

Margit Schratzenstaller

Family Benefits in Austria – An Overview

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In recent years Austrian family policy aimed at improving individual work-life balances and increasing the participation of fathers. This included introducing child care benefit months that cannot be transferred between partners, adding a short-term income-dependent option to the original lump-sum child care benefit payments, creating additional child care facilities for under-3-year-olds and extending afternoon care facilities for school children. Nevertheless, monetary benefits are still considerably more prevalent in Austria than in other countries. In combination with other schemes, such as long-term child care benefit options, the substantially lower earnings on average of women in the labour market and, not least, marked popular scepticism of working mothers with small children, the current structure of family benefits tends to support a family model which provides for mothers to undertake most of the care duties and for fathers to pursue the role of main bread-winner.

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1. Introduction

While public expenditure on family support in Austria slightly exceeds the OECD average, the results of Austria's family policy, as measured by key performance indicators (e.g., intra-household distribution of paid and unpaid work, fertility rate), are less than impressive¹.

Family-related instruments in the tax and transfer system essentially address three different issues and objectives: securing children's basic needs, (partial) compensation of the income foregone during parental leave², and the compensation of child care cost subsequent to parental leave. They may be granted as transfers in kind (mainly child care facilities) or in cash (either as direct payments or indirectly as tax reliefs). The various instruments differ by their redistributive effect and their inherent impact on work incentives³.

¹ For this overall assessment see also *Rille-Pfeiffer et al.* (2014). A more detailed evaluation of the effects of Austria's family policy in an international context on the basis of selected indicators is offered by *Schratzenstaller* (2014, 2015).

² "Parental leave" stands for the legal claim to leave of absence from work against the loss of earnings. In Austria, parents are entitled to take such leave up to the child's second birthday; the duration is thus not necessarily identical with that of child care benefit which, if claimed as lump-sum by only one parent, may be received up to 30 months after child birth.

³ For family-related elements in the tax and transfer system and their effects see *Festl – Lutz – Schratzenstaller* (2010), *OECD* (2011).

Direct cash transfers (where applicable means-tested) are paid directly to the eligible families. They include benefits designed to cover the cost of a child's subsistence level, paid up to a child's certain age, and income maintenance payments during parental leave or earliest childhood. Indirect monetary transfers (tax subsidies) mainly⁴ relate to personal income tax. In practice, the most frequent forms are child tax allowances or tax credits taking into account the basic needs, and tax allowances covering the cost of out-of-home child care. In contrast, only a minority among the advanced societies nowadays apply the joint income tax assessment of spouses that reduces the joint tax burden for partners with different income levels, or the joint tax assessment of all members of the family (family splitting) which always alleviates the tax burden for families earning a taxable income and having children. Joint income taxation serves as compensation of the income foregone by a non-working or part-time-working partner taking care of children at home⁵, whereas family splitting models in addition consider children's basic needs for tax purposes. Tax reliefs also include reductions or exemptions from social security contributions, e.g., contribution-free health insurance for non-active spouses and children, or imputed contribution periods in retirement insurance for the care of family members.

2. The family-related tax and transfer system in Austria

2.1 Monetary instruments for family support in Austria

At the federal level⁶, monetary family support in the narrow sense (i.e., excluding exemptions from social security contributions and public expenditure due to claims derived from the social security system; Table 1) consists of three instruments to cover the direct cost of children (children's basic needs): the child tax credit, the family allowance and the child tax allowance. The tax credit and the family allowance, both in principle income-independent, amount to between € 2,017.20 (children up to 2 years) and € 2,607.60 (children of age 19 and above) per year for the first child. As from the second child, supplements to the family allowance (sibling echelon) are granted that rise with the number of children. The child tax credit is augmented as from the third child by an income-dependent multi-child supplement. The child tax allowance from which only parents earning a taxable annual income above € 11,000 benefit, carries an annual tax relief of a maximum € 110 per child (for earnings subject to the top marginal tax rate) if claimed by only one parent, and of up to € 132 if claimed by both parents⁷.

The family maintenance tax credit exonerates parents living separately from their children while supporting them financially, thereby also contributing towards covering children's basic needs.

