1999). In the beginning, the provinces also enforced stricter conditionality and means-test, which lessened budgetary constraints and lowered welfare cases (Dimmel 2008, Bock-Schappelwein 2004). However, the provinces supported reforms, as they hoped for financial relief, which they experienced with the introduction of the long-term care allowances in 1993.

On the other hand, NGOs started the discussion in Austria. In the mid-1980s, a book publication on ‘basic income without work’ (Grundeinkommen ohne Arbeit) (Wohlgenannt and Büchele 1985) began a public debate, originating in the Catholic Social Academy (Katholische Sozialakademie). On the one hand, a group of civic actors founded the ‘Poverty Conference’ (Armutskonferenz). It brought together diverse actors in the field of civil society working and researchers working on poverty issues. From the beginning, these meetings focused on the administration and take-up of social assistance and in 1997, the demand for a social minimum income scheme (Soziale Grundsicherung) was raised (Fink and Leibetseder 2017).

### 2.5. The political decision phase: the actors

interest \ power	low	medium	High
low			Social Democrats People's Party
medium			Provinces
high	Poverty Conference	Green Party Liberal Forum	

In the beginning of the agenda setting, the political phase involved a few actors. The parties in power, Social Democrats and People’s Party, had little to no interest to adapt the social assistance scheme. They formed a coalition government and, therefore, had substantial power to change the system.

The provinces had some interests to reform the scheme, as more and more people applied for benefits. Their main concern was to shift costs and problems to the federal level, as previous reforms in the unemployment insurance scheme tightened accessibility.

The Poverty Conference, an association of NGOs and researchers, pushed for a radical change in the social assistance scheme. However, they only had influence through their respective associations, lobbying and media.

Two opposition parties pushed for substantial reforms early on, Green Party and Liberal Forum. However, their power, as opposition parties, was rather limited.

### 2.6. The political phase: the actions

As stated above, the Poverty conference initiated the discussion on a reform of the social assistance scheme. The opposition party, in the first phase of agenda setting, were very active. The liberal and green opposition party formulated their proposals of basic income schemes. The green model proposed a basic income under continuation of the social insurance scheme, whereas the liberal one wanted to abolish all other compulsory benefits in lieu of a basic income (Die<sup>^</sup>Grünen 1998).

After the poverty conference, the Liberal Forum, motioned for a resolution on a federal basic social assistance act, which was presented ‘prerequisite to secure the basic social rights’<sup>7</sup>. Guidelines on minimum benefit levels, entitlement criteria and conditionality intended to limit administrative discretion; abolishment of recourse liabilities aimed to raise the take-up-rate.

Following, the parliamentary committee on social affairs and work discussed the proposal, whereby Social Democrats and conservative People’s Party then submitted an altered proposal. In the end, Social Democrats, Liberals and People’s Party voted in the parliament that the ministry for social affairs was ‘requested to start talks with the provinces to progress social assistance’<sup>8</sup>

Two main reform committees engaged in debates at the federal level: Already in 1998, 40 experts started to discuss potential avenues and one year later a report headed ‘Inclusion instead of Exclusion’ (Haberbauer, Steiner, and Streissler 1999) summarized their proposals. The overall outline was to improve social insurance and universal benefits for low-income groups. Social assistance, then, was set out to be transformed towards a ‘needs-oriented minimum security’ (Bedarfsorientierte Mindestsicherung). The new benefit objected to secure a minimum income and lift people out of poverty without reference to re-integration in the labour market (Dimmel 2008).

Separated from this reform group, the federal ministry of social affairs headed a reform committee of legal experts and provincial heads for social affairs (regional ministers) from 1999 onwards. This working group set out to harmonize certain standards in the provincial social assistance legislation (Pfeil and Otter 2011).

Nevertheless, the social democrats lost their seats in government after the elections in 1999. A coalition government of People’s Party (ÖVP) and Freedom Party (FPÖ) proposed considerable reforms, which intended to merge social assistance and unemployment assistance benefits and tighten eligibility for the long-term unemployed. Organisationally, all working age people were intended to apply, get their benefits and proof their job search at the PES. A one-desk-system was planned to enforce strict conditionality up to community work, whereby recipients would obtain a slightly higher benefit (Bundeskanzleramt 2000).

In 2002, snap elections postponed the reform proposal, but the old partners also formed the new coalition government. The subsequent new government programme amended that an agreement between federal state and the nine provinces according to Article 15a of the constitution was set out to level the national differences<sup>9</sup>. At that stage, all unemployment insurance beneficiaries were planned to be shifted from the PES to the local municipalities (Bundeskanzleramt 2003).

In contrast to the federal government, the provinces demanded an improved unemployment (assistance scheme), which would, as a minimum wage, lower the claim load in the social assistance scheme. As the provinces did not support the channelling of all long-term unemployed to the social assistance scheme, the negotiations between the federal state and the provinces came to a halt (Pfeil and Otter 2011).

The standstill on higher level did not stop the reform committee. In 2004, a reform paper ‘Development of the Social Assistance Law’ outlined the aspirations of the provinces. In an Article 15a agreement the federal state and the provinces should agree on following issues: The federal state should rise the unemployment (assistance) benefits, the PES were intended to take in the

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<sup>7</sup> 388/A XX.GP; [http://www.parlament.gv.at/PAKT/VHG/XX/A/A\\_00388/index.shtml](http://www.parlament.gv.at/PAKT/VHG/XX/A/A_00388/index.shtml).

<sup>8</sup> 880/der Beilagen zur XX. GP [http://www.parlament.gv.at/PAKT/VHG/XX/I/I\\_00880/fname\\_139756.pdf](http://www.parlament.gv.at/PAKT/VHG/XX/I/I_00880/fname_139756.pdf). The Freedom Party did not comment at this stage of the political process.

<sup>9</sup> Such agreement defines a domestic treaty between ten equal players.

recipients and address work requirements and all recipients were projected to be socially insured against sickness.

Following in June, the provincial heads on social affairs requested the federal state to sketch its position. The ministry for social affairs and the ministry for economy and employment did not submit a statement. Only the ministry for health submitted a statement about the costs of taking in all social assistance recipients in the health insurance (Pfeil and Otter 2011, Dimmel 2008). Because of the contradicting positions of federal state and provinces, any reform has been blocked during that period (Fink and Leibetseder 2017).

### 2.7. The designing phase: the actors

The designing phase is divided in two periods. In the first phase, Erwin Buchinger was Minister of Social Affairs and, after snap elections, Rudolf Hundstorfer led the ministry in the second phase.

After the coalition government of Conservatives and Freedom Party, the next elections changed the government in 2007 and Social Democrats and People’s Party formed a coalition party once again. This ended the deadlock situation between provinces and federal state.

