

Transformation of the Social Assistance Scheme in Austria –

**Towards a Means-Tested Guaranteed Minimum Income Comparing Changes in
Upper Austria and Styria**

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1. Introduction

In September 2010 a 'Means-Tested Guaranteed Minimum Income' (MGMI) should equalise the current nine provincial social assistance regulations promoting the '*combat and avoidance of poverty and social exclusion*' and '*(re-)integration of its recipients in the labour market*' in Austria (Art. 1 of the agreement between federal state and provinces, translated by the author). The major changes are twofold: Firstly, a national threshold will replace the nine current rates of the provinces and, secondly, the public employment service will serve as entry point and activation agency for social assistance recipients categorised as fit for work.

This paper starts with an analysis of the changes in the Austrian social security scheme targeted towards the provision of minimum support in the last two decades. Next, it describes the legal and administrative aspect of the new regulation, comparing it to the current situation in the social assistance system. The final part presents an outline for a comparative study of the transformation in two provinces, Upper Austria and Styria. The research question is whether the introduction of the new national legislation leads to the avoidance of poverty and exclusion, fosters employment and introduces a national, more equal system, allowing for lower provincial differences. The research design is established as a trend analysis in three waves with a sample of 700 for each wave and province to allow for a sufficient empirical basis for further analysis. The first wave is conducted this summer, the second wave in September 2011, when the legal transformation should be put in place on administrative level in the two provinces and the third one in 2012 allowing for a completed implementation of the transformation. In addition, a qualitative study aims to place in-depth emphasis on the claimant's and administrative perspectives after the introduction of the reform and will enrich the findings in 2011. The first quantitative survey could only start in July this year; thus, we cannot present any preliminary results. Therefore, we will describe the research design and the questionnaire.

The theoretical background of this empirical study revolves around the idea of the distinction of formal and operational transformation. As stated above, the major changes are twofold: Firstly, a national threshold will replace the nine different

current rates of the provinces and, secondly, the public employment service will serve as entry point and activation agency for social assistance recipients categorised as fit for work. Up to now, the competences in the nine provinces have been divided into the issuance of social assistance benefits and the job centres that are responsible for unemployment insurance benefits. Thus, the Austrian welfare state rests on a strict institutionally and legally separated two-tier system of social insurance and social assistance benefits. Hence, poverty and social insurance policy are segregated, whereby poverty is subject to regional legislation and social insurance is a matter of national concern.

The distinction reflects the bifurcation of labour and poverty issues in a Bismarckian regime. Social insurance covers a large portion of the population and is treated as a right that is reflected in the contributory-based payments securing the status. Conversely, social assistance serves as a programme for a minor group, and is given to the poor on the principle of subsidiarity. The reform and the intake via the unemployment offices should limit this institutional bifurcation. On one hand, such a shift should introduce a similar accessibility of the two benefits. On the other hand, the intake of recipients via the unemployment offices should move social assistance recipients towards the labour market. Thus, the reform intends to enforce activation for social assistance recipients. Activation policies in a narrow sense define the (re-)integration of individuals into the labour market (Barbier & Ludwig-Wagnerhofer 2004). Such policies differ according to their degree of coercion and choice. Nevertheless, such 'workfare' or activation programmes are an integral part of all modernised social assistance policies (Hanesch et al 2001, Lødemel & Trickey 2000, Gilbert 2004). The policy changes aim to increase the contact to the labour market. One aim is an increased inter-agency collaboration of activation policies (Berkel & Borghi 2008). As Berkel (2010) and Carmel and Papadopolous (2009) recently argued, two types of reform exist in an activation policy. Firstly, formal policy reform changes the content of social policy. The aims are transformed and activation policy is introduced as the highest priority. Secondly, activation policy also implies a modification on the operational level that requires a restructuring of the service provision. An institutional change imposes a new form of governance on the unemployed. Such reform can be analysed from both an organisational and street-level perspective (Berkel & Borghi 2008). However, to study the reform on an

operational level, one has to take into account a mid-range approach. One cannot understand a transformation fully without looking to this arena.

The proposed reform goes beyond a formal restructuring – it incorporates an institutional change as well. Thus, we intend to describe the reform of the social assistance scheme as well as illustrate the effects it has in transforming the traditional division between poverty relief and unemployment insurance. This analysis of the social assistance regime in an Austrian context will take place on the formal and operational level, and will focus on the meso-level and the micro-level; thus, one scrutinises the institutional level improving the understanding of transformational processes (Clasen & Clegg 2006).

Two types of shift exist on the meso-level – one exemplifies a coherent strategy and transformation of the welfare system towards activation. In contrast, certain welfare systems embody a more ambiguous and less coherent transformation due to resistance, as various institutional arrangements lead to a national trajectory and indicate a path dependency. Such administrative restructuring consists of different measures – Daniel Clegg (2007) elaborates that such a transformation can be a tighter policy coordination between the two tiers, a tighter coordination of public employment offices and social assistance offices and a single gateway for all claimants of working age – a one-stop shop. In order to analyse the re-structuring of social assistance in Austria, one can take into account the overall unemployment benefit homogenisation regarding eligibility and entitlement for benefits and services (Clasen & Clegg 2006)¹. Despite the formal changes in the two-tier system, one might have to search for tighter policy-co-ordination closely related to those schemes on the institutional level (Clasen & Clegg 2006). On the micro-level, one wants to obtain information as to whether the switch helps to prevent poverty and social exclusion and reduces the exclusionary tendencies imposed by the bifurcation of labour and poverty issues for social assistance recipients.

¹ For recent research on those issues see: Renate Minas (2009) describing the transformation of the schemes towards one tier system in different countries.

2. Minimum Income Schemes in Austria

The Austrian social assistance system functions at the community and provincial level. In international comparisons, Austrian social assistance is classified as *'localized, discretionary relief, linked to social work and with wider kin obligations'* (Gough et al 1997). Recent moves want to homogenise the benefit. As stated above, in September 2010 a 'Means-Tested Guaranteed Minimum Income' (MGMI) should equalise the current nine provincial social assistance regulations, promoting the *'combating and avoidance of poverty and social exclusion'* and *'(re-)integration of its recipients in the labour market'* in Austria (Art. 1 of the agreement between federal state and provinces, translated by the author). As stated above, the major changes are twofold: Firstly, a national minimum income threshold will replace the nine current rates of the provinces, and secondly, the job centres will serve as entry point and activation agency for social assistance recipients categorised as fit for work. Up to now, the Austrian welfare state rests on a strictly institutionally and legally separated two-tier system of social insurance and social assistance benefits. Hence, poverty and social insurance policy are segregated on a formal and operational level, the former subject to regional legislation and the latter as a matter of national concern.

2.1 Distinct Systems of Minimum Income Provisions

In general, the Austrian welfare state mainly relies on social insurance in the social security system, fostering the principle of equivalence and status security as a conservative-corporatist regime. Thus, benefits reflect the duration and level of contributions and an occupational categorisation (Arts & Gelissen 2002, Esping-Andersen 1990 & 1999, Tálos 2006). The expenditure of the social security system still depends on social insurance benefits and universal benefits – the former accounting for 81%² and the latter for 16% of total cash benefits. Only 3% of all cash benefits are means-tested: School grants and student grants for low income families, top up payment for low income pensioners, unemployment assistance and social assistance (Bundesministerium für Soziales und Konsumentenschutz 2009, own

² including civil servant pensions

calculations). In addition, childcare benefits involve a more generous individualised means test, but these are incorporated as universal benefits in national statistics. Overall, expenditure on social protection transferred on average 28.9% of the gross national product from 1995 until 2006; in comparison, the EU-15 figure averages to 27.4% in the same period (Eurostat, own calculations). Consequently, the percentage of population at risk of poverty shrinks from 43% before to 12% after all social transfers and pensions (Till-Tenschert et al 2009).