Since the reform of 2009 that introduced an income-dependent child care benefit, the latter exists in five versions:

- three longer versions (up to 18, 24 or 36 months if partially claimed by the second parent, i.e., including non-transferable partner months; 15, 20 or 30 months if claimed by only one parent) at a monthly lump-sum between € 436 and € 800, depending on the duration selected,

⁴ In principle, family and child benefits may also be applied to other taxes and can indeed be found (e.g., exemptions from inheritance tax for close relatives in many countries); such benefits are, however, beyond the scope of the present study.

⁵ The joint income tax assessment in the spousal splitting model is not confined to couples with children, the tax relief is also conferred to such without children and child care obligations.

⁶ In addition, the Länder grant several family-related cash benefits (e.g., "baby money", mother-child support, children and youth recreation programmes, family holidays; *Austrian Court of Audit*, 2011), that are not included in the present analysis, due inter alia to the lack of comprehensive data, despite the overall considerable scope of these programmes (*Austrian Court of Audit*, 2011, 2014).

⁷ As from 2016, the child tax allowance will be doubled, from currently € 220 to € 440 if claimed by one parent, and from € 132 to € 300 each if claimed by both parents, causing an estimated annual shortfall of tax revenues of € 100 million.

Table 1: Instruments of monetary family support in Austria

	Objective	Comment	Monthly In €	Annually In €	Cost 2013 Mio. €	
<i>Direct cash transfers</i>						
Family allowance ^{1, 2}	Covering children's basic needs		Up to age 2	109.70	1,316.40 to 1,906.80	3,166.00 ⁴
			Age 3 to 9	117.30		
			Age 10 to 18	136.20		
			As from age 19 ³	158.90		
Since 2011: school start allowance		Once a year (September), instead of 13th family allowance introduced in 2008, for children of age 6 to 15		100.00		
Amendment from 2016	Increase by 1.9 percent		Up to age 2	111.80	1,341.60 to 1,944.00	830.00 ⁵
			Age 3 to 9	119.60		
			Age 10 to 18	138.80		
			As from age 19	162.00		
Amendment from 2018	Increase by 1.9 percent		Up to age 2	114.00	1,368.00 to 1,981.20	
			Age 3 to 9	121.90		
			Age 10 to 18	141.50		
			As from age 19	165.10		
Sibling echelon ¹			2 children 6.70 per child	2 children	160.80	
			3 children 16.60 per child	3 children	597.60	
Amendment from 2016	Increase by 1.9 percent		2 children 6.90 per child	2 children	165.60	
			3 children 17.00 per child	3 children	612.00	
Amendment from 2018	Increase by 1.9 percent		2 children 7.10 per child	2 children	170.40	
			3 children 17.40 per child	3 children	626.40	
Child tax credit ¹	Covering children's basic needs			58.40	700.80	
Multi-child supplement ¹		As from 3rd child if family income is below € 55,000 p.a.		20.00	240.00	1,300.00
Child care allowance ⁶	(Partial) earnings replacement during care-related work interruption after child birth					1,074.00
Lump-sum system ⁷	4 versions, independent of previous employment; income ceiling: 60 percent of last income, at least € 16,200 p.a. ⁸		30 + 6	436.00	Maximum	15,696.00 ⁹
			20 + 4	624.00	Maximum	14,976.00 ⁹
			15 + 3	800.00	Maximum	14,400.00 ⁹
			12 + 2	1,000.00	Maximum	14,000.00 ⁹
Income-dependent child care allowance	Earnings ceiling € 6,400 p.a.		12 + 2 ⁷ : 80 percent of previous net earnings, maximum 2,000.00	Maximum	28,000.00 ⁹	
<i>Indirect cash transfers (tax relief)</i>						
Single earner tax credit ¹⁰	Partial earnings replacement, coverage of (internal) child care cost		30.33	364.00	330.00 ¹¹	
Child supplement			1st child	10.83	1. child	130.00
			2nd child	14.58	2. child	175.00
			Each further child	18.33	Each further child	220.00
Maintenance tax credit	Covering children's basic needs		1st child	29.20	1. child	350.40
			2nd child	43.80	2. child	525.60
			Each further child	58.40	Each further child	700.80
Child tax allowance ¹²	Covering children's basic needs	Claimed by one parent: € 220 ¹³	Maximum	9.20	Maximum	110.00 ¹⁴
		Claimed by both parents: € 132 each ¹³	Maximum	11.00	Maximum	132.00
Child care tax deductibility ¹²	Coverage of (external) child care cost	For children up to age 10, deductible maximum € 2,300	Maximum	95.80	Maximum	1,150.00 ¹⁴