For the first time, the Social Democrats did not neglect minimum income schemes anymore. During the campaign period and in opposition, a so-called ‘competence team’ on social affairs proposed far reaching reforms in the social assistance scheme and specified a ‘needs-oriented minimum income scheme’ as objective, Erwin Buchinger, then provincial minister for social affairs in Salzburg, pushed for reforms within the Social Democrats (Fink and Leibetseder 2017).

interest \ power	low	medium	High
low		Freedom Party	Chamber of employer
medium		Green Party	Trade unions/chamber of labour Provinces↑ People’s Party↑
high	NGO		Social Democrats↑

During the coalition negotiations, the social democrats insisted on their ‘needs-oriented minimum security’, which should be agreed between provinces and federal state by 2010. The new regulation was expected to harmonize the nine provincial social assistance legislations, but it was intended to emplace an unconditional basic income. In October 2006, the conservative party settled with the social democrats on that issue, whereby Erwin Buchinger headed the negotiations for the Social Democrats and then become Minister for Social Affairs. As a political entrepreneur, Erwin Buchinger was able to push for the reform during the coalition negotiations (Fink and Leibetseder 2017).

The 2007 coalition agreement then stressed that the new regulation was expected to ‘combat poverty’ for people in dire need and for those ‘at risk of poverty’ (Bundeskanzleramt 2007, 109). The benefit level was expected to be tied to the minimum pension, which was to be raised, and paid 14 times a year. It was stressed that the so-called ‘equalisation supplement reference rate’, a minimum threshold of the social insurance pension (Ausgleichszulagenrichtsatz), constituted the administrative ‘poverty threshold’. Furthermore, the collective agreements were supposed to increase the minimum wages to 1,000 Euro a month. Low unemployment (assistance) benefits were expected to be levelled to the respective minimum rates according to family sizes.

The PES offices were assumed to take all applications and to resume main responsibility for activation. Recipients were presumed to follow the same procedures like unemployment beneficiaries. After longer spells, they were supposed to engage in training courses or work projects. However, the local social assistance offices were still expected to calculate the benefit and check eligibility, which would include a means-test. A full merger of long-term unemployment assistance and social assistance was out of the question due to the devastating experience (for social democrats, remark of the authors) in Germany, as the social minister Erwin Buchinger (2008) commented.

The conservative People Party agreed to the needs oriented minimum income scheme, as they negotiated a stricter conditionality for people, who obtained unemployment insurance or assistance benefits. Moreover, Martin Bartenstein, as conservative, remained Minister of Economy and Labour, whereby Social Democratic government member had taken the later position in a coalition of Social Democrats and People’s Party.

The government introduced a higher minimum pension in 2007 and the social partners agreed to lift all collective agreements to 1,000 Euros up to 2009. Reforms in the unemployment insurance lead to compulsory insurance for ‘free employees’ (freie DienstnehmerInnen) and an opting-in possibility for self-employed (BMSK 2009). Whereas the trade union and chamber of labour demanded an immediate hike of the unemployment (assistance) benefit, the government tied that improvement to the agreement with the provinces on the needs-oriented minimum income (Tálos 2008).

The initially far-reaching proposal was dismantled during the negotiations with provinces and public employment service stepwise. The PES was expected to take-in the applications, calculate and pay out the benefit, whereby the means-test would have been eased to almost replicate the one of the unemployment assistance benefit (Pfeil and Otter 2011). During the negotiations, the position of the provinces was to not take any financial responsibility, when the income and means-test were up to the PES, and the conservative reigned provinces Vorarlberg and Lower Austria voted against the PES as full one-stop-shop. Therefore, the PES tasks were asked to check the paperwork of the applicant and, then, forward it to the social assistance offices (Fink and Leibetseder 2017).

A first ministerial draft of the Article 15a agreement between provinces and federal state was sent out for comments. The PES questioned the split of responsibility between federal state and provinces, as the PES was not allowed to engage as provincial authority constitutionally. Such reform would need a qualified majority in parliament. Consequently, the PES were only supposed to hand out and take in applications, and then forward it to the local authorities without further check (Fink and Leibetseder 2017).

The budgetary negotiations between provinces and federal state lead to a limit of 50 million Euros per year for provinces and local authorities, any further expenditure would have lead to re-negotiations

(Art. 21 der Art.-15a-BVG-Vereinbarung). The provinces agreed to the health insurance and activation policies, as the federal level covered almost all the costs.

In July 2008, another snap elections were announced just after the ‘needs-oriented minimum income’-agreement passed the federal council of ministers. Unfortunately, only eight of nine provinces accepted the agreement. Carinthia, and its head Jörg Haider (then Bündnis Zukunft Österreich), did not consent with the results and wanted to push for an exemption that would enable to pay out higher benefits for families and introduce a harsher activation programme (Fink and Leibetseder 2017).

During the election period, the minimum income scheme was not a dominant issue. The election resulted in another grand coalition of social democrats and people’s party. Tough Rudolf Hundstorfer replaced Erwin Buchinger. In contrast to Buchinger, who was very much supported by NGOs, Hundstorfer represented as former head of trade unions primarily worker’s interest (Fink and Leibetseder 2017). Nonetheless, the coalition agreed on passing the new framework regulation as quick as possible (Bundeskanzleramt 2008).

Still, the province Carinthia did not accept the framework and, after a pivotal meeting of the ministers in summer 2009, social democrats and people’s party settled on twelve instead of fourteen payments per year and an introduction in September 2010 instead of January. Despite harsh criticism of NGOs and social democratic provincial heads of social affairs, the government stuck to the almost 15% cut (Fink and Leibetseder 2017).

Lower Austria, an influential conservative province backed up the decision. The People’s Party decisive argument was that the benefit ‘should not create any resemblance of a 13<sup>th</sup> and 14<sup>th</sup> wage’ (colloquial for holiday and Christmas bonus) and, furthermore, ‘should not knit a social hammock’ in the wording of the former Vice-chancellor (and nephew of the provincial head of Lower Austria) Josef Pröll (Fink and Leibetseder 2017).

The last few months of the debate were, on the one hand, shaped by the economic crisis and the uncertainty of its effect on economic growth and unemployment rate in Austria. On the other hand, the People’s Party carefully crafted the argument of an ‘unemployment trap’. They presented a vignette study, which indicated that certain might be better off on benefits than in work (Prettenthaler and Sterner 2009). Then, they fostered the argument that employment and effort must ‘pay off’ and that the benefit in combination with the tax system built an ‘incentive trap’ for employed to stay in work (Fink and Leibetseder 2017).

