







Social Policy in the EU – Reform Barometer 2016

Social Inclusion Monitor Europe

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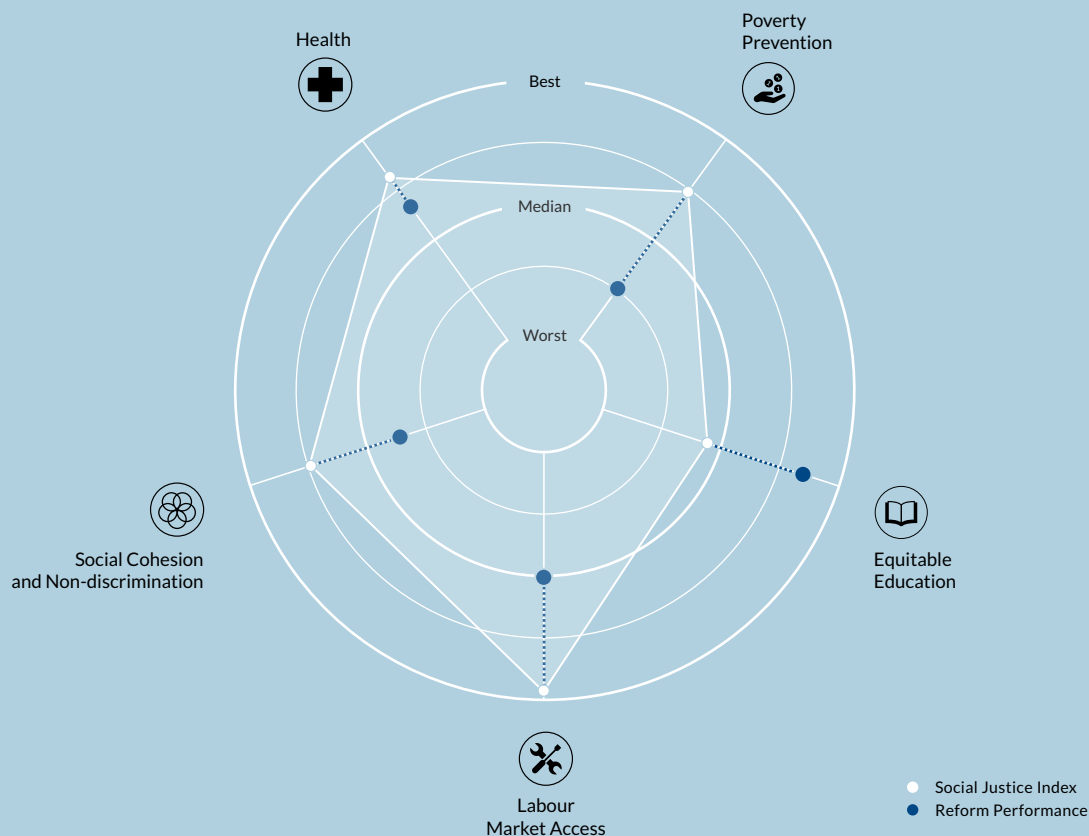
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Findings by Country



Austria

How does the country rank in the EU?



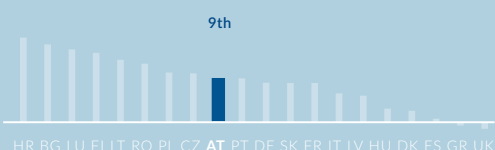
Overall Findings

Need With an overall score of 1.91, Austria ranks 7th among the 23 EU countries examined regarding the need for social reforms. This clearly reflects its good performance in the 2015 Social Justice Index (SJI), where the country ranks 6th. Looking at the dimensions, the experts see a more or less pressing need to ensure Equitable Education (2.24, rank 14/22) and to improve social Cohesion (2.31, rank 14/18). On the other hand, they see quite a low need for improvement with regard to Health (1.27, rank 2/20). The need for reforms in the dimensions of Poverty Prevention (1.87, rank 9/27) and Labour Market Access (1.87, rank 5/19) is mediocre in absolute terms, but relatively low compared to other countries, which again reflects Austria's good performance in the SJI, where it comes in 8th in the dimension of Poverty Prevention and 2nd in the Labour Market dimension.

