

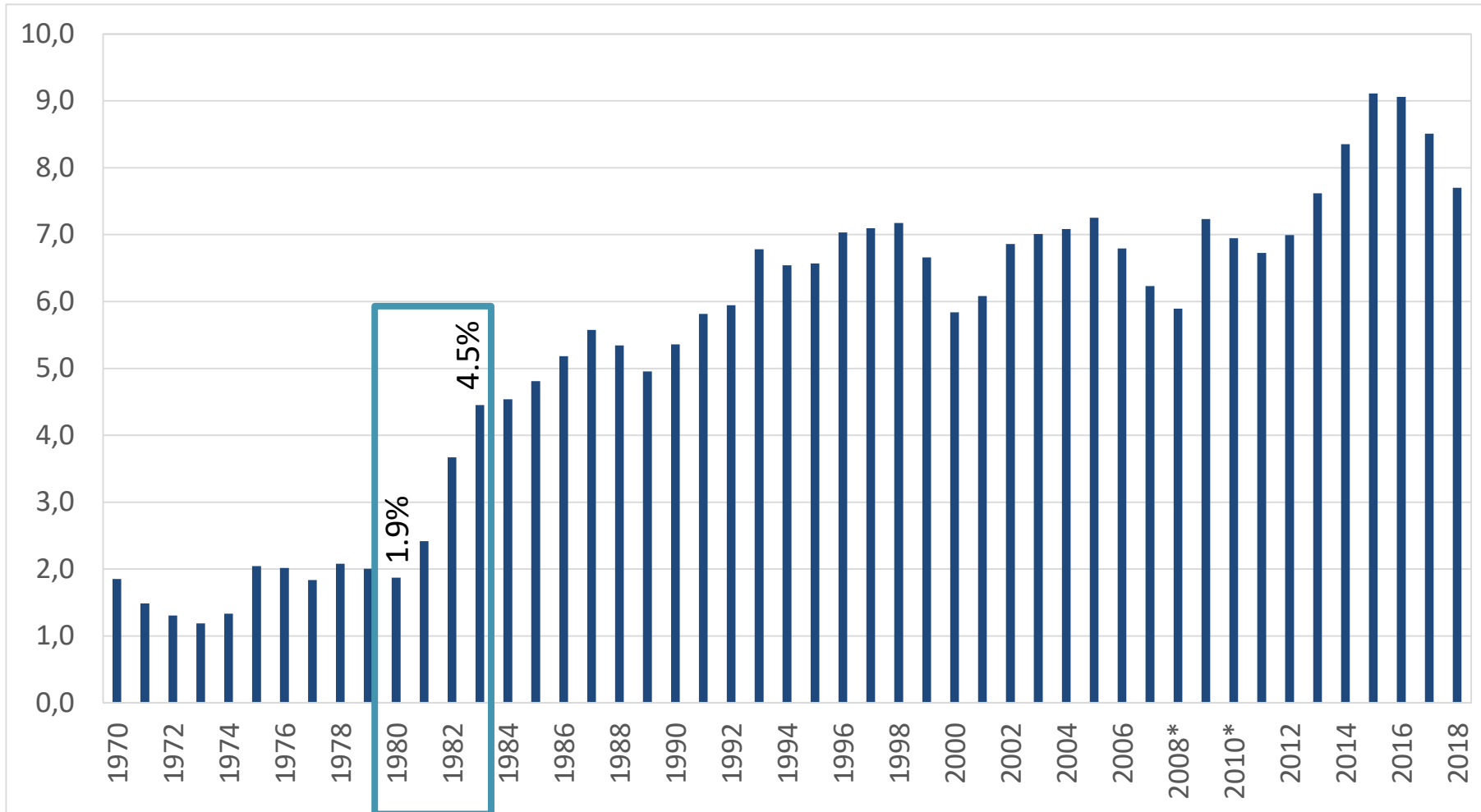
# Lessons Learned from Public Job-Creation Schemes in Austria

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# History - Unemployment (national calculation)



Source: Federation of Austrian Social Security Institutions, AMS and WIFO (2018), own presentation

\*) Change in employment statistics by January 2011, retrospective to 2008

# History

- ▶ 1980s: experimental labour market policies
  - ▶ wide range of new measures developed and tested
- ▶ **Action 8,000:** integrate 8,000 long-term unemployed and individuals from disadvantaged risk groups into the regular labour market
- ▶ Stimulate employment potential outside the corporate sector
- ▶ In non-profit institutions, municipalities and the civil society
- ▶ Funding instrument: wage subsidies
- ▶ Creating socially meaningful jobs
  - ▶ care for the elderly and the sick, family assistance, learning aids, youth care, work in cultural centres, house and urban renovation, and environmental projects