Before the final vote in the parliament, the discussion has not been driven by the concern to ‘combat poverty’ or an increase of benefit take-up; the public debate centred on ‘benefit fraud prevention’, ‘fairness to those that contribute’ and ‘employment’ (Fink and Leibetseder 2017). Despite the passing of the new framework regulation, the critical elements of an eased means test, higher benefit rate and one-stop-shop have been all been limited. The ‘harmonization’ of provincial legislation has been restricted, as it was still up the provinces to decide on many details (f. ex. concerning the benefit calculation and level for housing benefits and distinct families) and implement the regulation in the local communities (Leibetseder, Altreiter, and Leitgöb 2015).

## 2.8. The designing phase: the decisions

The design of the new system intended a tighter collaboration of the services of the public employment service and the municipalities. For unemployed people, the public employment service was expected to inform about the benefit, hand out and take in the applications for benefits, and enforce conditionality, including programmes and courses.

The municipalities and districts were anticipated to receive the applications and calculate the benefit for unemployed persons.<sup>10</sup> Moreover, they were able to check the data of the PES and obtain the information of clients: the level of benefit, the attendance of appointments, participation in activation programmes and any sanctions from the PES. Finally, they were intended to sanction the clients and were enabled to enforce conditionality beside the PES.

The new scheme introduced a compulsory health insurance for those recipients, who have been previously uninsured (those without unemployment benefits and without job or without close family member with social insurance).

The new scheme likewise improved minimum wages, unemployment benefits, unemployment assistant benefits and the minimum pension at the so-called 'equalisation supplement reference rate' of the social insurance pension (Ausgleichszulagenrichtsatz).

Social assistance recipients and unemployment beneficiaries with low benefits were targeted with the aim to reduce poverty and improve the take-up rate. Social assistance recipients were targeted to advance re-integration in the labour market and to reduce stigmatisation in the health insurance scheme. To enhance social cohesion for low wage employees, the minimum wages, lower unemployment benefits and minimum pensions were raised.

The numbers of social assistance recipients and unemployment beneficiaries were known, but empirical evidence on the employability of social assistance recipients, in particular the numbers of non-take-up in the social assistance system, was sparse. Some regional PES therefore commissioned studies to gather more empirical evidence as a basis for developing specific labour market measures (cf. chapter 2.14) for MMI-recipients (e.g. Paierl/Stopppacher 2010, Lechner et al. 2011).

Lechner et al. showed, on behalf of the PES Burgenland, that 12% of 884 social welfare recipients in 2009 / 2010 had no contact with the PES for a longer period (2004 to 2009/2010). At the reference date of the study (1. April 2010) 33% of the 884 social assistance recipients were registered at the PES and received an unemployment insurance benefit. This quota is similar to those showed by Paierl/Stopppacher for the province of Carinthia (28% in the first quarter of 2009).

Both studies also indicated that higher age and health restrictions (e.g. limited workability, addictions or mental illness) often characterize social assistance recipients without or rare contact to the PES.

The authors concluded, that differentiated support measures will be necessary, with the 'cornerstones' of Case Management, a step-by-step approach into the labour market and specific labour market-related counselling and support measures (BBE), which has been implemented in the following years in all provinces (cf. chapter 2.14).

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<sup>10</sup> Other people, categorized as unfit to work, the municipalities were still expected to take them in as well.

The lead organisations were the nine provincial governments and their respective social departments. They had to issue new acts and directives for the municipalities and districts. Furthermore, they had to organize the collaboration with the provincial PES.

Regarding conditionality and activation, the lead organisations were the PES. The PES designed the new intake procedure on the federal level, but the definition of programmes and projects had to be coordinated with the provinces. Most of the funding for activation was provided through the PES, but some funding was added by the provinces and by the European Social Fund.

This particular division was chosen because of the decisive power of the provinces in the decision process. The provinces were able to shift most additional costs to the federal level, in case of activation, health insurance and benefits, and to maintain the lead about the intake, sanctions and additional conditionality.

The collocation of services was chosen because of amendments in the decision process. The federal level did not want to cover all costs for the minimum income benefit and shift all recipients to the unemployment scheme. The PES did not want to calculate the benefit due to the constitutional assignment of authority to the provinces. The provinces were not willing to hand over the decision about benefits and sanctions to the PES without full transfer of costs to the federal level.

The federal level increased the unemployment insurance payments, which lowered the costs for top-up payments for the provinces. The federal level also covered a large part of the health insurance costs and for additional administrative resources for the PES and activation programmes. The provinces only sustained their commitment to pay the minimum income benefit and the costs for rent.

On the federal level, a working committee (Arbeitskreis) was set up to develop recommendations for aims and principles. Additionally, it was set up to guide the development of the scheme and monitor the implementation at the provincial level. Regular meetings should ensure to collaboration and exchange of experiences of the provinces. The committee were inter alia selected members from the federal ministry of social affairs, of economy and finances, all nine provinces, the associations of municipalities and communes, PES, social insurance association (Hauptverband der österreichischen Sozialversicherungsträger), social partners (Chamber of Workers, Commerce, Industry and Agriculture, Trade Unions), three members of the Poverty Conference. However, this committee could only set up recommendations (Art.15a^Vereinbarung 2010b).

Organisation at the provincial level and local level depends on province and district. In principle, the provincial government and the provincial PES should sign an administrative treaty (Verwaltungsübereinkommen), whereby they set out the intake in detail. These agreements have not been signed in all provinces, due to political reasons (Leibetseder, Altreiter, and Leitgöb 2013) (see chapter on implementation).

The new regulation likewise enforced collaboration in the assessment of the work ability of the clients. Consequently, for each client a single health assessment was implemented. Beforehand, the PES offices were more inclined to assess hardly employable clients as unfit for work, as these were then only entitled to invalidity pension or MMI. The district offices intended to declare clients as employable, when they were entitled to unemployment insurance benefits (Leibetseder, Altreiter, and Leitgöb 2013). In the new scheme, the clients were checked according to the agreement in the administrative treaty, which mostly followed the employment check of the pension insurance and enforced compliance to a singular scheme of ability to work by PES and district offices (Art.15a^Vereinbarung 2010b).

The Art. 15a agreement enforced MMI recipients as target groups for the PES. The PES then had to redirect resources toward this group. The budgetary resources have been defined for this group, but no specific performance indicators were defined. Therefore, the needs of the target group were addressed depending on the available provincial budget. Furthermore, the PES did not differentiate between 'normal' clients and benefit recipients – for them all clients are treated as equal, irrespective of their social insurance status. Besides the intensified communication with the provincial governments, the support services are the same for each client. Additionally in most cases, those 'new' beneficiaries mostly had already been registered by the PES before the new system started, which means that they were not new clients for them (see Int. 2, Int. 1).

MMI were selected as target group. Consequently, the provincial PES and local offices had to provide additional projects, which were designed for long-term unemployed and MMI-recipients. The programmes themselves then have certain targets to fulfil and certain places.

No effectiveness and impact indicators were defined in the acts or specific administrative regulations.

