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## The restructuring of *social assistance services* in Austria. A case study in 35 municipalities of Styria and Upper Austria

AUSTRIA



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**The restructuring of social assistance services in Austria.  
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## COST Action IS1102 SO.S. COHESION - Social services, Welfare State and Places

### The restructuring of social services in Europe and its impact on social and territorial cohesion and governance

In the last 20 years social services have experienced significant restructuring throughout Europe, involving cuts in public funding, devolution (from central to local governments), and externalisation (from public to private providers). Among the reasons for such changes have been stressed the fiscal crisis of the State (on the supply side) and the need to ensure greater efficiency, wider consumer choice and more democratic governance (on the demand side). Although relevant research is available on such processes, the recent global financial crisis and the awareness that, among services of general interest, social services are a major vehicle of social and territorial cohesion have brought social services back on the EU agenda.

The Cost Action IS1102 – operational from 2012 to 2015 – has brought together institutions carrying out research on these themes in different nations, from different disciplinary points of view, and with different emphases, with a view to jointly assess the effects of the restructuring processes, from 5 perspectives: a) efficiency and quality; b) democratic governance; c) social and territorial cohesion; d) training and contractual conditions in social work; e) gender and equal opportunities. The Action has provided a structured comparative context to share and valorise existing knowledge with the purpose of disseminating findings at the local and international scale and identifying inputs for a European social policy platform.

Some of the output of the Action is published in the form of *COST IS1102 Working papers*, freely available for consultation on the Action's website. While acknowledging the key role of the Cost Programme in general – and of the IS1102 Action in particular – in favouring the production of these papers, the responsibility of their contents remains with the authors.

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## The restructuring of social assistance services in Austria.

### *A case study in 35 municipalities of Styria and Upper Austria*

*Bettina Leibetseder*

#### **Abstract**

The working paper describes the restructuring of social assistance services in Austria. First, it focuses on the general regulation of the Austrian extramural social assistance regulation and its changes, now called Needs-oriented Minimum Income Recipients, zooming in on the two provinces with 35 municipalities of the case study.

Scrutinizing the implementation in two provinces, Upper Austria and Styria, and the framework agreement of 2010, the article engages with two research questions: Does the new regulation foster inclusive elements and reduce exclusive ones? Does it shift the Austrian social assistance scheme toward a regionally framed country with recognised social rights? The research triangulates from quantitative and qualitative data.

The new Minimum Income Regulation should increase the take-up rate and the social rights of recipients. Taking into account the provincial legislation and the implementation in two provinces, the new system has not altered the institutional reality. Despite the more nationalised minimum standards, the local practices still enforce a rather stigmatising and exclusionary regime; whereas territorial cohesion has slightly been improved within and between the provinces. Activation programmes and access to job centre services are now everywhere available to minimum income recipients; social counselling nevertheless depends on local accessibility.

The legislation wanted to introduce a one-stop-shop for all employable recipients at the local job centres. The job centres are not required to scrutinise the claim and documents for completeness; consequently, the social assistance offices have to contact the claimants, and they are still obliged to deliver 'individualised' support despite the minimum benefit payments.

The national framework itself provides a national minimum benefit, but leaves a lot of leeway to the provincial acts, and even in core areas, provinces decided to ignore core aspects of the agreement. Thus, the territorial and social cohesion has not been improved as much as the national legal regulation promised in the beginning.

## 1. Introduction

The Working Paper describes the general regulation of the Austrian social assistance regulation and its changes, zooming in on the two provinces of the case study. The Austrian social assistance scheme is responsible for many social services as well; it was divided between an ‘extramural’ and ‘intramural’ part. The first one provides benefits for persons without an income or an income below the minimum income, it assists with support in kind and in cash in case of emergencies, and it also provides social services including counselling and support, health and care services for all groups of society. The latter includes institutional care and shelters.

In this paper, we focus on the extramural services for social assistance recipients, now called Needs-oriented Minimum Income Recipients. Firstly, we provide a short definition of the different services offered, and then we go through the legislative milestones and provide an overview of the changes. Within this chapter, we focus on the regional implementation in two provinces, Styria and Upper Austria. In chapter 3, 4 and 5, we describe the current organisational structure, the institutional levels, and the different providers of social services in a general framework without going into the specifics of each province. The chapter on the impact of the restructuring and crisis is only at a preliminary stage, as we have to await the results of an on-going study to define these.

For the major part, we focus on the case study in Styria and Upper Austria. In 2010, the new Means-tested Minimum Income was accepted by all provinces and the federal state in Austria. A national minimum income threshold was intended to replace the standard benefit rates of the provinces, and the job centres were intended to serve as a low-threshold entry point for claimants. Using qualitative and quantitative data from a study conducted between 2010 and 2012 the working paper presents research on the implementation of the new legislation in two provinces, Styria and Upper Austria, by addressing questions of social inclusion and social rights. The new national framework provides an inclusive outline, but Styria and Upper Austria have implemented a rather exclusive provincial law, which mediates the exclusionary local administrations and results in a prolongation of regionally fragmented practices with restricted social rights in reality.

The working paper presents the background of the recent reforms and the research questions of the comparative study of the implementation in two provinces first. Then the methodological and analytical framework are given, which focus on the social rights for a means-tested benefit and implementation of a new legislation in a contested policy area with multiple actors to decide. Finally, the working paper sketches aspects of transformation in governance, social rights and user perspective as well as the related subject of territorial and social cohesion.

Despite constituting a corporatist country, Austrian social assistance has been described as based on local variations, on recourse liabilities of wider family members, with a low-take up rate and a high degree of discretion, partially *contra legem* (Leibetseder, 2013; Fuchs, 2009; Dimmel, 2003; Gough et al., 1997). The new legislation aims at the introduction of a system of well-guaranteed social rights.

However, the Austrian welfare state rests on a strictly institutionally and legally separated two-tier system of social insurance and social assistance. Hence, poverty and labour policy are separated: the former is subject to provincial legislation and the latter a matter of national concern (Obinger and Tálós, 2010). However, first discussions on the limitation of poverty policy started at the end of the 1980s and later on, a merger of jobcentres and social assistance offices was thought to



overcome the institutional overlapping and barriers. Changing federal and provincial governments, various interest groups and the provinces and municipalities obstructed and delayed negotiations. In the end, a ‘lowest common denominator’ (Pierson, 1995: 460) consensus led to a weak agreement due to multiple veto players in 2010.

The new Means-Tested Minimum Income was accepted by all the provinces and the federal state, when an agreement was signed in 2010 and introduced in all provinces at the end of 2011. The major changes are twofold: a national minimum income threshold should replace the nine current rates of the provinces, and the job centres should serve as entry point and activation agency for social assistance recipients categorised as fit for work. The new legislative framework is intended to increase the take-up rate, reduce stigmatisation and establish a more individualised system based on social rights. In addition, it should introduce a co-ordinated policy on the national level, and thus lower the regional legislative power and local variances. A shift might thus occur in the direction of corporatist branch of the regionally framed countries.

A brief introduction to the definitions and classification gives an overview of the vastness of the benefits and social services regulated in the Austrian social assistance

**Table 1: Services provided and financed by Social Assistance**

English term	Austrian legal term	Form of Service/Benefit	Entitlement
<b>Needs-oriented Minimum Income</b>	Bedarfsorientierte Grundsicherung	Cash (food, heating, clothing and other personal needs)	Yes
- Rent allowance	- Wohnanteil	Cash (rent)	Yes
- Assistance in particular circumstances	- Hilfe in besonderen Lebenslagen	Cash/in-kind (need in case of emergencies, moving costs, ...)	No
- Health care insurance	-Krankenversicherung	Insurance contributions	Yes
- Assistance for pregnant women	- Schwangerschafts- und Entbindungshilfe	Insurance contributions	Yes
- Specific single payments	- Einmalhilfen	Cash/in-kind in case of school start, Christmas, heating costs, etc.	No
<b>Services unique to social assistance recipients</b>			
Counselling and support (Casework)	Beratung- und Betreuungsleistung	Social service	No
Activation	Hilfe zur Verbesserung der Arbeitsfähigkeit und Vermittlung	Social service	No
<b>Other services</b>			
Hospices (for the terminally ill)	Hospitzzentren	Social services, in-kind	No
substance abuse , health prevention	Sucht- und Präventionseinrichtungen	Social services	No
Services for Homeless	Wohnungslosenhilfe	Social services, in-kind	No
Services in case of domestic violence	Unterstützung bei familiärer Gewalt	Social services, in-kind	No
Services in case of over-indebtedness	Schuldnerberatung	Social services	No

Source: Author's own compilation

As stated in the country paper of Austria, the Austrian federal state waived all attempts to a basic welfare act, and, thus, the provinces remained the main legislators in the 1970s. However, the principle of subsidiarity and is well entrenched, despite the general task of social assistance to enable those in need of help in keeping a life with human dignity.