# Socio-economic enterprises

- ▶ Near-market, fixed-term jobs
- ▶ Skills training and socio-pedagogic support
- ▶ For hard-to-place individuals
  - ▶ long-term unemployment, older age, disability, care duties, lack of skills due to persistent unemployment, homelessness, imprisonment, debts, drugs, etc.
- ▶ Promotion of sustainable (re-)integration into the regular labour market
- ▶ Financial support from the public employment service AMS
- ▶ Only 20% of the costs have to be covered by the enterprise itself

	2012	2013	2014	2015	2016	2017
Number of individuals	25.914	32.652	35.317	20.061	21.730	23.996
Average period of support (days)	79	81	84	105	100	110
Expenditure (in million €)	114,9	115,1	128,0	116,5	163,5	165,0
Expenditure per individual (in €)	4,435	3,526	3,625	5,805	7,525	6,875
Expenditure in % of GDP	0.036%	0.036%	0.036%	0.036%	0.036%	0.036%

Source: Federal Ministry of Labour, Social Affairs and Consumer Protection (2018a)

# Non-profit employment projects

- ▶ Sheltered fixed-term jobs
- ▶ Skills training and socio-pedagogic support
- ▶ For hard-to-place individuals
  - ▶ long-term unemployment, older age, disability, care duties, lack of skills due to persistent unemployment, homelessness, imprisonment, debts, drugs, etc.
- ▶ Promotion of sustainable (re-)integration into the regular labour market
- ▶ Costs covered by the public employment service AMS
  - ▶ Wage subsidies of 66.7%
  - ▶ 100% of costs for key workers (project managers, trainers, supervisors, social workers)

	2012	2013	2014	2015	2016	2017
Number of individuals	6.114	6.116	6.396	7.118	6.691	6.465
Average period of support (days)	131	127	125	129	126	136
Expenditure (in million €)	41,1	37,2	41,4	50,2	49,9	54,9
Expenditure per individual (in €)	6,719	6,085	6,477	7,051	7,459	8,491
Expenditure in % of GDP	0.013%	0.013%	0.013%	0.013%	0.013%	0.013%

Source: Federal Ministry of Labour, Social Affairs and Consumer Protection (2018a)

# Literature Review

Evaluation	Method	Performance indicator	Impact
Eppel, R., et al. (2014): Evaluierung Sozialer Unternehmen im Kontext neuer Herausforderungen	Propensity-Score-Matching and qualitative interviews with experts	Unsubsidised employment	+
Osterkorn, Lankmayer, Schmatz, & Hiesmair (2014): SÖB und GBP im Wandel!	Qualitative interviews with participants, experts and social enterprises	Adequacy of promotion and prospects for development	+
Stelzer-Orthofer, Atzmüller, Bauer, & Winter (2016): Effizienz- und Effektivitätssteigerungen bei Eingliederungsbeihilfe und Sozialökonomischen Betrieben	Qualitative interviews with AMS management bodies, and employees, social partner representatives and social enterprises	Efficiency and effectiveness of the programmes	+
Eppel (2017): The Effects of a Job-Creation Scheme: Evidence from Regional Variation in Program Capacities	Instrumental variable	Unsubsidised employment	0
Dauth, Hujer, & Wolf (2016): Do Regions Benefit from Active Labour Market Policies? A Macro-econometric Evaluation Using Spatial Panel Methods	Spatial dynamic panel data model	Number of matches in labour market districts	+
Card, Kluve, & Weber (2018): What works? A Meta Analysis of Recent Active Labor Market Program Evaluations	Meta-Analysis	Unsubsidised employment	0

# Literature Review

- ▶ **Key finding 1:** SEEs and NEPs have a positive impact on integration of long-term unemployed into the regular labour market.
- ▶ **Key finding 2:** The impact of SEEs and NEPs on the labour market integration is larger for women.
- ▶ **Key finding 3:** Capacities in SEEs and NEPs should be greatly expanded.
- ▶ **Key finding 4:** For certain groups of unemployed the maximum period of support should be increased.
- ▶ **Key finding 5:** The areas of activity offered in SEEs and NEPs should be modified and updated, with a stronger focus on services.
- ▶ **Key finding 6:** The adaptation of the fields of activity should create sufficient offers for highly qualified unemployed.