The level of autonomy at the local level for districts, municipalities and local PES was curtailed. On the one hand, districts and municipalities had to integrate stricter guidelines from the provinces and use the application form issued by the provinces. Benefit calculation, entitlement criteria and sanction procedures were formed at the provincial level and a data system for calculation and tracking with other administrative data (PES, social insurance, tax system, residents' register).

The local PES had to provide greater services and likewise integrate MMI recipients into the activation programmes and projects. They were not allowed anymore to only provide minimum services to MMI (like registration as unemployed and three months appointments).

The PES was allowed to employ 235 people more, totalling 4,865 employees in 2010. This measure was to cover additional counselling for the MMI recipients (AMS 2011).

The provinces themselves provided courses to the caseworkers in the district offices to inform about the new acts and provide handbooks on how to interpret the regulations (Leibetseder, Altreiter, and Leitgöb 2013). Each district and municipalities by themselves had to expand resources or alter intake due to the expansion in applications and rise in stock of recipients latter on. However, these adjustments were not negotiated or regulated at the federal or provincial level beforehand.

The EU played an indecisive influence (Fink 2010). A more than ten-year long debate took place in Austria about a reform of the social welfare assistance, which has a number of causes and was based on the aspirations of very different actors (e.g. rising demand for benefits, the emergence of 'new social risks').

However, the MMI has been reported as key instrument to achieve poverty reduction, social inclusion and activation in reports (BMASK 2013). Furthermore the implementation of the MMI responds to EU recommendations like the Employment Guidelines (Guideline 7: Increasing labour market participation of women and men, reducing structural unemployment and promoting job quality, - COM (2010/707/EU), the ASG (Annual Growth Survey) and CSR (country-specific recommendations, 2011 -2014 CSR 4), all addressing the reinforcement of measures to improve labour market prospects of different groups.

In the designing phase, the experience in Germany had a deceive influence in the design. First, the reforms of Hartz IV have been interpreted as major Social Democratic success. Later on, the political demise of the German Chancellor Georg Schröder led to shift and a complete merger of

unemployment assistance benefits and MMI has been deemed unthinkable by Austrian Social Democrats (Buchinger 2008).

### **Main features of the new service**

The main features of the new services as laid down in the treaty between provinces and federal state designed a nation wide singular system: Employable clients were intended to apply for benefits at the PES. The PES had to inform about the MMI and hand out and take in the application form, provided by the provincial governments. The PES then had to stamp them and send them forward to the district office or municipality. These local offices then were intended to check the application and decide about eligibility, ask for additional documents and send out the official letter.

The PES had to sign a contract with the MMI, setting out goals, rights and duties. The PES had to inform about vacancies and check the applications. Moreover, it had to decide about training and program participation of the clients. The PES has two levels: a less intensive counselling (more check on recipient's own efforts) and an intensive counselling with more regular meetings and checks. It is largely up to the individual caseworker to select services and measures for the client. Nevertheless, the system is highly computerized and the caseworkers are forced to control and interfere in recipient's life's and job search regularly and more intensively after some time (Leibetseder, Altreiter, and Leitgöb 2013).

The projects and measure depend on the regional and local labour market. In the beginning, job search courses are offered, later on, courses that are more intensive are demanded. For MMI, every provincial PES (in collaboration with the provincial government) set up specific programmes, as regulated in the agreement between provinces and federal state (Art.15a^Vereinbarung 2010b)). The pension insurance provided the work ability check (Gesundheitsstraße) for both authorities.

The behavioural conditions, like job search, were set out in the contract between recipient and PES (approx. 10 a month), which also sent vacancies to the recipient, checked on application and sanctioned recipients. The PES sanctions according to unemployment insurance law, when recipients miss an appointment, do not apply for enough jobs, do not take up a job offer, thwart an employment or decline to apply for a vacancy issued by the PES. Recipients can be also sanction, when they do not take part in a training or education programme. The PES, however, can only sanction unemployment (insurance) benefits: first full cut for four week, then for six weeks and, in case of outright unwillingness to work, fully. If someone misses an appointment, the benefit stop will only last until the next appearance at the PES.

The district offices will be informed via the data connection about the sanction of the recipients. In case of a sanction by the PES, the district offices first have to warn the recipient, and then, after another sanction of the PES, can lower the benefit rate step-by-step up to half. Family members and rent still has to be covered. Only under specific circumstance, the district can cut the benefit by more than half (enforcement is explained in chapter 2.10).

### **2.9. Who implemented the initiative?**

In most provinces, with exception of Vienna, the Means-tested Minimum Income (MMI) is administered by the welfare offices within the so-called district commissions (Bezirkshauptmannschaft). These are regional administrative agencies of the federal provinces. In Vienna, the MMI is delivered by the welfare offices of the City of Vienna, as no district commissions exists. These authorities are responsible for means-testing and granting benefits. But benefit claimants may hand in their application also via the PES or – in some federal provinces – also via the municipality. The PES is not just the most important provider for active labour market policies

(ALMP). Several recipients of MMI receive unemployment benefits (Arbeitslosengeld) or unemployment assistance (Notstandshilfe), administered by the PES, together with MMI, which compensating their low level of unemployment insurance benefits.

Both, the welfare offices and the PES, may as well serve as an intermediary facilitating access to other social services (provided by other local, regional and national institutions).

Summarizing, the institutional fragmentation, which already existed within the former scheme of social assistance, continues, as well as the regional fragmentation<sup>11</sup>. Due to this fragmented structure, no detailed accessible information is available on the number and structure of staff of the welfare offices specifically dealing with the MMI. The same holds for the administrative costs of MMI. In the case of the PES, 235 additional posts were implemented to cover efforts required by the introduction of the MMI (AMS 2011). The amount of funds provided for labour market policy measures of MMI recipients was around 68 million Euro in 2011, which corresponded to approx. 7% of the total active labour market budget of the PES, and increased in the following years (2012: 110 million Euro, 2013: 131 million Euro) (AMS 2012, 2013, 2014).

The process of coordination within the welfare offices and the PES on regional and local level differ regionally (cf. Bergmann et.al 2012). Several steps were taken by the provincial authorities (PES and welfare offices) to redistribute the new requirements resulting from the introduction of the MMI to their subordinate administrative bodies (district commissions (Bezirkshauptmannschaft), regional PES offices). Foremost, the provincial authorities tried to implement a formal safeguarding of uniform requirements by way of legal provisions, directives, decrees, meetings etc.

The process of coordination between the PES and welfare offices is mainly based on an IT-based data sharing system (cf. chapter 2.10)

#### 2.10. Implementation process

To enhance the former IT system, data reconciliation between the Federal Ministry of Labour, Social Affairs and Consumer Protection and the Public Employment Service Austria was improved. Before the reform social welfare agencies could not access Austrian PES data. Thereof e.g. blocks of persons or any mediation attempts could not have been identified. Within the implementation process the IT system was modified to grant access for both sides. (see Int. 13) In addition, data transfer has been intensified to enable more timely information. Currently there exist two communications channels between the PES and the social welfare agencies: a standardized contact once a month to synchronize data and an online portal to gain insight into data directly (see Int. 6).