In contrast to basic income, a minimum income provision imposes certain conditionality on claimants. A minimum income can be defined as part of the social security system providing means-tested benefits for persons who obtain insufficient income. It targets poverty alleviation, whereas the level constitutes a political threshold. Such benefits can be categorised ones for certain groups or general ones (Eardley et al 1996, Gough et al 1997, Obinger 1999). The Austrian social security system has established numerous categorical means-tested cash benefits; all of them involve a lower eligibility, and are less restrictive compared to social assistance as general one. Firstly, the so-called *means-tested guaranteed minimum pension* provides a top up payment for all entitled pensioners at the equalisation supplement reference rate (Ausgleichszulagenrichtsatz). Hence, social insurance offers a minimum for pensioners with enough contributory periods (years of social insurance or other years of entitlement like childcare periods), where they and their partners have an income below this threshold (Badelt & Österle 2001, Tálos 2006). Slightly more than 10% of all social insurance pensioners obtain such a top up payment.

Secondly, *unemployment insurance* constitutes a statutory insurance for all employees earning an income above the so-called marginal earning threshold of the social insurance law (Geringfügigkeitsgrenze 366.33 Euro a month in 2010). However, it does not incorporate a minimum income provision, in contrast to the social security pension.³ The duration of unemployment benefit receipt is limited to a period from six months to a year, depending on the contributory period. Afterwards,

³ After a certain minimum insurance period, one can receive benefit, when one is able to work and willing to work (Ministry of Social Affairs and Consumer Protection 2007a). Within the last 25 years, the qualification periods, sanctions and controls have been increased. The terms of reasonability are tightened (Obinger & Tálos 2006, Tálos 2005 & 2006) and nowadays an unemployed person has to be willing to take an acceptable job offer with a wage down to 75% of the previous earnings and vocational experience and skills can limit the search only within the first hundred days of unemployment.

one can apply for the income-tested unemployment assistance (Notstandshilfe), which takes into account the income (and not the assets) of the claimant and his/her partner or spouse (Badelt & Österle 2001). The unemployment (assistance) benefit is an amount of between half and 80% of the average net income in the last year of employment. In October 2009, 40% relied on the income-tested unemployment assistance. The average unemployment benefit averages 810 Euro and the unemployment assistance benefit 617 Euro (www.bmask.gv.at).

Thirdly, childcare benefit constitutes a specific categorical means-tested support, to which every child carer with an income below 16,200 Euros a year is entitled.⁴ Since the beginning of 2010, parents can choose between four options – the amount varies and shorter periods of receipt lead to a higher monthly benefit, but a lower benefit in total. The fourth model takes into account previous earnings and is meant to adapt to the needs of men and high-income women. It pays up to 80% of the previous earnings up to 2,000 Euros a month for a year for one parent and 14 months for two parents taking care of the child. Low-income parents can apply for an additional support of 181 Euros per month, increasing the monthly benefit to a minimum of 981, 805, 617 or 1,181 Euros, depending on the chosen length of receipt.⁵

Table 1 Three Options for Child Carers – Child Care Benefits in Austria

	15+3* Months	20+4 Months	30+6 Months	12+2 Months
Per month	800	624	436	1,000-2,000
∑ one carer	12,000	12,480	13,080	12,000-24,000
∑ two carers	14,400	14,980	15,690	14,000-28,000
Recipients in May 2009	8,157	26,386	129,902	-
165,000 (total)	5%	16%	79%	
Men in % of total	9.6	3.4	4.4	

* first months for one carer plus additional months for a second carer (mother and father combined)

Low-income parents can receive the top-up of 181 Euros a month for twelve months only, but now they do not have to pay it back. In addition, the income threshold only

⁴ In 2002, the childcare benefit switched from a social insurance based entitlement to a slightly higher general means tested one (Rosenberger & Schmidt 2003). Nevertheless, childcare benefit still relies on a general means test restricting access for higher income parents, not taking into account the household income (Stelzer-Orthofer 2001).

⁵ Before the reform the supplement was payable for 3 years, but it had to be paid back until the child turned 15. The recourse liability started with an annual income of 14,000 Euros for a single parent and 35,000 for a couple. A single mother could only receive the benefit by stating the name of the child's father, as the father was eligible to pay the supplement back too (Ministry of Social Affairs and Consumer Protection 2007a). In 2006, 20% of all childcare recipients received an income supplement due to low income (Statistik Austria 2008).

takes into account the caregiving parent and the cohabiting partner. The caregiving parent can earn up to 366 Euros a month, whereas the partner can have an income of up to 16,200 Euros within that year.⁶ Nevertheless, after the first year only the regular rate will be paid, despite the overall choice of 80% of all parents for the longest model. The childcare benefit allows for a sufficient replacement of lost income in a two-earner household and upholds conservative family values. Single mothers without any payments from the child's father still have to apply for additional social assistance payments or find employment.

Table 2: Comparison of Minimum Income Schemes

	<i>Entitlement</i>	<i>Means-test</i>	<i>Rate (Euro/month)</i>
<i>Means-Tested Guaranteed Minimum Pension</i>	<i>Minimum contribution period to pension insurance</i>	<i>Means-test of own and married spouse's income</i>	<i>783.99 single 1,175.45 couple (including 5.1% health insurance, benefit paid 14 times a year)</i>
<i>Unemployment Assistance</i>	<i>Preceding entitlement to unemployment benefit</i>	<i>Strict means test of own and cohabitee's or married spouse's income</i>	<i>No minimum</i>
<i>Child Care Benefit</i>	<i>Child care</i>	<i>General means test of carer's income</i>	<i>4 different rates</i>
<i>Child Care Benefit Support</i>	<i>Child care and need</i>	<i>Strict means test (carer's income)</i>	<i>181 top up to child care benefit for up to 12 months</i>
<i>Social Assistance</i>	<i>Need</i>	<i>Strict means test of household income and asset, liability to pay it pack in many provinces</i>	<i>9 different standard reference rates</i>
<i>Other numerous minimum income scheme for: students, pupils, basic welfare support for asylum seekers in admission procedures, negative income tax, housing allowances of provinces for low-income groups, benefits for people with disabilities of provinces,...</i>			

The means-tested benefits stated above all enforce certain criteria establishing acategorical support. All benefits can be categorised as part of the minimum income provision in the social security system, providing means-tested benefits for persons without sufficient income and targeting poverty alleviation. Unemployment insurance without a minimum threshold leads to a higher risk of poverty for the long-term unemployed in Austria. The last reform eased access to the childcare benefit, as

⁶ A transformation for low-income parents was not easy to agree upon, especially as single parents still had to face the recourse liability in the old system. This group did not have access to a universal benefit above the poverty threshold at all. Last summer, the discussion once again aroused the argument that any unconditional benefit might lead to a rise in single parenthood, as women might choose to live alone and not to marry in order to receive the supplement payment. The discussion about benefit fraud targeted the availability of two more months of benefit receipt for single parents in all four versions and accounting for a maximum of 4,000 Euros. Critics such as the state secretary for family issues, Christine Marek, argue that nobody can control whether the single parent has a partner or cohabits with someone. Further, she explains that a single parent might choose to be a single parent and not to live with a partner just to obtain the additional two months payment. One cannot privilege single parenthood over other family forms. In her opinion, only deserving groups should be entitled to a longer term of receipt like those whose partners have been imprisoned, are ill or who have died. As a result, the new regulation allows just 14 months for single parents in such specific personal circumstances and limits the maximum benefit to 1,000 Euros for those extra two months. In addition, the higher costs for the new model (income related) should be offset by savings in the now shortened payment period for supplement to low-income parents.

persons without former social insurance contribution can now obtain the benefit when they take care of a child. This support is paid for one year only. Social assistance, in contrast, provides general support without taking causes into account. One thing on which Austrian experts agree is that the Austrian social assistance scheme is not very generous and does not fit present requirements, as it does not provide sufficient support for the poor (Biffi 2007, Dimmel 2003, Förster et al 2001, Stelzer-Orthofer 2003, Tálos 2003, Pfeil 2001, 2008).