Source: Federal Ministry of Finance, WIFO compilation. – ¹ Paid together with family allowance or child tax credit. For sibling echelon as from 4th child: <http://www.bmfj.gv.at/familie/finanzielle-unterstuetzungen/familienbeihilfe0/familienbeihilfenbeträge.html>. – ² Supplement for a handicapped child as of 1 July 2014 € 150.00, as of 1 January 2016 € 152.90, as of 1 January 2018 € 155.90 per month. – ³ Entitlement in principle limited up to age 18, for children in higher education up to age 24. – ⁴ Family allowance including siblings echelon. – ⁵ Including increase, cumulated 2014-2018. – ⁶ Planned change according to coalition agreement of December 2013: replacement of lump-sum system by child care allowance account with flat rate and individual choice of level and duration. – ⁷ Maximum duration if claimed by both parents; the second time period is lost, if not claimed by second parent (non-transferable partner months). For the second and each further child the basic amount is augmented by 50 percent in each lump-sum version (multi-child supplement). – ⁸ In all lump-sum versions of child care allowance an individual earnings ceiling of 60 percent of last income applies; if that amount is below € 16,200, the earnings ceiling is € 16,200 per year. – ⁹ If non-transferable partner months are claimed, cumulated over the entire benefit period. – ¹⁰ Taken into account annually by employer or via tax assessment; on demand paid as negative tax. If single-earner tax credit is claimed: income of partner maximum € 6,000 p.a. – ¹¹ Estimation by Federal Ministry of Finance (2014): single-earner tax credit € 210 million, single-educator tax credit € 110 million, subsistence tax credit € 70 million. – ¹² For children eligible to child tax credit or subsistence tax credit; claimed annually in the context of individual income tax assessment. – ¹³ To be doubled in 2016, expected annual tax revenue shortfall € 100 million. – ¹⁴ Assumption: top marginal tax rate 50 percent. – ¹⁵ Estimate by Federal Ministry of Finance (2014).

- two shorter versions of 14 respectively 12 months with or without non-transferable partner months, payable either at a monthly lump-sum of € 1,000 or income-dependent (80 percent of the parental allowance, or of a fictitious parental allowance, up to a ceiling of € 2,000 per month).

In order to enable parents receiving child care benefit to work part-time, all lump-sum versions grant an individual earnings ceiling of 60 percent of last earnings, at least € 16,200 per year (if 60 percent of last earnings is less than € 16,200). In the income-dependent version, the additional earnings ceiling is set at € 6,400 per year.

A maximum of € 2,300 per year can be deducted from taxable income for child-care expenses up to a child's age of 10 years; thus, for taxpayers subject to the top marginal tax rate, the tax relief may reach up to € 1,150 per year. Only parents with an annual taxable income above € 11,000 can benefit.

Since the reform of 2011, the single-earner tax credit is granted only if a taxpayer receives family allowance for his/her children. The income of the (quasi-)non-earning partner shall not exceed € 6,000 per year.

Table 2: Government spending on family support

	2006	2010	2013
		Million €	
<i>Total</i>	7,907	9,380	9,320
Direct cash benefits	5,745	6,324	6,009
Family allowance (including multi-children supplement)	3,156	3,447	3,166
Child tax credit	1,158	1,319	1,300
Child care and parental allowance	1,000	1,062	1,074
Maternity and part-time benefit	359	449	439
Cash benefits by Länder and municipalities	71	47	31
Tax subsidies for families	535	613	590
Single-earner tax credit ¹	360	300	210
Single-parent tax credit ¹	110	120	120
Subsistence tax credit	65	70	70
Child tax allowance		82	90
Deductibility of child care cost		40	100
Child care facilities	886	1,553	1,748
Other family benefits	741	890	973
Benefits in kind by Länder and municipalities, excluding kindergartens	389	503	590
Other ²	352	387	384
	As a percentage of total family benefits		
<i>Total</i>	100.0	100.0	100.0
Direct cash benefits	72.7	67.4	64.5
Tax subsidies for families	6.8	6.5	6.3
Child care facilities	11.2	16.6	18.8
Other family benefits	9.4	9.5	10.4
	As a percentage of GDP		
<i>Total</i>	3.0	3.2	2.9
Direct cash benefits	2.2	2.1	1.9
Tax subsidies for families	0.2	0.2	0.2
Child care facilities	0.3	0.5	0.5
Other family benefits	0.3	0.3	0.3
	In € per child		
<i>Total</i>	4,401	5,400	5,506
Direct cash benefits	3,197	3,641	3,550
Tax subsidies for families	298	353	349
Child care facilities ³	1,849	3,278	3,661
Other family benefits	413	512	575