An overview of the used data sources within the application process shows that due to a lack of widespread access, data of the Austrian tax authority and the Regional Health Insurance Fund (Gebietskrankenkasse) were rarely used by the relevant authorities at the beginning. This resulted in different application processes on a regional level depending on the province. Data of the tax authority should be used for example to verify self-employment or the receipt of family allowance. Data of the Regional Health Insurance Fund on the other side were mainly used to verify sickness benefits. In addition, some regional authorities used them to query housing benefits.

Besides those two data sources, all authorities have access to data of the social insurance association (Hauptverband), the public employment service, central register of the Austrian population and the

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<sup>11</sup> The situation was consolidated as at the end of 2016 negotiations for a necessary new agreement between the national state, provinces and cities and communities failed.

land register. The last one is mainly used if applicants declare an ownership of real estates or land or if they are suspected to own them by the authorities.

Within the application process, most of the authorities (96%) examine the possibility of a compensation claim. For this purpose, they use evidences for earnings of the children, parents as well as the partner, data of estates, savings, maintenance obligations, current pension applications or possible advanced pension payments and divorce settlements.

Additionally, the inspection of the willingness to work plays a central role within the application process (in case of applicants who are fit for work). Therefore authorities mainly use data of the public employment service. Due to the fact that information via the online portal can be insufficient, they often verify cases through phone calls with the PES. Rather rare, the presentation of a personal application e.g. in form of ten appointments per month is sufficient. In some cases, the willingness to work is verified by the placement of applicants in projects for work integration. It is common to examine the willingness to work not only within the application process but monthly or at least every two months during the purchase.

Most of the authorities also use unannounced home visits to verify the entitlement of the benefit, mainly in cases, which are suspected to benefit fraud, as unregistered persons living in the household. These home visits are rather inefficient and maybe interpreted as intrusive and stigmatising.

During the implementation process administrative agreements on provincial level were set up to realize the so-called “one-stop shop”, as it was defined within the 15a agreement. The idea was to enable applications (handing over and taking back applications, informing people) for means-tested minimum income not only by the social assistance offices but also by the PES in order to facilitate access for the target group. However, these agreements have not been signed in all provinces by the provincial authorities.

Nevertheless, PES and provincial governments worked along these (sometimes) unsigned agreements, which varied substantially. In principle all local PES had to inform about the MMI-benefit and hand out the application. The implementation of the one-stop-shop failed as singular entry point, as the PES were not required to check the application and assist the clients to fill them out. Furthermore, the provincial regulations and local practices varied on the income and means-test, on what documents (up to bank statements of the last year) to check, which relatives may have to support the client, etc. (Leibetseder, Altreiter, and Leitgöb 2013). Therefore, the PES was neither forced nor able to introduce a one-stop-entry scheme in all nine provinces.

In most provinces, such attempts were abandoned. Due to the high complexity of the application, potential clients had many questions while applying at the PES, but the caseworkers have not been trained in issues of income and means-test (see Int. 2). The PES sent the application to the district office by mail. These district offices, then, checked the application and issued a written reply on eligibility. In many instances, the clients had to come in person or hand in additional documents, or were simply told that they were ineligible, because of their income or their assets. The procedure lengthened the administrative process and increased the costs and led to dissatisfaction on the part of clients (see Int. 6).

In Vienna, the application was taken back in at the PES, whereas in others, like Upper Austria, Vorarlberg and Styria, the clients were asked to hand it in at the district office again (see Int. 9 and 12). On the one hand, it speeded up the process. On the other, the caseworkers could check on all requirements and explain the MMI scheme more in depth (Leibetseder, Altreiter, and Leitgöb 2013).

The implementation of the one-stop-shop failed as singular activation point as well. On the one hand, provinces were still enabled to enforce conditionality and set up their activation programmes in the agreement between the provinces and the federal state. On the other hand, not all district offices trusted the efforts of the PES and still obtained the view that MMI-recipients were not supported and checked on sufficiently (Leibetseder, Altreiter, and Leitgöb 2013). The PES argued that they have too little personal recourses to be responsible for an additional and rather difficult group of persons (see Int. 13).

The collocation of the 'one-stop-shop' led to diverse set-ups in the Vienna compared to Upper Austria and Styria: In Vienna, all applications for eligible employable persons were taken in the by the PES. The MMI-scheme then checked the forms and issued written letters, demanding additional documents, stating the amount of benefit or informing about illegibility. Regularly, the caseworker did background checks in all databases and, then, informed the clients about the requirement to stay registered as job searcher, attend meetings, and search for jobs at the PES.

The Viennese MMI-scheme did not sanction clients immediately, but issued a warning first. It also replaced the lost unemployment (assistance) benefit for recipients, who obtained the rate at the level of the benefit of the MMI. Only after the second sanction of the PES, the benefit got cut stepwise. This system was changed latter on and the clients then obtained with the initial written letter a warning that they will be sanctioned, when they do not fulfil the conditionality of the PES. However, the sanction of the PES and the benefit cut at the MMI were always desynchronized, as the letter informing the clients about the benefit cut only was sent out after the quarterly control by the MMI (see Int. 9).

Moreover, the PES decided on activation policies. In principle, the new scheme opened up all activation programmes of the PES; however, most of the longer recipients got on the "stept2job"-scheme. The 'step2job' scheme was implemented as programme for mainly MMI-recipients. These MMI recipients obtained an invitation and they had to attend an initial meeting in a larger group, where they got information about diverse projects and programs. Caseworkers assess client's resources and status related to work, social insurance, financial and living conditions and health and family and care responsibilities. Then, an individual re-integration plan is developed and followed in regular meetings for at least three months. Afterwards, options like courses, projects, towards work will be assessed and drafted. Most of the time, language skills were improved and family and care responsibilities rearranged. One third of the clients re-entered employment for at least 90 days in the year after the entry in the scheme, 25% in the regular labour market (Reiter et al. 2014).

However, the scope of the programme has been lowered and it excludes nowadays aspects of over indebtedness, which hinders recipients to re-enter employment, as they will not gain any financial improvement without individual voluntary arrangements to regulate the bankruptcy. Moreover, the PES managed the access and the MMI scheme could not select any clients, which resources and authority in that process (see Int. 9).

In Upper Austria, the implementation has not altered the regime to such extend. The recipients obtained the information about MMI at the PES and the application form. In principle, they could hand it in at the PES as well, but the PES caseworker told them to do it at the district office to fasten the process and obtain the right information to proceed with the claim (Leibetseder, Altreiter, and Leitgöb 2013).

