

4.1 General context

On this page

1. [Main challenges to social inclusion](#)
2. [Definitions and concept](#)

Main challenges to social inclusion

Data on the risk of poverty and social exclusion

According to [Statistik Austria](#), in 2019 16.9% of the population (1 472 000 people) were considered **at-risk-of-poverty or social exclusion** in terms of the Europe 2020 strategy. 13.3% of the population were considered at-risk-of-poverty, 2.6% of the population were severely materially deprived and 7.8% of those below the age of 60 were living in households with very low work intensity. Taking the statistical margin into consideration, between 15.6% and 18.2% (i.e. between 1 362 000 and 1 582 000 persons) had to be considered as being at risk of poverty or social exclusion.

The **at-risk-of-poverty** rate is calculated on the basis of the equivalised household income, the available household income divided by the number of consumption equivalents in the household (see [Household Income](#)). People are considered to be at-risk-of-poverty if their equivalised household income is below an at-risk-of-poverty threshold of 60% of the national median household income. In 2015, the equivalised income median was €25 729. The at-risk-of-poverty threshold was therefore €15 437 for a single-person household, i.e. approximately €1 286 a month (12 times).

Severely materially deprived persons have living conditions severely constrained by a lack of resources. They can not afford at least four out of the following nine deprivation items: pay rent or utility bills, keep home adequately warm, face unexpected expenses, eat meat, fish or a protein equivalent every second day, a week holiday away from home, a car, a washing machine, a TV, or a telephone.

In households with **very low work intensity**, the work intensity in the past year of all working-age household members (18-59 years, except students) was below the threshold of 20% of the theoretically attainable work intensity of the household.

Young people

In 2019, **14.9% of children and youths** under the age of 17 and **14.9% of young adults** between the ages of 18 and 24 were considered **at-risk-of poverty** after inclusion of social

transfer payments (compared to 19.5% of people under the age of 17 before inclusion of social transfer payments). In the group of young adults (18 - 24 years) a significantly **higher number of women** was considered at risk of poverty, with 16.7% in comparison to 13.1% of their male contemporaries. According to the EU-SILC 2012 survey, the highest risk of social exclusion by type of household can be found in single-parent households (predominantly single mothers and their children), which accounted for 39%.

Successes of the Europe 2020 Strategy

Within the framework of the Europe 2020 strategy, the Austrian federal government defined the objective of reducing the number of persons at risk of poverty and social exclusion by 235 000 within ten years. In pursuance of the Europe 2020 strategy of lifting people out of poverty, the **at-risk-of-poverty or social exclusion rate** dropped from 20.6% in 2008 to 16.9% in 2019 (reduction of 227 000 people). This result shows that countermeasures have been effective despite the two fiscal consolidation packages in 2011 and 2012. It also means that the developments in Austria have gone against the current trend across the EU.

Challenges in Social Mobility

The [Federal Ministry of Social Affairs, Health, Care and Consumer Protection](#) publishes a Social Policy Study Series. It includes a 2020 [study by the OECD](#) on social mobility, which measures the correlation of life opportunities with the individual's societal starting position in Austria. The authors find that while '**income inequality in Austria is relatively low** compared to many other OECD countries, **social mobility lags behind**. Socio-economic outcomes carry over strongly from one generation to the next: more than elsewhere, fathers' earnings are a strong predictor of the earnings of their prime-age children. This reflects **strong persistence across generations in occupational and educational outcomes, particularly for women and migrants**. Relative income positions also tend to strongly persist over people's lives, in particular at the top and bottom. Meanwhile, the middle-income group is polarising, with **downward risks rising for the lower middle**. Longer-term earnings trajectories (over 15 years) display marked **gender differences**, with women facing weaker chances of moving up and greater risks of sliding down.' Another [study by the Austrian National Bank](#) on how private wealth is distributed in Austria shows the **increasing importance of wealth over income in recent decades** and conveys how strongly inheritances determine wealth accumulation.