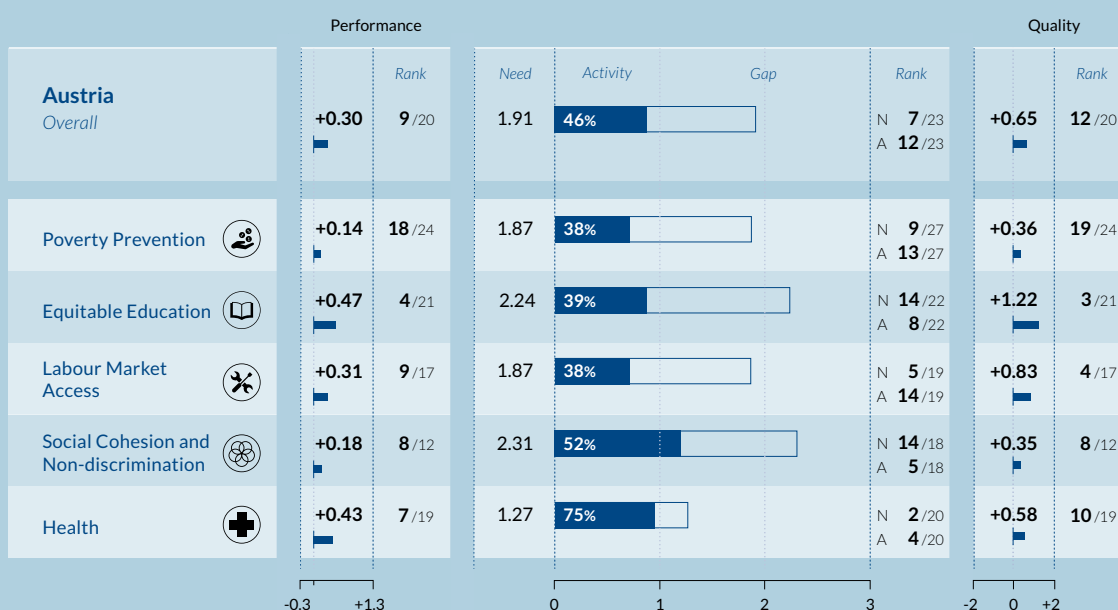
Regarding all dimensions, the most pressing challenges for the Austrian government are to:

- safeguard independence of learning success from children's socioeconomic background (2.83)

Overall Reform Performance Ranking



Overview of Reform Barometer Scores



- increase employment levels among senior citizens (2.81), refugees (2.50), the foreign-born population (2.47) and low-skilled people (2.40)
- improve integration of refugees (2.71) and reduce poverty among them (2.43)

Activity According to the experts, 46 percent of the overall reform need has been addressed in order to improve social inclusion in Austria. This is exactly the EU median, ranking the country 12th out of 23 and way behind the leading countries (e.g. Luxembourg's is 65%). Looking at the individual dimensions, the activity rates do not differ significantly. With regard to Poverty Prevention, Equitable Education and Labour Market Access, the related activity rates are about 40 percent, for social cohesion about 50 percent.

When considering the most required reforms, the experts' opinions on how these are being addressed differ somewhat. With regard to the policy objectives 'improve integration of refugees' (63%, rank 4) and 'increase job chances for elderly people' (74%, rank 5), activity rates are quite high. For 'safeguarding educational mobility' (41%, rank 7) and 'reducing poverty among refugees' (37%, rank 5), activity rates are mediocre in absolute terms, but quite high relatively. The rate in improving labour market access for refugees is rather low (20%), but still higher than in many other countries (rank 7).

Quality The experts assess the overall reform quality as (slightly) positive with a score of 0.65 (rank 12/20). The reforms aimed at ensuring Equitable Education (1.22, rank 3/21) and improving Labour Market Access (0.83, rank 4/17) are expected to have quite positive effects. For Poverty Prevention (0.36, rank 19/24) and Social Cohesion (0.35, rank 8/12), the assessed reform quality is much lower. Looking at the main pressing challenges, the reform quality differs very strongly. While the reforms aimed at ensuring educational mobility (1.14, rank 3/16), improving integration of refugees in the education system (1.0, rank 1/15) and increasing job chances for elderly people (0.85, rank 5/14) are expected to have quite positive effects, the experts think the initiatives concerning the integration of refugees (-0.42, rank 10/11) and poverty among refugees (-0.52, rank 12/13) will exacerbate the situation.

Dimension Findings



Poverty Prevention

Need The experts reported a high need to reduce poverty among refugees (2.43, rank 21) and single parents (2.22). On the other hand, the need for reforms to tackle poverty among the total population (1.22, rank 5) and young people (1.63, rank 3) is rather low. For seniors (1.71) and foreign-born people (2.0), the need is modest.