2.2. Social Assistance

In general, the task of social assistance is to enable those in need of help to live while maintaining their human dignity. An attainment or re-attainment of the needy person's ability to support themselves is considered the ideal aim. Essentially, social assistance differs from other state security benefits and is meant to reduce and eradicate situations of social distress for people without support from other institutions and/or people reverting to the principle of subsidiarity, a principle that stems from the social teachings of the Catholic Church. This principle dictates that a person is in genuine need and thus requiring support only in cases where he or is incapable of working, has no claims on third parties and cannot be assisted through family ties. As a sub-principle of subsidiarity, the claimant must voluntarily make use of his or her means and abilities (*Einsatz der eigenen Mittel und Kräfte*) as a pre-requisite for eligibility (Bacher et al 1993, Pfeil 2001, Stelzer-Orthofer 1997). Another characteristic is the principle of individuality. Individual social assistance implies that aid benefits are adjusted to meet the needs of the particular distress situation and the needs of the individual beneficiary. The principle of family supportive aid derives from the principle of individuality: the support has to meet the requirements of a family (Stelzer-Orthofer 1997, Pfeil 2001).

The current social assistance system does not provide for a national minimum income in Austria. Since the 1970s, all nine provinces have established their own regulations (Melinz 1989) and only standard rates are defined. In some cases, the welfare office might make an exception and grant a higher amount, but it usually gives at or below the standard rate (Dimmel 2003, Pfeil 2001). For 2010, an adult in a

single household can obtain up to 461.00 Euros in Vienna and up to 755.50 in Upper Austria, depending on family members, rent subsidies and other special payments. The differences between the levels of support one cannot check generosity by the standard rate for a single person (see Table below), as additional payments (cloth, rent, heating...) and household size lead to differences). Nevertheless, when one regards the changes within the last decade, the level of benefit has not increased in real value by more than 20 Euros a month in seven out of nine provinces. In Salzburg, it has risen by 30 Euros. It is only in Carinthia and Burgenland that the benefit level has risen more than the average real minimum wage increase within the last dozen years (see table below, first column – adjusted values for single persons for 1998).

Table 3: Standard Reference Rates for Social Assistance 2010, Euro

	single assisted person 2010 – 1998*		main/primary assisted person 2010	Co-assisted person without family benefit entitlement (2010) with entitlement (2010)	
Burgenland	482.60	437.51/ 479.39	399.40	291.60	143
	544.70 1)		461.50 1)	342.10 1)	193
Carinthia (incl. rent)	632.50 2)	427.12/ 468.01	474.37	474.37	113
	695.75 3)		521.80 3)	521.8 3)	94.87 4)
Lower Austria	540.30	531.89/ 582.82	474.50	261.10	146
	367.80 5)				
Upper Austria	577.50 / 431.00 5)	563.33/ 617.27	521.70	340.30	162.00
	598.50 1) / 455.10 5)		543.40 1)	366.80 1)	
Salzburg	464.50	434.36/ 475.95	418.50	268.00	155.50
Styria	548.00	531.99/ 582.93	500.00 5)	334.00	169.00
Tyrol	468.20	449.60/ 492.64	400.60	278.60	155.70
Vorarlberg	517.10	511.39/ 560.35	434.20	276.90	160.60
Vienna	461.00 2)	442.88/ 485.28	357.00	357.00	137.00
	744.01 1)		557.75 1)	557.75 1)	

Source: <http://www.bmsk.gv.at> (30/5/2010), Pratscher 2010

1) Augmented standard rate for permanent recipients

2) including for single parents

3) augmented rate for persons above 60 years old, who took care of at least one child

4) two levels for children: 1st and 2nd child: 113,85, thereafter 94,87 (3rd child.....)

5) Lower rate for single assisted persons living in a household with somebody without legal obligation for support (e.g. brother, sister, flat mate etc.)

* 1998 values adjusted to real values for 2010 via HVPI index (*1.23 – values for June 2010) / 1998 values adjusted to real values for 2010 via wage bargain index (minimum wage index *1.35 – values for June 2010)

Until the beginning of the 1980s, one of the main assumptions was that, due to full employment, everybody would be included in the obligatory social insurance scheme and the role of social assistance would be steadily reduced (Tálos 1981). Higher unemployment, permanent exclusion of specific groups from the labour market, precarious employment and increasing instability of families raised the number of potential claimants for social assistance. Consequently, social assistance still

constitutes an essential part of the social security system to protect people from poverty, but cannot reduce social inequality due to its minor budget (see introduction).

Despite the serious limitations of the data, the number of recipients of social assistance has doubled within the last twelve years (see Table 4).⁷ The expenditure is not closely linked to the increase of claimants. In total, social assistance payments for recipients in private households amounted to 366 million Euros in 1995, that is, 469 million in real value in 2008. The recent discussions increased the expenditure in the last year to 530 million. Up to 2007, the real increase amounted to only 10 million over the period of eleven years. When one regards the national expenditure alone, the figures indicate a slight increase. The average expenditure per capita of the population rose slightly at the same level, and the average amount spent on each case/recipient dropped by half within the same period. This indicates a higher proportion of recipients receiving a top-up payment in case of, for example, low unemployment payments.

In Vienna, both the largest city and province, recipients have tripled in the last dozen years. Social assistance now provides support for 5.6% of the Viennese population, a sharp contrast to all other provinces and mainly provides top-up payments for low unemployment assistance recipients, larger families and single parents. In contrast, Burgenland reduced the number of recipients by 1/3 and expenditure by more than 2/3 in the same period. All other provinces have either a higher increase of recipients, such as in Vorarlberg, Tyrol, Styria, Carinthia and Lower Austria, where the number of recipients at least doubled, or a lower increase, as in Upper Austria and Salzburg. The expenditure rose in all these provinces except in Upper Austria and Lower Austria. However, there is no a converging development in the provinces. Legal differences and higher risk of poverty and unemployment cannot solely explain the provincial discrepancies (Leibetseder 2008).

⁷ The data on social assistance on the national level is inaccurate and only provides an estimate. Socio-demographic details on recipients are not available at all despite influential factors such as gender and child/ren. Furthermore, some provinces draw their details on a case basis (one household forms a case) and others on the basis of persons (Pratscher 2007). Moreover, one cannot establish whether someone obtains a full benefit or only a top-up payment.

