



Austria: Government reform plan for Minimum Income Scheme causes ongoing debates

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The new Austrian centre-right government, in office since late 2017, announced plans for national framework legislation, stipulating maximum benefit levels for the minimum income schemes of the federal states. This would imply substantially reduced benefit levels for many recipients with a migration background, and also more generally for households with many children. Debates are ongoing, and a draft bill originally announced for June 2018 was postponed, presumably, inter alia, due to legal issues.

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Description

From 2010, the so-called “Means-tested Minimum Income” (MMI; *Bedarfsorientierte Mindestsicherung*) replaced the earlier minimum income scheme, referred to as “social assistance” (*Sozialhilfe*). With MMI, the design and implementation in principle remained under the authority of the nine federal states (*Bundesländer*). However, at the same time, a related so-called “Agreement according to Article 15a of the Austrian Constitution” between the Federal Republic and the federal states implied coordination of minimum standards of MMI. This Agreement expired at the end of 2016, and the Federal Republic and the federal states could not reach a new agreement, as some federal states had wanted to or had even started to cut benefits (which was not in line with the 15a Agreement). The Minister for Social Affairs at that time, as well as other federal provinces, opposed such decisions/plans to cut benefits.

In its government programme, the new centre-right government of the People’s Party (ÖVP) and Freedom Party (FPÖ), which entered into office in December 2017, announced plans to reform both the MMI and unemployment insurance.

Unlike the unemployment insurance, on which specific plans are yet to be disclosed, a more detailed reform programme for MMI was presented by the government at the end of May 2018,

via a so-called “address to the ministerial council” (*Ministerratsvortrag*) (*Bundeskanzleramt* 2018). In this document, a related draft bill was also announced for June 2018.

This reform programme announces national framework legislation, defining the mandatory key characteristics of a reformed MMI, which will then be legislated on in more detail and implemented by the federal states. Important features of the announced reform are the following:

- The national framework stipulates maximum benefit levels, which may not be exceeded by the federal states (unlike the previous coordination under the 15a Agreement, which stipulated minimum benefit levels).
- For most household configurations, apart from single adults, these maximum benefit levels are substantially lower than the benefits currently granted in a number of federal provinces including Vienna, where the bulk of all MMI recipients live.
- In the future, MMI will not be available to people with subsidiary protection status, who until now have been eligible for it in five out of nine federal provinces (not in Burgenland, Lower Austria, Salzburg and Styria). This means that in the future, people with subsidiary protection status will generally, similarly to asylum seekers, only have access to the so-called

“basic supply” (*Grundversorgung*), which offers much lower benefit levels than MMI.

- The plan is that full MMI will only be granted if recipients have completed compulsory schooling in Austria. If this is not the case, “additional conditions” have to be met to be eligible for full MMI: applicants must show German language competence at B1 level (intermediate independent user) or English at C1 level (advanced proficient user). Furthermore, they have to complete certain measures, such as an offered training course or a so-called “cultural values course” and they must sign an integration agreement. Failure to meet these conditions results in MMI being cut by approx. 35% in comparison to full MMI.
- As a general principle, the reform plan announces that MMI should only be granted to citizens of other EU Member States or those from third countries after five years of Austrian residency.

Evidently, this reform programme, if implemented, would imply substantial barriers to access to MMI, and, if MMI is granted, substantially lower benefits than is currently the case - most especially for people with a migration background. In cases where the above-mentioned “additional conditions” (language skills, etc.) are not met, the reform would, for example, result in a reduction by approx. 35% in the benefit level currently granted in the federal state of Vienna to a single person, and in a reduction by approx. 48% for a couple with three children. However, even if these “additional conditions” are met and therefore full MMI granted, benefits would be considerably lower than currently in many federal states including Vienna, especially for families with children (with benefit reductions amounting to approx. 10% to 40%, depending on the number of children).

Outlook & commentary

The reform programme, as presented by the government, has been fiercely criticised by social NGOs, some representatives of opposition parties and also by independent experts.

Social NGOs, inter alia, highlighted that, although this programme was presented by the government as an instrument to reduce incentives to migrate to Austria, it would de facto hit all potential recipients of MMI and could, more generally, substantially erode social inclusion of the weakest groups of society.

Independent experts, inter alia, stressed that the MMI scheme is a “last resort” social benefit, which aims to prevent poverty and its wider negative societal effects. There is strong evidence that households with MMI show substantially increased risks of material and social deprivation (Heuberger 2018), and that their situation would further worsen with lower benefits. As a consequence, independent experts also criticised the repeated emphasis by the government on the reciprocity of “contributions and benefits” in the context of MMI, arguing that this should not be a guiding principle for MMI, but for social insurance only.

One other issue is also important: constitutionality and compatibility with European Law. Regarding (un)constitutionality, it is worth mentioning that earlier reform plans announced in the government programme (Bundeskanzleramt 2017) had envisaged a general cap on MMI amounting to €1,500 per household. However, in March 2018 the Austrian Constitutional Court repealed a related rule then already in place in the federal state of Lower Austria, arguing that it was treating households “without objectivity” (*unsachlich*) according to the numbers of children present. Yet the same is likely to apply to

the government reform programme, as benefits per child are planned to decrease markedly from the third child in a household.

Regarding compatibility with European Law, the detailed content of the draft bill first needs to be clear. What appears to be evident is that a general clause of five years of residence is likely to be opposed by EU-law. A similar situation would apply to the planned introduction of language skills as a precondition for access to full MMI.

The draft bill announced by the government for June 2018 has yet to be presented at the time of writing. According to informal sources, it may not even be expected in the near future, as it now seems more likely that a revised reform proposal for MMI will be made later this year, together with a reform plan for unemployment insurance. Still, the general direction of the reform is likely to remain unchanged.

Further reading

Bundeskanzleramt (2017). *Government Programme 2017-2018*: https://www.bundeskanzleramt.gv.at/at.gv.bka.liferay-app/documents/131008/569203/Regierungsprogramm_2017%E2%80%9932022.pdf/b2fe3f65-5a04-47b6-913d-2fe512ff4ce6

Bundeskanzleramt (2018). *Address to the ministerial council: Minimum Income New*, Vienna: https://www.bundeskanzleramt.gv.at/documents/131008/849801/20_16_mrv.pdf/80a64186-147f-4b30-84d5-f69703b98cc2

Heuberger, R. (2018). *Living Conditions of Recipients of MMI*, Vienna: http://www.statistik.at/wcm/idc/idcplg?IdcService=GET_PDF_FILE&RevisionSelectionMethod=LatestReleased&dDocName=117648

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