Activity In this dimension, all activity rates are between 28 percent (children, foreign-born) and 58 percent (total population). With regard to poverty among refugees, the activity rate is 37 percent, ranking Austria 5th. The experts report several government activities aimed at reducing poverty. One of these is a “tax reform lowering the lowest tax rate and increasing tax-free income, in force since the beginning of 2016.” Another is a payment to seniors (Ausgleichszulage), which serves as a de facto minimum pension. One expert reports that, in 2016, some regional states started capping the needs-based minimum benefit (Bedarfsorientierte Mindestsicherung, BMS), a nationwide unified social assistance programme targeting refugees and the foreign-born population. Furthermore, he observes that there are “several social assistance programmes in cash and kind at the regional state level.”¹

Quality The quality scores in this dimension differ greatly. On the one hand, the experts think the reforms initiated so far will have positive effects for single parents (1.17), elderly people (0.96), children (0.81) and the total population (0.66). On the other hand, the measures aimed at tackling poverty among refugees (-0.52) and the foreign-born population (-1.06) are expected to significantly worsen the situation, ranking Austria second to last (refugees) and last (foreign-born).

One expert thinks that “the capping of the BMS will hit first and primarily the refugees, but also the migrant population and, finally, all recipients.” Another expert explains that “the reforms do not target specific groups, like foreign-born or refugees; they benefit the general population.”

Many experts recommend introducing an unconditional basic income for all population groups. One expert explains that this “would help those who

¹ Max Preglau, Department of Sociology, University of Innsbruck

are outside collective agreements.” Another expert observes that “the opposite is discussed (cutting back guaranteed minimum income, especially for refugees).” A third expert has several ideas about what should be done: “Create decent jobs and pay for work already done unpaid (e.g. in care, integration of refugees, education etc.); raise rather than lower unemployment subsidies; taxation of wealth, capital gains, inheritance and gifts; promote access to social assistance (reducing non-take-up) by different measures (positive campaigning, easy and decent access, information in foreign languages); enhance social housing for low-income groups and poor people; higher minimum pensions.”²

Equitable Education

Need The overall need in this dimension is 2.24 (rank 14/22), which reflects Austria’s performance in the 2015 SJI, where the country ranks 16th with regard to Equitable Education. The most pressing need is seen as safeguarding independence of learning success from children’s socioeconomic background (2.83). But the experts also see a more or less pressing need for government action for the policy objectives ‘ensure equal opportunities’ (2.14), ‘improve structural conditions’ (2.09), ‘reduce the number of early school leavers’ (2.25) and ‘improve integration of refugees’ (2.42). With regard to educational mobility, one expert explains that “secondary schools in Austria are still de facto segregated between a track leading to higher education (Gymnasium) and a track almost excluding students from higher education (Hauptschule). This split reflects social segregation – children from families with a higher (material, non-material) status have a significantly higher chance of going to university.”

Activity The activity rate to improve structural conditions is rather low (23%). For the other five policy objectives, the rates are mediocre but relatively high compared to other countries (between 37 and 50%). One expert explains: “In November 2015, the government presented plans for a national educational reform. Part of the reform is to take action to improve upward educational mobility, which Austria is regularly criticized for in international comparative studies. This should be achieved by increasing the share of joint schools for pupils aged 6 to 14 and by postponing the selection of children in the education system.” Another expert sees “first steps to improve the education of kindergarten teachers with the purpose of providing an academic education for kindergarten educators.” Furthermore, an expert reports the introduction of a mandatory and free kindergarten year, with a second compulsory year under discussion. With regard to structural conditions, one expert reports that “additional national money was provided when doubled by the states for improving the quality of kindergarten.”

Quality The experts expect the activities in this dimension to have (strong) positive effects on Equitable Education (1.22, rank 3/21). This is true for all policy objectives, as all quality scores are > 1.0, ranking Austria between 1st and 5th for each of them. The best effects are expected with regard to the

² Helmut P. Gaisbauer, Centre for Ethics and Poverty Research, University of Salzburg

policy objectives ‘improve structural conditions’ (1.58) and ‘reduce number of early school leavers’ (1.45). A rather low reform quality is seen in ensuring equal opportunities at the secondary stage (0.37), as many experts are quite sceptical that the new school organisation will lead to any significant improvement. One expert recommends establishing “a real joint school, meaning that all pupils from 6 to 14 visit the same school type – without differentiating between ‘new middle schools’ and ‘grammar schools’.” Another expert recommends that “schools with pupils from disadvantaged backgrounds should get more funding from the state. Distributing financial resources to schools based on a ‘social disadvantage index’, which is based on the socioeconomic background of pupils, parents’ educational level, migration background and non-native speakers in a school.” A third expert would like to “abolish early streaming in the Austrian school system, as it is of great disadvantage for young people from a poor social background.” Yet another recommends compulsory education until the age of 18 in order to prevent early school leaving.