Source: Federal Ministry of Finance, Statistics Austria, WIFO calculation. Excluding school transport subsidies and free teaching material, according to ESSOSS, these benefits are classified under "education". – ¹ Including child supplements. – ² Business support, child birth allowance, small-child allowance, mother-child-health-pass bonus, family hardship allowance, family counselling offices, exemptions from public charges. – ³ Per child below age 6.

2.2 Overview of family benefit expenditure in the narrow sense

Government outlays for families in the narrow sense have increased since the middle of the last decade from € 7.9 billion (2006) to nearly € 9.3 billion in 2013 (Table 2). As a share of GDP, the 2.9 percent in 2013 almost matched the ratio of 3 percent recorded in 2006, after having reached 3.2 percent in 2010. In relation to the steadily declining number of children and youth up to the age of 19, the secular trend of rising per-capita family benefits has continued, as they rose from € 4,400 per child in 2006 to around € 5,500 in 2013. Spending on child-care facilities per child (below age 6) enjoyed the strongest increase, almost doubling from 2006 to € 3,661 in 2013. Over the same period, total family benefits per child went up by 25 percent, of which direct cash transfers per child by 11 percent and tax benefits by 17 percent per head.

The composition of expenditure has changed markedly since the middle of the last decade. While monetary transfers, and here the direct cash benefits, still dominate with a share of 64.5 percent of total expenditure (2013), the expenditure share of child care facilities has increased from 11.2 percent in 2006 to 18.8 percent in 2013. In view of the efforts reinforced since 2008 to enlarge child care facilities, in particular for the less-than-3-year-olds, spending on this item is set to rise further over the medium term. Since, however, with the latest increase in the family allowance (in three steps between 1 July 2014 and 1 January 2018) and the planned doubling of the child tax allowance as part of the tax reform 2016, cash transfers will increase in parallel, the composition of expenditure is unlikely to further shift towards child care facilities.

2.3 Family benefit expenditure in the narrow sense in the international context

Government expenditure on family benefits in Austria equals 2.7 percent of GDP (2011), slightly exceeding the OECD average of 2.6 percent of GDP (Figure 1). Since 2005, the share has declined from 2.9 percent in Austria, while in the OECD it has increased from 2.2 percent (2001: 2.6 percent of GDP). Developments vary across selected countries that represent different models of family policy and welfare systems⁸. In Denmark and Sweden (representing the Social-Democratic egalitarian welfare state model) and in Germany (following rather the conservative continental European model) family benefits increased as a share of GDP, whereas in France (natality-promoting model) and in the Netherlands (a conservative continental welfare state) their share receded – albeit from respectively rather different starting levels. Thus, the share of family benefits in GDP of 4 percent in Denmark (2011) was the second-highest in the OECD, ahead of Sweden and France with 3.6 percent of GDP each. The ratio of 3.1 percent in Germany was markedly lower, while the Netherlands were the only country in our comparison with a ratio (significantly) below the OECD average (2.1 percent of GDP).