**Table 2: Legislative Milestones in Social Assistance Services**

	1st Phase Social Assistance	2nd Phase Activation	3rd Phase Minimum Security	4th Phase Needs-oriented Minimum Income
Burgenland	1975	2000	-	1/9/2010**
Carinthia	1974	1996 <sup>1)</sup>	2007	1/1/2011
Lower Austria	1974	2000	-	1/9/2010
Upper Austria	1973	1998	-	1/10/2011
Salzburg	1975	2000	-	1/9/2010
Styria	1977	1998	2008	1/3/2011
Tyrol	1973	1999	2006	1/9/2010**
Vorarlberg	1971	1998*	-	1/9/2010**
Vienna	1973	Structural Changes (2000)		1/9/2010
Austria				1/9/2010

Sources: Author's own compilation, data sources Pfeil, 2001; Dimmel, 2003; Pfeil, 2007 ris.bka.gv.at,

\*Re-Announcement and Changes

\*\*Retrospective enactment on the 1/ 9/2010

In the 1970s and 1980s, most modern services were established in many regions due to the first wave of legislative change after the WWII (see table 2.2). Social work, intra- and extramural services for the elderly are now all regulated in the social assistance legislations. As the provinces just regulated up to the 1990s, the quantity and quality of services diverted within the provinces and between areas. However, in the last two decades certain minimum standards were introduced and most local governments now plan and co-ordinate with the provinces.

## 2. Case Study

### 2.1. *Research Question, Analytical and Methodological Framework*

Although each of the nine provinces launched a new legal regulation following the basic agreement, they all substantially altered it (Die Armutskonferenz, 2012). Scrutinizing the implementation in two provinces, Upper Austria and Styria, and the framework agreement, the article engages with two research questions: Does the new regulation foster inclusive elements and reduce exclusive ones? Does it shift the Austrian social assistance scheme toward a regionally framed country with recognised social rights? The research regards the claim process, the benefit payment and kinship obligations, and the right to appeal and sanctions and activation.

Beside the national framework legislation and the two provincial laws, the research triangulates from quantitative and qualitative data. The next chapter outlines the analytical and methodological framework. Then, the data and empirical findings are presented. In the conclusion, the working paper compares the implementation in two provinces and links it to the theoretical debate on the de/re-centralisation of social assistance scheme and the inclusionary or exclusionary potential of social assistance. It engages with aspects of the user perspective as well.

The analytical and methodological framework first covers the theoretical dimension of the case study that focuses on the aspect of social rights within means-tested social assistance benefits. Those are contested in the category of benefits and the achievement of inclusionary policy. The research design does not stop at comparing the legal regulation, but zooms in at the implementation in the provinces and their districts. Implementation of a policy in a contested area with multiple veto points is not easy to achieve and assess, especially when the target group is categorised as less deserving.

### 2.2. *Social Rights – Exclusionary and Inclusionary Aspects*

Social policy can, but may not foster social inclusion. Certain parts of the social security system do not provide a full inclusionary mechanism (O'Brien and Penna, 2008), a 'specific' access to 'specific' social rights can stratify (Esping-Andersen, 1990). In 1908, Georg Simmel (1965 (1908)) classified poor relief as the simultaneousness of 'inside' and 'outside': inside, because the recipients are still attached to society, as they receive benefits and therefore are tied to and part of society; outside, as the poor relief defines the role of the recipient as object, when their social status alters in contrast to social insurance claimants. However, social rights, as defined by T.H. Marshall (1950), seek to reach status equality between the citizens via an entitlement to support, which constitutes one major principle of welfare states (Cox, 1998). Therefore, Walter Korpi (1989) distinguishes between means-tested benefits that do not establish social rights and are still part of the old poor relief system and social insurance based benefits that determine social rights. Conversely, Ian Gough et al. (1997) argue that it depends on the design of benefits in contemporary social assistance schemes: whether one has the right to appeal, whether the design is based on local variation or national regulation, on clearly defined rights or discretion, whether it enforces individual rights or re-enforces family and kinship obligations, whether it operates with a thorough means-test or allows for certain privacy and assets.

Activation and social work intervention impose a crucial element in contemporary social assistance arrangements. In practice, activation and social work outline a strict regime involving work first, without taking into account individual circumstances, needs, and choice and voice of the recipients, so that social rights are endangered. Currently, participation, voice, and choice are also addressed in discussions of post-Marshalling social rights under the aspect of duties and obligations (Johansson and Hvinden, 2013; Bothfeld and Betzelt, 2013; Evers and Guillemard, 2013).

Thus, means-tested benefits can be inclusive, when they are implemented as individual social rights, which reduce the discretionary element, restrict the power of the administrators, and protect the rights of the weaker clients (Cox, 1998). Nonetheless, discretion is embedded in the formal and operational level on a regular basis (Hill and Hupe, 2009) in various degrees. First, *intra legem* discretion restricts the caseworker to a certain set of options within a standard, whereby an appropriate option is chosen based on professional standards, and certain rules exist to monitor the process. Secondly, *extra legem* discretion allows for more interpretation, as standard rules incorporate certain gaps. In practice, administrations set their own definitions within a broad range of standards and base their decision on available resources and deservingness. Finally, a decision *contra legem* can occur either when standard regulations do not exist at all, are left undecided and the caseworker has to establish his/her own criteria, or when the caseworker acts against the standard rule (Kazepov and Barberis, 2013).

**Table 3: Means-Tested Benefits and Social Rights**

Dimension	Endangerment	Consolidation
Level of Benefit and Coverage Rate of People in Need	Low take-up rate, low level of benefit, low replacement rates,	High take-up rate, high level of benefit, high replacement rates,
Governance Level and Territorial Variations	Regional or local level, no national regulation	National level, unified Regulation of core elements
Family Network	Extended family	Individual or nuclear family
Income- and Means-Test	Strict income and means-test, no tapered regulation, without tapered regulation or no disregard of assets	Lower Certain disregard of assets, income allowance
Discretion and Legal	Discretionary or no regulations, no or limited access and rights to redress, discretion calculating benefit level	Discretion <i>intra legem</i> for core elements, easy and fair access and rights to redress, regulated benefit level
Activation and Social Work	Disciplining measures, entitlement to benefits strictly connected to participation in programmes and job search , no voice and choice	Integrative measures, development of perspectives, aspects of user's participation and voice and choice

Source: Own illustration

Social assistance typically allows for local variations in practices rooted in the local culture and outlined by political and economic forces (Hasenfeld, 2010). Particularly, in a regionally framed country like Austria in relation to social assistance, the main regulative power lies at the subnational level, and the steering or regulative frameworks are rather weak on national level. Provinces hold the main legislative power, which are solely responsible for social assistance and decide about eligibility criteria, level of benefit, and have to monitor and plan for the region. Similar institutions are set up and governing arrangements work according to the same general administrative rules in the regions, but local governments, municipalities or communities deliver

and manage social assistance, which allows for a wide disparity within and between those provinces (Kazepov and Barberis, 2013; Barberis et al., 2010; Minas and Øverbye, 2010). Within that group, Kazepov and Barberis (2013) distinguish between familistic ones, mostly Mediterranean countries, which still have only implemented rudimentary entitlement rights to the benefit, regard public support as residual to wider family obligations and leave almost all decisions to the local level. In contrast, corporatist countries ought to have established a '*frame of relatively well-guaranteed rights*' despite their federalism and regional and local fragmentation, which limits discretion, allows for social rights and establishes a regional framework, which curtails the local autonomy

To answer the question of whether contemporary social assistance arrangements are still constructed as poor law in disguise, one has to look beyond the simple expenditure data and consider the institutional arrangements (Marx and Nelson, 2013) to see how social assistance is governed. That includes practices (Lynn et al., 2000) like the administration and delivery of social assistance benefits. Therefore, the focus of analysis can be the *formal level* – the legal regulations and the principles describing the policy's content - but it can shift toward the *operational level*, which refers to the organisational level and regards the organisational transformation and the implementation at the frontline offices (Carmel and Papadopoulos, 2009; Brodtkin, 2013).

