



Non-take-up in Austria: social assistance vs. minimum income benefit

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Background non-take-up

- Key performance criterion of social protection schemes: do benefits reach their target group?
- Means-tested programmes characterised by access problems
- Primary vs. secondary non-take-up

Background non-take-up**Table 1: European comparison**

Country	Year	Claimants	Payments
Austria	2003	56 %	(>) 48 %
Czech Republic	2010/11	72 %	
Germany	2008	34 – 43 %	
France	2010	50 – 64 %	
Lithuania	2011	68 %	(>) 43 %
Poland	2005	57 %	
Portugal	2001	28 %	
Sweden	2001	21 %	
United Kingdom	2013/14	19 – 13 %	

Source: Bruckmeier et al. 2013; Matsaganis et al. 2014; Eurofund 2015

Background non-take-up

What does it mean for policy makers?

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

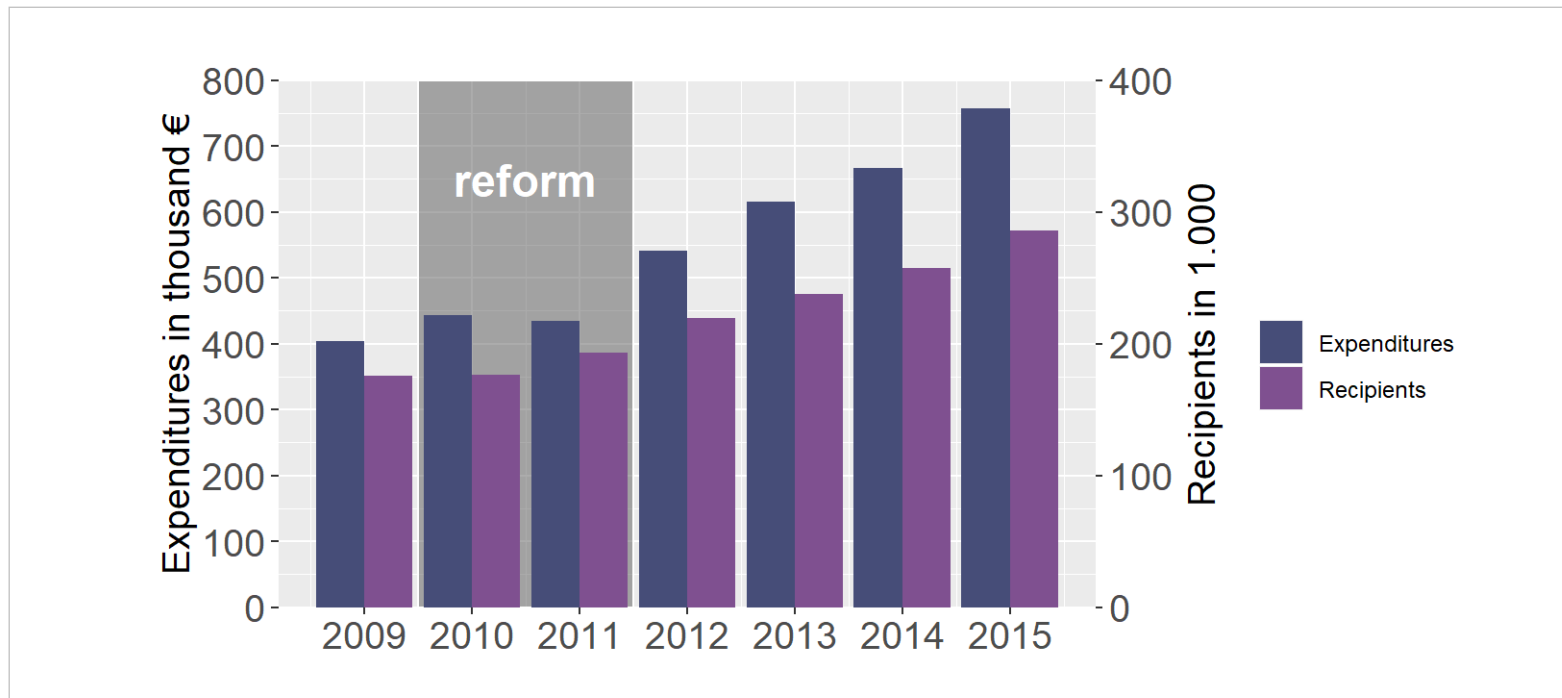
Austrian reform in 2010/11

- Minimum income benefit replaced monetary social assistance
- Aims: combat poverty, harmonisation, modernisation, facilitate access
- Main features
 - Higher und uniform minimum standards
 - Inclusion in health insurance and labour market programmes
 - Restriction of maintenance obligation to core family