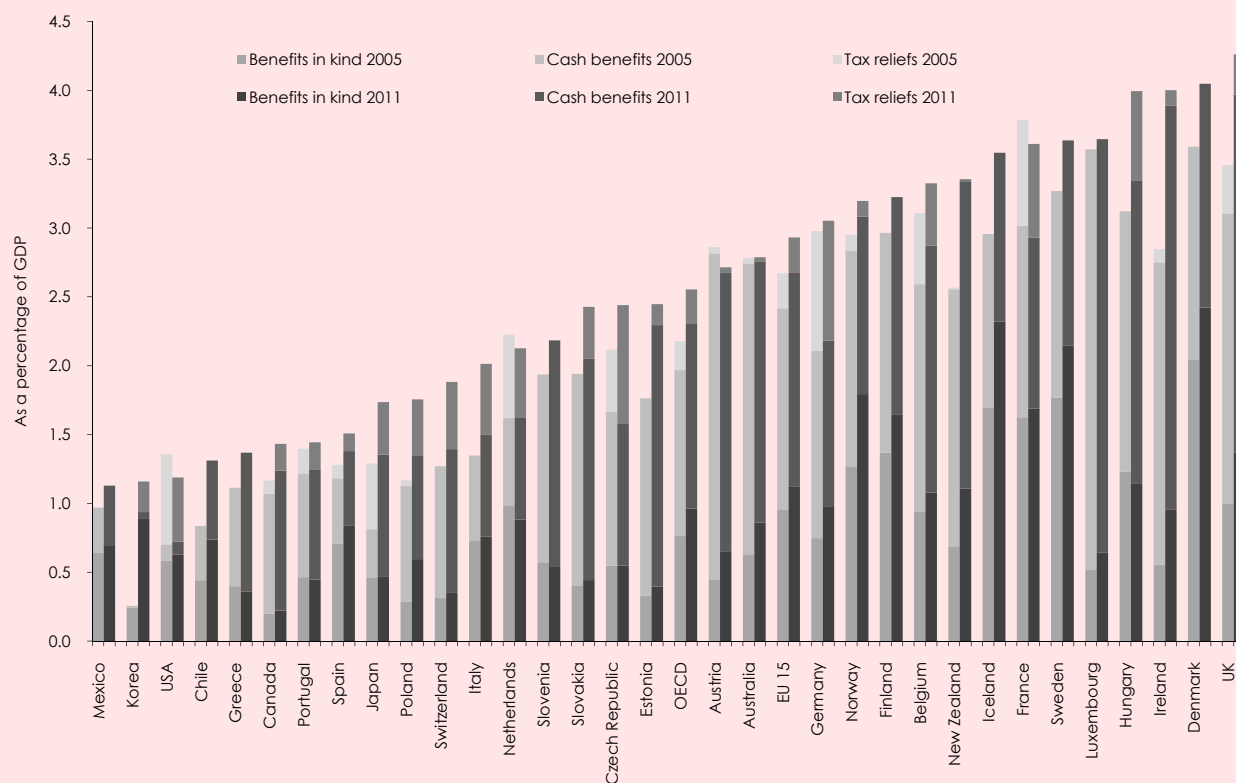
However, the Austrian composition of family expenditure differs considerably from the OECD average (Table 3): spending on real transfers⁹ in the OECD definition account for less than one-fifth of total family expenditure, against a share of over one-third on average for the OECD countries. In Austria, 17.1 percent¹⁰ (2011) of family expenditure go to child care facilities, one of the lowest shares in the international comparison; on average, OECD countries spend on this item 27.7 percent of total family outlays, i.e., a 10 percentage points higher proportion. In almost all countries, the share of real transfers (benefits in kind) has increased since 2005 (Table 3).

⁸ For a more detailed comparison of the five EU member countries selected, see *Schratzenstaller (2014, 2015)*.

⁹ Real transfers mainly include outlays for child care facilities, together with other family-related benefits in kind.

¹⁰ Deviations from the shares presented in Table 2 are due to different data sources, with different definitions, cost structures and reporting years.

Figure 1: Government expenditure on family support – different instruments of the tax and transfer system



Source: OECD, WIFO calculation.

With shares of 50 percent and 44 percent respectively, Denmark and Sweden put the strongest emphasis in their family policy on child care facilities, far above the international average (Table 3). To a lesser extent, this also holds for the Netherlands and France, whereas in Germany the share of 16 percent is much lower than the OECD average of 27.7 percent and still somewhat lower than in Austria with 17.1 percent. In relation to GDP and to overall expenditure on family support, all countries in our selection have during the period under review reinforced spending on child care facilities, some of them even substantially.