### 2.3. *Implementation Research and Research Design*

Not only do legal regulations determine social rights, but so does the implementation of those regulations. Implementation research tackles the process beyond the formation of legislation and focuses on 'what develops between the establishment of an apparent intention on the part of government to do something, or to stop doing something, and the ultimate impact in the world of action.' (O'Toole, 2000: 266).

Beside the 'high game', the legislative processes, implementation research covers the 'middle' and 'low' game: the administrative structures, the governance of those structures and the actual actions (Hill, 2009). Implementation research consequently regards the output of policy, which is comprehended as 'policy as it is being delivered to the citizens' (Winter, 2006: 16). So any research on implementation also incorporates a democratic element; the sole focus on the administration and the street-level organisation has to be widened and include the view and perceptions of citizens as well.

Implementation in a contested area like poverty policy, where the aim and the means are not easily obtained or compromised on due to various interpretations, solutions and interests, is prone to ambiguous and sometimes contradictory regulations and a lack of resources. In such a policy area, local actors and coalitions step in and decide about the resources and policy tool (Matland, 1995).

A social constructivist perspective helps to open up these kinds of issues and relates them to the choice of agendas and policies by administrations and politicians on all three levels. The theory thus emphasises that administrations and politicians make policy choices based on their own construction of the target groups (Ingram et al., 2007; Schneider and Ingram, 1993). Distinguishing between these groups not only leads to a different level of public support, however, but the policy tools change for different groups too (Schneider and Ingram, 1990; Schneider and Ingram, 1993).

Despite the assessment of foreseen instruments, the implementation of a new social assistance regulation requires the comparison of legally agreed policy tools and implemented policy tools. Questions that arise are whether certain arrangements in favour of clients only exist on paper,

and whether symbolic policies have been agreed on, which do not alter the recipient’s circumstances, etc. All those reinforce the necessity to look at the realisation of the policy.

The empirical research covers two out of nine Austrian federal provinces. Styria and Upper Austria display a high similarity in their population size and composition of urban and rural areas, and they still have large proportions of their populations employed in industry compared to other Austrian provinces. Institutionally, the communities of a district form so-called social district associations (Sozialhilfeverband), which split costs and provide services and benefits. Upper Austria ranks third lowest with 0.5% and Styria fifth with 1.1% taking into account the percentage of population receiving a benefit, which can be partially explained by a slightly higher unemployment rate in Styria. Thus, one province is above and one below the national average (without Vienna) of 1%, which constitutes a most similar comparative design with different outcomes (De Meur and Berg-Schlösser, 1994).

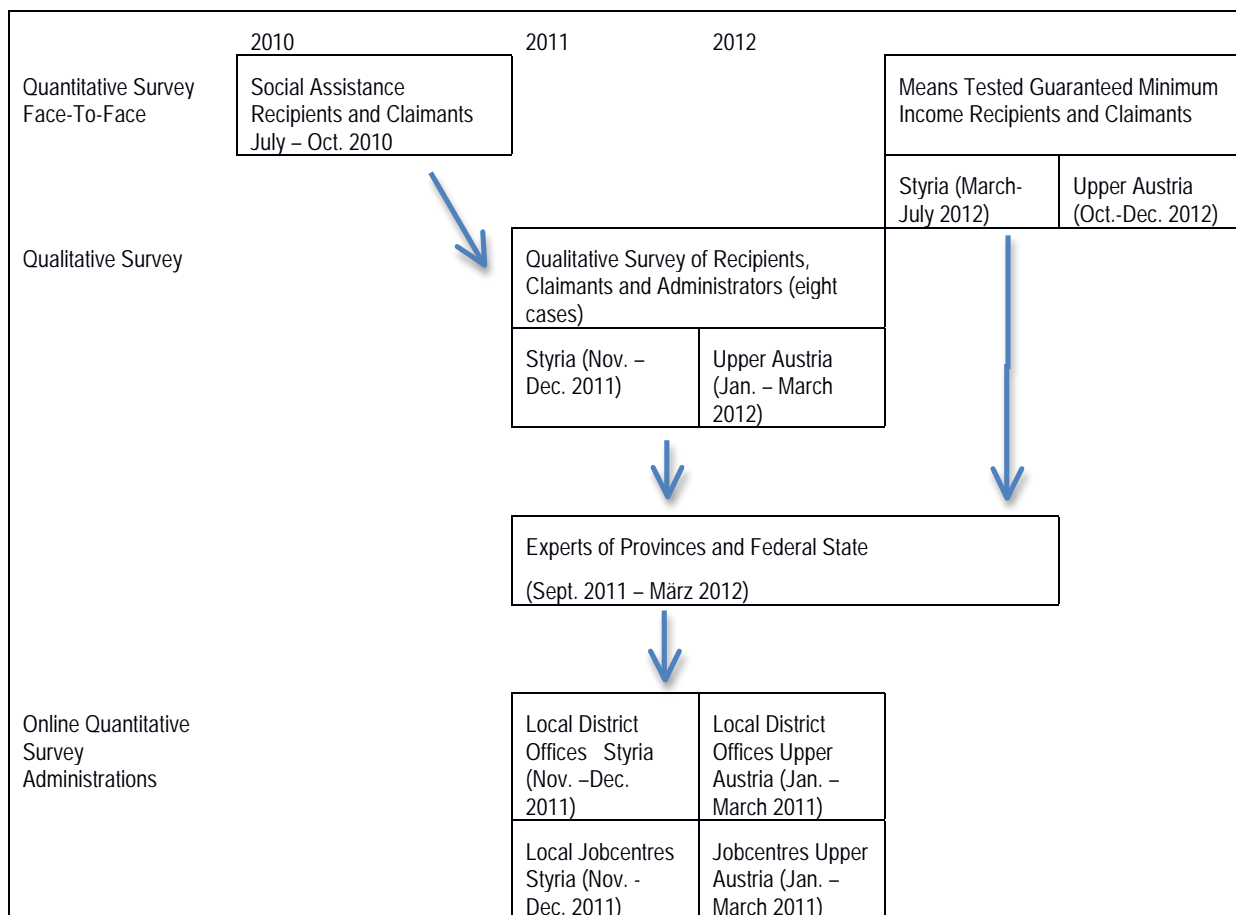


Figure 1. Research Design

Source: Own illustration

Styria has 17<sup>1</sup> and Upper Austria 18 municipalities and districts. Qualitative and quantitative data were collected. As most of the districts just have one or two caseworkers assigned for benefit payments, the online survey for social assistance administration questioned the frontline staff and, in case of larger organisations, the immediate managerial head. For the job centres, the local

<sup>1</sup> Due to administrative restructuring, the number of districts was reduced to 16 in 2012 and 13 in 2013.

administrative staff in charge of the implementation of the new regulations was asked to fill out the online survey. For both surveys, all local agencies submitted a form between December 2011 and October 2012. The qualitative sample contains a total of 95 interviews, all conducted between December 2011 and November 2012, first in Styria and then in Upper Austria.<sup>2</sup>

Eight districts were selected via a cluster analysis taking into account a disparity in percentage of population receiving a benefit, number of recipients, rural and urban area, job search requirements, etc. Interviews were conducted for all districts with administrators at the local administration or job centre as well as recipients and claimants. The gathered data was assigned to categories based on the empirical material. Then similar thematic aspects of the interviews were compared and enriched with theoretical concepts for a ‘theoretical generalisation’ (Meuser, 2010; Flick, 2000).

Claimants and recipients at local social assistance offices were asked to answer the quantitative questionnaire face-to-face. The first wave was conducted in 2010 and the second survey lasted from March to August 2012 in Styria and in Upper Austria from September to December 2012, as both started one year after the new legal act came into force in each province. Not all of the recipients actually attended appointments at the local office each month. Recipients receiving permanent assistance due to disability or old age are under-represented in this study.<sup>3</sup> In total, 502 interviews were conducted in Upper Austria and 569 in Styria in 2010, 576 and 577 in 2012.

The following two chapters provide insight into the main aspects of the conducted research and also give aspects of the operational design. First, they cover aspects of altering governance and territorial cohesion, and then they zoom in on social rights and user perspective. Finally, the study engages with questions of social cohesion and the quality of social rights.

