



# **Non-take-up of benefits of last resort in Austria**

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# Non-take-up of benefits of last resort

- **Key performance criterion** of social protection schemes: do benefits reach their target group?
- However, means-tested programmes characterised by access problems



**Non-take-up of benefits of last resort****Share of non-take-up in selected European countries**

Country	Year	Households	Payments
Austria	2003	49-61 %	(>) 39-53 %
Czech Republic	2010/11	72 %	
Germany	2008	34-43 %	
France	2010	50-64 %	
Lithuania	2011	68 %	(>) 43 %
Poland	2005	57 %	
Sweden	2001	21 %	
United Kingdom	2013/14	19-23 %	

Sources: Bruckmeier et al., 2013; Fuchs, 2009; Matsaganis et al., 2014; Eurofound, 2015

**Non-take-up of benefits of last resort****What does it mean for policy makers?**

- **Failure** in design or implementation of benefit
- Distortion of targeted **welfare impact**
- Unjustified **disparities** among eligible households
- Reduction of capacity to **anticipate social outcomes** and financial **costs** of policy reforms

# From social assistance to minimum income benefits



- Policy reform in 2010/11
- **Aims:** combating poverty, facilitating access, modernisation
- **Key amendments:** Increased and uniform minimum standards; Inclusion in health insurance and labour market programmes; more transparency and legal certainty; de-stigmatisation

## Estimating non-take-up: extent and “drivers”

- **Simulation** with tax/benefit model EUROMOD/SORESI: systems 2009 (last year with social assistance) & 2015 (latest available data at time of research) based on SILC register data
- 2-staged **Heckman selection model** (eligibility; non-take-up)
- **Expert** interviews

# Microsimulation

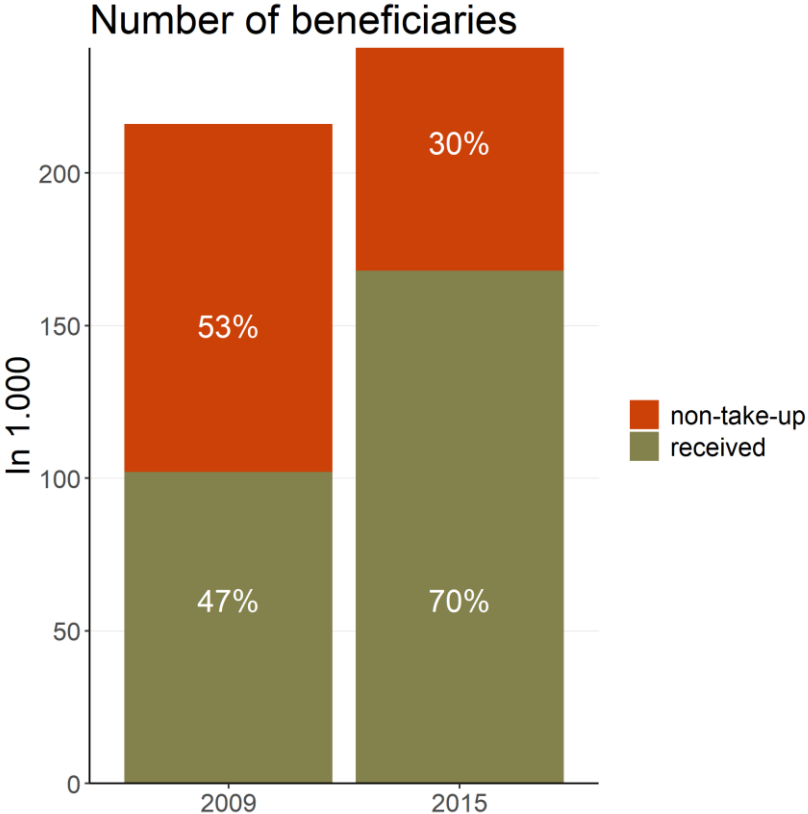
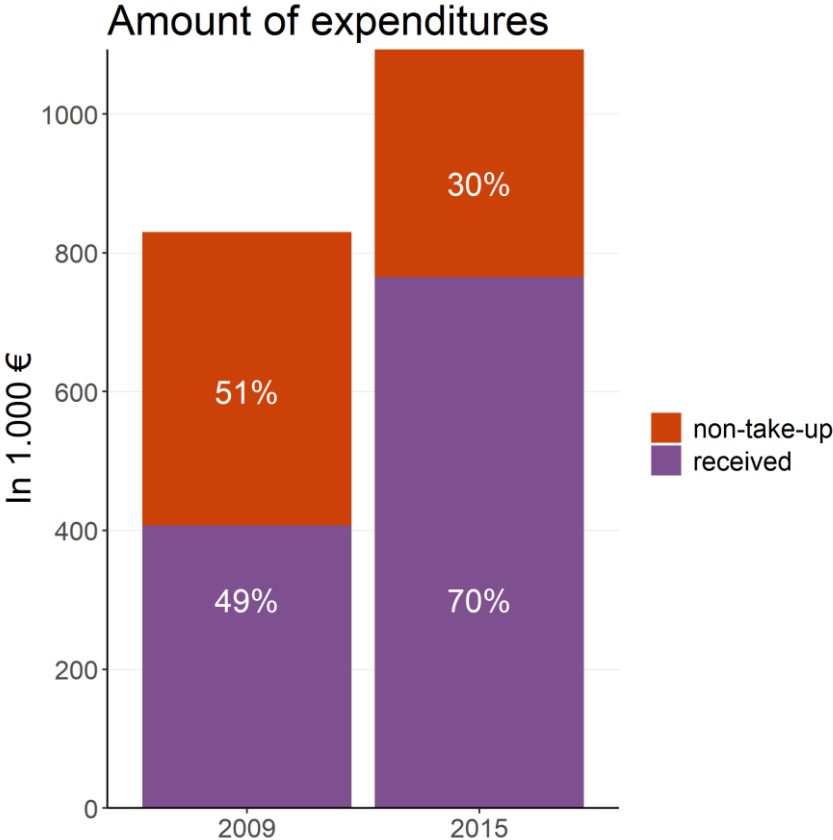
- **Needs** assessment (subsistence and housing)
- **Income** test
- **Wealth** test (proxy)
- **Comparison** of **simulated eligibility** to **actual benefit receipt** (based on administrative figures)

## Limitations

- **Household** only approximation of **recipient unit**
- Self-employment income, social assistance/ minimum income benefit based on **survey data**
- Income data only on **yearly basis**
- Poor information on **wealth**



# Increased take-up rates



Source: Statistics Austria; own calculation

## “Drivers” of take-up

- **Pecuniary determinants:** higher income gap (2009)
- **Application and information costs:** unemployed/inactive (2009), low education (2009+2015), renting one's home (2009)
- **Social and psychological costs:** larger municipalities (2015), single parents (2009)

# Conclusion

- Minimum income benefit reform **decreased non-take-up rate** in Austria
- Welfare states can **tackle** a considerable share of the problem, a significant part of non-take-up was caused by
  - **non-transparent** and **complex** schemes,
  - **poor information** and **institutional barriers**

# Conclusion

- However, leeway for **further improvements**
  - realisation of **emergency aid**,
  - (effective) **one-stop-shop**,
  - higher **coverage** of actual **housing costs**

**Thank you for your attention!**

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