✳ Labour Market Access

Need The overall need for reforms in the Labour Market dimension is rather modest (1.87, rank 5). This is not surprising, as Austria comes in 2nd in the 2015 SJI Labour Market dimension. With regard to the policy objective ‘increase employment/decrease unemployment’, the experts see only a small need to increase employment levels among the total population (1.56, rank 5). On the other hand, they report a pressing need to improve job chances for elderly people (2.81, rank 21/22) as well as for refugees/foreign-born people, the low-skilled, the long-term unemployed and young people (all need scores between 2.13 and 2.50). For the latter two, the need scores are somewhat surprising, as they are quite high in absolute terms even though Austria ranks 1st (long-term unemployment) and 2nd (youth unemployment) in the SJI. On the other hand, the need scores are rather low compared to those of other countries, ranking Austria 5th (long-term unemployment) and 3rd (youth unemployment) in this reform barometer. For the policy objectives about tackling ‘precarious employment’ (1.73, rank 3/16) and ‘in-work poverty’ (1.64, rank 3/18), the experts see a relatively low need for government action.

Activity The highest activity rates in increasing employment levels can be observed with regard to young people (89%) and senior citizens (74%). For the foreign-born population (53%), the long-term unemployed (55%) and women (62%), government activity is rated modest in absolute terms but relatively high for women (rank 4) and the foreign-born (rank 6). This is also true for refugees, where the activity rate was 20 percent, ranking Austria 7th. Furthermore, 34 percent of the need to tackle precarious employment have been met; for in-work poverty this rate was 17 percent. Concerning elderly people, one expert reports that “a policy was taken up to try and retrain people, instead of retiring them, if they are no longer able to work in their old profession (because of health reasons).”

Quality The overall quality score for Austria in this dimension is 0.83 (rank 4/17), which means that the experts expect the reforms to have positive effects. This is also true for most of the specific subgroups of the labour market,

such as seniors (0.85), young people (0.81) and the long-term unemployed (1.0). On the other hand, the experts think the reform initiatives aimed at increasing job opportunities for foreign-born people will only have slightly positive effects (0.30). One expert has some suggestions for improving labour market access: “Refugees: programme for a step-by-step labour market integration process, accompanied by tailor-made support offers. Women: improved child care infrastructure; implementation of a child care allowance reform (e.g. introduction of a child care allowance account); Low-skilled citizens: extension of basic education, special counselling offers; appropriate training programmes with special principles of didactics.” With regard to precarious employment, one expert recommends introducing “incentives for employers to reduce overtime work and to change temporary contracts into regular contracts.”

Social Cohesion and Non-discrimination

Need According to the experts, there is a pressing need to improve integration policies (2.43), especially with regard to refugees (2.71). Furthermore, they see a more or less urgent need to tackle income inequality and gender inequality (2.4 each). With regard to NEETs, the related need score is also rather high in absolute terms (2.0) but otherwise relatively low (rank 4), reflecting Austria’s good performance in the 2015 SJI, where it also comes in 4th regarding the number of NEETs.

Activity The overall activity in this dimension is 52 percent, ranking Austria 5th out of 18 countries. Looking at the four policy objectives, activity rates do not differ that much, as they are between 43 and 63 percent, putting Austria between rank 3 (integration of foreign-born population) and rank 11 (income inequality). With regard to the latter objective, some experts report that there is a small tax reform for labour incomes. Measures aimed at ensuring gender equality are the expansion of institutional child care, the introduction of a law governing sexual offences, and making the child allowance more flexible. With regard to integration policies, the experts report that “several measures have been introduced to help refugees to be able to find a job”, such as language courses and skill evaluations at the public employment service.

Quality The quality scores differ strongly with regard to Social Cohesion. While the experts expect the initiatives in tackling income inequality (0.40) and gender inequality (0.75) as well as preventing early school leaving (1.0, rank 1) to have (slightly) positive effects, they think the measures concerning integration policies will worsen the situation (-0.47).

With regard to gender equality, one expert explains that the “reforms will contribute to the redistribution of paid labour and unpaid care work and to the work-life balance. They will improve the career prospects of women and enrich fatherhood.”³

Some experts recommend changing income distribution as a way of tackling income inequalities, for example, with the help of taxes on capital, wealth and inheritance. One expert explains: “There is a serious gap in gender-re-

³ Max Preglau, Department of Sociology, University of Innsbruck

lated income inequalities, and the same goes for nationals/non-nationals. My main point would be more equal opportunities on the labour market (fight against precarious, atypical and half-time jobs) etc.”

With regard to integration policies, the experts are quite critical. One explains that “the government was in a first phase open to a fair policy. But, under the pressure of a successful right-wing party, the government turned around 180 degrees.”⁴ Other experts think that “these reforms have been mainly restrictive for newcomers and asylum-seekers” or “the measures taken often seem to be much more a punishment than supportive.”

⁴ Paul M. Zulehner, University of Vienna