### 3. Effect of Restructuring

Social services are provided in case of in-kind benefit to social assistance clients. The new national framework distributes the financial resources between national, provincial and local level, as the provinces and the state negotiated an agreement about costs during the general negotiations of the budget between the state and provinces. In addition, the current programme of the Austrian European Social Funds incorporates many projects targeted at recipients of that minimum income; those programmes are co-financed by the European Union, the Austrian government, the provincial governments and the job centres. However, most of the services, which do not target employment, are directly financed either by the province or the district association. In certain cases, the local job centre offers additional services, which are financed by the national government and the provincial government. In addition, the national framework requires data from the provinces, and the provinces therefore pass that requirement to the district. The planning, implementation, monitoring and evaluation of social services depend on the province. In Upper Austria, a stricter regime of planning and evaluation with certain

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<sup>2</sup> These include 19 interviews with people from the local authorities and job centres both in Upper Austria and in Styria, 31 interviews with recipients or claimants in Upper Austria and 23 in Styria, and three interviewees representing the federal state.

<sup>3</sup> Nevertheless, the aspect of representativeness cannot be checked and the data be weighted accordingly, as the proportion of so-called ‘permanent’ social assistance recipients in the total population is unknown due to the lack of administrative data. A random selection on the basis of the administrative recipient register was not possible, as Austrian data collection protection only allows access to such data, when the interviews cannot be attained by other means. We generated an arbitrary sample and apply post-stratification weights to correct for disparities in population and sample distributions according to province and gender. In both waves, interviews were defined as unit non-respondents, when less than 90% of the questions were answered.

responsibility for the district association and the province were introduced in 1998. In Styria, the planning aspect is not a major aim at the provincial level. Thus, a territorial differentiation in coverage is inevitable. As those social services only target poor people, they incorporate a social differentiation due to this categorical aspect.

The Austrian welfare state, as a Bismarckian welfare state, rests on a strictly institutionally and legally separated two-tier system of social insurance and social assistance. Hence, poverty and labour policy are segregated: the former is subject to provincial legislation and the latter a matter of national concern (Obinger et al., 2010). Article 12 of the federal constitution (B-VG) divides the responsibility for poverty relief (Armenwesen). The nation-state is in charge of the basic act and the provinces are responsible for the implementation of the act and its execution. In 1967, the federal ministry waived all attempts to install a basic welfare act after years of fruitless negotiations with the provinces. Subsequently, the provinces introduced their own social assistance acts afterwards (Melinz, 1989). At the end of the 1980s, first debates about the shortcomings started on wider scale and propositions for legislative change followed (Dimmel, 1989; Pfeil, 1989b; Dimmel, 2003; Pfeil and Otter, 2011). Ten years ago, the aim was a merger of social assistance and unemployment assistance for the category of unemployed recipients at the job centres (Austrian Federal Government, 2003), comparable to the Hartz IV reforms in Germany. By 2008, the provinces and the federal state called off the idea of a payment for eligible persons at the local job centre and re-instated the right to enforce job search by the local municipalities, as they feared additional costs. The Conservative People's Party forced a reduction of payments from 14 yearly ones to 12 in 2010 (Pfeil and Otter, 2011), as it argued that the proposed benefit level would jeopardize the principle of less eligibility and, therefore, put in place a disincentive to take up employment (Leibetseder, 2012). In summary, changing federal and provincial governments, various interest groups and the provinces and municipalities as veto players obstructed and delayed the negotiations. In the end, a small-scale consensus led to a weak agreement. All the provinces subsequently introduced new Needs-Oriented Minimum Income legislation by the end of 2011.

The framework itself established certain minimum criteria 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). However, it is up to the provincial legislations to allow for a top-up in case of higher individual rent costs. In addition, the intake and information at the job centre aims at an increase of take-up rate. Many did not claim social assistance due to the stigmatising process at the welfare offices and the recourse liability in some provinces. In some provinces, 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 (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. 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. 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, 2010).



The Means-Tested Minimum Income has led to a slight increase of recipients in Austria on the whole, only Vorarlberg experienced a decrease. Not only does the average proportion of recipients indicate a diverse practice in Austria, but the yearly amount of cash benefit spent per recipient also varies between 1,340 and 2,580. In total, 8 out of 9 provinces increased their expenditure for basic cash benefit per capita. As the provinces reduced their costs for health, all recipients are now included in the health insurance with a flat rate contribution that reduced the costs for the provinces. Only Vienna, Burgenland and Tyrol experience higher budgetary costs due to the transition in the end. In summary, the wide variation indicates that the national framework has not succeeded in levelling the playing field for recipients in Austria, and Vienna is in a league of its own, when it comes to numbers and budget, accounting for 60% of all recipients.

**Table 4 Recipients of Social Assistance/Needs-Oriented Minimum Income and Expenditure per Person/per Case per Province**

Recipients of Social Assistance in Private Households										
Y	Austria	Burgenland	Carinthia	Lower Austria	Upper Austria	Salzburg	Styria	Tyrol	Vorarlberg	Vienna
95	63,369	1,237	1,050	5,262	4,891	7,075	4,699	4,751	2,928	31,476
08	160,942	903	2,109	14,040	6,607	10,571	13,716	10,211	9,238	93,547
10	177,068	989	1,587	14,000	7,441	11,057	13,384	11,514	10,421	106,675
11	193,276	2,514	4,394	16,552	11,043	11,214	15,384	12,280	8,174	111,721
Social Assistance Recipients in Per Cent of Population										
95	0.80	0.45	0.19	0.35	0.36	1.40	0.40	0.73	0.86	2.04
08	1.93	0.32	0.38	0.88	0.47	2.00	1.14	1.46	2.52	5.59
10	2.11	0.35	0.28	0.87	0.53	2.09	1.11	1.63	2.83	6.28
11	2.30	0.88	0.79	1.03	0.78	2.11	1.27	1.73	2.21	6.52
Expenditure of Social Assistance in Total (extramural), in Euros (including spending on health and health insurance)										
95	484,064,093	13,896,281	19,334,694	55,184,302	74,479,804	32,886,946	42,476,617	17,153,708	17,240,307	211,411,436
08	559,997,125	4,240,551	37,442,815	50,427,196	39,443,138	33,107,905	51,905,025	26,145,283	20,073,305	297,211,909
10	605,687,479	4,078,380	38,268,624	47,286,787	27,331,500	28,672,794	61,101,566	25,058,270	20,776,547	353,113,011
11	463,658,212	4,225,129	10,015,399	37,993,101	22,819,928	21,623,903	22,366,802	28,727,673	15,588,744	300,297,533
Expenditure of Social Assistance (extramural) per Case or Person, in Euros										
95	7,639	11,234	18,414	10,487	15,228	4,648	9,040	3,611	5,888	6,717
08	3,479	4,696	17,754	3,592	5,970	3,132	3,784	2,561	2,173	3,177
10	3,421	4,124	24,114	3,378	3,673	2,593	4,565	2,176	1,994	3,310
11	2,399	1,681	2,279	2,295	2,066	1,928	1,454	2,339	1,907	2,688
Expenditure of Social Assistance (extramural) per Head of Population, in Euros										
95	61	50	34	36	55	65	36	26	50	137
08	67	15	67	32	28	63	43	37	55	177
10	72	14	68	29	19	54	51	35	56	208
11	55	15	18	24	16	41	18	40	42	175

Sources: Author's compilation, data from Pratscher, 2007, 2010; Statistik Austria, 2012a, 2012b, own calculations taking into account HVPI as index to adjust the yearly values to real values for 2011

As spending on social services is hardly available, the expenditure on social assistance (up to 2010) and the Needs-Oriented Minimum Income (2011) enables assessing the impact of the provincial responsibility. Between 6.5 and 0.8 per cent of the population obtain the benefit, on average 2.3. However, the expenditure data is still not on the same basis for the old and new system, and the adjusted figures are being realised by mid-2013<sup>4</sup>. The expenditure in total and per capita of population is even reduced for most of the provinces, only Tyrol and Burgenland spend more. This can be partly accounted for with a higher unemployment insurance benefit and savings in health care payments. However, one has to admit that the level of the new benefit and the restrictive granting practices on the street-level have not changed at all.

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 (EU-Silc 2011). The provinces are not allowed (Art.15a Vereinbarung) 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).