The PES integrated the MMI recipients within their counselling and projects. However, some projects, especially longer, intensive re-education ones, were not opened up for MMI recipients fully (see Int. 12). Information about sanctions at the PES was forwarded and, depending to the district office, may have led to a benefit cut or a warning. Rather seldom, the district office replaced the

benefit cut in the unemployment scheme. Some districts upheld a strict application regime and clients had to provide evidence of their list of applications each month (Leibetseder, Altreiter, and Leitgöb 2013, 2015).

The data check varied locally, whereby larger districts refined the incoming data and smaller ones were just overrun by the amount of data coming in each morning. Therefore, the latter ones decided to check on the clients manually regularly. In addition to the regular programs, the PES and the province agreed to provide for regionalised case management. The access to the programme was decided by district offices and PES together. Three non-profit organisations rolled out and assessed clients' capacities and discussed financial, flat, health and family and care issues. Furthermore, they arranged courses, trainings, employment and projects. About 15% of the clients were employed at the regular labour market and another 15% in projects (see Int. 12).

In Styria, the situation changed accordingly. The clients were asked by the PES to hand in the application at the district office straight away. The sanction policies were not so harsh and the clients, in most districts, only had to proof their job search at the PES. Like in Upper Austria, the MMI introduced a less localised activation scheme and a provincial roll out provided case work for all districts. The PES selected the clients and sent them to a for-profit organisation that organised the case management ARIS in collaboration with local organisations, which provided short-term employment (Leibetseder, Altreiter, and Leitgöb 2013).

In general, the first evaluation (cf. Bergmann et al. 2012, Leibetseder, Altreiter, and Leitgöb 2013) showed an increase in the extent of labour market integration of recipients as well as a trend towards a decreasing dependence on benefits within the framework of MMI because of higher employment intensity. Moreover, impulses in terms of activation of the target group were noticed, as participation in labour market policy measures increased. Further improvements were seen as necessary. The evaluation showed that the group of recipients mostly has to deal with multiple problematic situations. Therefore assistance offers cannot lay exclusively in the responsibility of labour market policy (cf. chapter 2.14), but should follow a broad-based approach, involving a comprehensive assistance offer in the field of social work and a coordinated offer of rehabilitation measures. It was observable that such offers stepped more intensively into the responsibility of the PES, as welfare offices lack sufficient resources.

Services and measures for the target group exist in a large variation, including services for homeless, general psychological and/or psychosocial services, services for persons with addiction problems or projects aim to improve the employability (cf. for example for Vienna: [www.dachverband.at](http://www.dachverband.at), Wiener Dachverband für Sozialökonomische Einrichtungen 2017). In the start phase of the MMI specific labour market measures for MMI-recipients were developed in all nine provinces (cf. Chapter 2.14).

MMI recipients are, like all recipients of benefits from the unemployment insurance system, obliged to show a strong commitment to participation in ALMP-measures and job-search activities. If they refuse to do so, (temporary) benefit reductions are imposed, usually amounting up to 50% (cf. Riesenfelder et al. 2014). Persons receiving benefits from unemployment insurance and MMI, a sanction by the PES often also implies sanctions by the welfare office dealing with MMI. However, some variations exist between the different provinces on this issue as well (see *ibid.* (Leibetseder, Altreiter, and Leitgöb 2013, 2015)

### 2.11. Costs of the initiative

Information on costs is available through the Federal Ministry of Labour, Social Affairs and Consumer Protection. The total running costs of the system before and after<sup>12</sup> the reform were collected and prepared by the Statistics Austria on the level of provinces. Due to profound accounting changes between the old and new system data comparability cannot be ensured. Therefore information about cost changes or cost-gain relations is rare. The inclusion in the health insurance for example is estimated to have saved in sum around a 3-digit million amount (see Int. 13).

In 2015, the expenditure for the means-tested minimum income was around 800 million Euros, which means 0.8% of the whole expenditures of social services. It is estimated that those expenditures will decrease in 2017. (see Int. 11) Main payers of the system are the Federal Government, the Public Employment Service Austria and the nine Austrian provinces as well as cities and municipalities. Complaints or frustration about the financing were mainly heard and experienced by representatives of municipalities, because they were not (sufficiently) involved in negotiations but should contribute to costs (see Int. 3).

### 2.12. Monitoring

The Public Employment Service Austria and the Federation of Austrian Social Insurance Entities are constantly collecting administrative data on means-tested minimum income receivers on personal level. Although some studies are using those data, they are not permitted to be communicated in any other way than already published within the respective studies pursuant to contracts. In Addition since 2016 data of the Public Employment Service Austria (on recipients whose condition renders them fit for work) are only available if needed for studies on behalf of the Public Employment Service Austria (acting as the contracting authority).

Since the year 2000, the Statistics Austria is collecting and preparing annual data on the level of provinces to monitor the system. Monthly data are rarely available because those are voluntary for the Austrian provinces. In sum, following data is available:

- Number of persons (stock) differentiated by various characteristic (e.g. age groups, sex, household constellation etc.)
- Total costs of the system before and after the reform differentiated by various characteristic (e.g. age groups, sex, household constellation etc.)
- Duration of the benefit period

In addition following information were punctually prepared by other organisations and evaluation studies on the level of provinces:

- Outflow to employment
- Outflow to other benefits
- Outflow to ALMPs
- Outflow to sustainable employment
- Average benefit payment per person and month
- Average number of participants in active measures<sup>13</sup>
- Proportion of persons with low income

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<sup>12</sup> Those costs only include so called cash payments which are expenses for covering basic living and housing needs.

<sup>13</sup> Participations are differentiated by type of the measure (e.g. qualification, training, specific employment projects etc.) offered by the Public Employment Service Austria.

- Client (jobseeker) satisfaction, sanction rate, time to process benefit applications (average number of days between application and decision) and number of formal lawsuits against benefit decision relative to all benefit decisions - available only for Upper Austria and Styria
- Outflow (number of persons leaving the benefit recipients) and Inflow (number of persons newly registered) – available only for Vienna

### 2.13. Impact assessment and impacts

There were a few evaluation studies on the topic conducted by different organisations (e.g. Austrian Institute for Economic Research, Municipal Department 24, L&R Social Research on the behalf of the Federal Ministry for Labour, Social Affairs and Consumer Protection or Leibetseder, Altreiter, and Leitgöb 2013), exploring different regional levels (countrywide versus specific provinces), using different methods (longitudinal and cross-sectional with comparison groups, trend analysis, secondary analyses) and administrative data as well as survey data to explore short-, medium- and long-term effects of the reform. Mostly, social characteristics of the population (or specific groups out of it e.g. long-term unemployed persons) were used to compare them with those of the minimum income benefit/social assistance recipients and to make visible any differences between them. The outcomes of those evaluations varied, but possible unintended side effects were not explored. In sum, information about following aspects is available:

- Probability of employment on primary labour market
- Duration/stability of employment on primary labour market
- Probability to leave benefit records
- Duration of time in benefit records until exit to job
- Duration of time in benefit records until any exit
- Wage/earnings
- Developments of recipients along various characteristics (e.g. work ability, sex, age groups, nationality, education etc.) and relevant differences to “comparison groups”
- Employment growth independently of any exit (low, moderate and strong increase)
- Administrative matters, developments and satisfaction from the point of view of recipients and applicants as well as advisors and employees of the public authorities

Subsequent, the main results of the different impact assessments concerning the system transition from open social welfare to means-tested minimum income will be described.