In addition, the low take-up rate constitutes a serious limitation, and is affected by the design of a benefit, the administration and the reaction of potential recipients (Eardley et al 1996). Estimates of take-up rates vary widely, but most of the international studies allow for a take-up rate of between 50% to 80% in other countries (Eardley et al 1996, Hernanz et al 2004). In contrast, approximately half to two-thirds of all eligible persons (Fuchs 2009) do not claim social assistance due to the stigmatising process at the welfare offices and the recourse liability in Austria (Dimmel 2003, Stelzer-Orthofer 1997). In some provinces, claimants and even close relatives are liable to pay a benefit back, when they obtain sufficient income. Furthermore, the material resources of assets must be fully used up before social assistance can be granted (Pfeil 2001, 2007a).⁸ In addition, some claimants might not take up a job, as they have to pay back the benefit when they reach a certain wage (Biffl 2007).

Table 4: Social Assistance Expenditure and Recipients

Recipients of Social Assistance in Private Households										
Year	Austria	Burgen-land	Carinthia	Lower Austria	Upper Austria	Salzburg	Styria	Tyrol	Vorarlberg	Vienna
1995	63,369	1,237	1,050	5,262	4,891	7,075	4,699	4,751	2,928	31,476
2008	160,942	903	2,109	14,040	6,607	10,571	13,716	10,211	9,238	93,547
Social Assistance Recipients in Percent of Population										
1995	0.80	0.45	0.19	0.35	0.36	1.40	0.40	0.73	0.86	2.04
2008	1.93	0.32	0.38	0.88	0.47	2.00	1.14	1.46	2.52	5.59
Expenditure of Social Assistance in Total (extramural), in Euros										
1995	457,859,248	13,144,005	18,288,009	52,196,896	70,447,834	31,106,609	40,177,142	16,225,090	16,307,002	199,966,662
2008	529,681,640	4,010,988	35,415,845	47,697,316	37,307,881	31,315,606	49,095,143	24,729,906	18,986,635	281,122,321
Expenditure of Social Assistance (extramural) per Case or Person, in Euros										
1995	7,225	10,626	17,417	9,920	14,404	4,396	8,550	3,415	5,569	6,353
2008	3,291	4,442	16,793	3,397	5,647	2,962	3,579	2,422	2,055	3,005
Expenditure of Social Assistance (extramural) per Head of Population, in Euros										
1995	58	48	33	34	51	61	34	25	48	130
2008	64	14	63	30	27	59	41	35	52	168

Sources: Pratscher 2007, 2010, own calculations taking into account HVPI as index to adjust the 1995 values to real values (*1.252)

In summary, the expenditures display a lower increase of costs in contrast to the rise in recipients. Thus, one can still argue that social assistance does not provide a sufficient level of support for the income package of the poor in Austria (Förster et al 2001). One exception is Vienna, where the restructuring of the social assistance administration, mainly in the form of top-up payments for low unemployment

⁸ As the first province, Vienna abolished the recourse liability in the 1970s and has the highest percentage of social assistance recipients in the population (see table 1). Carinthia and Styria abolished the recourse liability in the last three years.

benefits/assistance recipients, led to a sharp increase in recipients (Leibetseder 2008).

It is not an easy task to define the legal structure of the social assistance policy, since the social assistance system interacts with all other forms of social security; its purpose is to cover all other risks not secured elsewhere. As mentioned above, the Austrian social assistance legislation and administration is regulated on the provincial and communal level. Article 12 of the federal constitution covers the competence of systems for poverty relief (Armenwesen) for the nation state. Due to the lack of a basic social assistance act, the provinces each regulate social assistance on their level (Pfeil 1989b). On the provincial level, the first social assistance laws came into effect in the 1970s (see Table 5). Acts defining social policy tend to be frequently amended, resulting in a re-announcement or introduction of new acts in the late 1990s in eight out of the nine provinces.

Specific groups, however, can access special universal social nets before turning to social assistance on the provincial level. People with a disability, people requiring care and nursing as well as young persons have access to different kinds of assistance. Only Burgenland, Carinthia, and Lower Austria have integrated assistance for persons with special needs into the regular social assistance law including specific regulations for them (Pfeil 2001). In Carinthia and Tyrol, the third form of social assistance act involves a linguistic turn. Social Assistance is now called minimum security (Mindestsicherung K-MSG) in Carinthia or basic security (Grundsicherung TGSG) in Tyrol. Nonetheless, the basic principles have not changed in Tyrol (Stelzer-Orthofer 2006a, DOWAS 2007, Pfeil 2007a), whereas in Carinthia the recourse liability of the claimant has been abolished (Pfeil 2007a) and the administration has to inform the claimant about the application and benefit (Schallegger 2008). In Styria, the reform limited the recourse liability of recipients.

Table 5: Overview of the Introduction and Changes of Social Assistance Laws in the Provinces

Province	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	2009
Tyrol	1973	1999	2006
Vorarlberg	1971	1998 1)	-
Vienna	1973	structural changes	-

Source: Pfeil 2001, Dimmel 2003b, Pfeil 2007a

1) re-announcement and structural changes

The transformation of the acts involves three stages: Firstly, an implementation on the provincial level after the Second World War in the 1970s. Secondly, the alteration covered activation and new regulations concerning the proceedings in the late 1990s to appropriately manage the higher rate of entry. Thirdly, recent legal acts indicate a change towards a system of minimum security in some provinces.

2.3. Means-Tested Guaranteed Minimum Income Scheme

Nevertheless, the provincial transformations do not allow for a converging of the formal social assistance policies in the provinces. After years of discussion, a new Means-Tested Guaranteed Minimum Income will come into effect. The agreement between provinces and state, according to Art. 15a of the federal constitution,⁹ passed the national parliament in July this year. However, just a few provinces will be able to implement the agreement by September 2010. Most of the provinces will start with the new scheme by January 2011, as they have to change the provincial legislation and administration accordingly. Attempts to reform the Austrian social assistance system started at the end of the 1980s (Ziniel 1989, Pfeil 1989b, 2001), yet the criticism did not result in an overall change of the social assistance system. The huge powers of orders, administrative instructions and decrees as well as undefined terms lead to an ongoing discretionary administrative system.

From 2000 until 2006 the people's party and freedom party, which split and has been replaced as coalition partner by the Bündnis Zukunft Österreich (BZÖ) after preterm

⁹ The federal constitutional Article 15a allows agreements between the state and the provinces. Those agreements have to pass the national parliament and all nine provincial parliaments.

election, could not transform the social assistance system led by the provinces. Nonetheless, the changes in the unemployment scheme and pension system influenced the increasing stream to social assistance separate from the rising unemployment figures up until 2005 (Obinger & Tálos 2006).¹⁰ The programme of the federal government included two changes in the social assistance legislation, which have been dropped. Long-term unemployed persons were to have been transferred from the public employment service's unemployment assistance to the social assistance schemes of the provincial governments. In addition, a regulation for the elderly receiving permanent social assistance was part of the programme. Single persons above standard retirement age were to receive a social pension at the level of the equalisation supplement pension rate. The social assistance schemes of the provinces would therefore provide for all persons above the normal retirement age without income such as self-acquired pension benefits or from a deceased spouse (Austrian Federal Government, 2003). The second National Action Plan (NAP) for Social Inclusion (2003 – 2005) described the overall reforms in depth. A working group drew up a draft of the principles for a harmonisation of the social assistance laws including experts as well as responsible persons from the federal and provincial governments. The main issues of the proposal were the revision of the connections to the social insurance system as well as access conditions, standard rates, increase in legal certainty and transparency, standardisation of the special requirements and of the statistical data collection concerning the social assistance schemes (Federal Ministry for Social Security, Generations and Consumer Protection 2003).¹¹