### 3.1. Social Services

In 2010, the new Needs-Oriented Minimum Income was accepted by all provinces and the federal state signing an agreement. The national framework also covers the aspect of activation and social services: The provinces have to ensure that recipients of the new social assistance attain counselling and support, which is necessary *‘to avoid and overcome situations of social needs’*<sup>3</sup>. In case of persons of working age, programmes are to be introduced to foster permanent integration in the labour market (Vereinbarung zur Mindestsicherung 2010, Art 2 (2)).

The agreement includes a ‘one-stop-shop’, where all persons fit for work can file a claim for a benefit at the employment service. However, the claim will be handed over to the local social assistance offices where eligibility decisions are made. One aspect of the reform is that the employment service has to provide the same facilities and social services 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 training courses bundled at the employment service like an unemployment insurance beneficiary. Up until the introduction of new scheme, the recipients were not entitled to enter the training and programmes offered by the job centres, if they did not obtain a top-up payment from the unemployment insurance scheme. Beforehand, they could only rely on the services on a discretionary basis, depending on the caseworker and regional practices. However, the aforementioned general social services, such as preventative health services, counselling and support services for persons with mental problems, are not covered by this legislation, which just regards persons with an income below the minimum standard in Austria. Consequently, two legislations are in place in each province, the new legislation targeted at minimum income recipients and a general social assistance regulation covering all other social services from this point on.

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<sup>4</sup> Personal communication with Kurt Pratscher, Statistik Austria.

**Table 5 Regulation of Social Services in Social Assistance Legislation**

Year	Styria	Upper Austria
1990s	Support preventative health services, general and specific counseling, for recreational holidays Local, some steering power province (information and provision) Provision partially by welfare organizations No entitlement	Personal care, support and counseling of the persons in need and his/her relatives (trained personnel) – esp. homelessness, shelters in case of family violence ... Localised provision of counseling and support (outside social assistance offices) – partially paid by province Planning compulsory at district and provincial level – Provision partially by welfare organizations, no entitlement
2011	Support has to take into account the need and personal circumstances with adequate counselling and support Provincial responsibility The recipient has to take up	Basic services in case of homelessness, ... Recipients have to take up social services (cut of benefit) No entitlement Local social counselling services, other trained persons, organisations and institutions as means to provide personal assistance and provide those social services
Frame-work	The provinces have to secure that recipients attain counselling and support, which is necessary 'to avoid and overcome situations of social needs' - based on low-threshold and local services, and an holistic approach to the personal situation	

Source: Own illustration

Within the state, the division of labour is cannot be straightforwardly explained, as the agreement between state and provinces introduced a framework, but the provinces altered it significantly. The funding is based on an agreement between provinces and district social assistance associations, which are formed by local communities. Larger towns are district association and community as a city (Statutarstädte: Graz, Linz, Wels and Steyr). As stated above, programming and planning responsibility are up to regional and district authorities, the general framework law only allows for information about the number of recipients, etc. The districts and, for certain services, the province are responsible for the production and delivery, but they can ask other institutions, especially non-profit organisations, and, specific to Upper Austria, local counselling services to fulfil tasks. In Upper Austria, support and counselling should be part of the localised counselling services, but the new legislation introduced a case management and clearing, which is financed and controlled by the province and delivered by non-profit organisations. Styria provided the province with the task to establish case management, but did not introduce such services up to now. The job centres are responsible for providing suitable activation services as well, which is funded by the state and provinces. Monitoring and evaluation is a matter of concern for the provinces, to a lesser degree in Styria. In contrast, the district associations are required to plan and evaluate their services and coordinate their tasks with the provincial plan in Upper Austria.

**Table 6. The division of labour within the state in social assistance services**

Phases	Central/ Federal	Regional/ Lander	District	Sub-municipal
Legislation/regulation	National framework agreed by provinces and state	Provincial legislation		
Funding	Activation co-funded	X	X	X
Programming/planning		X	X	
Production/delivery		X	X	X
Monitoring/evaluation		X	X	

Taking into account Styria and Upper Austria, the first social assistance legislation allows for social services as well. As we now focus on the extramural social assistance, we no longer consider the intramural social assistance and specific services for the elderly. In Styria, the legislation introduced social services, but the persons in need have to make personal contributions, if they have the financial resources. Social services were defined as all steps to secure the livelihood beyond mere financial support. They aimed at satisfying personal, family or social needs.<sup>5</sup> The local districts can especially provide services helping families, domiciliary health services, support to maintain a household, preventative health services, general and specific counselling services, services to maintain and uphold social contacts and cultural participation, support for recreational holidays and institutional care in case of addictions, of care etc. Nevertheless, the persons do not have a legal entitlement to such services, and districts can themselves decide which services to support, taking into account economic and regional aspects in this period. Due to the recourse liability, primarily recipients have to pay for the services, or their close relatives do. Within the districts, the local communities form so-called social assistance district associations (Sozialhilfeverbände), the costs born by the social assistance district association are shared between the local communities according to their financial strength. In case of some institutional care arrangements, the districts cover half of the costs for all expenditures; the province covers the other half. The province can also decide to maintain and uphold services by itself. In addition, district associations can authorise welfare organisations to provide social services and pay for their expenditures (Steiermärkisches Sozialhilfegesetz 1977, § 16, 17, 30, 33).

**Table 7. The division of labour among providers in social assistance services**

Phases	State (at which scale)	Market		Non-profit		Family/users
		For profit organisations	Hired help	Organisations/ associations	Voluntary workers	
Legislation/regulation	National Regional					
Funding: • cash transfers • services • in-kind benefits	Regional/district					X X X
Programming/planning	Regional/ District					
Production/delivery	Regional/ District			X	X	X
Monitoring/evaluation	Regional/ District					

<sup>5</sup> Original definition in German: 'Soziale Dienste sind über Maßnahmen zur Sicherung des Lebensbedarfes hinausgehende Leistungen der Sozialhilfe zur Befriedigung gleichartiger, regelmäßig auftretender, persönlicher, familiärer oder sozialer Bedürfnisse.'

As in Styria, social services are defined as support beyond the mere security of livelihood and should assist in case of personal, family or social needs in Upper Austria. The same services are mentioned, and the clients do not have a legal entitlement here either. The districts can provide services according to their financial and economic situation, but they have to take into account the need of the population as well, as it is defined as their responsibility to provide enough services. Nevertheless, the legislation divided the services between provincial and district responsibilities: The provincial responsibilities are specific and general counselling support and institutional care in case of disabilities and addictions. In contrast, the district social assistance associations are required to provide all other services (especially elder care). Furthermore, the social services do not have to be provided for by the districts themselves, but welfare organisations, not-for profit organisations, can take over that responsibility and receive payments from the district social assistance association. The costs are either borne by the client or the district association, which divides the costs according to the financial capacities of the local communities. As in Styria, the costs for some institutional care arrangements are divided between province and district association (Oberösterreichisches Sozialhilfegesetz 1974, , § 21, 23, 34, 35).

Both provinces alter their legislation from time to time, but as late as the mid-1990s the pressure for reform led to a larger reform. In Styria, social services were divided in two categories. The first group encompasses social services, the provision of which has to be secured as home and health care services for frail, elderly and families, and meals on wheels. The other group does not have to be offered and district associations can support preventative health services, general and specific counselling, support for recreational holidays. Still, there is no legal entitlement for citizens to receive any kind of social service. Nevertheless, the costs shifted from the district level to the provincial level, as the distribution of costs can be agreed between local communities, which form the district associations, and the province. Additionally, the provincial responsibilities were strengthened in case a type of social service required a more coherent system of support on provincial level, although, the recipients have to contribute as well. However, the provincial government obtained a steering power, as the districts have to inform the province of all social services they provide. Under certain circumstances, the province can force the district association to offer social services they lack (Steiermärkisches Sozialhilfegesetz 1998, 16, 18, 20). The legislation of 2008 altered the access to social assistance and allowed for support in case of unemployment, but did not transform the service side of the legislation (except for elderly care) (Steiermärkisches Sozialhilfegesetz 2008).