Housing and housing costs in Austria

Alongside food and water, air, and clothing and medical care, housing is a basic human need. National and international experts attest Austria a quantitatively and qualitatively good and relatively efficient housing supply. An Austrian household has to spend 518 euros for a flat in the main rent (incl. operating costs). **On average, Austrian households have to spend 21% of their household income on housing**. While higher-income households, however, only need just under 10% of their disposable income for this, **it is often more than 40% for low-income groups**. The [Federal Ministry of Social Affairs, Health, Care and Consumer Protection](#) has

commissioned studies and data on the issue ([Allgemeine Sozialpolitik – Wohnen und Wohnkosten](#)). A study of the Vienna University of Economics and Business shows that tenants have a much higher relative housing cost burden than owners, and that for **young households, singles and single parents, housing costs represent a significantly above-average burden**. Subsidising tenants can effectively lower this housing cost burden.

Early school leaving

One of the main challenges is posed by the **integration in the labour market and early school leaving**. The term 'early leavers from education and training' (short: early school leavers, ESL) refers to people between 18 and 24 years of age whose highest qualification is below upper secondary level and who are not participating in education, training or further education. Austria is in an advantaged position in this context, as the proportion of early school leavers has decreased since the mid-1990s to a number significantly below EU average. **In 2018** (according to [Statistik Austria](#)), the proportion of early school leavers amounted to **7.8%** (EU-27: 10.2%). Thus, in Austria around 51 000 young people (31 000 men and 20 000 women) had no further educational qualifications. This comparatively low number has been achieved thanks to different factors such as the system of dual vocational training or the internationally recognised system of supra-company apprenticeships as an important element of the training guarantee for young people up to the age of 18, and measures which contribute towards avoiding the breaking off of training or education.

Social consequences of the COVID-19 pandemic

The COVID-19 pandemic is not only the biggest health crisis in more than 100 years, but also acts as a **burning glass of existing socio-economic fault lines in our society** and poses **enormous challenges to the social system**. The [Federal Ministry of Social Affairs, Health, Care and Consumer Protection](#) has therefore commissioned a number of renowned research and university institutions to analyse the social impact of the current crisis in Austria in more detail within the framework of a broad-based study and to identify the need for further political action.

The study ([Analyse der sozialen Lage in Österreich](#)), which was published in October 2020, shows that **a well-developed welfare state together with numerous social policy crisis measures have been able to prevent more drastic effects**, but that numerous challenges will need to be addressed in the near future. The study encompasses a Chapter on children and young people, which shows that **the income conditions of households with children vary to a considerable extent along key socio-demographic characteristics**. They are comparatively less favourable in single-parent households, in households with several adults and at least three children, and further vary across the employment intensity of the household, the main source of income, and citizenship. **Low income is often associated with an increased risk of (child-specific) material deprivation**, i.e. with problems in financing various socially customary expenses. **Welfare state transfers significantly reduce the risk of poverty and exclusion of children and young people in Austria to a considerable extent**. Nevertheless, the labour intensity of the household remains a central constitutive element for

material social participation of children and youths. The labour market situation, which has deteriorated substantially in the course of the Covid-19 pandemic, is likely to make it even more difficult for affected households to increase their labour intensity. **Considerable differences in social participation are also evident in the education system in Austria**, particularly, among other things, with regard to the criterion of **migration background**. The study presented here on the social implications of the corona-induced home schooling point in the direction of a further social differentiation of opportunities and risks in the field of education, from which, among others, children with a migration background are negatively affected.

In order to obtain comprehensive picture, the Ministry also commissioned a survey on the social situation from the perspective of those affected, which was also published in October 2020 ([Erhebung zur sozialen Lage aus der Sicht von Betroffenen](#)).

Definitions and concepts

There **is no one single national definition and concept** on social inclusion, and correspondingly none for youth in particular. The subject is rather regarded as a broad and complex thematic area, dealt with at different levels and segments.

Social Report and Social Policy Study Series

A **Social Report** ([Sozialbericht](#)) containing detailed information, statistics and surveys on social policy relevant topics is issued every year by the [Federal Ministry of Social Affairs, Health, Care and Consumer Protection](#). The Ministry also publishes a **Social Policy Study Series** ([Sozialpolitische Studienreihe](#)), which analyze social issues such as social mobility.