 - Higher transparency, legal security and anonymity

Austrian reform

Overview

Figure 1: Development of actual expenditure and recipients



Source: Statistics Austria, own representation

Estimating non-take-up: extent and drivers

- Simulation EUROMOD/SORES systems 2009 (last year of social assistance) & 2015 (latest available data) incl. all 9 Federal States
- 2-staged Heckman selection model
- Expert interviews

Simulating non-take-up

Data

- EU-SILC PDB 2010 & 2016
- Additional disaggregated income variables
- Mainly register data
- Approx. 6,000 households

Simulating non-take-up

Microsimulation

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

Simulating non-take-up

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
- Poor information on legal status of persons

Results

- Reform was successful in decreasing non-take-up rates (findings confirmed by expert interviews)
- But: by achieving (theoretical) take-up-rate of 100%, the at risk of poverty rate would decrease by further 0.7 pp
- Stable drivers of non-take-up

Results

Expenditure

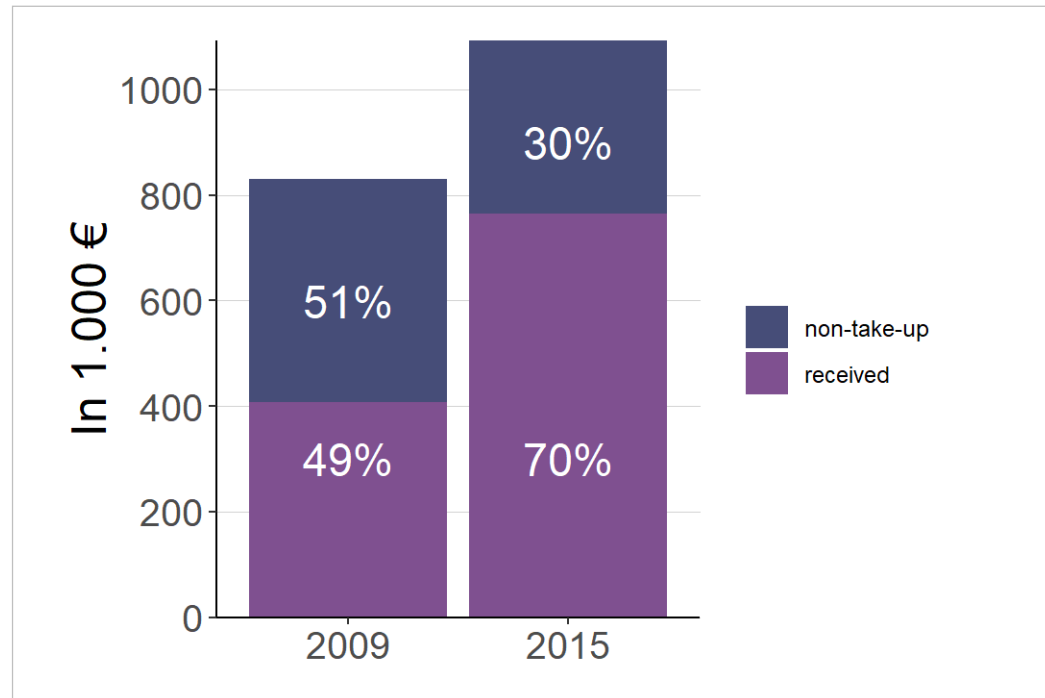
Figure 2: Expenditure social assistance vs. minimum income benefit