# Action 20,000

Source: AMS (2018)

	Unemployment - Total	Unemployment - 50+	Long-term unemployment - Total	Long-term unemployment - 50+
2012	7.0%   260,600	9.1%   59,200	12,500	5,800
2016	7.4%   357,300	9.7%   99,500	55,500	24,300

- ▶ **Action 20,000:** Create or promote 20,000 jobs per year in municipalities, non-profit organizations and social enterprises for people over 50, who are long-term unemployed

01/2017:

Decision on Action 20,000 in the updated work programme of the Federal Government

07/2017:

Introduction of 14 pilot regions

Plan for 01/2018:

Extension of Action 20,000 to the whole country



06/2017:

Decision on Action 20,000 in the Austrian Parliament

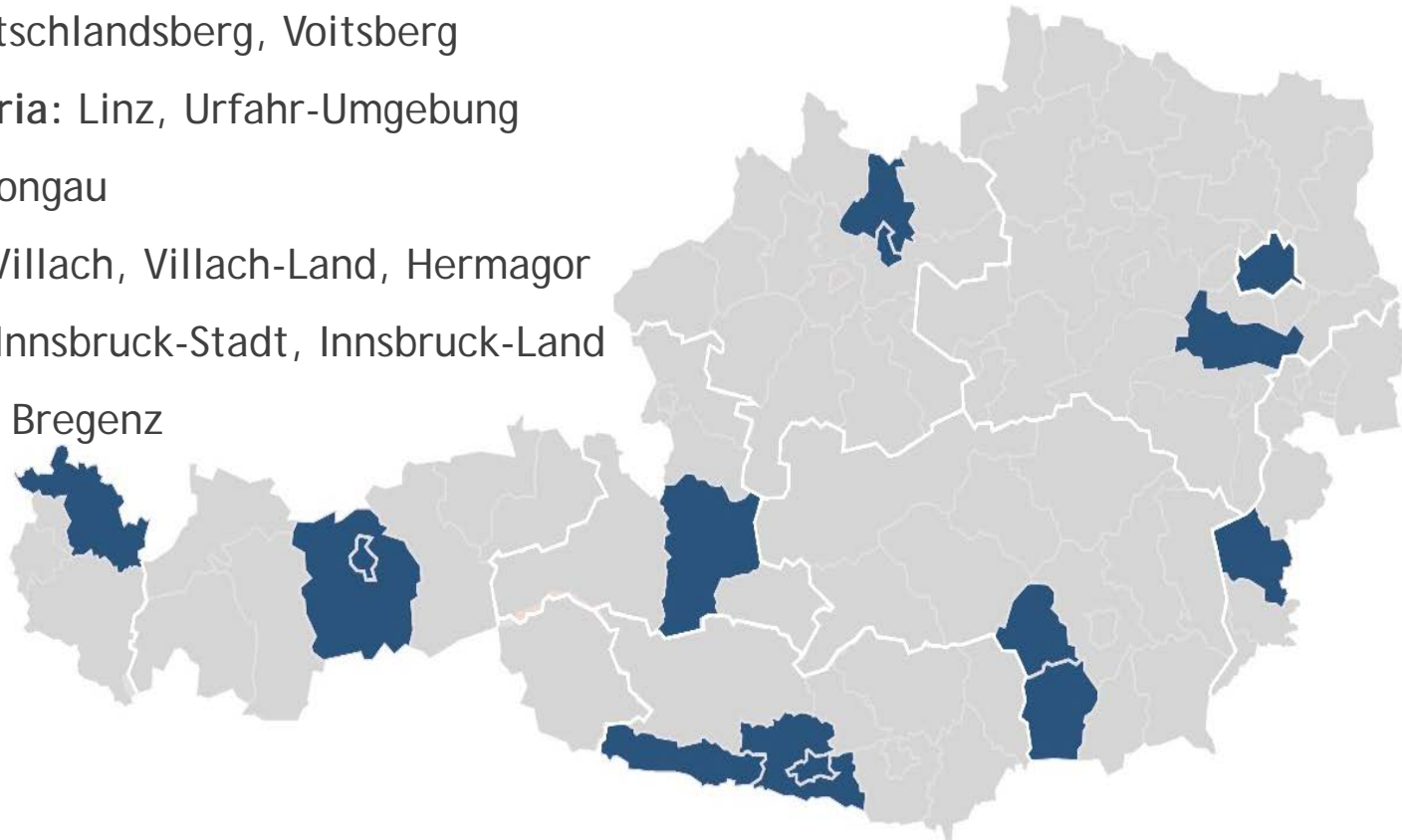
12/2017:

Suspension of Action 20,000



# Action 20,000 - Pilot Regions

- ▶ Vienna: cross-district model
- ▶ Lower Austria: Baden
- ▶ Burgenland: Oberwart
- ▶ Styria: Deutschlandsberg, Voitsberg
- ▶ Upper Austria: Linz, Urfahr-Umgebung
- ▶ Salzburg: Pongau
- ▶ Carinthia: Villach, Villach-Land, Hermagor
- ▶ The Tyrol: Innsbruck-Stadt, Innsbruck-Land
- ▶ Vorarlberg: Bregenz



# Action 20,000 - Implementation

Screening/Selection by the regional offices of the AMS



Preparatory Phase (short-term qualification, hourly employment, etc.)



Municipalities

Social  
Enterprises  
(SEEs, NEPs)

Non-profit  
Organisations

Federal State

# Long-term unemployment of individuals over 50 years

- ▶ Decrease in long-term unemployment of individuals over 50 years in 9 of 11 pilot regions
- ▶ No causal effect! Evaluation results not published

	06/2017	12/2017	Absolute change	Relative change	Change
Voitsberg	84	41	-43	-51,2%	↓
Deutschlandsberg	181	110	-71	-39,2%	↓
Villach	570	479	-91	-16,0%	↓
Oberwart	330	282	-48	-14,5%	↓
Bischofshofen	49	41	-8	-16,3%	↓
Linz	1,111	953	-158	-14,2%	↓
Innsbruck	754	664	-90	-11,9%	↓
Hermagor	8	7	-1	-12,5%	↓
Baden	970	969	-1	-0,1%	↓
Vienna	9,156	9,316	160	1,7%	↑
Bregenz	194	207	13	6,7%	↑
<b>All pilot regions</b>	<b>13,408</b>	<b>13,069</b>	<b>-339</b>	<b>-2,5%</b>	<b>↓</b>
<b>Rest of Austria</b>	<b>14,970</b>	<b>15,521</b>	<b>551</b>	<b>3,7%</b>	<b>↑</b>

Source: AMS (2018), own calculation and presentation

# Action 20,000

- ▶ **Key finding 1:** Since Action 20,000 uses SEEs and NEPs to create jobs, it can be assumed that these schemes and consequently Action 20,000 will continue to have a positive impact on labour market integration.
- ▶ **Key finding 2:** It is not possible to assess if the impact of Action 20,000 on the labour market integration of women is different.
- ▶ **Key finding 3:** By the introduction of Action 20,000 capacities of public direct job creation schemes would have been greatly expanded. The expansion by 20,000 jobs would have been a considerable increase of more than 70%.
- ▶ **Key finding 4:** The maximum period of support in Action 20,000 is two years, twice as long as in SEEs and NEPs.
- ▶ **Key finding 5:** The areas of activities offered were updated, because municipalities and non-profit organisations were incorporated.
- ▶ **Key finding 6:** By the adaptation of the fields of activity offers for highly qualified unemployed were made.

# Lessons Learned

- ▶ Direct public job creation schemes have existed in Austria since the introduction of the so-called Action 8,000 in the 1980s. Since then they have remained virtually unchanged.
- ▶ In the Austrian social and labour market policy, direct public job creation schemes currently play a very minor role in terms of expenditure and capacities (2016)
  - ▶ € 213 million for socio-economic enterprises and non-profit employment projects
  - ▶ 2.6% of the federal budget for the labour market
  - ▶ 28,000 people were supported, compared to more than 357,000 unemployed and 55,000 long-term unemployed
- ▶ When implementing Action 20,000, policy makers apparently considered past evaluation results and tried to address possible weaknesses.

# Lessons Learned

- ▶ Demand for direct public job creation will continue to rise in the future
  - ▶ Digitalisation
  - ▶ Atypical employment patterns
  - ▶ Economic downturn forecasted
- ▶ Direct public job creation schemes...
  - ▶ ...help to stop the ongoing de-qualification of long-term unemployed.
  - ▶ ...tackle negative consequences of long-term unemployment such as higher mortality risks, higher public health costs or higher crime rates.
  - ▶ ...provide meaningful jobs.
  - ▶ ...improve social integration.
- ▶ I recommend the restart of Action 20,000 or the implementation of a comparable programme

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Thank you for your  
attention!

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