Austrian Platform against Poverty and Social Exclusion

Within the framework of the 'Europe 2020 Strategy', the European Platform against Poverty and Social Exclusion was initiated to help the Member States achieve the core goal of freeing 20 million people from poverty and social exclusion. In Austria, the [Federal Ministry of Social Affairs, Health, Care and Consumer Protection](#) has set up a separate platform for this purpose. In addition to the **social partners, the federal and provincial governments as well as civil society actors participate** in the platform. The members of the platform meet twice a year to discuss current issues.

EU-wide survey of income and living conditions

The basis for the calculation of the at-risk-of-poverty rate is the survey on income and living conditions ([EU-SILC](#)). The survey is conducted in all EU Member States. For Austria, the data are collected annually by [Statistics Austria](#) on behalf of the [Federal Ministry of Social Affairs, Health, Care and Consumer Protection](#).

National poverty indicators

In order to improve the **measurement of poverty in Austria**, a **set of indicators** (until 2018 under the name 'Inclusion Indicators') was developed by [Statistics Austria](#) on behalf of the [Federal Ministry of Social Affairs, Health, Care and Consumer Protection](#) with the participation of the Austrian Platform against Poverty and Social Exclusion. The key figures on living conditions are an important basis for social policy analyses and the identification of fields of action. This set of indicators from the areas of **Standard of living, Housing, Working life, educational opportunities, and health** is intended to complement the EU poverty reporting in Austria. This makes it possible to keep a permanent eye on the poverty situation in Austria.

The current results and a presentation of the **developments between 2008 and 2019** can be found in the publication '[Kennzahlen zu Lebensbedingungen 2019](#)'. In the context of this publication, a first special analysis of EU-SILC 2020 raw data was carried out in order to shed light on the different ways in which people were affected by the Corona crisis.

Simulation: Effects of social policy measures

The **Social Reform Microsimulation (SORESI)** makes it possible to simulate certain reform measures in the areas of monetary social benefits, social contributions as well as income tax. Results are calculated in terms of income distribution, poverty risk and fiscal consequences. You can also choose between three output levels: Household, individual and model household level.

Financing of the social system

The social security system is financed by:

- the **social contributions of employers**
- the **social contributions of protected persons** (employees, pensioners and self-employed persons)
- **diverted social contributions**
- **transfers** from other systems
- **government allocations**, i.e. earmarked or general (tax) resources of the state for financing social protection
- **Other revenues**

Austria's long-term, stable social policy orientation

Due to numerous interrelations, there are **many ways to approach poverty reduction**: education, training, qualification campaigns for less educated workers, health care, and the creation of a framework for high-quality care services for children and adults requiring care. The fact that Austria has managed to remain on the target path in a very difficult economic

environment in recent years can mainly be attributed to the country's **long-term, stable social policy orientation and to its numerous social inclusion and poverty reduction initiatives**. This provides a strong fundament to tackle the major challenges the COVID-19 pandemic and related measures pose.

Family allowance and free, quality public education

In order to combat long-term disadvantages for children and youths from households at risk of poverty and the disadvantaged educational opportunities and outcomes that often accompany such situations, Austrian education policy has focused heavily on this target group. From July 2014 onward, the family allowance was raised by 4% (the higher allowance for families with children with substantial disabilities by 8.4%), and increases by 1.9% in 2016 and 2018 have already been established in Austrian law. The **family allowance** ([Familienbeihilfe](#)) is staggered by age: for children from age 10 to 18 a monthly payment of € 141 is disbursed, for young adults from 19 up to 24 in ongoing education (e.g. university studies) it amounts to € 165. Families with more than one child are especially supported with increased payments through sibling adjustments. **High-quality public schools and universities are accessible tuition-free.** Furthermore, study grants ([Studienbeihilfe](#)) are available for students, if neither they nor their parents can cover their living expenses during their course of studies.