A team of representatives from the provinces and the federal state worked out a report about the harmonisation of social assistance in Austria. Based on this report, the legal expert Walter Pfeil developed an Art. 15a agreement between the federal state and the provinces for a so-called minimum security (Bundesministerium für Soziales und Generationen, 2004) as a blueprint. This early attempt served as a basis for the ongoing political discussion. However, the update report for the NAP 2003-2004 of Federal Ministry of Social Security, Generations and Consumer Protection (2004) did not state anything about social assistance. Furthermore, the National Report on Strategies for Social Protection and Social Inclusion did not

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mention the above stated proposals or the aims of the 2nd NAP. The critique of the Commission of the European Communities (2006, 81) is very outspoken in stating that the '*harmonisation of the social assistance schemes between the Länder (...) is not progressing.*' Nevertheless, the state wanted to facilitate employment activities for long-term social assistance recipients fit for work and negotiate the integration of social assistance recipients in the public health insurance system in the new European regime of open method of co-ordination '*on strategies for social protection and social cohesion*' (Republic of Austria 2006, 16 & 28).

After the coalition of the people's party and freedom party from 2000 until 2006, the social democratic party and people's party once again formed a coalition government. Heading 'Fight against Poverty' the chapter, the parties expressed their will to '*substantially*' reduce poverty in the coalition agreement (Bundeskanzleramt 2007), and the regulation was first sketched in the government policy declaration of January 2007. It dismissed the abolishment of the unemployment assistance and the social pension for elderly (Bundeskanzleramt 2007). The main strategy is the reform of the existing social assistance system towards a '*Means-tested Guaranteed Minimum Income*' (Bundeskanzleramt 2007, Republic of Austria 2007). The transformation takes some time and the first step was the introduction of a pension at the equalisation supplement reference rate (means-tested minimum pension). In addition, this payment should serve as a risk-of-poverty threshold for all other minimum incomes (Bundeskanzleramt 2007).

Furthermore, the recipients have to be '*willing to work*', as the benefit is '*not an unearned basic income*' (Republic of Austria 2007, 4). The criteria for 'reasonable' job offers, which the recipient has to take, will be evaluated and modified '*in respect of efficiency, effectiveness and mobility of jobseekers within Austria whilst considering care obligations*' (Republic of Austria 2007, 4). Long-term unemployed will have to participate in community work projects and will be obliged to enter educational and training programs (Republic of Austria 2007, Bundeskanzleramt 2007). Moreover, the reform wants to introduce so-called 'one-stop-shops' for people fit to work and obliged to work. Social assistance recipients fitting in this category should receive their benefit and employment advice at the local employment service. The claimants still have to prove at the local employment service that they are willing

to work. In contrast, the provincial governments would still be in charge of the means test (Bundeskanzleramt 2007). In October 2007, the financial adjustment negotiations¹² (Finanzausgleich) between state (Bund) and provinces (Länder) included the treaty on the MGMI, which obligates the provinces to introduce a general benefit on the above stated level for social assistance recipients. In return, the state limits the additional expenditure of the provinces and covers the exceeding amount (Regierungsvorlage 2007). Moreover, the government negotiated the introduction of a minimum wage with social partners, with a figure of 1,000 Euro before tax serving as a threshold in all collective agreements (Bundeskanzleramt 2007, Republic of Austria 2007). One can argue that such minimum wage should increase the differential between the MGMI and the option via earned income encouraging the principle of 'less eligibility'.¹³

In 2008, another version of the negotiations between provinces and state still targets an Art. 15a agreement between state and provinces (Ministerialentwurf 2008a). The level of payment for the MGMI was stated at the equalisation standard reference rate in the pension insurance and should be paid 14 times a year (Pfeil 2007b, Art. 5 of the agreement between state and provinces).¹⁴ Then, the legislative process was interrupted by the decision of the national parliament to announce early re-elections, the MGMI did not pass the parliament. However, the same parties, Social Democratic and conservative People's Party, form the current government and wanted to introduce the MGMI 'speedily' (Bundeskanzleramt 2008). The 'speed' was hampered and the discussions went on for another two years.

The reform was initially intended to be far more progressive: The local job centres were to be responsible for the calculation of the benefit, Fourteen payments a year would have introduced the same level as minimum in the pension scheme and the social assistance. The recourse liability was to be reduced even further. A long

¹² As the state obtains most of the taxes, the provinces and the state regularly renegotiate the budget transfer for some years in advance (Fallend 2006, 1030).

¹³ Emmerich Tálos stresses the high poverty risk of precarious employed as 'free employee' (freier Dienstvertrag), who is neither employee nor freelance worker (Tálos 2006, 2005, 200). Such 'free employee' was not entitled and did not contribute to unemployment insurance; however, the government introduced the same social insurance rights and duties as regular employees in 2008. In addition, freelancers and self-employed are able to opt in the unemployment insurance scheme (Bundeskanzleramt 2007, Andree 2008).

¹⁴ The regulations allows for distinct methods of payment in each province, which can tie the additional two payments to certain expenditures (Art. 10 (4) of the agreement between state and provinces).

discussion between the Conservative and Social Democratic Party, the federal department for social issues and the nine provinces reduced the national standard to a minimum standard. During the negotiations, the level of benefit was sliced in the social assistance scheme to enforce the principle of less eligibility and reduce the benefit well beyond the poverty threshold. As a trade off, the conservative People's Party demanded a 'transparency account' for all transfer payments to reduce the potential danger of a 'poverty trap'. During this discussion, the gap to the minimum wage once again was a topic in the news. The trade unions wanted to increase the national minimum wage to 1,300 Euro a month, arguing against the necessity of an income gap between it and the MGMI. In contrast, the conservative People's Party replied that such a raise of the minimum wage would 'kill jobs' and once again insisted on the transparency account. The less eligibility principle can only be sustained where all benefits targeted at individuals, households or families are taken into account and provides such a low level that employment pays off (Die Presse, 2. & 3. August 2009, 17. März 2010, 16. Juni 2010).

As stated above, the MGMI replaces the nine current provincial legislations and will establish a national threshold, whereas the public employment service serves as an entry point for persons fit for work. The stated benefit level is comparable to the equalisation standard reference rate in the pension insurance system. Thus, it enforces a political minimum beyond the social assistance scheme and serves as a risk-of-poverty threshold for all other minimum incomes. The level of benefit for 2010 has been set at 744 Euros for one person and 1,116 for a couple living together. In contrast, in 2009, the at risk of poverty threshold, defined as 60% of median income in Austria, was set at 951 Euros for a single person and 1.426 for a couple (Till-Tenschert 2009). The benefit allows for two extra payments for heating, but includes a 25% portion to cover housing costs. Compared with the contemporary rates for social assistance, it will equalise the national minimum income at 558,67 Euro. Thus, the level of benefit does not exceed the current social assistance rate for single assisted persons in three provinces (compare to table 3). When the rent exceeds the 25% share, the provinces have to grant additional support for housing allowing for slightly different levels of support in the nine provinces. In addition, some provinces announced that they will grant 14 payments a year, along the lines of the pension insurance and some of the social assistance systems. Thus, two distinctions occur:

the equalisation standard reference rate is regularly paid 14 times and, therefore, allows a higher benefit overall, and the diverse benefits levels will be well in place in all nine provinces due to the distinct means-test in all provinces and the provincial additional housing payments. Furthermore, some provinces announced 14 payments a year.

