Minimum standards for the means-tested minimum income benefits scheme

Since 1.1.2017 there has no longer been any nationwide agreement on the means-tested minimum income benefit scheme (MIB). Benefits are now regulated differently from Land to Land. To cover living costs and the costs of adequate housing, the Länder are required to guarantee a certain level of monthly payments as a minimum standard. As the MIB statistics for 2017 are not yet available (status: 22.2.2018), the provisions for 2016 will be described below. The baseline figure was the net amount derived from the equalisation supplemental reference rate for single persons minus the health insurance contribution.

For more detailed reports on the number of persons or children supported by the MIB scheme as well as the spending for MIB see: Children supported by MIB and Expenditure for MIB.

In 2016 the MIB to cover living costs and housing (minimum standard as defined by the agreement between the federal government and the Länder) essentially comprised two components: A basic amount of 628.32 euros and 209.44 euros to cover the costs of housing per month (twelve times per year), which together makes 837.76 euros. If the cost of adequate housing cannot be completely met with this housing component, the Länder should provide additional benefits (as a rule the Länder cannot provide additional cash or non-cash benefits for special needs that are not covered). Individuals living in partnerships together received 1.5 times the basic amount: but at least 1,256.64 euros.

For the first three (underage) children an additional sum of at least 150.80 euros each (18% of the amount for single persons) was paid out, and for each additional child 125.66 euros. However, an actual reduction for more than three children was only achieved in three Länder (Carinthia, Upper Austria and as of 1.9.2016 in Styria).

In 2016, the minimum standards implemented in all Länder for children exceeded those agreed between the Länder and the federal government, on average by 17.13% for the first three children. The highest amount in excess of this level was paid in Vienna with 226.20 euros (33.3% more), followed by Upper Austria (28.29% more). In Carinthia payments most closely approximated the amounts set out in the agreement and were thus the lowest (0.03% more).

Implementation of the minimum standards demonstrated a number of Länder-specific features; for more detailed information see the MIB statistics as well as the relevant regulations/notices of the Länder.

As many individuals who receive means-tested minimum income benefit do so as a supplement to income from employment or to unemployment benefit (in each case below the level of the means-tested minimum income benefit), the actual amounts received are often frequently significantly lower than the amounts listed here.

Minimum standards for MIB by Länder 2016

in euros; monthly (12x per year)
Single persons and single parents
for each person of age in the same household (the first two)
for each additional person of age who is eligible to receive benefit and maintenance
for each minor* (the first three)
for each further minor*

The minimum standards described here are the main categories as defined in the agreement between the federal government and the Länder. Furthermore, the Länder provide for additional minimum standards for other groups of persons and household constellations.

* additional minors in the same household (with at least one person of age)
1) Minimum standards based on the provisions of the agreement between the federal government (Bund) and the Länder (Fed. Gaz. I No. 96/2010).
2) Minimum standards for minors for the first four children and for each additional child; as of 1.9.2016 this was changed to the first three children and for each additional child with a simultaneous reduction of the minimum standards (first three children: 150.80 euros, for each additional child: 125.66 euros).
3) Minimum standards for single parents and persons of age without the housing component (calculated separately)
Source: Regulations/notices of the Länder and the agreement between the federal government and the Länder on means-tested minimum income benefit – summarised in Statistische Nachrichten 10/2017 of Statistics Austria

Development of the minimum standards since the introduction of MIB
in euros; monthly (12x per year)
Minimum standards based on the provisions of the agreement between the federal government (Bund) and the Länder (Fed. Gaz. I No. 96/2010). In the case of those listed here, this involves the main categories in accordance with the agreement. Furthermore, the Länder provide for additional minimum standards for other groups of persons and household constellations.

* additional minors in the same household (with at least one person of age)


Development of minimum standards for children indexed and comparison with inflation

Index: 2011 = 100

Minimum standards indexed on the basis of the provisions of the agreement between the federal government and the Länder (Fed. Gaz. I No. 96/2010). The same index adjustment was carried out in all main categories (single persons, several persons of age/minors) in all years.

Sources: Statistics Austria, Statistics for means-tested minimum income benefit and Ministry of Social Affairs, Statistics for means-tested minimum income benefit 2011-2016; Statistics Austria, Consumer Price Index 2000

Development

Agreement between Bund and Länder pursuant to Art. 15a B-VG on a nationwide means-tested minimum income benefit scheme came into force on 1.12.2010. The first baseline value defined as the net sum for 2011 was 752.94 euros for single persons (this is a minimum amount). The amounts for other persons were based on fixed percentages, which have remained unchanged since then. Consequently, reference will only be made below to the development of the minimum standards (the rates of change are identical for all persons, especially for children). In all years from 2011 to 2016 persons of age living in the same household with other persons of age each received at least 75% of the baseline value for single persons; for each additional person of age who was eligible to receive the benefit, at least 50% was paid out if this
person was eligible for maintenance payments from another person in the same household. The first three underage children for whom there was an entitlement to family allowance and who were living in the same household with at least one person of age, consistently received at least 18% of the baseline value, in the case of four or more children at least 15%.

Since then, under the terms of the agreement, the minimum standards for all persons (and in particular for children) have been raised by an average of 2.16% per year through annual index adjustment, or by a total of 11.27% from 2011 to 2016. As the annual rate of inflation averaged just 1.58% or 8.16% over the five-year period, the minimum standards rose faster than the rate of inflation. Adjusted for inflation this resulted in a real increase of 2.87% (+0.57% per year).

It should be noted here that people with low incomes spend a significantly higher proportion of their income on housing and food (the prices of which have recently risen much faster than average) so that inflation tends to affect recipients of MIB more severely.

As the parties to the contract have not (yet) been able to reach a new agreement, responsibility for structuring means-tested minimum income benefit is since January 2017 once more fully incumbent on the Länder with no common framework – as was the case with the income support it replaced.