In Upper Austria, a new legislation has covered more aspects of social services since 1998. So-called personal assistance is defined as personal care, support and counselling of the persons in need and his/her relatives, which has to be done by trained personnel. The legislation especially allows for domiciliary services in case of care and health, rehabilitation and short-term intensive care, daycare centres, semi-inpatient care and meals on wheels. In addition, institutional and other services for women and families threatened by violence, homeless people, people with mental problems and chronically ill persons in the need of care are mentioned. Family services, counselling services for people in case of over-indebtedness or mental problems, services to promote job entry and services for people in palliative care are stated as well. Still, some of the costs have to be covered by the client, and the district association has to bear the remaining costs. Only counselling does not include a bill for the client. However, some social services are partially covered by the provincial government: the then introduced local social counselling services are put up in larger local communities, where need for more information about care and social services is expected (like institutional care homes). Consequently, the district associations established low-threshold counselling services. Depending on the district, the services just covered care issues, others also provide social workers on a wider range of personal problems. In

addition, the provincial government and the districts now have to plan their social services, and the provincial government can enforce a programme of minimum provision on the districts; the districts then have to develop a programme accordingly and inform the province of the implementation and the output at regular intervals. On the provincial level, the government has to provide an outline of the current status, the socio-demographic development and ongoing and future programmes as well (Oberösterreichisches Sozialhilfegesetz 1998, §§ 12, 29-31, 45, 51-58).

As each province had to introduce a provincial legislation accordingly, we now analyse the provincial legislation for Needs-oriented Minimum Income. In Upper Austria, the new legislation covers social services for persons receiving the benefit, experiencing violence through relatives, homelessness or over-indebtedness. The recipient is required to comply with the activities and take up the offers, if he/she receives the minimum income. In contrast, the client is not legally entitled to access social services or support and counselling – he/she is only entitled to obtain the minimum income. Local social counselling services, other trained persons, organisations and institutions are mentioned as means to provide personal assistance and provide those social services (Oberösterreichisches Mindestsicherungsgesetz 2011, § 20).

In addition, the province must provide shelter and counselling services for people experiencing domestic abuse or threatened by it, services for homeless people (daycare centres, shelters, flats for re-integration) or threatened by homelessness (support in case of eviction notice) and counselling services for over-indebted people. The province must uphold a minimum standard of service taking into regard the budgetary situation. Nevertheless, the province does not have to offer the services itself, but can mandate other institutions to do so (Oberösterreichisches Mindestsicherungsgesetz 2011, §§ 24-26). The costs for the last few services are covered to 60% by the province and to 40% by the district social assistance associations, which divide the costs between the local communities according to their financial strength. In addition, clients may have to contribute to certain social services with a smaller amount.

### 3.2. *Activation*

In activation services, the job centres are also an important actor and services provider, as those services are mostly co-financed by the province and the job centre. Consequently, the national government has a tighter control and is more influential now. Nevertheless, provinces and districts are still able to put in place activation services, if they want to.

**Table 8. The division of labour among jurisdictions in activation services**

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 provincial Employment Services (federal budget)		Some municipalities	
Programming/planning	Provincial governments and provincial employment services		Some municipalities	
Production/delivery		Also distinctive services arranged by the province	Local governments, district associations, local employment service	Welfare organisations, for-profit organisations
Monitoring/evaluation	Statistics on federal level	Monitoring and evaluation on provincial level		

Source: national framework and regional legislations

In the old social assistance act, both provinces enable specific support for social assistance recipients to re-gain employment. Upper Austria introduced a tapered regulation, whereby long-term recipients can earn a low amount each month without deduction from their benefit. Furthermore, the act includes a so-called ‘help towards work’ (Hilfe zur Arbeit) option. The legal requirements are that it is only for recipients who cannot find any employment, even if they really look for work, as they are hardly employable. The aim is to ease reintegration into employment. The job should fit the abilities and needs of the recipients. The reintegration measures are limited in duration and the weekly hours of an ‘employee’ are reduced to two thirds compared to a regular employee. However, the wages have to be paid according to the labour law regulations and the client has to participate (workfare), otherwise the benefit payment can be stopped. Conversely, the Styrian social assistance act just allows for the notion that *‘the ability of the recipient to be independent from assistance should be fostered in particular.’*

Unlike the rather detailed regulation in Upper Austria, the Styrian law demands that the support has to take into account the need and personal circumstances with adequate counselling and support nowadays. Then, it just mentions very late that the province is responsible for providing counselling and support services for persons, especially in case of re-integration in the labour market, which the recipient has to take up. But it does not include any further details on those services (Steiermärkisches Mindestsicherungsgesetz 2011, §§ 2, 12). Activation is mentioned in the Styrian legislation, and recipients have to participate in courses or training, when it is demanded by the local job centre or social assistance office, otherwise they face sanctions (Steiermärkisches Mindestsicherungsgesetz 2011, § 7).

In Upper Austria, the ‘help towards work’ is extended and now includes besides jobs, which the clients have to take up, hourly work to re-obtain basic job skills, and training courses. Those services are still only run for those categorized as ‘hardly employable’. The district associations have to plan and implement such services within their regional social programmes (Oberösterreichisches Mindestsicherungsgesetz 2011, § 20).

**Table 9 Regulation of Activation in Social Assistance Legislation**

Year	Styria	Upper Austria
1990s	<i>‘the ability of the recipient to be independent from assistance should be fostered’</i> some local projects Compulsory participation, no entitlement	‘Help towards Work’: employment of up to 30 hours a week, paid as employee – fixed-term contract Some local projects Compulsory participation, no entitlement
2011	Support and counselling incorporates social services to foster employability <ul style="list-style-type: none"> <li>- No further definition</li> <li>- Compulsory participation, no entitlement</li> </ul>	Extension of ‘Help towards Work’ <ul style="list-style-type: none"> <li>- Hourly low-threshold work, qualification and training, subsidised employment in the public sector</li> <li>- Compulsory participation, no entitlement</li> <li>- Compulsory part in the regional social plans</li> </ul> Done by local communities or welfare organisations, provinces finances in corporation with ESF larger project
	Employability and health check by pension insurance and welfare organisation in both provinces Registered as unemployed and following the requirements at the employment service (courses, ...)	
Frame-work	Province secures accessibility to services at the job centre, data accessibility for social assistance office, common check of employability for job centre and social assistance office Collaboration of provincial job centres and provinces to provide activation services Financial means to establish training and courses as well as more staff from the state	

Source: Own illustration

The implementation in both provinces divides the two provinces further. In Upper Austria, as stated above, the province collaborates with the job centres and provides specific schemes for long-term hardly employable recipients. On an everyday basis, comparing the regulatory encounter at the district offices, the Upper Austrian district officers tightly control and monitor recipients in case of activation. In Styria, it has been more the responsibility of the local job centres, which has been further promoted by recent reforms.

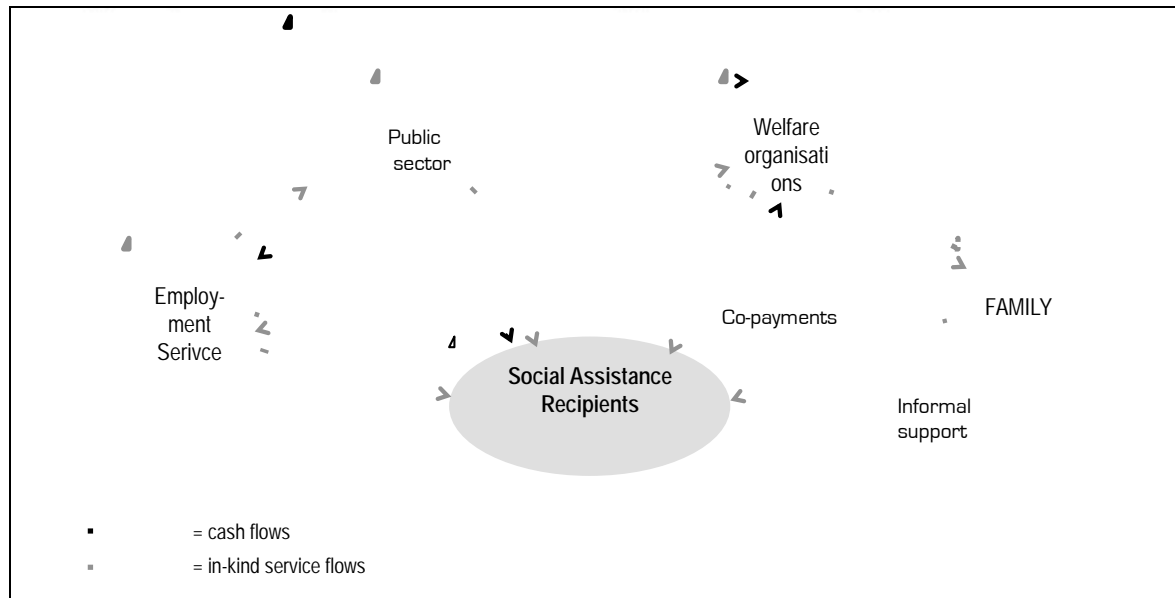


Figure 2. The division of labour among providers in social assistance and activation services