MGMI wants to ensure a higher take-up rate, thereby reducing stigmatisation and recourse liability. In order to receive the payment, one can still keep small assets (up to five times the equalisation standard rate for a single person), but one has to sell the car and other valuables first. In the first six months of a receipt, the regulations are less strict and allow for an early entry into assistance without having to sell all assets. The recourse liability is reduced to a minimum, as the recipients only have to pay it back in case of inheritance and endowment and is limited to three years. The proposal includes a 'one-stop-shop', where all persons fit for work can file a claim for support at the employment service. However, the claim will be handed over to the local social assistance offices where eligibility decisions are made. A guaranteed means-tested national minimum income on one level can only be achieved if the calculation and procedure follows a stricter regulation, implemented on a national level. The agreement between provinces and state does not incorporate such an option and local social assistance administrations can handle the claims in their own distinct way. Persons with a low unemployment benefit profit from this regulation since the policy introduces a minimum income provision with lower barriers for the first period of receipt, as one can apply at the local unemployment office. Despite all efforts, some groups still have to apply at the social assistance office: the non-able-bodied poor unfit for work life.

The MGMI aims to ensure social rights by reducing stigmatisation and easing the access to a benefit, but it imposes a strict employment regime on recipients. It strengthens the right to a benefit based on conditionality at the same time, as the proposed MGMI does not constitute an '*unearned basic income*' (Federal Ministry of Social Security, Generations and Consumer Protection 2007). The public employment service has to take into account the same regulations as for persons receiving unemployment assistance regarding reasonability of job offers. However, the reforms of the last two decades have introduced higher conditionality towards

unemployment insurance and unemployment assistance benefit recipients. In addition, specific groups are now included in the unemployment insurance scheme, such as freelancers (compulsory) and self-employed (voluntary) (see above). In addition, the long-term unemployed will have to participate in community work projects and will be obliged to enter educational and training programs. Otherwise, the benefit can be reduced by up to 50% and in specific cases completely cancelled. The agreement still allows for distinct programmes for MGMI recipients in each province agreed between provincial job centre and the province (Art. 7 (1), 14 (3) and (4), Art. 17 (3) and (4)). One aspect of the reform is that the employment service has to provide the same facilities for social assistance recipients. Thus, it is not enough that clients obtain their next appointment at the employment service; they have to be offered job search advice, job offers and other programmes and trainings bundled at the employment service.¹⁵

The proposed MGMI does not state the responsibilities for couples with and without children; it just mentions that one *'has to consider the personal and familial situation'*. A (single) parent has to look for employment when a child reaches the age of 3, where there has been no other childcare place available beforehand (Art. 14 (2) Z. 3). Thus, parents do not have an unconditional social right just because of childcare responsibilities and mothers might have to look for a job eight week after giving birth. The local administration can extend the period of exemption from availability for employment for single parents, potentially resulting in a continuation of the different regulations. The supplement for low-income households receiving childcare benefits is only paid for 12 months; then, social assistance or MGMI have to provide for top up payments for low-income households. The MGMI aims to *'ward off the above-average risk of poverty'* (Federal Ministry of Social Affairs and Consumer Protection 2008) of single parents by providing a full benefit for single parents. Nevertheless, depending on the province, the change might enforce an earlier labour market entry for poor (single) parents with young dependent children. However, it will depend on the local social assistance office, available childcare places and the labour market.

¹⁵ Despite these serious limitations, the Austrian reform does not introduce Hartz IV (Bäcker 2008), as unemployment assistance is not abolished. In contrast to Germany, the current government increased the replacement level of unemployment assistance and adapted the family and partner thresholds closer to the regulations of the MGMI in the unemployment assistance regulation (Bericht des Ausschusses für Arbeit und Soziales).

Table 6: Overview distinction of legislation

	Social Assistance	Means-tested Guaranteed Minimum Income – discussion period	Means-tested Guaranteed Minimum Income – final agreement
Residence	Province	In Austria	In Austria
Principles	Subsidiarity, Individuality and Family Supportive Aid		
Level of benefit	Standard reference rate	At the minimum pension of the social insurance scheme (14 times)	at minimum pension of the social insurance scheme (12 times) including 25% rent
Regulation	Provincial legislation and degrees	Art. 15a Agreement between State and Provinces for framework, detailed regulations Provinces	Art. 15a Agreement between State and Provinces for framework, detailed regulations Provinces
Benefit	Calculation of benefit depends on local administration, recourse liability for recipient and close relatives in some provinces	Calculation of benefit by jobcentre, recourse liability only in specific cases for recipient Some exemptions of the strict means-test	Able-bodied are transferred to employment service, right to benefit but calculation by different provincial/local administration Some exemptions of the strict means-test
Work	Willing to work, conditionality depends on local administration Sanctions and projects depend on provincial and local administration	Unwillingness can lead to reduction of benefit up to 50%, no reduction for household members Check of willingness by employment service, intermediary employment and projects possible	50% reduction in case of unwillingness regularly, up to zero in specific cases, no reduction for household members Check of willingness by employment administration, specific projects in provinces possible
Care Work	Exemption from job search in some provinces up to 6 years, higher benefits in some provinces, availability of child care places	Support in case of single parenthood, availability for employment, when youngest child turns 3 or earlier, when childcare place available Higher benefit for single parents	Support in case of single parenthood, availability for employment, when youngest child turns 3 or earlier, when childcare place available Higher benefit for single parents
Permanent recipients (reaching of retirement age)	Higher benefit in certain provinces for 'social assistance pensioners', intake by social assistance administration	Benefit at the rate of the minimum pension scheme, discussion of intake at the social insurance agency of pension, relabeling as 'social pension'	Benefit level at the same level like all recipients, intake by local social assistance administration

Initially, it was to provide a benefit at the current rate of the minimum pension, paid 14 times. Now, the national minimum threshold is reduced to twelve payments, some provinces announced that they will target 14 payments a year as the final agreement. In addition, the payment includes a 25% rent allowance; thus, it further lowers the benefit level compared to social insurance pensioner's minimum pension scheme.

The principles of subsidiarity, individuality and family supportive aid are maintained, indicating continuity on the one hand. The state and provinces try to harmonise the legislation with the MGMI, indicating transformation, but the provinces still have broad powers concerning calculation and activation, thus exhibiting path dependency. In summary, the proposed reform includes both: transformation and path dependency, it establishes a basic agreement on the national level already implemented in most provinces. However, following the European trend in the last decades, the incremental reform in social assistance regulation reflects a shift towards tightening the benefits of passive recipients to welfare-to-work.

3. The Research Design

As stated above, the Austrian social security scheme does not provide a distinct level of income support. It differentiates greatly between certain groups. Social assistance kicks in when all other forms of support provide a low level of benefit or none at all. Consequently, the research has to cover distinct groups: Typically, someone in need has either no right to social insurance benefits (refugees, elderly, school drop-outs, divorcees, returnees from other countries, the former self-employed, homemakers, ...), low social insurance entitlements (i.e. small unemployment benefits for former part-time employees, other forms of low income employment, larger families), low income (larger households, small income) or other forms of small universal benefits (e.g. low childcare benefits). Thus, the research has to take into account different forms of benefit (full benefit and top-up payments), distinct reasons for access and the household size. Furthermore, it has to cover additional practices towards activation and childcare issues.