Family support via tax benefits plays a minor role in Austria (also because the child tax credit is classified as direct monetary transfer rather than as tax subsidy). Conversely, the share of monetary transfers of around 75 percent of total family benefits is the highest in our sample of countries and the only one above the OECD average. Families in Denmark and Sweden receive no support at all from the tax side, whereas in Germany and the Netherlands tax relief accounts for 28.5 percent and 23.8 percent respectively of total family benefits.

As referred to above, since 2008 the Austrian federal government is putting emphasis on extending child care facilities for children of pre-school age and particularly for less-than-3-year-olds, via earmarked subsidies to the Länder concerned. Due to different data collection methods, the enrolment rates vary markedly, depending on the data source. According to the national method (as a complete count yielding the highest enrolment rate), Statistics Austria reports for 2013 an enrolment rate in child care institutions for children below the age of 3 of 23 percent, one-third higher than the rate of 17 percent obtained for the same year by a Eurostat sample survey. In addition, there are almost 5,100 places offered by child minders (according to Kindertagesheimstatistik 2013-14 by Statistics Austria 2014, reporting date 15 October 2013). Hence, the total enrolment rate amounts to 25.1 percent. In this way, considerable progress has been achieved in the last years towards meeting the "Barcelona"-target of a childcare enrolment rate of 33 percent for children less than 3 years old, given that in 2007 the enrolment rate (including children looked after by-

child minders) had only been at 13.9 percent. For the 3- to 5-year-olds¹¹, *Statistik Austria* reports an enrolment rate of 90.8 percent for 2013, meeting the age-specific "Barcelona"-target of 90 percent.

Table 3: Government expenditure on family support by kind of instrument

	Total	2005			Tax subsidies	Total	2011			Tax subsidies
		Benefits in kind Total	Child care facilities	Cash benefits			Benefits in kind Total	Child care facilities	Cash Benefits	
As a percentage of GDP										
OECD	2.2	0.8	0.5	1.2	0.2	2.6	1.0	0.7	1.3	0.3
France	3.8	1.6	1.2	1.4	0.8	3.6	1.7	1.2	1.2	0.7
Denmark	3.6	2.0	1.9	1.6	0.0	4.0	2.4	2.0	1.6	0.0
Sweden	3.3	1.8	1.3	1.5	0.0	3.6	2.1	1.6	1.5	0.0
Germany	3.0	0.7	0.4	1.4	0.9	3.1	1.0	0.5	1.2	0.9
Austria	2.9	0.4	0.3	2.4	0.0	2.7	0.6	0.5	2.0	0.0
Netherlands	2.2	1.0	0.5	0.6	0.6	2.1	0.9	0.9	0.7	0.5
Percentage shares										
OECD	100.0	35.0	25.2	55.4	9.6	100.0	37.6	27.7	52.5	9.8
France	100.0	42.9	32.6	36.7	20.4	100.0	46.8	34.5	34.4	18.9
Denmark	100.0	56.8	51.5	43.2	0.0	100.0	59.9	49.8	40.1	0.0
Sweden	100.0	54.1	38.7	45.9	0.0	100.0	59.0	43.7	41.0	0.0
Germany	100.0	25.1	12.9	45.7	29.3	100.0	31.9	15.9	39.6	28.5
Austria	100.0	15.5	10.2	82.9	1.6	100.0	23.9	17.1	74.6	1.5
Netherlands	100.0	44.3	20.9	28.4	27.3	100.0	41.5	41.5	34.7	23.8

Source: OECD, WIFO calculations.

