Selected National Presentation
Austria

The Childcare Benefit –
„Rome wasn‘t built in a day either“

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Overview

- shift of paradigm in Austrian leave policy
- political context
- political goals
- the measure in detail
- funding
- take up
- participation of fathers
Shift of paradigm in Austrian leave policy

Introduction of the Childcare benefit

Parental leave & Parental leave benefit
• only employees
• compensate loss of earnings

2002

Parental leave

Childcare benefit
• monetary transfer for all families
• for the youngest child
Political context

- general elections 1999: 1. SPÖ, 2. FPÖ, 3. ÖVP
- right wing coalition government (2000)
  - conservative people’s party & freedom party
- NEW
  - “family-issue” as a priority of both parties in government
  - mutual consent on conservative attitudes on family and supporting the traditional family model
  - explicit family policy
  - political will to spend much money
Childcare benefit aims to...

1. acknowledge the work put into family and childcare
2. increase the „freedom of choice“
3. to encourage people to have children > increase fertility
4. facilitate work-life-balance
5. increase the labour force participation of women
6. facilitate the re-entry into the labour market
7. increase the participation of fathers
## The child care benefit in detail

<table>
<thead>
<tr>
<th>Year</th>
<th>Models (length)</th>
<th>€ per month</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>1 model</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Introduction</td>
<td>30 + 6</td>
</tr>
<tr>
<td>2008</td>
<td>3 models</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Legislative Reform I</td>
<td>30+6</td>
</tr>
<tr>
<td></td>
<td></td>
<td>20+4</td>
</tr>
<tr>
<td></td>
<td></td>
<td>15+3</td>
</tr>
<tr>
<td>2010</td>
<td>5 models</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Legislative Reform II</td>
<td>30+6</td>
</tr>
<tr>
<td></td>
<td></td>
<td>20+4</td>
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<tr>
<td></td>
<td></td>
<td>15+3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>12+2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>12+2 (income related)</td>
</tr>
</tbody>
</table>
Further specifications

- 3 different limits of additional earnings/year:
  - €16,200 or 60% of former income (flat rate models)
  - €5,800 (income related model)
- Pension insurance credit for child-rearing-periods
- „mother-and-child pass“ examinations
- Subsidy for low-income families or single mothers
- 2 more months for single parents (certain circumstances)
- Multiple births – extra amount for any further child
Funding of the childcare benefit

„Family Burdens Equalisation Fund“ – FLAF

75% of family policy measures are financed via FLAF

financed by

employers (69%):
4.5% of the gross wages of their employees

income tax (13%)

corporation tax (8%)
Costs of childcare benefit per year

Leave Policies & Research - Oct. 7th, 2010
Take up

3 models

5 models

Jan 08 | Jul 08 | Dec 08 | Jan 09 | Jul 09 | Dec 09 | Jan 10 | Jul 10 | Sept 10
---|---|---|---|---|---|---|---|---
95% | 74% | 66% | 65% | 64% | 63% | 62% | 57% | 56%

Legend:
- Blue: 30+6 months
- Red: 20+4 months
- Green: 15+3 months
- Orange: 12+2 flat rate
- Yellow: 12+2 income related

Leave Policies & Research - Oct.7th, 2010
Participation of fathers

Leave Policies & Research - Oct.7th, 2010

male participation

1,11
4,64
Participation of fathers – different models

- 30+6 months: 3.9%
- 20+4 months: 5.9%
- 15+3 months: 11.5%
- 12+2 months (income related): 7.3%
- 12+2 months: 3.9%

% male claiming childcare benefit - Sept 2010
Participation of fathers – occupational groups

<table>
<thead>
<tr>
<th>Occupational Group</th>
<th>% Male Claiming Childcare Benefit - Sept 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>employees</td>
<td>2.4</td>
</tr>
<tr>
<td>workers</td>
<td>8.4</td>
</tr>
<tr>
<td>contract staff</td>
<td>2.8</td>
</tr>
<tr>
<td>self-employed</td>
<td>22.2</td>
</tr>
<tr>
<td>farmers</td>
<td>20.3</td>
</tr>
<tr>
<td>homeworkers</td>
<td>1.8</td>
</tr>
<tr>
<td>students</td>
<td>7.2</td>
</tr>
<tr>
<td>pupils</td>
<td>0.8</td>
</tr>
<tr>
<td>civil servants</td>
<td>9.8</td>
</tr>
<tr>
<td>unemployed person</td>
<td>6.5</td>
</tr>
<tr>
<td>person living on social benefit</td>
<td>9.5</td>
</tr>
</tbody>
</table>

Note: The diagram represents the percentage of male claiming childcare benefit among different occupational groups as of Sept 2010.
To sum it up

- shift of paradigm in Austrian leave policy
- policy consolidated, which favors monetary transfers for families
- many diverging goals & modifications – which direction to go?
- level of complexity is too high
  - combination of 2 systems: flat rate and income related
  - high costs for administration
  - for recipients difficult to figure out which model fits
- high degree of individual choice
- short models – incentives for fathers
...but remember:

Rome wasn’t built in a day either!