3.1. Styria and Upper Austria

The research is a comparative study taking into account two provinces in Austria: Upper Austria and Styria. Those two provinces have certain specifics in common: Both have rural and industrial regions: In Upper Austria, Linz, Wels and Steyr as well as Vöcklabruck and the border regions to Germany are highly connected to the steel and automotive sector. In Styria, Graz, Leoben and Bruck are regions traditionally connected to mining, the steel industry and the automotive sector. Both provinces have rural areas, where people still rely on farming and tourism besides employment in middle sized companies. In Upper Austria, the northern part towards the Czech Republic and the Southern part towards Styria and the Alpine region exemplify those areas. Styria, in contrast, has some 'high Alpine' regions; nevertheless, the Southern part and Eastern and Western part are defined by farming, tourism and smaller and medium sized enterprises.

Table 7: Comparison of the provinces

Political and Demographic	Size (km ²)	Districts			Municipalities			Inhabitants (2010)
		urban district	district	total	total	thereof cities	thereof market towns	
Upper Austria	11.979,91	3	15	18	444	32	147	1,411,238
Styria	16.401,04	1	16	17	542	34	126	1,208,372
Austria	83.878,99	15	84	99	2.357	199	765	8,375,290
Economical	Gross regional product (2007)		Economical Value added by Sector (2009)			Registered Unemployed (in% of all Employees)		Labour force Participation rate (2009)
	Total (Mio)	Per inhabitant	Primary	Secondary	Tertiary	Women	Men	
Upper Austria	44.748	31.800	2%	41%	57%	4.5	5.3	69.5%
Styria	44.748	28.200	3%	36%	61%	6.5	8.8	72.9%
Austria	270.782	32.600	2%	30%	68%	6.3	7.9	4,160,900
Income / Poverty	Poverty rate (60% medium income threshold, 2008)					Net-equivalised Household Income 2008		
	In %	In 1,000	Confidence interval (95%) Lower.%.....Upper%		Poverty Gap	Media	Lowest 10%	Lowest 25%
Upper Austria	10.3	145	8.2	12.4	15%	19,402	11,359	14,790
Styria	11.9	142	9.1	14.6	16%	18,805	10,950	13,971
Austria	12.4	1.010	11.4	13.3	15%	19,011	10,653	14,238

Data: www.statistikaustria.gv.at, www.bmask.gv.at 2009, Till-Tenschert et al 2009

The labour market situation in Styria is slightly tighter due to the more decentralised and rural structure. The average wage and gross regional product also is below the Austrian and Upper Austrian level in Styria. A further distinction is the slightly higher poverty rate in Styria and the lower median income compared to Upper Austria.

Legal and institutional situation in both provinces

The social assistance legislation varies slightly in these two provinces. The distinction arises on two issues: Styria abolished recourse liability in 2008 and Upper Austria provides specific social advisory offices for a low threshold intake. In both provinces, the intake procedure varies from district to district. In Upper Austria, the local district authority is responsible for the calculation of the benefit and issues the official reply. However, it depends on the district as to whether people claim the benefit at the municipalities, social advisory office or district office. Despite the legal differences, the claimants go either to the district or municipal office when they apply for a benefit. Legally, one can claim the benefit at the municipal office, which forwards the claim to the district office issuing the official reply.

It once again depends on the district and the institutional practice. In both provinces, the intake procedure differs slightly according to district. The benefit payment also

varies in each district and province. Certain districts still provide for peaks at the end of the month, where people gather in front of the caseworkers' doors to hand in their documents to obtain a payment in return. Other districts do all their casework in written form and only ask for a face-to-face interview in urgent or difficult circumstances, transferring the money via bank account or giro. Rural, small municipalities only have one or two recipients obtaining a benefit regularly. Most of them are permanent recipients without any attachment to the labour market.

In both provinces, clients obtain a higher payment two times (Styria) or four times (Upper Austria) a year, so the benefit will be paid 14 times a year in both provinces. Additional payment might be applicable – in Upper Austria, these are restricted to heating and rent costs and the Styrian system pays an additional energy payment. Both provinces demand job search and the take-up of any employment; the legal distinctions offer the option of sanction up to zero in Upper Austria and up to the minimum in Styria. In Upper Austria, recipients can be sanctioned when they appear to be 'unwilling to work' or refuse to take up a job offer, whereas in Styria recipients can only be sanctioned for a refusal of a job offer. Upper Austria also offers the option of a small employment income without deduction from the benefit for long-term recipients as incentive, but also allows for a system of 'work for the dole', as recipients can be required to work in the intermediary labour market. Styria does not state such legal options at all.

In case of childcare, Upper Austria allows for up to three years for an exemption of job search, when there is not a childcare place available. In contrast, in Styria, single parents have two years, and up to three years where there are not any childcare options. However, the law demands that the 'upbringing' of children is secured in any case. Nevertheless, the legislation does not state which type of childcare. Therefore, family ties, such as a mother or father living next door, might also be taken into consideration as an option by the caseworker in both provinces.

3.2 The Research Outline

The research design¹⁶ evolves around a longitudinal design in four stages in both provinces before and after the introduction of the new legislation. It involves three quantitative waves and one qualitative wave – the research began in April this year and will end in June 2013. The first wave is conducted before the introduction of the new legislation; the next quantitative wave will start in September 2011 allowing for a nine-month introductory period of the new legislation in both provinces. In 2012, the last quantitative wave should provide survey data about a well-established new scheme in both provinces. The first questionnaire is designed to target social assistance recipients and claimants at the local welfare offices. The two other waves will use a slightly transformed questionnaires adapted to the new situation concerning the intake procedure at the local unemployment offices.

Table 8: Timetable Research

	January – March	April - June	July - September	October - December
2010		Start – Design of quantitative questionnaire 1	Wave 1 Field Research –	Wave 1 Preliminary results
2011	Results – First Research Report – Wave 1		Wave 2 Adaptation of Questionnaire	Wave 2 Field Research
2012	Wave 2 Results – Second Research Report	Wave 3 Qualitative Research	Wave 3 Research Report	Wave 4 Field Research
2013	Final Research Report			

Each quantitative wave aims to reach a sample of up to 700 face-to-face interviews with social assistance recipients or claimants in each province. Such a huge sample should enable us to compare all three waves and allows us to conduct a trend analysis¹⁷ comparing rural and urban areas as well as distinct socio-demographic groups of social assistance recipients. Those face-to-face interviews require interviewers at the local social assistance office or/and unemployment office. Thus, we can only reach persons who are still required to come to the office in person. Therefore, we will not be able to attain information about social assistance recipients above retirement age and other groups without requirement to contact the social

¹⁶ The research is funded by the Federal Ministry of Social Affairs, the provinces Styria and Upper Austria.

¹⁷ A panel analysis is not possible, as the transformation should enable new groups to access the benefit.

assistance office regularly including persons with serious health issues, carers with young children and so forth.

The research design allows us to study certain aspects in depth, as the qualitative research covers the view of experts, administration and clients in depth. Sixty interviews are to be conducted in mid 2012, when the new legislation will have been in place for almost 1.5 years.

a) Expert interviews: Approximately 15 interviews with national and provincial experts of the federal and provincial government, unemployment office, regional and local social assistance offices, social partners, social insurance institutional and non-governmental organisations. Those experts have to hold at least a managerial position.

b) Problem-focused interviews with clients and caseworkers: Approximately 45 interviews with clients and caseworkers on the street-level – that is, with daily contact with clients and decision making in case of benefits.