Non-take-up rate in terms of expenditure decreased from

51 to 30 %

Sensitivity analysis

45-56 vs. 23-36%



Source: Statistics Austria, own simulation/calculation

Results

Beneficiaries

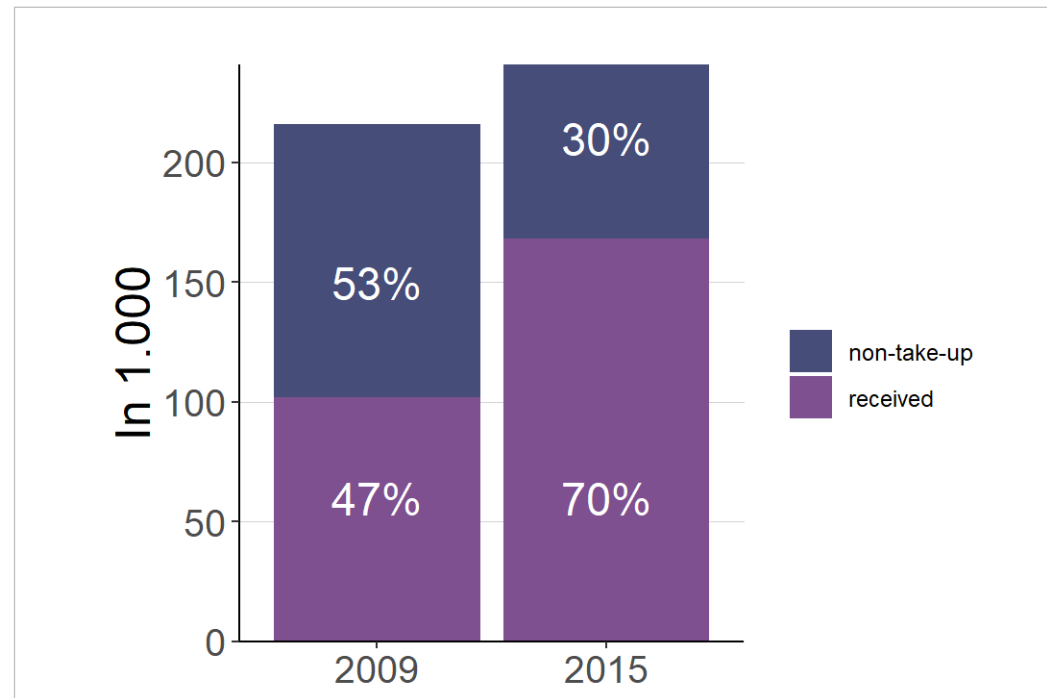
Figure 3: Beneficiaries social assistance vs. minimum income benefit

Non-take-up rate in terms of beneficiaries decreased from

53 % to 30 %

Sensitivity analysis

48-57% vs. 23-37%



Source: Statistics Austria, own simulation/calculation

Drivers of take-up (I)

- Pecuniary determinants
 - higher poverty gap (+)
- Application costs
 - unemployed / inactive (+)
 - low education (+)
 - renting one's home (+)

Drivers of take-up (II)

- Social and psychological costs
 - Larger municipality (higher anonymity) (+)
 - lone-parenthood (+)

Conclusion

- Reform succeeded in increasing take-up-rates
- Degree of need (poverty gap), employment status and anonymity among most important drivers of take-up-rates
- Leeway for further improvements
 - realisation of emergency aid
 - (effective) one-stop-shop
 - higher coverage of actual housing costs
 - etc.

Literature

Bruckmeier, Kerstin et al. (2013). Simulationsrechnungen zum Ausmaß der Nicht-Inanspruchnahme von Leistungen der Grundsicherung: Studie im Auftrag des Bundesministeriums für Arbeit und Soziales zur Abgrenzung und Struktur von Referenzgruppen für die Ermittlung von Regelbedarfen auf Basis der Einkommens- und Verbrauchsstichprobe 2008. IAB-Forschungsbericht.

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