- Increasing amount of applications and higher take-up rate, decrease of the non-take-up rate:
  - Responsible authorities estimate that the applications has increased by 5% up to 40% (cf. Bergmann et. al 2012; also Altreiter et. al 2013).
  - In Vienna between Autumn 2010 and March 2015 the number of monthly benefit recipients increased by around 78% (cf. Bock-Schappelwein et. al 2016). Due to institutional changes between 2010 and 2012 (during the system transition from open social welfare to means-tested minimum income) like the extension of access possibilities or the improvement of eligibility criteria the take-up rate increased significantly.
  - Higher increase of the take-up rate since 2014 due to an growing amount of recognised refugees and people granted subsidiary protection: In 2014 in Vienna an even higher increase than the average over the former years could be measured, which mainly based on an increased number of recognised refugees and people granted subsidiary protection: the amount of those persons measured by all recipients increased between 2011 and 2014 from 12% up to 16%; in the first months of 2015 the amount increased up to 18%. With 31% their amount is significantly high within working aged recipients

considered able to work without additional subsidies from the PES or earned income. Additionally, every fourth minor benefit recipient (24%) is a recognised refugee or has granted subsidiary protection. (cf. Bock-Schappelwein et. al 2016)

- In addition due to the extension of the potential recipients, the degree of requirement satisfaction („Bedarfsdeckungsgrad“) could be improved: Measured by the number of people at risk of poverty, a higher amount of persons could be reached through the means-tested minimum income. In Vienna the amount of recipients increased from 29% in 2010 up to 41% in 2014; in sum 9% of the population in Vienna received means-tested minimum income (cf. Bock-Schappelwein et. al 2016).
- Although the non take-up rate has decreased, there is still room for improvement: Especially among elderly people and people on the countryside the subsidy is still connected with stigmatization (cf. Bergmann et. al 2012).
- Different take-up rates and entering and leaving operations depending on characteristics like age, nationality and educational level: Especially elderly persons have a lower take-up rate, whereas it is higher among migrants (cf. Bock-Schappelwein et. al 2016).
- Solidification tendencies („Verfestigungstendenzen“) among the recipients: Increase of periods of unemployment, higher re-entry quota after leaving operations (on average 40% of the outflows return within one year, cf. Bock-Schappelwein et. al 2016), longer reference periods (2/3 of the recipients in 2015 were dependent on the subsidy for more than 13 months, cf. Bock-Schappelwein et. al 2016) and decreasing stable departure probability (only 3.9% of the annual January-stocks between 2010 and 2014 departed to employment, cf. Bock-Schappelwein et. al 2016) due to a general deterioration of the labour market (higher unemployment rate, poorer labour market chances, increasing part-time and low-wage employment etc.)
- The increase of precarious employment conditions also leads to an increase of partly supported recipients (cf. Bergmann et. al 2012).
- The means tested-minimum income is rarely the only source of income, mostly it is used to increase the income of childless households, where around 2/3 of the total income consists of the subsidy, whereas the amount in households with children lies under 50% (cf. Bock-Schappelwein et. al 2016).
- Increase of occupational time slices among the recipients (cf. Bergmann et. al 2012, Riesenfelder et. al 2014).
- Low relevance of sanctions and low scope for subsidy misuse: The amount of sanctions is estimated with 5% up to 10%, misuses with 0% up to 5% (cf. Bergmann et. al 2012).
- Existence of broad and multiple problem areas, which complicate labour market participations – especially among fully sustained recipients: A lot of recipients are considered able to work but not job ready yet. There is a need for improvement concerning the confirmation of workability and the coverage of social work care (cf. Bergmann et. al 2012, Riesenfelder et. al 2014).
- Furthermore, recipients are not seen and treated as “new“ target group for the PES, but due to their specific and often multiple problem areas there is also room for improvement concerning the extension and adaption of labour market measures (cf. Bergmann et. al 2012).
- Higher inclusion of recipients into labour market measures (cf. Bergmann et. al 2012)
- Higher work and organisational requirements for the PES on regional level (cf. Bergmann et. al 2012)
- Intensified cooperation between the relevant authorities (cf. Altreiter et. al 2013)

For further and more detailed information concerning available evaluation studies please see “questionnaire on availability of information for the cost-benefit analysis”.

#### 2.14. Any important follow-up measures?

Follow-up measures have been developed primarily in the field of labour market policy. In the start-up phase of the MMI implementation, specific labour market measures for MMI-recipients were tested and developed in each province, above all, specific labour market-related counselling and support measures (BBE) as well as low-threshold job creation measures (cf. Bergmann et al. 2012). Meanwhile especially BBEs are broadly institutionalized nationwide. Nevertheless, very roughly speaking, in the western provinces a comparable stronger focus is set on job creation measures, while in the eastern provinces counselling and support measures are relatively more important (cf. Riesenfelder et al. 2014). This may be due to the different labour market situations and / or characteristics of the target group.

Evaluation results, described in the chapter before, had – as far as known - no direct impact on the development of service delivery of individual projects. Results of the evaluations were neither completely new nor surprising. They primarily confirmed what experts had already assumed. Therefore most of the identified deficits are continuously taken into account in the further development and ongoing implementation of the projects.

Nearly all new projects have been developed and co-financed with support of the ESF (European Social Fund) and are now mainly financed by the PES.