The first type of interview should cover the experience with the transformation and its effect on institutional level. It should assist in interpreting the data from the first two waves and in obtaining information as to whether the transformation reached the legislative aims. In addition, it will focus on problem areas and frictions between the different administrations. The interview guidelines will be individualised ones.

The second type of interview will target up to four districts in each province and will provide in-depth information about two urban, one semi-urban and one rural district in each province. The interviews will cover clients and their experience with the new system as well as caseworkers and social workers in the social offices and unemployment offices. These guidelines will be opened ones, and will try to involve the interviewee in a discussion with an introductory question trying to develop a narrative. In the second phase of the interview, the interviewer will try to involve the interviewee in clarification of certain aspects, and the third phase will try to focus on hitherto uncovered aspects, such as the daily experiences at the welfare office and

unemployment office, as well as changes due to the transformation. Once again, those interviews should assist to enrich the empirical findings and develop ideas for further aspects.

3.3. The Sample

The sample for the first quantitative wave is set according the structure of recipients in both provinces. Each province has a different rate of recipient, varying in each district. As the resources would not allow interviewing in all districts, it has been decided that comparable districts will be defined and just one chosen. In both provinces, the arithmetic mean of recipients of the first six months in 2009 has been taken, and the districts divided according to high, medium and low amount of recipients per inhabitant. Nevertheless, the sample in Styria is easily divided in such groups. In contrast, the Upper Austrian regional division would only allow for two groupings – high and low density of social assistance recipients. However, when one takes into account the total number of cases, the distinction might be reasonable. Nevertheless, one still has to define a new classification after the analysis of the questionnaires.

Table 9: Sample structure

	District	Recipients	Number of Recipients per 1,000 inhabitants	Grouping	Required interviews
Styria		3,516	2.9		500 to 700
	Graz	1560	6.1	High	220-310
	Bruck an der Mur	327	5.2	High	45-65
	Leoben	259	4.1	High	35-55
	Judenburg	159	3.5	High	25-35
	Voitsberg	131	2.5	Medium	25-30
	Fürstenfeld	55	2.4	Medium	-
	Leibnitz	174	2.3	Medium	35-45
	Feldbach	135	2.0	Medium	25-35
	Knittelfeld	56	1.9	Medium	17-25
	Deutschlandsberg	111	1.8	Medium	-
	Hartberg	118	1.8	Medium	25-35
	Radkersburg	37	1.6	Medium	-
	Liezen	89	1.1	Low	15-20
	Mürzzuschlag	45	1.1	Low	-
	Weiz	98	1.1	Low	15-20
	Graz Umgebung	144	1.0	Low	25-35
	Murau	17	0.6	Low	-
Upper Austria		3,392	2.5		500-700
	Steyr	409	10.4	High	60-85
	Wels	405	7.2	High	60-85
	Linz	1,062	5.8	High	155-220
	Linz-Land	547	4.2	High	80-115
	Vöcklabruck	180	1.4	Medium	30-40
	Wels-Land	90	1.4	Medium	20-25
	Ried	73	1.3	Medium	15-20
	Steyr-Land	74	1.3	Medium	
	Braunau	106	1.1	Medium	20-25
	Schärding	60	1.1	Low	
	Freistadt	63	1.0	Low	15-20
	Grieskirchen	63	1.0	Low	10-15
	Perg	61	1.0	Low	15-20
	Urfahr-Umg.	61	0.8	Low	15-20
	Eferding	23	0.7	Low	-
	Kirchdorf	40	0.7	Low	-
	Gmunden	56	0.6	Low	10-15
	Rohrbach	20	0.3	Low	-

3.4. The First Quantitative Wave

The first quantitative wave started in July this year. The questionnaire revolves around four issues of interest relating to the claimant's experiences and socio-demographic composition of claimants additionally.

- intake procedure (stigmatisation, accessibility)
- benefit calculation (transparency, sufficiency)
- job search (requirements, assistance)
- social exclusion (comparable with EU-SILC data)
- socio-demographic aspects on individual and household level

The socio-demographic aspects of the questionnaire cover age, gender, own citizenship and parent's citizenship, marital status, household members and children, educational and employment background. In addition, the main income is covered, on a household and individual level. Then, issues of accessing social assistance are covered: Firstly, the main reasons for accessing the social assistance scheme and information about the possibility of claiming social assistance. Secondly, the first claim is focused upon: which benefits are received, the number of periods, the duration up to the first payment and payment issues. The claimants are asked to answer whether in their opinion the benefit was paid in time, whether it is sufficient to cover basic necessities, whether personal circumstances were taken into account by the caseworker, whether the decision about the level of benefit is transparent, whether they fear being liable to pay the benefit back, etc. Furthermore, it covers issues about the claimant's experience with the caseworkers, especially issues of friendliness, competence, time, assistance and duties. Therefore, the questionnaire tries to cover two aspects: the formal aspects – whether one receives a benefit in time – and the institutional aspects – how does the system work in reality and how are the caseworkers experienced and valued by the claimants.

Thirdly, the questionnaire regards the issue of (re-)integration into the labour market. It asks whether the claimant is required to look for employment. Then, the experience and assessment of the social assistance scheme towards job search is covered, as well as what the requirements are and what forms of assistance the scheme provides. In addition, the experience and assessment of the unemployment office is covered to enable consideration of aspects of change in the next two quantitative waves. On one hand, the contemporary social assistance scheme and the unemployment scheme can be compared. On the other hand, the future system can be evaluated. Finally, aspects of social exclusion are covered on the individual level and concerning children living in the household – these questions are similar to those of the EU-SILC.

4. Conclusion

The introduction of the Austrian Means-tested Guaranteed Minimum Income (MGMI) should lead to a national minimum income level. Despite this announcement, it must still be stated that the proposed minimum income is well beyond the 60% poverty threshold and allows the provinces distinct forms of calculation and benefit payments (12 or 14 times) once again. In particular, the issue of rent allowance enables a certain leeway for the provinces. The first aim was to fight poverty and social exclusion; the long discussion process enabled to re-introduce the principle of less eligibility once again in the scheme. In general, the Austrian security system offers different minimum income for different target groups. However, the second tier is the social assistance scheme and will be the MGMI.

The transformation in the social security scheme within the last two decades allowed for access to the unemployment benefit scheme for new groups, but introduced a stricter conditionality on the recipients and increased the contributory periods. The minimum pension in the social insurance pension scheme targets low-income pensioners and allows for an income at the 60%-median-income poverty threshold. In contrast, the childcare benefit is still below the 60%-median-income poverty threshold for someone receiving a benefit for a longer period. It does not want to allow low-income families to withdraw themselves from the labour market for so long when childcare places are available. Thus, the reforms allow for a specific distinction between the social insurance scheme and the social assistance scheme on the formal level.

The idea was to implement a 'one-stop-shop' at the operational level. Following on from this, we want to measure the changes due to the transformation with a trend analysis. On one hand, the intake procedure, the duration up to the first payment and the transparency can define the accessibility and the inclusionary potential of the new scheme. The details about the claimant's and recipient's experience might provide more information about the new and old system, especially rural and urban comparisons. The level of support and the overall income of the claimants can

provide details of the poverty reduction. Nevertheless, the (re-)integration in the labour market is of major interest, as the recipients will now deal with social assistance and unemployment offices concerning the conditionality of job search in most areas. Thus, we hope to be able to describe the switch on the meso and micro level concerning the merger of the two benefit systems, and to be able to define whether the new system introduces a more coherent scheme or merely provides an ambiguous reform on the operational level.

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