Source: Lyon and Glucksmann (2008)

Again, the current horizontal division of labour clearly indicates a strong position of the province and the district social assistance associations. The funding mostly comes from the provincial and local budgets, whereas the two provinces, on which we focus in our study, have established certain district social assistance associations, which share the risk and responsibility between the local communities. Certain social services demand a (small) contribution from the client as well; in distinct cases, the family might even be liable for contributions. Most of the clients can get some assistance from the local social assistance office to cover those expenses. Distinctively, the role of the voluntary sector is based on the provision of certain social services, mostly either funded by the province or local municipality. Some municipalities and provinces also offer support and counselling as well as social services by themselves to the client. The state only supports activation policy, which allocates more resources to the job centres. However, provinces also can and should co-fund specific measures for those who are hardly employable.

### 3.3. The Impact of the Territorial Restructuring in Upper Austria and Styria

Both provinces set up their own laws; on the one hand, they accepted the more centralised steering, on the other hand, they followed their own ideas. Taking for example the housing costs, Styria introduced a top-up for high rent costs, but Upper Austria has not accomplished this.



Regarding the level of benefit, the differences in equivalence<sup>6</sup> median net income per household member were reduced between the two waves, but they are still in place.

The intake at the job centre has not been implemented in both provinces as well. In addition, job-seekers are supposed to file a claim at the local job centre, which is then forwarded to the local administration. In Upper Austria, one can file a claim at the job centre, but only half of the job centres forward the claims on a regular basis or occasionally. In practice, caseworkers hand out a claim, but ask the claimants to hand it in at the district office personally, as agreed upon with the local social welfare administrations. In Styria, the job centre and the province have not agreed on a common administrative procedure; thus, a claimant cannot hand in a claim at the job centre at all. Still, the municipalities or local communities serve as the main entry point.

The reasons for the failure are partly design-based, as the job centres do not have to check the claim and the thorough means test does not enable the job centres to give sound advice about eligibility. Consequently, most of the claims are incomplete or referred claimants are not eligible. The claimants have to file documents subsequently, attend an appointment at the district office, and are encouraged to inform themselves at the local municipality in any case, before they hand in a claim. Nevertheless, the information given to job-seekers at the job centre about the benefit increases the amount of claimants and subsequently of recipients.

The steering power of the provinces increased in both provinces over the districts, which are responsible for the intake, benefit payment and activation. For example, both provinces introduced a provincial data system, which enables the caseworker to scrutinize the applicant's status in the social insurance scheme and the job centre. In addition, an entry mask now simplifies the benefit calculation, so the caseworker just has to type in the relevant data about household size and income, and then the benefit rate is calculated. In the past, each municipality handled the calculation on their own, some with a simple excel-sheet others with a calculator. The switch from a standard reference rate to a minimum benefit also lowered the discretionary element for the caseworker. The caseworkers agree that the current scheme of benefit calculation is stricter and the discretionary element is now limited.

In addition, both provinces regularly train the caseworker in the districts and have introduced a handbook for the caseworkers that explains the regulations in detail. Nevertheless, differences remain. In Styria, a legally binding decree regulates the income check more in depth; conversely, in Upper Austria only the rather sketchy legislation gives a guideline.

Within the districts, the local communities form so-called social assistance district associations (Sozialhilfeverbände) in both provinces in the old and new regulation. The costs born by the social assistance district association are shared between the local communities according to their financial strength.

Activation works out differently compared to the benefit. Of course, people are entitled to the same services at the job centres, and in most cases people obtain those as well. Only 15% of the local job centres do not offer the variety of all courses and programmes to people just obtaining the minimum income benefit.

In addition, specific programmes in Upper Austria and special programmes for hardly employable recipients in Styria have been introduced with the new scheme. In Upper Austria, the local job centres and the local district offices decide about the entry and only people with some co-payment of the social assistance scheme can enter those courses. In Styria, everything is dealt by the job centres and the district offices do not engage with those programmes on a regular

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<sup>6</sup> The equivalence household income was calculated according to EU-SILC survey: 0.5 for the household, 0.5 for all persons above 16 and 0.3 for all persons below 16 years old. In addition, the values have been adjusted for inflation (VPI-index).

basis, and unemployment benefit and social assistance recipients will have to enter those courses, if they are unlikely to obtain a job in the near future. As a result, in both provinces a slightly different but province-wide support programme is now available, in contrast to the old scheme where local districts and job centres decided on intake and programmes on their own.

In summary, the district level was disempowered and the steering power went partly to the national level, but its impact is significantly reduced by the provincial legislations and their restrictive regulations in some instances. The national benefit level has introduced a minimum benefit; nevertheless, the provinces hold the real steering role. National regulation has been tightened only in case of employment issues and has given more space for territorial cohesion and national steering power. Still, the Upper Austrian province has a certain influence in the specific programme targeted at social assistance clients and, contrary to the original intention, the full steering power with regard to activation has not been given to the job centres.<sup>7</sup>

### *3.4. Aspects of Social Rights and Social Cohesion in the New Framework*

As stated above, the legislation wanted to introduce easier access and thus ensure a higher take-up rate. In addition, some improvements in the unemployment insurance rate ensured a higher replacement rate for persons receiving an unemployment (assistance) benefit, which is tied to the former social insurance contributions. In contrast, parents with a low income now only get a top-up within the first year of parental leave benefit, then they have to apply for a top-up by the stricter means-tested minimum income benefit, especially single parents (Leibetseder, 2012).

The aim of the new regulation was to ensure the same benefit level, but despite the national framework, it now depends on the provincial legislation and actual practices nowadays. For example, the administration checks only bank statements from the last three months in Styria and for at least half a year in Upper Austria. In Upper Austria, the caseworker might detect some savings or assets, might inquire as to how the client could have paid a larger sum months ago, how the claimant could have afforded to deposit small amounts in the account and, in the end, refuse a payment.<sup>8</sup> If the claimant had savings on the account, which were long spent, that would result in ineligibility for a benefit in Upper Austria.

Whereas two thirds of the districts in Upper Austria agree at least slightly that they are now able to help claimants, who would not have been entitled under the old system, only 40% agree in Styria (online survey). In 2008, the Styrian legislation abolished the recourse liability for the claimant and close relatives. Only the income of dependant relatives living in the household or a married spouse hindered an entitlement. However, the new act reintroduced the kinship obligation for parents for children who have never worked for a longer period, and for children for the parents. Now parents have to pay back at least 4% of their monthly income for their children (and vice versa), if their income is above 1,500 Euro for a two-parent-household. The recourse liability is scaled up to 15% with an income above 2,700 Euro per month (Stmk. MSG - DVO, 2012; Stmk. MSG, 2011).

Recourse liability has not been fully abolished in Upper Austria. Adult children, who have not been able to support themselves independently, do not have an individual right. Only after six

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<sup>7</sup> The impact of the crisis cannot be measured, as the crisis just started in the final negotiations of the new legislation. The level of benefit was cut due to budgetary reasons and to foster the principle of less eligibility (Leibetseder, 2012). However, provinces are more reluctant to build up new social services and try to keep costs at the status quo or below their previous expenditure (Statistik^Austria, 2012a). For example, a trial project was stopped and the provincial roll-out for case management has not started in Styria.

<sup>8</sup> The first appellate court decided in favour of the administration (VwSen-560239/2/K1/TK, VwSen-560202/2/Wg/GRU).

months of employment, with a wage of at least at the level of minimum income, one can apply for a benefit without fear of recourse liability for parents. Otherwise, one has to go to court first to sue the parents for maintenance.

Any official administrative system regulates the procedure in some form. In both provinces, a written reply has to be issued as soon as possible, but at least within three months of the filing of the claim. In general, a claimant has to appeal within two weeks, if he/she was rejected due to lack of documents or high income, or if they question the amount stated by the administration. In Styria, the act extended that period to four weeks (UA-MSG 2011 §30-33, Stmk-MSG 2011 § 15).