**Table 6: Overview of significant newly developed / adapted approaches for MMI recipients**

Type of measure	Example
<b>(outreach) labour market-related counselling and support</b> (Aufsuchende Beratungs- und Betreuungseinrichtungen (ABBE) / Beratungs- und Betreuungseinrichtungen (BBE))	<b>„step2job“ - Vienna</b>  different project promoters (cf. Wiener Dachverband für Sozialökonomische Einrichtungen 2017)  <b>„akiworks“ - Tyrol</b>  Arbeitskräfte Initiative Tirol und itworks Wien (cf. <a href="http://www.akiworks.at/angebot.html">www.akiworks.at/angebot.html</a> )
<b>Job Creation - SOCIO-ECONOMIC ENTERPRISES (SÖBS) / NON-PROFIT EMPLOYMENT PROJECTS (GBPS)</b> (Sozialökonomische Beschäftigungsprojekte (SÖBs) / Gemeinnützige Beschäftigungsprojekte (GBPs))	<b>“Phased modell of Integration” („Stufenmodell der Integration“)</b> - Lower Austria  different project promoters (cf. arbeit plus - Soziale Unternehmen Österreich 2016)  <b>“Life’s work” („Lebensarbeit“)</b> - Salzburg  ESA.GE, Soziale Arbeit GmbH (cf. <a href="http://soziale-arbeit.at/lebensarbeit.html">http://soziale-arbeit.at/lebensarbeit.html</a> )

Source: based on Bergmann et al. 2012

Apart from active labour market policies major changes occurred. The so-called “15a treaty” expired at the end of 2016, whereby the federal state and the provinces could not find a compromise on a renewed agreement. This means that the authority for the MMI-scheme is now (i.e. since beginning of 2017) in principle again completely located at the level of the provinces and that the short period

of formal co-ordination in this field (lasting since 2010) has ended. This was caused by the fact that several provinces wanted or – as mentioned above - had even started to cut benefits (by the latter violating the 15a treaty), whereas the Minister for Social Affairs and some other provinces (and hereby at first instance Vienna) opposed such plans.

Overall, the institutional set up is now in a flux, with some reforms already decided by some provinces, and debates on reforms in others. These reforms and reform debates all point towards smaller or larger cuts in MMI-benefits, whereas easing access or increasing generosity is nowhere on the agenda. These developments are likely to impose a significant threat to social inclusion and poverty alleviation in Austria.

First, the PES does not have MMI recipients as target group anymore, they do not have to inform about MMI anymore and do not have to hand out and take in the application form. The funding for subsidized employment in socio-economic enterprises has been cut in Upper Austria by the PES. The Viennese administration re-structures their activation programme and selects the clients again. Moreover, the application will be re-organised at the MMI offices again. In Vorarlberg, in contrast, the treaty between province and PES has been signed again, whereby sanctions policy will be stricter.

All provinces, nowadays, indicate harsher sanction policies and stricter requirements for the recipients.

### 3. Assessment and conclusions

#### 3.1. What external factors helped/hindered the launch of the initiative and its successful implementation?

Several external factors influenced the implementation and further development:

- Politics & Economic and financial crisis: Overall, the MMI depicts a compromise between Social Democrats (SPÖ), the Austrian Peoples' Party (ÖVP), the National Government and the federal provinces. With the demise of Erwin Buchinger as Minister of Social Affairs a key driver of the initiative on the Social Democrats side was lost, while in most provinces the Austrian Peoples' Party (ÖVP), which was more critical about the reform ideas, has decisive power at the federal and provincial level.  
On the one hand, in the course of the negotiations a change took place in the interpretative framework; the fight against poverty was no longer the main focus of the political debate. The principle that benefits should be clearly below the earnings and wages as well as benefit/income fairness moved closer to the centre of negotiations, also influenced by noticeable changes through the financial and economic crisis.  
On the other hand some provinces used the agreement to establish a more coherent policy also in the long run. For example Vienna initiated new programmes, like the above mentioned „step2job“, to support more labour market-related counselling approaches. The same is true for other provinces (Tirol, Lower Austria, Styria, Upper Austria, to name a few).
- The sharp rise in the number of refugees in 2015 was used by some provinces as an argument for cutting benefits, whereas the Minister for Social Affairs and some other provinces (and hereby at first instance Vienna) opposed such plans. In the end, provinces and the federal state could not find a compromise on a renewed 15a agreement.

#### 3.2. Lessons for the country

- Regional and institutional fragmentation still is one of the main challenges in Austria. Framework agreements are necessary tools to overcome this fragmentation but the used 15a agreement seems to be insufficient, it would need a regulation with a basic welfare act (but still the provinces and district offices would have to implement it)..
- The one-stop shop approach with an integrated case-management was not realised in such a setting. Stricter guidelines on requirements for the PES on the application and refinement of data systems to ease applications are needed.
- During the implementation, huge regional variations like the existence of different sets of services and measures became visible.
- The initial aims of reducing poverty, increasing the take-up rate and reintegrating social assistance recipients into employment had to be subordinated to a bureaucratic approach and procedures, which additionally were profoundly depending on the approaches of local/regional agencies.
- Nevertheless the aim of better integrating social assistance recipients into active labour market measures in the short-run and in employment in the long run has led to the development and implementation of new approaches in all provinces. Some provinces rolled out case management for all districts.

#### 3.3. Lessons for Europe

In general, a broad scope of reliable ALMP measures exists in Austria. Based on long tradition specific measures for those people furthest away from the labour market have been developed in the

context of the MMI, which could be innovative and transferable approaches for other countries. One lesson learned in Austria – which might be of interest for other countries – is that a general labour market approach must not fit to the MMI-beneficiaries and therefore broader measures including debt counselling and measures dealing with health problems etc. are necessary. Also the staff must be more aware of the specific needs of the target group.

In addition, the cross-institutional approach seems to work very well in practice and to be sustainable even beyond specific project durations. After the network is built, it can help to cope with complex phenomena on time through fast data exchange and intensified cooperation with all relevant actors.

On the other hand, it turned out that the solution chosen was not durable, which might be a lesson for the other countries, too. The initial aims and ideas which stood at the start of the reform could not be sufficiently fulfilled within the agreement and its implementation, because the continuation has been very much depending on the political framework in single provinces. To sum up, a more federal approach might be more binding.

### 3.4. Main strengths and weaknesses

- On one hand the regulation was – at least for a restricted time – successful in intensifying a more current cooperation and data exchange between PES and provincial governments, leading to some reliefs for persons in need of social assistance when applying for the assistance or receiving appropriate service. Also the implementation of new approaches for social assistance recipients to better integrate them in active labour market measures in the short-run and the labour market in the long-run has to be assessed as main strength. Some aspects (lack of coordinate effort to support social assistance recipients etc.) became more visible and were discussed more openly.
- On the other hand, despite the aim to implement a coherent approach the regional and institutional fragmentation, which had already existed within the former scheme of social assistance, continues.
- An Austrian-wide one-stop shop approach with an integrated case-management is lacking. Additionally, due to the time restriction of the agreement the provinces have the possibility to implement specific regulations per province, of which some of them made use of in the context of the new developments: The access to MMI for recognised refugees and persons granted subsidiary protection status was tightened in several provinces. The first province was Upper Austria, where since July 2016 a specific and much lower MMI directive for asylum seekers and subsidiary protectionists has been introduced (regulations which are (partly) suspected of being unlawful).

To summarize, initial aims and ideas which stood at the start of the reform could not be sufficiently fulfilled within the agreement and its implementation. The implementation of the reform and its aims has been very much depending on the political framework in single provinces.

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