Austrian federal provinces have started altering minimum income schemes

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The coordination of minimum standards for the minimum income schemes of the nine federal provinces came to an end in January 2017. Since then, reforms have been decided on by some federal provinces. Overall, they all point towards smaller or larger cuts, whereas easing access or increasing generosity is nowhere on the agenda. In June 2017 the capital province of Vienna presented reform plans for its minimum income scheme, which envisage much smaller cuts than in some other federal provinces. This is important, as it impedes a “race to the bottom” regarding the generosity of regional minimum income schemes.

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Description

In 2010 the central government and the federal provinces (Bundesländer) agreed on a joint so-called “Agreement according to §15a of the Austrian Constitution” (hereafter: “15a-Agreement”), stipulating common minimum standards for the minimum income schemes of the nine federal provinces (the latter are in charge of legislation on and implementation of minimum income in Austria). This coordinated minimum income was called the “means-tested minimum income scheme” (Bedarfsorientierte Mindestsicherung – BMS) and replaced so-called “Social Assistance” as from 2010. The 15a-Agreement on BMS expired at the end of 2016. Originally, the plan was to reach a renewed 15a-Agreement on BMS before the end of 2016, but no compromise could be found between the central government and the federal provinces. This was due to the fact that several federal provinces intended, or had even started, to cut benefits (the latter violating the 15a-Agreement), whereas the Ministry for Social Affairs and some of the federal provinces (with Vienna to the fore) opposed such plans.

This means that the competency for minimum income is once again de jure completely located at the level of the federal provinces and that the short period of formal coordination has come to an end.

Some federal provinces already started to cut BMS for specific groups in 2016, thus de facto violating the 15a-Agreement, then still in force. In February 2016, the Federal Province of Lower Austria cut BMS for persons granted subsidiary protection status and the general housing allowance. The Federal Province of Upper Austria decided to cut benefits for refugees and persons granted subsidiary protection status from €914 to €520 a month in mid-June 2016.

In 2017, i.e. after the 15a-Agreement had expired, additional reforms followed. As from January 2017, benefit levels in Lower Austria were substantially reduced (by approx. 30%) for all people, including Austrian citizens, who have been living in Austria for less than five years during the last six years, and an upper ceiling on BMS was introduced, amounting to €1,500 per month per family/household. In the Federal Province of Burgenland, a reform largely resembling the one in Lower Austria has come into force in July 2017. In May 2017, some cuts to BMS were decided upon in Tyrol Federal Province, including lower housing allowances, lower benefit rates for people living in flat-sharing communities (which, inter alia, often applies to refugees) and reduced benefits for families with more than three children. A reform similar to the
The decision of the regional government of Vienna to reform its minimum income scheme without large scale cuts is important because it impedes a further “race to the bottom” regarding the generosity of regional minimum income schemes. Still, the end of the nationwide coordination of BMS implies far-reaching challenges, as it will likely lead to a further differentiation (a development that has already started) regarding basic rules on benefit access and levels etc. between different federal provinces.

Further reading
Key points of the reform of the minimum income scheme of Vienna: https://www.wien.gv.at/gesundheit-soziales/mindestsicherung-neu.html

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