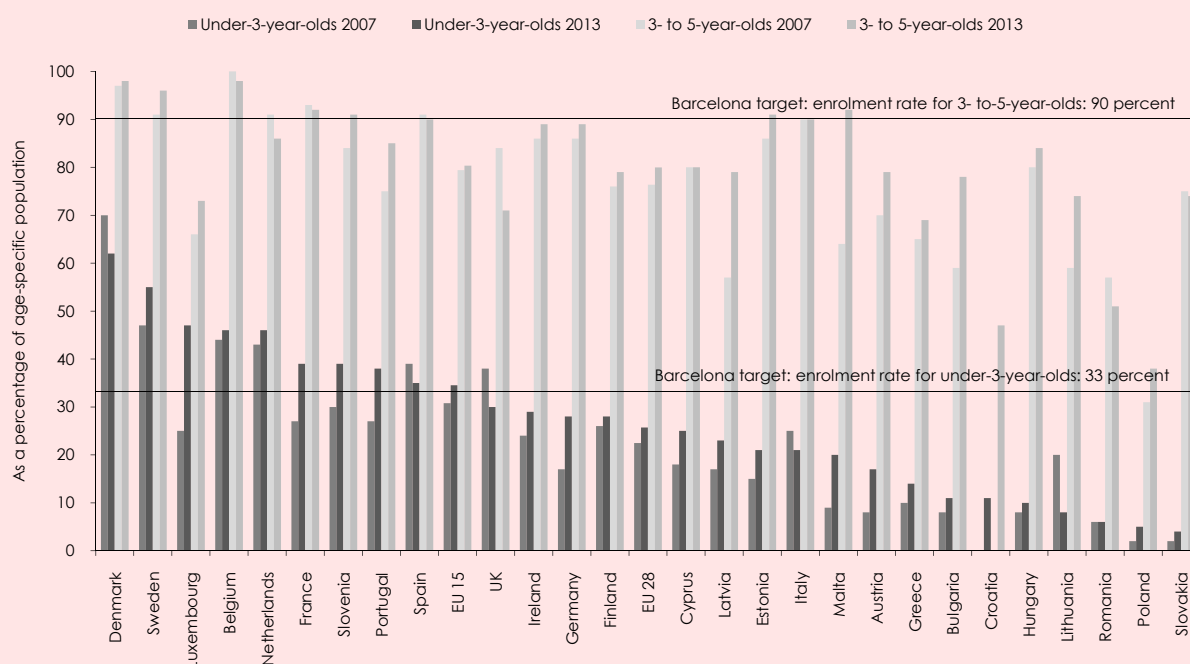
The Eurostat survey also shows a marked increase in the enrolment rate for the last years, even if the sample method applied by Eurostat yields lower enrolment rates overall. While according to Eurostat (EU SILC) 70 percent of the 3- to 5-year-olds and 8 percent of the children below age 3 had been enrolled in formal care by 2007, the respective rates had risen to 79 percent and 17 percent by 2013. As illustrated by Figure 2, even the latest available data for 2013 suggest that, according to the Eurostat method, Austria has not yet reached the "Barcelona"-targets of an enrolment rate of 33 percent for children under three and of 90 percent for 3- to 5-year-olds. On average for the EU 15, the target for the below-3-year-olds has been met with a rate above 34 percent, while the rate for the 3- to 5-year-olds of 80.3 percent is slightly below the target.

As regards the care of children under 3 years of age as well as of those from 3 to 6 years, the Eurostat data show Austria to be in both cases among the 19 countries that miss the respective "Barcelona"-target (meanwhile postponed to 2020). On average for the EU 28, almost 26 percent of the less-than-3-year-olds and 80 percent of the 3-to-6-year-olds were enrolled in formal child care. Notably the enrolment rates of children under 3 years of age vary widely across our sample: in 2013, Germany recorded the second-lowest rate of 28 percent, exceeding the Austrian rate by 11 percentage points; in France, the rate was 39 percent and in the Netherlands 46 percent. In Sweden, more than half (55 percent) of children under three enjoyed formal child care, in Denmark even 62 percent. While all other countries in the sample legally entitle parents to formal child care as from age 4 at the latest (Denmark even as from the age of 6 months), Austria offers such claim only for the last pre-school year since the introduction of a compulsory final kindergarten year¹² (upon completion of age 5).

¹¹ The national method targets the 3- to 5-year-olds, the Eurostat survey children between three and the beginning of compulsory school age. Both methods cover the children from age three to under six. For reasons of easier legibility, we always refer here to the 3- to 5-year-olds.

¹² More specifically, parents are entitled to a kindergarten place for their child for 20 hours per week free of charge, coupled with the obligation to send the child to kindergarten for at least 16 hours per week.

Figure 2: Child care enrolment rates by age in an international comparison



Source: Eurostat, WIFO calculations. Lithuania: latest year 2012.

No consistent data are available on day-care in schools, such that evidence on enrolment rates is lacking for this area. Yet, international comparisons suggest that such provisions are relatively scarce in Austria (*Plantenga – Remery, 2013*). Against this background, the priority given in Austria since 2011 for schools to offer more day-care facilities after official school hours is to be welcomed.