The compulsory written reply states the necessary information of the right to appeal, but does not indicate support on how to proceed or where to obtain advice. As one has to wait a longer period for the decision by the appellate court than for a new claim, most advisors recommend that the rejected claimant should file a new one according to the regulations. In both provinces, some districts still issue decisions limited to only a one-month period on a regular basis, so recipients have to re-instate their claim and appear in person at the welfare office each month.

The right to sanction has been severely curtailed in both provinces, whereby sanctions are only allowed stepwise and a warning has to be issued first. In Styria, it has to be done by 10% scales and cuts above 50% are only allowed in exceptional circumstances. In Upper Austria, it has to be a stepwise reduction and cuts above 50% are likewise limited. The benefit for household members and the rent benefit cannot be cut at all in both provinces (UA-MSG 2011 §11, Stmk-MSG 2011 § 7). In reality, the district offices' sanctions practices differ. Some administrations pay the benefit in cash, and if a claimant is reluctant to bring the required documents, such as proof of job search, the caseworkers will delay the benefit until the recipients comply. On the one hand, it leads to stigmatisation and insecurity about the granting of the benefit payment for the recipient. On the other hand, the caseworkers reduce their workload, as they do not have to issue a formal warning (Leibetseder, 2009). To state another example for the discretionary practices *contra legem*, the district administration summarised in a few words how they reacted, when a recipient had not fulfilled the work requirements of the job centre in the online survey.

The practices differ within and between the provinces. Styria has introduced the regulation that the districts should compensate for the loss of unemployment benefit, but also issue a warning that a benefit can be cut, if the recipient fails to fulfil the requirement in future, as the first appellate court (Unabhängiger Verwaltungssenat) rejected other proceedings. The caseworkers are very reluctant to follow, as they fear that the sanctions of the job centre are contradicted, when they compensate for the lost earnings.

Conversely, the district offices do not compensate for the lost unemployment benefit and just pay out the minimum income benefit minus the 'fictitious' unemployment benefit or even cut the minimum income benefit as well without warning in Upper Austria. In spite of the practices, the Means-Tested Minimum Income has to provide a minimum subsistence for the claimant and full support for family members.

**Table 10: Means-Tested Benefits and Social Rights**

Dimension	Endangerment	Consolidation
Level of Benefit and Coverage Rate of People in Need	housing benefit up to the provinces, last minute cut in benefit level, job centres do not have to check the claim form reduction of top-up payment for low income parents to the first year of parental leave	minimum benefit rate, higher level in many provinces increase in replacement rate of low unemployment (assistance) insurance recipients
	UA: no real claim intake at the job centres, no additional housing costs,	minimum benefit rate, increase

	Styria: small increase of average benefit rate, reduction of take-up due to kinship regulation	minimum benefit rate, extra housing
Governance Level and Territorial Variations	low impact on provincial legislation high leeway in national framework job centres do not have to check claim for completeness	national framework job centre's responsibility for re-integration and intake
	UA: low intake by jobcentres	UA: stricter regulation on provincial level overall provision of activation and counselling
	Styria: no resources for the provision of counselling, no intake by job centres	Styria: stricter regulation on provincial level overall provision of activation
Family Network		abolishment of kinship regulation
	UA: 6 months of self-dependency for adults before entitlement	reduction of kinship regulation
	Styria: re-introduction of kinship obligation	
Income- and Means-Test	only 6 months leeway for freehold flat	certain disregard of assets
	UA tougher means test contra legem in some districts	small asset allowance, 6 months leeway for freehold flat
	Styria: re-introduction of wider kinship-obligation	small income allowance, 6 months leeway for freehold flat
Discretion and Legal Rights	discretionary or no regulations, no or limited access and rights to redress, discretion calculating benefit level	discretion intra legem for core elements, easy and fair access and rights to redress, regulated benefit level
	leeway in most regulation (income calculation, activation, etc...)	strict regulation in case of benefit sanctions, better rights
	UA: sanctions and benefits cut at the job centre, short period for redress	written reply
	Styria: sanctions and benefits cut	written reply, period for redress
Activation and Social Work	disciplining measures, entitlement to counselling service not obligatory activation not given to one institution (either district offices or jobcentres), no voice and choice, no user participation	activation and employment law more tightly connected
	UA: strong disciplinary side, no voice and choice for clients, enforcement of participation for all in activation, no entitlement	access to services of the job centres
	Styria: no access to social work services, no voice and choice for clients, minimum requirement of being able to work for 20 hours per week (16 with childcare)	access to services of the job centres

Source: Own illustration

Summarising the conducted research, one can only state that the Austrian social assistance scheme has taken two steps forward in the case of a more centralised framework regulation, but in the same instance one step backward, as it has not addressed the local level. Thus it remains a rather localised and discretionary scheme with low take-up rate, high insecurity for the recipients and instead constitutes a symbolic policy at the moment.

## 4. Summary and Conclusions

Social assistance services were introduced in the 1970s and have developed out from the services to poor people, as especially care services cover the need of middle classes as well. As the recent transformation indicates, social assistance legislation now covers a smaller part of the population again. Nevertheless, general counselling services and social services, such as in case of preventative health issues, over-indebtedness and domestic violence, are still for all different social groups. Most of the power is at the provincial level, as stated in the constitution, but the level of regional co-ordination depends on the province to enforce a tighter scheme of co-ordination and to demand or provide a minimum standard. The federal state has not enforced a tighter regulation with the new framework in case of social services.

Social assistance always enforced an individualistic perspective and has incorporated more than just monetary assistance. Both provinces alter their legislation from time to time, but as late as the mid-1990s the pressure for reform led to a larger reform, when more and more clients with different needs entered the scheme. A new framework agreement between provinces and the federal state has been agreed upon in 2011. The new Minimum Income Regulation should increase the take-up rate and the social rights of recipients. Taking into account the provincial legislation and the implementation in two provinces, the new system has not altered the institutional reality. Despite the more nationalised minimum standards, the local practices still enforce a rather stigmatising and exclusionary regime; whereas territorial cohesion has slightly been improved within and between the provinces. Activation programmes and access to job centre services are now everywhere available to minimum income recipients; social counselling nevertheless depends on local accessibility.

The legislation wanted to introduce a one-stop-shop for all employable recipients at the local job centres, so that this group would not need to go to the local district offices on a regular basis. In most instances, the recipients just encounter the administrators at the job centre, who are supposed to be responsible for dealing with the claim and forwarding it to the welfare offices and for enforcing job search obligations.

The job centres are not required to scrutinise the claim and documents for completeness; consequently, the social assistance offices have to contact the claimants, and they are still obliged to deliver 'individualised' support despite the minimum benefit payments.

The national framework itself provides a national minimum benefit, but leaves a lot of leeway to the provincial acts, and even in core areas, provinces decided to ignore core aspects of the agreement. The user perspective has not been part of the national or provincial concern at all, only the national poverty conference can participate in the yearly meetings on changes.

The power of local districts and caseworkers is still largely unrestricted: they have to calculate at the minimum benefit level now, but how they take into account different incomes, household members and enforce conditionality on still employable recipients is still up to the individual decision. As a consequence, the territorial and social cohesion has not been improved as much as the national legal regulation promised in the beginning.

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The working paper describes the restructuring of social assistance services in Austria. First, it focuses on the general regulation of the Austrian extramural social assistance regulation and its changes, now called Needs-oriented Minimum Income Recipients, zooming in on the two provinces with 35 municipalities of the case study.

Scrutinizing the implementation in two provinces, Upper Austria and Styria, and the framework agreement of 2010, the article engages with two research questions: Does the new regulation foster inclusive elements and reduce exclusive ones? Does it shift the Austrian social assistance scheme toward a regionally framed country with recognised social rights? The research triangulates from quantitative and qualitative data.

The new Minimum Income Regulation should increase the take-up rate and the social rights of recipients. Taking into account the provincial legislation and the implementation in two provinces, the new system has not altered the institutional reality. Despite the more nationalised minimum standards, the local practices still enforce a rather stigmatising and exclusionary regime; whereas territorial cohesion has slightly been improved within and between the provinces. Activation programmes and access to job centre services are now everywhere available to minimum income recipients; social counselling nevertheless depends on local accessibility.

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