2.4 Additional family benefits as part of the social security system

In addition to the family benefits provided by the government in the narrow sense, considerable support for families is inherent in the regulations of the statutory social insurance system. Imputed contribution periods in retirement insurance for parents who have been mainly occupied with raising a child, as well as secondary benefit entitlements (contribution-free health insurance, benefits for surviving dependants in retirement insurance) shall compensate for own entitlements foregone or create additional own benefit entitlements. Secondary entitlements to social insurance benefits and imputed contributions are the logical extension of family policy instruments designed to offset income losses related to child care, notably during early childhood where parents may claim child care benefits. Likewise, contribution-free health insurance for children is granted in consideration of children's basic needs. In 2013, health insurance expenditure for family members amounted to € 1.9 billion, of which € 1.5 billion for contribution-free insurance of children and € 0.4 billion essentially for non-active women in charge of child care or nursing care of dependants.

Since 2005, retirement insurance grants up to four years per child (born after 1 January 1955) as imputed insurance period, in which the insured person has been mainly in charge of child care. Thus, the distinction between contribution periods and substitute qualifying periods is waived. Child care periods are counted as contribution periods at an annually adjusted flat-rate contribution base; for 2015, the latter amounts to € 1,694.39. The imputation of child care as (partial) insurance period in statutory retirement insurance¹³ implies direct and indirect costs for government

¹³ Retirement benefits from the insurance bodies for dependent employees, farmers, commercial self-employed and liberal professions; the insurance system of civil servants is not included.

budgets. The direct costs include the regular subsidy from the central government budget (2012: € 278 million) and the contribution from the Family Benefit Fund (2012: € 800 million), together nearly € 1.1 billion. The indirect cost of the partial insurance periods derives from the fact that they are taken into account for the compliance with the minimum insurance period as well as for the number of years of insurance accumulated and the level of the contribution base. Yet, there are no estimates available of this annual indirect cost, not least due to the considerable methodical difficulties involved.

A further family policy benefit included in the statutory retirement insurance (excluding civil servants) are the payments to surviving dependants. In 2013, they amounted to € 4.28 billion, of which 95 percent were pensions for widows and widowers, and 5 percent orphans' pensions.

3. Concluding remarks

During the last years, Austrian family policy (in the narrow sense as defined here) took several steps towards improving the reconciliation of work and family obligations and enhancing fathers' involvement in the latter:

- introduction of non-transferable partner months into the entitlement to child care benefit,
- introduction of an income-dependent alternative of short duration as a supplement to the original lump-sum version of the child care benefit,
- introduction of an individual earnings ceiling of 60 percent of last income into the lump-sum version of child care benefit, in order to allow parents to work part-time during the early-childhood period,
- extension of child care facilities for less-than-3-year-old children and day-care in schools,
- introduction of a "daddy month" in the public service¹⁴.

These regulations shall considerably improve incentives and conditions for a more equal distribution of paid and unpaid work between mothers and fathers. In addition, there are reform moves that may in a wider sense be seen as part of family policy, notably the changeover from imputed to regular contribution periods in retirement insurance (2005) and the introduction as from 1 July 2004 of a legal claim for parents to work part-time up to a child's 7th birthday. Moreover, the envisaged introduction of a child care benefit account, designed to make claims to child care periods off-work more flexible, shall improve the reconciliation of work and family life.

However, from an international perspective, Austria still stands out by its strong reliance on monetary transfers. This approach to family policy, in combination with other regulations like the long-duration options of child care benefits, with the marked gender wage gap, and with the widespread popular scepticism vis-à-vis working mothers of small children (*European Commission, 2013*), tends to promote a family model whereby mothers take over the larger part of child care obligations and fathers the bulk of gainful employment. The latest reforms – extension of child care facilities on the one hand, increase in the family allowance in three steps from 2014 to 2018 and doubling of the child tax allowance in 2016, on the other –, while further strengthening government family support, will even at the higher spending level not decisively tilt the balance between benefits in cash vs. in kind.

¹⁴ The "daddy month" in the public service was introduced in 2011; during the first eight weeks after the birth of a child, fathers may take up to four weeks of special unpaid leave.

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